



# Using HUD's CNA e-Tool for RAD Transactions

**Office of Recapitalization**

December 7, 2017

# Webinar Logistics

- Submit *content related questions* via the WebEx Q&A box – submit to “All Panelists”
- Submit *technical issues related to WebEx* in the Chat box – submit to “Host”

A screenshot of a WebEx Q&A window. The window title bar shows a question mark icon, the text "Q&A", and a close button. Below the title bar is a tab labeled "All (0)". The main area is a large empty text box. At the bottom, there is a smaller text box with the instruction: "Select a question, and then type your answer here. There is a 256-character limit."

# Presenters

## Host

- Greg Byrne, Office of Recapitalization

## Speakers

- Robert Robinson, Federal Practice Group
- Andy Zehe, ICF

# Today's Webinar

- First session—an overview of using the CNA e-Tool for RAD transactions with no FHA mortgage insurance.
- Second Q&A session in January 2018
- Attendees are encouraged to participate in both sessions
- Recordings will be made available

# Learning Objectives

- In this session, you will learn:
  - Requirements for using HUD's CNA e-Tool for the 9 out of every 10 RAD transactions that do not use FHA insurance
  - Unique aspects of CNA e-Tool use for RAD deals with no FHA insurance.
  - Reference Materials that are available to assist CNA e-Tool users

# The CNA e-Tool

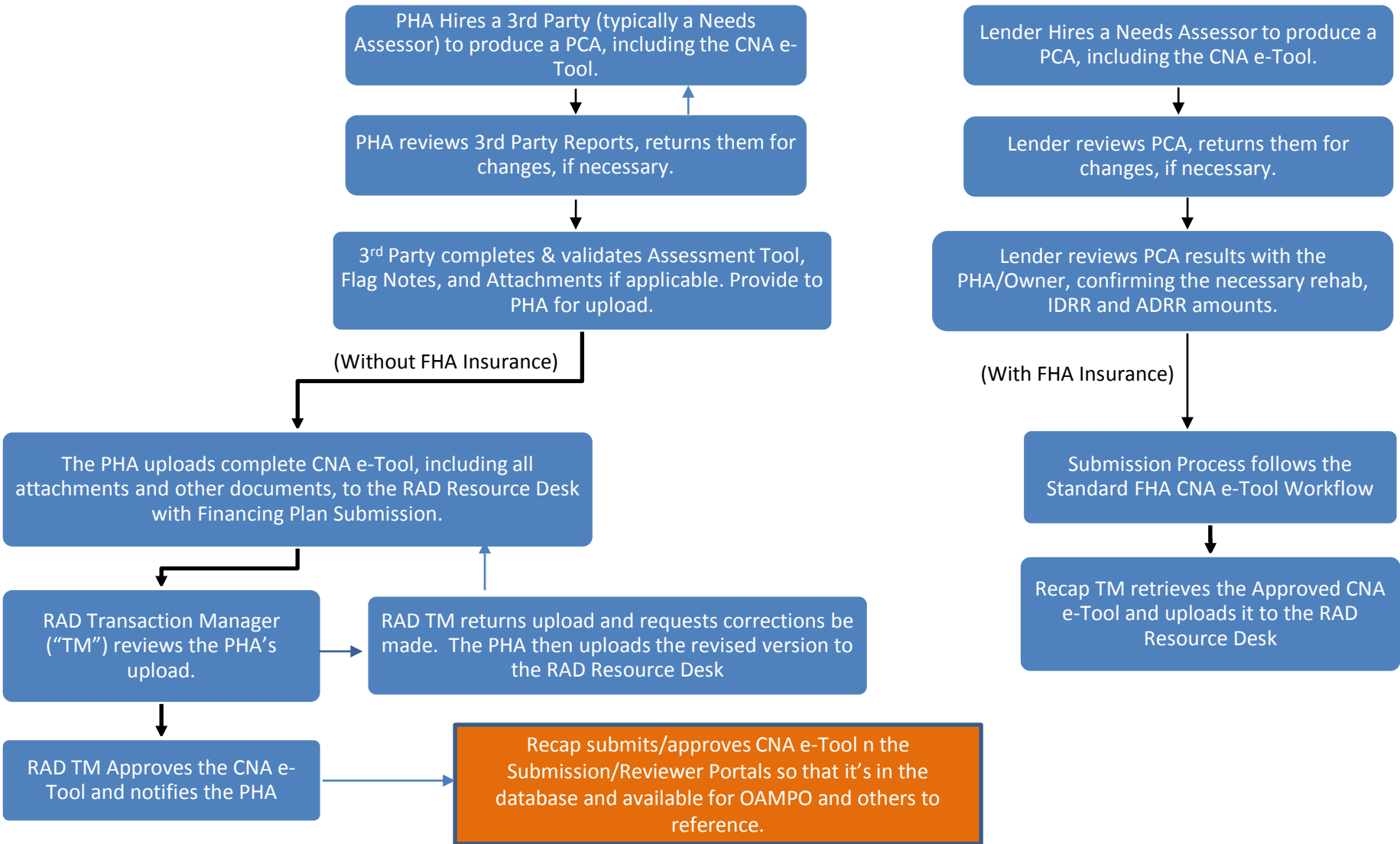
...an  
important  
step toward  
a more  
efficient and  
consistent  
underwriting  
approach at  
HUD...



# When & How is the e-Tool required?

- November 1, 2017 for FHA mortgage insurance including any proposed for RAD transactions.
- February 1, 2018 for RAD transactions without FHA insurance
- FHA insured transactions will follow the standard FHA protocol
- Transactions not using FHA insurance will upload their validated Assessment Tool to the RAD Resource Desk instead of the current RPCA Tool

# CNA e-Tool: RAD Processing





# Assessment Tool Replaces RPCA Tool

- No Change to the RPCA Scope of Work
- RPCA Tool is replaced with the Assessment Tool
  - Excel Based Tool
  - Robust Building and Component Descriptions
  - Produces the Same 20-Year Needs and Reserve Requirements
- CNA Must be “Validated”
  - Validation Engine is Open to the Public
  - Flag Notes Must be Created

# Where to find the CNA e-Tool

[https://www.hud.gov/program\\_offices/housing/mfh/cna](https://www.hud.gov/program_offices/housing/mfh/cna)



[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.



A Joint effort of USDA & HUD

### User: Needs Assessor

- ▶ [Assessment Tool 1.2A v4 \(Web Portal\)](#)
- ▶ [CNA Public Validation \(Web Portal\)](#)
- ▶ [Instructions for use of the CNA e-Tool \(PDF\)](#)
- ▶ [Needs Assessors Guidance on User Access \(PDF\)](#)

User: FHA Lender Submitter

### User: HUD Reviewer

- ▶ [CNA HUD Review \(Web Portal\)](#)
- ▶ [Government Internal User Manual \(PDF\)](#)
- ▶ [HUD User Access Guide \(PDF\)](#)

### User: USDA Submitter/Reviewer

- ▶ [Coming Soon](#)



# The Assessment Tool

The screenshot displays the Microsoft Excel interface for the 'The Assessment Tool' spreadsheet. The title bar indicates the file name is 'CNAETool\_1\_2A\_V4 [Compatibility Mode] - Excel'. The ribbon is set to the 'DESIGN' tab, showing options for font, alignment, number, styles, and cells. The spreadsheet is organized into two main sections: 'Entered (and Summary) Property Information' and 'Assessment Scope'.

Property Information	Assessment Scope
Property Name	Relevant Agency Program
Street Address	Additional Testing Indicator
City	Sample Percentage
State	Property ASHRAE Level 2 Energy Audit Indicator
Zip Code	ASHRAE Level 2 Energy Auditor Name/Credentials
Approving Agency	CNA Number
Associated Agency	Additional Testing Comment
USDA AMAS ID	USDA CNA Type
iREMS Property ID	HUD CNA Type
HUD FHA #	Date of Final Site Visit
MSA/Non-MSA	Number of Vacant Units
Federally Assisted Indicator	
Family/Elderly Indicator	
Seismic - SXS	
Seismic - SX1	
Property ID	
Year of Rehab	0 to 0
Replacement Cost - New	\$0
Total Number of Buildings	0
Total Units	0
Number of Sites	0
Total Building Sq. Footage	0
Year Built	0 to 0
Section 504 of Rehabilitation Act/UFAS Applies	NO

The bottom of the spreadsheet shows a navigation bar with tabs for 'Version Control', 'Participant Information', 'Property', 'Site Information', 'Building', 'Common Areas', 'Units', and 'Unit T...'. The status bar at the bottom indicates 'READY'.



# Key Differences for RAD

- Many assessors are familiar with the e-Tool.
- Two key differences in RAD-FHA versus RAD-Non-FHA transactions:
  1. Upload through the RAD Resource Desk, **NOT** the e-Tool Submission Portal
  2. Financial Factors tab completed by the assessor, confirmed by the PHA

# Financial Factors Tab

- Information Provided by the Needs Assessor; confirmed by PHA
- Inflation Rates and Trending Follow RAD Program Guidance:
  - 2% Change in Deposit Rate \*
  - 2% Change in Inflation Rate \*
  - 1% Rate on RfR Balance \*

\*Note: Rates should be entered in the “Next Rate” column of the Financial Factors Tab, with the other columns left blank.

# The Validation Engine



Note: The Validation Engine is a publicly available tool requiring no certification or user account.

# The Validation Engine

- Must be “Validated” prior to upload;
- Flags created, no “S” (Severe Flags) can exist;
- Flag Notes need to be created by the assessor, and comments provided;
- Assessment Summary Report to be created by the assessor;
- Flag Notes (with Comments) and Assessment Summary Report included with the PHA’s upload.

# Uploading the CNA

- Completed CNA's for non-FHA Insured RAD transactions are uploaded through the RAD Resource Desk
- Flag notes (assessor should use the validation portal to generate flags and draft flag notes)
- Assessment Summary Report (produced through the validation portal)



# Instructions on How to Upload to RAD Resource Desk

- Login to the RAD Resource Desk
- Upload the Assessment Tool in the Financing Plan grid instead of the RPCA Tool
- Upload the Flag Notes (with assessor comments)
- Upload the Assessment Summary Report
- Upload the Balance of the CNA including the Narrative & Energy Audit

# Reference Materials

## User: Needs Assessor

- ▶ Assessment Tool 1.2A v4 (Web Portal)
  - ▶ CNA Public Validation (Web Portal)
  - ▶ Instructions for use of the CNA e-Tool (PDF)
- ▶ Needs Assessors Guidance on User Access (PDF)

## User: Lender/PHA/PAE Submitter

- ▶ Assessment Tool 1.2A v4 (Web Portal)
  - ▶ Lender CNA Submission (Web Portal)
- ▶ Lender User and Coordinator Access Guide (PDF)
- ▶ Instructions for use of the CNA e-Tool (PDF)

## Training

- ▶ HUD Exchange/Training Modules (Web Portal)
- ▶ Sample CNA Documents (ZIP)

## Operational Bulletins

- ▶ 2017 Updates (PDF)
- ▶ CNA e-Tool Tips and Tricks 10/2017 (PDF)

## Public Resources

- ▶ Ask A Question (Web Portal)
- ▶ Join the CNA e-Tool listserv (Web Portal)
- ▶ Multifamily MAP Guide -See appendix 5G (Web Portal)
  - ▶ Estimated Useful Life Table for CNA e-Tool (PDF)
- ▶ Mortgagee Letter 2016-26 (Web Portal)
  - ▶ Mortgagee Letter 2017 -09 (Web Portal)
- ▶ Rules of Behavior (PDF)
- ▶ Guidance for Requesting an Unprotected Assessor Tool (PDF)
  - ▶ CNA e-Tool Data Dictionary (XLS)

## User: HUD Reviewer

- ▶ CNA HUD Review (Web Portal)
- ▶ Government Internal User Manual (PDF)
- ▶ HUD User Access Guide (PDF)

## User: USDA Submitter/Reviewer

- ▶ Coming Soon

## Recorded Webinars

- ▶ CNA e-Tool Webinars and Tutorials (Web Portal)

## EPA Portfolio Manager Reports


- ▶ HUD Custom Reports (PDF)

# The Ask A Question (AAQ) “Help Desk”

- Linked to from the 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

\*State

\*City/Town



# Your questions?

# **Thank you!**

**Remember, we will be holding a follow-on Q&A session in January to answer any questions you have prior to the mandatory submission date of February 1, 2018.**