NMTC Basics: Key Players that Qualified Businesses Should Know and How to Leverage Sources

With the upcoming allocation round of the new markets tax credit (NMTC) looming, now is a great time for qualified active low-income community business (QALICBs) to know the important roles in an NMTC transaction as well as potential ways to leverage the sources in their capital stack. In this week's Tax Credit Tuesday podcast, the second of a three-part NMTC series, Michael Novogradac, CPA, and Novogradac partner Amanda Read, CPA, identify and define those important roles, including the Community Development Financial Institutions (CDFI) Fund, community development entities (CDEs), accountants, lawyers and more. Later, they define and discuss how QALICBs can leverage different sources of financing such as "soft money," capital campaign dollars and bank debt to maximize the tax credit financing that they can generate from a CDE.

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Transcript

[00:00:11] **Michael Novogradac, CPA:** Hello, I'm Michael Novogradac and this is Tax Credit Tuesday. This is the Sept. 13, 2022, podcast. In today's podcast, we're going to continue our trilogy on the new markets tax credit.

Last week, we began the trilogy with an episode that focused on two key points: First, how a business can qualify for below-market, new markets tax credit financing and second, how qualifying businesses can attract such financing from community development entities, which are the finance intermediaries that provide the financing.

Today, we'll continue that discussion by helping those qualified businesses in search of project or business financing to better understand the key players in the new markets tax credit financing. We'll also discuss how qualified businesses leverage different sources of financing in order to maximize the tax credit financing that they can generate from a community development entity.

While this episode will primarily focus on qualified businesses looking for NMTC financing, the discussion will also be useful to investors, lenders, community development entities and other new markets tax credit participants because much of what we're covering in the episode this week applies to the work that they do.

Now, as we went over last week, new markets tax credits are a critical source of gap financing and we at Novogradac get calls from many businesses seeking new markets tax credit financing. The new markets tax credit was created in the year 2000 and is currently authorized at $5 billion a year in equity issuance authority through the year 2025. Since the NMTC is extended through 2025, new markets tax credit businesses, CDEs and other players can plan now for the upcoming allocation rounds.

Joining me today is my partner, Amanda Read, from Novogradac's Cleveland, Ohio, office. Now, many of you know Amanda from our workshops and conferences, as well as previous appearances on Tax Credit Tuesday in which she discussed the Capital Magnet Fund and CDFI certification. She is one of Novogradac's leading experts in new markets tax credits, helping businesses qualify for new markets tax credit financing by providing a slate of services, including financial modeling, compliance and, particularly important for today's discussion, transaction structuring, among other specialties. Amanda works with many qualified business clients to help them close financing gaps.

We have a lot of ground to cover today, so if you're ready, let's get started.

[00:02:51] **Michael Novogradac, CPA:** Amanda, welcome back to Tax Credit Tuesday.

[00:02:54] **Amanda Read, CPA:** Thanks, Mike. Happy to be back.

Roles in New Markets Tax Credit Financing

[00:02:57] **Michael Novogradac, CPA:** So, let's start with the basics for listeners who may be new to the new markets tax credit. Now, some of this is going to overlap a bit with last week's podcast, but not too much, I don't expect. Let's start with the key players. If you could explain the role of some of the key players in new markets tax credit financing.

[00:03:19] **Amanda Read, CPA:** Sure. So, first of all, I think where it all begins and starts is the Community Development Financial Institutions Fund and we call that CDFI Fund for short. And then next, probably, is the most important, is community development entities or CDEs, which we'll discuss those. Then, obviously, consultants and accountants are very important. You need them both in every deal. Next, I would say qualified businesses, we call those QALICBs for short, which stand for qualified active low-income community businesses, but for this purpose, we'll call them qualified businesses. Next, obviously, and very important is a tax credit investor, which we'll go over. Lastly, we obviously need lawyers on every deal and they're very important. And also we're going to talk about leverage lenders and their role in the deal.

[00:04:08] **Michael Novogradac, CPA:** So, thank you for that, Amanda. That's a good overview of the key players or key roles in the new market tax credit transaction. And last week, we did spend a lot of time talking specifically about the various rules that a business or operation, because nonprofits are qualified, too, must satisfy to be eligible for new market tax credit financing.

Now, before we go further today, I did want to start and go through your list of roles. And we'll start at the top. As you mentioned, any new markets tax credit financing starts with an allocation of the right to issue equity for what you can generate with new market tax credits. And that allocation comes from the Community Development Financial Institutions Fund. So maybe you can expand on the role of the CDFI Fund and new market tax credit financing.

[00:04:59] **Amanda Read, CPA:** Sure. So, the CDFI Fund, they are in the Department of Treasury and they are the ones that administer the new market tax credit program. So, they are the organization that annually will release the new market tax credit application. And then also, for any community development entities that win an award, they are also the organization that will handle all of the annual compliance with those entities. They're also basically any amendments to allocation agreements or any issues a CDE might have during the compliance period, they would be the organization you'd be reaching out to.

[00:05:36] **Michael Novogradac, CPA:** Thank you for that. And as listeners know from last week, and I know that you're paying very close attention to Amanda, we are in the middle of an allocation round and we do expect an award announcement in the coming weeks.

[00:05:49] **Amanda Read, CPA:** Yes, for sure.

[00:05:53] **Michael Novogradac, CPA:** So, now, let's go to the concept of a community development entity, and that is a term of art that's in the tax code. The new market tax credit code Section 45D creates a concept of community development entity. And they're the finance intermediary for new market financing. Maybe you could explain a little bit more for our listeners what a community development entity is.

[00:06:20] **Amanda Read, CPA:** Yeah, so the community development entities are the actual organizations that will apply for the new market tax credit allocation authority. That's what it's called. And so, like I said, we usually call them CDEs for short. They are the ones that are applying and if they are awarded tax credit allocation authority, then the CDEs are the entities that are required to disperse that allocation down into qualified businesses in the form of a loan or an equity investment are the two kinds and they will be the ones that will work with the businesses. And, like I said, they are also the entities that have to do annual compliance with the CDFI Fund every year. And they're the real key intermediary in this transaction.

[00:07:03] **Michael Novogradac, CPA:** So, can you give some examples of the types of finance companies that apply and become a community development entity?

[00:07:12] **Amanda Read, CPA:** Yeah, they can be, you know, an entity or a division of a bank. They can be nonprofits, any kind of community organization. There's a wide variety of entities that can apply to be CDEs. It can be all the way from some form of a financial institution and they have an entity that they want to be a CDE, or it can be nonprofit community organizations or even local housing–not housing agencies–local agencies within like a city or state or something like that.

[00:07:44] **Michael Novogradac, CPA:** Yeah, I would encourage our listeners, if they're thinking of becoming a CDE and thinking of applying for new market tax credits to reach out to Amanda or another Novogradac professional because there is a wide diversity in types of entities that are CDEs and apply every year for new market tax credit awards.

But let's not go down that tangent. There's a lot that we could go on that tangent. We have other podcasts where we've talked about that as well as webinars and the like for entities thinking of applying because once this next round of awards come out, we expect soon thereafter to have an opening of another round.

[00:08:24] **Amanda Read, CPA:** Yep, yep.

[00:08:25] **Michael Novogradac, CPA:** But let's continue to move through the list of players or roles. And we've talked about the CDFI Fund and the key role of players. You've talked about CDEs, the financial intermediaries. And then third, you mentioned accountants or consultants. So maybe you could explain the role that accountants or consultants provide in a new market transaction, particularly with respect to qualified businesses. I know you work with some qualified businesses, so maybe you could discuss the role and the services you provide to such businesses.

[00:08:59] **Amanda Read, CPA:** Absolutely. Accountants and consultants are very important because we can pretty much help with every part of a new market transaction, a tax credit transaction. Like Mike was saying, from even a CDE's perspective, we help the CDEs with any part of it, starting with the new market tax credit application. And then if they receive an award, we can also help with all the transaction structuring, financial forecast services and we also help the CDE with annual compliance with the CDFI Fund, if they need it. So that's from the CDE perspective. From a qualified business' perspective, you can definitely reach out to us, even in the beginning, to help.

We can help determine whether you are a qualified business. I know that was discussed last week on the podcast as well as how to determine if you even are a qualified business. There's lots of ways to be a qualified business. You can be located in a qualified census tract and be in the right geography location, or you can even use something called a targeted population requirement, if you're not in a qualified census track and you could still be qualified, so it's very important to reach out to us in the beginning to even determine whether you're qualified or not. And also, we can evaluate your project and determine how attractive you could be to CDEs, because that's very important for your business, for your project, as well as you want to seem as attractive as possible to the CDEs because obviously they are getting tons of calls and the program is very oversubscribed, so you want to put yourself in the best position possible. When you reach out to us, we can kind of help evaluate all those parts of your project from the beginning and also, we can be looking at things like your sources and uses and your budget and helping with any transaction structuring that is needed kind of in the beginning of a deal before you even talk to CDEs. So, I think in all those different scenarios, we can be there to help and so, I think it's very important to get an accountant involved very early on and reaching out to us as soon as possible so we can assist you guys.

[00:10:56] **Michael Novogradac, CPA:** Great. Thank you for that. In our list of roles or players, next we have qualifying businesses, which really is the central purpose. At some level, new market tax credit financing is all about the qualified business and the concept of the qualified business operation is to benefit low-income communities and populations, so that is the centerpiece of new market tax credit financing.

Maybe you could give some examples of the types of businesses or operations that you work with as clients. And I mentioned operations and businesses. I emphasize operations because a nonprofit entity may not technically be a business, from a tax credit perspective, but it is an entity that's eligible for new markets tax credit financing.

[00:11:48] **Amanda Read, CPA:** Yeah, and we work with a wide variety. Like you said, you could be an actual business where you're producing an actual product, like a manufacturing facility, one that's even going to produce solar panels or any other kind of a product. A lot of times with manufacturing facilities, they're very attractive or any kind of business like that, because they're hopefully generating a lot of jobs which could be accessible hopefully to low-income people.

But you can also be, like Mike said, a nonprofit that is providing services to the low-income communities and low-income people. So, a lot of examples that, you know, I've worked with even recently is community centers, there's libraries, a health care facility, food bank, a restaurant, a charter school, a museum, grocery stores. You know, there's a wide list of–that's not even at all-inclusive list at all, but that's just a wide list of the types of projects that could qualify for new markets, either providing products and jobs or even services to people.

[00:12:44] **Michael Novogradac, CPA:** Your answer to that last question really highlights one of the strengths to the new market tax credit program or incentive and that is that it does cover a broad range of activities in low-income communities, serving low-income persons, as well as those outside of low-income communities that are deemed to be in a low-income community by virtue of serving targeted populations.

And you did mention the targeted populations earlier. And I'll note to our listeners, we have a podcast on that with our partner, Brian Hung, from a number of weeks ago. So, if you're interested in that, please go back and listen to that podcast.

But one of the strengths of new market tax credit financing is that it can be a wide range of activities. Maybe you could mention, and we covered this last week, but there's only a handful of areas where you're not eligible, one of which is residential rental. You can do mixed-use with some being residential rental, but it can't be over 80% residential rental, but there's also what are called sin businesses. Maybe just note those, even though I don't suspect we have too many listeners who are running a "sin business."

[00:13:57] **Amanda Read, CPA:** Yes, the sin businesses, which we definitely would never see because they don't qualify. They are a golf course facility, a massage parlor, a suntan facility, a hot tub facility, a racetrack or other gambling facility and a liquor store.

[00:14:11] **Michael Novogradac, CPA:** Thank you for that. And yes, we would not see those because those activities aren't eligible, even though you do end up from a structured perspective, having to deal with nuances, such as a hotel that has a spa that gives massages, but I'm open to all those structuring issues. That's why you have CPAs and why you have attorneys, which we'll talk about more in a moment.

But let's turn now to another role or player in a new market tax credit financing. And that's the tax credit equity investor. Please explain to our listeners the role of the tax credit equity investor and why the concept exists.

[00:14:57] **Amanda Read, CPA:** Yes. So, the tax credit equity investor is obviously needed to purchase the tax credits. And a lot of times they are needed in a deal because usually in a deal there's a debt provider and an equity provider and in a perfect world, they would be the same entity and be the same person. But in a lot of these deals, we see that it makes better sense to have different entities provide each one, so you have a debt investor that is looking for cash repayment and cash flow via the repayments.

And then you need an equity investor who is looking to purchase the credits and other economics in the deal. And so, a lot of times, in these deals, you see that they are not the same entities. And so in that scenario, it is needed that you need to have two different entities. So, we have the tax credit investor who is going to come in to purchase the credits and is there for other economics as well. In a lot of these deals, the CDE is going to play a key role in that and they will be the entity that is helping bring the tax credit equity investor to the deal. Usually, it's not very hard to find a tax credit equity investor. That's the easy part. But the CDEs are usually the party that helps bring that to the table.

[00:16:16] **Michael Novogradac, CPA:** Great. Thank you for that. I do remember back in 2000 when the new market tax credit was enacted, initially, when we were looking at structuring investors, we anticipated that the equity investor and what you call kind of the debt investor, would be the same. When you think about a CDE, it will end up getting an investment of dollars and for that investment, you get tax credits and then you also get a return of capital and annual income or distributions, so an investment in a CDE has two pieces: A tax credit piece and a cash flow economics piece. And when we went to a number of institutions, even when we had an institution that wanted to do both the debt and the equity pieces, or they wanted the tax credits and they wanted the cash flow, there were different parts within the institution that were interested in the pieces. And that's what led this whole concept of a leverage structure where a CDE will go out and borrow some money and bring in some equity investors so you could bifurcate the economics of the transaction.

But we'll talk about that more in a moment, but as a next segue, let's talk about the role of a lawyer in a new market transaction. And I'll say even more, maybe you can talk about the importance of having a lawyer with experience in new markets tax credits financing.

[00:17:50] **Amanda Read, CPA:** Yes, and I was totally going to bring that up. So yeah, obviously, you need a lawyer in these deals no matter what. It is very, very advantageous of a business to be using a lawyer that has done a new markets deal before. I know when I'm talking to businesses at the beginning of a transaction and if they haven't engaged legal counsel yet, I will always be recommending attorneys that I know we've worked with a lot and that I know have experience doing a deal. If you have a complicated transaction, even if you don't have a complicated transaction, it is very important to try to get these before. They'll be used to all the documents and how things, what kind of caveats need to be in the different documents and it'll make the transaction cost not be as absorbent as I've seen on deals where maybe legal counsel wasn't familiar with new markets.

[00:18:37] **Michael Novogradac, CPA:** Yeah, I think familiarity is very important.

[00:18:40] **Amanda Read, CPA:** Yes.

[00:18:41] **Michael Novogradac, CPA:** Pairing it with new market cash credits for attorneys and accountants, as well, obviously, consultants by definition. If you're using a consultant, they will have experience with new markets, but in terms of professional advisers, having experience is critical.

[00:18:57] **Amanda Read, CPA:** Yeah, and I usually tell the businesses, I mean, it's to look out for, you want your attorneys to be looking out for you. And so, if you don't have one that knows new markets, they might not be looking out for you as well as somebody that hasn't done this before. So, it's very key.

[00:19:12] **Michael Novogradac, CPA:** And with that experience, if there's a potential landmine–

[00:19:19] **Amanda Read, CPA:** Yes.

[00:19:20] **Michael Novogradac, CPA:** They are more likely to identify it and address it in advance and most issues you can work around. If you identify it in advance, if you don't identify it in advance, then it can be problematic later.

[00:19:32] **Amanda Read, CPA:** Yes, for sure.

Leveraging Sources

[00:19:34] **Michael Novogradac, CPA:** So now the last role that you listed when you listed your list of players and roles was in somewhat the heart of our discussion was the leverage lender or leverage financing sources.

And you touched upon it, but maybe before we talk about leverage lender, maybe you could explain to our listeners the concept of leverage financing, maybe build out your prior explanation.

[00:19:57] **Amanda Read, CPA:** Yeah. So, like we were saying before and in an ideal scenario, you have one entity that can provide both the debt and the equity, but in a lot of these transactions, it benefits the project as well, as we'll go into later, with some of the different sources that you can use as a leverage loan. In a lot of instances, it's a lot easier and better for both the project and gives the project probably better benefits if the debt investor and the equity investor are not the same entities because maybe you're getting more lenient kinds of sources, which we'll discuss later. And that would be a better use to use as the leverage loan than potentially using one entity that can do both.

So, for that reason, like Mike mentioned, we need to kind of, if you have a debt investor that is looking for pure cash and loan repayment and then you have an equity investor that is really looking to receive the credits and other economics in the deal, it is necessary to really bifurcate those two entities.

And so that's where this concept of the leverage structure kind of came along is this concept that we can have one entity that can house the debt investor and the equity investor who will be different parties in almost all the deals you see.

[00:21:11] **Michael Novogradac, CPA:** So, looking at it from the standpoint of a qualified business: Here I am. I'm a qualified business and I have identified a CDE that has received a new market tax credit allocation from the CDFI Fund. And I identified my accountant, second, I'm going to work with, and the CDE itself has identified a tax credit equity investor who's interested in this transaction. I have my attorney lined up. And now the piece that I'm still waiting on is who the leverage debt's going to be? Which entity's going to take the cash flow aspect of this new market tax credit financing? Who generally identifies the leverage lender?

[00:22:01] **Amanda Read, CPA:** So, from my experience, it's usually the qualified business that will identify the leverage lender because they are in the best position to do that. They are the ones that are basically raising the financing. They're the ones who know their budget, obviously, inside and out. And they're most aware of the sources that are available to finance their business. So, in those cases, they are just usually in the best position to be the entity that identifies who the leverage lender's going to be.

[00:22:32] **Michael Novogradac, CPA:** And then I'm sure a lot of our listeners are thinking, well, I need to identify a leverage lender. I'm looking at my various sources of financing and it seems like a bank is a natural place to get that leverage loan. Maybe describe the role and how often banks serve as leverage lender.

[00:22:53] **Amanda Read, CPA:** Yeah, we definitely see banks being leverage lenders. Again, I think there was a period of time I didn't see them in my experience as much, but obviously they're still very active in a lot of these deals. You know, you can go to a bank sometimes and get a seven-year loan and they can be the leverage lender. They are in a lot of new market transactions. I would say there's some form or some piece of bank debt in I would say 80% of the transactions I do. So, they might not be providing the full leverage loan, but there's usually always a bank debt piece of it in a lot of these deals.

And the good news is bank debt is usually pretty easy to leverage. I will admit that, once again, like we were talking about with attorneys, if you're trying to use bank debt for leverage, it does really help to have a bank that has done a new markets deal before and kind of been involved and know what the leverage lender, what being a leverage lender means. There are rules and stipulations of being a leverage lender that a bank that's been doing this before is going to be no problem. A bank that hasn't done it before just could be a little, might have to do a little more educating. But they're very easy to leverage. But a lot of times in these deals, we do see other sources that is not just bank debt.

And so, stuff like capital campaign dollars and various soft money such as city and state loans and stuff like that, those tend to be in a lot of these deals as well. And they are very good to leverage as well, taking other things into consideration. And I know, I think we're going to talk about those.

[00:24:27] **Michael Novogradac, CPA:** Yeah, let's talk about some of the other sources of leverage financing. Now let's start with nonprofit organizations. You know, many new market tax credit financings are of operations run by a nonprofit organization. And those nonprofit organizations have capital campaign dollars or they're raising capital campaign dollars and that can sometimes be a source of leverage financing. So maybe you could discuss how organizations or what organizations need to know about using capital campaign funds for the new market tax credit leverage financing.

[00:25:06] **Amanda Read, CPA:** Sure. So, nonprofits very often are doing a capital campaign and, like Mike mentioned, that's obviously a huge part of them. So, but usually, as they're doing it, a lot of the times, their donations are going to be set to come in over time, sometimes many years. They usually don't have all the donations upfront.

So, for a new market transaction to work, you have to have cash at closing. It has to be actual cash. So, a lot of times the nonprofit knows that they have donations coming in, but they don't actually have all the cash on hand at closing. So, in that case, what usually happens is a bank will provide a bridge loan to the nonprofit, again, at closing, against some future pledges. So, they will provide all the cash needed against some future pledges of the nonprofit.

One thing I would just mention to consider, if you're a nonprofit thinking of this, is banks usually will have an advance rate that they advance against the pledges. It's not usually dollar for dollar against a pledge, so that's just something, as you're thinking about that and when you talk to a bank, they'll tell you how much against each kind of a pledge they would give you as an advanced rate. So just, you know that going in, but it makes it very nice and very accessible for nonprofits then to do a new market transaction.

[00:26:22] **Michael Novogradac, CPA:** Thank you for that. Now let's turn to other types of leverage financing. We've talked about capital campaign dollars. We've talked about bank debt and then there's other sources of financing a business can have, particularly what is often referred to as soft financing, basically other government loans or grants. Maybe you could talk about the role that soft financing can play in arranging leverage financing.

[00:26:52] **Amanda Read, CPA:** Sure. Soft money is usually a great source to use to leverage. It's nice because a lot of the soft money can come from government agencies that the government agency wants to incentivize investment in a particular area. So, they will be providing this "soft money" as we call it. And it's great because it's also one of the stated goals of new market tax credit is investing in these particular areas. So soft money is very nice because the beauty of soft money is it has very lenient repayment terms. A lot of times, the repayment is almost through only cash flow in some of these deals. And it's even nice because if you look at like the cash waterfall, sometimes they're even very low on the cash waterfall, so you don't have to repay it until a lot of your other stuff has been paid sometimes.

They usually can carry a very low or below market, I would say, interest rate. They could carry market though, too, sometimes. I wouldn't say it's a guarantee, but there is a lot of times where they carry a below-market interest rate. But the repayment terms is what make it very nice compared to hard bank debt, as we call it, because those are very fixed. You have to make these payments. They're not through cash flow, so it makes it very nice and advantageous for a business to try to get different kinds of soft money.

The one thing I also tell people is that we do need to make sure, though, when we're trying to use different kinds of soft money to review the agreements for those different kinds. We just have to review them and make sure that we're able to use them as leverage. There are times where, maybe even though you're getting that soft money, a business might not be able to leverage it. So, I just always start out by asking the business to send me the agreements for any kind of soft money they're receiving so we can go through it and make sure we don't see any issues.

[00:28:43] **Michael Novogradac, CPA:** And that's really important, the notion or the concept or the realization that a business may be receiving some type of soft financing, some type of soft debt, if you will. And if that business wants to use that soft debt as a leverage financing, they need to ensure that the terms of the soft financing debt agreement allow it to be used as leverage financing.

And I know here at Novogradac, we're constantly working with new sources of government financing, federal, state or local, that you end up not having any experience with individually as that financing serving as a leverage loan. And you have to end up working with the state and local or federal agency to confirm that it can service that leverage loan.

[00:29:42] **Amanda Read, CPA:** Yes, we have had to talk to agencies before and kind of educate them a little bit and make sure that what we're doing is OK with what, with the loan that they're providing.

[00:29:53] **Michael Novogradac, CPA:** And when we talk about soft financing, we're generally thinking of, we are thinking of debt financing with the "soft" being the fact that the repayment terms are softer, oftentimes payable out of cash flow, as opposed to other types of financing, which we think of as hard, which is you have to make periodic payments on scheduled dates.

There's also, many businesses are also eligible to qualify to receive grant dollars. And I should say businesses or operations because, as I mentioned earlier, nonprofits are eligible businesses for purposes of new market tax credits if they meet the various requirements that we discussed last week.

So, if I'm an eligible business or operation that qualified to receive grant dollars, then there's the potential for those grant dollars to provide some portion of the leverage financing. How often do you see grant dollars repurposed in NMTC fundings?

[00:30:53] **Amanda Read, CPA:** I'm seeing it more often than I did before. I think that probably with COVID and a lot of other things, there are businesses that are getting probably sometimes more grant dollars than they were. So, I am seeing it more often. And, like you said, it's just about looking and seeing if they can be somehow repurposed into a loan that could be used as leverage. So I definitely think if you think you have grants in your deal, important to try talk to us and we can look and see and see if there is a way that those could be used for leverage.

[00:31:26] **Michael Novogradac, CPA:** So before closing on leverage sources or leveraging sources in NMTC structures, do you have any other comments or something that listeners should be sure they're aware of?

[00:31:35] **Amanda Read, CPA:** I think I just want to let listeners know to just be aware that there are *many* different ways to structure a new market transaction. I have structured many, many transactions in different ways and I would just say reach out to the professionals, reach out to us and we can help you start on your project, help you with it pretty early on. And so, that would be my advice is don't think that your project can't qualify. Reach out first because I've seen many, many things qualify.

[00:32:04] **Michael Novogradac, CPA:** So, if I am a business looking to serve low-income communities or low-income populations and I haven't used new market tax credit financing before, which is actually the case of most businesses in this tax credit financing, what words of advice would you have for me beyond what you've shared already?

[00:32:23] **Amanda Read, CPA:** I would say just reach out, let us look at it. Be patient. I know a lot of times with new businesses, the new market transactions, there's a lot of nuances to them and I think sometimes new businesses get a little overwhelmed. But I always tell businesses that the most important thing to do is surround yourself, even if you've never done a deal before, surround yourself with people that have done the deal before or done a new markets deal and then it won't be so hard on you because you will have surrounded yourself with people that know what to look out for and are out there to help you. So that's what I always tell people is like don't get overstressed by it and just try to surround yourself with very educated people around you that have done it before.

[00:33:10] **Michael Novogradac, CPA:** That's great advice, Amanda. Thank you for joining me for the podcast this week.

[00:35:15] **Amanda Read, CPA:** Thank you.

[00:35:16] **Michael Novogradac, CPA:** Please do stick around for our Off-Mike section at the end of the podcast where I'll get to ask you some fun off-topic questions to seek some tips or words of wisdom from you.

To our listeners, be sure to tune into next week's podcast. My partner, Matt Meeker, will be my guest, and this will be the third part of the trilogy. We'll discuss the investor market, current challenges and strategies, in particular on how to close a new market tax credit transactions successfully in today's environment.

You can make sure that you're notified of that episode and each week's episode by following or subscribing the Tax Credit Tuesday podcast. Go to www.novoco.com/podcast to subscribe to and stream the show on our website. You can also follow subscribe to Tax Credit Tuesday on iTunes, Spotify, Google podcast, Stitcher and Radio Public.

Off-Mike Section

[00:34:15] **Michael Novogradac, CPA:** Now I'm pleased to reach our Off-Mike section where listeners can get some off-topic advice and words of wisdom from our podcast guests.

So, Amanda, this is one of my favorite questions to ask podcast guests: What advice would you give to your 20- or 25-year-old self?

[00:34:35] **Amanda Read, CPA:** I honestly thought about that and I would think that I would tell myself to definitely listen to the people that were older and wiser than you. I think when I was 20 to 25, you kind of think you know everything and the people that are wiser and older and trying to help you, you just sometimes don't listen to their advice and kind of being older and wiser myself, I've realized that they knew what they were talking about. And so going back, I think there were times I would've listened to the people around me a little bit better and not, not thought that I knew everything back then.

[00:35:08] **Michael Novogradac, CPA:** No, that's a great tip. I'll have to have my kids listen to it.

[00:35:13] **Amanda Read, CPA:** Yeah, trying to make my kids understand that right now, too.

[00:35:17] **Michael Novogradac, CPA:** So, the Novogradac fall conference season begins later this month and continues in October where we have our fall new markets tax credit conference, which will be in New Orleans on Oct. 27-28. So, we do invite our listeners to join us there. Obviously for that conference, many, if not nearly all the attendees will be traveling to get to that conference. We do have a lot of attendees from New Orleans proper, so they'll be traveling, but not through the air. What's your favorite travel tip?

[00:35:49] **Amanda Read, CPA:** Well, I would say, especially for flying, I would say nowadays I kind of have two of them. One is, nowadays, I arrive to the airport very early, like much earlier than I used to arrive to the airport. And that is because of number two, I try to tell myself to just be prepared for anything unexpected. Right now, I feel like there's a lot of flight cancellations happening. I've gotten stuck in airports. And so I get there early and I try to just be prepared for anything unexpected because I feel like nowadays that's happening way more often. And it works for as well for a new market transaction is being prepared for anything unexpected, but that's definitely my travel tip right now.

[00:36:32] **Michael Novogradac, CPA:** And did you say *two* tips?

[00:36:35] **Amanda Read, CPA:** Well, then that was the, the first is to get there early. The second is to be prepared for anything unexpected–

[00:36:40] **Michael Novogradac, CPA:** Got it, got it.

[00:36:41] **Amanda Read, CPA:** Because I feel like anymore that's what's happening. I've been on two recent flights lately that have been, when I got to the airport, it just got canceled. And then you've got to try to be calm and just go in preparing that you don't know what's going to happen because it kind of feels like that's the world we're living in right now a little bit so.

[00:37:00] **Michael Novogradac, CPA:** No, that's good advice even outside of travel, to be calm.

[00:37:04] **Amanda Read, CPA:** True. True.

[00:37:06] **Michael Novogradac, CPA:** Control the things you can control.

[00:37:08] **Amanda Read, CPA:** Exactly.

[00:37:09] **Michael Novogradac, CPA:** And don't try to control things you can't control.

[00:37:12] **Amanda Read, CPA:** Exactly.

[00:37:14] **Michael Novogradac, CPA:** And travel certainly gives you an opportunity, ample opportunity to try to decide which of those two things you are, and you'll face a lot more things you can't control. And the sooner you realize that, the better and the more enjoyable the travel will be.

[00:37:30] **Amanda Read, CPA:** Yeah, which I've realized if you get there, and that's why if you get there early, like I said, too, if your flight does get canceled, you're there early, you can work with somebody, but I tend to find that that's happening more. So, just kind of going into that, with that mindset a little bit.

[00:37:44] **Michael Novogradac, CPA:** So, thank you again, Amanda, for joining us and to our listeners, I'm Mike Novogradac. Thanks for listening.

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