

ASSIGNMENT

This assignment is made and entered into this ____ day of _____, 20____ by and between _____, with its principal place of business at _____ (“Assignor”), and _____, (with its principal place of business at/residing at) _____ (“Assignee”).

WHEREAS, Assignor is a party to the purchase and sale contract for real property located at _____ (address), _____ (city), _____ (state), _____ (zip code) (the “Property”), more specifically described in the contract which is attached hereto, and incorporated by reference, between _____ (“Buyer”) and _____ (“Seller”) (the “Contract”); and

WHEREAS, Assignor desires to transfer his rights in the Contract to Assignee and Assignee desires to receive such rights under the Contract, and in consideration thereof, Assignee agrees to pay an earnest money deposit in the amount of \$ _____ upon execution of this Assignment and the balance of \$ _____ at closing. This deposit shall be non-refundable unless clear title to the Property cannot be delivered to Assignee, in which case the deposit shall be returned within three days after notification of same from the Assignee.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby covenants as follows:

1. Assignee hereby accepts said assignment and assumes, covenants, and agrees to carry out and perform all of Assignor’s obligations pursuant to the Contract.
2. This Assignment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.
3. This Assignment shall be governed by and construed in accordance with the laws of the United States and to the extent applicable the laws of the State of _____ exclusive of the choice of law provisions adopted thereby.
4. This Assignment shall expire _____ days from the date of the Assignment if the Property is not purchased by that time. The parties agree that this Assignment may be extended upon Assignee’s written request for an additional _____ days with an additional, non-refundable deposit in the amount of \$ _____ which will be applied to the purchase price.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first written above.

ASSIGNOR:

By:
Its:

ASSIGNEE:

By:
Its:

Assignment Vs. Simultaneous Close

With an assignment of contract there is only one closing. Your seller is selling it to your buyer and your fee will show on the closing statement. You have no closing costs except maybe your attorney fee.

This is the simplest way to wholesale a house but is not always applicable. There will be times when you can't or choose not to close with an assignment and use a simultaneous close.

A simultaneous close is two closings, usually on the same day. You buy and quickly resell. This means you must either put up the funds to close or set it up for your buyer's funds to be used to fund your purchase. This may not be possible in some states and will be determined by your attorney or title company. If they can't, you will have to raise the cash to do a simultaneous closing or use assignments only.

Unfortunately, many banks and all government sellers will not allow assignments as of this writing. This includes FNMA, Freddie Mac, HUD and VA.

Your choices here are to raise the money to close with your own funds, private money or a One Day Dough program, if your buyer can close simultaneously.

With your own funds of course it gets easy. Simply close and get an immediate refund of your money and a profit.

With private money it's more trouble, paperwork for your attorney to do and expense, but it buys you time and the luxury of maybe selling for more or many other exit strategies beyond wholesaling. If you're in and out the same day and using private money, simply tell your lender the facts and pay them \$500 – \$1,000 for the short use of the money. You may not even need your attorney to create a note and mortgage or deed of trust.

The only reason you're even using private money in this case is to satisfy the closing agents state mandated requirement to have the funds in the escrow account prior to closing. Your attorney will tell you exactly how and what needs to happen on your first deal and any title company can do the same.

There are companies who will send the money to closing for you as long as you have a buyer waiting. It's not a loan. The money never gets disbursed except back to the sender. It's only sent to satisfy the closing agent's requirements. Your credit is irrelevant. No one cares.

These funds will cost you between 1% - 3% of the funding needed.

Remember, have a chat with your closing agent to determine if any of this is an issue. A simultaneous closing is only applicable in the above cases or when you're simply making such a large mark up you don't want your buyers to know. If he/she doesn't see your contract to purchase from your seller, the only way they will know what you're paying is if you or the closing agent tells them. All they see is a contract from you to them, no assignment.