

## **HUD Exchange, Using HUD's CNA e Tool for RAD Transactions, 12-7-17**

Greg Byrne: Hey, everybody. This is Greg Byrne from the Office of Recapitalization here at HUD headquarters in the Office of Housing. Welcome.

For the next hour, we're going to talk about the requirements under the Rental Assistance Demonstration for submission of the CNA e-tool. And this presentation will apply to actually all RAD transactions, what we refer to as RAD I, but also RAD II as well. And we will, as you'll learn, be making important distinctions between transactions that are FHA insured and the requirements for those versus transactions that are not FHA insured.

But anyway, we're glad to have you here. We're going to go through a PowerPoint presentation. I believe everyone who's registered should've been emailed the presentation just prior to the call. And then we'll take some questions at the end. And we're going to have a follow up seminar in January.

Michael, you get us an overview of the system requirement stuff?

Michael: Yep. So the webinar logistics today can be found at the top of your screen. The chat function and Q&A, once you click on the top, there's going to be a dropdown menu. You will actually need to click on the chat and Q&A buttons in order for them to pop up on the right side of your screen. The Q&A box is used for any content related questions regarding the webinar. And the chat function is used for any troubleshooting questions or issues you might have. Please direct any issues, technical issues to the host and I will be able to help you out from there.

Greg Byrne: Great. Thanks. Thanks, Michael. Okay. So as I mentioned, I'm Greg Byrne and -- but also with me is Robert Robinson from the federal practice group, who's really our financial advisor here at the Office of Recap for our RAD program. And many of you are familiar with Robert and all the work he's done with transactions and e-tools and whatnot. But also Andy Zehe from ICF, who's been one of the main liaisons with the Office of Housing on the whole development and rollout of the CNA e-tool.

So as I mentioned, today, we're going to go through the overview of the e-tool with transactions with no FHA mortgage insurance. We'll have the follow up Q&A session in January. We haven't decided the date yet to it, but please be part of both sessions. And we're going to make a recording. But also to say that the audience today for this is really focused on the PHAs or the owners for RAD transaction. It's really not the assessors.

So the training today is not to teach anybody how to do physical needs assessments or capital needs assessments. As we'll point to later, the Office of Housing has a very rich website that gives detailed instructions on how to complete the e-tool. For most PHAs and most owners, you're going to go out and hire a third party assessor to conduct the detailed assessment of the property.

This presentation is really about, for the PHA, what do I do? Once I've engaged that assessor and the assessor gives me a report, how do I submit this report to HUD? How do I get a top level overview of what's in that report? What are the requirements for me of interacting with the RAD transaction now that I have a third party assessor? But it's not to actually teach you how to do an assessment; okay?

Okay. What are we going to do? You're going to learn the requirements for the e-tool for all those deals. And right now, it's about nine out of 10 are not FHA. So FHA has its own for FHA transaction its own requirements, which we'll go into at some point here. And what are the unique aspects of this tool, particularly what's different from what we are familiar with under the RAD program? And what do we have for the reference materials available to you for you to learn more.

Andy, you want to give a broad overview, why do we even have this tool? What was the reason why HUD has spent all this effort in coming up with a unified physical condition instrument?

Andy Zehe: Sure. This is originally the genesis for the e-tool with a cross agency working group. And we should give an acknowledgement to USDA and the folks at the Rural Housing Service who participated in helping define some of the early requirements that led to the e-tool. The goals are pretty consistent. They're stated up on the slide there. More consistency with respect to capital needs assessment. A little bit more robust documentation of the work of the assessor. And also I think there's a hope that it will be easier for HUD to downstream aspects of after a CNA is submitted. It'll be easier for HUD to work with -- there's a notion that HUD would be able to do some benchmarking on capital costs over time.

So those are really the main objectives there -- more consistency, more robust documentation of work, and hopefully some administrative smoothing out of the post-submission process once it gets into the agency's hands.

Greg Byrne: Thanks, Andy. So here we are, the Office of Recap. We're in the Office of Housing. And so not only will all new FHA transactions -- or they actually now are using the CNA e-tool, but as well as all multi-family Section 8 transactions that are -- that every so many years, those properties will be required to update their CNAs and they'll now have this standardized instrument by which they'll do that. So okay.

Let's take a minute. Robert, do you want to do the slides?

Robert Robinson: Sure. Absolutely. As Greg mentioned, the FHA underwritten transactions today, those applying for FHA insurance, as of November 1st, they were required to use the CNA e-tool. And we've been working inside the group of housing to see what those look like and they've got about 27 submissions. So it seems to be off to a pretty good start. The RAD transactions -- so those without FHA insurance -- the requirement is for them to start receiving CNA tools on the first of February. So a little bit of a cushion here. One of the reasons was the

submittal process and we're going to talk about that because that's one of the major differences between the two programs.

So February 1st, the RPCA tool will go away and the CNA e-tool will take over. So that'll be -- we're going to walk through a lot of that today.

So what does it look like? And this is an awfully complicated slide. And so we do apologize for that. But we wanted to lay out a framework that people could at least get their hands around a little bit what the two tracks look like.

FHA has developed a process where the lenders, when they submit for firm applications, will have a portal that they'll submit through. And so the right hand column is really unchanged for a RAD and FHA transaction. The only piece that I would like to point out is RAD does encourage owners to be very participatory in the reviewing and the approving of those CNAs or PCAs. They need to make sure that they're understanding what items are included in rehab and what items are going to be included in the 20 year schedule and how the financial piece of that works.

For non-FHA insured transactions --

Greg Byrne: Hey, Robert. So on the right is the FHA RAD transaction, which is the same as any FHA transaction, which happens to be RAD, but essentially everybody who has an FHA transaction since November 1st, whether RAD or not, has to submit through the -- both the new tool and through the portal that HUD has developed for these e-tools. So that's to the right.

So therefore, for RAD transactions coming in this month and it's an FHA, it's already required to submit -- that lender's required to submit to the standardized new e-tool. And then what Robert's going to go over is on the left is for those non-FHA RAD transactions that were not using the FHA portal for submission. As he'll show you in a minute, we're going to use the RAD resource desk just like you do now for uploading documents. So everything on the left is RAD, which is going to be the rest of our presentation, RAD non-FHA transactions.

Robert Robinson: Yeah. Thanks for the clarification. That's exactly right. So the right hand side, pretty much unchanged from what's supposed to be happening today. Left hand side is being implemented as of the first of February.

So parts of this are no different than what they are today in the RAD program. The RAD program does require a PCA in most cases. In all cases, a RPCA tool is required. So the CNA e-tool, which incorporates a number of things, including the assessment tool which we're going to take a look at, the assessment tool will always be required; okay? So when a PHA hires a third party to put together their CNA or PCA or whatever term of art they're using, they need to use the CNA e-tool standard. So they'll do -- they'll commission a third party.

They'll be responsible for reviewing the information that's provided by their needs assessor; okay? Then they will need to have the needs assessor go in and validate the assessment tool. And we're going to talk about that in more detail. As Greg mentioned, there's a web portal for HUD

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submission. This validation engine is slightly different. It's open to the public. There's no user account required. No certifications. Anybody can use it.

So the PCA contractor will go in and validate that tool once the PCA contractor and the PHA have determined that they're okay with what they're going to submit or upload, rather, because we want to make sure we're making a distinction between the e-CNA tool submission process and the RAD process. So RAD process is uploading documents, not necessarily submitting them.

Once the documents are all put together, the contractor will give those documents to the PHA, who will then upload the complete CNA e-tool to the resource desk. That includes all of the required documents that are already required. So the PCA scope of work for RAD is unchanged. So there will still need to be a narrative. There'll still need to be an energy audit. There'll still need to be this new CNA e-tool -- assessment tool, but there'll be a few other things that are going to be added to the mix. So we're going to talk about that unique piece of this.

Once they upload that, just like today, their transaction manager will review those documents, there'll be an exchange back and forth with the PHA as those documents are refined. The PHA may need to go back to the needs assessor for some changes. Hopefully not too many. Once they do that and a final version that's acceptable to both the PHA and the transaction manager working with them, that will then be completed and that will be accepted -- that upload will be accepted by the RAD transaction manager.

A little bit of inside the building note, just to let people know what ends up happening and how the linkage back to the multi-family housing platform. Once those approved through RAD, CNA e-tools are finished and the transaction's moving to closing, the Recap Office will take those in batches and move them into the HUD portal. So that one of the things that Andy mentioned in the overview, the idea of sharing all of this data throughout HUD, it's important to get all of the CNA e-tools into the web portal at some point in time. And so the RAD Is will be done behind the scenes. PHAs will not see that.

Greg Byrne: All right. So if you're a PHA that converts non-FHA insured and then -- so therefore uses the resource desk to upload the e-tool that ultimately, after it gets converted, the account executive will be able to see it because we will have transmitted the approved document over to OAMPO, or the Office of Housing.

Robert Robinson: Or PBRA conversions.

Greg Byrne: Or PBRA conversions. And so they'll be stored inside HUD's system.

Robert Robinson: As I mentioned, the assessment tool is replacing the RPCA tool. This is something that I want to make sure that I'm stressing for everybody because there's been some -- a little bit of miscommunication on this front. This is not -- the introduction of the CNA e-tool is not as major a change as some people may think for the RAD program. There has always been a required tool. This is now the tool.

So it's still Excel-based. It's a little bit more a robust tool. So there's a lot more detail that's being provided. But in the end result, the 20 year needs, the reserve requirements, the initial rehab, critical repairs, all of those sorts of things that have been always generated with the RPCA tool are also generated through this assessment tool. So it's just a different Excel tool, if you will, than what has been required in the past; with the kicker that the assessment tool and the entire CNA e-tool needs to be validated in that validation engine.

Greg Byrne: And Robert, we're going to talk later about -- a little bit more about -- what it means.

Robert Robinson: Absolutely. Yeah. And we're going to show that.

Greg Byrne: We have nothing like that now with the RAD PCA tool. We don't have a validation. It's just a way that housing has built in a series of checks so by the time you submit it, that pretty much the errors have been removed. So we'll be looking for the PHA uploads to include that validation that's gone through that process. But we'll talk more about that in a few minutes.

Robert Robinson: Right. We're hopeful that it's going to help both the PHAs and the RAD transactions because it's going to eliminate some of the common issues that come up. For example, the estimated useful life tables. Yes. Many useful life tables are sometimes manipulated and a RAD PCA tool to be a little bit outside of what a transaction manager's comfortable with. In this case, with the new CNA tool, those changes are much more in front of you so that you don't have to go look for it.

But with that said, we're going to take a look at what resources are out there. So Andy, you want to walk through where [inaudible] supposed to go?

Andy Zehe: Sure. So this is -- and before I jump into this slide, I just want to remind attendees about the Q&A function. I don't see any questions yet. We're 10 slides in. So maybe we're being crystal clear, but just to remind, if you have questions, use the Q&A function and we will queue those up and address those either at the end of the webinar if we don't have very many. Or if there's a couple of key points, we'll hop in along the way. So a reminder to participants about that.

So this slide basically shows you where to find the e-tool. The web link is on the PowerPoint slide. You don't need to worry about writing that down. If you Google CNA e-tool, the first result that returns is this landing page on the HUD.gov website. There's a lot of content on this webpage, a lot of different training content, which we'll address briefly later in the presentation.

What I want to highlight for you is the two links that are in the red box in the lower left corner there, those are the two key files that you will need to address for a RAD transaction. The first one is the assessment tool itself. That is the Excel based tool where a lot of the work is input by the assessor. And then the second link, it takes you to the validation engine, which we've been

talking about. So those are just -- circle those two in your mind. There's a lot of content out there. But the two key pieces of the e-tool that you will need for a RAD transaction are the assessment tool and the validation engine.

Greg Byrne: Hey, Andy?

Andy Zehe: Yeah.

Greg Byrne: So stay on this for a sec to say -- you say these are two key things that the PHA, the audience we have today only do. So really, we're showing you the website where your assessor will get the tool. You'll never need to go to this place. You don't pull down the tool independently yourself. You've hired an assessor who, theoretically, because you've hired them that the qualifications they know how to do these assessments, they're the ones that are going to go to this website, pull down the tool, do the onsite visit, and eventually do the validation. But just so you know where this comes from, here is the place.

Now, this website, also as Andy said, has lots of different training videos and whatnot on it. But again, the emphasis on this website is mostly geared at the assessors who have to complete it and not really, in our case, the PHAs, who have to then get those assessments from the assessors and understand it and then submit to us or upload to us. Okay. Thanks, Andy.

Andy Zehe: Thank you.

Robert Robinson: So what is the assessment tool? So what I thought I would do now is do a very quick walkthrough so that folks can see what this tool looks like. Not going to go into a lot of detail. I'm not going to look at every page. I'm not going to touch everything. This is not meant, as Greg has pointed out a couple of times, this is not meant to be a how do I use the ECNA tool. But rather, just to give you a sense of what it looks like. Those of who familiar with the RPCA tool will be happy that it's all Excel based. But one of the things that's been done for this, which is really, really cool, is there's a form that's created. So in the RPCA tool, people will remember all of the various tasks across the bottom that have to be completed; okay?

You can do that in this tool. But if you prefer, you can open up a form and as the macros running in the background, a nice little visual basic form comes up where you can enter things. So I'm going to pause for a second while this thing is populating all it's supposed to populate. There we go. So this is what easily bounces through the various tabs on the worksheet. So there's a participant's tab where all the players can be listed. So a contacts list, if you will; okay?

Then there's a property tab, which gives you the information on your property; street address, those sorts of items. It also allows you to set up what this property assessment scope is about. So you'll be able to select, for example, the RAD program will be selectable in here; okay? You'll also be able to get a sense of as the property information is completed by the CNA provider, there'll be a summary of the age of the property and some valuations based on some different formulas that are in the tool.

The other nice thing about this tool is one of the issues that's come up with an RPCA in the RAD program is how do you handle multiple sites inside the same amp, inside the same properties you're converting. Whether it be a high rise with some garden apartments in front of it or whether it's a series of garden apartments with maybe some scattered single family homes in the same transaction, this tool allows you to set up different sites and describe those. And then, if you flip over to the building section, you can actually set up different buildings on those various sites.

So if I have, again, a garden apartment with budget townhouses that are scattered throughout a complex, I can actually set that up very easily in this tool. The ability to copy and paste buildings and that sort of thing exists which didn't exist in the RPCA tool before. There's also a way to set up various unit types. So if you have a two bedroom, two bath and a two bedroom, one bed or a two bedroom, two and a half bath, you can make all those distinctions very easily in this tool as opposed to forcing those configurations into the old RPCA tool.

It also look at common area space, different utility types. So those of you, again, familiar with the RPCA tool, you know that you have the utility types and rates page, this is the same sort of thing. So I've got all of my tenant utility information out on the right and all of my owner information out on the left. It also will tell you if the tenant is paying for it or if the owner is paying for it. So it's a nice way to get all of that information in the same place.

Also, inspections. The requirements for the inspections are no different than they were before. The nice thing about this tool is it checks behind the scenes for you as a PA chair and owner to make sure that the required inspections that were necessary were done. So if the -- if your needs assessor, for example, was supposed to look at 20 units and they ended up only looking at 19, that's going to be caught here much quicker than trying -- for you to actually count through and make sure. Same thing on the accessibility requirement. So you're supposed to make sure you have 5 percent accessible units and you have to inspect those. All of those various pieces are added into the tool and checked in the validation engine.

The components. This is for those of you familiar with the RPCA tool. This is your caps needs input page. But each unit of each component is based on different property categories. So the tool is set up very nicely so that you can see all of the various pieces and all of the various permutations that you had in the various options. There are a few other categories that you can add to. So that flexibility is still there. But the design of the tool really is to cover the entire inventory of any property that you might come across.

Alternatives. Very important in all housing programs, particularly in RAD that has the requirement for Energy Star components. So when a needs assessor is looking at refrigerators, the tool is going to remind them that they need to look at green components. And you can easily check that as a review or looking at these. So those various alternatives. So if you've got vinyl siding, it's going to give you a couple of different things that you can do there. A whole gamut. And I'm not going to go through any of the details, but this is a very powerful part of the tool to

select all of the components and the usage and the EUL and all of the details that you would need to see in selecting an alternative to replace something that's there.

This repair replace recommendation, this is going to be the button that the needs assessor fills in. They're going to make their recommendation to you as the PHA or the owner. And then at the bottom, you're going to see this repair replacement decision. This is where you go through and make the decision as to what you're going to do. So the needs assessor's going to make a recommendation; you're going to decide what's going to be done. This is a very important part of your review as an owner to make sure that you are understanding what needs to be done now at your property versus what's going to be done later on the 20 year schedule; okay?

One of the other pieces that's going to be very important for you to look at, which is not going to be manually input this time, are going to be the financial factors page. This is a hybrid from the RPCA tool in that the global input page, which most PHAs and most needs assessors never looked at because it was hard wired has these various inflation rates set. These are not set in this tool. So the needs assessors are going to need to set this up for you or you're going to need to take a look at it. Otherwise, when they try to validate, that's going to give them an error. So the guidance that the Recap Office is giving is the only column that needs to be completed by you in the -- as far as trending goes is the next rate.

So the program guidance is that these first two items should be between 1.5 and 2.5 percent. Typically, you see the deposit -- the annual deposit and the cap needs inflated the same rate so that as the cost of the replacement item goes up by 2 percent, you are also inflating the amount of money that you're depositing to cover that. So that's typically how a RAD transaction would work; a 2 percent, 2 percent, or 1.5, 1.5, somewhere in that neighborhood.

As far as interest earn on the balance, the program standard, again, is 1.5 percent. You could put whatever works for you. But if it's going to be outside that range, that's going to potentially throw a flag; okay? And we're going to talk about some of those -- the differences in just a minute. But I just wanted to give everybody a sense of what the tool looks like and the two ways that you can jump back and forth. So I like this screen here, but you can always close it and go to the various sections and see what's behind the information.

Andy, anything that you would add in that quick overview?

Andy Zehe: No. I think you nailed it. And like Greg said earlier, I think this is new to the PHA attendees, but most of the assessors who've been working FHA transactions are probably already familiar with this content.

Greg Byrne: Right. And depending on the assessor and the PHA, the level of upfront coordination in terms of giving the assessor enough information for them to complete -- so [inaudible] property versus what the assessor will do. While those slides that Robert went through, again, it's the extent that assessors -- you've been giving assessors information about

your building and age of the building and all that stuff, you would still do that. It's just a new form by which you would put it on.

Robert Robinson: Scott, we have any questions?

Greg Byrne: You going -- in terms of where we go with the rest of the presentation, are you going to show them at all the 20 year schedule page or anything like that?

Robert Robinson: Yeah. Scott, any questions that have come up? Or just keep plowing through?

Scott: Hi, Robert. I think you can keep going for now. We have a couple of questions that we can tackle at the end.

Robert Robinson: Perfect. So what are the key differences between this assessment tool and the RPCA tool when I walked through that?

First and foremost, for non-FHA transactions, this assessment tool and the CNA e-tool in its totality, will be uploaded to the RAD resource desk just like you would the RPCA and the RPCA tool today. You're not going to use the e-tool submission portal that the lenders are using for FHA transactions. So just want to stress that to everybody. This is a different track. You're not going to be submitting through the web portal. You're going to be uploading to the resource desk.

And the other piece is, for the financial factors tab, you're going to have to fill that out. The tool will not validate without that being filled in.

Greg Byrne: And so that for that financial factors tab, which you're going to get to now, is the key term as to what's the rate of interest on your deposits and how much are costs inflating by? So you need to get some agreement with your assessor so that they can -- since they're going to be completing the e-tool and that's in there, they have to give that -- in order for them to complete the tool, they need to give that to you -- you need to agree on that. Otherwise, they can't complete the tool.

Robert Robinson: That's correct. Absolutely. And again, program guidance is that the deposit rate and the inflation rate are tied. So between 1.5 and 2.5 percent is an acceptable rate. You know, 1 percent, 1.5 percent rate of interest off our balances, those are within the acceptable range.

Greg Byrne: So that's our guide. We certainly accept where someone believes that the rates are different for some locality reason or something happening with the economy, but these are the defaults.

Robert Robinson: So Andy, you want to talk about the validation engine?

Andy Zehe: Sure. So the validation engine that has a fancy name, but it's really a website. You're seeing the landing page for that now. One thing to know is that it's publicly available, doesn't require any credentials or logins. You can go to it as frequently as you want to and validate. And the validation engine is where you actually get some of the key information come the outputs of the whole CNA process. So the 20 year schedule, list of critical repairs, that is all generated through the validation engine process.

Greg Byrne: And Andy, again, the PHA itself is not doing this. The assessor is completing their work and they're going and validating and then giving this validated tool to the PHA to submit; right?

Andy Zehe: Correct. Yeah. The outputs of the validation engine are really going over to the PHA.

Robert Robinson: So things to remember in the validation process. There are flags that are created and we're going to talk about that in just a second. But correct me if I'm wrong Andy, no S flags or severe flags can exist on a properly validated tool; is that correct?

Andy Zehe: Yeah. So yeah. Once you get in, the RAD will not accept a submission through the resource desk that hasn't had the severe flags closed. There are three types of flags that the engine returns. I for informational, and those are just heads up; W for warnings; and S for severes.

Robert Robinson: I'm pulling that up right now so we can look. Good chance to look at that. So here's -- this is the flag page that's created through the validation engine. So Andy, can you just -- I know you started that and I didn't get it up in time.

Andy Zehe: Yeah. Sorry. So I is informational; it's just a heads up. Everything could be absolutely A-okay, but it's just a heads up. And then do you have some Ws? Yes. So W is for warning. And Robert, you do want for any warning flags, you do want a comment that is explaining -- from the assessor explaining that; correct?

Robert Robinson: Right. Absolutely. So I'm showing -- I'm highlighting column G here of this flags page. This need to be completed. The notes -- any W flag needs to be explained. I flags, we would like to have them explained, but any W flag needs to be explained.

Andy Zehe: And I guess to finish the logic chain out, Robert, if it has an S on it, you don't want it submitted. You want that fixed up before it comes in.

Robert Robinson: That's exactly right. So if a PHA -- so PHAs and owners out there, if you receive a validated e-tool from your assessor to upload to the resource desk and it has S flags in it, the transaction manager's going to immediately kick them back. They're not going to do any reviews. This is the very first thing all transaction managers are going to be trained to look at is this flag notes page. They're going to kick back anything with S flags. They're not even going to

look at it. And any W flags that aren't explained are going to be another cause to reject the financing plan out of hand.

Greg Byrne: And hopefully, anything that's a W that needs to be corrected, the assessor saw the W and before giving it to the PHA, corrected it and it doesn't show up by the time we get to this stage. So again, looking through the lens of a PHA, what do I need to know about this validation engine? It's that the assessor, after they complete their review, they have to run it through the validation engine and it creates this report.

And you, as a PHA or an owner of a mod rehab property or something like that or that engage in a conversation with the assessor and one of the things you may be saying is what's the deal with all these flags? Why are these flags here? And are these important or not? How severe or how critical are these? And you may end up kicking it back to an assessor and saying looks like a bunch of these could be resolved. Let's get them cleaned up before we send them to HUD. But HUD -- as Robert says, HUD will not review an e-tool that has a severe flag.

Robert Robinson: Right. So the other thing that's created through the validation engine that's very important, that Andy alluded to, is this caps needs input -- or I'm sorry, this kind of assessment project summary. So what this provides are a number of things, but most important, for the Recap Office and for these owners and PHAs to know is that this is where you see what are my critical needs or my non-critical needs that are going to be done. My rehab, if you will. And then here's my 20 year schedule.

So this is a very important thing for everybody that's using the tool to be looking at because here, for example, yes, fault shingles are going to be replaced out in year nine, year eight, year nine, year 10. This is how your 20 year schedule is getting set up. So this is the output from all of that data that's been entered into the assessment tool. So this is the summary information that's generated. And this assessment summary has to be submitted as part of the overall CNA e-tool onto the resource desk. It needs to be uploaded with the rest of the package.

So uploading the CNA e-tool is no different than what we've done in the past. You're going to go to the RAD resource desk, which I think everyone's familiar with, but I'm just going to do a quick glance out so that people know what that is. So RAD resource desk. Everyone's seen this before. You're going to go in like you normally would. You're going to log in and you're going to upload these items just like you would any other piece of the financing plan submission.

But unlike the previous versions where you were simply uploading the narrative, the energy audit, and the RPCA tool, the CNA e-tool has a couple of different or additional pieces. So in addition to the assessment tool itself, the flag notes and the assessment summary report also need to be included. So those are in addition to the assessment tool itself. So there are three pieces that are added that are replacing the one that you did before, but they're all driven off of that assessment tool.

Again, we talked about this. This is how the resource desk works. The resource desk. Everyone should be familiar with how this is going to work. Andy, you want to talk about the resource materials that are represented?

Andy Zehe: Sure. And there are -- like I said earlier, there are a lot of training resources out there on the HUD.gov CNA e-tool landing page. Most of those are targeted at the assessor audience and left applicable. I would call out a couple of things. Just the one key document is in the top left corner there, instructions for use of the e-tool. Anybody who is trying to complete an assessment using the e-tool needs to have that.

That's the software manual, if you will, to have hand in hand. There are a couple of different training resources, some tutorials, and some web-based trainings that can be taken at any time. And then one document down at the bottom under public resources is the ask a question desk. If you have a question about the use of the e-tool, you can -- if you go to the next you, you click on that, and it'll take you to the AAQ desk, as a question.

Robert, I know that you have an existing resource desk for RAD related questions. I think the basic way to think about this is if you have a question about the use of the e-tool, go to the AAQ desk. If you have a RAD policy question, go to the RAD resource desk as you normally would.

Robert Robinson: Yeah. That's a very important -- yeah. Very important distinction that Andy's making. This AAQ help desk is a fabulous tool for those that are using the e-CNA tool. It's not a fabulous tool for someone who's looking for information about how the RAD program interprets replacements or that sort of thing. So continue to go to the RAD resource desk. There'll be coordination between the two help desks, which will be fine. But if you -- I think Andy's absolutely right. This is a CNA e-tool specific page.

Andy Zehe: Yeah. And we will -- if we get a question that was more appropriately addressed to the other help desk, we will reroute it. But that basic decision rule is important.

Robert Robinson: Right. So questions? Scott, you mentioned that there might be a couple that we could pick up at the end.

Scott: Yeah. We have a couple of questions. I'll start with Matt's question. He's asking is it the readiness, financing, or closing coordinator who's going to review what is uploaded to the RAD resource desk.

Robert Robinson: So just like today, the financing transaction managers review all of the financing plan submissions. So everything that's been uploaded through the CNA e-tool description we just went through is going to be reviewed by the financing transaction manager. This is a part of the financing plan. Just like the operating pro forma, the development budget, all of the other items that are included, that's when this is getting reviewed. So anybody that's uploading something to the resource desk earlier than financing plan submission, just like today,

should not expect that the tool or the CNA to be reviewed until the financing plan is submitted. That's a great question, but that's when it's going to happen, the financing plan submission.

Scott: Okay. Thanks. And we actually have a two part question from Nathan. If the PHA hasn't determined whether they will convert with or without FHA debt, can they move forward under the RAD protocol and then have that work transfer over to the lend if they decide to use FHA debt?

Robert Robinson: That's a fantastic question. And the good news about that is yes because the CNA e-tool requirement is not universally accepted. So if they procure a CNA e-tool and they don't think they're going to use FHA insurance, and then they decide to do it, their lender's going to be thrilled because they're going to be able to hand that CNA e-tool to the lender and the lender can move forward with that. So that should be -- as opposed to today where there's been some confusion back and forth over the last few years on what's acceptable or not. In this case, CNA e-tool procured for RAD is going to work for FHA or non-FHA.

Greg Byrne: Just also remember that RAD, when do you submit the tool? You submit it when you have your financing plan ready to be reviewed. So by then hopefully you know whether you're going FHA or not.

Robert Robinson: That's a great point because a submission for firm application is the same thing as financing plan submission. So those two things are in tandem. So I'm assuming that the questioner is asking if I procure the CNA e-tool early on to help make my decision as to what I want to do, which is a great thing to do, there may be some updates that are necessary.

Greg Byrne: And we'll talk also anybody who has -- who somehow is forward-thinking and always procure the CNA tool and is ready to submit before February 1st, we'll take that. We have no problem. Just upload that.

Scott: Great. So I think you hit on the second part of Nathan's questions in there, but just to make sure we get clarity on this. In furthering his question, he asks, can a lender use the existing CNA or do they have to get a new third party assessor to come in and do the work -- essentially the same work?

Robert Robinson: I'm not entirely sure I understand the question. If they had a -- just a general CNA that was commissioned --

Scott: No. I'm sorry. This is the same questioner. And so going back to this question about whether they're going to use FHA debt or not. And they go in and they procure a CNA and they want to now transition that so it can be used by the lender. Is it your sense that the lender would be able to just pick up that existing CNA? Or would the lender have to go out and procure their own third party assessor?

Robert Robinson: It is my thought, and maybe Andy can chime in, too, but my thought would be yes. If it was properly procured, I would see no reason why the -- a lender wouldn't accept a CNA e-tool. It's done by a third party either way. Andy?

Andy Zehe: Yeah. I agree. Unless the lender has a hang up, I can't see why that would be a problem.

Scott: And Nathan, if that question is coming across correctly, you can go ahead and type another one in there to me and I'll read that one out as well. In the mean time, we have a question from Rocco [ph] about how long an e-tool is good for.

Robert Robinson: A year. Isn't it a year, Andy?

Andy Zehe: Yeah. I mean, do you have a -- is there a RAD specific standard about when the study was done and --

Robert Robinson: So RAD follows the map guide. So I think my -- off the top of my head, I've always used a year. It might be six months and they need a desk review update. And a year is the entirely new tool. But yeah. There's -- it's in the MAP -- whatever the MAP --

Andy Zehe: The map guide rules and Robert and I believe that's the right now, but we will confirm that. When we send the materials out, a copy of the recording out to folks, there's a Q&A function of all the questions and we'll confirm that answer when we return serve on that.

Greg Byrne: And just to -- might as well make sure everyone knows what the acronym MAP stands for.

Robert Robinson: Multiple accelerated processing, right?

Greg Byrne: Right. It's essentially the instruction to lenders of submitting FHA applications.

Robert Robinson: Right.

Scott: Okay. And we have another question from Mike. Is the CNA e-tool required for new construction RAD projects?

Robert Robinson: Yes. The assessment tool -- the RPCA tool was always required and the assessment tool will be required in this particular case. And the reason I'm making that distinction is that the CNA e-tool encompasses everything, the narrative and all of the other pieces. Whereas the assessment tool itself is what's used to generate the rehab schedule and the 20 year schedule. So only the assessment tool will be required. You will not have to do the narrative component of that or the interview on it. So yes.

Scott: Okay. Glen's question is similar at the beginning but then changes towards the end. So Glen asks for demo and new construction, would we need to submit the e-tool? The second part

of the question is also if I'm submitting my finance plan now, do I need to submit the e-tool for non-FHA debt?

Robert Robinson: So for non-FHA insured transactions, you have until February 1st to submit the RPCA tool. February 1st, everything has to be CNA e-tool.

Scott: So Glen, if that helps drive your timeframes. That's all the questions we currently have right now. I'll just throw out to the audience, if you have any more, please go ahead and submit them. We have a couple more minutes.

Andy Zehe: And while we are allowing time, we have a follow up session in January. Oh. Perfect. And I think, Robert, the intention of that is this was an introduction for the PHA audience. Folks will probably study up, read these PowerPoint slides and may come back in January with a few more questions once they've had the time to think it over. So that is intended as more of an open format webinar to really just be Q&A focused; correct?

Robert Robinson: That's exactly right, Andy. Thanks for teeing that up for us. So yeah. So the idea for January is twofold. One, hopefully people will have thought about this a little bit more and they have some more questions. But two, we're hoping, again, knock on wood, that we will - - that the recap will have seen some CNA e-tools submitted through FHA because it's required today. And so we'll have some -- granted, it won't be a lot, but we may have some best practices. We may have found some places where there's some clarifications that we need to make prior to the February 2nd rollout date. So recap was -- that's an opportunity for anybody who's still struggle a little bit to get some help prior to the February 1st cut over date.

Scott: We actually have a good clarification question from Mike that just came in. He asked, you said the assessment tool, is that different than the e-tool?

Robert Robinson: Andy, I'm going to let you take that.

Andy Zehe: Thank you, Robert. Let me see if I can do this. It's a good question. The e-tool is what we've been calling the collection of individual tools. So the assessment tool is the Excel tool that you saw Robert demo earlier. There's the validation engine. So collectively, that -- all those components are what we call the e-tool. We do try to be specific when we are working in the Excel tool and refer to that as the assessment just for consistency in labeling. So the requirement is to submit a completed assessment tool and the validation components for RAD only transactions.

Scott: All right. We're getting a few more questions coming in. Do you want some more?

Robert Robinson: Okay. Good.

Scott: All right. So Jamie asks, will this take the place of the PIH GPNA? Will it need to be used for PHA's PNAs that need to be submitted and updated every five years? So you might want to do a little vocabulary there as well.

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Greg Byrne: Yeah. So public housing, either who have no interest in converting to RAD or might be converting to RAD in the future, you have to live by public housing rules. And public housing has its own standards for PNAs, physical needs assessments. And they are closely studying this CNA e-tool, but it is in no way required for public housing. So this -- our whole presentation today is purely in connection with submitting a financing plan for RAD I or RAD II transaction.

Scott: Okay. Another question from Rocco here. Do you have a list of vendors who have prepared assessment tools?

Greg Byrne: Yeah. So we really -- the department frowns on in any way doing something that might look like we're sponsoring or giving a nudge or whatever towards any particular vendor. There are multiple vendors out there who have been doing PCAs are ready to be submitting these e-tools. I think the -- two suggestions. You can either just simply Google and you'll find a bunch of names will come up and you can quickly look on them. But also, talk to some of your peers that have gone through RAD and you can ask them who they've used, who they've had success with. But there's a big marketplace.

Scott: We had another question pop in here from Jamie. Are the rules the same in regard to tax credit applications? Meaning the assessment tool only.

Robert Robinson: Right. So same thing. So the assessment tool only would be new construction, tax credits, or rehab as defined down to the stud. So those three exceptions would not have to do the entire scope of work. They wouldn't have to do the narrative and the energy audit, but they have to do the assessment tool. But the one that's dropped off that list is FHA used to be exempt, but now FHA requires this. So we're all in line with that. So now, we've gone from four exemptions to three.

Scott: Looks like that's it.

Greg Byrne: All right. So just on behalf of all the presenters today and on behalf of the department, we want to thank everybody for participating in this. Be on the lookout for our announcement of the follow up Q&A session in January. And if you have procured under the old RPCA system, hustle and get your financing plan in by January 31st and you won't have to worry.

All right. Thanks, everybody. We'll talk again soon.

Robert Robinson: Thanks.

(END)