



Automotive Retail Consignment

How To Source Free Cars

Starter Guide for Dealers



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Consignment “Golden Rules”

1. Maintain uniform vehicle selection criteria regardless of channel (auction, trade, consign).
2. Be the market expert. Set upfront realistic expectations with seller. Show them the math.
3. Process all cars the same regardless of source – get ready, marketing, sale, F&I, post-sale.
4. Adopt and share the “Triple-Win” pricing methodology for private party consignment cars:
 - a. Sellers – get more than instant cash offer, trade allowance or auction sale
 - b. Buyers – get a Good Deal, below full retail and a trusted, professional transaction.
 - c. Dealers – earn a good sale fee, recon revenue, F&I, 2X happy customers per sale.

Process Flow – Sourced from Retail My Ride Website

- Dealer registers online at *RetailMyRide.com* (free) and creates dealer listing(s).
- Dealer establishes its own consignment program requirements, eligibility and fee structure – typically an upfront Enrollment Fee (\$0-\$295), plus a Sale Fee when it sells (flat fee, or percent of sale, or above & beyond agreed sale price).
- Sellers visit *RetailMyRide.com* to learn about consignment and “Get Connected” with a trusted network “Consignment Pro” dealership in their area (125-mile radius).
- Retail My Ride works all seller leads – goal is to schedule an appointment for seller to take their car to the assigned network dealer for a free evaluation and appraisal.
- Dealer provides estimated “Net” consignment sale proceeds **quote** to sellers.
- Seller signs dealer consignment agreement (sample/template available)
- Seller has final approval of selling price – offers, price drops, etc.
- Dealer earns their commission + 100% of in-house recon, repairs, F&I, doc fees
- Dealer remits net sale funds to seller within 24-48 hours after dealer funded.
- Dealer completes post-sale title transfer and registration process as usual.

Operational – Integrating Consigned Cars

- Staffing: designate point of contact for consignment program (e.g., Consignment Manager)
- DMS Inventory: Use the same inventory system for all cars, but code consignments with unique identifier for sorting, reporting, tracking (e.g., first digit of Stock# begins “C”).
- Vehicle Selection: Dealer selects vehicles to accept on consignment.
- Customer Interactions: Dealer works with owners regarding offers, price changes, funding.
- Titles: Dealer retains a copy or original title. If open lien, dealer obtains lender information, POA and processes payoff once vehicle sells and funded.

- **Funding:** Dealer funds the seller within 48 hours of dealer being funded (cash or financed). Dealer nets out sale fee, approved reconditioning costs, and other reimbursable fees, then remits net amount to seller.

Accounting

- Create unique Accounts Receivable ledgers for seller-approved reconditioning, repairs, sublet expenses. Record entries with VIN#, Stock# or a unique Control #.
- Do not enter a vehicle cost as an inventory asset or liability until after the car is sold.
- Vehicle cost calculation - Selling Price minus dealer Sale Fee. Offset entry to a unique liability account (e.g., Sold Consignments Payable). For example:
 - Selling Price: \$20,000.
 - Dealer Sale Fee: \$1,500 (flat or %)
 - Vehicle Cost (asset): \$18,500
 - Vehicle Payable (liability): \$18,500
- Seller net proceeds calculation – Vehicle Cost minus seller-approved reconditioning and reimbursable expenses held in Accounts Receivable for that vehicle VIN#. For example:
 - Vehicle Cost \$18,500
 - Accounts Receivable \$900
 - Net Seller Proceeds \$17,600
 - Accounting Entries to Settle with Seller:
 - Credit Accounts Receivable \$900, and Credit Vehicle Payable \$900
 - Credit Cash \$17,600 and Credit Vehicle Payable \$17,600

Insurance

- Dealer should consult with their insurance agent/underwriter to add “Consigned Vehicles” for Garage Keepers, Liability, Physical damage, etc. Policy should be written to protect dealership risk and liability for “Owned and Consigned” vehicles.
- Dealer is generally not responsible for Force Majeure – defined as natural disasters (fire, storms, floods), governmental or social actions (war, invasion, civil unrest, strikes), etc.
- Sellers must maintain full outside insurance coverage while their vehicle is on consignment. This requirement should be included in the private party consignment agreement language

Consignment Agreements

- *Private Seller Consignment Agreement* – between dealer and seller - sample attached.