

Accounts Receivable Assignment

- 🔊 As a method raising capital or collecting cash, you may 'sell' your customer's debt owed to you by signing over your Accounts Receivable to someone who will buy them, often at a substantial discount, for investment purposes, or they have the wherewithal to assure collection.
- 🔊 The first part of the Memorandum should be completed and distributed to either the company assigning the accounts (the "Assignor") or the company or individual purchasing the accounts (the "Assignee") along with a copy of the Account For Collection Assignment.

Date: **[Date]**

To: **[Name of Assignee or Assignor]**

From: **[Owner/Founder]**
[Company]

Subject: **Account for Collection Assignment**

Attached is an Accounts Receivable Assignment Agreement to formally assign the rights to the Accounts Receivable listed in the Assignment document so that you may attempt to collect these accounts.

I believe that it embodies everything we discussed.

Please read the agreement carefully.

We recommend that you also have it reviewed by your own qualified legal counsel.

Time is of the essence.

Please sign and return it to me asap.

Thank you very much!

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From JIAN

NOTICE:

We wish we could provide an agreement that was tailored *exactly* to your business. While this is not always possible, we feel that we've come very close and that this document provides you with the head-start that you need to get your deal moving. Nevertheless, we must make this disclaimer:

- 🔊 **Do Not Use This Agreement 'As-Is.'**
- 🔊 **This Agreement Is Not Legal Advice.**
- 🔊 **Read it Thoroughly and Make All Appropriate Changes to Fit Your Requirements.**
- 🔊 **You Should Have this Agreement Reviewed and Approved by a Qualified Attorney at Law Before Using It.**
- 🔊 **JIAN Accepts No Liability for the Effectiveness of This Document For Your Purposes.**

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- Please visit our website under [Updates](#).
- Remember to bookmark our website: www.JIAN.com

Editing Your Sample Contract

Since this entire agreement is formatted in Word, you can edit it like any other Word document. You can jump from variable to variable by clicking the above  green arrows (JIAN Menu) which will take you forward / backward and highlight the entire sample text identified within the “[]” brackets – simply edit / type-over with your information.

To make sure you have filled in all the variables, use Word's 'FIND' function to locate any “[]” which may contain an unedited variable.

- Click the  icon in the JIAN menu above to turn the expert comments on/off.
- Upon completion, delete any unnecessary blank lines that remain.
- You may format this document any way you like.
- Delete this page.

Accounts Receivable Assignment

Effective Date of this Agreement: [Date]

This Agreement is by and between [Company Legal Name] ([Company]),
a [State], [Corporation / Partnership / Sole Proprietorship]
located at [Address]
[City], [State] [Zip Code]

AND [Assignee's full legal name], ([Assignee's abbreviated name]),
a [State], [Corporation / Partnership / Sole Proprietorship],
located at [Assignee's Address].

Purpose of this Agreement

[Company] and [Assignee] agree that [Assignee] will assume certain accounts receivable according to the following terms and conditions:

- ☞ The following paragraph defines the accounts receivable that are to be assigned. If more than one account is to be assigned, list all the accounts here or on an attachment to this Agreement. If you list the accounts on an attachment, make sure to refer to the attachment in the following paragraph with the words "as indicated in Attachment A which is attached to this Agreement and incorporated in this Agreement by reference." Make sure to list all relevant information about the account or accounts, including the outstanding balance.

As of the Effective Date, the Account Receivable balance is \$[xxx].

- ☞ This next section provides the language of the assignment.

For Value Received, all right, title and interest in and to the accounts receivable (the "Accounts") (attached as Exhibit A), are hereby assigned, sold and transferred by the Assignor to the Assignee. The Assignor certifies that said accounts are just and due and that payment has not been received for those accounts or any part of them.

- ☞ You have two options for the next paragraph. Choose the first option if the Assignor will be required to repurchase the Accounts that may not have been collected or have only been partially collected. If you select this first option, insert the time period after which the Assignor must repurchase the Accounts.

It is further acknowledged that if the Accounts are not paid within a period of [30/60/90] days, said accounts may be re-transferred to the undersigned and the Assignor shall repurchase these Accounts for the balance then owed.

- ☞ [Or]

The Accounts Receivable are sold without recourse to the Assignor in the event of non-payment.

- ☞ This first section sets forth the assignment and the requisite fee. Make sure to research the market rate for delinquent accounts receivable (e.g. \$0.50 per \$1.00).

1. Assignment

The Assignee agrees to pay to the Assignor on this day the sum of \$[x]. In return, the Assignor assigns all right, title, and interest in and to this Account Receivable to the Assignee for collection.

- 🔊 In Section 2, the Assignor agrees to give the Assignee all relevant information about the account(s) and to protect the Assignee from any third party claims related to the account (as in a situation where the customer has already paid the account but the company did not properly record the payment).

2. Hold Harmless

The Assignor shall indemnify and hold harmless the Assignee from any and all claims arising from the Account receivable or the underlying contract between the Assignor and the Customer. The Assignor agrees to furnish the Assignee all information required by the Assignee in its collection efforts. The Assignor agrees to notify the Customer of this Agreement and to pay to the Assignee any payments on this account which are received from the Customer after this date.

3. General Provisions

- 🔊 The General Provisions that follow are fairly standard. These provision enhance the balance of the Agreement by explaining issues such as notice, assignment, legal remedies, waiver, and attorney fees.

3.1 Independent [Company]s. The relationship between both parties established by this Agreement is that of independent [Company]s, and nothing contained in this Agreement shall be construed to give either party the power to direct and control the day-to-day activities of the other. Neither party is an agent, representative or partner of the other party. Neither party shall have any right, power or authority to enter into any agreement for, or on behalf of, or incur any obligation or liability of, or to otherwise bind, the other party. This Agreement shall not be interpreted or construed to create an association, agency, joint venture or partnership between the parties or to impose any liability attributable to such relationship upon either party.

- 🔊 You must decide which state governs this Agreement and where any legal action would be taken. Generally, it is your (company's) state of residence.

3.2 Governing Law & Jurisdiction. This agreement and the parties' actions under this Agreement shall be governed by and construed under the laws of the state of [State], without reference to conflict of law principles. The parties hereby expressly consent to the jurisdiction and venue of the federal and state courts within the state of [State]. Each party hereby irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such party at its address set forth in the preamble of this Agreement, such service to become effective thirty (30) days after such mailing.

- 🔊 This Agreement is intended to be the only Agreement, and that no other documents or communications are binding. Therefore, it is very important to make sure that everything [Company] and [Client] have agreed to is included in this Agreement. Otherwise, it is as if it was not agreed to.

3.3 Entire Agreement. This Agreement, including the attached exhibits, constitutes the entire Agreement between both parties concerning this transaction, and replaces all previous communications, representations, understandings, and Agreements, whether verbal or written between the parties to this Agreement or their representatives. No representations or statements of any kind made by either party, that are not expressly stated in this Agreement, shall be binding on such parties.

- 🔊 Any changes to this Agreement must be in writing and signed by the party against whom that writing is to be used.

3.4 All Amendments in Writing. No waiver, amendment or modification of any provisions of this

Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom such waiver, amendment or modification is sought to be enforced. Furthermore, no provisions in either party's purchase orders, or in any other business forms employed by either party will supersede the terms and conditions of this Agreement.

☞ All notices between the parties must be in writing and either delivered in person or by certified or registered mail, return receipt requested.

3.5 **Notices.** Any notice required or permitted by this Agreement shall be deemed given if sent by registered mail, postage prepaid with return receipt requested, addressed to the other party at the address set forth in the preamble of this Agreement or at such other address for which such party gives notice hereunder. Delivery shall be deemed effective three (3) days after deposit with postal authorities.

☞ In the event of a lawsuit or any legal proceeding involving this Agreement, the losing party will have to pay the winning party his or her costs and expenses, including reasonable attorney fees.

3.6 **Costs of Legal Action.** In the event any action is brought to enforce this Agreement, the prevailing party shall be entitled to recover its costs of enforcement including, without limitation, attorneys' fees and court costs.

☞ Legal remedies, i.e., money damages, may not be sufficient; therefore, both parties agree to equitable remedies such as an injunction where the breaching party would be required to do or not to do something.

3.7 **Inadequate Legal Remedy.** Both parties understand and acknowledge that violation of their respective covenants and Agreements may cause the other irreparable harm and damage, that may not be recovered at law, and each agrees that the other's remedies for breach may be in equity by way of injunctive relief, as well as for damages and any other relief available to the non-breaching party, whether in law or in equity.

☞ Assuming the parties wish to use Arbitration in the event of a dispute, the following section should be included. You take your chances with an arbitrator, but it keeps legal costs down and keeps you out of a drawn out legal process.

3.8. **Arbitration.** Any dispute relating to the interpretation or performance of this Agreement shall be resolved at the request of either party through binding arbitration. Arbitration shall be conducted in [County], [State] in accordance with the then-existing rules of the American Arbitration Association. Judgment upon any award by the arbitrators may be entered by any state or federal court having jurisdiction. [Company] and [Client] intend that this Agreement to arbitrate be irrevocable.

☞ Merely delaying to bring an action that one party has a right to bring does not cause that party to lose or waive his right to pursue that action.

3.8 **Delay is Not a Waiver.** No failure or delay by either party in exercising any right, power or remedy under this Agreement, except as specifically provided in this Agreement, shall operate as a waiver of any such right, power or remedy.

☞ Neither party will be blamed if there is a problem resulting from something beyond its control, such as an earthquake, flood, war.

3.9 **Force Majeure.** In the event that either party is unable to perform any of its obligations under this Agreement or to enjoy any of its benefits because of any Act of God, strike, fire, flood, governmental acts, orders or restrictions, Internet system unavailability, system malfunctions or any other reason where failure to perform is beyond the reasonable control and not caused by the negligence of the non-performing party (a "Force Majeure Event"), the party who has been so affected shall give notice immediately to the other party and shall use its reasonable best efforts to resume performance. Failure to meet due dates resulting from a Force Majeure Event shall extend such due dates for a reasonable period. However, if the period of nonperformance exceeds sixty (60) days from the receipt of notice of the Force

Majeure Event, the party whose ability to perform has not been affected may, by giving written notice, terminate this Agreement effective immediately upon such notice or at such later date as is therein specified.

- ☞ This section limits the ability of either party to transfer any of its rights or delegate any of its duties to third parties.
- ☞ You want to make sure that you can sell your business along with all of the relationships you have developed along the way. (Often these relationships can add tremendous value to your business and you want to make sure that all of your agreements can be transferred to the new owners.) I wouldn't want to seek (let alone pay for) permission to sell my company.
- ☞ Generally, neither party may assign their respective rights to a third party; however, with the possible exception of assignment to a successor corporation or partnership, either party may transfer its rights or obligations under this Agreement without the approval of the other party. This Agreement would be binding on the 3rd party.
- ☞ However, you may want to limit each other's ability to pass along this deal to another possibly unknown and possibly unfriendly entity. The second paragraph prevents unauthorized transfer of responsibilities...
- ☞ CHOOSE one or the other of these two following paragraphs.

3.10 Assignability & Binding Effect. Except as expressly set forth within this Agreement, neither party may transfer or assign, directly or indirectly, this Agreement or its rights and obligations hereunder without the express written permission of the other party, not to be unreasonably withheld; provided, however, that both parties shall have the right to assign or otherwise transfer this Agreement to any parent, subsidiary, affiliated entity or pursuant to any merger, consolidation or reorganization, provided that all such assignees and transferees agree in writing to be bound by the terms of this Agreement prior to such assignment or transfer. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

- ☞ This paragraph DOES NOT ALLOW either party to transfer its rights to a successor company without prior approval.

3.10 Non-Assignability & Binding Effect. Except as otherwise provided for within this Agreement, neither party may assign any of its rights or delegate any of its obligations under this Agreement to any third party without the express written permission of the other. Any such assignment is deemed null and void.

- ☞ If any part of this Agreement is unenforceable or invalid, the balance of the Agreement should still be enforced. Basically, ignore any sections that are invalid.

3.11 Certain Sections Invalid. If any provisions of this Agreement are held by a court of competent jurisdiction to be invalid under any applicable statute or rule of law, they are to that extent to be deemed omitted and the remaining provisions of this Agreement shall remain in full force and effect.

- ☞ The headings of the various sections are meant to explain or otherwise give meaning to those sections; they are for convenience only.

3.13 Headings. The titles and headings of the various sections and sections in this Agreement are intended solely for convenience of reference and are not intended for any other purpose whatsoever, or to explain, modify or place any construction upon or on any of the provisions of this Agreement.

- ☞ Even after the termination of the Agreement, the parties may still have certain responsibilities such as keeping information confidential.

3.14 Survival of Certain Provisions. The warranties and the indemnification and confidentiality obligations set forth in the Agreement shall survive the termination of the Agreement by either party for any reason.

Understood, Agreed & Approved

We have carefully reviewed this contract and agree to and accept all of its terms and conditions. We are executing this Agreement as of the Effective Date above.

Assignee

Assignor

By

By

Name

Name

Title

Title

Exhibit A

Accounts

- [xxx]
- [xxx]
- [xxx]