

-How Do I Cancel a Sales Contract?

Buyer Cancellation

Buyer's right to cancel the agreement is discussed throughout the RPA [Residential Purchase Agreement].

1. Buyer has the right to approve or disapprove any and all disclosures provided from the Seller. This includes all statutory disclosures [TDS, SPQ, FLD, etc.] and other disclosures related to the property [Earthquake and Environmental Booklets, Natural Hazard Disclosures Report, CA Tax Data Report, Environmental information on the NHD Report, etc] .
2. Buyer has the right to approve or disapprove any information discovered by the Buyer regarding the property [Megan's Law website, Gas & Hazardous Liquid Transmission Pipelines.
3. Buyer has the right to approve or disapprove Preliminary Title Report including all associated "links" and exceptions: i.e Road Maintenance Agreements, Age Restrictions, etc.
4. Buyer has the right to approve or disapprove any governing documents for the property [Homeowner Association Documents] including most recent 12 month's of Minutes.
5. Lender must give final approval to Appraised Value and obtain final Underwriter Loan Approval.
6. Buyer must remove any and all applicable contingencies in the time frame specified by the contract or cancel the Agreement. **Note: Always do a final CR [Contingency Removal] form specifying that ALL contingencies have been removed.**
7. **If Buyer decides to cancel the agreement, the CC [Cancellation of Contract form must be completed and delivered to Seller before the end of the contingency time period.**
 1. CC form – top section cancels the Agreement.
 2. CC form – bottom section deals with cancellation of the escrow & disposition of the deposit.
 3. **Both top & bottom sections of the CC form need to be filled out correctly and signed.**

Seller Cancellation

Although rare, Seller may also cancel a contract. Please refer to CAR Legal Q&A: "How a Seller May Cancel a Purchase Agreement: Checklist and Q&A" summarized as follows:

Attempt to negotiate an agreed upon cancellation using form CC [Cancellation of Contract].

1. Make sure the seller has fulfilled all of their obligations.
2. Determine if the buyer has failed to perform within time required. The most common reasons will be the buyer's failure to remove contingencies or failure to close on time. For the complete list of contractually specified reasons for which a seller may cancel, see paragraph 14D (1) and (2) and 14G of the RPACA.

3. Complete the NBP [Notice to Perform] or DCE [Demand to close Escrow].
4. The NBP (or DCE) must then be delivered to and “personally received” by the Selling Agent or Buyer. The listing agent should obtain some type of verification that it was in fact personally received.
5. Count the days, and then, issue a cancellation. A NPB by default allows the buyer two full days to perform (the DCE three days). **The day it is personally received is day zero.** The next day thereafter is day one. The last day cannot be a Saturday, Sunday or Holiday. If so, the buyer will have the next business day to perform. It is only then –the next day after the buyer’s last day that the seller may sign and issue a cancellation using form CC (Cancellation of Contract).