

PARTS MANAGER COMPENSATION PROGRAM

FORD OF CHULA VISTA

PARTS MANAGER: EE Name DATE: January 1, 2021

DEALERSHIP: Ford of Chula Vista REPORTS TO: General Manager

This "Pay Plan" describes the terms and conditions by which your compensation as a Parts Manager employed by Ford Chula Vista shall be earned and calculated. It supersedes any and all prior written or oral compensation agreements, arrangements or representations regarding your compensation.

INTRODUCTION:

Your compensation under this Pay Plan is generally based on commissions and bonuses you earn on the gross or net profit of the Parts Department. No provision for compensation is valid unless contained in this Pay Plan, unless superseded, or a written supplement thereto. The amounts and rates of potential commissions, bonuses and other compensation will be established by the General Manager, and they are incorporated as part of this pay plan. These rates and compensation amounts can vary from time to time, therefore, you should confer with your General Manager for the rates and amounts applicable for a given time period.

JOB DUTIES:

As a Parts Manager, you are responsible for making independent discretionary decisions regarding the Parts Department's overall financial performance and are responsible for managing the Parts Department of both Ford of Chula Vista (the "Dealership" or "Ford") and of Kia of Chula Vista ("Kia"), including supervision and motivation of your subordinates and sales, service, and overall shop productivity. You will assist the General Manager to carry out Dealership policies and responsibilities and also implement controls to ensure compliance with the Company's policies. You supervise the Parts Department staff to ensure productivity, and timely completion and adequacy of assigned tasks. You will perform such duties under general or special assignment and under only the general supervision of the General Manager. You understand that this job position may require extended hours of work at times and requires that you have the ability to communicate and get along well with others. You acknowledge that you will spend more than half of your work time performing supervisory and managerial functions exercising independent judgment and discretion. You agree that should your duties ever change such that you are not spending more than half of your work time performing supervisory and managerial functions exercising independent judgment and discretion that you will immediately notify the General Manager, in writing, of the change in your duties. You also understand and acknowledge that your commissions are derived from your participating in direct sales to customers.

DEFINITIONS:

Ford Commissionable Service Department Total Gross. A Parts Manager earns commissions based upon the Commissionable Service Department Total Gross produced by the Dealership's Service Department in the current month. Ford Commissionable Parts Department Total Gross from which commissions are eligible is reported by the Dealership's Ford Financial Statement at Page 5, Line 42, current month. More information about this Financial Statement line item may be obtained from the General Manager. Ford Commissionable Parts Department Total Gross is not a statement or representation of actual revenues or profits on transactions and is not necessarily calculated based on Generally Accepted Accounting Principles (GAAP).

Ford Commissionable Parts Department Total Gross. A Parts Manager earns commissions based upon the Ford Commissionable Parts Department Total Gross produced by the Parts Department in the current month. Ford Commissionable Parts Department Total Gross from which commissions are eligible is reported by the Dealership's Ford Financial Statement at Page 5, Line 42, current month. More information about this Financial Statement line item may be obtained from the General Manager. Ford Commissionable Parts Department Total
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Gross is not a statement or representation of actual revenues or profits on transactions and is not necessarily calculated based on Generally Accepted Accounting Principles (GAAP). NOTE: From the Effective Date of this pay plan until August 31, 2017, the sum of \$37,500 will be added to the Ford Commissionable Parts Shop Department Gross prior to the calculation of your Base Commission under Element 1B (below). Beginning on September 1, 2017, your Base Commission under Element 1B will be determined solely by the actual Ford Commissionable Parts Department Gross as reported on the Dealership's Ford Financial Statement at Page 5, Line 42.

Ford Commissionable Body Shop Department Total Gross. A Parts Manager earns commissions based upon the Ford Commissionable Body Shop Department Total Gross produced by the Collision Center in the current month. Ford Commissionable Body Shop Department Total Gross from which commissions are eligible is reported by the Dealership's Ford Financial Statement at Page 5, Line 42, current month. More information about this Financial Statement line item may be obtained from the General Manager. Ford Commissionable Body Shop Department Total Gross is not a statement or representation of actual revenues or profits on transactions and is not necessarily calculated based on Generally Accepted Accounting Principles (GAAP).

Kia Commissionable Parts Department Total Gross. A Parts Manager earns commissions based upon the Kia Commissionable Parts Department Total Gross produced by the Kia Parts Department in the current month. Kia Commissionable Parts Department Total Gross from which commissions are eligible is reported by the Kia Financial Statement at Page 5, Line 32, current month. More information about this Financial Statement line item may be obtained from the General Manager. Kia Commissionable Parts Department Total Gross is not a statement or representation of actual revenues or profits on transactions and is not necessarily calculated based on Generally Accepted Accounting Principles (GAAP).

Earned Commissions. Earned commissions are based upon a percentage of the Dealership's commissionable total gross, as described herein. You must be a current, full-time employee at the time a Repair Order or Parts Invoice becomes a "Closed Repair Order" or "Closed Parts Invoice" and/or "Cleared for Commission" by the Accounting Department in order to "earn" a commission on the sale or service or parts written on the Repair Order or Parts Invoice. A Repair Order/Parts Invoice will be considered a "Closed Repair Order"/"Closed Parts Invoice" when (a) the Repair Order/Parts Invoice has been "fully funded," regardless of the work done or the fact that you were employed when the service or part was sold, when the Repair Order/Parts Invoice was opened, or when the vehicle was delivered to the customer; and (b) the Repair Order/Parts Invoice has been closed to the accounting records. A Repair Order/Parts Invoice is considered "fully funded" when the customer has paid the sales price in full and/or when the Dealership has received all funds from the manufacturer, warranty administrator, or other applicable third party. Under certain circumstances authorized by the General Manager, the Business Office may designate a Repair Order as "Cleared for Commission" before all funds have been received. No commission, bonuses, or unit credits will be earned on any Repair Order/Parts Invoice until the transaction is a "Closed Repair Order"/"Closed Parts Invoice" and/or "Cleared for Commission. No commission will be earned on any Repair Order/Parts Invoice until the Repair Order/Parts Invoice is closed to the accounting records. Further, commissions are not earned until all conditions precedent are satisfied, including the information necessary to calculate the final commission.

CVP Service Experience Index. Customer View Point ("CVP") surveys are conducted by Ford to evaluate customers' overall satisfaction. A CVP Service Experience Index is calculated for a comparable dealer group on a rolling three month basis ("3-Month Group Service Experience Index") and for the Dealership ("3-Month Dealership Service Experience Index"). The Parts Manager's commission is increased or decreased depending on the Dealership's 3-Month Service Experience Index relative to the 3-Month Group Service Experience Index as explained below.

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DRAW:

You will receive a guaranteed monthly draw against commissions, paid on the 7th of the month, in the amount of \$4,854. Although draws are guaranteed, it is still an advance against your commission, and is subject to periodic reconciliation against your estimated commissions. It is anticipated that in performing within expectations, you will, among other things, be able to earn commissions that exceed the draws paid. Any commission-paid employee who fails to meet performance expectations could be subject to disciplinary action up to and including termination of employment. Your commissions are deemed earned and payable only to the extent that your commissions exceed your draws.

In addition, payment of your guaranteed monthly draw will be based on the assumption that you worked the schedule set by your supervisor, therefore, if you work less than your scheduled number of days, your guaranteed monthly draw may be prorated unless you are taking approved vacation day(s) in accordance with Company policy and approved by the General Manager.

COMMISSION COMPENSATION ELEMENTS:

■ Element 1: Base Commission (Monthly)

The following Base Commission opportunities apply:

» Element 1A: Ford Service Department Base Commission

You will be paid 0.50% of the Commissionable Service Department Total Gross produced in the current month, as reported by the Dealership Financial Statement at Page 5, Line 42, current month.

» Element 1B: Ford Parts Department Base Commission

You will be paid 3.75% of the Commissionable Parts Department Total Gross produced in the current month, as reported by the Dealership Financial Statement at Page 5, Line 42, current month.

» Element 1C: Ford Body Shop Base Commission

You will be paid 0.50% of the Commissionable Body Shop Total Gross produced in the current month, as reported by the Dealership Financial Statement at Page 5, Line 42, current month.

» Element 1D: Kia Parts Base Commission

You will be paid 1.0% of the Commissionable Parts Department Total Gross produced in the current month, as reported by the Kia Financial Statement at Page 5, Line 32, current month.

■ Element 2: Bonus Commission

The Dealership may use discretionary and non-discretionary bonuses to award on-going performance based upon a variety of important factors. The terms and conditions for such bonuses will be provided to you from time to time in writing by the General Manager, which may vary according to the circumstances. Bonuses require employment for a designated period of time, or on the payout date, as a condition precedent to earning them, regardless of the measuring period, other performance requirements, or the use of or reference to objective criteria in determining the amount of the bonus. To be eligible to receive any bonuses, you must be a full time employee of the Dealership and working at the end of the month. The General Manager will determine if a bonus is applicable to you and the terms and conditions of that bonus opportunity. The following bonus opportunities currently are in place, although these bonus opportunities, their eligibility requirements, and amounts, may be changed at any time. Any bonuses below are not cumulative. You will be provided written notice of any such changes, and any such changes will become effective the first calendar month after you have been provided with such notice.

» Element 2A: CVP Bonus Commission (Monthly)

You will earn a CVP Bonus Commission in the amount of 0.25% of the Ford Commissionable Service Department Total Gross produced in the current month if both of the following Eligibility Requirements

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are satisfied: (1) the Dealership's 3-Month Service Experience Index for the current month is greater than or equal to the 3-Month Group Service Experience Index for the current month, as reported by the Manufacturer's final month-end report; and (2) you must be employed as a Parts Manager at the Dealership through the last day of the current-month. No prorated CVP Bonus Commission will be paid to you if your employment terminates for any reason, voluntarily or involuntarily, prior to the end of the month.

» Element 2B: Temporary Bonus Commission

The Dealership may, in its sole discretion, use temporary bonuses, incentives, contests and spiffs (collectively, "Temporary Bonus Commissions") to reward ongoing performance based upon a variety of important factors in an effort to increase your compensation for a given pay period. The terms and conditions for such Temporary Bonus Commissions will be provided to you from time to time in writing by the General Manager, which may vary according to the circumstances. Temporary Incentives may require employment for a designated period of time, or on the incentive payout date, as a condition precedent to earning them, regardless of the measuring period, other performance requirements, or the use of or reference to objective criteria in determining the amount of the Temporary Bonus Commission. Any Temporary Bonus Commissions paid to the employee directly from the manufacturer will be subject to Dealership policies and manufacturer discretion and guidelines.

MINIMUM COMPENSATION GUARANTEE:

Your position as a Parts Manager satisfies the duties requirements for the executive and administrative exemptions from overtime. You shall receive a guaranteed minimum draw (as stated in this pay plan under "Draw") of \$4,854 per month. Should your commissions (i.e. Commission Elements Commission Enhancements plus Bonuses) exceed this guarantee, you will be paid the commissions. Should your commissions not exceed this guarantee, you will receive the guarantee. Compensation may be further reduced by statutory withholdings, garnishments, or other authorized deductions as permitted by law. A guarantee of compensation is not a guarantee of employment. You will remain employed on an "at will" basis. Your compensation will cease upon your termination, even if it occurs during any guarantee period.

ADVANCES AGAINST FUTURE COMMISSIONS:

All compensation payments, whether based on hours or the commission rate schedule above will be considered draws against future earned commissions, will be treated as advances/loans, and will be deducted from future earned commissions, wages and/or any spiffs/bonuses prior to the payment of same. You acknowledge that such advances/draws are for your benefit and you authorize such deductions. Any overpaid commissions or advances/draws must be repaid upon your separation from the Dealership and you hereby authorize such deduction. The balance of Commissions and Bonuses earned for the previous month will be paid on the 22nd of the current month (unless this pay day falls on a weekend or holiday, See Employee Handbook).

ADJUSTMENTS:

You agree that the Earned Commissions and Bonuses may be adjusted at any time, (1) to correct any error in the calculation, whether that error is the result of miscalculations by the Company, you, any Manager or any other person; (2) if any sale is subsequently determined not to have been a Repair Order or Parts Invoice, (3) if a Closed Repair Order or Closed Parts Invoice is rescinded, reversed, or otherwise unwound for any reason, including a factory or other audit of warranty or other work completed; (4) if there are any "goodwill" adjustments made to any transaction to maintain the Repair Order as a Closed Repair Order or the Parts Invoice as a Closed Parts Invoice; or (5) if there are any other returns and/or chargebacks on which the Associate was paid, including, but not limited to, any contractual contingency through which the revenue from a service sale may be reduced after the sale became a Closed Repair Order or Closed Parts Invoice. Any such adjustment that results in decreased Earned Commissions or compensation will be treated as an advance, as described herein.

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Any such adjustment that results in an increased Earned Commission or compensation will be paid at the next payday.

WORKDAY, WORKWEEK, AND PAY PERIOD:

For the purpose of computing compensation under this Pay Plan, the "workday" is the 24-hour period ending at 12:00 midnight; the "workweek" begins on Monday at 12:00 a.m. and ends at midnight (end of) Sunday. On the **7th** of each month (unless this pay day falls on a weekend or holiday, See Employee Handbook), you will receive your Draw check. On the **22nd** of each month (unless this pay day falls on a weekend or holiday, See Employee Handbook), you will receive your commission check for the prior month, from which your Draw will be applied plus any other earned bonus compensation. These pay dates are subject to modification for weekends and holidays (See Employee Handbook).

PAYMENT AT SEPARATION:

Your compensation comprises of commission with a guaranteed minimum draw each month. Your commission is based on a percentage of the commissionable gross (as provided herein) produced in the current month, as reported by the Dealership Financial Statement. If your employment terminates for any reason, your final compensation will be calculated based on a pro-ration of the number of days that you were employed by the dealership during that month. For example, if you were employed for 10 days of a 30-day month, you would receive your salary and Earned Commissions for the month, all multiplied by 0.33. You will not be entitled to a percentage of commissions generated from the sales or operational income of your department, or the figures listed above, after the date of your termination or resignation. These final compensation amounts will be paid when reasonably calculable in the Dealership's normal course of business. In addition, your separation pay will include any accrued but unused/unpaid vacation in accordance with the Dealership's vacation accrual policy.

FACTORY AND VENDOR INCENTIVE PROGRAMS:

From time to time, you may be eligible to participate in factory-sponsored or vendor-sponsored sales incentive programs. Your eligibility to participate in these programs, or receive associated bonuses, pulls, spiffs, incentive trips, or other incentives, will be determined in accordance with the rules governing the program. Your participation in such programs is voluntary, and you are not required to accept the bonus, pull, spiff, incentive trip, or other incentives offered by such programs. However, if you participate and accept such bonuses, pulls, spiffs, incentive trips, or other incentives, you are solely responsible for all taxes associated with same. Furthermore, optional factory-sponsored and vendor-sponsored trips or travel that you voluntarily attend will be deducted from your accrued vacation.

TIMEKEEPING, REST BREAKS & MEAL PERIODS:

Because of state and federal timekeeping requirements, you are responsible for making sure your subordinates are keeping accurate time records, including recording each day when they (1) start and end work, and (2) when they start and end their meal periods. Their compensation is intended to compensate them for all hours worked, as permitted by law; therefore, this compensation cannot be correct unless working time is properly recorded. Meal periods should be at least 30 uninterrupted minutes, to commence before working more than 5 hours each day for the first meal period, and 10 hours each day for the second meal period. Unless an on-duty meal period is approved in writing, employees are relieved of all duty and not expected to respond to work-related telephone calls or other communications (email, text messages, etc.) during meal breaks, and are not to perform work duties of any kind during a meal break. Employees are permitted to leave Company premises during meal breaks. Rest breaks are paid and counted as hours worked, so employees are not required to document on their time records the time they take for rest periods (10 minutes for each 4 hours of work or major fraction (over 2 hours) thereof). Rest breaks are not required for employees who work less than 3 ½ hours for the day. Employees are required to certify the accuracy of their time records each pay period

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including documentation regarding meal periods. All changes must be signed off by an employee keeping time and a supervisor.

ACKNOWLEDGEMENT:

This Pay Plan is subject to revision by management at any time. This agreement supersedes any previous agreements with respect to your pay, and all previous Pay Plans are hereby cancelled. If it becomes necessary for the Company to amend this plan or it is terminated, your compensation as described in this Pay Plan will be paid at the next scheduled payroll disbursement, based on earned compensation as described above, at the date of the amendment or termination of this plan.

This Pay Plan does not affect your status as an "at-will" employee, and your employment is for no definite period, regardless of payment of wages. Both the Company and you have the right to terminate the employment relationship at any time, for any reason, with or without cause, and without notice. The at-will status can only be changed in writing signed by the President/CEO of the Company.

You agree to abide by all of the Company's policies and procedures, including, but not limited to, those contained in the Employee Handbook. Additionally, the terms of this Pay Plan do not modify or alter both your and the Company's obligation to arbitrate any and all disputes related to your employment, or which may arise out of this Pay Plan, pursuant to the arbitration agreement that the employee has previously executed, and which is incorporated herein by reference.

Non-Management employees who are scheduled to work or work five or more hours in a day, will be provided, and are required to take, as described above, a minimum thirty-minute meal break, although the Company may provide for a longer meal break at its discretion. All hours of work must be recorded accurately as described above. You understand that you are to do nothing to incentivize, discourage, coerce, or dissuade any employee from taking meal and rest periods that are required by law. And, if you learn that any other employee, including managers, attempts to incentivize, discourage, coerce, or dissuade any employee from taking meal and rest periods that are required by law, you are to immediately notify the Controller, CFO, President/CEO, and/or the Human Resources Department. Failure to comply with these requirements, or honor this policy, can result in discipline up to and including termination.

This Pay Plan may be changed at any time, without notice, at the sole discretion of the Company. However, no changes to the Pay Plan will be effective unless in writing and signed by the Controller, CFO, President/CEO, or the Human Resources Department. No oral representations contrary to this Pay Plan are contractually binding. If you have any questions regarding this Pay Plan, please ask your Manager or the Human Resources Department.

By placing my Signature below, I voluntarily agree to be bound by all terms and conditions of this Pay Plan and my Signature also acknowledges that I have received my own copy of this Pay Plan signed by an authorized Company representative and me.

Agreed to:

Employee

Dealership

EE Name

Date

General Manager

Date