



**May 1, 2020**

Greetings from VADA,

As we enter a new month, I remain proud of and impressed by the commitment Virginia's franchised auto dealers have shown employees and customers during this difficult time. You continue to both provide employees a place to work and creatively meet varying customer needs, all while facing challenges never seen in our industry. Keep up the good work, and let us know how we can help. We are just a phone call away.

In today's message, read about creating an individualized strategy for your dealership's Paycheck Protection Program (PPP) loan. See a new interim final rule the U.S. Small Business Administration (SBA) issued yesterday (April 30). And check out recent guidance from the U.S. Centers for Disease Control and Prevention (CDC) and U.S. Environmental Protection Agency (EPA) for businesses and others about cleaning and disinfecting.

Starting next week, we will switch to sending our COVID-19 related messages on Tuesdays and Thursdays. Of course, no matter which day it is, we will keep you apprised of any major developments.

### **Create a strategy concerning your PPP loan.**

On Wednesday ([April 29](#)), we encouraged dealers to create a budget to ensure proper use of PPP loans. Today, we reiterate the importance of doing so, recommend dealers consider external and internal communications relative to PPP funding, and remind you of the PPP-related resources available.

#### *Create a budget.*

Many franchised auto dealers applied for and obtained funding through the PPP. Now, it is critical you work with your dealer group's controller and outside accountant to create a budget to ensure your organization properly uses those funds. When doing so, you may consider the following:

- Is your dealer group seeking complete loan forgiveness? If so, both [NADA](#) and the accountants at [Dixon Hughes Goodman](#) have created materials to help you with the process.
- Does your dealer group wish to treat any of the funding as a regular loan with interest and less than 100% forgiveness? PPP loans feature a one percent interest rate and two-year maturity period. Borrowers would not have to make any payments for six months following the date the loan was dispersed. That said, interest would accrue during those six months.
- Understanding what uses are permitted for your PPP loan, is there any part of that loan your organization wishes to return to the SBA?

#### *Manage communications.*

Last week, the Federal Reserve Board [announced](#) it would disclose borrower information for loans made available by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, including those obtained through the PPP.

Since, Treasury Secretary Steven Mnuchin [indicated](#) the federal government will audit PPP borrowers who received more than \$2 million through the program.

The SBA and U.S. Treasury also issued [updated FAQs](#) about whether businesses with adequate sources of liquidity qualify for PPP loans.

In light of all this, it is important you (1) reference [NADA analysis](#) released late Wednesday (April 29) about those SBA and Treasury FAQs and (2) designate someone in your organization to speak on the dealer group's behalf should PPP-related questions arise from those outside your business. Internally, make sure dealership personnel understand your message.

***Remember the PPP resources available.***

- [SBA PPP Webpage](#)
- [SBA COVID-19 Small Business Guidance and Resources](#)
- [Treasury CARES Act Webpage](#)
- [Treasury PPP Overview](#)
- [Treasury PPP FAQs \(updated April 29, 2020\)](#) and [related NADA analysis \(updated April 29, 2020\)](#)
- [NADA PPP FAQs \(updated April 30, 2020\)](#)
- [NADA Preliminary Guidance on PPP Loan Use and Forgiveness \(updated April 23, 2020\)](#)

The above and more is also available online at the [VADA Coronavirus \(COVID-19\) Resource Center](#).

Lastly, as with all our messaging, understand the content in this message is not intended as legal advice. If you require legal advice, please contact your attorney. The content in this message reflects information at the time the content was created and, given the changing circumstances surrounding COVID-19, is subject to change at any time.

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**SBA issues Interim Final Rule, limiting aggregate amount single corporations can obtain through the PPP.**

Yesterday (April 30), the SBA issued an [interim final rule](#) (IFR), capping the aggregate amount single corporations can obtain through the PPP. Effective yesterday, “businesses that are part of a single corporate group shall in no event receive more than \$20,000,000 of PPP loans in the aggregate,” according to the IFR. The SBA indicates “businesses are part of a single corporate group if they are majority owned, directly or indirectly, by a common parent.”

The change comes as SBA and Treasury seek to expand access to PPP loans for eligible borrowers while understanding Congress appropriated a set amount of funding for the program.

Be sure to read updated [NADA PPP FAQs](#) (Question #27) for more on what the new rule means for your business.

If you did *not* receive a PPP loan, see new [IRS FAQs on Employee Retention Credit](#) under the CARES Act.

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**CDC and EPA issue guidance for business, others on cleaning and disinfecting.**

On Wednesday (April 29), CDC and EPA issued guidance for cleaning and disinfecting businesses, public spaces, and places of work and residence. The agencies indicate the guidance, linked below, is part of the [Opening Up America Again](#) guidelines the White House announced earlier this month.

- [Cleaning and Disinfecting Decision Tool](#)
- [Guidance for Cleaning and Disinfecting Public Spaces, Workplaces, Businesses, Schools, and Homes](#)

Also, CDC recently consolidated its online [COVID-19 related information for business](#). And don't forget about NADA material on [Dealership Health and Safety Concerns During a Pandemic](#).

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

Sincerely,

A handwritten signature in black ink that reads "Donald L. Hall". The signature is written in a cursive, flowing style.

Donald L. Hall  
President and CEO