

# Consignment

## UCC Filings

What is a consignment filing?  
How does a consignment filing work?

### Consignment

means "...a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale."

### Consignor

A person that delivers goods to a consignee in a consignment (i.e. the owner of the goods being delivered)

### Consignee

A merchant to which goods are delivered in a consignment (i.e. the recipient of the goods being delivered)

Per U.C.C. - ARTICLE 9 - SECURED TRANSACTIONS (2010) › Part 1. General Provisions › § 9-102. DEFINITIONS AND INDEX OF DEFINITIONS.

## Sale or Return vs. True Consignment

There are two recognized types of consignment:

### Sale or Return

where goods are delivered to the Consignee primarily for retail purposes. In this type of Consignment, title passes to Consignee upon delivery, but Consignee remains contractually obligated to return any unused goods.

### True Consignment

where the goods are delivered to be primarily used by the Consignee, but Consignor retains title to the goods. Consignee may either be pulling goods from stock on a need be basis, or might be testing out goods on a trial basis to determine the necessity of the goods.

The consignor/owner retains title to the delivered goods, while the consignee/recipient holds and attempts to sell the goods. If and when those goods are sold, the owner's security attaches to the proceeds of the sale. If the consignee is unable to sell the goods, they can simply return the goods to the owner.

### How true consignment works

Consignor has title of unsold goods

Consignee sells the goods

Consignee now has title of sold goods

Consignor invoices consignee for the sold goods

In consignment filings, the consignor of the goods remains the title holder until the consignee sells the goods – once the consignee sells the goods, the consignee obtains the title, which triggers the consignor to invoice the consignee for the goods.

Need help with your UCC filings?  
Contact NCS Credit today!



800.826.5256 | [SecureYourTomorrow@NCScredit.com](mailto:SecureYourTomorrow@NCScredit.com) | [NCScredit.com](http://NCScredit.com)

This information is provided with the understanding that the publisher is not engaged in rendering legal advice. NCS recommends retaining an attorney for each case.