

Welcome to HUD's Virtual Classroom

- Please mute your phone line at this time. You will find a microphone icon near the right edge of your screen, next to your name. Click on this, it will turn red, and your phone will be muted.
- If your PC has a microphone, please make sure it is turned off.
- Once we get through the initial presentation, the presenter will ask you to un-mute your phones (click on the red microphone icon, it will turn black, and your line will be un-muted), and then we can talk to each other in the 'virtual classroom'.
- In the meantime, if you have a question for the presenter, please enter it in the Chat box on the right side of your screen. If you don't see a Chat box, click the blue Chat icon at the top right of your screen, and the Chat box will open.



HUD's CNA e-Tool

Virtual Classroom: Addressing EUL + RUL + TCO

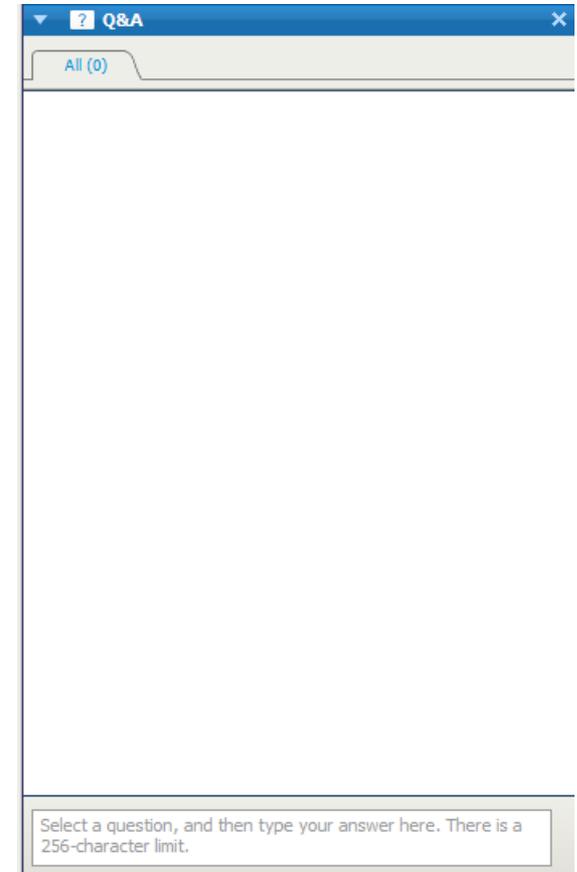
Office of Multifamily
Housing Programs

Today's Webinar Will Have Two Sections

- Recorded Portion
 - Participants self-mute
 - Use Chat and Q&A boxes to interact with presenter
 - Lessons learned
 - Initial Questions
- Virtual Classroom
 - Recording turned off
 - Participants and presenter interact voice to voice
 - Participants can share screens

Webinar Logistics: Recorded Portion

- Participants please mute your phone lines
- Ask questions via the WebEx Q&A box
- If technical issues related to WebEx, insert them in the Chat Box



Webinar Learning Objectives

- Learn how to use RUL, ARUL and TCO to help your HUD reviewer quickly review and accept your CNA e-Tool
- Understand where to access available resources and tools
- Discuss problem areas with the presenter and other participants

Agenda

Recorded Section

Attachment and Photos – lessons learned

Initial Q&A

Recording Turned Off

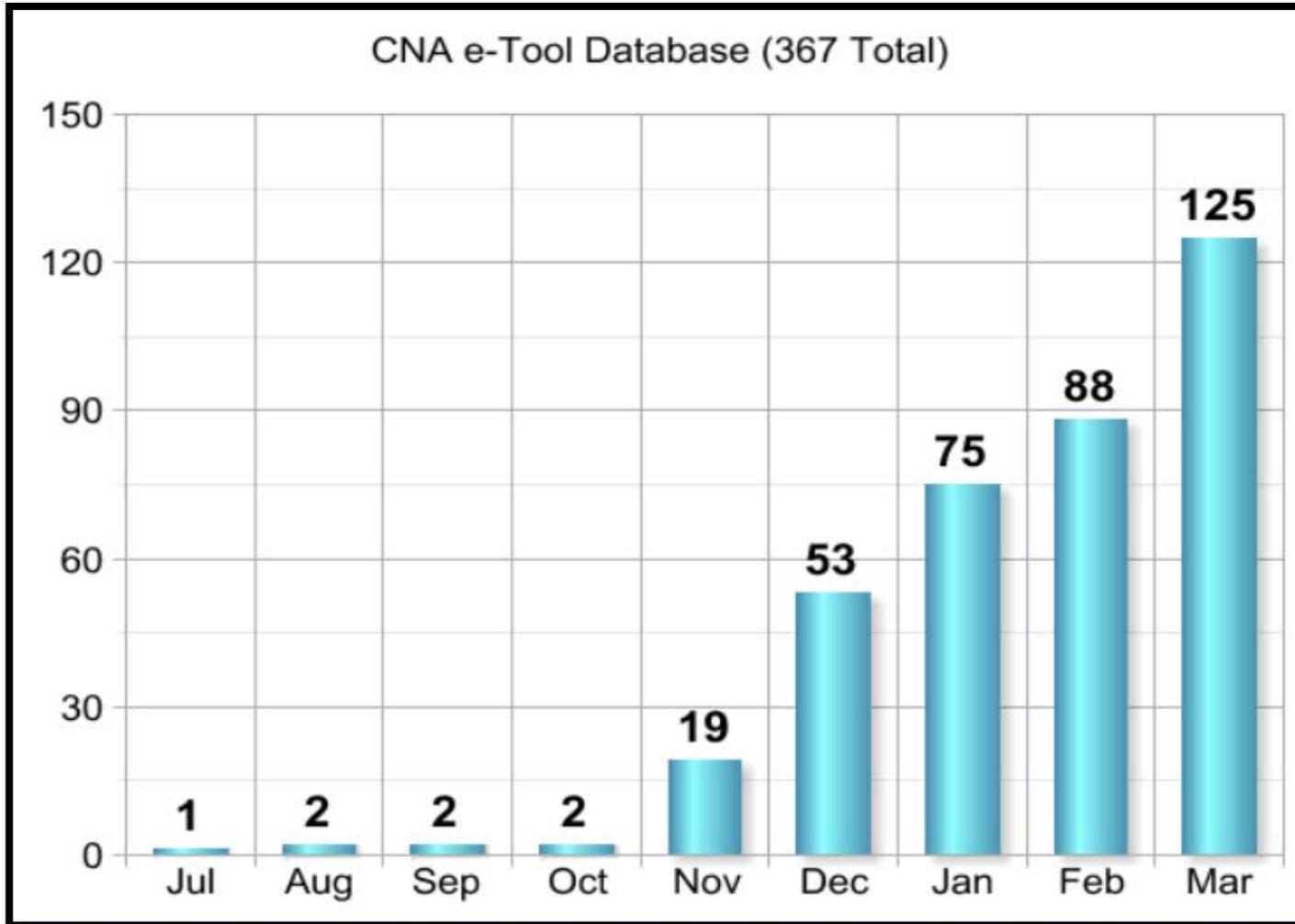
Virtual Classroom



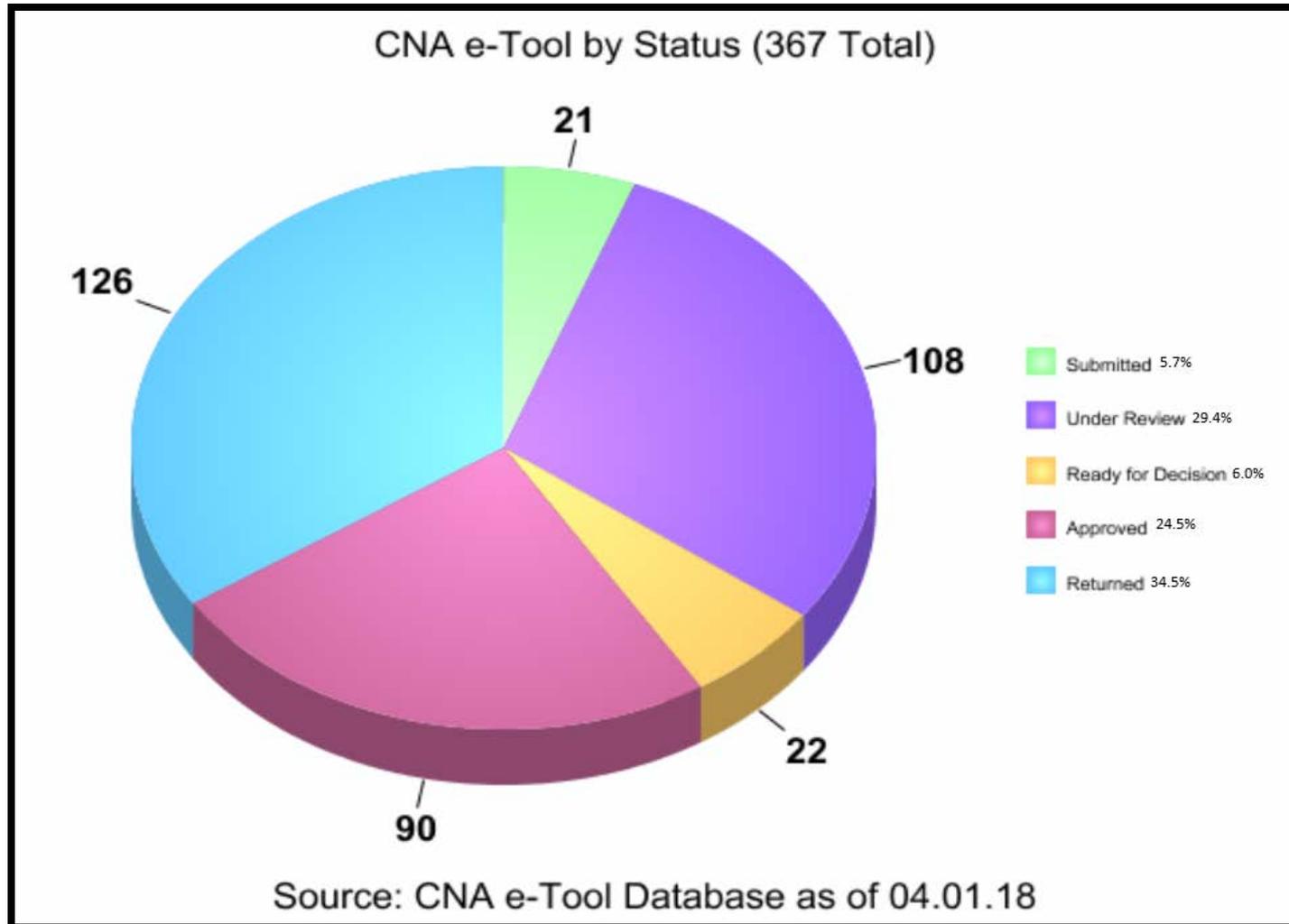
The CNA E-Tool

Current Highlights

Volume:



CONSIDER:



HUD CNA e-Tool Webpage

https://www.hud.gov/program_offices/housing/mfh/cna



The screenshot shows the top navigation bar of the HUD website. On the left is the HUD logo and the text 'HUD.GOV'. In the center, it reads 'U.S. Department of Housing and Urban Development' and 'Secretary Ben Carson'. On the right are social media icons for search, email, RSS, YouTube, Facebook, and Twitter, with the text 'Información en Español' below them. Below the navigation bar is a menu with items: HOUSING HOME, ABOUT US, SINGLE FAMILY, HEALTHCARE PROGRAMS, MULTIFAMILY, MORE, and HUD HOME.

[Home](#) / [Program Offices](#) / [Housing](#) / [Multifamily](#) / Capital Needs Assessment Tool

Capital Needs Assessment Tool (CNA e Tool)

The Capital Needs Assessment (CNA) e-Tool automates and standardizes the preparation, submission and review of a capital needs assessment. Its use is now available on a voluntary basis and will become mandatory starting November 1, 2017 for FHA multifamily mortgage insurance applications.

Use of the CNA e-Tool for all Rental Assistance Demonstration conversions; 10-year update capital needs assessments for FHA-insured multifamily properties; and other asset management milestones, such as partial payment of claims, are available on a voluntary basis and will become mandatory starting February 1, 2018.

User: Needs Assessor

- ▶ [Assessment Tool 1.2A v5 \(Web Portal\)](#)
 - ▶ [CNA Public Validation \(Web Portal\)](#)
- ▶ [Instructions for use of the CNA e-Tool \(PDF\)](#)

User: FHA Lender Submitter

User: HUD Reviewer

- ▶ [CNA HUD Review \(Web Portal\)](#)
- ▶ [Government Internal User Manual \(PDF\)](#)
- ▶ [HUD User Access Guide \(PDF\)](#)
- ▶ [RfR Financial Factors Tool v2.0 \(XLSX\)](#)

The Ask A Question (AAQ) Resource

- Link on CNA e-Tool homepage

HUDExchange.info > Program Support > Ask A Question

Resources and assistance to support HUD's community partners

NEED HOUSING ASSISTANCE? Email Updates Log In

 **HUD EXCHANGE**
Secretary Ben Carson

Programs ▾ Resources ▾ Trainings Program Support ▾ Grantees ▾ News 🔍

Home > Program Support > Ask A Question

Ask A Question

The following Ask A Question desks are active: AFFH, BRAC, CNA e-Tool, CoC, DRGR, eCon Planning Suite, ESG, *e-snaps*, HDX, HMIS, HOPWA, HEROS, HUD-VASH, IDIS, Legacy Homeless Programs, NSP, Sage, and Title V.

The CDBG and HOME Ask A Question desks are closed and no longer accepting questions. Please contact your **local CPD Field Office** for assistance.

Step 1 of 2 1 of 2

Personal Information* Required fields

*First Name

*Last Name

CNA e-Tool: Recent Updates (on HUD CNA e-Tool webpage)

- Assessor Tool v1.2A v5 (March 2018)
- CNA e-Tool Release 2.2 Changes document
- 2018 Operational Bulletins
- CNA e-Tool Known Issues and Solutions (February 2018)
- RfR Financial Factors Tool 2.0
- Using CNA e-Tool for RAD Transactions



Lessons Learned

Regarding RUL, ARUL and TCO

Remaining Useful Life (RUL) In General

- RUL is populated, based on the component type—See Instructions, Appendix C
- Some EUL differences in Family vs. Elderly
- RUL is EUL *minus* Current Age
- Current Age is years between Site Visit Date *and* [Component ID] Year Installed

Assessed Remaining Useful Life (ARUL) In General

- For an average item (for its age), default to the Standard Remaining Useful Life (SRUL)
- You do this by leaving ARUL blank
- For an item that is better or worse (for its age) than 'standard' you can override the SRUL with a different Assessed Remaining Useful Life (ARUL).
- This requires a comment: Why is it better or worse?

RUL vs ARUL Examples

- RUL is a RULE of thumb / Context matters
- Better or worse quality (longer or shorter RUL than ARUL)
 - Environment (A/C in VT vs FL)
 - Materials
 - Installation
 - Ongoing maintenance
 - Wear and tear by residents (high/low turnover, large/small units, etc.)

ARUL Flag Notes

- DV-260 W Comments field is required when Assessed RUL exists
- RR-009 W Estimated Useful Life for a Repair is less than Remaining Useful Life
- UL-001 W Estimated/Standard Useful Life Conflict
- UL-002 W Remaining Useful Life less than 10%
- DV-224 S EUL Comments field left blank on Component
- DV-041 S Standard Estimated Useful Life field left blank on a Component
- DV-042 S Year Installed field left blank on a Component

Flags & Draft Notes for ARULs for Alternatives

Severity	Assessment ID	Flag Name	Flag ID	Occurrence Number	Flag Description	Component Type Name	Assessor's Draft Flag notes
W	2018-024512	UL-001	UL-001	6	The "Recommended Remaining Useful Life" differs from the "Standard Remaining Useful Life" on an Alternative; ComponentType: Aluminum, Alternative: Vinyl Clad Wood dbl hung., 1 over 1, dbl insul., solar shield	Aluminum	High performance windows, vinyl clad wood substantially exceed the EUL of existing component type, aluminum frame windows, 50 vs 35 years
W	2018-024512	UL-001	UL-001	5	The "Recommended Remaining Useful Life" differs from the "Standard Remaining Useful Life" on an Alternative; ComponentType: Aluminum, Alternative: Vinyl Clad Wood dbl hung, 1 over1, triple insul., solar shield	Aluminum	Same as UL-001-6, but this alternative was not recommended
W	2018-024512	UL-001	UL-001	4	The "Recommended Remaining Useful Life" differs from the "Standard Remaining Useful Life" on an Alternative; ComponentType: Aluminum, Alternative: Vinyl Clad Wood dbl hung, 1 over1, triple insul	Aluminum	Same as UL-001-6, but this alternative was not recommended
W	2018-024512	UL-001	UL-001	7	The "Recommended Remaining Useful Life" differs from the "Standard Remaining Useful Life" on an Alternative; ComponentType: Asphalt Seal Coat, Alternative: Periodic seal coat	Asphalt Seal Coat	Seal coating (Standard EUL=5 yrs) and Striping and Marking (Standard EUL=15 yrs) are both set to repeat at 10 year intervals
W	2018-024512	UL-001	UL-001	1	The "Recommended Remaining Useful Life" differs from the "Standard Remaining Useful Life" on an Alternative; ComponentType: Sliding Glass Doors, Alternative: 3068 w/20" sidelite, LH inswing, dbl insulate	Sliding Glass Doors	Existing sliders (Standard EUL=25 yrs) replaced with high performance swing entry door (EUL=35 years) Product specification and warranty attached as "Balcony-Patio Door Specs"

Total Cost of Ownership (TCO) In General

- TCO per year is calculated for each Component ID and Alternative.
 - Unit Cost / Standard EUL, plus
 - Utility Usage / Cost per Year
- The alternative with the best (lowest) TCO per Year will display a plus (+) sign in the Alternative Name list.

e-Tool Operational Bulletin

Regarding Utility Benchmarking

See Operational Bulletin 2017-04

“HUD suspended MAP Guide Appendix 5G Section IV, subsections A through E pertaining to benchmarking for new insured mortgage applications or 10-year update “CNAs”. This suspension does not apply to any application in which the borrower requests: a) reduced mortgage insurance premium (MIP) in consideration of compliance with a recognized green building standard; or b) HUD underwriting of utility cost savings anticipated as a result of proposed conservation measures. In these cases, the benchmarking provision remain in place.”

When Benchmarking is NOT Required

Shows what to enter regarding utilities if the property is not applying to for Green MIP, or utility savings are not being included in underwriting

Worksheet	Form	Data Item(s)	Correct Entry
Utility Type Usage	Utility Type Usage	All	Leave blank
Components	Components	Type of Utility	N/A
Components	Components	Usage/year	Leave blank
Alternatives	Alternatives	Type of Utility	N/A
Alternatives	Alternatives	Usage/Year	Leave Blank

TCO and Utilities

- For the existing Component ID and any Alternatives, enter
 - Type of Utility
 - Usage per Year (in the unit of measure for the Type; i.e., if the Type is ‘Tenant Electricity’ and on the Utility Type Usage panel that is established as ‘KWH’, then input the annual KWH for operating the Component ID)

Example: Setting Up Utility Type Usage

Utility Type Usage

Utility Paid By	<input type="text" value="Tenant"/>
Utility Type	<input type="text" value="Electricity"/>
Consumption Unit	<input type="text" value="KWH"/>
Utility Rate per Unit	<input type="text" value="\$0.11"/>
As of Date	<input type="text" value="05/18/2017"/>
Utility Provider Name	<input type="text" value="BGE"/>
Comments	<input type="text"/>

Utility & Usage Entries

- Tenant Electricity
- Tenant Fuel Oil
- Tenant Natural Gas
- Tenant Propane
- Tenant Kerosene
- Tenant Water
- Tenant Sewer
- Tenant Water and Sewer
- Tenant Other
- Common Electricity
- Common Fuel Oil
- Common Natural Gas
- Common Propane
- Common Kerosene
- Common Water
- Common Sewer
- Common Water and Sewer
- Common Other

Example: Setting Up Utility Usage for the Component ID

Enter/Modify Component Detail

Component ID	<input type="text" value="Unit refrigerators"/>		
Notes	<input type="text" value="20/yr average annual replacements"/>		
Unit Cost	<input type="text" value="\$1,000.00"/>	Unit of Measure	<input type="text" value="Each"/> <input type="button" value="v"/>
		Quantity	<input type="text" value="240"/>
Type of Utility	<input type="text" value="Tenant Electricity"/> <input type="button" value="v"/>	Usage / Year	<input type="text" value="1,800.00"/>
Year Installed	<input type="text" value="2011"/>	Current Age	<input type="text" value="7"/>
Standard Estimated Useful Life	<input type="text" value="12"/>	Standard Remaining Useful Life	<input type="text" value="5"/>
		Percent Standard Remaining Useful Life	<input type="text" value="41.6700"/>
		Assessed Remaining Useful Life	<input type="text"/>
		Percent Recommended Remaining Useful Life	<input type="text" value="41.6700"/>
Remaining Useful Life Comments	<input type="text"/>		<input type="button" value="Add"/>
TCO per Year	<input type="text" value="\$281.33"/>	Location	<input type="text"/>
			<input type="button" value="Update"/>

Example: Setting up Utility Usage for the Alternative

Manage Alternatives

Existing Alternatives

Energy Star Refrigerator

Component ID & Alternative Pairs

Unit refrigerators > Energy Star Refrigerator

Delete Create Pair

Alternative Name Energy Star Refrigerator Sustainable Alternative Indicator YES

Notes

Unit Cost \$1,200.00 Unit of Measure Each

Type of Utility Tenant Electricity Usage per Year 1,400.00 Update

EUL 12 Owner Proposed Indicator Add

TCO \$254.00

Example: TCO Savings of the Recommended Replacement

Recommendations			
Component ID:	<input type="text" value="Unit refrigerators"/>	Alternative Name:	<input type="text" value="Energy Star Refrigerator"/>
When	<input type="text" value="End of Cycle"/>	Life Safety Indicator	<input type="text" value="NO"/>
Duration	<input type="text" value="5"/>	Accessibility Indicator	<input type="text" value="NO"/>
Action	<input type="text" value="Replace"/>	Accessibility Statute	<input type="text"/>
Location	<input type="text" value="Unit kitchens"/>	Scope of Accessibility Compliance	<input type="text"/>
Cost	<input type="text" value="\$288,000.00"/>	Scope of Required Replace/Refurbishment	<input type="text"/>
Time to Complete	<input type="text"/>	Comments	<input type="text"/>
TCO Savings	<input type="text" value="\$27.33"/>		
TCO per Year	<input type="text" value="\$254.00"/>		
Indicated Alternative	<input type="text" value="Energy Star Refrigerator +"/>		
	<input type="button" value="Add"/>	<input type="button" value="Update"/>	

If Savings in More than One Utility Would Occur

- Example: Triple-pane - rather than double-pane - windows would result in electricity savings for more efficient cooling, and better heating efficiency with gas during winter.
 - In such cases, input the energy savings info for the windows, but only choose one dominant utility type – either electricity or gas.
 - Future improvements to the e-Tool may include additional fields so that each component will be able to show savings in more than one utility type.

Questions?

Thank you!

**The Recorded Portion of the
Webinar Has Ended**

Webinar Logistics: Virtual Classroom Portion

- Participants take your phone lines off mute
- Recording is off
- Group discussion
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