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Building local businesses,
one opportunity at a time.

April 7, 2020

National Governors Association
444 N Capitol Street NW
Washington, D.C. 20001

Dear Governor,

Governors, along with state agencies and legislators across the country are leading the charge against the COVID 19 pandemic. At the time of this letter, the majority of states have closed non-essential businesses. To ensure that franchisees are able to recover from the unprecedented economic burden created by COVID 19, the International Franchise Association (IFA) urges states to implement an emergency forbearance and rent abatement program.

IFA is the world's oldest and largest organization representing franchising worldwide. IFA protects and promotes franchising and the more than 733,000 franchise establishments that support nearly 7.6 million direct jobs, \$674 billion of economic output for the U.S. economy, and 3 percent of the Gross Domestic Product (GDP). IFA members include franchise companies in over 300 different business format categories.

The franchise business model includes both franchisors and franchisees, who operate as small, often family-owned businesses in every state. The ongoing pandemic has created new and unforeseen financial burdens for these small businesses that must be managed in the midst of an increasingly untenable business climate. Franchisees in business lines that have been deemed 'non-essential' and forced to closed have experienced an abrupt reduction of revenue.

Prior to the pandemic, franchisees operated as healthy businesses providing products to the benefit of Americans in every state. The dire economic downturn created by the pandemic will significantly inhibit franchisees' ability to make regular payments to property owners. In turn, franchisees now face the possibility of eviction, risking their employees' jobs, reducing work for their suppliers, and further compounding economic issues.

Congress has enacted a measure providing much needed capital and support to franchisees. However, the measure's positive impact on the economy will require time that many franchisees simply cannot afford. Given the unprecedented disruption of the economy, states must implement immediate measures to ensure relief for franchisees, prevent the loss of countless jobs, and protect against vacancies and defaults in communities across the country.

An emergency forbearance and rent abatement program will preserve franchisees' ability to recover from mandated store closures that have eliminated revenue streams, limited operating hours, and shuttered otherwise healthy businesses. IFA urges all Governors to issue Executive Orders prohibiting landlords from terminating a tenancy or evicting a tenant for a 90-day period. Additionally, IFA requests rent payments be abated during this same period. At the conclusion of the 90-day period, should economic conditions warrant, states could choose to extend the forbearance period. At the end of this emergency rent abatement period, tenants and landlords will negotiate the terms of continued occupancy.

In times of crisis, states must implement strong measures to protect their residents and local business owners. We encourage all states to look to the actions of New York and Arizona as guidance, where Governors have already issued executive orders explicitly prohibiting evictions and foreclosures against tenants of commercial property for 90 days. Rent forbearances and abatements, combined with important actions by the Federal Reserve and Treasury Department to provide liquidity and credit to businesses of all types and sizes, are critical to ensuring a robust economic recovery.

IFA stands ready to provide additional information and answer questions at your request. We look forward to working with state governments to benefit their residents moving forward.

Best Regards,



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