



# **CNA e-Tool Frequently Asked Questions**

**U.S. Department of Housing and Urban Development (HUD)**

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# CNA e-Tool Frequently Asked Questions

- A. Program Requirements .....1**
  - General Requirements ..... 1
  - Rental Assistance Demonstration (RAD)..... 1
- B. User Access .....1**
- C. CNA e-Tool Forms & Web Portals.....1**
  - Property Information Form..... 1
  - Inspection Sample Form ..... 2
  - Components Form ..... 3
  - Alternatives Form..... 3
  - Repair, Replace, Add New Recommendation Form..... 3
  - Narrative Form and Attachments ..... 5
  - EPA Portfolio Manager..... 5
  - Web Portals..... 6
  - Submission Process ..... 7
  - Flags ..... 7
  - Reports..... 8
  - Web Portal Data Retention..... 8
  - Outdated Versions of the Assessor Tool..... 9
  - Locate CNA..... 9
  - Assessor Requirements..... 9
- D. Resources .....10**
  - Estimated Useful Life Table..... 10
  - MAP Guide ..... 10
  - Operational Bulletins ..... 10
  - Rules of Behavior ..... 10

## A. Program Requirements

### General Requirements

1. Question: When will HUD require use of the CNA e-Tool?

Answer: FHA multifamily mortgage insurance applications have required use of the CNA e-Tool as of November 1, 2017.

All Rental Assistance Demonstration (RAD) conversions, 10-year update capital needs assessments for FHA-insured multifamily properties and other asset management milestones such as partial payment of claims, have required use of the CNA e-Tool as of February 1, 2018.

2. Question: Will public housing require use of the CNA e-Tool?

Answer: No.

If the question is regarding public housing assets converting to private ownership through the Rental Assistance Demonstration (RAD) see the heading for that topic below.

3. Question: Will the HUD firm application submission package require a third party PCNA report when the CNA e-Tool is required?

Answer: No. A third party prepared CNA in the CNA e-Tool replaces the paper reports formerly submitted as part of the paper application packages.

### Rental Assistance Demonstration (RAD)

1. Question: When do RAD transactions require use of the CNA e-Tool?

Answer: Per section 1.4.A of the RAD Notice, the CNA e-Tool is required for all properties, with exceptions for certain new/rehabbed properties, for tax credit properties, and for properties where less than 20% of the units are assisted. RAD transactions will require the CNA e-Tool as the RPCA Tool had been required. Note that RAD transactions using MAP (i.e. HUD-FHA insured mortgage financing) must follow the procedures for CNAs outlined in the 2016 MAP Guide. All other RAD transactions follow CNA procedures described by the RAD Resource Desk.

## B. User Access

Follow the link below to reference HUD's User Access Guide:

[https://www.hud.gov/sites/documents/CNA\\_ETOOL\\_FILE\\_01.PDF](https://www.hud.gov/sites/documents/CNA_ETOOL_FILE_01.PDF) - HUD User Access Guide.

[https://www.hud.gov/sites/documents/CNA\\_ETOOL\\_FILE\\_04.PDF](https://www.hud.gov/sites/documents/CNA_ETOOL_FILE_04.PDF) - Lender User/Coordinator Access Guide.

## C. CNA e-Tool Forms & Web Portals

### Property Information Form

1. Question: What types of properties can users select in the Assessor tool?

Answer: Users can select the following properties in the Assessor tool: M2M, RAD, LIHTC PILOT, Application Development, and Asset Management. Users can expect revised categories in July 2018.

2. Question: When and how can Lenders request a Project ID (iREMS) number?

Answer: The coordinator generally assigns the user a Project ID (aka: iREMS) number at the time of initial closing and the asset is added into HUD's portfolio. For properties that are already in HUD's portfolio, the Lender should contact his/her Account Executive assigned to the property in Asset Management for this information. If the property is not yet in HUD's portfolio, there will be no Project ID number at the time of CNA submission. Provide an FHA loan application number instead.

### **Inspection Sample Form**

1. Question: For inspection sample density, the MAP Guide says to inspect 25% of the units in a proportional manner and the CNA e-Tool is coded to create flags if 25% of the units in each building and of each type are not inspected. If we see 27% of the total units at the site, they were in most of the buildings, and at least a few of each unit type were inspected, are those W flags going to require us to go back to the site to inspect additional units?

Answer: Generally, HUD is not concerned with minor deviations from the sampling regimen stated in MAP Guide Appendix 5G.V.B.2. In this context, an example of "minor" could mean having a sample that is short by one unit out of the eight that would be required for one building or one-unit type.

HUD relies on a randomly selected and proportionately distributed sample documented with photography as evidence to evaluate and review the CNA submitted. While it is quite reasonable to disagree about and/or to compromise on judgments about the evidence, it is not reasonable to alter, hide, or compromise the evidence. HUD is not satisfied with any significant deviation from the sample routine, repetitive deviations, and/or an inadequate photographic record.

HUD sees the problem as Lenders and Assessors being too casual about the scope of the CNA, and not communicating with owners and among themselves in a manner that allows all parties to work efficiently as they deliver the required scope for the CNA.

HUD staff are advised to return CNAs that lack the required photography or depart materially from the sampling regimen.

## Components Form

1. Question: To submit a CNA only for Assets, do we need to include other components such as the roofing or painting of units?

Answer: For Assets, the CNA needs to assess the existing conditions of all the relevant components. This allows for up-to-date information on the replacement schedule and on the budget for anticipated replacements.

2. Question: What if there is an item on site that does not appear in the drop-down list? How can a user add a new category?

Answer: Users should find the Component Type that most closely resembles what they are working with because users cannot add a new category to the drop-down list. Notify HUD at [CNAeTool@hud.gov](mailto:CNAeTool@hud.gov) if and when you identify a component with no appropriate category.

## Alternatives Form

1. Question: Can a Lender create new alternatives or modify components to allow choices for repairs not foreseen by the Needs Assessor?

Answer: The Lender can use the “Repair Replace Decision” form of the Assessment Tool to modify a needs assessor’s recommendation or to select a different alternative than the one the needs assessor recommended. However, if a Lender would like to create a new alternative (as opposed to selecting an existing one), s/he should return the CNA to the Needs Assessor with appropriate instructions and specify a new set of parameters (e.g., when, duration, location, cost, life safety, accessibility, scope).

## Repair, Replace, Add New Recommendation Form

1. Question: Can a Needs Assessor move an accessibility repair out of the Critical repair category to the Non-Critical repair category so that it can be completed 12 months after closing? If so, how would the Needs Assessor enter this into the CNA e-Tool?

Answer: No, accessibility remedies are always “critical.” Per Appendix 5B of the 2016 MAP Guide, HUD requires accessibility remedies to be completed “as soon as possible” measured in months up to 12 months after closing on a case-by-case basis, typically for accessibility-related repairs that require construction. HUD will allow this request depending on the severity/type of the repairs. The distinction between the timing of non-critical repairs and accessibility remedies is the emphasis on “as soon as possible.”

Within the CNA e-Tool, regardless of the construction timeline, the Needs Assessor should indicate ‘Now’ as the timeline of the repair and indicate ‘Yes’ in the Life Safety and Accessibility

Indicator fields. S/he should also explain his/her proposal to complete this repair post-closing in his/her comments.

2. Question: What is the correct entry in the 'Time to Complete' field on the Recommendations form when a repair/replace item must be completed before closing?

Answer: The correct entry is zero in the 'Time to Complete' field.

3. Question: One-time repairs/replacements undertaken as part of the scope of work in the CNA e-Tool have caused large repairs in the replacement reserves. Based on the CNA e-Tool, new carpets and cabinets will have a full replacement show up multiple times in the reserve schedule. This has also been seen where a new clubhouse is installed every 10 years (or 3 total times). This has caused unusually high minimum annual deposits and many of the items will be replaced or repaired as needed as opposed to reinstalling every single unit at once, every time.

Would it be possible to change some of these types of repairs to one time repairs and account for turnover, separately? How would this be done in the CNA e-Tool?

Answer: The Estimated Useful Life (EUL) is derived from industry data, and the estimated replacement year in the Reserves for Replacement (RfR) would be based on the EUL. For example, cabinets have an EUL of 20 years. If they are installed as part of the Non-Critical repairs in year 1, the replacement of the cabinets would not appear in the RfR at all since the RfR is scheduled for the first 20 years of the mortgage term. Carpets, on the other hand, typically last 6 years according to the EUL, so expect them to be replaced at least 3 times within the 20-year schedule.

The new Clubhouse building should be a separate building on the site, so it wouldn't be a replacement item in the RfR. It would be made up of various components such as the walls, roofing, windows, bathroom fixtures, carpet/flooring, etc. All of these components that make up the Clubhouse would have different EULs. The cost of the new Clubhouse would be the sum of these different components and need to be structured in the CNA as such.

The whole purpose of the RfR is to estimate potential expenses and capital needs of the property and create a reserves fund that's always available for the Owner to use. Establishing the Reserves does not mean that a component will be reinstalled automatically and compelled to do so at every unit all at once, each time.

The duration functionality within the CNA e-Tool exists to be able to spread out the cost over several years rather than all in one year. For example, let's say the cost to replace all the windows at the property, given the per-unit cost, is \$200,000. Let's also say the windows need to be replaced around Year 8, according to the EUL. You can estimate with all \$200,000 in that one Year 8, or spread the costs out over 5 years with \$40,000 a year for 5 years.

## Narrative Form and Attachments

1. Question: If the Needs Assessor prepares a narrative report outside of the CNA e-Tool and embeds the photos in the report, does the Needs Assessor still have to submit photos in a separate file for the Lender to attach to the CNA e-Tool submission?

Answer: Appendix 5G of the MAP Guide requires that the Needs Assessor assembles photos in an annotated anthology or album, organized in accordance with the ASTM 2018-08 standard outline, with each photo labeled and/or explained. This would typically be done in a text file converted to a PDF file, which the user will attach to the CNA at Submission.

MAP Guide Appendix 5G.VII.D.2.g describes the extent of photos required and how they should be presented:

*“g. Annotated photography for existing properties showing the sites and buildings, unique and typical common spaces, each unit type including all rooms and baths, and typical conditions together with any photos necessary to document specific locations and/or the nature or content of immediate repairs, each numbered and labeled and accompanied by such text comments as appropriate. Photos of unit interiors should document not only exceptional conditions (good or bad), but also actual conditions of every 5th dwelling unit inspected including any common areas (hallway, breezeway, elevator) that must be transited to access the unit. While photos or text documents may be attached to address a particular component or topic, it is recommended that the Needs Assessor and/or Lender assemble photography and comments in a single or multiple PDF documents organized by Need Category, i.e. by ASTM outline, e.g. 3.2 Site, 3.3 Mechanical Electrical Systems, etc. These attachments should cover all Need Categories from 3.2 through 4.0. See the Standard Estimated Useful Life Table.”*

HUD specifically does not want submitters to attach traditional PCNA reports, or multiple exhibit items in a single file leaving the reviewer unable to see quickly what has been attached and requiring the reviewer to open, search, and find a particular exhibit among many. When the reviewer opens the Attachments panel for a submitted CNA, s/he should be able to scan the list of attachments and readily understand the identity of each item, as though the list were a table of contents for the CNA appendices.

## EPA Portfolio Manager

1. Question: What is the EPA ENERGY STAR Portfolio Manager?

Answer: EPA's ENERGY STAR Portfolio Manager Tool helps owners measure and track the energy, water use, and greenhouse gas emissions of their buildings in a secure online environment. The owner can use the results to identify under-performing buildings, set investment priorities, verify efficiency improvements, and receive EPA recognition for superior energy performance.

2. Question: What is the HUD Custom SEDI for and where can I find it?

Answer: The HUD Custom SEDI is used for properties to be built, adaptively reused, or rehabilitated. It is found at the following URL:  
<https://portfoliomanager.energystar.gov/pm/reports/dataRequest/accept/4846e93b-feec-43b6-bc21-f501d2038b08>.

3. Question: What is the HUD Custom SEP for and where can I find it?

Answer: The HUD Custom SEP is used for existing properties with recent full 12 months of normal operating history. It is found at the following URL:  
<https://portfoliomanager.energystar.gov/pm/reports/dataRequest/accept/63f30abb-e211-4196-8a71-1d5e2e9d02ac>.

4. Question: Unless an applicant is aiming for a reduced MIP, does s/he need an SEP for submission of the CNA e-Tool for a 223(f) project?

Answer: No. In September 2017, HUD's Office of Multifamily Housing suspended the sections of the 2016 MAP Guide that required applicants for insured mortgages to provide utility consumption benchmarking reports, i.e. HUD Custom SEP or SEDI reports from EPA's Portfolio Manager application. However, this suspension does not apply to any applicant who requests reduced Mortgage Insurance Premium (MIP) in consequence of achieving a green building certification, or to those applicants who ask that HUD underwrite utility cost savings anticipated as a result of proposed utility conservation measures included in Critical or Non-Critical repairs. HUD still requires benchmarking reports in those circumstances.

HUD will not lift the suspension of the benchmarking provisions of the MAP Guide without timely notice to the industry, so applicants have sufficient time to respond in future applications.

## Web Portals

1. Question: Where can I find the Assessor tool and public Validation Engine?

Answer: Users can find the CNA Assessment Tool on the CNA e-Tool web page at the following URL: [https://www.hud.gov/program\\_offices/housing/mfh/cna](https://www.hud.gov/program_offices/housing/mfh/cna).  
Users can access the public Validation Engine website without credentials at the following URL: <http://webapps.hud.gov/CNAeTool/faces/CnaValidation>.

2. Question: Which browsers are compatible with the CNA e-Tool?

Answer: The CNA e-Tool is compatible with the following web browsers: Microsoft Internet Explorer, Google Chrome, Mozilla Firefox, and Apple Safari.



## Submission Process

1. Question: How does the CNA e-Tool submission/approval process correlate with the application process? Does HUD need to approve the CNA e-Tool prior to a firm's application or concurrent to its application?

Answer: Concurrent. And the lender's submission of the paper application and the separate electronic submission of the CNA should be simultaneous. In terms of timing, the CNA e-Tool submission process is very similar to the legacy paper-based process. HUD still requires the full application and payment of the application fee, however the CNA portion of the application is submitted and reviewed electronically.

2. Question: Why can only Lenders submit a CNA in the Submission Portal?

Answer: HUD has a legal relationship with the Lender. The Needs Assessor is a third party with whom HUD has no direct relationship. Also, lenders have an established user name and password credentialing procedure that is not workable for needs assessors who provide their services to multiple different and competing lenders.

3. Question: Is the process for preparing a CNA different for a vendor and for a servicer when preparing a CNA for the 10 year PCNA requirement?

Answer: There is no difference in procedure for preparing a CNA for a loan application as opposed to a 10-year update CNA. The Assessment Tool spreadsheet and the CNA e-Tool Portals (Validation Engine for Needs Assessors and Submission Portal for Lenders) will be used the same way in each instance.

4. Question: Can Needs Assessors keep local copies of the Assessor tool data for their own use or is it preferred to view the data through the HUD Portal?

Answer: The Needs Assessor should save all the final items they send to the Lender as local copies to have a record of what they provided to the lender. Only lender submissions are saved in the CNA e Tool system. Needs Assessor validations are retained in the system only 4 days for troubleshooting purposes and are not retrievable by the user. Assessor's can re-validate any Assessment Tool file at any time and are able to export results with each validation.

## Flags

1. Question: What kinds of flags can occur when the CNA e-Tool is validated? Where can users find a list of all flag codes that may occur?

Answer: There are over a hundred flags that can be (S) severe, (W) warning, or (I) informational in nature. Users can find the list of flags that may trigger during the Validation process at the following URL under Appendix A:

<https://www.hud.gov/sites/documents/INSTRUCTFORCNATOOl.PDF>.

## Reports

1. Question: What reports are available to external users?

Answer: External users have access to the following reports: the Snapshot Report, the Property Insurance Schedule Report, the Assessment Summary Report, and the Building Unit Mix Report. The Snapshot Report gives an overview of the data captured in the assessment. This report is only available on the Locate CNA tab of the Submission Portal, for those external users with credentials.

The Property Insurance Schedule Report is a report that consists of the Property Insurance Schedule of Replacement Cost (HUD Form 92329).

The Assessment Summary Report is the closest thing available to mirror a written CNA. This Report was modeled after the USDA Standard CNA written report.

The Building Unit Mix Report is a summary of all buildings entered into the CNA e-Tool and includes information on the unit types in the building, square footage per unit type, the number of units/spaces in the building, the total square footage, and the number of garage spots.

In addition to reports, most results shown in Panels, e.g. the Financial Schedule, can be exported and saved by users.

## Web Portal Data Retention

1. Question: How long will the database retain a CNA file?

Answer: The database will retain CNA files depending on the following statuses:

*Received for Validation:* 4 days if submitted by Validation Engine user, 30 days when submitted by Submission Portal user.

*Returned, Submitted, Ready for Decision, Under Review:* 3 years. Approved CNAs are retained permanently.

2. Question: Will re-submitting a corrected version of the CNA e-Tool delete and disallow access to the original CNA e-Tool?

Answer: Each time a lender validates an Assessment Tool file, a new CNA record is created with its own unique Assessment ID. Each such record can be retrieved by the lender using the "Locate CNA" tab of the Submission Portal (subject to the data retention limits noted in question 1 immediately above.) The new record does not over-ride or replace a prior record. However, only one Assessment Tool plus flag notes and attachments can be submitted for review at one time. If a submission is Returned or Approved, then a new submission for the same property will be accepted.

## Outdated Versions of the Assessor Tool

1. Question: How will users know if there is a new version of the Assessor tool? If HUD releases a new version of the Assessor tool, will there be issues with later validation?

Answer: HUD will post Operational Bulletins informing users when a new Assessor tool is posted. Newer versions of the Validation Engine may or may not be able to validate older versions of the Assessor tool.

## Locate CNA

1. Question: What is the purpose of the 'Locate CNA' tab?

Answer: In the 'Locate CNA' tab, the user is able to locate, select, and then open results for any CNA that this same user has validated or submitted, including any that the reviewing agency has returned or approved. The user can export and print their CNA results after locating their CNA. Among other things, the Lender can use the detailed information available in the 'Locate CNA' tab to review their results and edit their Assessment Tool files so as to generate amended results.

## Assessor Requirements

1. Question: If the Needs Assessor completes the CNA in-house, does the Needs Assessor preparing the CNA need to be qualified/certified or does this only apply to third parties?

Answer: Any personnel completing the CNA must be qualified with necessary professional certifications and licenses to conduct the Needs Assessment. The Needs Assessor may not have any identity-of-interest with the Lender or the Borrower as stated in the MAP Guide 5.2.B.2:

### 2. Needs Assessors.

#### a. Qualifications.

*The Lender must select a Needs Assessor it determines to have education, professional credentials, and field experience appropriate to the assessment assignment considering the age, size, type of building systems, construction methods, and location of the property. In no event may the qualifications of the Needs Assessor and any related consultants employed to prepare the CNA be less than described in ASTM E 2018-08 Appendix XI.1. The Needs Assessor (and any other consultants, specialists or trades contractors engaged for purposes of the needs assessment) may have no identity-of-interest with the Lender or the borrower or its principals, and may not have any personal or business relationship with the borrower, or its principals that would create a conflict of interest.*

2. Question: What type of training do I need to be certified as a Needs Assessor?

Answer: HUD does not specify what kinds of training someone needs to gain the proper qualifications as prescribed above.

## D. Resources

### Estimated Useful Life Table

1. Question: What does EUL mean and where can I find EUL values?

Answer: The Estimated Useful Life (EUL) Table lists the estimated average useful life of the categories of assets that should be considered in a capital needs assessment. You can find the EUL table in Appendix C of the Instruction Guide at the following URL:  
<https://www.hud.gov/sites/documents/INSTRUCTFORCNATOOL.PDF>.

### MAP Guide

1. Question: What is the Multifamily Map Guide and where can users find it?

Answer: The Multifamily Accelerated Processing (MAP) Guide is the HUD Guidebook (4430.G) providing guidance for applications for FHA-HUD multifamily mortgage insurance. It is intended to reduce the time required to approve loan applications and to assure consistent application of program requirements and credit standards across all HUD processing offices. FHA's new MAP Guide delegates more underwriting responsibility to approved "MAP Lenders" and includes all relevant guidance published by FHA since the MAP Guide was last updated in 2011. Users can find it at the following URL:  
[https://www.hud.gov/program\\_offices/administration/hudclips/guidebooks/hsg-GB4430](https://www.hud.gov/program_offices/administration/hudclips/guidebooks/hsg-GB4430).

### Operational Bulletins

1. Question: What is an Operational Bulletin and where can users find it?

Answer: Operational Bulletins provide CNA e-Tool stakeholders with technical updates on system procedures and daily operations. Users can find them at the following URL:  
[https://www.hud.gov/program\\_offices/housing/mfh/cna](https://www.hud.gov/program_offices/housing/mfh/cna).

### Rules of Behavior

1. Question: What are the Rules of Behavior (ROB) Requirements for the CNA e-Tool and where can users find this?

Answer: The ROB applies to the system users and lists specific responsibilities and expected behavior of all individuals with access to or use of the named information system. In addition, the ROB outlines the consequences of non-compliance and/or violations. Those who require Secure Systems Access and receive an H ID, C ID, or M ID credential and password must complete the Rules of Behavior. Users can find it at the following URL:  
[https://www.hud.gov/sites/documents/CNA\\_ETOOL\\_FILE\\_02.PDF](https://www.hud.gov/sites/documents/CNA_ETOOL_FILE_02.PDF).