CNA eTool Update

ELA CONFERENCE

MARCH 5, 2018

Current News

- CNA eTool Release 2.2 and Assessment Tool 1.2 v 5 posted
  - Corrects "missing flags notes error"
  - Corrects assorted math & label errors, improves some data display

- Operational Bulletin 2018-2 distributed and posted

- Updated "Known Issues & Solutions" February 2018
  - New Section 3.5 describes new Flag Notes procedure
  - Allows Lenders to bypass Flag Note entry in Flags Panel

- FAQ posted
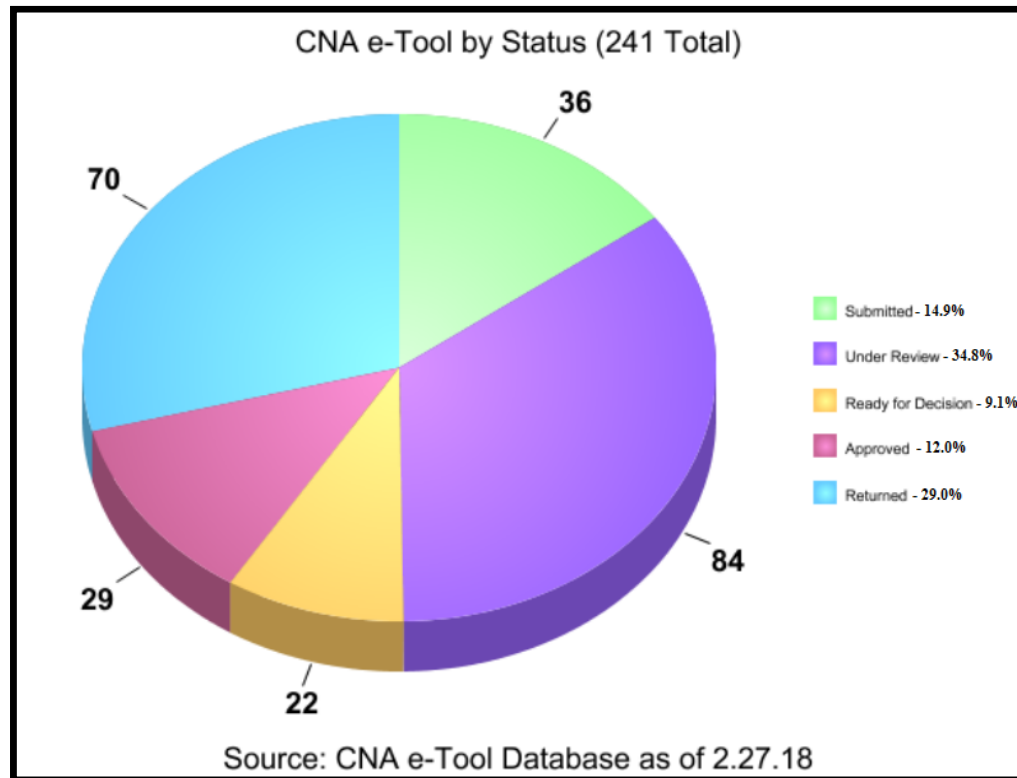
- 6 New Tutorials Posted
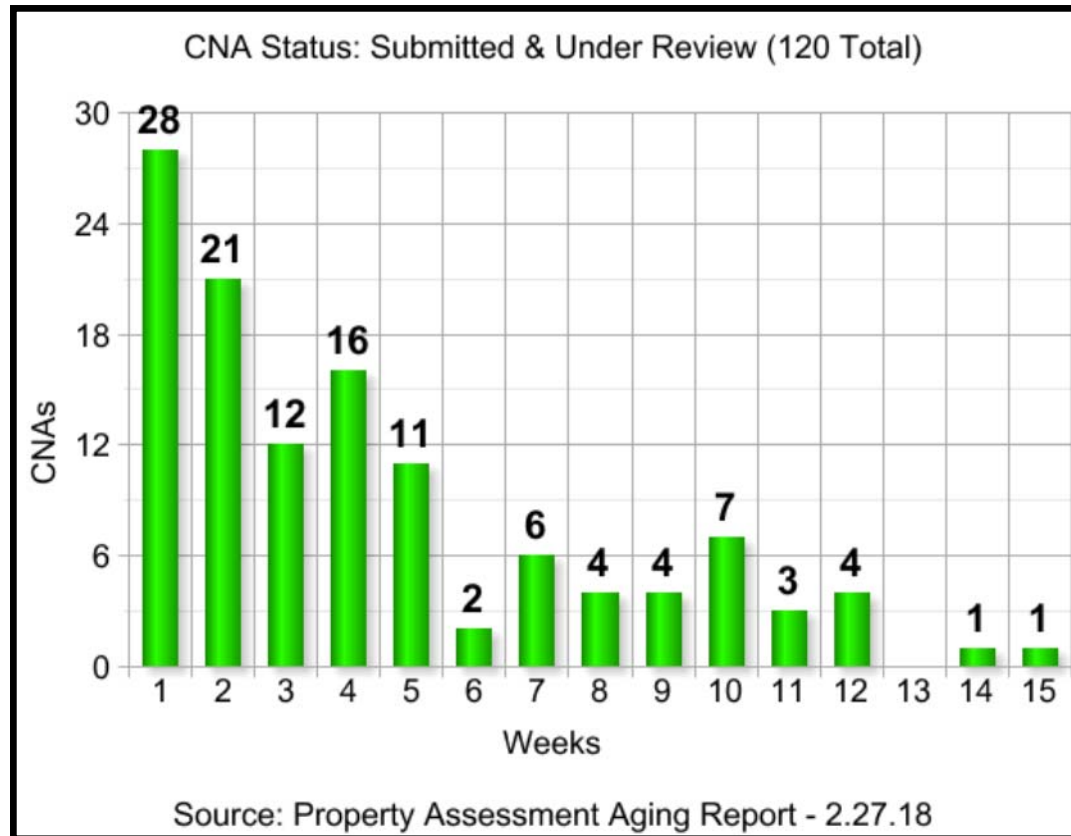
The Numbers:
an Update from HUD

Submissions by Month (as of 2.27.18)

LOVE FUNDING
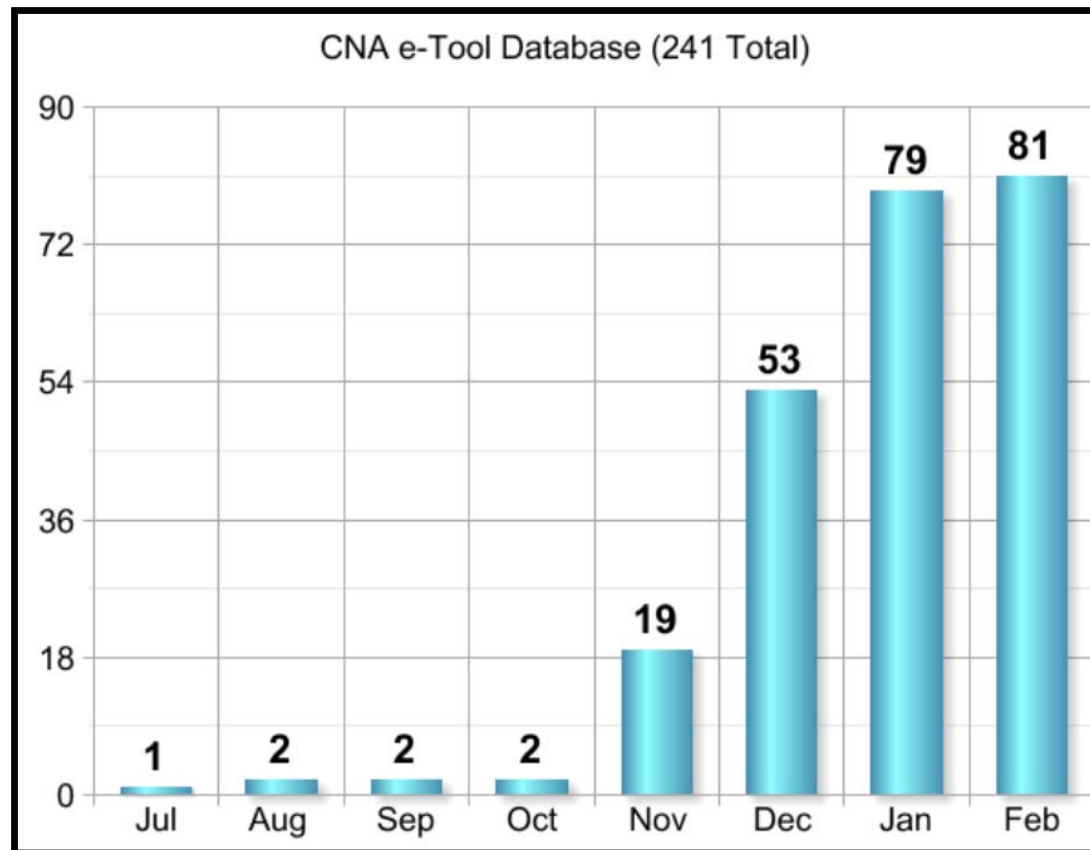
Updated Statistics (as of 2.27.18)

LOVE FUNDING

Time Since Submission
(status = submitted, under review)

CNA Status: Submitted & Under Review (120 Total)

Source: Property Assessment Aging Report - 2.27.18

Following the Life of an eTool

Life of an eTool

Third Party Engagement

Lender Review and Submission

HUD Review and Approval

Common Questions and Issues Addressed

Login and Password Expirations

- FHA Connection Password Expiration: <u>21 days</u>
  - Not affected by activity or login
  - Unavoidable and requires password reset (relatively simple)

- FHA Connection & Secure Systems Login Expiration: <u>90 days</u> if no login activity
  - Can be avoided by logging into account at least once every 90 days
  - If login expires, must be reactivated by Coordinator

- HUD TIP: Important to work closely with your Coordinator!

Site Inspection Requirements

MAP Guide:

For properties with all structures built or gut rehabilitated within 10 years of the CNA, not less than 10 percent of units must be inspected. For all other properties, not less than 25 percent of units must be inspected. In all cases the selection of units must be proportionally distributed among unit types, buildings, and floor levels and otherwise random

April 2017 Instructions for eTool:

Enter the percentage of units at the property that must be inspected. This value is based on the guidance published by the approving agency for the relevant CNA type and relevant agency program.

B	C	D	E	F
Severity	**Assessment ID**	**Flag Name**	**Flag ID**	**Flag Description**
W	2018-018035	DU-001	DU-001	The minimum number of units were not inspected for a Building; see Site: Lakeview Apartments, Building: Building 6

Site Inspection Requirements FAQ

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.

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HUD Accepted Site Inspection Flags Notes

Severity	Flag ID	Flag Cause Note	Lender or Owner Response	Reviewer Response
W	DU-001	The minimum number of units were not inspected for a Building; see Site: ABC Apartments, Building: ####	XXXX inspected ### of the ### units at the property (28.7% density). XXXXX performed a thorough inspection at the site with an even distribution of unit types and building types accessed. XXXXX is confident that inspecting ### units has provided sufficient data to extrapolate the findings at the property.	Actually ### units are reported as inspected for just over a 30% sample which is certainly acceptable. All unit types were sampled at the requisite proportions but the distribution among buildings is much more erratic than explained by maldistribution of unit types among buildings. All buildings had at least one unit sampled but many were at 10% or less while at the other extreme a significant number were sampled at 50% or more. Why is this?

Severity	Flag ID	Flag Cause Note	Lender or Owner Response	Reviewer Comment
W	DU-001	The minimum number of units were not inspected for a Building; see Site: XYZ Apartments, Building: ##	The Needs Assessor inspected ## apartments, which totals 35% of the apartments, including 2 of the 11 units in building ##. Every unit type was inspected and every building was accessed. The minimum 25% requirement per the HUD MAP Guide was met. XXXX can accurately extrapolate the field data.	Ok

LOVE FUNDING

Photo Documentation: Case Study

- 170 annotated photos submitted with etool on property with 336 units.

- eTool returned with below HUD comment:

    Below I have included the language from the MAP Guide on the photo requirements and have highlighted the areas that are lacking in the e-tool.

    *"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."***

Photo Documentation: What is needed?

MAP Guide:

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.

Replacement Reserves Schedule

- RUL standardized in etool
  - Generally shorter than was used in the past

- Minimum balance test: 10% of the 10 year balance v. 5% of 20 year balance

HUD: Why Does 20 Yr Min Bal Apply in Yrs 1-10?

- MAP Guide Appendix 5G VII C (condensed) provides as follows:

- Lender's RfR financing plan should provide deposits yielding year-end balances beginning with Year 3 which equal or exceed the Minimum Balance for the Estimate Period except after year 10 when lesser sums (or even negative balances) may exist provided the amount below the minimum balance does not exceed 50% of the cumulative amortization of the loan.

- Negative balances are not permitted in Years 1 and 2.

- Notwithstanding an apparent error in the HUD Financial Factors Tool v. 1.0, no other guidance was ever intended.

HUD: Mystery of the Missing 10 yr Min Bal

- HUD RfR Financial Factors Tool v 1.0 calculated and used the yellow line, an error. V 2.0 correctly uses the red line for the entire Estimate Period.
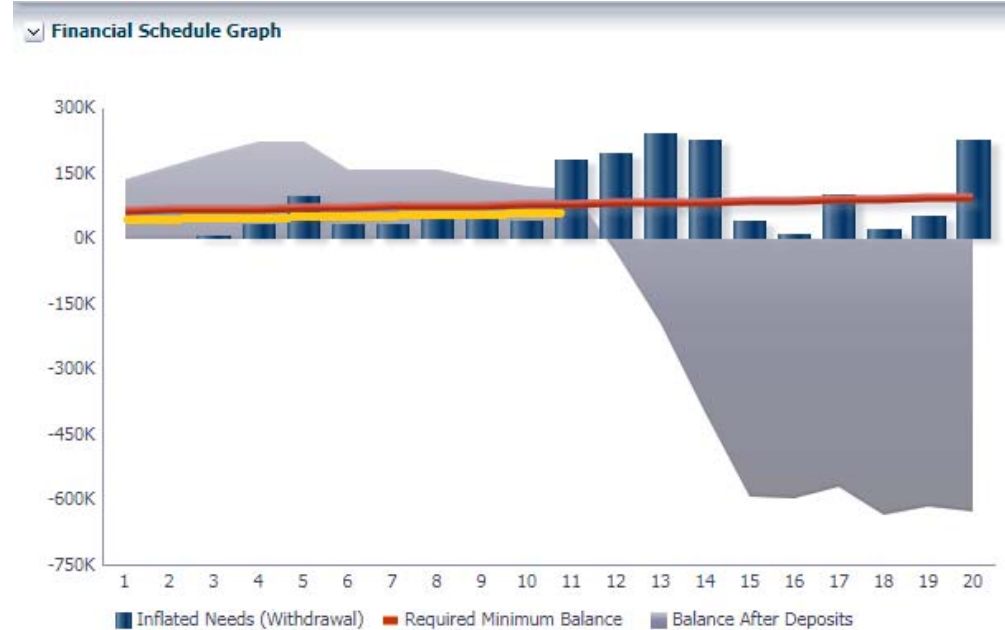
HUD on FLAGS!

- **Severe "S" Flags**
  - Assessors may leave some "S" flags without explanation in their flag note excel file sent to lenders. E.G. "FN" flags for omitted Financial Factors.
  - Assessor's should clear other "S" flags before sending the Assessment files to the lender.

- **Warning "W" Flags must be explained**
  - The assessor should draft an explanation for each "W" in a list of flags downloaded as an excel file from the Flags Panel.
  - Lenders should check these, understand them, then cut and paste into the Flags Panel lender response text box or attach the edited excel Flag Notes as an exhibit at submission

VALIDATION FLAGS! – HUD Server Issue?

U.S. Department of Agriculture - Rural Development

CNA VALIDATION

Select CNA File

This system only accepts XLS files for import. Imported files must conform to HUD's published data standards for CNA files.

Error

Client received SOAP Fault from server: java.io.IOException: Too many open files Please see the server log to find more detail regarding exact cause of the failure.

OK

Reset

U.S. Department of Housing and Urban Development, 451 7th Street S.W., Washington, DC 20410

VALIDATION FLAGS! –Browser Cache Issue?

CNA VALIDATION

☐ Select CNA File

This system only accepts XLS files for import. Imported files must conform to HUD's published data standards for CNA files.

Error

DB Error resulted for Assessment_ID - 2018-012609 due to data supplied in AS_IS_PROPERTY section. Please check the data in Property Section and resubmit. * SQL Insertion failed for Narratives section. Please check the data and resubmit. * SQL Insertion failed for Financial Factors section for Assessment ID -2018-012609. Please check the data and resubmit. * An Error condition prevented SQL Insertion for Property section with Firm Name as - . Please check the data and resubmit. * An Error condition prevented CNA_FLAG_PACKAGE.CNA_FLAGS Stored Procedured to run successfully. Please contact the systems administration and report the problem

OK

Property Name	Total Saved Alternatives	Total Saved Participants
Street Address	Total Saved Recomendation	Total Saved Utility Rates
City	Total Saved Decisions	Total Saved Inspection Samples

LOVE FUNDING

SQL Error: See Known Issues 5.1

CNA e-Tool Known Issues and Solutions

5.1 SQL Insertion Error on All Objects

This error is <u>NOT</u> related to wrong data formats or invalid data entries (i.e., user errors.) To the best of our knowledge, this error occurs when a user validates either an Assessment Tool workbook that they did not create on their PC (they received it through email, for instance) or a workbook they did create but later "Saved As" a new file name, and have not closed and reopened the file prior to uploading for validation.

U.S. Department of Housing and Urban Development
U.S. Department of Agriculture - Rural Development
CNA VALIDATION

❌ Error

DB Error resulted for Assessment_ID - 2017-006774 due to data supplied in AS_IS_PROPERTY section. Please check the data in Property Section and resubmit. * SQL Insertion failed for Narratives section. Please check the data and resubmit. * SQL Insertion failed for Financial Factors section for Assessment ID -2017-006774. Please check the data and resubmit. * An Error condition prevented SQL Insertion for Property section with Firm Name as - . Please check the data and resubmit. * An Error condition prevented CNA_FLAG_PACKAGE.CNA_FLAGS Stored Procedured to run successfully. Please contact the systems administration and report the problem

OK

Transmission Integrity Check

Property Name	Total Saved Alternatives	Total Saved Participants
Street Address	Total Saved Recomendation	Total Saved Utility Rates
City	Total Saved Decisions	Total Saved Inspection Samples
State	Total Saved Common Spaces	
Total Saved Components	Total Saved Building Unit Types	

The fastest remedy is to open the saved workbook, click on the Participant Information worksheet, and then click the "Submit Prepare" button at the top right of the worksheet. This needs to be followed by a regular "Save" rather than a "Save As." The workbook the user "prepared for submission" must be saved under the same name.

The same process can be repeated for workbooks received from elsewhere. It may not be enough to download it and then upload for validation. It needs to be opened, prepared for submission, and then saved in place.

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HUD: Cure for general SQL insertion error

- Open Assessment File, (Excel Template)

- Make whatever edits, changes intended

- Go to "Participant Information" tab

- Click "Submit Prepare" button (a recalc function)

- Click "save" not "save as"

- Validate

- Error does not occur

- Saving and reopening, simple save, then validate also works.

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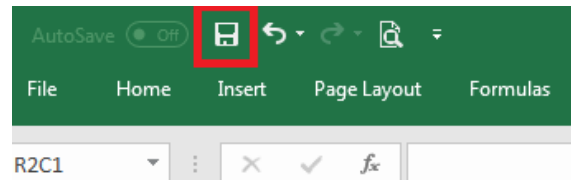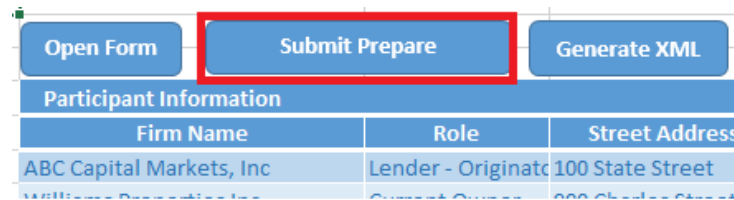
VAGUE – Severe Flags

Severity	Assessment ID	Flag Name	Flag ID	Flag Description
S	2018-018035	DB-000	DB-000	SQL Insertion Failed due to missing Primary Identifying column value for an Inspection Sample record (ie: Site ID, Building Inspected, Unit Type, Or Unit Number). Please check Inspection Sample sheet and resubmit.

The flag above means that you have duplicate building and unit entries in the inspection sample tab of the E-Tool.

Tips from HUD

Tips from HUD

- Review your engagement agreements
  - Assure that original documents produced are in a form suited for success on the CNA e Tool

- Do not consolidate attachments
  - Do not "attach" an old style, all in one report. See above, get your deliverables right at the outset. Not doing this results in attachments "too large." Wastes reviewer time.

- Pay attention to Flag Cause Notes
  - Make response directly about the cause.
  - Lenders, if you do not understand the Flag Cause and the Assessor's draft response, ask.

- HUD is working on clarity for "Chart of Accounts"

Traditional CNA Set-Up

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Traditional CNA Set-Up

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Typical Attachments Received:

- Every thing in one traditional report, or pieces

Attachments as HUD Wants to See Them

File Type	Attachment Type	Document Date	Need Item ID	Need Category ID	
92264 Form - ████████1-27-17.pdf	HUD Documentation	2/28/2018	NA	NA	
CNA ASTM Photolog - ████████pdf	Other	2/28/2018	NA	NA	
CNA Figures - ████████.pdf	Other	2/28/2018	NA	NA	
CNA Support Docs - ████████.pdf	Other	2/28/2018	NA	NA	
Needs Assessor Qualifications.pdf	Other	2/28/2018	NA	NA	
████████ Final RfR Deposit Test Tool, 12.18.2017.xlsx	Other	2/28/2018	NA	NA	
████████ Apartments - HUD Custom SEP.XLSX	Other	2/28/2018	NA	NA	
USGS Design Maps Summary Report.pdf	Other	2/28/2018	NA	NA	
Paint seal breezeway decks.pdf	Evidentiary Support...	2/28/2018	NA	NA	
Reseal existing pavement.pdf	Evidentiary Support...	2/28/2018	NA	NA	
████████- Final e-tool 12-18-17.xlsm	CNA	2/28/2018	NA	NA	

Flag Notes

Severity	Flag ID	Flag Cause Note	Lender or Owner Response	Reviewer Comment
W	UL-003	Recommendation/Decision differs from early retirement warranted by Lifecycle Cost Analysis; see Component: ENERGYSTAR certified Heat Pump Water Heater (HPWH) (80 Gallon) at Clubhouse, Alternative: Electric Water Heater (50 Gallon)	The component is still operational and there were no visible signs of damage; therefore, immediate replacement is not required.	The actual problem here is that a high cost ($1200 ea), 80 gal. high efficiency water heater is being compared to a proposed alternative which is unrealistic and unacceptable for a Green MIP proposed project, i.e., a 50 gal elect heater at $372 ea. Since no utility cost data is entered, the lifecycle cost comparison is based on price only. Green MIP requires utility consumption data for components consuming utilities.

Severity	Flag ID	Flag Cause Note	Lender or Owner Response	Reviewer Response
W	DA-006	Public space does not meet Americans with Disabilities Act (ADA) requirements; see Site: Single Site, Building: Clubhouse Building, Common Space: Public restrooms	Agreed. XXXX included two accessibility repairs addressing ADA deficiencies in the accessibility table..	This response would be better if the actual deficiency was named/described so that the reviewer would easily recognize the solution in the list of accessibility repairs.

Custom Flags-example

	Flag Cause Note	Reviewer Response
custom flag	Photography does not meet MAP Guide requirements, see Appdx 5G, VII, D.2.g	Photos do not show sufficient detail. Property is 40 years old. Cost of Non-critical repairs comes in at just under $15,000 per unit threshold where a Project Arch would be required. In particular condition of unit wiring panels is uncertain and there are 47 furnaces with little detail about their condition or how they work in combination with thru-wall units. Some units apparently have furnaces (47), and some not (62) how does that work? And none of these furnaces or unit electric panels need to be replaced now? The one furnace photo does not look like a mere 9 years old, (47 furnaces reported with year installed of 2009).

Custom Flags-example

	Flag Cause Note	Reviewer Response
custom flag	Paper Assessment Report attached	No narrative entered in Assessment Tool. Instead a traditional paper report including photos is attached. Miscellaneous bids not clearly explained and lack of narrative directly addressing content of non-critical and future repairs recommendations makes comprehension difficult, expands required review time. Narrative entries for 3.3 Frame & Envelop should explain landings, balconies, etc.; 3.4 MEP should explain electric panels, thru wall units, furnaces; 3.6 life safety needed to discuss smoke detectors; 3.7 Interior items, both units and common areas, to explain remodeling, appliances etc.
custom Flag	Components not addressed	The attached Assessment Reports includes photos of needed repairs of landings but no such repairs are included in non-critical

You Heard it First: Planned eTool Updates for 2018

2018 e-Tool Improvements Wish List

- Improvements to the Submission Portal
  - Making Flag response input easier/more efficient
  - "Save Work in Progress" button, save partially completed submission before pushing "Submit"
  - "Amend" button to support revisions to "returned CNAs"
  - But "Save Work" and "Amend" will not work when revisions to the Assessment Tool file are required since the revised Assessment can change any and all parameters

- Improvements to Project ID #s, CNA Type, Program
  - Add FHA # to system
  - Flags for failure to list correct number

- Improve reports & flag cause notes

Questions??

WE'VE GOT ANSWERS (HOPEFULLY)!

What is the "Triage Check List"?

- A temporary, HUD staff aide to identify CNAs missing major parts;
- Staff are urged to return these CNAs ASAP, not waiting for full review;
- Intent is to avoid delay in correcting basic flaws.
- Imagine a CNA with 50 pages missing, when would the lender want to know?
- What are major missing parts:
  - Components without recommendations
  - Many warning flags with no lender response
  - No attachments, or specifically, no
    - Photos for existing properties
    - No Seismic Threshold scores
    - No "Chart of Accounts" (but we are suspending this until further notice)