

FLOOR SALES MANAGER COMPENSATION PROGRAM

CHULA VISTA FORD

VEHICLE SALESPERSON: Brando Sako

DATE: April 1, 2023

DEALERSHIP: Chula Vista Ford

REPORTS TO: General Sales Manager

This Compensation Program is in effect between the Dealership and the Floor Sales Manager named above while the Floor Sales Manager 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 Floor Sales Manager in writing and accepted by the Floor Sales Manager, whether in writing or otherwise). This compensation Program supersedes and replaces any compensation Program in place prior to the above effective date.

JOB DUTIES

As a Floor Sales Manager, your duties and job requirements naturally require you to spend your time predominantly in sales activity. You are responsible for selling New and Used Vehicles to guests (i.e., customers) of Chula Vista Ford. You are expected and required to perform sales activity and will be evaluated on your individual sales productivity and customer satisfaction. Under this pay plan, you will be paid commissions based on a percentage of sales generated by you, less adjustments. The commission provides you with the opportunity to earn compensation above the minimum wage rate applicable to your job classification, whether by commissions or separate compensation. Your commission is incentive-based compensation (enabling you to earn increased compensation depending on your sales performance).

DEFINITIONS

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

Vehicle Commissionable Gross: Vehicle Commissionable Gross for the purpose of calculating the commissions on Vehicle Commissionable Gross on which you will be paid a commission/advance is the vehicle's selling price plus the selling price of specifically designated dealer-installed products (but excluding non-designated installed products and/or services whether dealer-installed or not, including but not limited to security systems, extended service contracts, sealants, customer benefit packages, environmental protection packages, etc.) *minus*: (1) the vehicle's Inventory Value as defined below; (2) uncollected fees or payment from customer due upon the sale or within 120 days thereafter, or longer period if reasonable under the particular circumstances; (3) all costs in any way associated with the sale of the vehicle including but not limited to: costs related to dealer trades or similar transportation costs, costs related to commitments made by the Dealership to the customer at the time of the sale for additional equipment, accessories or alterations or repairs, bank and finance fees, lender fees; (4) a pre-delivery preparation fee which may cover, but is not limited to such items as detailing, and preparation for sale; (5) the difference between the trade allowance credited to the customer for their trade *minus or plus* the trade's "preferred inventory value" determined by the sales manager (over allowance or under allowance amount); (6) compensation to personnel who share in the Closed Sale; (7) goodwill adjustments made to obtain the sale or to maintain the sale as a Closed Sale (and/or inventory adjustments); and (8) a Non-Commissionable Reserve. Vehicle Commissionable Gross does not include any flooring assistance or holdback paid to the dealer and no commission is payable on such sums. Notwithstanding, from time to time the manufacturer may offer Dealership cash incentives (*e.g.*, factory to dealer incentives) for specific vehicle sales, sales volumes or attaining various manufacturer assigned objectives

and the Dealership may elect, in its sole discretion, to pay an Floor Sales Manager on those cash incentives, but is not required to do so.

Vehicle Inventory Value: The Vehicle's Inventory Value for a new vehicle, is the vehicle's "invoice" cost plus the costs related to any equipment, accessories (but excluding non-designated installed products as defined above) or alterations or repairs made to the vehicle and any related factory delivery fees or charges (*e.g.*, express delivery fees) and/or adjustments as outlined above in Vehicle Commissionable Gross definition. The vehicle's Inventory Value for a used vehicle, is the vehicle's Preferred Inventory Value plus the costs related to any equipment, accessories (but excluding non-designated installed products as defined above) or alterations or repairs made to the vehicle and any related factory delivery fees or charges (*e.g.*, express delivery fees) and/or adjustments as outlined above in Vehicle Commissionable Gross definition. Such costs for new or used vehicles or after-market items may include: (a) sublet fees with mark-up by the department/vendor subletting the parts/service; (b) inventory adjustments; and/or (c) an internal cost allocation between departments and/or retail rates charged to the department by other departments and/or outside entities.

Preferred Inventory Value: Preferred Inventory Value is the value assigned by the Dealership to used vehicles in its sole discretion to be used in the calculation of Vehicle Commissionable Gross and/or F&I Commissionable Gross.

At the Dealership's sole discretion, the Dealership may, and has the right to, adjust the Vehicle's Inventory Value of any vehicle up or down to reflect market conditions or the vehicle's history (*e.g.*, the length of time the vehicle has been in stock). If this is done, the Vehicle's Inventory Value shall be the adjusted value for the purpose of determining the Earned Compensation on Vehicle Commissionable Gross.

F&I Products and Services: F&I Products and Services include all after-market products and services offered by the dealership and sold to customers, including but not limited to, gap coverage and extended service contracts. F&I Products and Services include both Hard-Add and Soft-Add products and services, with Hard-Add products and services being those which require physical attachment to the vehicle (*e.g.*, Lo-Jack, Alarms, GPS, anti-theft etching or stickers) and Soft-Add products and services being contractual in nature (*e.g.*, extended service contracts).

Finance Reserve: Commissions paid on Finance Reserve are calculated as a percentage of the amount paid to the Dealership by the lender at the time of the sale based on the difference in the "buy interest rate" and the "sale interest rate." The buy interest rate is the interest rate charged by the lender for the loan. The sale interest rate is the interest rate charged to the consumer on the contract and is used to calculate the consumer's payments. Dealership may only receive a portion of the total difference in interest rates because the lender advances the dealer reserve amount at the start of the loan and yet must wait for the stream of payments to be repaid. In addition, frequently the loans will be paid off early, depriving the lender of the full amount of interest. A second way that a Dealership may be paid an amount for reserve from the lender is when the buy interest rate and the sale interest rate are the same and the lender agrees to pay a percentage of the total amount financed. This is much less common and only offered by a few banks. This is typically less than 1% of the amount financed.

Non-Commissionable Reserve: Non-Commissionable Reserve is an amount of the gross profit on the sale of a vehicle, service and/or product 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 for new and used specialty or limited allocation vehicles, products and/or services. The amount of standard Non-Commissionable Reserve is set forth in the accompanying Addendum A to this compensation agreement. The Dealership reserves the right to establish a nonstandard Non-Commissionable Reserve in its discretion (*e.g.*, on special order vehicles/products, limited production vehicles, or on any other vehicle, product and/or service identified by the Dealership); in every case, the exact Non-Commissionable Reserve is available for review by any Floor Sales Manager via the Business Office, sales management and/or the General Manager.

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.

Earned Compensation: The Floor Sales Manager must be a Floor Sales Manager 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 Floor Sales Manager was employed when the vehicle was sold or the order was taken. In simple terms, the Floor Sales Manager 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.

Ford CVP Sales Experience Index: Customer View Point ("CVP") surveys are conducted by Ford Motor Company ("FMC") to evaluate customers' overall sales satisfaction with the Dealership. A CVP Sales Experience Index is calculated for a comparable dealer group on each month ("Current 1-Month Sales Experience Group Index") and for the Dealership ("Current 1-Month Dealership Sales Experience Index"). Your commission may be increased depending on the Current 1-Month Dealership Sales Experience Index as further described below.

COMPENSATION ELEMENTS

- Element 1: Base Commission Compensation (Monthly)

This pay plan describes the general terms by which you will be eligible for compensation as an Floor Sales Manager at Chula Vista Ford (Dealership). An Floor Sales Manager is eligible to earn **4.0%** commission of total gross profit of the deal including Holdback and excluding any reserves (defined above). Must obtain buyers commitment to buy/lease or enhance the deal by \$1,000 to earn a Closed Sale. Generally, the commission shall be determined based upon a percentage of your total closed sales. Also, other bonuses may be offered by management from time to time.

The following Bonus Commission opportunities are currently in place, though these bonus opportunities, eligibility requirements, and bonus amounts, may be changed at any time.

- Element 2A: New Retail Volume Bonus

You will be paid a New Retail Volume Bonus Commission produced by your Closed Sales of new vehicles credited to you as the "Floor Sales Manager" in the current month if all two of the following Eligibility Requirements are achieved; (1) you must be credited with at least 10 Closed Sales of Vehicles in the current month; (2) 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 Bonus Commission will be paid to you regardless of whether the other Eligibility Requirements are achieved. The amount of the Vehicle Unit Bonus Commission will vary from month to month based on the table below:

Total Month Closed Sales	Unit Bonus
Greater than Store Objective	1,500.00

It is also noted that Lease Buyouts **do not** count toward any retail volume bonuses eligibility requirements unless otherwise expressly stated in this Pay Plan. Eligibility for any retail volume bonuses, retail gross profit bonuses (if applicable), or any other bonuses will be based solely on Closed Sales of vehicles actually sold or leased by you. Likewise, Lease Buyout Vehicles do not count toward the determination of your satisfaction with minimum retail volume sales requirements of 10 units per month. Your satisfaction of any minimum retail volume sales requirements will be based solely on Closed Sales of vehicles actually sold or leased by you. To be clear, courtesy deliveries are not counted as a "Closed Sale" credit to the salesperson who performed the courtesy delivery.

- **Element 2B: Pre-Owned Retail Volume Bonus**

You will be paid a Retail Volume Bonus Commission produced by your Closed Sales of used vehicles credited to you as the "Floor Sales Manager" in the current month if all two of the following Eligibility Requirements are achieved; (1) you must be credited with at least 10 Closed Sales of Vehicles in the current month; (2) 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 Bonus Commission will be paid to you regardless of whether the other Eligibility Requirements are achieved. The amount of the Vehicle Unit Bonus Commission will vary from month to month based on the table below:

Total Month Closed Sales	Unit Bonus
Greater than Store Objective	1,000.00

- **Element 2B: Ford CSI Bonus Commission (Monthly)**

You will be paid a CSI Bonus Commission in the amount of **\$1,000** if all of the following requirements are satisfied: (1) the Current 1-Month Dealership Sales Experience Index for Ford is greater than or equal to the Current 1-Month Group Sales Experience Index for Ford, as reported by FMC; and (2) you are actively and continuously employed as an Floor Sales Manager for the entire month, inclusive of the first and last day. No pro-rata CSI Bonus Commission will be paid to you if your employment terminates, voluntarily or involuntarily, prior to the end of the month or if you do not satisfy both requirements stated above.

ADJUSTMENTS TO EARNED COMPENSATION AND BONUSES

The Floor Sales Manager 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 Floor Sales Manager 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.

DRAW PAYMENT

Initials _____

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You will receive a non-taxable draw of \$3,000 to be paid on the 10th for your anticipated commission and other monthly earnings.

Draws are not earned wages but advances against potential earned commissions and other monthly pay. Any draws paid to you shall be recovered from future commissions and other pay as permitted by law. The draw will generally be paid on the 10th of the month (unless this pay day falls on a weekend or holiday, See Employee Handbook for exceptions).

Minimum Wage. You will always earn the equivalent of at least minimum wage for all hours worked. If your Commissions and Bonuses are not the equivalent of at least minimum wage for all hours worked, you will be paid minimum wage for all hours worked, plus any applicable overtime.

PAYMENT TIMING

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 15th day of the next month (unless the 15th 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.

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 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.

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:

Floor Sales Manager Signature

Date

Director of Operations or
HR Representative Signature

Date

Initials

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