

# CHANGES TO THE RPA AND HOW THEY WILL AFFECT YOUR ESCROW

## Demands to Close and Cancellations

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**Paragraph 14** of the revised California Residential Purchase Agreement (RPA) contains new provisions regarding the Notice to Perform and the Buyer and Seller rights to cancel the contract. There are now separate forms for the Notice to Perform for Buyer (NBP) and Seller (NSP).

Of specific concern to escrow holders are the new provisions which have been added in **Paragraph 14G** that allow for the discretionary cancellation and release of deposits without a fully executed Cancellation of Contract or Escrow Cancellation Instruction. Specifically, the paragraph allows, under certain circumstances, for the Buyer or Seller to request disbursement of the funds held in escrow if proper notices have been served but not responded to.

In most cases, under the new RPA, First California Escrow will still require a Cancellation of Contract or Cancellation Instruction signed by both the Buyer and Seller, mutually agreeing to the disbursement of funds held in escrow before disbursement. We understand that there may be special circumstances wherein we will be requested to alternatively act according to provisions in Paragraph 14G of the RPA. In that event, your escrow officer will work with our management and legal teams to discuss alternatives and provide a solution appropriate for the situation.



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