



June 5, 2020

DEALERSHIP INFORMATIONAL ADVISORY

COVID-19 Updates #28

PPP News, Main Street Lending Program, and More

PAYCHECK PROTECTION PROGRAM UPDATES

PAYCHECK PROTECTION PROGRAM FLEXIBILITY ACT

This morning, Friday, June 5, 2020, the President signed into law the Paycheck Protection Program (PPP) Flexibility Act of 2020, which makes several significant modifications to the PPP provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Highlights included, but not limited to:

1. Extends the covered period for forgiveness from 8-weeks to 24-weeks and as ending on 12/31/2020;
2. Reduces from 75% to 60% the percentage of forgivable expenses that must be allocated to payroll cost;
3. Provides for an alternative partial forgiveness reduction in the event an employer is not able to rehire or replace employees that left during the pandemic or the business is not able to return to a pre-COVID level of business activity;
4. Repeals the provision of the CARES Act that barred PPP forgiveness recipients from deferring employer payroll taxes.

These modifications are important to dealers who have applied for and received PPP loans and who intend to have their loan proceeds forgiven. A revised version of NADA's document entitled [*PPP Loans: Use of Proceeds and Forgiveness*](#) lists the new PPP Flexibility Act modifications and reviews important issues involving the use and potential forgiveness of PPP loan proceeds.

Additional SBA/Treasury guidance will be forthcoming. For now, AADA is recommending that dealers with PPP loans put off applying for forgiveness until after consulting with their legal, accounting, and banking experts regarding how these new modifications will apply to their specific circumstances.

PPP FORGIVENESS LOAN APPLICATION RELIEF

AADA has joined with other associations in requesting the Department of Treasury simplify the PPP forgiveness application process. The current application is 11 pages long - versus a two-page loan application - and is exceedingly complicated.

CPA's that are preparing these applications are reporting that it is taking an average of 3-4 hours to complete. This will likely be an even longer process for dealerships attempting to complete the application forms on their own.

AADA will keep you updated as this process gets more clarification.

FED TO LAUNCH THE MAIN STREET LENDING PROGRAM

The Federal Reserve created the Main Street Lending Program (MSLP) to provide \$600 billion in financing for small and medium-sized businesses. The Federal Reserve Bank of Boston [released several documents for the MLSP](#), along with revised FAQs. These revised FAQs provide more answers about the MSLP design, borrower eligibility and regulatory requirements. The program is expected to launch in the coming days.

[NADA's updated MLSP FAQ's](#) reflect these recent developments.

Using funds appropriated under the CARES Act, Treasury will make a \$75 billion equity investment to implement the program.

- This investment will enable up to \$600 billion in new financing for businesses with up to 15,000 employees or \$5 billion in 2019 annual revenues.
- This Main Street initiative aims to help 40,000+ medium-sized businesses and complements the relief efforts already in place—the Paycheck Protection Program, Employee Retention Credits and Economic Impact Payments—while protecting taxpayer funds.

CHANGES TO THE NADA CORONAVIRUS HUB

As you know, NADA has produced a tremendous amount of resources to help dealers and their operations during the coronavirus pandemic.

A prolific source of information has been the NADA regulatory affairs team, by way of guidance, analysis, interpretation and explanation. The regulatory affairs group has recently worked with the NADA public affairs folks to reorganize all of the regulatory compliance materials on the NADA Coronavirus Hub.

The trove of materials is now organized by “Information” and by “Key Documents.” Hot links lead you to every individual item/resource. The site and the links will be updated continuously; bookmark the address and click on the links as you need them for the latest versions of everything CARES Act, SBA, PPP, Tax Relief and more. Please check it out here: <https://www.nada.org/coronavirus/regulatory/>.

This resource is one that each dealer should be utilizing.

OSHA ADDS REQUIREMENT FOR COVID-19 REPORTING

Reversing an April, 2020 guidance, the Occupational Safety and Health Administration on May 26, 2020 issued a revised enforcement guidance that could make COVID-19 a recordable illness if it involves one or more of the recording criteria including hospitalization or death and is work-related.

Since January 1, 2015, new car dealers are subject to OSHA reporting ([CLICK HERE](#)).

In determining if an employer has complied with this guidance, OSHA says that "employers, especially small employers, should not be expected to undertake extensive medical inquiries, given employee privacy concerns and most employers' lack of expertise in this area."

The following guidance was offered to assist in determining the work-relatedness of COVID-19 cases among employees for OSHA recording purposes:

- COVID-19 illnesses are likely work-related when several cases develop among workers who work closely together and there is no alternative explanation;
- an employee's COVID-19 illness is likely work-related if it is contracted shortly after lengthy, close exposure to a particular customer or coworker who has a confirmed case of COVID-19 and there is no alternative explanation;
- an employee's COVID-19 illness is likely work-related if his job duties include having frequent, close exposure to the general public in a locality with ongoing community transmission and there is no alternative explanation;
- an employee's COVID-19 illness is likely not work-related if she is the only worker to contract COVID-19 in her vicinity and her job duties do not include having frequent contact with the general public, regardless of the rate of community spread;
- an employee's COVID-19 illness is likely not work-related if he, outside the workplace, closely and frequently associates with someone (e.g., a family member, significant other, or close friend) who (1) has COVID-19; (2) is not a coworker, and (3) exposes the employee during the period in which the individual is likely infectious.

If an employer conducts a reasonable and good faith inquiry into the above and is unable to determine whether it is "more likely than not that exposure in the workplace played a causal role with respect to a particular case of COVID-19," the employer is not required to record the COVID-19 illness.

Please ([CLICK HERE](#)) for a copy of the guidance. AADA will keep you updated as more information is available.

UPCOMING NADA LIFELINE SERIES WEBINAR

NADA's lifeline series will tackle expense reduction and technology advancements over the next week. Below is the schedule for the upcoming webinar:

- [The Bridge to the Future of Automotive Retail](#) **Wednesday, June 10, 12 p.m. (noon) - 1 p.m.** Dealer Rick Ricart, an early pioneer in remote selling, and Joe St. John, head of digital retail at AutoFi, will break down how dealers can respond to the current market conditions to thrive with digital sales and financing.

ADDITIONAL AND HELPFUL LINKS

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.