



May 12, 2020

Greetings from VADA,

In this message, see that Virginia Department of Motor Vehicles (DMV) offices remain closed until further notice. Check out a helpful document from the VADA Group Self Insurance Agency (GSIA) on practicing safety during customer vehicle pickup and delivery. Watch or listen to the latest VADA High Octane Podcast, addressing state and federal governmental action in response to COVID-19. Read a valuable summary NADA provides of the federal loan options available to dealers. See the latest from the IRS plus an Interim Final Rule (IFR) the U.S. Small Business Administration (SBA) and U.S. Treasury issued, extending the safe harbor deadline for returning a Paycheck Protection Program (PPP) loan.

DMV offices remain closed until further notice.

The Virginia DMV has announced it will remain closed until further notice. On March 17, Governor Northam issued Executive Directive Seven, closing all 75 DMV Customer Service Centers (CSCs) in the Commonwealth — including DMV’s Military Circle Dealer Center in Hampton Roads — and suspending DMV 2 Go and DMV Connect locations statewide.

On April 23, the Governor [amended that directive](#) and extended those closures until May 11. It was at that point DMVs were expected to reopen to the public with limited operations. We learned yesterday that would not be the case.

In a notice on its [website](#), DMV assures the public it “is preparing to reopen with a thoughtful, phased approach in order to accommodate social distancing and ensure the health and well-being of customers and employees.” That will include appointments to minimize customer volume at DMV offices. Customers are encouraged to use online and mail options when possible.

We will keep you apprised of further information about DMV’s reopening. Understanding DMV’s closure has prevented many from taking the salesperson qualification test, we are working with the Motor Vehicle Dealer Board to expand testing capability without reliance on DMV being open.

VADA GSIA document provides suggestions for practicing safety during customer vehicle pickup and delivery.

Many auto dealers are now picking up and delivering vehicles as an added benefit to customers in response to COVID-19. While driver safety is a topic we often consider in normal dealership operations, this unique time requires an adjusted approach to handling a customer’s vehicle and keeping everyone safe. Every vehicle should be considered a potential “hot spot” because it is a confined area with many high touch surfaces. Read [this article](#) from the VADA GSIA and PMA Companies, designed to help your store practice safety while creatively meeting customer needs.

On the topic of safety, the U.S. Department of Labor (DOL) Occupational Health and Safety Administration (OSHA) recently translated [a poster](#) first available in [English](#) and [Spanish](#) to 11 additional languages. The poster includes “Ten Steps Workplaces Can Take to Reduce Risk of Exposure to Coronavirus.”

VADA Podcast: On the frontline for Virginia dealer advocacy.

In our latest episode of High Octane, we talk to Tommy Lukish, VADA's Legislative and Legal Affairs Manager. On the show, Tommy discusses both state* and federal guidance for reopening the economy.

Tommy also covers new IRS guidance for PPP loans, and insights on how VADA's legislative team — which includes Don Hall, Anne Gambardella, and Tommy — has adjusted and continues to press forward with government relations in the Virginia General Assembly when lawmakers meet in socially distant ways.

[Watch our latest High Octane here.](#) Or listen to High Octane on your podcast service of choice: [Apple](#) | [Google](#)

**This podcast was recorded prior to Governor Northam's release of [Executive Order 61](#) and corresponding [Guidelines for All Business Sectors](#), as the Commonwealth nears Phase I of its reopening plan: "Forward Virginia." Read part one of today's update for more on the Order and Guidelines.*

NADA provides summary of loan options available to dealers plus updated FAQs on the FFCRA.

Continuing its great work throughout the pandemic, NADA has provided dealers a valuable summary of loan options available to them. [COVID-19 Related Federal Support Programs Available to Dealers](#) breaks down each of the following with links to help your business.

- Paycheck Protection Program (PPP)
- Economic Injury Disaster Loan (EIDL)
- SBA Section 504 Real Estate Loans
- Federal Reserve Main Street Lending Program (MSLP)
- Employee Retention Tax Credit (ERTC)
- Tax Credits for Expanded Sick and Family Leave
- Other Tax Credits/Benefits

In response to [updated guidance](#) from the DOL on employee leave eligibility, NADA also revised its [FAQs on the Families First Coronavirus Response Act \(FFCRA\)](#).

See the latest from the IRS.

- The IRS is reminding employers affected by COVID-19 there are three tax credits available to them. They are (1) Employee Retention Credit, (2) Paid Sick Leave Credit, and (3) Paid Family Leave Credit. For questions about how to obtain that credit, click [here](#).
 - In updated [Employee Retention Tax Credit \(ERTC\) FAQs](#), the IRS has clarified that businesses can treat health plan expenses as qualified wages under the ERTC. That includes health plan expenses the business paid for furloughed employees. Remember, ERTC is *not* available to PPP loan users. However, the IRS has stated employers that repay a PPP loan by the new safe harbor deadline (May 14), are eligible (see [Question 45](#)).
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SBA issues Interim Final Rule on extension of safe harbor deadline.

Last month, the SBA and Treasury issued [FAQs](#) (Questions 31 and 37) about whether businesses owned by large companies — *e.g.*, public companies or those owned by private equity — with adequate sources of liquidity to continue operations qualify for a PPP loan.

The guidance indicated PPP borrowers should carefully review the required certification on the Borrower Application Form that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” SBA guidance and regulations further provided, “Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required

certification in good faith.” However, last week (May 5), the SBA extended this “safe harbor” deadline to this Thursday (May 14), as reflected in [SBA FAQs Question 43](#) and discussed in [our May 7 message](#).

It was expected the SBA and Treasury would issue an Interim Final Rule about the extension — they did so on Friday (May 8), and you can read it [here](#).

The IFR restates the agencies’ position that any borrower who misunderstood or misapplied the required “necessity” certification standard can return PPP funding by May 14 and be deemed to have made the certification in good faith. In the IFR, the SBA also indicates it will, in consultation with Treasury, issue further guidance before May 14 about “how SBA will review the required certification to help PPP borrowers evaluate whether they may have misunderstood or misapplied the statutory certification standard.” We will keep you posted.

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, slightly slanted style.

Donald L. Hall
President and CEO