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## Assignments of Judgments: Another Tool in the Surety Toolbox

Assignment rights have historically been a useful tool of the surety in recouping losses. Most standard indemnity agreements provide that certain rights of the principal are assigned to the surety under certain circumstances. Sureties typically ask payment bond claimants to sign acknowledgments and assignments. But what if your bond principal has suffered a judgment? Is it too late to use this tool? The Pennsylvania Superior Court recently affirmed that it is not too late.

In *Crespo v. Hughes* (Pa. Super. Dec. 10, 2021, No. 2184 EDA 2020), a recent matter argued by [Patrick R. Kingsley](#) in which Stradley Ronon was victorious, the surety satisfied a judgment after an appeal bond principal lost its appeal. The bond claimant then assigned the judgment to the surety, who then sought to enforce it. The principal argued that by paying off the judgment, which was the subject of the appeal bond, the surety actually satisfied that judgment. In other words, the principal argued that there was nothing left to assign. The Superior Court rejected this argument entirely, explaining that “payment by a third party of a debtor’s obligation is not a discharge of the debt, but a purchase of it.” In other words, the surety could simultaneously satisfy its bond obligations to the obligee and acquire that obligee’s judgment by assignment. Even at the judgment stage, it is not too late to use an assignment to mitigate losses.



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