

## VEHICLE SALESPERSON COMPENSATION PROGRAM

### CHULA VISTA FORD

VEHICLE SALESPERSON: Francisco Covarrubias DATE: April 1, 2024

DEALERSHIP: Chula Vista Ford REPORTS TO: Sales Manager(s)

This Compensation Program is in effect between the Dealership and the Vehicle Salesperson (Associate) named above while the Associate remains actively employed until it is changed in writing by the Dealership. This compensation Program is not a contract for employment and may be changed at the discretion of the Dealership (with the exception of the at-will provisions which cannot be changed except in a writing signed by the President of the Dealership, and the arbitration provisions which can only be modified if modified arbitration provisions are offered to the Associate in writing and accepted by the Associate, whether in writing or otherwise). This compensation Program supersedes and replaces any compensation Program in place prior to the above effective date.

#### COMPENSATION ELEMENTS

The Compensation Program generally provides for a base hourly wage, with additional compensation in the form of commissions, bonuses or other compensation elements available based on specific performance achievements. These additional compensation elements may include temporary and variable elements designed to increase compensation above base compensation levels. The amounts and methods of calculation are described herein, the provisions of which are incorporated herein by reference as though set forth verbatim and in full.

Note: with the exception of the hourly wages, all commissions, bonuses or other compensation elements may be subject to chargebacks and reconciliation as outlined below within 120 days of the date that the sale was posted to accounting, or longer if reasonable under the particular circumstances.

#### BASE HOURLY WAGE

You will receive a Base Hourly Wage of \$16.30 for each hour worked during the month. This amount is subject to upward adjustment in the event that federal, state, or local minimum wage requirements increase, and it will never be lower than any applicable minimum wage rate required by law. Overtime to be paid per state guidelines for hourly employees.

This will be paid twice monthly, on or before the 25th of the month for the pay period ending on the 15th of the month, and on or before the 10th of the next month for the pay period ending on the last day of the month. You will be paid applicable hourly wages for the pay period beginning on the first day of the month through the 15th day of the month. You will be paid applicable hourly wages plus applicable bonuses and commissions as described in Commissions and Bonus Elements (see page 2) for the pay period beginning on the 16th day of the month through the end of the month.

#### COMMISSION AND BONUS ELEMENTS

It is expected that your total compensation will increase through commissions and other performance incentives to exceed the amount of Base Hourly Wages and any advances against anticipated earnings. Based on performance standards, you may receive any or all of the following Commission opportunities. These Commission and Bonus Elements are calculated monthly and are paid on or before the 10th of the following calendar month.

1. Your combine Ford Retail Unit Commission will vary from month to month based on the table below:

Your Total Current-Month Closed Sales	Front & Back Commissionable Gross Profit
1 to 9.5	0%
10 + No Floor Manager = 5% With Floor Manager = 2.5%	*2.5% - 5% *(2.5% minimum, or \$100 minimum, whichever is greater)

Dealer Reserve (Pack); All New \$725, all Used \$1025

2. Your combine Ford will earn a Retail Volume Compensation if all two of the following Eligibility Requirements are achieved; (1) you must be credited with at least 10 New and Used Closed Sales of Vehicles in the current month (6 new and 4 used); (2) Sales Person personal CSI must be above Zone/District Average, (3) Minimum of 15 completed (shows) appointments, (4) you must be employed by the dealership through the last day of the month. If your employment terminates, voluntarily or involuntarily, for any reason prior to the end of the month, no prorated Retail Volume Commission will be paid to you regardless of whether the other Eligibility Requirements are achieved. Retail Volume is non-cumulative. The amount of the Retail Volume Commission will vary from month to month based on the table below:

Your Total Current-Month Closed Sales	Per Unit Commission (Retro)
Greater than or equal to 10 and up to 12.5	\$100.00
Greater than or equal to 13 and up to 14.5	\$125.00
Greater than or equal to 15 and up to 17.5	\$150.00
Greater than or equal to 18 and up to 21.5	\$200.00
Greater than or equal to 22 and up to 25.5	\$250.00
Greater than 26+	\$300.00

#### COMMISSION COMPENSATION FORMULA

The commission compensation formula for the Salesperson is as follows:

- Commissions Compensation + Base Pay + Bonuses = Grand Total wages

#### MINIMUM SALES VOLUME

You must maintain an average of ten (10) closed sales per month on a rolling three-month average to maintain full-time employment, subject to change at any time at the discretion of the General Manager or General Sales Manager. If you sell fewer than ten (10) units in a month, you will be subject to review by the GSM or GM of the Dealership. However, if at any time, you do not maintain an acceptable rolling three-month average, you will be subject to disciplinary action up to and including termination. The Dealership also reserves the right to terminate you at any time in its sole discretion for any reason. You therefore remain employed at-will as described herein and in the Employee Handbook

#### VARIABLE INCENTIVES, CONTESTS OR SPIFFS

At management's discretion, various spiffs, additional commissions, and/or bonus opportunities may or may not be announced in writing during certain periods or based on attaining specific objectives. Where applicable, you may be paid additional compensation—above and beyond your base compensation (hourly wage) and commission elements as described above—that are derived from your individual sales or other factors as described below. These additional bonus elements are temporary and variable based on performance and other factors in the sole discretion of the Dealership and may change from time to time. As a general rule, the amount of each bonus opportunity is tied to the value or amount of the goods and services you sell.

In addition, the Dealership may increase the per-unit and/or percentage commission elements to increase sales commission compensation during one or more pay periods without obligation to continue to do so in subsequent pay periods.

#### CELL PHONE STIPEND POLICY

Sales Associate employees will receive a \$20.00 cell phone stipend per month to cover business use. This will be paid on or before the 10<sup>th</sup> of the month (unless the 10<sup>th</sup> falls on a weekend, holiday, or unless *force majeure* excuses performance, payment will be on the next day or as legally allowed). If your employment terminates, voluntarily or involuntarily, for any reason prior to the end of the month, no prorated cell phone stipend will be paid to you.

#### ADDITIONAL TERMS

Non-Commissionable Reserve is an amount of the gross profit on the sale of a vehicle which is not included in the Commissionable Gross, on which a commission is not paid and which is determined by the Dealership at its sole discretion and which may vary, particularly for new specialty or limited allocation vehicles. The amount of standard Non-Commissionable Reserve on New Vehicles is \$725 and on Used Vehicles is \$1025. The Dealership reserves the right to establish a nonstandard Non-Commissionable Reserve in its discretion (*e.g.*, on special order vehicles, limited production vehicles, or on any other vehicle identified by the Dealership); in every case, the exact Non-Commissionable Reserve is available for review by any Sales Associate via the Business Office, sales management and/or the General Manager.

Note: All Associates' draws, commissions and bonuses are subject to chargebacks and reconciliation as outlined in the attached Sales Associate Compensation Program.

This Addendum to Sales Associate Compensation Program supersedes and replaces any prior Addendum in place prior to the execution of this Addendum. The former Sales Associate Compensation Program remains in full force and effect, except as modified expressly herein or by a new Sales Associate Compensation Program agreement attached hereto and incorporated herein.

#### ADJUSTMENTS TO EARNED COMPENSATION AND BONUSES

The Associate agrees that the anticipated Bonuses or other compensation elements may be adjusted at any time, (i) to correct any error in the calculation, whether that error is the result of miscalculations by the Dealership, the Supervisor, any Sales Associate or any other person; (ii) if any sale or lease is subsequently determined not to have been a Closed Sale; (iii) if a Closed Sale is rescinded, reversed, rolled back or otherwise unwound for any reason; (iv) if there are any "goodwill" adjustments made to the deal, including, but not limited to accessories, waived fees or expenses reimbursed; or (v) if there are any finance and insurance related returns and/or charge backs on which Sales Associate was paid including, but not limited to, prepaid loans, extended service contract cancellations, or any other contractual contingency through which the revenue from a sale may be reduced after the sale became a Closed Sale. Any such adjustments will be made within 120 days of the payment of the commission for such Closed Sale, or for longer period if reasonable to do so given the particular circumstances. Any such adjustment that results in a decreased Earned Compensation will be treated as an Advance, as defined below. Any such adjustment that results in increased Earned Compensation will be paid at the next scheduled pay day.

#### PROVISIONAL PAYMENTS

All commission or incentive payments may only be estimates and therefore are subject to adjustments, including deductions from future commission payments to the extent the actual calculated commission is less than the amount paid. You acknowledge that such advances are for your benefit, and you authorize such deductions. After satisfying minimum wage requirements, any overpaid commissions or advances must be

repaid upon your separation from the Dealership and you hereby authorize such deduction from any pay or benefits (including vacation) that may be forthcoming to you. If you are terminated, voluntarily or involuntarily, prior to month end, you are entitled to be paid only for the hours you actually worked pursuant to the applicable minimum wage requirements, taking into account any actual earned commissions you may have earned as permitted by law.

#### DEFINITIONS

**Sales:** As used in this Compensation Program, the term Sales refers to both purchases and leases equally.

**Closed Sales:** No Commission or unit credits will be earned on any deal until the deal is "closed." A deal is not "closed" until the vehicle is delivered to the customer, the deal is booked in accounting, the Dealership is paid for the sale, and all related paperwork is properly completed and approved, and 120 days have passed thereafter, or longer period if reasonable under the particular circumstances. To be a Closed Sale, the deal must also meet all requirements of Earned Compensation, as defined below.

**Retail Volume:** Retail Volume is defined as the actual number of retail vehicles (new and used) closed sales each calendar month (full units) sold by the Associate and will partially determine the amount of compensation earned, bonuses earned, contest standings and Sales Associate of the Month standings for the Associate.

**Earned Compensation:** The Associate must be an Associate of the Dealership at the time a vehicle is delivered and the sales paperwork totally completed, the vehicle transaction paid in full, and all commission calculations (including all adjustments) completed and entered into the accounting system before a commission or bonus element is considered earned, regardless of the work done or the fact that the Associate was employed when the vehicle was sold or the order was taken. In simple terms, the Associate must be employed at the Dealership at the time the deal becomes a Closed Sale. Until that time, no bonus element (unit credit, gross, etc.) has been earned and any payments made are considered Advances until the payment becomes an Earned Compensation.

#### PAYMENT TIMING

Base compensation (hourly wages) is paid twice monthly. Commissions and any other bonus compensation linked to the value or amount of sales achieved are calculated and paid on a monthly basis. By the 10th day of the next month (unless the 10th falls on a weekend, holiday or unless *force majeure* excuses performance, payment will be the next day or as legally allowed), Earned Compensation on Closed Sales for any prior month will be totaled and you will receive the total of your Earned Compensation on Closed Sales for any prior month, including any applicable overtime premium payment for the current or previous semi-monthly pay period, less any advance/draw.

#### ATTENDANCE DOCUMENTATION

You are required by federal and state law and by this Dealership to keep an accurate record of all the hours you work each day. Hours worked in excess of your scheduled hours require express approval by the Sales Manager. Hours worked in excess of your scheduled hours off-premises require written approval in advance by the Sales Manager. Failure to comply with these requirements can result in discipline, up to and including immediate termination.

In order to ensure appropriate staffing levels at all times, the Dealership will set schedules for Sales Associates and teams of Sales Associates. These schedules are not fixed and may be revised from time to time, although the Dealership will attempt to provide as much predictability regarding schedules and as much advance notice of anticipated schedule changes as possible. If a Sales Associate is not scheduled to work, Sales Associate is not permitted to come in and work unless written approval by a manager is arranged in advance.

### MEAL BREAKS AND REST PERIODS

All employees who work five or more hours in a day are required to take a thirty-minute meal break. All meal breaks must be at least 30 minutes, uninterrupted, during which you will be relieved of all duties and free from the control of the Dealership. You are not expected to respond to work-related telephone calls, sales opportunities or other communications (email, text messages, pages, etc.) during your meal breaks, and are not encouraged or permitted to perform work duties of any kind during a meal break. You are permitted to leave Dealership premises during meal breaks. A second thirty-minute break is required for employees who work more than ten hours in a day. The first thirty-minute meal break must be started no later than the end of the employee's fifth hour of work, and the second thirty minute meal break (if applicable) must be started no later than the end of the employee's 10th hour of work. Certain exceptions to these rules exist based on the number of hours worked and/or the nature of the employee's duties, but application of these exceptions is uncommon, and you must have written authorization from the General Manager if you will be taking an on-the-job meal break or will not be taking a meal break. Employees taking their meal breaks must record their time on their timesheets when they begin and end their meal periods.

In addition, the Dealership also provides employees a rest period of ten (10) minutes "net" rest time per four (4) hours worked, or major fraction thereof, and which insofar as practicable shall be in the middle of each work period. However, the Dealership generally will not authorize a rest period for employees whose total daily work time is less than three and one-half (3½) hours. Thus, you will receive one 10-minute rest period for shifts from three and one-half (3½) hours to six (6) hours in length, two 10-minute rest periods for shifts of more than six (6) hours up to ten (10) hours in length, and three 10 minute rest periods for shifts of more than ten (10) hours up to fourteen (14) hours. If you work a shift longer than fourteen (14) hours you will be provided additional rest periods. In the context of an eight (8) hour shift, one rest break should fall on either side of the meal break. Rest periods are counted as hours worked, and thus, employees are not required to record their rest periods on their timesheets.

All missed meal or rest break periods are to be reported to your supervisor immediately. Employees understand that no supervisor and no policy and/or practice is permitted to do anything to incentivize an employee to forego, exert coercion against taking, impede, discourage, or dissuade any other employee from taking meal and rest periods that are required by law. If any other employee, including supervisors, attempts to incentivize you to forego, exerts coercion against your taking, or attempts to impede, discourage or dissuade you in any way from taking a meal or rest period as described herein or required by law, you are to immediately notify the President of the Dealership, any Vice-President and/or the General Counsel, and/or Director of Human Resources. Authorized meal and rest periods cannot be used to shorten your workday or be accumulated for any other purpose. Additionally, rest periods may not be combined with a meal period.

### NOTICES AND CONFIRMATION OF AGREEMENT TO TERMS

This is the total pay package and no further payments shall be anticipated or expected. The Dealership reserves the right to amend or terminate this compensation Program and/or rate (with the exception of the arbitration agreement) at any time without notice and at its sole discretion. This agreement supersedes any previous agreements with respect to the Compensation Program.

Your signature below confirms your understanding and agreement to the following terms and conditions:

I agree that if I have any disputes over the amount of compensation paid to me under this Compensation Program that I will make such dispute in writing immediately after the subject pay day if I have any such claims.

If it becomes necessary for the Dealership to amend this Program (or the attached Addendum A) or if the Program is terminated, Earned Compensation will be paid at the next scheduled payroll disbursement based on closed sales as described above, at the date of the amendment or termination of this Program.

I understand that nothing in this Compensation Program creates or is intended to create a promise or representation of continued employment and that my employment, position and compensation is for no definite period, regardless of payment of compensation. I have the right to terminate my employment at any time, with or without cause or notice, and the Dealership has a similar right. I further understand that my status as an "at-will" employee may not be changed except through a writing signed by the President of the Dealership, and that "at-will" employment is the sole and entire agreement between the parties.

This Pay Plan may be amended at any time at the Dealership's discretion and that in case of disagreement the General Managers interpretation of the pay plan will prevail.

By placing my Signature below, I voluntarily agree to be bound by all terms and conditions of this Compensation Program and my Signature also acknowledges that I have received my own copy of this Compensation Program signed by the Dealership representative and me.

#### BINDING ARBITRATION AGREEMENT

I also acknowledge that the Company utilizes a system of alternative dispute resolution which involves binding arbitration to resolve all disputes which may arise out of the employment context. Because of the mutual benefits (such as reduced expense and increased efficiency) which private binding arbitration can provide both the Company and myself, I and the Company both agree that any claim, dispute, and/or controversy that either party may have against one another (including, but not limited to, any claims of discrimination and harassment, whether they be based on the California Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, as amended, as well as all other applicable state or federal laws or regulations) which would otherwise require or allow resort to any court or other governmental dispute resolution forum between myself and the Company (or its owners, directors, officers, managers, employees, agents, and parties affiliated with its employee benefit and health plans) arising from, related to, or having any relationship or connection whatsoever with my seeking employment with, employment by, or other association with the Company, whether based on tort, contract, statutory, or equitable law, or otherwise, (with the sole exception of claims arising under the National Labor Relations Act which are brought before the National Labor Relations Board, claims for medical and disability benefits under the California Workers' Compensation Act, and Employment Development Department claims) shall be submitted to and determined exclusively by binding arbitration. In order to provide for the efficient and timely adjudication of claims, the arbitrator is prohibited from consolidating the claims of others into one proceeding. This means that an arbitrator will hear only my individual claims and does not have the authority to fashion a proceeding as a class or collective action or to award relief to a group of employees in one proceeding. Thus, the Company has the right to defeat any attempt by me to file or join other employees in a class, collective, representative, or joint action lawsuit or arbitration (collectively "class claims"). I and the Company both agree that any challenge to the prohibition against consolidating the claims of others into a single proceeding, whether as a class, a representative action or otherwise, is a gateway issue and shall be determined by the Superior Court; and any substantive claims shall not be decided by the arbitrator until after the gateway determination is made by the Court. I further understand that I will not be disciplined, discharged, or otherwise retaliated against for exercising my rights under Section 7 of the National Labor Relations Act, including but not limited to challenging the limitation on a class, collective, representative, or joint action. I understand and agree that nothing in this agreement shall be construed so as to preclude me from filing any administrative charge with, or from participating in any investigation of a charge conducted by, any government agency such as the Department of Fair Employment and Housing and/or the Equal Employment Opportunity Commission; however, after I exhaust such administrative process/investigation, I understand and agree that I must pursue any such claims through this binding arbitration procedure. I acknowledge that the Company's business and the nature of my employment in that business affect interstate commerce. I agree that the arbitration and this Agreement shall be controlled by the Federal Arbitration Act, in conformity with the procedures of the California Arbitration Act (Cal. Code Civ. Proc. sec 1280 *et seq.*, including section 1283.05 and all of the Act's other mandatory and permissive rights to discovery). However, in addition to requirements imposed by law, any arbitrator herein shall be a retired California Superior Court Judge and shall be subject to disqualification on the same grounds as would apply to a judge of such court. To the extent applicable in civil actions in California courts, the following shall apply and



be observed: all rules of pleading (including the right of demurrer), all rules of evidence, all rights to resolution of the dispute by means of motions for summary judgment, judgment on the pleadings, and judgment under Code of Civil Procedure section 631.8. Resolution of the dispute shall be based solely upon the law governing the claims and defenses pleaded, and the arbitrator may not invoke any basis (including, but not limited to, notions of "just cause") other than such controlling law. The arbitrator shall have the immunity of a judicial officer from civil liability when acting in the capacity of an arbitrator, which immunity supplements any other existing immunity. Likewise, all communications during or in connection with the arbitration proceedings are privileged in accordance with Cal. Civil Code section 47(b). As reasonably required to allow full use and benefit of this Agreement's modifications to the Act's procedures, the arbitrator shall extend the times set by the Act for the giving of notices and setting of hearings. Awards shall include the arbitrator's written reasoned opinion. If Section 1284.2 of the Code of Civil Procedure conflicts with other substantive statutory provisions or controlling case law, the allocation of costs and arbitrator fees shall be governed by said statutory provisions or controlling case law instead of Section 1284.2. Both the Company and I agree that any arbitration proceeding must move forward under the Federal Arbitration Act (9 U.S.C. §§ 3-4) even though the claims may also involve or relate to parties who are not parties to the arbitration agreement and/or claims that are not subject to arbitration: thus, the court may not refuse to enforce this arbitration agreement and may not stay the arbitration proceeding despite the provisions of California Code of Civil Procedure § 1281.2(c). I UNDERSTAND BY AGREEING TO THIS BINDING ARBITRATION PROVISION, BOTH I AND THE COMPANY GIVE UP OUR RIGHTS TO TRIAL BY JURY.

Agreed to:

  
Francisco Covarrubias

\_\_\_\_\_  
Date

  
HR Representative

  
Date

\_\_\_\_\_  
General Sales Manager

\_\_\_\_\_  
Date