



CNA e Tool: Briefing for Assessors and Lenders

**HUD-FHA Multifamily Webinar Presentation
May 11 & May 24, 2017**

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What are we doing today?

- Quick overview-CNA e Tool, why?
- What programs will require the CNA e Tool?
- When does the CNA e Tool become mandatory?
- Where do I find CNA e Tool parts and info?
- Key parts of CNA e Tool
- (Very) Basic Work Process (the 12 step process)
- What should lenders do now?
- What should assessors do now?
- B2G?

CNA e-Tool

The CNA e Tool is an automated process for preparation, submission and Agency staff review of capital needs assessments in advance of capital transactions or selected asset management milestones. All owners, lenders and third party due diligence providers participating in HUD Multifamily Programs will be affected.

Why the CNA e-Tool was needed and its capabilities

- **Automates & standardizes, industry recognized CNA process**
 - Sets common nomenclature, data inputs and calculations
- **Supports informed investment decisions, component lifecycle cost analytics**
 - CNA e-Tool uses EPA's Energy Star Portfolio Manager reports
 - Database of completed CNAs will support research and policy formation
- **Automates description, costing, scheduling of immediate repairs**
 - Supports recognition and correction of accessibility deficiencies
- **Sets stage for future automation of Asset Management CNA functions**
 - Automation of RfR Escrow disbursements and reporting (HUD form 9250)
 - Living" CNA (real time updates based on actual repairs, replacements)
 - Future RfR deposits adjusted to real time conditions.

CNA e-Tool Implementation

HUD Programs Migrating to CNA e-Tool:

- FHA Multifamily MAP Program - approx 1,000 CNAs/yr.
- Asset Mgmt (Assisted and/or Insured) - approx 400 CNAs/yr.
- Rental Assistance Demonstration (RAD) -approx 600 CNAs/yr.
- Mark-to-Market - approx 100 CNAs/yr.
- HUD Office of Public Housing will continue to use the Green Physical Needs Assessment (GPNA).

Timing:

- Dec 29, 2016 - ML/Housing Notice published; CNA e Tool Homepage opened.
- April 20, 2017 - CNA e-Tool deployed.
- October 1, 2017 - CNA e-Tool becomes the required submission template for all MAP, RAD/Recap, Asset Management CNAs.

Find Everything at CNA e Tool Homepage

https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/cna

HUD > Program Offices > Housing > Multifamily > Capital Needs Assessment Tool

Capital Needs Assessment Tool (CNA e Tool)

The CNA e Tool is a coordinated assembly of several automated 'tools' and electronic templates developed by HUD-Multifamily Housing and USDA Rural Development to establish an aligned data standard and analytical framework for preparing capital needs assessments (CNAs). A CNA is a due diligence report commonly used in the multifamily industry to examine current physical conditions at properties, specify repairs/replacements needed immediately and to budget for long-term capital repair and replacement needs during the life of an asset. Several of the tools are freely available to the public and may be used to prepare a CNA for any multifamily property no matter whether a HUD or USDA financing or activity is contemplated.

Publicly Available Tools:

- ▶ Assessment Tool (Excel Template)
- ▶ CNA Validation (Web Portal)

Secure Web Access:

- ▶ CNA User Access Guide (PDF)
- ▶ CNA Submission (Web Portal)

Public Training Resources:

- ▶ HUD Exchange/Training Modules (Web Portal)
- ▶ Instructions for the use of the Assessment Tool (PDF)
- ▶ Multifamily MAP Guide -See appendix 5G (Web Portal)
- ▶ Mortgagee Letter 2016-26 (Web Portal)
 - ▶ Mortgagee Letter 2017-09 (Web Portal)
- ▶ Internal User Manual (PDF)
- ▶ Overview Webinar (Web Portal)

Other HUD Energy Efficiency Links:

- ▶ HUD Utility Benchmarking (Web Portal)
- ▶ HUD Energy Efficiency (Web Portal)

EPA Portfolio Manager Reports:

- ▶ HUD Custom Reports (PDF)

Operational Bulletins:

- ▶ 2017 Updates (PDF)

Parts of the CNA e-Tool

Part or Element	Users
1. Assessment Tool (Excel template)	Assessors and Lenders
2. Validation Engine, unsecured web portal	Assessors
3. Submission Portal, secured web portal	Lenders
4. Reviewer Tool, secured web portal	Government Employees

(Very) Basic Work Process

- Step 1: Assessor completes the first 12 of the 14 forms in the Assessment Tool template
 - See MAP Guide Appdx 5G, Section V & Instructions for Use of the CNA Assessment Tool

A screenshot of a software interface titled "Capital Needs Assessment". It features a vertical list of 14 form categories. The "Participants" form is highlighted in grey. A blue hand-drawn line starts at the top of the list and points to the "Narrative" form, indicating that the first 12 forms (from Participants to Narrative) are completed in Step 1.

Capital Needs Assessment	
Participants	
Property	
Sites	
Unit Type Definition	
Buildings	
Units and Common Spaces	
Utility Type Usage	
Inspection Samples	
Components	
Alternatives	
Repair Replace Recommendation	
Narrative	
Financial Factors	
Repair Replace Decision	

(Very) Basic Work Process

- Step 2: Assessor validates the CNA, gets results, reviews flags, edits CNA. Validation Engine is at <http://webapps.hud.gov/CNAeTool/faces/CnaValidation>

Capital Needs Validation Tool

U.S. Department of Housing and Urban Development
U.S. Department of Agriculture - Rural Development

CNA VALIDATION

Select CNA File
This system only accepts XLS files for import. Imported files must conform to HUD's published data standards for CNA files.

ABC APTS CNA

A validation looks like this:

Capital Needs Validation Tool

U.S. Department of Housing and Urban Development
U.S. Department of Agriculture - Rural Development



CNA VALIDATION

Select CNA File
This system only accepts XLS files for import. Imported files must conform to HUD's published data standards for CNA files.

CNA_Assessor_eTool_1_2a4_Final_Data_04102017.xls

Transmission Integrity Check

Property Name	Bay Vista Apartments	Total Saved Alternatives	24	Total Saved Participants	6
Street Address	2000 Hilltop Lane	Total Saved Recommendation	16	Total Saved Utility Rates	2
City	Annapolis	Total Saved Decisions	2	Total Saved Inspection Samples	60
State	MD	Total Saved Common Spaces	20		
Total Saved Components	33	Total Saved Building Unit Types	40		

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(Very) Basic Work Process


- Step 3: Assemble attachment files, e.g.;
 - HUD Custom SEP or SEDI
 - USGS Seismic Risk Score
 - Photo Album
 - Additional Narrative, if any
 - Owner's capital vs maintenance policy
 - Special reports
 - Site plan
 - Drawings or sketches
 - O&M plans
- See MAP Guide 5.9 C (sub rehab “lite”) and 5.10 G for Section 223 applications

(Very) Basic Work Process

- Step 4: Draft explanation(s) of any remaining Warning (W) flags.
 - Add a comment column to an excel version of the Flags Panel downloaded from validation in the Validation Engine
 - Include this file in your e-mail to the lender
- Flags Panel detail:
 - Next slide

Flags Panel detail

Flags

View ▾ **Export**  Detach

Severity ▲▼	Assessment ID	Flag Name	Flag ID	Flag Description	Compon Name
I	2017-001849	PI-009	PI-009	T on Single site must comply with the design and construction requirements of the Fair H...	
W	2017-001849	DA-005	DA-005	Compliance requirements not met for Fair Housing Act Covered Unit; Site: Single site, Buil...	^
W	2017-001849	DA-005	DA-005	Compliance requirements not met for Fair Housing Act Covered Unit; Site: Single site, Buil...	
W	2017-001849	DA-005	DA-005	Compliance requirements not met for Fair Housing Act Covered Unit; Site: Single site, Buil...	
W	2017-001849	DA-005	DA-005	Compliance requirements not met for Fair Housing Act Covered Unit; Site: Single site, Buil...	
W	2017-001849	UL-001	UL-001	The "Recommended Remaining Useful Life" differs from the "Standard Remaining Useful...	Vinyl Sic
W	2017-001849	FN-004	FN-004	Annual Capital Needs Inflation Rate above 2.5% max rate on Financial Factors	
W	2017-001849	FN-006	FN-006	Annual Percentage Rate Earned above 1.5% max rate on Financial Factors	
W	2017-001849	AA-002	AA-002	The EPA Portfolio Manager Report (SEDI or SEP) was not attached to the Assessment	▼
W	2017-001849	DA-002	DA-002	Comments field has been left blank or contains an invalid value for an identified Accessibil...	Interior,

(Very) Basic Work Process

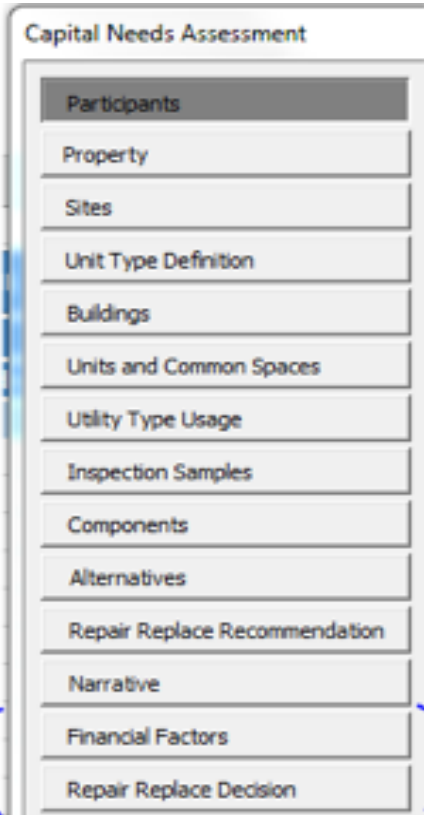
- Step 5: E-mail the finished Assessment Tool file, draft flag notes and the several attachment files to the Lender.
- Use a file naming convention: “Item AAA, Property BBB, dd-mm-yyyy”



(Very) Basic Work Process

- Step 6: Lender receives files, saves to a folder, logs on to Submission Portal & validates CNA Assessment file.
 - See MAP Guide Appdx 5G Section VII & Instructions for Use of the CNA Assessment Tool
- Step 7: Scan for severe (S) flags. If any result from assessor's inputs, return to sender. Review draft flag notes.

- Lender's forms:



The image shows a screenshot of a software interface titled "Capital Needs Assessment". It features a vertical list of form sections, each in a light gray box with a thin border. The sections are: Participants (highlighted with a darker gray background), Property, Sites, Unit Type Definition, Buildings, Units and Common Spaces, Utility Type Usage, Inspection Samples, Components, Alternatives, Repair Replace Recommendation, Narrative, Financial Factors, and Repair Replace Decision. Two blue hand-drawn arrows point from the bottom corners of the list towards the center.

Capital Needs Assessment
Participants
Property
Sites
Unit Type Definition
Buildings
Units and Common Spaces
Utility Type Usage
Inspection Samples
Components
Alternatives
Repair Replace Recommendation
Narrative
Financial Factors
Repair Replace Decision

Here is the Submission Portal

https://hudapps.hud.gov/HUD_Systems

Capital Needs Assessment Tool

Contact Us | Help | Logout

U.S. Department of Housing and Urban Development
U.S. Department of Agriculture - Rural Development

USDA
Logged in as: MONT03

CNA SUBMISSION LOCATE CNA

Expand All Collapse All

Select CNA File
This system only accepts XLS files for import. Imported files must conform to HUD's published data standards for CNA files.

ABC APTS CNA Browse... Validate Reset

- Two tabs:
 - CNA Submission (default); first step in any submission is a final validation;
 - Locate CNA; lender can find and open any of his/her CNAs for any status:
 - Received for Validation; (30 days)
 - Submitted; (3 years)
 - Under Review; (3 years)
 - Returned; (3 years)
 - Approved (permanent record)

CNA Submission Tab

Capital Needs Assessment Tool Contact Us | Help | Logout

U.S. Department of Housing and Urban Development
U.S. Department of Agriculture - Rural Development

 Logged in as: MCNT03

CNA SUBMISSION LOCATE CNA Expand All | Collapse All

Select CNA File

This system only accepts XLS files for import. Imported files must conform to HUD's published data standards for CNA files.

CNA_Assessor_eTool_1_3a4_Final_Data_04102017.xls

Transmission Integrity Check

Assessment ID: 2017-001604	Total Saved Components: 33	Total Saved Building Unit Types: 40
Property Name: Bay Vista Apartments	Total Saved Alternatives: 24	Total Saved Participants: 6
Street Address: 2000 Hilltop Lane	Total Saved Recommendation: 16	Total Saved Utility Rates: 2
City: Annapolis	Total Saved Decisions: 2	Total Saved Inspection Samples: 60
State: MD	Total Saved Common Spaces: 20	

Flags

Financial Schedule

Critical Repair Needs

Non Critical Repair Needs

Future Repair Needs

Component Schedule Summary

Estimate Period Recap

Reports

Select Attachment Files

CNA Certification


By submitting this Capital Needs Assessment I am certifying it in accordance with Appendix 5G of the MAP Guide at Section VII, subsection D, paragraph 3 and incorporating by reference the certification language required therein. I have read and I understand the referenced certification language.

* Name * Email Address

Locate CNA Tab

Capital Needs Assessment Tool Contact Us | Help | Logout

U.S. Department of Housing and Urban Development
U.S. Department of Agriculture - Rural Development


Logged in as: MONT03

CNA SUBMISSION **LOCATE CNA**

Search ** At least one is required

** Property Name

** Assessment ID

** Property ID

** State

** City

** iRems Property ID

** AMAS ID

** Reviewer

** Internal Status

** Approving Agency

View ▾

Property Name	Assessment ID	Status	Date CNA Submitted	Case Number	Reviewer	iRems Property ID	City	State	Postal Code
B2G Vista Apartm	2017-001581	Received for Valid	5/8/2017	41		1789451	Annapolis	MD	21401

< >

Columns Hidden 1



Located and opened CNA

Capital Needs Assessment Tool

Contact Us | Help | Logout

U.S. Department of Housing and Urban Development
U.S. Department of Agriculture - Rural Development

USDA

Logged in as: HONT02

[CNA SUBMISSION](#) [LOCATE CNA](#)

[Expand All](#) [Collapse All](#) [Back](#)

Reviewer: Unassigned	Basic Property ID: 1709401	Postal Code: 21401
Assessment ID: 2017-001581	Property Name: 820 Vista Apartments	Case Number: 41
Date CNA Submitted: 5/8/2017	State: MD	Internal Status: Received for Validation
Review Completed Date:	City: Annapolis	

[View Previous History](#)

- [Summary](#)
- [Flags](#)
- [Financial Factors](#)
- [Financial Schedule](#)
- [Estimate Period Recap](#)
- [Critical Repair Needs](#)
- [Non Critical Repair Needs](#)
- [Future Repair Replacements](#)
- [Component Schedule Summary](#)
- [Narrative](#)
- [Property Tree](#)
- [Inspection Sample](#)
- [Attachments](#)
- [Reports](#)
 - Snapshot
 - Property Insurance Schedule
 - Building Unit Mix
 - Assessment Summary Report
- [Export CNA](#)
- [Agency CNA Decision](#)

[Back](#)

(Very) Basic Work Process

- Step 8: Prepare a financial plan to fund future needs using Financial Factors form in the Assessment Tool file, testing for results by repeated validation.
- Step 9: Review flags, correct or modify entries in the Assessment Tool. Modify draft Flag Notes file to explain any remaining Warning (W) flags.



(Very) Basic Work Process

- Step 10: Assemble all finished products/files and log on to Submission Portal
- Step 11: Submit CNA to HUD
 - A. Copy finished flag notes into Flags panel, note box
 - B. Upload attachments
 - C. Enter your name and e-mail address (see certification language)
 - D. Click “Submit”

Step 11 Illustrated

- 11 A-Flag Notes

The screenshot displays a software interface with a table of flags. The table has columns for Severity, Flag ID, Flag Description, Component Type Name, Flag Cause Note, and Lender Owner Response. The first row is highlighted, and a dialog box titled "Add Response Comments" is open over it. The dialog box contains the text: "Unit 3 in Building C was inspected and found to have accessibility deficiencies for which remedies are proposed among Critical Repair, Accessiliby". A blue circle highlights the text in the dialog box, and a blue arrow points from the "edit" button in the table to the dialog box. The "OK" and "Cancel" buttons are visible at the bottom of the dialog box.

Severity	Flag ID	Flag Description	Component Type Name	Flag Cause Note	Lender Owner Response
W	DA-005	Fair Housing Act Covered Unit not in compliance		Compliance requirements not met for Fair Housing Act Covered Unit; Site: Single site, Building: C, Unit Type: 2BR2ba B Share suites, Unit Number: 3	
W	DA-005	Fair Housing Act Covered Unit not in compliance			
W	DA-005	Fair Housing Act Covered Unit not in compliance			
W	DA-005	Fair Housing Act Covered Unit not in compliance			

Add Response Comments

Unit 3 in Building C was inspected and found to have accessibility deficiencies for which remedies are proposed among Critical Repair, Accessiliby

OK Cancel

Step 11 Illustrated

- 11 B-Attachments

Select Attachment Files

This system accepts Excel, Word doc and Images

File To Upload	Component Type Name	Attachment Type Name	
TEST EPA Statement of Energy Perf-11-25-13.pdf <input type="button" value="Update"/>	<input type="text"/>	EPA Portfolio Manager Performance Report	✘
<input type="text"/> <input type="button" value="Browse..."/>	<input type="text"/>	<input type="text"/>	✘

Step 11 Illustrated

- 11 C-Signature

Reports

Select Attachment Files

This system accepts Excel, Word doc and Images

File To Upload	Component Type Name	Attachment Type Name	
EST EPA Statement of Energy Perf-11-25-13.pdf <input type="button" value="Update..."/>	<input type="text"/>	EPA Portfolio Manager Performance Report	<input type="button" value="X"/>

Add Attachment

CNA Certification

By submitting this Capital Needs Assessment I am certifying it in accordance with Appendix 5G of the MAP Guide at Section VII, subsection D, paragraph 3 and incorporating by reference the certification language required therein. I have read and I understand the referenced certification language.

* Name * EMail Address

Step 11 Illustrated

- 11 D- Submit

Component Schedule Summary

Estimate Period Recap

Reports

Select Attachment Files

This system accepts Excel, Word doc and Images

File To Upload	Component Type Name	Attachment Type Name	
EST EPA Statement of Energy Perf-11-25-13.pdf Update...		EPA Portfolio Manager Performance Report	✖

+ Add Attachment

CNA Certification

By submitting this Capital Needs Assessment I am certifying it in accordance with Appendix 5G of the MAP Guide at Section VII, subsection D, paragraph 3 and incorporating by reference the certification language required therein. I have read and I understand the referenced certification language.

* Name * EMail Address ✖

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(Very) Basic Work Process

- Step 12: Track status by Locating CNA in Submission Portal.
 - Look for auto e-mail notifying you of HUD action.
 - If Returned, read HUD comments & flag notes, make corrections or adjustments and/or respond to comments by revising Assessment Tool file and resubmitting. Revisions to application may be required.
 - When Approved, congrats, you have a Firm Commitment coming soon.

Big URLs, or, How to Find CNA e Tool Stuff

- **CNA e Tool Homepage:**

https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/cna

Use Homepage to find links, to download the Assessment Tool Excel Template, to all documents and urls

- **Validation Engine (assessors):**

<http://webapps.hud.gov/CNAeTool/faces/CnaValidation>

- **Submission Portal (lenders, user id & password needed)**

https://hudapps.hud.gov/HUD_Systems/

Training & Help

- Training:
 - Instructions for Users, download from Homepage
 - Web-based modules, at HUD Exchange, link on Homepage
 - Adobe Connect video “how to” clips—to be posted to Homepage
 - Webinar url & FAQs, posted to Homepage
- Help:
 - Policy issues or how to questions, CNAeTOOL@Hud.Gov
 - For Ids or Access issues, CNAaccess@hud.gov

What should lenders do now?

- Get your M ID and create a password.
- Contact your FHA Connection “coordinator” to authorize roles and access.
- Chief Underwriters should:
 - Decide who will be authorized to “submit” & internal review steps.
 - Define project info owner/lender must supply:
 - Site plan
 - As-builts, unit plans, maintenance records
 - Owner’s capital vs maintenance accounting policy
 - Has property ever been federally assisted
 - History of repairs & replacements
 - Energy: MAP Guide minimums or Green MIP, etc.
 - Consult 3rd parties, review/revise 3rd party engagement agreements
 - Get all submitters/reviewers into training.
 - Educate yourselves & owners on Portfolio Manager benchmarking

Sampling of Units for SEP Per MAP Guide is “Tier 1*”

Reference Housing Unit Count (A)	Tier 1 Minimum Sample Size	Tier 2 Minimum Sample Size	Tier 3 Minimum Sample Size
1-4	1	All	All
5-9	2	All	All
10-19	3	All	All
20	4	All	All
21-29	4	20	All
30-49	5	20	All
50-61	6	20	All
62-71	6	21	All
72-74	6	22	All
75-83	7	22	All
84-99	7	23	All
100-120	8	24	All
121-149	8	25	All
150-191	9	26	All
192-200	9	27	All
201-259	10	27	All
260-388	10	28	All
>388	10	29	All

*Provided all unit types and all buildings with 4 or more units must be represented in the sample.

What should assessor's do now?

- Learn & Practice on the Assessment Tool, read the Instructions
- Review MAP Guide Chapter 5 and Appdx 5G
- Develop shortcuts, standardized lists of components and alternatives
 - For this purpose HUD MF will provide an “unprotected” copy of Assessor Tool to assist coding.
 - Firm’s CEO must request in writing/email and disclaimers will apply.
- Research energy use data/sources, learn Portfolio Manager

B2G / B2C?

- Business to Government or Business to Customer webservices
 - e.g. electronic banking, tax returns, pay.gov, IRS payroll deposits
 - Users (assessors or lenders) will develop their own solution for preparing the CNA data set. (not required to use the Assessment Tool or HUD application.)
- Anticipated release on May 31, 2017
- Firms must decide if investing in B2G design, development, implementation is right for them.
- Advantages?
 - Enterprise solution, including mobile apps, field tools, etc
 - Speedier updating for new technology