



April 6, 2020

Greetings from VADA,

Over the weekend, I hope each of you had a moment to relax and reflect on all that is happening—including all your organization has done to assist those in need during these unusual times. Through your service, sales, and finance departments, you are providing Virginians statewide with the transportation they need to carry on.

In today's message, we highlight the latest recommendations from the U.S. Centers for Disease Control and Prevention (CDC) and why heeding their advice is important for Virginia franchised auto dealers. We alert you to the new interim final order the U.S. Small Business Administration (SBA) issued last Friday and NADA's corresponding analysis. We'll also look at Governor Northam's frequently asked questions on his "stay at home" directive. The questions and answers his administration provides could help you comply and stay in business. Lastly, be sure to view recordings of last week's NADA webinars and catch those scheduled for this week.

"Cloth face coverings" among CDC recommendations for public to combat spread of coronavirus.

The CDC now recommends "wearing cloth face coverings in public settings where other social distancing measures are difficult to maintain (e.g., grocery stores and pharmacies) especially in areas of significant community-based transmission."

With medical masks hard to find and saved by many for the medical community, the federal government is suggesting Americans turn to bandanas, t-shirts, and other available cloths to craft their own facial protection.

While President Trump made clear last week the use of masks or similar facial protection is voluntary, CDC "advises the use of simple cloth face coverings to slow the spread of the virus and help people who may have the virus and do not know it from transmitting it to others." For more from the federal government, see the following:

- [CDC recommends wearing cloth face coverings in public.](#)
- [Review "The President's Coronavirus Guidelines for America." \(Issued March 16, 2020\)](#)
- [CDC instructs how to make and wear cloth face coverings.](#)
- [VIDEO: U.S. Surgeon General Dr. Jerome Adams shows how to make your own face mask.](#)

Even though CDC recommendations are just that, there are state requirements, public relations, and workers' compensation considerations you should note.

- 1) Governor Ralph Northam's executive orders may align with, or require adherence to, CDC guidance.
 - [Executive Order 53, paragraph 7](#): *"All businesses shall, to the extent possible, adhere to social distancing recommendations, enhanced sanitizing practices on common surfaces, and other appropriate workplace guidance from state **and federal authorities** while in operation"* (emphasis added).
 - [Executive Order 55](#): *"To the extent individuals use shared or outdoor spaces, whether on land or on water, they must at all times maintain social distancing of at least six feet from any other person, with the exception of family or household members or caretakers."*
- 2) Following CDC guidance can be an important tool when addressing employee and customer concerns or public questions about continued dealership operations.

- See [our message from March 24](#) for more information about scam calls and the potential for negative publicity should a dealership not follow state and federal government directives. Failure to follow state and federal orders or advice could result in the closure of your store and/or the sales/F&I departments of other franchised dealerships throughout the Commonwealth.
- 3) From a workers' compensation and liability insurance standpoint, following CDC guidelines and recommendations may be essential to defending a claim.
- Hypothetically, let's say an employee files a workers' compensation claim after testing positive for COVID-19. They argue they were exposed at work. If the dealership can demonstrate they followed both the Governor's orders and CDC guidance for sterilization and disinfecting, it may have a strong case the dealership took necessary precautions and the employee obtained the disease outside of work. Conversely, a dealership simply contending it "wiped stuff down on occasion" may lead to the Virginia Workers' Compensation Commission ruling there was an added risk due to employment.
 - Remember, VADA suggests you **record the steps you are taking to comply with governmental requirements and recommendations**. [See our March 25 message](#) for more.
 - Also, consider the latest poster, available in [English](#) and [Spanish](#), from the U.S. Department of Labor's (DOL) Occupational Safety and Health Administration (OSHA). As DOL indicated in a press release today, "The poster highlights 10 infection prevention measures every employer can implement to protect workers' safety and health during the coronavirus pandemic." See OSHA's [coronavirus webpage](#) for more information.
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SBA issues new guidance, clarifies affiliation rules and 500-Employee limit under PPP.

Late last Friday (April 3, 2020), the SBA issued an interim final rule ([Affiliation IFR](#)) concerning the SBA's affiliation rules and their application to Paycheck Protection Program (PPP) loans made available by the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

On Friday, the SBA also issued a summary overview of the SBA affiliation rules ([Affiliation Overview](#)). As NADA writes, "[together], the Affiliation IFR and Affiliation Overview provide helpful clarification of how the SBA's affiliation rules apply to dealers applying for loans under the PPP." [Read NADA's breakdown](#) entitled "New Guidance Clarifies Application Under PPP of Affiliation Rules and 500-Employee Limit."

What's the takeaway? It appears the affiliation rules are waived for businesses operating as a franchise that are also assigned an SBA franchise identifier code. This is consistent with our earlier understanding. In other words, if your organization has 500 employees or more, you may obtain PPP loans provided your franchises have respective franchise identifier codes. [See NADA's list](#) of manufacturers with SBA franchise identifier codes as of April 4, 2020 plus a list of those manufacturers with franchise identifier code applications pending.

View helpful FAQs about Governor Northam's executive action.

It's been two weeks since Governor Ralph Northam issued [Executive Order 53](#) and seven days since he issued [Executive Order 55](#). Under both, Virginia franchised auto dealerships can operate service *and* sales/F&I departments with critical and different stipulations. For those differences, see VADA's [related analysis](#).

However, questions persist—and understandably so—about what you and your business can do while adhering to the directives. Thankfully, the Governor’s Office compiled a list of [frequently asked questions and answers](#) in light of the Governor’s mandate that Virginians “stay at home.”

As you’ll see, the questions and answers are separated by topic, as they respectively apply to businesses, workers, children and families, outdoor recreation, and pets. We thank the Governor’s Office for this valuable guidance and remind you that strict compliance with his executive action is paramount.

NADA “Dealership Webinar Lifeline Series” continues, providing valuable information.

Throughout this global pandemic, NADA has provided dealers nationwide with a useful [online resource center](#), valuable insight on federal legislation and regulation, and suggestions for steering your business through crisis. The association has effectively used its “Dealership Webinar Lifeline Series” to help the franchised dealers.

Last week, NADA presented the following:

- April 1: [Making Sense Out of the New SBA Paycheck Protection Program: Practical Considerations for Dealers](#)
- April 2: [The Federal Tax Implications of COVID-19: How the New Environment Affects Dealers](#)

This week’s slate should be equally beneficial to organization. Look at what’s ahead:

- April 7: [So, an Employee Has Covid-19 Symptoms or Has Tested Positive...Now What?](#)
- April 8: [Build a 60 Day Profit Protection Plan](#)
- April 9: [Managing Service Operations: Making it through the COVID-19 Pandemic](#)
- April 10: [The Best Ideas from NADA 20 Groups: In Times of COVID-19 Pandemic](#)

You can access NADA’s recorded webinars on the paywall protected area of its [website](#) for your convenience.

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

Sincerely,



Donald L. Hall
President and CEO