

**INTERNAL PARTS SALES REPRESENTATIVE
PAY PLAN AGREEMENT**

DEALERSHIP: Ford of Chula Vista
POSITION: Internal Parts Sales Representative
CLASSIFICATION: Full-Time; Non-Exempt
EMPLOYEE: EE Name
HIRE DATE: May 20, 2019
EFFECTIVE DATE: May 20, 2019

This "Pay Plan" describes the terms and conditions by which your compensation as an Internal Parts Sales Representative at Ford of 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:

This Pay Plan lays out the general terms by which you will be eligible for compensation as an Internal Parts Sales Representative at Ford of Chula Vista. Under this Pay Plan, you will receive Base Hourly Compensation plus monthly bonus commissions based on the Commissionable Parts Department Total Gross as further described below. The amounts and rates of potential compensation (commissions, draws, 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.

PAY CYCLE:

You will be paid at semi-monthly intervals for your Base Hourly Compensation with a Bonus Commission to be paid on the 22nd of the month (unless the 22nd falls on a weekend or holiday, See Employee Handbook for exceptions).

DEFINITIONS:

Ford and Kia. Ford of Chula Vista ("Ford") and Kia of Chula Vista ("Kia") are affiliated dealerships that operate a consolidated Parts Department. Therefore, an Internal Parts Sales Representative will earn commissions based on the Commissionable Parts Department Total Gross produced by both Kia and Ford.

Ford Commissionable Parts Department Total Gross. An Internal Parts Sales Representative earns commissions based upon the Ford Commissionable Parts Department Total Gross produced by the Ford Parts Department in the current month. Ford Commissionable Parts Department Total Gross from which commissions are eligible is reported by the Ford Financial Statement at Page 5, Line 42, current month. Commissions based on Ford Commissionable Parts Department Total Gross are not calculable until the Ford Financial Statement is finalized, which typically occurs on or about the 10th of the month for the prior 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).

Kia Commissionable Parts Department Total Gross. An Internal Parts Sales Representative 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. Commissions based on Kia Commissionable Parts Department Total Gross are not calculable until the Kia Financial Statement is finalized, which typically occurs on or about the 10th of the month for the prior 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).

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Consolidated Parts Department Total Gross. Consolidated Parts Department Total Gross is equal to the sum of the current-month Ford Commissionable Parts Department Total Gross plus the current-month Kia Commissionable Parts Department Gross, as follows:

$$\begin{array}{ccccc} \textit{Consolidated} & & \textit{Current-Month} & & \textit{Current-Month} \\ \textit{Parts Department Total Gross} & = & \textit{Ford Commissionable} & + & \textit{Kia Commissionable} \\ & & \textit{Parts Department Total Gross} & & \textit{Parts Department Total Gross} \end{array}$$

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.

COMPENSATION ELEMENTS:

▪ Element 1: Base Hourly Compensation (Semi-Monthly)

You will receive an hourly rate equal to the greater of \$12.00 per hour or minimum wage (currently \$12.00 per hour; \$13.00 per hour beginning January 1, 2020) for all hours actually worked by you, including time spent on paid rest and recovery periods, plus overtime if applicable.

Overtime will be paid for all hours worked over 8 in a day, 40 in a week, and for the first 8 hours worked on the 7th consecutive day of work in the work week. Double time is paid for all hours worked over 12 in a work day, or all hours worked over 8 on the 7th consecutive day of work in a work week.

All overtime worked must be approved by your supervisor in advance. Failure to obtain approval to work overtime may result in discipline up to and including discharge.

Base Hourly Compensation is paid at semi-monthly intervals on the 7th and the 22nd of each month (unless these pay days fall on a weekend or holiday; see Employee Handbook for exceptions).

Your rate of compensation may be changed prospectively at any time by the Dealership.

▪ Element 2: Bonus Commission Compensation (Monthly)

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 in writing from time to time by the General Manager, which may vary according to the circumstances. Bonuses require employment for a designated period of time, or on the bonus 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. The following Bonus Commission opportunity is currently in place, though this bonus opportunity, eligibility requirements, and bonus amounts, may be changed at any time.

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In addition to Base Hourly Compensation, you will earn Bonus Commission Compensation, plus overtime if applicable. Again, commission compensation is paid on a monthly basis and is subject to certain adjustments as further described in this pay plan. Further, your commissions are not deemed earned based on the point of sale only, but require the satisfaction of a number of conditions and pre-requisites while employed in order to be a deemed an Earned Commission (as defined above). Your total level of commission compensation is not guaranteed.

» Parts Department Bonus Commission (Monthly)

You will earn 1.25% of the Consolidated Parts Department Gross produced in the current month if you are employed as an Internal Parts Sales Representative of the Dealership for the entire month, inclusive of the first and last day of the month. No prorated Parts Department Bonus Commission will be paid to you if your employment terminates for any reason, voluntarily or involuntarily, prior to the end of the month.

Your Parts Department Bonus Commission Compensation will be calculated as follows:

$$\text{Parts Department Bonus Commission} = 1.25\% \times \text{Consolidated Parts Department Total Gross}$$

The Parts Department Bonus Commission Compensation under Element 2 will be reduced pro-rata for scheduled days missed in the pay period and/or to account for days not worked in an initial or final month of employment.

MINIMUM PERFORMANCE STANDARDS:

You are required to generate sufficient sales to satisfy any and all minimum production quotas and CSI levels established by the Dealership in its sole discretion. Your failure to perform at satisfactory performance levels in the categories determined by the General Manager could result in disciplinary action up to and including termination of employment.

ADVANCES AGAINST COMMISSIONS:

All commission or incentive payments may be treated as estimates or advances against the actual Earned Commissions or Bonuses, and to that extent, may be treated as loans which can be deducted from any future payment of Earned Commission wages and/or any spiffs/bonuses to the extent of any overpayment of your commissions and spiffs/bonuses prior to the payment of same. You acknowledge that such advances are for your benefit, and you authorize such deductions. 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) you have coming. If you are terminated, voluntarily or involuntarily, prior to month end, you are only entitled to be paid for the hours you actually worked pursuant to the federal and state minimum wage requirements, taking into account any actual Earned Commissions and bonuses you may have earned.

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, the Employee, any Parts, Service, or Collision Manager or any other person; (2) if any sale or lease is subsequently determined not to have been a Closed Repair Order"/"Closed Parts Invoice", (3) if a "Closed Repair Order"/"Closed Parts Invoice" is rescinded, reversed, or otherwise unwound for any reason (e.g., a returned product, policy adjustment or cancelled warranty) within 180 days of the payment of the Commission for such "Closed Repair Order"/"Closed Parts Invoice"; (4) if there are any finance and insurance related returns and/or charge backs including, but not limited to, prepaid loans and warranty cancellations, or (5) customer receivables not collected (including, but not limited to, down payments, drive-off fees, insurance coverage, or penalties on trade in). You also agree that any overpayment of your base wages on account of an error in timekeeping or pay calculation may be adjusted so long as you receive at least the minimum wage for each pay period as provided herein. Any such adjustment that results in decreased Earned Commissions or compensation

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will be treated as an advance, as described herein. Any such adjustment that results in an increased Earned Commission or compensation will be paid at the next payday.

WORKDAY, WORKWEEK, & 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 22nd of each month, you will receive your Base Hourly Compensation plus applicable overtime, if any, for the period from the 1st day through the 15th day of the current month. On the 7th of each month, you will receive your Base Hourly Compensation due for the period from the 16th day through the last day of the prior month, plus applicable overtime if any. Earned Commissions plus applicable overtime, if any, are paid on the 22nd of the month for the prior month. These pay dates are subject to modification for weekends and holidays as further described in the Employee Handbook.

FACTORY & 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 bonuses, pulls, spiffs, incentive trips, 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/or 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 keeping accurate time records, including recording each day when you (1) start and end work, and (2) when you start and end your meal periods. Your compensation cannot be correct unless your working time is properly recorded. Meal periods should be at least 30 uninterrupted and duty free 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. Certain exceptions to the meal period rules exist based on the number of hours worked and/or the nature of an employee’s duties, but such exceptions are uncommon.

Unless an on-duty meal period is approved in writing, you 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 of any kind during a meal break. You are permitted to leave Company premises during meal breaks. You will be notified by the General Manager of the length of your meal periods if they are greater than 30 minutes. In no circumstances will they be less than 30 minutes.

Rest breaks are included 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). However, the Dealership generally will not authorize a rest period for employees whose total daily work time is less than three and one-half (3 ½) hours for the day. You are authorized and instructed to take an uninterrupted ten (10) minute rest break if you work more than 3 ½ hours in a day but not more than 6 hours, two 10 minute breaks if you work more than 6 hours but not more than 10 hours, and three 10 minute breaks if you work more than 10 hours but not more than 14 hours. It is your obligation to determine an appropriate time, as close to the middle of each four hour period of work as possible, to take your break(s). Employees are required to certify the accuracy of their time records each pay period including documentation regarding meal periods. All changes must be signed and initialed by you and an assigned supervisor.

Employees are also authorized and provided the opportunity to take any uninterrupted cool-down periods (of at least five (5) minutes) needed to avoid overheating. Recovery periods are included as hours worked.

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You understand that you are to do nothing to incentivize, discourage, coerce, or dissuade any employee from taking meal, rest or recovery periods that are provided by law. If you learn that any other employee, including managers, attempt 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 General Manager 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.

PAYMENT AT TERMINATION:

Unless otherwise provided in writing and signed by the General Manager, separation pay shall consist of (1) your earned compensation plus bonuses (if any) or other compensation due by the date of separation, plus (2) any accrued but unused/unpaid vacation in accordance with the Dealership's vacation accrual policy. As stated above, you must be employed for the entire month inclusive of the first and last day to earn the Bonus Commission under Element 2. The Bonus Commission will not be prorated for your final compensation if you are not employed by the Dealership as an Internal Parts Sales Representative of the entire month. Incentive pay earned as of the time of separation shall be paid at the time of separation or as soon as reasonably calculable thereafter, as permitted by law.

ACKNOWLEDGEMENT:

This Pay Plan is month-to-month and is subject to revision by management at any time. You acknowledge that you have read this Pay Plan in its entirety, and that you had the opportunity to discuss any questions with the General Manager of the Dealership. You also acknowledge that you understand how your compensation is calculated and you understand the requirements that must be satisfied in order to receive compensation. Bonus compensation is not earned and payable until the completion of the calculation date. No pro rata bonus compensation will be paid for partial calculation periods or partial work completed regardless of whether your employment was terminated voluntarily or involuntarily.

You agree to keep accurate time records, including recording my time at the beginning and end of your work shift and at the beginning and end of your meal periods, and to sign periodic certifications regarding my time records and compliance with Dealership policy. You agree to review your paycheck for accuracy and to immediately bring any questions concerning the computation or the amount of the paycheck to the attention of your supervisor. Senior management's interpretation of the Pay Plan shall govern any dispute that arises regarding the compensation due, except for clerical or mathematical errors computations. You agree to abide by all of the Dealership's policies and terms and conditions of employment, including those contained in the Employee Handbook. You acknowledge this Pay Plan DOES NOT constitute a contract of employment for any purpose other than to establish the terms of compensation. This Pay Plan Agreement is not an employment contract and may be changed at the discretion of the Dealership on a prospective basis. You understand that nothing in this Pay Plan creates or is intended to create a promise or representation of continued employment and that your employment, position and compensation is for no definite period, regardless of payment of compensation. You have the right to terminate your employment at any time, with or without cause or notice, and the Dealership has a similar right. Notwithstanding anything to the contrary herein, you further understand that your status as an "at-will" employee may not be changed except through a writing specifically modifying the at-will and/or arbitration provision, which is signed by you and the Chairman of the Dealership, and that "at-will" employment is the sole and entire agreement between the parties.

You further acknowledge and agree that any disputes regarding this Pay Plan, or any other aspect of your employment relationship will be decided by binding arbitration, pursuant to the arbitration agreements you have executed with the Dealership. To the extent that any provision in this Pay Plan conflicts with the Employee Handbook or any agreement regarding At-Will Employment and Arbitration, the provisions of the Employee Handbook and agreement for At-Will Employment and Arbitration will prevail and supersede any conflicting language in this Pay Plan.

This Pay Plan is your total pay package, and no further payments and/or compensation shall be anticipated or expected. This Pay Plan supersedes and replaces any Pay Plan in place prior to the above Effective Date.

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You (Employee) voluntarily agree to be bound by all terms and conditions of this Pay Plan and your signature also acknowledges that you have received a copy of this Pay Plan signed by an authorized Dealership representative and you.

Agreed to:

Employee

Dealership

EE Name

Date

HR Representative

Date

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