F&I Manager Compensation Program - LAKHBIR PAHAL

Earned Commission Compensation Program

F&I Manager (Employee) will be paid Earned Commissions on Commissionable Gross in each area at the following rates:

15 % of Extended Service Contract (warranty) Closed Sales

15 % of After-Market Product Closed Sales

15 % of Credit Life, Disability and Gap Closed Sales

10 % of Net Monthly Finance Reserve

Less charge backs, cancellations and repossession losses

Monthly Bonuses

You must have been employed the entire month and be actively employed on the last day of the month to be eligible for any Monthly Bonuses.

You must have met all pre-requisites and conditions, have been employed the entire month and be actively employed on the last day of the month to be eligible for any Monthly Bonuses, as a Finance Manager you must maintain a minimum average of $600 per unit sold and the minimum gross per Extended Service Contract must be at $400 or higher.

New Car Extended Service Contract

45-55% overall penetration = $300
56-65% overall penetration = $500
66-75% overall penetration = $750
76% > overall penetration = $1,000

Used Car Extended Service Contract

55-65% overall penetration = $300
66-75% overall penetration = $500
76% > overall penetration = $750

Adjustments To Earned Commissions and Bonuses

The Employee agrees 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 Sales Manager or any other person; (2) if any sale or lease is subsequently determined not to have been a Closed Sale, (3) if a Closed Sale is rescinded, reversed, rolled back or otherwise unwound for any reason (e.g., a returned product, policy adjustment or cancelled warranty); or, (4) if there are any finance and insurance related returns and/or charge backs including, but not limited to, prepaid loans and warranty cancellations. Any such adjustment that results in a decreased Earned Commissions will be treated as an Advance, as defined below. Any such adjustment that results in an increased Earned Commission will be paid at the next payday.

Definitions

Commissionable Gross Defined: Commissionable Gross is the total gross sales revenue (that is, the aggregate selling price of all aftermarket products, credit life, disability and gap and extended service contracts (collectively referred to as products) minus the total expenses (fixed and variable) associated with those vehicles/products.

Those expenses associated with the sale of products shall include, but are not limited to: (1) the products cost as defined below; (2) a dealer pack (i.e., an amount of gross profit on which you are not paid a commission) which is determined by the dealership at its sole discretion and which is available to Employee upon request prior to any Closed Sale, and ; (3) all costs in any way associated with the sale of the vehicle or product including but not limited to: costs related to trades or transportation/shipping 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 company fees, management fees; the cost to install dealer-installed aftermarket or factory products at internal rates set by the dealership; (4) compensation to personnel who share in the Closed Sale; and, (5) good-will adjustments made to obtain the sale or to maintain the sale as a Closed Sale.

The products cost is the dealerships cost of acquisition plus any and all costs related to any equipment, flooring/finance fees and/or dealer pack as determined by the dealership, accessories or alterations or repairs made to the product and any related factory delivery fees or charges (e.g. Express Delivery fees) or any other costs associated with the product.

From time to time at the dealerships sole discretion, the dealership may, and has the right to, average the products costs between two or more similar products purchased by the dealership, may make internal cost allocations between different departments, or may adjust the products cost up or down to

reflect market). These cost determinations are available to the prior to the sale at the Employees request.

Commissionable Gross Defined for Finance Transactions: Commissionable Gross for finance transactions is the gross profit with respect to finance transactions (that is, the contract rate of interest agreed to by the customer minus expenses on all finance transactionsFinance Reserve). Expenses related to finance transactions include, but are not limited to: (1) the buy rate (interest rate or lease rate) from the lending/leasing institution; and, (2) compensation paid to other employees who participate in the sale, and (3) a pack as determined in the sole discretion of the Dealership as outlined above. The Net Monthly Finance Reserve for finance transactions (Closed Sales) is calculated using generally accepted accounting principles and is set forth on the monthly financial statement.

Closed Sales Defined: No commission or unit credits will be awarded on any sale until the sale is 'closed.' A sale is not 'closed' until the Dealership has been paid in full on the transaction and all related paperwork is properly completed and approved. To be a closed sale, the vehicle and/or product must have been delivered to the customer. A sale (including a special order vehicle) is not a Closed Sale until all paperwork is completed, the sale is fully paid for or funded by a financial institution, the vehicle or product is delivered to the customer, the deal meets the requirements of Earned Commissions, as defined below and is not otherwise returned or discounted

Earned Commissions Defined: An Employee must be an employee of the Company at the time a sale becomes a closed sale for the commission to be considered earned, regardless of the work done or the fact that he/she was employed when the sales agreement was entered into or the order was taken. In simple terms, the Employee must be employed at the dealership at the time the deal becomes a closed sale . Until that time, no commission has been earned by the Employee. If you are paid on the performance of the entire F&I department, the Employee only earns the pro rata portion of the commissions for each scheduled day worked during the month. In other words, if a Employee is scheduled to work 25 days during the month and is absent 5 days during the month, the Employee will only earn a pro rata share of the commissions for the month based on each day actually worked compared to days scheduled to work during the month.

Draws Against Commission/Advances

All payments are considered advances/draws against future Earned Commissions, will be treated as loans and will be deducted from future Earned Commissions, Wages and/or any bonuses prior to the payment of same. The Employee acknowledges that such Advances/Draws are for the Employees benefit and authorizes such deductions. Any overpaid commissions or advances must be paid upon your separation from the Company and by signing below the Employee agrees that a deduction from final wages may be made. A draw/advance against future commissions will be paid on the 15th day and the last day of each month at the rates of $ 1,750.00 for each draw. The Employee is only entitled to the full draw if he/she works every scheduled workday. Draws are paid with the understanding that you will work the entire month and will be available to work during the entire month to justify your draw. If you are terminated, voluntarily or involuntarily, prior to month end, you are only entitled to be paid the greater of the hours you actually worked pursuant to the federal and state minimum wage requirements, or the actual Earned Commissions and Bonuses on Closed Sales prior to separation from employment.

Payment of Commissions and Bonuses

Within 5 days of the close of the Subaru Financial Statement following the month wherein commissions are earned, all Earned Commissions on Closed Sales for the previous month will be totaled and you will receive the total of your Earned Commissions on closed sales and your bonus for the previous month, less any draw already paid.

The Employee is only entitled to the full draw if he/she works every scheduled workday.

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 approval in advance by the General Manager. Failure to comply with this requirement can result in discipline up to and including termination. You are also required to work all hours and days for which you are scheduled in order to be eligible for your full earned commissions or any monthly bonus.

NOTICE:

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

If it becomes necessary for the Dealership to amend this plan or if it is terminated, earned commissions 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 plan.

I understand that nothing in this pay plan 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 wages. 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 and that at-will employment is the sole and entire agreement between the parties.

Additionally, the Company and I both understand and voluntarily agree that any disputes

regarding the terms of this pay plan or my employment or termination from employment that either of us may have (including claims of discrimination and/or harassment) will be resolved exclusively in accordance with binding arbitration governed by the Federal Arbitration Act, and carried out in conformity with the procedures of any applicable state Arbitration Act of the state in which I am employed, and to the extent that such state Arbitration Act does not conflict with the provisions of the Federal Arbitration Act. The allocation of costs and arbitrator fees shall be governed by statutory provisions or controlling case law. Although I understand that signing this arbitration agreement is not required as a condition of my employment, I desire to take advantage of the benefits of arbitration and understand that the Company and I give up the right to a trial by jury and instead will have our claims resolved by a retired trial court or appellate court judge.

My signature below confirms that I electronically signed the Pay Plan online and that I have read, understand and voluntarily agree to the terms and conditions set forth in the Pay Plan.

_____
Employee Name (Please Print)

_____ _____
Employee Signature Date

_____ _____
Approval Signature Date