



July 1, 2020

Greetings from VADA,

In today's memo, see that Virginia entered Phase Three of Governor Ralph Northam's "Forward Virginia" reopening plan today (July 1), and visit our [Reopening Phases](#) webpage for what's required of VADA member stores. Check out a webinar Dixon Hughes Goodman (DHG) conducted on the Paycheck Protection Program (PPP) considering the Paycheck Protection Program Flexibility Act (PPFPA). Read an article featuring McGeorge Toyota's community service during the pandemic. And, in case you missed it, watch the recorded VADA Legal & Legislative Update.

All of Virginia entered Phase Three today (July 1).

As indicated in our [June 24 memo](#), all of Virginia entered Phase Three of the "Forward Virginia" reopening plan today (July 1). To implement this change, Governor Northam issued [Executive Order 67](#) and corresponding [Guidelines for All Business Sectors for Phase Three](#). It is unclear how long Phase Three will last.

So what does Phase Three mean for the state's franchised new car and truck dealers? Visit our [Reopening Phases webpage](#) within the VADA Coronavirus (COVID-19) Resource Center. The webpage provides thorough analysis of Phase Three requirements for essential retail businesses—*i.e.* *service departments*—and non-essential brick and mortar retail—*i.e.* *sales and finance departments*.

Perhaps the biggest change from Phase Two to Phase Three is the elimination of a capacity limitation for sales and finance departments. Of course, the practical limitation of ensuring proper physical distancing in every dealership department remains, as do the requirements for face coverings for your employees and customers.

It is critical you review our full analysis of Phase Three on our website, as it could mean the difference between continued store operations and forced closure.

DHG does webinar on "Dealerships and PPP: Giving You the Answers You Want, and the Info You Need."

Yesterday (June 30), the accountants at Dixon Hughes Goodman presented "[Dealerships and the PPP: Giving You the Answers You Want, and the Info You Need.](#)" During the webinar, three DHG accountants gave thorough analysis of the PPP, as significantly amended by the Paycheck Protection Program Flexibility Act (PPFPA).

We encourage VADA dealer members with a PPP loan to review NADA resources about the program, such as:

- [The Paycheck Protection Program Flexibility Act of 2020: Impact on the Use and Forgiveness of Loan Proceeds](#) (webinar)
- [Analysis of PPP Loans: Use of Proceeds and Forgiveness](#)
- [CARES FAQs](#).

However, if you have lingering questions about the PPFPA and its impact on your store(s), or if you're seeking an accountant's point of view, the DHG is a valuable resource.

Lastly, as your dealer group, accountant, and legal counsel considers PPP loan forgiveness, remember there are two PPP loan-forgiveness applications:

- [Standard Forgiveness Application \(with instructions\)](#)
- [EZ Forgiveness Application \(with instructions\)](#)

The EZ Application is for borrowers who can demonstrate they:

- Are self-employed and have no employees; OR
 - Did not reduce the salaries or wages of their employees by more than 25 percent, and did not reduce the number or hours of their employees; OR
 - Experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of their employees by more than 25 percent.
-

***Henrico Citizen* features McGeorge Toyota's community service efforts during pandemic.**

Last week, Richmond area publication *Henrico Citizen* featured the community work of McGeorge Toyota since the coronavirus first impacted the Commonwealth. As [the article](#) notes, "The dealership gave \$20,000 to FeedMore, which equals more than 80,000 meals, then worked to help frontline workers by providing meals while the dealership was closed because of Gov. Ralph Northam's orders."

The article further mentions McGeorge Toyota's work with local restaurants and hospitals to assist both businesses and frontline workers. We thank the team at McGeorge Toyota and all VADA members, who continue to serve their employees, customers, and communities during this difficult time. Keep up the good work!

In case you missed it: Be sure to watch VADA's 2020 Legal & Legislative Update

Last Monday (June 22), VADA held its annual Legal & Legislative Update via Zoom webinar.

During the two-hour discussion, VADA's Legal & Legislative Team will provide thorough analysis of employment law changes, minimum wage, safety inspections, peer-to-peer vehicle sharing, dealer plates (specialty tags), the 2021 legislative session, expected changes due to COVID-19, COVID-19 legal considerations, and more.

Each topic covered is important to the franchised new car and truck dealers of Virginia, but the employment law changes — including several effective July 1, 2020 — made this year's update especially critical for you and your business.

If you missed it, we've divided the recorded webinar into three parts and made them available [here](#), along with the corresponding slide deck.

We do have one small edit to the presentation and recording. We have clarified with DMV that Virginia's new highway usage fee will not take effect until July 2022.

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

Sincerely,



Donald L. Hall
President and CEO