

About Assignments

The extremely active real estate market in BC—particularly in the Lower Mainland—has focused attention on housing affordability. Some of that attention has shifted to the practice of real estate, notably the alleged misconduct of some real estate licensees in the assignment of real estate contracts. Here’s a concise overview.

The basics

“Assignment” is the practice of someone assigning their rights in a contract to someone else before the transaction completes. In simple terms, someone can buy the right to step into the original buyer's shoes to complete the contract. Assigning one’s right to a contract is a legitimate practice, allowed by common law and also by section 36 of the *Law and Equity Act*.

How assignments are used

Assignments are used with existing homes and new homes. A common example is a new multi-unit residential development. There can be a significant delay from the time units are pre-sold and occupancy. The original buyer may have unexpected changes in their lives during that time, preventing them from completing the transaction.

They are also important to the development process. A builder or developer often signs contracts to buy land in a holding company or joint venture, which means they do not have to incur the expense before actually having a project. The rights to the property are then assigned to the partnership at closing. Restricting assignments would slow the ability of the private sector to increase the supply of homes.

In the case of existing homes, significant life changes are also often involved, such as death, divorce or change or loss of employment. For example, if someone signs Contract of Purchase and Sale to buy a property, and then is unexpectedly forced to relocate for their employer before the completion date of the contract, they can assign their rights to the contract to another buyer.

While the assignment of contracts for existing homes is not common, there may be more during a busy market where people may assign contracts to make a profit. While assignments can be used in a busy real estate market to resell a property for a higher price before the completion date, there are no guarantees. In fact, there may be losses in declining markets.

Contract of Purchase and Sale

The standard Contract of Purchase and Sale, to which the British Columbia Real Estate Association holds a joint copyright with the Canadian Bar Association-BC Branch, does not contain any language about assignment. However, clauses are often added to contracts to meet the needs of buyers and sellers on a wide range of issues.



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Some contracts may have an “Assignment Option Clause,” which enables a buyer to assign the contract to a third party without further notice to the seller. Others stipulate that the contract cannot be assigned, can only be assigned to certain people, or can only be assigned with the written consent of the seller. This choice is made by the seller.

Multiple Listing Service®

Assignments of contracts for existing homes have been (and remain) a very small part of the real estate market in BC. It is only in the recent unusual market, and in certain limited areas, that the number of assignments has apparently increased.

Most of the 11 regional real estate boards allow assignments to be advertised on their Multiple Listing Service® Systems, provided the original seller gives their explicit, written consent. Since 2012, six real estate boards, including the Real Estate Board of Greater Vancouver and the Fraser Valley Real Estate Board report only 1,013 assignments on their MLS® Systems.

Unfortunately, statistics on the total number of assignments are not available, because they may occur outside of the MLS®.

REALTOR® interest in a transaction

Both the REALTOR® Code of Ethics and the Real Estate Council of British Columbia's Rules provide that, in any real estate transaction where a REALTOR® has an interest (direct or indirect), a notice in writing must be made to the opposite party before any agreement can be entered into, and a copy of the disclosure must be given to the REALTOR®'s managing broker, which the broker must acknowledge.