

**CONSIGNMENT AGREEMENT**

**CONSIGNOR:** Kashee & Sons, Inc.  
600 Meadowlands Parkway, Suite 21 N, Secaucus, NJ 07094

**CONSIGNEE:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**DATE:** \_\_\_\_\_

This Consignment Agreement (the “**Agreement**”) is intended to confirm the understanding between **KASHEE & SONS, INC.** (“Consignor”) and \_\_\_\_\_ (“Consignee”) that Consignor shall from time to time hereafter deliver to Consignee, on consignment, Oriental rugs and carpets (“**Goods**”) which are the subject of the Agreement. The Goods shall be represented by consignment invoices, invoicing the Goods to Consignee at Consignor’s price after any adjustments or trade discounts or otherwise (“**the Invoice Price**”). The Goods to be initially delivered are set out in the consignment invoice attached hereto. Consignee accepts possession of the Goods, on consignment, and agrees to use its best efforts in the ordinary course of its business to sell consigned Goods, on such price or terms as are suitable to Consignee but subject to the obligation of Consignee upon sale to account to and pay the Invoice Price above described to Consignor.

It is further agreed as follows:

1. That the effective date of the Agreement is the date set forth above (the “**Effective Date**”) and that from that date and thereafter during the term of this Agreement Consignee shall be liable for and shall pay all expenses incident to retaining possession of the consigned Goods, including but not limited to the sale and delivery thereof, it and when sold.
  
2. Title to the Goods consigned to Consignee shall remain with Consignor at all

times until sale by Consignee, at which time title shall pass directly from Consignor to Consignee's purchaser or purchasers. Consignee shall hold the proceeds of such sale in trust for Consignor until Consignee shall account for and remit to Consignor its share of the proceeds.

3. Consignor warrants that it has the full right, title and interest in the Goods, free and clear of all liens, encumbrances and security interest, and this Agreement is not in contravention of any agreement of undertaking of Consignor.
4. Consignee hereby irrevocably authorizes Consignor at any time and from time to time to file in any filing office in any Uniform Commercial Code ("UCC") jurisdiction and filing and amendments thereto that indicates the Goods are property of Consignor or words of similar effects, regardless of whether any particular asset comprised in the Goods falls within the scope of Article 9 of the UCC of such jurisdiction. Consignee is a corporation organized under the laws of the state of New Jersey.
5. Upon sale of any of the consigned Goods, Consignee shall pay the Invoice Price of each Goods to Consignor or return the Goods pursuant to paragraph 8 hereof whether or not Consignee receives payments from its purchaser for any reason what so ever.
6. Consignee agrees not to remove any of the Goods subject to this Agreement from Consignee's sales location(s), without the written consent of the Consignor, except for the purpose of Customers' approval and sales, and subject to the provisions and conditions herein provided.
7. All existing consignments and future consignments between parties shall be governed by the terms and conditions herein set forth, unless otherwise mutually agreed by the parties in writing.

8. By the 5<sup>th</sup> business day following the end of each month after the Effective Date, Consignee shall provide a report to Consignor which accounts for all Goods sold during the preceding month any credits claimed and calculates the balance of its account with Consignor as of the end of the preceding month. Consignee shall remit the balance owed to Consignor, based on the Invoice Price of the Goods sold, within 5 days after the date on which Consignee is required to provide the monthly report to Consignor.
9. Consignee is authorized to return Goods to Consignor for credit up to 10 days after the date on which Consignee originally reported to Consignor that it had sold such Goods. Consignor shall accept no returns of Goods, or recognize a credit in favor of Consignee, more than 10 days after the date on which Consignee originally reported sale of such Goods.
10. Consignee shall keep accurate records of all transactions under this Agreement on a database. These records shall show the Goods on consignment under this Agreement, the consigned price, the goods sold, the remaining on hand with Consignee, and Goods returned for what so ever reason to Consignor.
11. Consignee agrees to take all reasonable actions necessary to distinguish the Goods from all property belonging to Consignee or any third-parties at the Sales Location(s) at all times. These actions shall include segregation, tagging each of the Goods with unique and identifiable codes specific to Consignor and any other means of identification to the extent reasonably practicable. Consignee shall cause its books and records at all times to reflect that the Goods are owned by Consignor and by Consignee.
12. Consignee shall not consign or otherwise transfer any of the Goods to any other party (other than a Sale to a customer of Consignee) without the prior written consent of Consignor.
13. Before granting any security interest in or lien on its inventory to any third party, Consignee shall provide to Consignor: (a) written notice of the proposed security

interest or lien; and (b) a statement in writing signed by the proposed holder of the security interest or lien acknowledging that the right of Consignor in the Goods are senior and prior to those of such proposed holder of the security interest or lien.

14. Consignor or its authorized representative shall have access to the consigned Goods and to the records described herein upon reasonable notice during the term of this Agreement for the purpose of inspection. Consignor is entitled to cause a certified inventory to be taken at Consignee's expense once a year during the term of this Agreement.
15. Consignee shall keep the Goods described herein insured at no less than the Invoice Price against damage, destruction and loss of any and all kind while in the possession, care, custody or control of Consignee or its customer(s) until payment to Consignor. Consignee shall cause Consignor to be added as an additional loss payee on Consignee's policies of property and casualty insurance so that the insurance proceeds on any loss or losses of such consigned Goods shall be paid to Consignor. However, Consignee shall be entitled to receive any insurance proceeds in excess of the Invoice Price.
16. Consignee shall furnish Consignor with a Certificate of Insurance ("**Certificate**") listing Consignor as an insured as its interest may appear. Such certificate shall provide that coverage shall not be cancelled without thirty (30) days prior notice to Consignor. Notwithstanding the existence of such insurance, Consignee shall be required to pay the Invoice Price to Consignor or return the Consigned Goods as set forth in this Agreement.
17. This Agreement shall continue until the Termination Date, which shall be the date (a) upon which all of the consigned goods have been sold and the Invoice Price has been paid to Consignor as provided herein, (b) upon which the Agreement has been terminated by mutual agreement of the parties, (c) which is fifteen (15) days after the delivery of written notice terminating the Agreement from either party to the order, or (d) on which a material default under any term of this Agreement by Consignee has occurred. Upon termination, a final adjusted balance of account

- shall be determined as of the Termination Date, and any balance due Consignor shall be paid by Consignee within five (5) days thereafter, and any credit balance due Consignee shall be paid by Consignor with ten (10) days there after. In addition, in the event of termination of this Agreement, Consignor shall have the right to exercise any and all of the following remedies: (i) require at Consignee's expense, to deliver the Goods to Consignor or deliver them to any other party designated by Consignor; (ii) enter any premises whenever the Goods might be located and, without breach of peace, take possession of the Goods and remove the same there from, provided however that prior to removal of the Goods, Consignee shall be permitted to inspect the Goods to verify the quantity; and (iii) exercise any or all other right available to Consignor at law or in equity.
18. The Agreement represents the sole agreement between the parties with respect to the subject matter contained herein. Any prior agreement or understanding, oral or written, expressed or implied, is terminated and of no force and effect whatsoever. This Agreement may not be modified, changed or amended unless in writing signed by the party against whom the Agreement is sought to be enforced.
  19. All notices required to be given under any provisions of this Agreement shall be in writing and deemed to have been duly given when served personally or mailed by certified or registered first class mail, postage prepaid and properly addressed to the parties at their addresses first above written, or to such other address as each of the parties may designate in writing to the other parties in the manner provided in this paragraph 18.
  20. This Agreement shall be construed and enforced in accordance with the laws of the state of New Jersey, excluding its rules of conflict of law.
  21. This Agreement shall be binding upon and inure the benefit of respective parties, their heirs, executors, personal representatives and successors and assigns.
  22. Unless otherwise consented to in writing by Consignor, Consignee shall not assign this Agreement or any part of Consignee's performance hereunder, and any such attempt at assignment shall be null and void. Any change in control of Consignee shall be deemed an assignment hereunder.

- 23. The parties agree to execute any document or take any action hereafter that may be reasonably required to effectuate the purpose of this Agreement.
- 24. This Agreement may be executed in counterparts and by execution of the counterparts by all parties required to execute or consent to this Agreement it shall be deemed to have been duly executed.
- 25. In the event of a controversy arising out of the interpretation, construction, performance or breach of this Agreement, the parties hereby agree and consent to the sole jurisdiction and venue of federal and state court located in New Jersey, for resolution of any such controversy.
- 26. Wherefore, Consignor and the Consignee agree once this Agreement has been executed by both of them, as herein provided for.

**CONSIGNOR**

**CONSIGNEE**

*Kashee & Sons, Inc.*

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**Name of signing officer:**

**Name of signing officer:**

\_\_\_\_\_

\_\_\_\_\_

**Signature:**

**Signature:**

\_\_\_\_\_

\_\_\_\_\_

**Title:**

**Title:**

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