

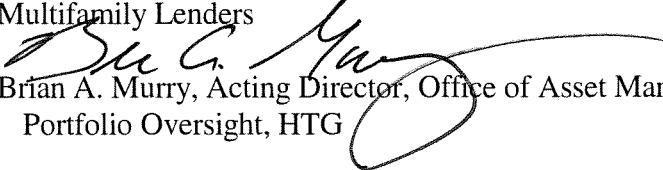


OFFICE OF HOUSING

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

**JUL 18 2019**

**MEMORANDUM FOR:** Multifamily Regional Directors  
Multifamily Satellite Directors  
Performance Based Contract Administrators  
Multifamily Owners and Agents  
Multifamily Lenders

**FROM:**   
Brian A. Murry, Acting Director, Office of Asset Management and  
Portfolio Oversight, HTG

**SUBJECT:** Temporary Suspension of CNA e-Tool Requirement for 10 Year  
Update Capital Needs Assessments

This memorandum is written to inform multifamily owners and agents who are required to submit a Capital Needs Assessment (CNA) using the CNA e-Tool (see the table below) that they may submit a hard copy to their local field office until the new version of the CNA e-Tool (3.0) is introduced in the Spring of 2020. The Office of Asset Management and Portfolio Oversight will inform owners and agents when the new CNA e-Tool is ready and when they must begin using it. These include:

- The owners of insured multifamily projects and their lenders who are required to submit a Capital Needs Assessment (CNA) for the insured property at intervals not greater than 10 years<sup>1</sup>
- The owners of multifamily projects and their lenders that have completed a partial payment of claim or a loan modification; and,
- The owners of 202/811 projects with a PRAC that does not have FHA insurance.

Housing Notice H 2016-18 captioned “Implementation of the CNA e-Tool: Automating Capital Needs Assessments, and Related Policy Changes,” was issued on December 30, 2016. The Notice introduced the CNA e-Tool and provided the timeline for its implementation and specified which projects would be required to use the CNA e-Tool. The Office of Asset Management and Portfolio Oversight (OAMPO) required three categories of projects to begin using the CNA e-Tool to meet program requirements. The three groups of properties included the following:

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<sup>1</sup> Owners of certain insured multifamily properties are required to submit a new Capital Needs Assessment at intervals not greater than 10 years as follows: Properties endorsed for insurance under Section 223(f) after publication of the 2002 MAP Guide effective March 15, 2002; all properties endorsed for insurance under Sections 221(d)(4), 220, 231, 241(a) and 223(a)(7) after December 31, 2010, consistent with Mortgagee Letter 2010-21.

Office:	Programs	Special Notes/Exclusions:	Implementation Triggering Event
Office of Asset Management and Portfolio Oversight	10-year update CNAs for projects with insured mortgages	CNA prepared by needs assessor, submitted by lender	10 <sup>th</sup> anniversary of final endorsement
	Partial Payment of Claims or Loan Modification		Per Mortgagee Letter 2010-32-date of needs assessor visit
	Section 202/811 w/PRAC assistance but not an insured transaction	CNA prepared by needs assessor, submitted by needs assessor	Date of needs assessor visit to project

The original implementation date was November 1, 2017. However, users identified several issues with the system after the tool was launched so implementation has been delayed. HUD is committed to streamlining and automating CNA e-Tool submissions and has started to re-platform the e-Tool in order to address industry and field concerns. This re-platforming will move all the data entry to a web-based system and provide an easy and more user-friendly experience. HUD expects to deploy the re-platformed CNA e-Tool in Spring 2020.

This suspension only applies to the required use of the CNA e-Tool. The requirement to prepare and submit a CNA is not suspended. If a property is required to submit a CNA, then the property must submit a hardcopy to the appropriate field office.

If you have any questions, please contact Tamara Di Paolo at [Tamara.DiPaolo@hud.gov](mailto:Tamara.DiPaolo@hud.gov) or via telephone at (202) 402-7135.