

Auto/Home Incentive Program

Guide

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AUTO INCENTIVE PROGRAM

How to Qualify:

- Be a Gold level Consultant or above.
- Graduate from Advanced Leadership and Communication Training (ALC).
- Maintain three qualified leadership legs for three consecutive months and be paid as Gold or above (during the qualification period).
- Build a network organization exclusively with Nikken. (Attempting to circumvent this policy by removing one person from the distributorship is not permitted.)
- Submit the following documents to the Incentives Department by the 15th day of the month immediately following the qualification period:
 - **Nikken Auto Application** (located in the document library on myNikken.com and in the Gold Package). APPLICATION MUST BE SIGNED BY ALL CONSULTANTS LISTED ON THE DISTRIBUTORSHIP.
 - **Final Sales Contract or Lease Agreement** from the auto dealership or Finance Agreement from the Certified State Licensed Financial Institution on a new or previously owned* automobile. (*Auto may be new or previously owned, however, it must be well kept, no more than two years old, and worth a minimum of \$20,000.00 [Kelley Blue Book® value]. Up-coming model year is acceptable. Consultants who wish use their Auto Incentive for a motorcycle, motor home or other non-standard automobile must submit their request in writing and be approved by the Incentives Department prior to the purchase of the vehicle.) AUTOMOBILE MAY NOT BE LEASED OR FINANCED PRIOR TO THE END OF THE THIRD MONTH OF THE QUALICATION PERIOD AND MUST BE REGISTERED TO THE NAME(S) LISTED ON THE DISTRIBUTORSHIP.
 - **First-time Consultants to the Auto program** may submit the required documents up to nine months after the end of the qualification period. Should the Consultant fail to meet this deadline, he/she must begin the qualification period anew.
 - **Renewing Consultants** who wish to continue participation in the Auto Program, must maintain three qualified leadership legs for three consecutive months, be paid as Gold or above during the qualification period, and submit all necessary paperwork for their next vehicle no later than the 15th day of the fourth month.
- No later than 20 days after receiving the first Auto Program payment, mail a copy of the vehicle registration to the Nikken Incentives Department, along with a 5" x 7" color photo showing the Auto Program participants and the automobile. (Late submission may cause a delay in receiving the second auto payment.)

Auto Program Qualification and Payment Schedule:

Months												
1	2	3	4	5	6	7	8	9	10	11	12	
Qualifying month as Gold	Must be Paid as Gold or above	Must be Paid as Gold or above	1 st month eligible to submit documents	Receive first Auto Incentive check if documents received/approved by 4 th month	Submit vehicle registration and photo before 2 nd check is released	Ongoing Auto Incentive Payment if monthly qualifications are met	Ongoing Auto Incentive Payment if monthly qualifications are met	Ongoing Auto Incentive Payment if monthly qualifications are met	Ongoing Auto Incentive Payment if monthly qualifications are met	Ongoing Auto Incentive Payment if monthly qualifications are met	Ongoing Auto Incentive Payment if monthly qualifications are met	Ongoing Auto Incentive Payment if monthly qualifications are met. <i>Reminder: Submit Annual vehicle registration document to Nikken</i>

Ongoing Requirements and Renewal:

- Annual submission of valid vehicle registration is required.
- Auto may be upgraded at any time, however, should Consultant chose to update to another vehicle, all qualification requirements must be re-satisfied **prior** to submitting the application. As a renewing Consultant, all of the required documentation **must** be received by the 15th of the fourth month. **There is no grace period.**
- When a Consultant advances in rank during the program, **written notification must be sent to the Incentives Department.** The eligibility period may be extended if the auto value and the remaining number of payments on the original auto documents meet value levels of the new rank.

Eligibility Period:

Rank:	Gold	Platinum	Diamond	Royal Diamond
Eligibility Period:	36 months	48 months	60 months	60 months

Maximum Auto Incentive Monthly Payout:

Minimum Car Value* (US)	\$20,000	\$30,000	\$45,000	\$60,000	\$80,000	\$100,000
Maximum Auto Incentive Monthly Payout* (US)	\$500	\$750	\$1,000	\$1,250	\$1,500	\$1,750

*Canadian Consultants multiply by 1.2

Qualified Maximum Monthly Auto Incentive Payment Calculation:

Financed Auto		Leased Auto	
A	Amount Financed = _____	A	Base Monthly Lease Payment = _____
B	Total Number of Months Financed = _____	B	20% Allowance (A x 0.2)** = _____
C	A ÷ B = Base Monthly Amount = _____	C	A + B = Estimated Auto Incentive Payment = _____
D	20% Allowance (C x 0.2)** = _____	D	Max Auto Incentive Payout Based on Auto Value = _____
E	C + D = Estimated Auto Incentive Payment = _____	E	Eligible Auto Incentive Payment = the lesser of C or D = _____
F	Max Auto Incentive Payout Based on Auto Value = _____		Eligibility Period Based on Rank = _____
	Eligible Auto Incentive Payment = the lesser of E or F = _____		
	Eligibility Period Based on Rank = _____		

Example 1 – Financed Auto – Platinum rank: The agreed-upon value of the auto is \$32,722.00. The amount financed for this auto is \$29,000 for 60 months.

Financed Auto	
A	Amount Financed = \$29,000.00
B	Total Number of Months Financed = 60
C	A ÷ B = Base Monthly Amount = \$483.33
D	20% Allowance (C x 0.2)* = \$96.66
E	C + D = Estimated Auto Incentive Payment = \$579.99
F	Max Auto Incentive Payout Based on Auto Value = \$750.00
	Eligible Auto Incentive Payment = the lesser of E or F = \$579.99
	Eligibility Period Based on Platinum Rank = 48

Example 2 – Leased Auto – Gold rank: The agreed-upon value of the auto is \$23,672.75. The term of the lease is 36 months. (The base monthly payment amount (before taxes) is used.)

Leased Auto

A	Base Monthly Lease Payment	=	\$452.03
B	20% Allowance (A x 0.2)**	=	\$90.40
C	A + B = Estimated Auto Incentive Payment	=	\$542.43
D	Max Auto Incentive Payout Based on Auto Value	=	\$500.00
E	Eligible Auto Incentive Payment = the lesser of C or D	=	\$500.00
	Eligibility Period Based on Gold Rank	=	36

****An additional 20% allowance is added to the base payment to help cover maintenance costs, taxes, licensing fees, finance and interest charges, and insurance. The additional 20% allowance is NOT included if the base payment exceeds the maximum payment allowed for the auto value.**

Monthly Auto Incentive Payment Calculation:

The amount of a monthly auto incentive payment is determined by the total Auto Incentive Earnings. **Earnings are based on the value of the auto and the leadership volume and pay rank in each worldwide market unit. After Leadership Downline has been compressed, it is calculated using the following formula.** In order to receive any Auto Incentive payment, the Leadership Bonus qualification must have been met.

Pay Level

	First Level	x 1%	=	_____
	Second Level	x .5%	=	_____
Gold (up to)	Third Level	x .5%	=	_____
Platinum (up to)	Fourth Level	x .25%	=	_____
Diamond (up to)	Fifth Level	x .25%	=	_____
Royal Diamond (up to)	Sixth Level	x .125%	=	_____
Total Auto Incentive Earnings				= \$ _____

If total Auto Incentive Earnings are **greater than** the Maximum Auto Incentive Monthly Payout **then Auto Incentive check =** Maximum Auto Incentive Monthly Payout.

If total Auto Incentive Earnings are **less than** the Maximum Auto Incentive Monthly Payout **then Auto Incentive check =** Total Auto Incentive Earnings

Consultants will be paid the lesser of the Total Auto Incentive Earnings or the Maximum Auto Incentive Monthly Payout

Example: Maximum Auto Incentive Monthly Payout = \$1,000.00
 If Total Auto Incentive Earnings = \$800.00 If the Total Auto Incentive Earnings = \$1,350.00
 Auto Incentive check will be = \$800.00 Auto Incentive check will be = \$1,000.00

If Consultant does not have three qualified leadership legs, he/she must qualify for leadership bonuses in order to receive 2% of Personal Group Volume.

This is an incentive reward program under the Nikken compensation plan. Nikken reserves the right to make changes in the incentive reward program, and/or modify or withdraw the program from its compensation system.

AUTO INCENTIVE PROGRAM FAQ

How many vehicles can I have on the Auto Incentive Program at any given time?

You are eligible to receive payments for only one auto per qualifying distributorship.

Must the vehicle be new?

The auto may be new or previously owned, however, it must be well kept, no more than two years old, and worth a minimum of \$20,000.00 (Kelley Blue Book® value). Up-coming model year is acceptable.

My vehicle is 3 years old with low mileage, can I submit this vehicle to Nikken Auto Incentive Program when I qualify?

No. Please see answer above.

Do I have to be a Gold Consultant and attend ALC Training before I can participate in the Auto Program?

Yes. You must be a Gold Consultant or above, be paid at the Gold rank or above for three consecutive months and have attended ALC Training before participating in the Nikken Auto Incentive Program.

I already have a new car. Can I participate in the Home Incentive Program first?

No. In order to participate in the Home Incentive Program, a Consultant must first qualify for the Auto Incentive Program and then qualify for the Home Incentive Program.

What is the minimum value of a vehicle that I can purchase?

For Gold rank or above, the minimum agreed amount/purchase price for the vehicle must be \$20,000 US (Canadians multiply by 1.2). The agreed amount/purchase price does not include tax or interest.

Can I pay cash for the vehicle?

No. You must lease or finance your new vehicle in order to participate in the Auto Incentive Program.

I have been on the Auto Incentive Program for 5 months and paid as Gold, but in the 6th month, I was paid as Silver. Will I receive an Auto Incentive check?

If you do not have three-qualified leadership legs, you will only be paid 2% of your Personal Group Volume as long as you personally qualify for leadership bonus.

When can I upgrade or change to another new vehicle?

You may upgrade your auto at any time, however, you must be paid at the Gold level or above for three consecutive months before submitting a new application for your next auto.

I began the Auto Incentive Program as a Gold Consultant and advanced to Platinum 32 months later. Should I notify the Incentives Department?

Yes. Whenever a Consultant advances to a higher rank during their participation in the Auto Incentive Program, he/she must notify the Incentives Department in writing to determine whether or not the eligibility period for the Program may be extended based on the auto value and the remaining number of payments associated with the new rank requirement.

HOME INCENTIVE PROGRAM

For qualified Home Incentive Program participants, Nikken will make payments:

- On a present home mortgage* – property value and mortgage term requirements must be met.
- To assist in the purchase of a new home* – property value and mortgage term requirements must be met.
- On a refinanced home* – property value and mortgage term requirements must be met.
- Toward a savings fund for the future purchase of a new home (The Home Savings Program) – a savings fund may be established for 24 months, to be paid in one lump sum upon the purchase of a Consultant's new home. For savings funds longer than 24 months, only the funds from the immediate 24 months prior to release will be counted.

***Mortgage payments will be paid on principle and interest only and may not exceed the maximum payment allowed, based on the property value of the home.**

How to Qualify:

- Be an active Auto Incentive Program participant.
- Build a network organization exclusively with Nikken. (Attempting to circumvent this policy by removing one person from the distributorship is not permitted.)
- Maintain \$1,000 US/\$1,200 CN or more Auto Incentive Earnings for three consecutive months (a.k.a. the qualification period).
- Submit the following documents to the Incentives Department by the 15th day of the month immediately following the qualification period (the 4th month):
 - **Home Incentive Payments (existing, newly-purchased or refinanced homes):**
 - Home Incentive Application signed by all Consultants listed on the distributorship.
 - Copy of Deed or Title
 - Home mortgage agreement (must be a 20 to 30 year mortgage)
 - Escrow documents (for new home purchase only)
 - Property Appraisal (performed within the immediate last 12 months)
 - Monthly mortgage statement (indicating principle and interest)
 - **Home Savings Program (for a future new home):**
 - Home Incentive Application signed by all Consultants listed on the distributorship (with "Home Savings Program" checked).
 - When ready to purchase the new home, the following documents must be submitted:
 - Copy of Deed or Title
 - Home mortgage agreement (must be a 20 to 30 year mortgage)
 - Escrow documents
 - Property Appraisal (performed within the immediate last 12 months)
 - Monthly mortgage statement (indicating principle and interest)
 - Only savings funds from the immediate 24 months prior to release will be counted. Savings funds prior to the last 24 months will not be released.
- No later than 20 days after receiving the first Home Incentive Payment, mail a 5" x 7" color photo showing the participants and the home. (For those participating in the Home Savings Program, the photo deadline is the month following receipt of the first home payment.)

Home Program Qualification & Payment Schedule

1 st Month	2 nd Month	3 rd Month	15 th of the 4 th Month	15 th of the 5 th Month	15 th of the 6 th Month	
Achieve Auto Incentive Earnings of \$1,000 US/ \$1,200 CN or more	Achieve Auto Incentive Earnings of \$1,000 US/ \$1,200 CN or more	Achieve Auto Incentive Earnings of \$1,000 US/ \$1,200 CN or more	Submit application for Home Incentive Program with applicable documents	Receive First Home Incentive payment (upon qualification)	Receive Second Home Incentive payment (upon qualification)	Home Incentive payments continue based on monthly qualification

Maximum Home Incentive Monthly Payout:

Property Value US & CN* up to:	\$200,000	\$300,000	\$400,000	\$500,000	\$600,000	\$700,000	\$800,000
Maximum Home Incentive Monthly Payout**:	\$1,500	\$2,500	\$3,500	\$4,500	\$5,500	\$6,500	\$7,500

Property Value US & CN up to:	\$900,000	\$1,000,000	\$1,500,000	\$2,000,000	\$2,500,000	\$3,000,000
Maximum Home Incentive Monthly Payout**:	\$8,750	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000

*Canadian Consultants multiply by 1.2

**Actual payment is dependent on total Auto Incentive Earnings.

Ongoing Annual Requirements:

- Annual submission of property taxes and/or payment coupons.
- Property must be owned and occupied by the Consultant(s) listed on the distributorship.

Ongoing Monthly Qualification Requirements:

- Maintain \$1,000 US/\$1,200 CN or more in Auto Incentive Earnings to receive ongoing Home Incentive Payments or accumulate for the Home Savings. (See page 5 for Auto Incentive Earnings Calculation).
- The monthly Home Incentive Payment (or Savings amount) is calculated on a month-to-month basis which is determined by the difference between Consultant’s Total Auto Incentive Earnings and Auto Incentive Payment, up to Maximum Home Incentive Monthly Payout.

Benefits:

- Home Incentive payments for qualifying Consultants are included in the commissions/bonus checks mailed on the 15th of each month.
- Auto Incentive payments less than the Maximum Auto Incentive Monthly Payout may be applied toward the Home Incentive payment.
- Consultants may refinance their mortgage once every 5 years for the same property. Refinancing must be intended for property improvement or lowering the cost of original monthly mortgage payment. A new Home Incentive application is required with each refinance.

This is an incentive reward program under the Nikken compensation plan. Nikken reserves the right to make changes in the incentive reward program, and/or modify or withdraw the program from its compensation system.

HOME INCENTIVE PROGRAM FAQ

How many homes can I have on the Home Incentive Program at any given time?

You are eligible to receive payments for one home per qualifying distributorship.

Our distributorship consists of two couples and is under a business name. Can we each participate in the Home Incentive Program for two separate homes?

No. You are eligible to receive payments for one home per qualifying distributorship.

When can I apply for the Home Incentive Program?

Once you qualify for the Auto Incentive Program, you can apply for the Home Incentive Program by earning \$1,000 US/\$1,200 CN or more in Auto Incentive Earnings for three consecutive months.

Once I have satisfied the three-month Qualification Period, will the Home Incentive Program start automatically?

After you have satisfied the three-month Qualification Period, you must submit a Home Incentive Program Application by the fourth month to:

(A) Start the Home Savings Program

or

(B) Start the Home Incentive Payment Program

How long can I save for my new Nikken home?

The Home Savings Program is set up for 24 months and will be paid in one lump sum for the purchase of a new home. For savings funds longer than 24 months, only the funds from the immediate 24 months prior to release will be counted.

Can I purchase a home with a mortgage term that is less than 20 years?

No. The mortgage term must be a minimum of 20 years and a maximum of 30 years.

Can I be paid on a first and second mortgage under the Home Incentive Program?

No. The Nikken Home Incentive Program will only cover the first mortgage.

Will taxes, association fees, mello roos, insurance, etc. be included as part of my total mortgage payment?

No. Payments are made only on the principle and interest of the mortgage.

My pay rank is Platinum. The value of my home is \$400,000.00 and the value of my car is \$25,000.00.

How will I be paid?

You will be paid at the Platinum level (four levels deep), and if your total Auto Incentive Earnings equal \$1,000 US/\$1,200 CN or more, you will receive Home Incentive payments. A cumulative payment for the Auto and Home Incentive Program cannot exceed the total Auto Incentive Earning.

I am on the Home Payment Program and have had my home remodeled causing an increase in the value of my home. Which document do I provide to Nikken to increase the maximum payment allowed?

You will need to submit a copy of a current appraisal and the refinancing documents that include the funds used to upgrade your home. A Consultant may refinance his/her home once every five years.