



May 18, 2020

DEALERSHIP INFORMATIONAL ADVISORY

COVID-19 Updates #25

NADA DIRECTOR'S REPORT

There is an enormous amount of information coming at each of you every day, and we wanted to take a little time to make sure every dealer is following the updates related to COVID-19 at [NADA's Coronavirus Hub](#).

NADA Director Ted Smith of Smith Ford in Conway is working closely with the NADA Board, Staff, and Chairman Rhett Ricart to ensure dealers are utilizing this tool and getting all the critical updates.

Of particular interest for dealers, see [NADA Chairman Rhett Ricart's video message](#) updating the steps dealers across the nation are taking help kick-start their local economies.

Also plan to watch the [NADA All Dealer Town Hall Meeting](#) this Thursday, May 21, from noon to 1 p.m. as NADA Chairman Rhett Ricart and NADA President and CEO Peter Welch host a virtual town hall.

Additional information from NADA includes:

NEW

NADA Updates CARES FAQs, Loan Certification Guide

Following additional guidance from the Treasury Department, NADA updated its [CARES FAQs](#) with important information on loan certifications.

NADA also updated its [analysis of question 46 of the SBA's FAQs](#); question 46 provides guidance for borrower certifications dealers have already made. Also see NADA's webinar, [Clarifying Guidance from SBA and Treasury](#).

NEW

DOL Issues Alert for Ride Hailing and Car Services During Pandemic

The Department of Labor announced [updated guidance](#), including FAQs, regarding the Pandemic Emergency Unemployment Compensation (PEUC) program authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act.

Safety measures include:

- Allowing drivers to wear masks to prevent spread of the virus;
- Providing alcohol-based hand rub (at least 60% alcohol) for drivers and customers;

- Routinely cleaning and disinfecting vehicle door handles and inside surfaces with EPA-approved cleaners;
- Limiting the number of passengers transported at a single time and installing plexiglass partitions between driver and passenger; and
- Encouraging drivers to report safety and health concerns.

NEW

One Major Industry Is Making a Comeback

The auto industry is one of the major sectors that is making a comeback. Tens of thousands of auto workers are returning to factories and dealerships in the next few weeks. The Associated Press estimates [more than 133,000 U.S. workers are expected to return to the automotive sector](#), not including the retail auto sector like dealership staff.

- Auto sales fell 46% in April compared to a year ago; forecasts predict a 30% decline in May.
- Sales have been juiced by incentives (0% financing for seven years).
- Pickup trucks are still in high demand (from January through April total auto sales were down 21%, but pickups were off only 4%.)

NEW

Coronavirus-Related Lawsuits Against Businesses Double

Since May 1 there have been more than 700 new lawsuits filed in state and federal courts against businesses including hospitals, airlines and cruise lines, fitness chains and the entertainment industry. Claims include exposure to COVID-19 and inadequate protection for workers.

Other lawsuits are related to the Paycheck Protection Program, employment discrimination and insurance coverage disputes. Senator Mitch McConnell said liability protection for employers must be included in the next round of pandemic legislation.

NADA provides multiple resources for keeping customers and employees safe. NADA urges all dealers to check guidance from the Centers for Disease Control and state health departments.

- NADA Lifeline Series Webinar (May 15, 2020): [Proactive Recovery: Comprehensive Planning for Reopening Dealerships](#)
- NADA Blog: [Managing Service Operations During Pandemic](#) and [What to Do If an Employee Tests Positive](#)
- FAQs: [Dealership Health and Safety Concerns During a Pandemic](#)
- Driven Guide: [Safely Operating your Dealership During a Pandemic](#)
- OSHA guidance: [Ten Steps All Workplaces Can Take to Reduce Risk of Exposure to Coronavirus](#)

Recorded Webinars in the Dealership Lifeline Series

Recordings of [all webinars in NADA's Lifeline Series](#) are available to NADA and ATD members 24/7, free of charge. The most recent webinars:

- Proactive Recovery: Comprehensive Planning for Reopening Your Dealership
- Clarifying Guidance from SBA and Treasury
- Payment Automation: Your Dealership's Continuity Plan
- How Digital Retailing Impacts Profitability

- Accelerating Automotive Trends that Google is Seeing in Times of COVID-19

Don't forget that all your critical coronavirus information is always as close as your computer at [NADA.org](https://www.nada.org).

SBA, TREASURY ISSUE PPP LOAN FORGIVENESS INFORMATION

Last night the Small Business Administration and the Treasury Department issued a Paycheck Protection Program (PPP) [Loan Forgiveness Application](#), along with detailed instructions and worksheets.

Dealership PPP borrowers will use the application to apply to their lender for forgiveness of costs properly incurred and payments properly made in conjunction with their eight-week forgiveness-covered period. Applications for PPP loan forgiveness generally will be made after (and maybe well after) a borrower's eight-week covered period; unless the forgiveness reduction provisions of the PPP are not at issue for a particular dealer, it is expected that forgiveness applications will not be filed until after June 30, 2020.

The new application, instructions and worksheet provide clarity on several, but by no means all, PPP loan forgiveness issues. For example, the new documents do not address the question of whether any floorplan interest payments will be forgivable. However, and importantly, SBA is expected to soon issue rules and guidance to further assist PPP loan forgiveness applicants and their lenders. NADA intends to issue comprehensive guidance and conduct a webinar on PPP loan forgiveness after the expected SBA rules and guidance are issued.

The application, instructions and worksheets are designed to reduce compliance burdens and to simplify the forgiveness application process by including:

- An alternative option for calculating payroll costs using an “alternative payroll covered period” that aligns with a borrower's regular payroll cycle.
 - Flexibility to include eligible payroll and non-payroll expenses paid or incurred during a borrower's eight-week covered forgiveness period.
 - Step-by-step instructions on how to perform the calculations required by the CARES Act to confirm eligibility for loan forgiveness.
 - Borrower-friendly implementation of the statutory exemptions from loan forgiveness reductions, including a “safe harbor” based on rehiring employees by June 30, 2020.
 - Addition of a new exemption from the loan forgiveness reduction for borrowers who have made good-faith, written offers to rehire workers that were declined or who have other former employees who departed under certain conditions.
 - A description of many of the documents that will need to be submitted in support of a forgiveness application.
 - PPP loan forgiveness will vary with the facts and circumstances of each individual loan and borrower. Consequently, NADA encourages dealership PPP borrowers to provide the application and accompanying documents to their legal and accounting advisors for careful review. (Again, note that additional forgiveness guidance will be forthcoming.) Considering the May 18, 2020, safe harbor deadline, borrowers with loan amounts of \$2 million or more may wish to have these documents reviewed by their expert advisors sooner than later. See NADA's [Certification Clarification](#).
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ADDITIONAL AND HELPFUL LINKS

Check out the Economic Recovery Task Force website, arkansasready.com. Included on this website are sources for PPE and a full Recovery Timeline, as well as information for both businesses and consumers. This should be a resource for all businesses and citizens to utilize.

For additional information related to maintaining your dealership as safe, we would recommend monitoring updates from the CDC, [link](#), and OSHA, [link](#).

Please go to our website for links to information your dealership needs at [AADA coronavirus update](#).

For more information about **safely operating a dealership during COVID-19**, please see NADA's [Dealership Health and Safety Concerns During a Pandemic FAQs](#) (which also includes several updated, useful links to additional information).

AADA will work to keep you updated on this situation, but a firm commitment to maintaining a safe and clean work environment for your employees and customers will help you navigate this health crisis.

If you have any questions about this bulletin please don't hesitate to call, 501-372-2596, or email Greg Kirkpatrick greg@arkautodealers.com.