



OFFICE OF HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

Special Attention of:
Multifamily Regional Center Directors
Multifamily Asset Management Division Directors
Multifamily Account Executives
Multifamily Mortgagees
Multifamily Owners and Management Agents

Notice: H 2026-02

Issued: 2/20/2026

Expires: This Notice remains in effect until amended, superseded, or rescinded

Cross Reference: H 2023-03,
H 2016-18

SUBJECT: Suspension of CNA eTool Submission and HUD Review Requirement for Capital Needs Assessments for Asset Management

I. Purpose

This Notice amends Housing Notices 2023-03 (“H 2023-03”)¹ and 2016-18 (“H 2016-18”)². H 2023-03 fully implements guidance on the Capital Needs Assessment (CNA) eTool for Asset Management that was originally provided in H 2016-18, but subsequently suspended by HUD’s August 3, 2018 and July 18, 2019 memorandums.³ This Notice suspends the requirement to utilize the CNA eTool when submitting the required 10-year updated CNAs and certain other CNAs until further notice. This Notice also suspends the review of required 10-year CNAs by the Office of Asset Management (OAM), with the limited exceptions identified in Section VI, until further notice but does not suspend or remove the requirement for submission of 10-year or other CNAs required by OAM.

II. Background

As outlined in the April 2023 memo entitled “CNA Requirements for Properties with an FHA-Insured Loan” and H 2023-03⁴, HUD requires the submission of 10-year updated CNAs. These updates ensure that properties are assessed for immediate repairs, including those related to health, safety, and accessibility deficiencies, known as “critical

¹ See [H 2023-03](#), “Capital Needs Assessment (CNA) eTool for Asset Management”

² See [H 2016-18](#), “Implementation of the CNA eTool: Automating Capital Needs Assessments, and Related Policy Changes”

³ See “[CNA eTool for PRAC Requirement](#)” (8/3/2018) and “[Temporary Suspension of CNA eTool Requirement for 10 Year Update Capital Needs Assessments](#)” (7/18/2019)

⁴ See [CNA Requirements for Properties with an FHA-Insured Loan](#) and [H 2023-03](#), “Capital Needs Assessment (CNA) eTool for Asset Management”

repairs.” CNAs also detail how funds are allocated to facilitate the completion of both short- and long-term repairs or capital replacements in a timely manner.

H 2016-18 and H 2023-03 instruct program participants to use the CNA eTool for the preparation of CNAs submitted to HUD. However, the department recognizes the eTool’s limitations in handling certain specialized needs, namely for 10-year updates for FHA-insured mortgages and other Asset Management CNAs. As the department works to achieve greater governmental efficiency,⁵ the reallocation of resources is necessary to continue accomplishing the mission objectives of HUD.

In the interest of making technical improvements to the eTool system, maximizing limited departmental resources, and continuing to accommodate future 10-year updated CNAs, HUD is making the following changes:

- A. It suspends the use of the CNA eTool for the submission of Asset Management CNAs to HUD.
- B. It suspends the review of 10-year updated CNAs by HUD’s Asset Management staff.

This Notice intends to streamline the 10-year update process and allow owners and lenders to manage their assets accordingly, reducing the burden of government requirements while the department updates its technical systems to best serve our various stakeholders and the American people.

III. Applicability

This Notice suspending the use of the CNA eTool applies only to the following Asset Management submission requirements:

- 1. 10-year updated CNAs for projects with FHA-insured mortgages
- 2. Partial Payment of Claims or Loan Modification
- 3. Section 202/811 with Project Rental Assistance Contract (PRAC) assistance but not an insured FHA insured or RAD transaction.
- 4. The use of the CNA eTool is not required for Transfer of Physical Assets (TPAs) transactions or Housing Assistance Payments contract assignments (HAP Assignments).

This Notice does not amend or suspend the required use of the CNA eTool for submission requirements for new FHA insurance applications through the Office of Multifamily Production or for applications required by the Office of Recapitalization for Rental Assistance Demonstration (RAD) conversions. Please note, properties planning to convert via RAD for PRAC should continue to use the CNA eTool for the purposes of establishing a replacement reserve to ensure consistency with the CNA eTool that will be required as part of the conversion.

⁵ See Exec Order No. 14219, entitled “Ensuring Lawful Governance and Implementing the President’s ‘Department of Governmental Efficiency’ Deregulatory Initiative,” Feb. 19, 2025

IV. Implementation

As detailed above, OAM will no longer require the submission of 10-year updated CNAs to the CNA eTool. However, the requirement to send HUD updated CNAs every ten (10) years is still applicable. Because of this, the process for submitting 10-year updated CNAs has been amended in the following ways:

1. Lenders are expected to direct the property owner to conduct 10-year CNAs within nine months of the 10th (followed by the 20th and 30th) anniversary of the final closing that provide enough information for the lender to ensure that the property is either:
 - a. Maintaining adequate reserves for future capital repairs and replacements needs, or
 - b. Indicates the need to increase reserves or prepare for possible recapitalization.
2. Lenders must confirm to HUD that a) they believe the RfR and annual deposits are adequate for the next 10 years, or b) they have made the owner aware that the RfR may not be adequate and the owner must increase their monthly RfR contributions or draft a plan for the recapitalization of the project.

To that end, after a 10-year updated CNA is completed and reviewed by the lender, the lender must submit the following to the HUD field office via email to its Centralized Inbox and CC the email to the following HUD HQ Inbox –

AssetManagementCNAs@hud.gov:

- A copy of the lender's letter to the owner which:
 - Identifies if current reserve deposits are adequate or if they need to be increased.
 - Highlights any accessibility standards and near-term life safety repairs in the CNA that need to be addressed.
 - Identifies whether the owner should prepare a Capital Plan (CP) to address any funding shortfalls that cannot be addressed with an increase in reserves.
 - Note: The property owner's draft CP should be submitted to HUD for approval within 30 days.
- The iREMS Property ID number.
- A copy of the 10-year updated CNA.
- Funds Authorization Form 9250 requesting a change in the monthly deposit to the reserves, if applicable.

V. Reserve for Replacement Minimum Threshold Recommendation

To provide lenders a defined metric to determine an adequate minimum threshold, OAM has published a recommended target minimum amount for owners to have in their

Reserve for Replacement funds.⁶ While HUD strongly recommends these guidelines, it does not mandate them. As such, this Notice updates this recommendation to equal or exceed the greater of the following two amount:

- A. The initial established monthly deposit multiplied by 36 months (3 years); or
- B. At least \$1,500 per unit.

VI. Transfer of Physical Investments

Transfer of Physical Assets (TPA) transactions require a physical inspection of the property. This is fulfilled by a CNA. The inspection report must be prepared by a professional, licensed Multifamily architect or engineer and it must address the cost of any required repairs and an analysis of the RfR needs. The CNA eTool is not required for this.

A request for HUD approval of a Housing Assistance Payments contract assignment (HAP Assignment) generally requires the submission of a CNA. However, the use of the CNA eTool is recommended but not required under this Notice. HAP Assignments for properties with fewer than 20 units are not required to complete a CNA.

VII. Compliance

While HUD suspends the review of 10-year updated CNAs, lenders must continue to do their due diligence to review all required CNAs. Further, HUD reserves the right to require the submission of 10-Year updated CNAs using the CNA eTool in the future. HUD also reserves the right to review the 10-Year CNA updates of any property if, in HUD's sole determination, the owner or lender has failed to abide by the requirements of this Notice and/or the owner's agreements with HUD. Lack of compliance with CNA submission obligations can result in the suspended release of HUD form 9250 Disbursement of Funds from the RfR account.

This Notice's suspension of HUD review extends to current and on-going 10-Year CNA eTool reviews.

This Notice will become effectively immediately.

If there are any questions regarding this Notice, please contact Daniel Clark at Daniel.J.Clark@hud.gov.

⁶ See Section A.5.7.2.3 of [Multifamily Accelerated Processing \(MAP\) Guide 4430.G](#) and pg. 4-7 of [Multifamily Asset Management and Project Servicing \(4350.1\)](#) for more information.