

{AFFILIATE NAME}
CONSIGNMENT AGREEMENT

Seller/Consignor

Name: _____

Company: _____

Address: _____

Phone: _____

Email: _____

Hereafter referred to as "Seller"

K-BID Independent Affiliate

{Affiliate Company Name}

{Contact Name}

{Business Address}

{Business City/State/Zip}

{Phone}

{Email}

Hereafter referred to as "Affiliate"

This agreement is between the Seller and the Affiliate named above. **Affiliate** is an independent auction company who has chosen to publish auctions on the K-BID.com online auction website. K-BID is not a party to this consignment agreement (hereafter referred to as "Agreement") and bears no responsibility for the seller's consigned assets, the consignment terms, the auction or its outcome, except as provided in the website terms/conditions and the specific terms published with each auction.

K-BID requires Affiliates to include this statement in their consignment agreement.

Seller: Initial each section to acknowledge your understanding and acceptance of these terms.

_____ **Seller** verifies the following:

- They are the legal owner of the assets listed in this Agreement;
- They have the right to sell these assets and that the assets are not used as collateral on any outstanding debt;
- They have the right to receive all proceeds from the sale of these assets.

In most cases, there is no way for an affiliate to know with certainty who owns a consigned asset. The above is intended to protect the affiliate if it is discovered that the consignor was dishonest in claims of ownership.

_____ Seller understands that all consigned asset(s) will sell to the high bidder when the auction closes, unless the asset was consigned with a Reserve and the Reserve was not met (see Reserve section below).

_____ **The starting bid for all lots is \$5.00.**

The value of low starting bids often needs to be explained to sellers. The goal of the auction starting bid is to draw in a broad range of bidders who would be interested in owning the asset for the right price. Even though many of these bidders will drop out as the high bid increases, every bid placed is instrumental in adding to the level of excitement surrounding a lot. The more bidders interested in a lot early on, the more competitive the bidding is likely to become as the auction progresses. Competitive bidding is a price driver. The higher the starting bid, the smaller the initial bidding pool becomes.

_____ **Affiliate** will determine how to present the consigned asset(s) to bidders, and on which auction the asset(s) will appear.

Many sellers believe they will get more for their assets if each asset is offered individually. This is a bad assumption! The highest bids come from competitive bidding. Affiliates need to make sure each lot's value is high enough to interest as many bidders as possible. Low value lots not only don't allow for competitive bidding, they too often turn into NO SHOWS because the winning bidder can't justify driving across town to pick up a \$10 item.

Keep in mind that sellers want to see their assets online reasonably soon after they sign the consignment agreement. It's important to keep sellers in the loop about when and which auction their assets will appear in.

It's also important for affiliates to remember that once they take possession of an asset, they are responsible for it. Theft is unfortunately a real risk and an all too frequent occurrence during auction inspections and removals. It's important for affiliates to have good tracking and security systems in place.

Consigned asset(s) are assumed to be undamaged, fully operational, and without defect. **Seller** is required to provide **Affiliate** with detailed information about the condition of every asset being consigned. **IMPORTANT:** Winning bidders are not obligated to honor a bid if the lot description and/or lot photos failed to accurately describe the asset's condition. **A fee of \$_____ will be charged for every consigned asset that fails to sell due to inaccurate or incomplete information on the asset's condition.**

K-BID expects affiliates to give bidders due consideration when it comes to complaints about assets being misrepresented. "As Is, Where Is" is null and void if a lot is misdescribed. A full refund should be available to the winning bidder if the lot photos and descriptions fail to disclose material facts about the lot.

K-BID reserves the right to charge the affiliate a penalty of 10% of the high bid amount if it is determined that the seller knew or should have known that an asset was inaccurately/incompletely represented in the lot description or pictures.

Seller is prohibited from removing assets from the Agreement or the auction after the Agreement is signed. This includes making the asset(s) available for sale on any other platform or venue, privately selling, giving away, or disposing of the asset(s) during the duration of this Agreement. **A penalty fee of \$_____ will be charged for every asset that is removed after the Agreement is signed.**

Most of the labor on an auction is performed between the time the consignment agreement is signed and the start of the auction. If the seller insists on removing something from the consignment agreement or from an auction, the seller should be charged a penalty to ensure the affiliate is compensated for the labor already expended in preparing the asset to be included in the auction.

K-BID reserves the right to charge the affiliate a penalty of 10% of the current high bid if a lot needs to be halted on an active auction.

Seller and/or Seller's agents are prohibited from placing bids on their own assets. If shill bidding (bidding on an item with the intent to artificially increase its price or desirability) is discovered, the asset and/or the auction will be halted. **A penalty fee of \$_____ will be charged if an asset or auction is halted due to shill bidding.**

Seller, provide your K-BID bidder #: _____

Although it won't prevent all shill bidding, collecting the seller's bidder number signals to the seller that the affiliate will be monitoring the auction for fraudulent bidding.

K-BID reserves the right to charge the affiliate a penalty of 10% of the current high bid price if an item or auction is halted due to shill bidding.

Seller understands that an asset isn't considered sold until **Affiliate** receives payment for the asset from the winning bidder. If a winning bidder fails to honor his bid, the asset will be processed as a NO SHOW. If a winning bidder fails to complete the sale due to misrepresentation of the asset in the lot description/photos as determined by the Affiliate, the asset will be processed as a NO SALE. In both scenarios, **Seller** retains ownership of the asset.

Seller will receive a detailed settlement report and payment (high bid amount less commissions and fees) for sold assets within two weeks of the auction removal.

Incorporating a delay between the auction close and seller settlement allows the affiliate time and resources to resolve any bidder complaints, including providing a refund if necessary.

Seller has _____ days after receiving the settlement to remove unsold asset(s) from **Affiliate's** property, unless Seller and Affiliate agree to relist the asset(s) on a future auction. **The storage charge for unsold assets remaining after _____ days is \$_____ per day.**

If the affiliate is willing to relist unsold assets for a seller, the seller should be required to fill out a new consignment agreement and pay any up-front fees (such as reserve fees).

RESERVES

_____ **Seller** understands that every lot on the auction will sell to the highest bidder when the auction closes, unless **Affiliate** and **Seller** agree to place a Reserve on the lot at the time the Agreement is signed. **Reserves must be disclosed on the attached Description of Assets**. If the high bid at the end of the auction meets or exceeds the Reserve listed on the attached Description of Assets, the asset will sell to the high bidder. If the high bid is less than the Reserve, the asset will not sell and will remain the property of the **Seller**.

Affiliates need to be clear with sellers about their reserve requirements and the risks of posting a lot with a reserve. Before agreeing to a reserve on an asset, the affiliate should research the auction value of an asset (for example, by searching closed auctions on K-BID to see what similar assets have sold for in the past year). If the seller wants a reserve higher than 50-60% of the projected auction value, the affiliate will save himself a lot of uncompensated time and effort by refusing the consignment.

Many sellers require a little education on reserves and the impact they have on bidding:

- Bidders are busy people; they value their time too much to waste it bidding on an asset that may not even sell due to the reserve not being met.
- Selling with a reserve shrinks the pool of interested bidders by as much as 50%, according to a recent K-BID bidder survey. Auctions are a numbers game; to get the highest bid possible, you need as many bidders as possible placing bids on your assets.
- If an asset still indicates "Reserve Not Met" when the high bid reaches 60-70% of auction value, you'll begin losing bidders rapidly as they will assume the seller had an unrealistically high expectation of the asset's worth.

IMPORTANT: Assets may only be relisted one time. To be relisted, the seller must agree to lower the reserve on the asset to less than the high bid received on the first auction – or post with no reserve at all. If the asset fails to sell a second time, the item may not be relisted on K-BID again.

_____ **Seller understands that the minimum Reserve allowed on an asset is \$100.**

Due to software limitations, Affiliates will not be able to lower reserves to less than \$100 during the auction.

_____ **Seller** understands the Reserve on a lot may be lowered during the auction, but can never be increased. Requests to lower a Reserve shall be made in writing and attached to this Agreement.

Affiliates may want to set a limit for the number of times a seller will be allowed to lower a reserve. Affiliates should always require sellers to put their request to lower a reserve in writing; more than one affiliate has lowered the reserve on an asset only to have the seller deny making that request. Since the affiliate had nothing in writing, he was responsible for making up the difference between the high bid and the original reserve amount.

Affiliates and sellers should keep in mind that if a reserve is lowered and no additional bids are placed, the high bidder is *not obligated* to complete the sale, because they were told that the reserve was not met at the time they placed their bid.

_____ **Seller** understands there is a \$_____ fee charged for every **non-titled** asset consigned with a Reserve. This fee is payable when the Agreement is signed. The Reserve fee will not be refunded if the asset fails to meet the Reserve. The fee will be deducted from **Affiliate's** commission if the Reserve is met and the asset sells.

The fee charged may vary by asset value. If an asset fails to sell due to the reserve not being met, the affiliate should keep the fee charged in the consignment agreement as compensation for services provided to include the asset in the auction. If the affiliate determines he is willing to relist the asset for the seller, the affiliate may want to consider increasing the commission and/or fees for the asset.

K-BID does not currently charge a "reserve not met" fee for non-titled assets, but reserves the right to do so in the future. Affiliates will be notified in advance when/if K-BID changes this policy.

_____ **Seller** understands there is a \$_____ fee charged for each **titled/registered** asset consigned with a Reserve. This fee is payable when the Agreement is signed. The Reserve fee will not be refunded if the asset fails to meet the Reserve. The fee will be deducted from **Affiliate's** commission if the Reserve is met and the asset sells.

K-BID charges affiliates a \$59 No Sale Doc Admin fee for every titled/registered asset that fails to sell due to the reserve not being met.

TITLED/REGISTERED ASSETS

_____ **Seller** understands that a clear title is required to sell a titled asset. The clear title must be signed by the vehicle owner and given to the Affiliate when the Agreement is signed. If the title indicates a secured party, a lien release must accompany the signed title.

If the seller can't provide a clear title when the consignment agreement is signed, the affiliate should decline to list the asset until a clear title can be provided. K-BID requires affiliates to have possession of a clear title before it can be published on the website.

Affiliates not using K-BID's dealer services will find their publishing privileges suspended if they sell a titled asset without a clear title in hand. It is expected that all titled assets will be processed within two weeks of the winning bidder taking possession of the asset.

COMMISSIONS AND FEES

Except as indicated on the attached Description of Assets page, the commission rate for all consigned assets will be the same. Commission will only be charged for assets that are sold. Assets that don't sell remain the property of Seller.

Standard Commission Rate: _____

Additional fees and terms:

By signing below, Seller affirms that they are the legal owner of the assets and has the legal right to sell and receive the proceed from the sale of these assets.

I understand and agree to all the terms and conditions included in this Consignment Agreement.

Seller/Consignor's Signature

Date

Affiliate's Signature

Date