HUD Financial Report and Compliance Audit Requirements: Helping Owners Prepare for Annual Audits and Reporting

Rental property owners who receive assistance from the U.S. Department of Housing and Urban Development (HUD) through debt financing and/or tenant rent subsidies used to develop and preserve affordable housing are subject to several reporting and compliance requirements. On this week’s episode of Tax Credit Tuesday, Michael Novogradac, CPA, and Susan Wilson, CPA, delve into the reporting and compliance requirements that come with these programs. The two discuss what the compliance requirements include, what are some of the common pitfalls or hurdles to know for property owners and managers who use these subsidies or financing and then best practice to avoid violations and/or issues.

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Transcript

Introduction

[00:00:10] Michael Novogradac, CPA: Hello, I'm Michael Novogradac and this is Tax Credit Tuesday. This is the August 8th, 2023, podcast.

In this week's episode, we're going to discuss several reporting and compliance requirements that property owners are subject to if they use debt or rental assistance programs that are administered by the U.S. Department of Housing and Urban Development, more commonly known as HUD. This episode is specifically targeted to developers, property owners and managers, but it also contains vital information for investors, syndicators, asset managers, underwriters and many others.

This week's episode is a bit of a follow-up to a previous Tax Credit Tuesday episode that we recorded in April of this year. In that April episode, we discussed HUD loans financed through the Federal Housing Administration, or FHA, as well as tenant assistance provided through housing assistance payment or HAP agreements. In that episode, we discussed how FHA financing generally allows real estate developers to borrow more money at lower interest rates and longer amortization terms as compared to most conventional loans.

Now, since January of this year, HUD has been approving about 40 to 50 loans a month. I do note that this is a drop from 80 to 90 approvals on a monthly basis toward the end of 2022. Now, many of Novogradac's clients do combine low-income housing tax credit equity financing with HUD debt financing and/or tenant rent subsidies under housing assistance payment agreements in order to finance and develop affordable rental housing. Property owners that receive HUD assistance do have regulatory reporting and compliance requirements and we at Novogradac have been receiving an increasing number of calls regarding those reporting and compliance requirements. These calls most often come from an owner that's financed or refinanced the property with an FHA-insured loan and they have never worked with HUD before.

Helping us explore these reporting and compliance requirements today is Susan Wilson, a partner of mine in Novogradac's Austin, Texas, office. Today also marks Susan's first appearance on the podcast. Susan is an expert in the accounting and auditing of affordable housing developments, including, not surprisingly, those subject to HUD reporting and compliance requirements. Susan also provides tax credit and HUD compliance services to affordable housing developers across the nation. Many of you may recognize Susan from her frequent appearances at Novogradac conferences as well as other affordable housing events. We do have a lot to cover today. So, if you're ready, let's get started.

Susan, welcome to Tax Credit Tuesday.

[00:02:45] Susan Wilson, CPA: Thanks, Mike. It's great to be here. It feels like finally.
[00:02:50] **Michael Novogradac, CPA:** Well, it's great to have you on the podcast and look forward to having you come back for future podcasts.

[00:02:54] **Susan Wilson, CPA:** Great.

### Reporting Compliance Requirements

[00:02:56] **Michael Novogradac, CPA:** So I thought a good way to sort today's discussion was to break the discussion into three categories.

First of all, obviously, reporting compliance requirements. But then second, talk about some of the common pitfalls that you see in your experience working with developers and owners of HUD-financed HUD-assisted properties. And then third, and in some ways, maybe most importantly, some recommended practices to avoid violations and/or issues.

So, let's start at the beginning with number one on my list of three, the reporting compliance requirements. And I thought, rather than just jump into what they could be, it may be useful for owners to know where to find them. So if you could describe for our listeners how they determine the reporting and compliance requirements that do apply to them.

[00:03:47] **Susan Wilson, CPA:** Absolutely, Mike. So, most importantly, I think when an owner either purchases a property that has HUD rental assistance already attached to it through a HAP agreement or whether an owner is financing a property, either construction or refinance using a HUD-insured loan or FHA-insured loan, they need to look at those documents from their closing. We recommend that in any closing in affordable housing. But within those documents, you're going to find those agreements that govern the assistance that's received from HUD. So, you'll have a regulatory agreement, for example, if you've got an insured loan. You'll have a HAP agreement, Housing Assistance Payments contract, or use agreement, if the property receives tenant assistance or tenant subsidy. And within those agreements are going to be the compliance requirements, as well as references to various HUD handbooks that govern the operation of the property, so it's very, very important for us to look at that and to look at the forms that are included in those closing packages.

[00:04:51] **Michael Novogradac, CPA:** Great, thank you for that. So they know where to go to find the requirements that apply to them. So maybe now you could get into the heart of the discussion here today. And that's what all are the reporting compliance requirements that typically apply to a property owner receiving some type of assistance.

[00:05:09] **Susan Wilson, CPA:** Right. So I’m going to group these into three pretty broad categories of compliance requirements, starting with the financial reporting and then also I’ll go into, in a minute, operations and management of the property as well as the third category being limitations on distributions.
So starting with financial reporting. The biggest issue that people, that owners will encounter is that they'll all of a sudden find out there is an annual reporting requirement. Annual financial statements or APS—HUD loves their acronyms, so APS is one of them. The financial statements have to be reported in a specific format through a specific system, which is called the FAS Subsystem.

It's a HUD online reporting system, financial accounting, I'm sorry, financial assessment subsystem, FAS Sub. They have to use a unique chart of accounts that HUD prescribes. There are certain formats of financial statements that are included, it's not necessarily GAAP, we consider it in our accounting speak and OCBOA, other comprehensive basis of accounting, so it's a HUD basis of accounting. And as accountants, we can help our clients with navigating that different type of reporting structure because usually an owner will usually have reports that are required to be submitted to syndicators or your tax reports, other audits, maybe the lenders or others have requirements, funders have requirements for reporting. So this is just another annual report that's due and it's due in a specific format. So it's important for the owners to know there is that reporting and whether or not an audit is required, the reporting is still required. It all depends on a threshold that's established by HUD on whether the amount of assistance meets that threshold, which for for-profit, that's a $500,000 threshold. So if assistance is more than $500,000, there's an audit requirement.

There also may be other reporting requirements depending on the property and depending on compliance history. There may be monthly requirements for reporting due to HUD. So, that's important to know as well.

On to my second sort of topic or second bullet point here, operations and management compliance. So, this is your day-to-day operations and we like to keep in mind that HUD's interest in these properties is that they're maintained and decent and safe housing for the recipients of the beneficiaries here. So these are the residents, even on a market rate. HUD wants to make sure that property is maintained in good condition and that it's operated effectively and efficiently. So, under that category, some things like a replacement reserve funding to make sure that there's adequate money available to pay for any repairs or significant replacements of furniture, fixtures, equipment, tenant security deposit compliance, making sure that we've adequately funded or always holding enough cash to cover the tenant security deposit that may be refunded when a tenant moves out. Management fees need to be approved by HUD and can only cover certain management services. All of this falls under a special contract, a special form and contract that HUD provides and that can only go up to a certain percentage. Sometimes management fees can apply to just the gross potential rent, sometimes they can apply to other fees that are collected from tenants, so the owners need to really read that agreement and understand what they can charge management fees on. Timely mortgage payments is an obvious one, I think obvious. Cash management, making sure receipts and disbursements have appropriate and adequate internal controls so that money is not going where maybe it shouldn't be going and that project funds are protected for use by the project. And then insurance requirements, particularly on these insured mortgages where the
property is the security, HUD wants to ensure that there's appropriate hazard liability and even fidelity bond insurance that covers the property managers there. So those are your operating compliance requirements.

And then finally, I think a really big one is limitations on distributions. So a lot of our multifamily owners are accustomed to operating their properties and then seeing if they cash flow and hopefully they do and then as they cash flow, they take their distributions according to the waterfall and their partnership agreements, their operating agreements. Once a property is under sort of the HUD umbrella and under these agreements, like a HAP contract or a regulatory agreement, there may be limitations on the distributions. And again, HUD is just trying to protect that property so they want to ensure that there's enough cash to keep it running in the short term before money is paid out to owners or to related parties.

I think it's important to know that when we say distributions in HUD's world, they're not just talking about capital distributions. They also look at any payments to related parties, whether that's an advance out, whether it's a repayment of a loan or a repayment of an advance, anything that’s a payment to a related party will be scrutinized by HUD and they'll be looking at whether or not there was sufficient, what they call surplus cash by their definition before that distribution was made. So that wraps up sort of the three main areas of compliance.

Michael Novogradac, CPA: So thank you for those three main areas. If I'm a property owner, but I do not have my own property management company, I have a third-party property management company, do you have any particular advice for me in terms of how to help or better ensure that I'm meeting my financial reporting requirements, my operation/management requirements, as well as my limitations on distributions?

Susan Wilson, CPA: I think that just for the owner and your owning organization to know what those requirements are, and it is sort of stay in tune with whether or not we're in compliance is pretty critical. But if you've hired the right property manager, we look for property managers that either have really good strong HUD experience or experience with HUD properties or and/or who have sufficient training. There are a lot of training programs out there and a lot of providers that will provide training for managing these HUD-assisted properties. So if the training is sufficient, then I think a lot of times an owner can coordinate with that property manager and they can together ensure that this property is remaining in compliance.

Michael Novogradac, CPA: Thank you for that. I guess I probably jumped ahead a bit to recommended practices to avoid violations that are issues, which is if you're not doing your own property management, use a experienced property management firm with HUD compliance requirements, because that'll be an added check to ensure that you're complying appropriately.
Consequences of Noncompliance

So financial reporting compliance, it's obviously important. That said, I thought it'd be useful if you explain to listeners some of the consequences to a property owner for not satisfying its financial reporting appliance requirements.

[00:12:25] **Susan Wilson, CPA**: Right. So, first of all, the first indication that an owner is going to get is they're going to receive communication from HUD, an email or a letter from HUD saying, hey, guess what, we've identified that you're not in compliance or this property is not in compliance. Oh, by the way, you had this regulatory agreement or, oh, by the way, you had this HAP agreement and we're referring you to it and this is where we see potential noncompliance.

In my experience, I don't think HUD ever says there is noncompliance, they say there's potential noncompliance here, we're asking for a response. So I think that's great because it's demonstrative that HUD's really working with these owners. We all have the same, once again, we all have the same interests. We want a nice property that's successful and efficiently operated.

So part of those consequences, I think, would be the time investment in responding to HUD. So that can involve a lot of back and forth because oftentimes our owners don't speak the same language as HUD. So the terminology may be a little bit different or just understanding what those compliance requirements are and working with that account exec at HUD or whichever, whoever it is at HUD, sometimes it's not even the account exec. Sometimes it's a preliminary review, that reviewer contacts the owner. So that back and forth, I think is one of the consequences. It's a time consuming, it's I guess a time suck there. Also, if it goes a little further than that, there can be a referral to the DEC, which is the departmental enforcement center and a DEC referral brings with it the consequence that while a property has been referred to DEC and until that issue, or those issues, have been resolved, that owner can't do any business with HUD on this property or any other. So, if you're in the middle of refinance, for example, that's going to halt. That's going to pause until this particular property is out of the DEC. They also can't make any distributions. So even if the property is cash flowing, as long as it's been referred, you can't make any distributions. There is a flag system in HUD, so HUD obviously maintains a database of all the properties that it is monitoring and each property and each of the owners of those properties, also the management agents of those properties are identified, and if there's one instance of noncompliance, it can generate a flag and the flags have different levels. So, until that flag is cleared, so to speak, again, they may not be able to make distributions. They may not be able to do other business with HUD. It can get escalated to the DEC, the departmental enforcement center if there is a flag.

And then finally, I think and maybe most significant is that HUD can enforce punitive damages, which just as recently as yesterday, I saw two assessments, indicating they may charge more than $59,000 in punitive damages per occurrence. So, as an example, I worked with a new client a couple of years ago who had been deficient and didn't realize they had a filing requirement annually. And they were four
years deficient. And so, in this case, HUD could presumably charge $59,000 times four–close to $240,000 and that can't come obviously can't come from project funds. So that's kind of tough. That's a hard pill to swallow.

[00:15:50] **Michael Novogradac, CPA:** And you did mention how to the extent they have a DEC referral for a period of time, they'll be prohibited from doing business with HUD. I also know that oftentimes these partnerships have other partners and that limitation to doing business can apply to the other partners. Is that accurate?

[00:16:11] **Susan Wilson, CPA:** Yes, it can. In years past, it could apply even to limited partners or let's look at a LIHTC deal where you've got a 99% limited partner. It could apply to them. There have been some changes and recent years where the system doesn't necessarily flag that LP because they acknowledge that with these partnership structures that LP, obviously, there is a reason they're a limited partner. They don't have that level of control.

[00:16:37] **Michael Novogradac, CPA:** Exactly.

[00:16:38] **Susan Wilson, CPA:** HUD has recognized that.

**Common Pitfalls**

[00:16:40] **Michael Novogradac, CPA:** So we've discussed the reporting compliance requirements and we've discussed some of the consequence of missing those requirements. So I think we can go on to the second item in my group of three and there's probably a few common pitfalls that you see. For our listeners, if you can list some of those common pitfalls, our listeners are more likely to avoid them. So, if you could share some of the common pitfalls that you see.

[00:17:07] **Susan Wilson, CPA:** Of course, yeah, because I work a lot with a lot of different HUD owners every year, I just wanted to kind of highlight what the few most common pitfalls that I see.

One of them is the financial reporting or the failure to submit. It seems to be one of the most common and that's when I get my phone call from a new client. You know, I didn't know I had this requirement, but oh, my goodness, now what do I do? And how do I do this? An it may take some time to remedy that, but it can be remedied.

Under the category of operations compliance, the things I see most common are I mentioned the management fees are subject to a HUD-approved management agreement. We see overpayment of management fees quite often. We also will see security deposits. I feel like this is one of the easiest ones, but underfunded security deposits. So, whatever our tenant security deposit liability is, per your rent role or per your trial balance, there needs to be at least that amount of cash and then the bank to cover tenant security deposits. And that's honestly what we can talk about a little bit later when we talk about
how to avoid these, but it's actually something that we can fix pretty easily. So we'll talk about that in a few minutes.

Insurance. Most recently I've seen a lack of sufficient insurance coverage. So it's very important, once again, to read the documents in the handbooks, the HUD handbooks, and to know what level of insurance coverage is required. There's typically a certain amount of hazard insurance. They want to cover the mortgage amount, generally. Liability insurance, they're wanting to see typically a $500,000 across the property and then fidelity bond coverage we do look at and that needs to be the equivalent of two months of rent on minimum, but usually that insurance is covered by your property manager and the property manager covers whatever the property they are managing that has the highest amount of rent. They're covering at least that amount. So we don't usually see real issues with that.

And then cash management, comingling of cash. And I've seen this quite a bit recently, because once again, owners that have never really worked with HUD on a property that's receiving any type of assistance or the mortgage insurance, they're not aware that they really need to be keeping the cash related to this property in bank accounts that are related to this property, owned by and controlled by this property and not using that cash for other properties. Once it's comingled, it does get a little hazy and HUD starts to wonder, are we using project funds from project A to support project B, or even to pay distributions from project B, so the comingling can be a pretty, pretty significant deal.

And then finally distributions. This maybe should have been first and not last on our list. Because I think this is the place we see the most scrutiny. This is the most heavily scrutinized by HUD, but also it's where we see the most mistakes, I think, and that is in distributions. As I mentioned, it's not just capital distributions that HUD considers to be a distribution, so related-party payments, advances to related parties. I think really common is, "Hey, this property needs a little bit of renovation or some repairs and we don't have the money right now, but we know we're going to get it from a source or something." And the owner is willing to come in and put some money in, give an advance in. And that's great. A lot of times it's great to be talking to HUD about that ahead of time, but once the advance has been put into the property, if it's repaid and we're not in a position of surplus cash, HUD considers that to be an unauthorized distribution. So, we, as owners, see that as, that's just a reimbursement of costs that the property needed to pay, but HUD sees that as an unauthorized distribution, that's a really bad thing. I might send you to the DEC, you know, you don't want to get to that point.

[00:21:04] **Michael Novogradac, CPA:** I don't want to go to the DEC.

[00:21:06] **Susan Wilson, CPA:** No, you don't. I want to avoid that one.

**Recommended Practices**

[00:21:10] **Michael Novogradac, CPA:** So, thank you for that. So, let's now move into my third category, which was we've talked about the typical reporting compliance requirements. We've talked
about some common pitfalls. Now, let's talk about recommended practices. I got a little bit ahead of ourselves and one of the recommended practices is to hire an experienced property manager unless you do your own part of management, have experience yourself. What are some other recommended practices that you'd have for listeners?

[00:21:41] Susan Wilson, CPA: Well, I have some others before we jump in there. I do want to mention also that we've seen recently once again, people who are new to working with HUD trying to or attempting to self-manage. And to be honest, that’s great, as long as you know someone or are working with a property manager who is experienced that can sort of walk alongside you. Even if you haven't engaged them to manage your property, you really just need that knowledge. It’s so specialized when it comes to HUD compliance, so I would say that hiring a property manager, or if you're going to self manage, make sure you've got that training or that knowledge or your managers have that training.

We already mentioned reading and understanding the documents. I just don't think we can say that enough. I think that's pretty important to emphasize. And then being proactive. So compliance is, it's not just annual reporting, it's a year-round thing. You're required to be in compliance with whatever all these requirements and provisions are all year and throughout all of your operations. So I think being aware of that and being proactive about compliance is really important. When you do have a situation where you're going to have an audit and part of the audit is testing for compliance and if there is noncompliance found, there could be findings that are reported to HUD. If you want to avoid that, I would say work early, either with your auditor or just looking at working with your property manager, if you're knowledgeable enough about your compliance, looking at whether you're in compliance, maybe in the fall, if you've got a calendar year-end.

Let's look at our, are we funding tenant security deposits appropriately? Have we overpaid our management fees? Have we made distributions or have we made payments to related parties that could be determined as to be unauthorized distributions? Let's look at that early and before year-end, because if we identify that there’s potential noncompliance there, we can correct that prior to year end and then avoid a finding altogether and avoid again, all those consequences of the back and forth with HUD, the repairing or fixing the finding that type of thing.

And then also, I would say, consult with experts. Again, here, obviously, at Novogradac, we've got people that know a lot about HUD and HUD compliance. We see all the time noncompliance and we see good compliance. So we can hold your hand and help you navigate that.

[00:24:01] Michael Novogradac, CPA: So thank you for that. And I would note that with, when you talked about read and understand governing documents and relevant handbooks, I always like to say, read and reread because it’s always good, like, once a year, once you’ve read it and created all your list and all the rest to reread it because oftentimes it could be provisions that when you initially read it
weren’t applicable, but there’s been a change of circumstances or something, and you’ve maybe forgotten what was in there. So rereading it is very helpful.

So I appreciate you joining me on the podcast today, Susan. For listeners who want to contact you, I will include your email today show notes, but before I let you go, I wanted you to share some other resources we have at Novogradac beyond hiring us to provide these types of services, if you could share some of the other resources available to listeners.

[00:24:57] **Susan Wilson, CPA**: Right. So, I actually just authored an article that is going to be in the August issue. So by the time this podcast airs, that article will be available of the Journal of Tax Credits, which is our Novogradac monthly magazine. Also, obviously, you could call me about your HUD audit, your REAC submission or your FAS sub submission that I mentioned earlier and really any questions. I field questions all the time about compliance and if it's something that is an area that I don’t really know, I always know where to go to get you that answer, so feel free to just give me a call. Shoot me an email. That's fine. There, I believe, will be a panel at our September LIHTC bond conference in New Orleans, which is at the end of September, so you could attend that conference and attend that HUD panel and listen to what’s new going on. And then we do have a HUD resource center on our website at Novoco.com. There's a whole separate section for resources in there. You'll get everything that you've heard here and overviews of this and links, but also any news and breaking news that come out are going to be published there.

[00:26:09] **Michael Novogradac, CPA**: So, thank you for that. And you did mention that client should call you about their HUD audit. You also mentioned a REAC submission. Maybe you can unpack what a REAC submission is.

[00:26:20] **Susan Wilson, CPA**: Right? Sure, and maybe I should have mentioned this earlier with the financial reporting, but when I mentioned the FAS Sub, the financial accounting subsystem, that system, again, HUD uses all kinds of acronyms, so that system falls within the REAC umbrella. REAC is an acronym that stands for real estate assessment center. Lost that one for a second. So, under the real estate assessment center, which does on-site physical inspections, they also manage the financial reporting on an annual basis. That financial report can come in two different formats. One is owner-certified if you don't meet the threshold for an audit. So owners themselves would be submitting the financial statements in HUD's format using HUD's chart of accounts and would just owner-certify that. So they just would sign off as that they have submitted these financials.

And then the CPA certification comes with any audit. So when an audit is required, those financial statements are input by the owner or input at the owner's direction by a consultant or a CPA firm and then they are certified by a CPA, which is basically an agreed-upon procedure where we go in and we look at the financials that were audited and compare them to the submission and say, yes, these two agree. And that system is all online. It's a little bit cumbersome. It's actually a service that we provide to
input, whether it's owner-certified or whether it's the CPA certified, we can and put that in a lot of clients engages to because it is so cumbersome and they only have to do it once a year. So it's easier to engage us. So, yeah, that's what a REAC submission is and that's what's tracked by HUD and that's how they determine whether you're in compliance with the annual financial, but also that system runs some analytics, some automatic analytics and will actually spit out an email if it identifies potential findings. That's even, it's almost like AI is here with HUD and has been with REAC. So yeah, it'll spit out an email to the owner and that's also something we'll see. We encourage our owners to send us those emails so we can help respond to them because a lot of times we have the answer and the owner doesn't have it readily available, especially if we did the audit.

[00:28:36] **Michael Novogradac, CPA**: Well, thank you for explaining a little bit more about REAC, the real estate assessment center and the filings there. Also, you did mention the HUD resource center and I would just note for listeners and encourage you to visit the HUD resource center as you have questions, but also I would note that if there are matters and information you're looking for and you don't find in the HUD resource center, please email CPAs@novoco.com. We're constantly trying to build out that site and there's a bit of crowdsourcing that goes on. So, if you could send an email to cpas@novoco.com, if it's something appropriate for the resource center, we'll see that it gets added.

**Exit**

So, thank you again, Susan for joining me on your inaugural podcast. I look forward to having you come back as a guest.

[00:29:21] **Susan Wilson, CPA**: Thank you.

[00:29:22] **Michael Novogradac, CPA**: Please do stick around for the Off-Mike section, where I get to ask you for some fun off-topic recommendations and/or words of wisdom.

And to our listeners, please tune in to next week's episode, which much like today is a follow up to a previous episode. In next week's episode, we're going to get into details as to how developers that combine private activity bonds with the 4% low-income housing tax credit can better ensure that they do pass the 50% test. The 50% test, as many listeners know, is a test that must be passed in order for a project to be eligible for a low-income housing tax credits on the entire project. We're also going to discuss the 95-5 test. That's a test that must be met in order for the bonds themselves that are used to finance a property to qualify as private activity bonds and obviously that qualification is needed for the property to be eligible for low-income housing tax credits. Under the 95-5 test, at least 95% of bond proceeds must be used to pay for/or reimburse qualified costs. We'll discuss what is meant by qualified costs in that episode. My guest will be Novogradac's Charlie Rhuda, a partner in our Boston office with more than 30 years of experience in tax credit financing. He's a frequent speaker at our conferences and also leads webinars on the subject. You'll certainly want to tune in next week to hear his insights. And if
you have any questions that you think we should cover in that episode, please email me at cpas@novoco.com.

Off-Mike Section

So now we get to turn to our Off-Mike section, where I get to ask guests off-topic questions to gain additional insight from our guests for our listeners.

So Susan, I’m a big on productivity hacks and productivity tools. So I was wondering if you could share a indispensable productivity tool. I won’t say the best, because that starts to get a little bit more challenging. But if you could share one or two indispensable productivity tools and why you find it useful.

[00:31:28] Susan Wilson, CPA: Sure. So, yeah, I am the type A that I am, I love lists, so I keep lists and I've been accused sometimes of my checklists have checklists, or my to-do lists have to-do lists associated with them, so I'll sometimes go through my list and it'll have items, bullet points one, two, three, four, five and then it'll say six, see page 300 of my journal, because I keep all my lists in one written journal. I love that, that feeling of checking things off my list, but once you do subscribe to this whole list system, a lot of times you can get overwhelmed with it and it can get to a point where I can sort of freeze, not be able to move forward at all. So I've over the past two years, I've really started subscribing to the power list concept, where each day as I prepare for my day, I narrow down a list of three to five things that are just my power list. These are the must do. These are the, if I get to the end of the day today, and these three things haven't been done, or these five things haven't been done, I haven't really accomplished what I plan to today. So I start with my power list. I think that's, it's good to narrow it down to just a couple of things because it's more achievable. And then if I complete that list, then I'll pick up from the rest of my list. So I love a power list.

I do have another one. There's a great book out. It was released back in the early 2000s by David Allen, it's called "Getting Things Done." The concepts are sort of timeless. And one of the concepts in that book is the two-minute rule, which is basically in reference to processing your inbox and whatever, format your inbox is, whether it's your stack of mail from the mailbox or your inbox in your email or something different, but all of your inputs in processing those as you look at something and identify what the task is that's associated with it. If that task can be done in two minutes or less, you should just go ahead and get it done now. Because otherwise you're going to set it to the side, add it to your list, spend more than two minutes adding it and categorizing it. And then when you pick it up again, you're going to spend more than two minutes on it then. So if you want to save time, the two-minute rule is quite really key to me. I just, I will sort of give a caveat that you can get bogged down in 24 hours of two minutes, so you got to be careful with that as well when you're prioritizing. No system is perfect. I think.

[00:33:44] Michael Novogradac, CPA: No, I do also, I do like that two-minute rule. It’s sometimes hard for me to follow it and keep applying it. But I definitely sometimes will find myself looking at
something for the second or third time, realizing that the two-minute rule, I would have, I spent more than two minutes on it, which I would have needed that with it the first time. So very good.

So I also like to ask guests for book recommendations. I've become since the pandemic, I've sort of returned to reading a lot more. Or listening between Kindle and Audible, I've been a little bit more voracious in terms of books that I'm listening to or reading. So I was wondering if you could recommend a book and since you've already talked about "Getting Things Done," that can't be your book recommendation.

[00:34:37] Susan Wilson, CPA: OK. So I won't cheat.

[00:34:39] Michael Novogradac, CPA: Not "Getting Things Done." So how about one other book recommendation?

[00:34:44] Susan Wilson, CPA: So one of the books I've read in the past year is from Ed Mylett and it's called "The Power of One More," and I really did love this book, and I actually have referred back to it. I highlighted several sections of it. I use Kindle, so I highlighted it on the Kindle and I can go back to my notes, but the concept here is that in all areas of your life, physical activity and your professional life and your personal life and relationships and your spiritual life and your emotional, in all areas, thinking about what would doing one more of something add to that your life. So the easiest example is one more rep. So if you're working out and you do 10 reps. What if I did 11 reps on this particular workout, how much more is that going to just add to my life? But it can go even further, one more chapter of a book or one more minute in that meeting with my mentee that I'm coaching my employee that I'm coaching. If I could, can I just take one more minute? And how much power is in that one more minute, both for me and for that employee. So you can look at it in a lot of different ways in a lot of different parts of your life. But I think the book is fantastic. One particular chapter in the book is one more question to ask yourself and I believe there's a list of 50 or 60 questions. And it's one where I will sometimes when I'm journaling or meditating, I'll just go pull one of those questions from this book and I'll meditate on that question and I'll think, what's my answer to that one more question? So that's actually adding value to my life as well. One of my favorite books right now.

[00:36:22] Michael Novogradac, CPA: Well, thank you for that. And there's, I'm going to go back and refresh some of the books that I've read, because there's another book that I read and they talked a lot about the one more concept, but it was more about physical sort of performance. And like, you're saying, getting the one more rep in, but I'll add this book to my reading list. So, thank you, Susan, and thank you for joining me on the podcast. I look forward to having you back.

[00:36:48] Susan Wilson, CPA: Thanks for having me.

[00:36:49] Michael Novogradac, CPA: And to our listeners, I'm Mike Novogradac. Thanks for listening.
Additional Resources

**Emails**

Susan Wilson

**Novogradac Journal of Tax Credits Column**

Compliance Requirements for HUD-Assisted Properties: What Owners and Management Agents Need to Know

**Conference**

Novogradac 2023 Housing Tax Credit and Bonds Conference

**Tax Credit Tuesday podcasts**

April 18, 2023: Inflation and High Interest Rates Driving Developer Demand for HUD-Insured Loans