

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: Flag Notes

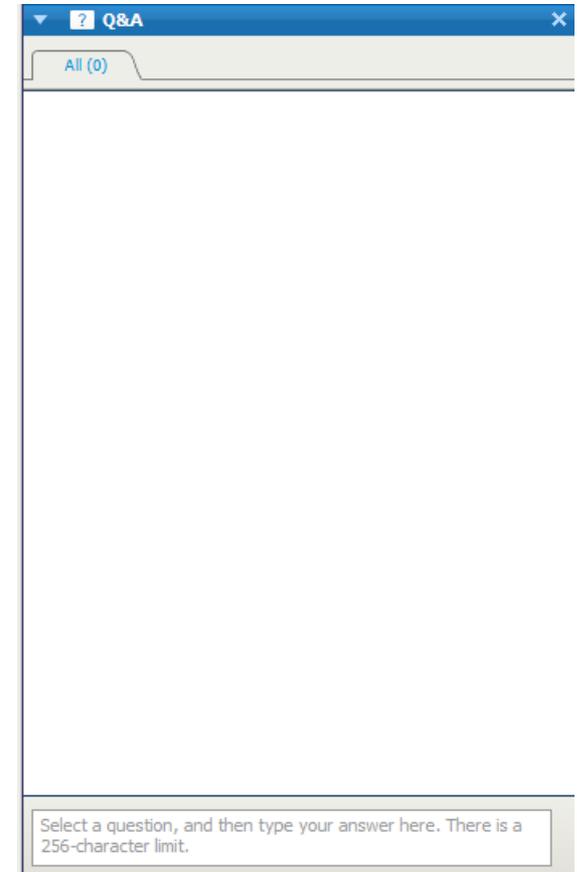
**Office of Multifamily
Housing Programs**

Today's Webinar Will Have Two Sections

- Recorded Portion
 - Participants self-mute
 - Use Chat Box 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

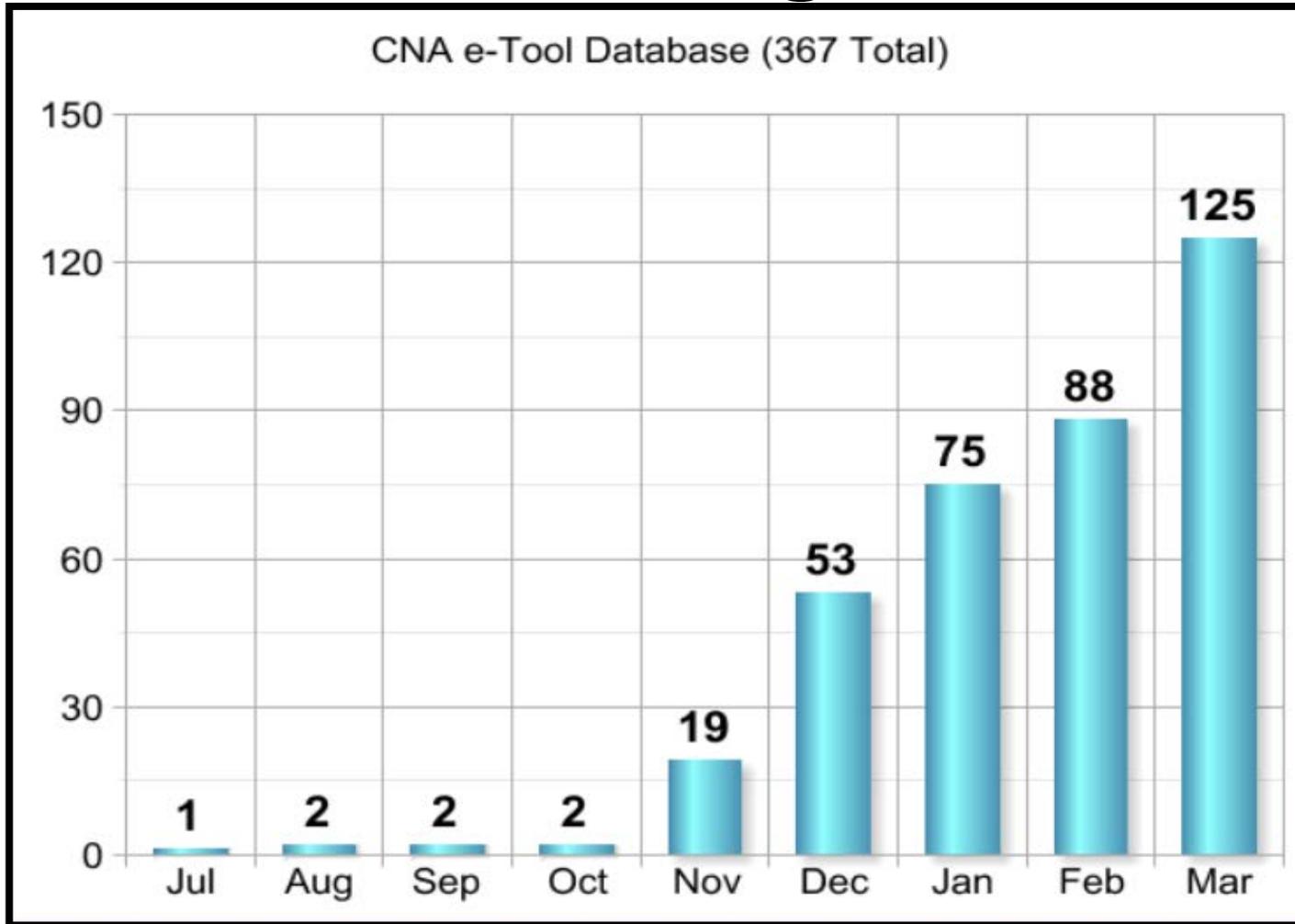
- Learn how to use Flag Notes to help your HUD reviewer quickly review and accept your CNA e-Tool
- Understand where to access available resources and tools
- Discuss problem areas with the presenter and other participants



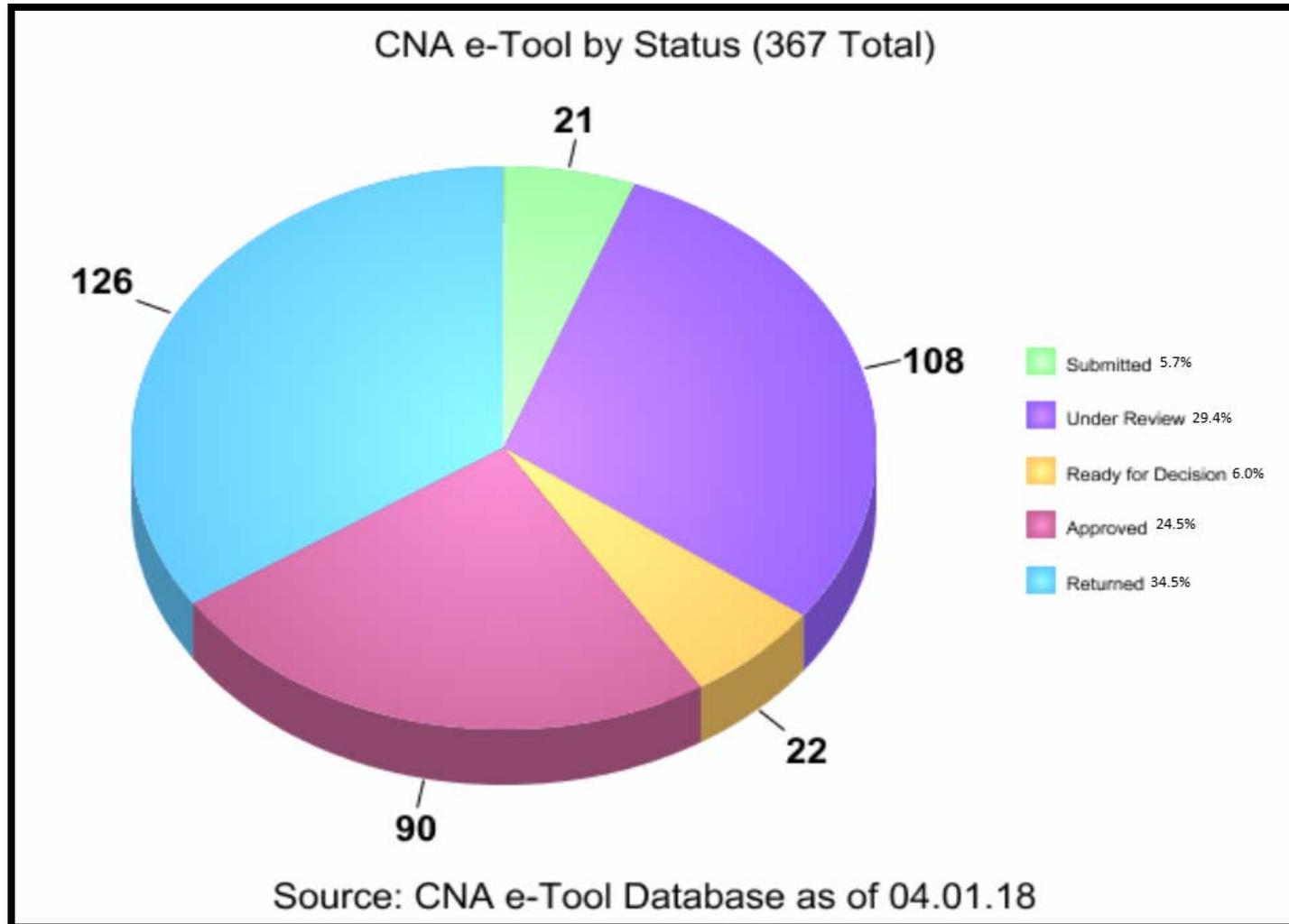
The CNA E-Tool

Current Highlights

Volume: Through March



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 says '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 header is a navigation menu with links: 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 v1.2 v6 (April 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 Flag Notes

Flag Notes In General

- Address ‘W’ flags whenever possible by revising the Assessor Tool
- Enter Flag Notes in the Submission Portal or create an Excel file and upload with your submission.
- See “CNA e Tool Flag Notes Error Since 12-16-2017: Work-Around”

Flag Notes Work-Around

- Lenders, download flag notes after validation.
- Save as Excel file
- Enter flag notes in the downloaded Excel file
- Save your work as you go (not possible in the submission portal)
- Make sure the final draft of flags matches final validation
- Attach Flag Notes Excel file. Do not enter notes in Flags Panel text box

Creating an Excel Flag Notes File

- Lender or Owner Response should be completed for all 'W' flags
- For identical items from different buildings or units, repeat responses can simply refer to the primary response for that building or item, if the response remains applicable.
- For similar but different items (same issue, but a different component, for instance) the response should be unique.

Flags

REVIEWING THE FLAGS IN THE EXCEL FILE

- Flags Identifier:
Flag ID + Occurrence #
 - E.g. DA-005 #4
- **Compare Side-by-Side:**
 - List of Flags listed in the CNA Panel with;
 - List of Flags listed in the Exported (Attached) Excel File;
 - Observe Lender's explanation.

PANEL: Flags

Severity	Flag ID	Occurrence Number	Component Type Name	Flag Cause
W	AA-002	1		The EPA
W	DA-005	1		Complian
W	DA-005	2		Complian
W	DA-005	3		Complian
W	DA-005	4		Complian
W	DA-005	5		Complian
W	DA-005	6		Complian

Exported EXCEL FILE

Severity	Flag ID	Occurrence Number	Component Type Name	Flag Cause Note	Lender or Owner Response
W	AA-002	1.		The EPA Portfolio Manager Report (SEDI or SEP) was not attached to the Assessment	Property not seeking Green MIP
W	DA-005	1.		Compliance requirements not met for Fair Housing Act Covered Unit; Site: Single site, Building: C, Unit Type: 2BR2ba B Share suites, Unit Number: 3	The Fair Housing Act Covered unit is not fully compliant. The deficiency has to do with door width clearance and has been cited as a Critical Repair.
W	DA-005	2.		Compliance requirements not met for Fair Housing Act Covered Unit; Site: Single site, Building: D, Unit Type: 3BR2ba, Unit Number: 4	The Fair Housing Act Covered unit is not fully compliant. The deficiency has to do with threshold height at shower and has been cited as a Critical Repair.
W	DA-005	3.		Compliance requirements not met for Fair Housing Act Covered Unit; Site: Single site, Building: G, Unit Type: 2BR2ba B Share suites, Unit Number: 1	The Fair Housing Act Covered unit is not fully compliant. The deficiency has to do with threshold height at shower and has been cited as a Critical Repair.

Flag Notes General

- Bad: “Trust us, we know what we’re doing”
- Good: “Here is why we believe this recommendation is reasonable and appropriate”

Explain Why

- Flag: Not enough units were sampled in Building 2
- Bad response: We sampled enough total units
- Good response: We picked the right number of units in Building 2, but we weren't able to gain entry, so we substituted similar units in other buildings

Explain Why (continued)

- Situation: You concluded to a 25-year useful life for this Alternative (exterior light)
- Bad explanation: Different from Component ID
- Good explanation: This particular fixture is especially durable because [reason]

Flag Note Sample + Discussion

Severity	Flag ID	Flag Cause Note	Lender or Owner Response	Reviewer Response
W	DU-001	The minimum number of units were not inspected for a Building; see Site: ABC Apartments, Building: #####	XXXX inspected ### of the ### units at the property (28.7% density). XXXXX performed a thorough inspection at the site with an even distribution of unit types and building types accessed. XXXXX is confident that inspecting ### units has provided sufficient data to extrapolate the findings at the property.	Actually ### units are reported as inspected for just over a 30% sample which is certainly acceptable. All unit types were sampled at the requisite proportions but the distribution among buildings is much more erratic than explained by maldistribution of unit types among buildings. All buildings had at least one unit sampled but many were at 10% or less while at the other extreme a significant number were sampled at 50% or more. Why is this?



Flags & Draft Notes for ARULs for Alternatives

<p>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</p>	<p>Aluminum</p>	<p>High performance windows, vinyl clad wood substantially exceed the EUL of existing component type, aluminum frame windows, 50 vs 35 years</p>
<p>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, triple insul., solar shield</p>	<p>Aluminum</p>	<p>Same as UL-001-6, but this alternative was not recommended</p>
<p>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, triple insul</p>	<p>Aluminum</p>	<p>Same as UL-001-6, but this alternative was not recommended</p>
<p>The "Recommended Remaining Useful Life" differs from the "Standard Remaining Useful Life" on an Alternative; ComponentType: Asphalt Seal Coat, Alternative: Periodic seal coat</p>	<p>Asphalt Seal Coat</p>	<p>Seal coating (Standard EUL = 5 yrs) and Striping and Marking (Standard EUL = 15 yrs) are both set to repeat at 10 year intervals</p>

Questions?

Thank you!

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

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- Group discussion
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