



Path to Ownership Program

The Path to Ownership Program from Biltmore Automotive Services LLC (“Biltmore”) is designed to match qualified operators with high-potential automotive dealerships. The Program offers financing support to current Senior Managers at dealership looking to start or build equity on their path to retail ownership.

PROGRAM PERIOD 2020-2021 Calendar Years

PROGRAM DESCRIPTION

- Participants (“Participants”) in the Path to Ownership Program (“Program”) will receive a series of services to provide them with an opportunity, should such an opportunity arise, to participate in the equity ownership of an automotive dealership or dealerships (“Transactions”).
- The Program will guide Participants through the processes required to acquire a dealership including:
 - Connections to lenders for financing of dealership acquisitions;
 - Process required for manufacturers approval; and,
 - Introductions to current owners in the market to sell their dealerships.
- Specific Program services include:
 1. With respect to the proposed acquisition of a target dealership (“Target Dealership”):
 - a. Assist Participant in developing Participant’s:
 - Personal financial statement and other documentation required for acquisition financing and manufacturer approval,
 - Business plan for establishing and successfully managing a Target Dealership;
 - b. Assist Participant in reviewing Transaction-related documents and information including but not limited to corporate legal documentation including articles, operating agreement, shareholder agreements; all other binding contracts and agreements; business plans; market studies and

information with respect to opportunities for purchase of dealerships; industry and competitive information; marketing plans and materials and information relating thereto; promotional materials; historical performance of dealerships;

2. With respect to a Transaction:

- a. Assist Participant in negotiating a letter of intent between Participant and the owners of each of the Target Dealerships for Participant's purchase of such dealerships;
- b. Direct and conduct the due diligence process – operational, managerial, financial, legal, environmental – for each Target Dealership;
- c. Engage and work directly with legal counsel at Participant's direction for the preparation and negotiation of all documents required for each acquisition including asset purchase agreement, real estate purchase agreement, and supporting documents;
- d. Engage and work with automotive subject matter experts ("SME" or "SMEs") for the preparation of applications and related documents to be submitted to each brand manufacturer for approval of each acquisition and assist with the approval process;
- e. Assist and participate in the conduct of each acquisition closing;

3. With respect to the required capitalization and/or financing, assist Participant to:

- a. Identify one or more qualified investment and/or financing partners ("Financing Partners") to support Participant's purchase of the Target Dealerships, inclusive of real-estate;
- b. Prepare informational materials for introducing Participant to the Financing Partners, including overview presentation, executive summary, and related materials;
- c. Outline Participant's proposed capitalization structure and proposed ownership structure in accordance with requirements set forth by each original equipment manufacturer ("OEM") and the Financing Partners;
- d. Negotiate with prospective Financing Partners for debt and equity funding of Participant; and,
- e. Assist Participant in reviewing and finalizing definitive agreements for debt and equity funding, and in closing the resulting investments in Participant.

ELIGIBILITY AND PROGRAM RULES

1. To be eligible for the Program, a Participant must:
 - Currently hold (or have held within the last 12 months) a senior position at an automotive dealership – Dealer Principal, General Manager, CFO, Fixed Operations Director, or similar; and,
 - Not have a bankruptcy/loan default, a criminal record, or a previous termination of a dealership – which has not been discharged.
2. Participant must agree to provide certain personal background and financial information that is required for financing and manufacturer approval, including but not limited to:
 - Complete and accurate employment history, including individual CSI/SSI scores by dealership of employment for all required years
 - Credit application and related materials
 - Personal Financial Statement (for each dealership guarantor)
 - Current bank and investment account information
 - Last two years personal and/or corporate (if applicable) tax returns
3. Participant will be enrolled in and will initiate the process offered through the Program upon paying to Biltmore Automotive Services LLC a \$7,500 non-refundable Retainer Fee.
4. Participant acknowledges and agrees that the Program is inclusive of certain services that Participant will only obtain through the Program (with no substitutions allowed) for as long as Participant is enrolled in the Program and/or for the term of any financing that Participant has obtained through the Program, and that these services may have fees associated with each service provided which will be disclosed to Participant in a separate term sheet. The list of services Participant agrees to obtain exclusively through the Program includes:
 - Acquisition Due Diligence Services (included in Retainer Fee)
 - Capital Raising and Financing Services
 - Floorplan Services
 - CFO Services
 - F&I Services

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5. Participant agrees that he/she will be responsible for any additional expense arising from retaining SMEs required to execute the Transaction(s) (see below) and any out of pocket expenses incurred prior to closing (e.g., for legal, real-estate appraisal, environmental appraisal, etc.). As an example, (a) Participant's out of pocket expenses will be classified as pre-paid expense included in the OEM working capital calculation after closing; and, (b) such expenses typically range between \$50,000-\$75,000 per Transaction.

**RECOMMENDED
SUBJECT MATTER
EXPERTS (SMEs)**

The following SMEs are recommended to participants for use within the Program:

- **Legal:** Schiller, Pittenger & Gavin, PC (schiller.law);
- **Real-estate appraisal:** CBRE Group, Inc., Cushman & Wakefield, or other Member Appraisal Institute (MAI) certified provider approved by the Financing Partner; and,
- **Environmental appraisal:** TBD.

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