



**April 20, 2020**

Greetings from VADA,

Aware that our businesses need leadership and attention at this critical time, I hope everyone had a moment to relax with family over the weekend. Keep pushing, and let us know what we can do to help.

In this Monday message, read NADA comments filed with the Federal Reserve concerning the new Main Street Lending Program. Learn about President Trump's new Guidelines for Opening Up America Again. See updated guidance from the Department of Homeland Security (DHS), which classifies vehicle service *and* sales as "essential." Read a summary of our most recent survey administered to VADA members concerning PPP loans and business operations during the pandemic. View an article from *CNBC*, which quotes J.D. Power suggesting April auto sales might be better than initially feared. And check out this week's lineup of presentations on the NADA Dealership Lifeline Webinar Series.

**NADA files comments with Federal Reserve Board concerning Main Street Lending Program.**

On [April 10](#), we wrote about a new Main Street Lending Program announced by the Federal Reserve and U.S. Treasury and designed to provide further payroll assistance for small and mid-sized businesses affected by the coronavirus. At the time, NADA put together an [informative summary](#) of the new program, writing loan eligibility would be broader than under the Paycheck Protection Program (PPP).

If you've obtained a PPP loan, you are not prevented from obtaining financial assistance under the Main Street Lending Program. However, certain restrictions of Main Street loan recipients may keep dealers from wanting to pursue such a loan. Last week, NADA's Paul Metrey wrote the Federal Reserve, thanking the Fed and asking that it remove these unnecessary limitations. See [the letter](#).

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**President Trump announced Guidelines for Opening Up America Again.**

The White House announced [Coronavirus Guidelines for America](#) last month, as the global pandemic rapidly began its impact on the United States and Americans looked for guidance on how to mitigate its effects. Last week, President Trump announced Guidelines for Opening Up America Again, "a three-phased approach based on the advice of public health experts" that "will help state and local officials when reopening their economies, getting people back to work, and continuing to protect American lives" according to the [White House website](#). See this [fact sheet](#) for more.

The new guidelines are not formal orders, meaning state executives have some flexibility with respect to the program and the speed with which they take corresponding action. As such, Virginia Executive Order 53 remains paramount for the Commonwealth's franchised auto dealers until Governor Ralph Northam indicates otherwise. The same goes for new favorable guidance from DHS; see below.

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**Auto service *and* sales are now considered essential by the U.S. Department of Homeland Security. Virginia dealers remain subject to Governor's Executive Order 53.**

In the Coronavirus Guidelines for America, the White House stipulated, "If you work in a critical infrastructure industry, as defined by the Department of Homeland Security . . . you have a special responsibility to maintain your normal work schedule."

As expected, the critical infrastructure industries referenced by the DHS Cybersecurity & Infrastructure Security Agency (CISA) included healthcare service providers, grocery stores, and the like. It also included automotive repair, maintenance, and transportation equipment and distribution facilities but excluded auto sales.

On Friday (April 17), CISA amended its list of essential critical infrastructure workers to include “[w]orkers critical to the manufacturing, distribution, **sales**, rental, leasing, repair, and maintenance of vehicles and other transportation equipment (including electric vehicle charging stations) and the supply chains that enable these operations to facilitate continuity of travel-related operations for essential workers” (emphasis added). See [the full list](#).

We sincerely thank NADA, the American Truck Dealers, the National Association of Minority Automobile Dealers, and the American International Automobile Dealers Association for their lobbying efforts and helping bring this change to fruition.

So, what does this mean for Virginia’s franchised auto dealer community? Nothing yet. The federal guidance does not change Governor Northam’s Executive Order 53, which treats auto maintenance and repair as essential and auto sales as a non-essential brick and mortar retail operation subject to a 10-patron limit. As *Automotive News* included in [its write-up](#) of the DHS update, “The guidance is not a federal mandate, and final decisions remain with state and local officials, who must determine how to balance public health and safety with the need to maintain critical infrastructure in their communities.”

That said, executive action is subject to amendment, and as Governor Northam seeks that balance between health and safety and critical infrastructure, the update from DHS may give reason to relax patron restrictions on sales/F&I quicker than we might have expected. Stay tuned.

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### **Our latest survey: Nearly all Virginia dealerships remain open for sales and service.**

Our latest dealer survey, conducted in mid-April, shows that nearly every dealership in Virginia is open for sales and service during this difficult time.

Among the 96 percent of respondents who applied for a Paycheck Protection Program (PPP) loan, nearly 82 percent reported that their loans were approved. As of early this morning (April 20), however, almost 60 percent were still waiting to receive PPP funding.

PPP loans are critical for employee retention, an intended consequence of the program when Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act last month. About two-fifths of Virginia’s franchised dealerships have laid off, terminated, or furloughed employees, even if temporarily. Among those who have kept everyone employed, about 50 percent don’t anticipate any lay-offs, terminations, or furloughs will be needed to sustain business.

The pandemic has contributed to significant drops in business—although, perhaps less than some anticipated; see the *CNBC* article below. According to the survey, 81 percent of respondents said sales at their dealerships are off by 40 percent. Separately, 65 percent indicated service is down by 40 percent or more.

As dealers have adapted operations to today’s environment, about 15 percent have seen an increase in Internet sales traffic. Among the creative tactics being used to meet customer needs at this time are home F&I and delivery of purchased vehicles, video chat for sales, and home pickup and delivery for service.

A small percentage of dealers reported that an employee or an employee’s family had been diagnosed with or displayed symptoms of COVID-19.

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**CNBC: “The coronavirus pandemic isn’t hurting U.S. auto sales as much as feared, J.D. Power says.”**

According to a [CNBC article](#) published last week, J.D. Power expected American auto sales to drop as much as 80% relative to predictions before the global pandemic. CNBC’s Michael Wayland writes, “While still significantly down, sales through the first 12 days of April were only off by about 55% — indicating that sales for the full month might not be as bad as feared,” according to J.D. Power.

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**See what’s in store this week for NADA’s Dealership Lifeline Webinar Series.**

NADA’s online presentations continue almost daily from 1-2 p.m. The topics and registration links for this week’s presentations are below. Recorded webinars are available on the paywall-protected area of [the association's website](#).

- April 21: [Digital Retailing Disruption - The Dealer Perspective](#)
- April 22: [How to Kick Start Auto Leads During and After COVID-19 Disruptions](#)

More than ever, it is a pleasure to serve the new car and truck dealers of Virginia.

Sincerely,



Donald L. Hall  
President and CEO