U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT



CNA e-Tool Training In Cooperation with the Southwest

Mortgagee Advisory Council

May 9, 2018

Office of Multifamily Housing Programs

CNA eTool...?





CNA eTool...!





CNA eTool...?





CNA eTool...!





...an important step in **Multifamily** toward a more efficient and consistent underwriting approach ...

The CNA e-Tool





CNA e Tool, just a new way to COMMUNICATE



• Communicate:

- Facts; Figures; Reasoning and Conclusions

- Reading 400+ pages of PCNA vs...
 - Reviewing Data, Source Material and Reports;
 - Standardized Format of Panels, Flags, Narratives and Attachments



This is your CNA Communication

CNA SUBMI	SSION	LOCATE CNA	Flag Admin	LOV Admin Te	ext Template Admin	Component Type	/ EUL Admin R	Reports		
Reviewer H51077 Rems Property ID 35627183282244 Assessment ID 2018-019797 Property Name TEST Bay View Apartments 1.2v5 Date 3/3/2018 State MD Review Completed City Annapolis Date Date City Annapolis							Postal Code Case Number Internal Status	Expand All 21403 Ready for Decis	Collapse All	Back
								View Previous H	istory	_
⊻ Summar	Y									
View 🔻	🚮 Detac	:h								
Role		Contact Name	Contact Number	Contact eMail Address	Firm Name	Street Address	City	State	Zip Code	
Current Ov	wner	Bill Williams	4108930567	rwilliams@williams	Williams Propertie	900 Charles Street	Baltimore	MD	23810	
Energy Au	ditor	Sara Forbes	4109415400	sara.forbes@gmail	. Enersys Concepts	200 Business Park	Columbia	MD	32810	
Lender - O	riginator)	Howard Erskine	7038945873	herskine@ABCcapit	ABC Capital Marke	100 State Street	Richmond	VA	25010	
Needs Asse	essor	James Arbuthnot	4108913546	jarbuthnot@IotaEA	Iota Engineering Inc	11821 Crain Hiway	Pasadena	MD	22890	
Other		Austin Socolovich	6105658555	asocolovich@acces	Applied Accessibili	128 Market Street	King of Prussia	PA	11801	-
> Flags										
> Financia	l Factors	;								۲
> Financia	l Schedu	le								1
> Estimate	e Period I	Recap								
> Critical F	Repair Ne	eeds								
Non Crit	ical Repa	air Needs								
> Future R	Repair Re	placements								
Compon	ent Sche	dule Summary								
Narrativ	e									
> Property	/ Tree									
> Inspecti	on Samp	le								
Attachm	ents									
Reports										
> Export C	NA									
> Agency (CNA Deci	sion								
										Back



Getting Into The eTool





Getting Into The eTool: Homepage



Home / Program Offices / Housing / Multifamily / Capital Needs Assessment Tool

Capital Needs Assessment Tool (CNA e Tool)

The Capital Needs Assessment (CNA) e-Tool automates and standardizes the preparation, submission and review of a capital needs assessment. Its use is now available on a voluntary basis and will become mandatory starting November 1, 2017 for FHA multifamily mortgage insurance applications.



Use of the CNA e-Tool for all Rental Assistance Demonstration conversions; 10-year update capital needs assessments for FHA-insured multifamily properties; and other asset management milestones, such as partial payment of claims, are available on a voluntary basis and will become mandatory starting February 1, 2018.

A Joint effort of USDA & HUD

User: Needs Assessor

- Assessment Tool 1.2 v6 (Web Portal)
 CNA Public Validation (Web Portal)
- Instructions for use of the CNA e-Tool (PDF)

User: FHA Lender Submitter

- CNA e-Tool HUD Insured Mortgage Process Flowchart (PDF)
- Assessment Tool 1.2 v6 (Web Portal)
 Lender CNA Submission (Web Portal)
- Lender User and Coordinator Access Guide (PDF)
- Instructions for use of the CNA e-Tool (PDF)

User: HUD Reviewer

- CNA HUD Review (Web Portal)
- Government Internal User Manual (PDF)
- HUD User Access Guide (PDF)
- RfR Financial Factors Tool v2.0 (XLSX)

User: RAD Transactions

- Using CNA e-Tool For RAD Transactions (PDF)
- RAD Resource Desk (Web Portal)
- Assessment Tool 1.2 v6 (Web Portal)
- CNA Public Validation (Web Portal)



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 CNA Public Validation (Web Portal)



Getting Into The eTool: Homepage

Training

- HUD Exchange/Training Modules (Web Portal)
- Sample CNA Documents (ZIP)

Operational Bulletins

- 2018 Updates (PDF)
- 2017 Updates (PDF)
- CNA e-Tool Known Issues and Solutions (PDF)

Public Resources

Ask A Question (Web Portal) Frequently Asked Questions (PDF)

- Join the CNA e-Tool listserv (Web Portal)
- Multifamily MAP Guide -See appendix 5G (Web Portal)
 - Estimated Useful Life Table for CNA e-Tool (PDF)

RfR Financial Factors Tool v2.0 (XLSX)

- Mortgagee Letter 2016-26 (Web Portal)
 - Mortgagee Letter 2017 -09 (Web Portal)
- Rules of Behavior (PDF)
- How to Request an Unprotected Assessor Tool (PDF)
 - CNA e-Tool Data Dictionary (XLS)

User: USDA Submitter/Reviewer

Coming Soon

Recorded Webinars

CNA e-Tool Webinars and Tutorials (Web Portal)

EPA Portfolio Manager ReportsHUD Custom Reports (PDF)



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT





"WE CAN DO BETTER" Items







Actually, this sums up what happens

- Intake:
 - Completeness check, pay.gov check, log into DAP
- Assignment:
 - Branch/Tech Chiefs assign Applications
 - Deficiency Triage
- Review:
 - <u>Underwriter</u> conducts review
 - Consult <u>Technical staff ('Assign' electronically</u>)
 - Finished? Inform "READY for DECISION" to <u>Chiefs</u>
- Ready For Decision:
 - "Return" CNA when necessary; sooner not later
 - "Approve" CNA when possible; but not until ready to issue a firm



Submission / Assignment / Review



- Submit CNA eTool in sync w/ Firm Application;
- Notify HUD when submitted;
- No duplicate Submissions



- Check Nightly Reports (Assigners);
- Assign quickly;
- Notify LENDER when triaging/assigning/returning





- <u>3 Types of Flags:</u>
 - 1) **'S' Flags:** <u>Severe</u>
 - Cannot submit if Severe Flags exist. HUD will never see it.
 - 2) 'I' Flags: Informational
 - For Information only. Likely NOT deficiency items.
 - Lender Response Comments may not be necessary but helpful.
 - 3) 'W' Flags: Warning
 - Lender's Response Comments required;
 - May be deficiency items





- Explain why the Flags were triggered?;
- Provide draft notes on the Flags;



- Review and finalize the responses;
- Explain why the response is reasonable and appropriate;
- Be specific and concise;
- If needed, reference source/support material as attachments.



- <u>HUD Reviewer:</u>
 - Flags show critical issues identified;
 - Learn the meaning of the Flag cause notes;
 - Reasonableness approach;
 - HUD Reviewer Responses & Comments are conclusions written at the end of review.



Flags notes are the way Lender and HUD communicate and record conclusions about the Flags



- Example Flag: DU-001
 - The minimum # of units were not inspected for a Building; see Site: ABC apartments, Building 2

"27 units of the 100 units were inspected (27%). Inspector performed thorough inspections of even distribution of units and building types. The inspected units provide sufficient data to extrapolate the findings at the property."





- Example Flag: DU-001
 - The minimum # of units were not inspected for a Building; see Site: ABC apartments, Building 2

"Inspection of 3 units in Building 2 is required. Two units were inspected; tenant denied entry to one. 27 units of the 100 units were inspected (27%) in total, above 25% min. Inspected samples included every unit type and every building. Additional units were inspected in other buildings to supplement data. No unusual deviations in conditions observed."



Mathematical Result - Reasonable?

• Insufficient Unit Samples

25% is not such a clear math



Inspection Summary

Minimum Sample Percentage 25%

Unit Types	Number of Units	Number of Units Inspected				
The Birch 2BR-2BA Townhome Unit	5	1 Se	verity	Flag ID	Component Type Name	Flag Cause Note
The Boxwood 3BR-2BA Upper Unit	1	1		DU-001		The minimum number of units were not inspected for a Building: see Site: The
The Cattails 1BR-1BA Upper Unit	1	1		20 001		Building: Building 46
The Chestnut 2BR-2BA Upper Unit	3	1				
The Iris 3Br-2BA Upper Unit	6	2				
The Marsh 2BR-2BA Lower Unit	1	1				
The Spruce 3BR-2.5BA Upper Unit	13	4				
The Sunflower 1BR-1BA Lower Unit	8	3				
The Sycamore 2BR-1.5BA Townhome Unit	1	1		18	/ 52 = 35%	
The Willow 1BR-1BA Lower Unit	13	3		1		
TOTAL	52	18				



Mathematical Result – Reasonable? Yes!

Insufficient Unit Samples

25% is not such a clear math



Inspection Summary

Minimum Sample Percentage 25%

Unit Types	Number of Units	Number of Units Inspected	25%	# of Samples Expected by eTool
The Birch 2BR-2BA Townhor Unit	ne 5	1	1.25	2 (FLAG)
The Boxwood 3BR-2BA Uppe Unit	r 1	1	.25	1
The Cattails 1BR-1BA Upper Unit	1	1	.25	1
The Chestnut 2BR-2BA Uppe Unit	r 3	1	.75	1
The Iris 3Br-2BA Upper Unit	6	2	1.5	2
The Marsh 2BR-2BA Lower Unit	1	1	.25	1
The Spruce 3BR-2.5BA Uppe Unit	r 13	4	3.25	4
The Sunflower 1BR-1BA Low Unit	er 8	3	2	2
The Sycamore 2BR-1.5BA Townhome Unit	1	1	.25	1
The Willow 1BR-1BA Lower Unit	13	3	3.25	4 (FLAG)
ΤΟΤΑ	L 52	18		



- Example Flag: UL-001
 - The "Recommended Remaining Useful Life" differs from the "Standard Remaining Useful Life" on an Alternative;
 ComponentType: Aluminum, Alternative: Vinyl Clad Wood dbl hung, 1 over 1, dbl insul., solar shield

"High performance windows, vinyl clad wood substantially exceed the EUL of existing component type, aluminum frame windows, 50 yr vs 35 yr"







- Use Narratives Form/Worksheet in the Assessment Tool
 - Organized into 18 Sections
 - Use only those you need
- Put complex, lengthy, photo/drawing explanations as Attachments:
 - Give identifiable File Name;
 - Organize into similar 18 sections

Narrative
1.0 Executive Summary
2.0 Purpose & Scope
3.1 Overall General Description
3.2 Site
3.3 Structural Frame - Building Envelop
3.4 Mechanical & Electrical Systems
3.5 Elevators
3.6 Life & Fire Safety
3.7 Interior Elements - Common
3.7 Interior Elements - Tenant
4.0 Additional Considerations
5.0 Document Review & Interviews
6.0 Opinions of Probable Costs
7.1 Accessibility
7.2 Intrusive & Other Examinations
7.3 Owner Proposed Improvements
8.0 Assessor Qualifications
9.0 Limiting Conditions



Narratives Content:



- <u>WHAT</u>: Observations from inspection and information not apparent from the numbers.
- HOW: Focus on identifying key issues, how to mitigate.
- <u>WHY:</u> Explain unique or atypical circumstances, departures from MAP Guidance, and the '<u>why</u>.'
- Identify Level 2 or Level 3 Alterations (Plans/Specs; Architect; GC, etc.)
- 2,000 character limit in each section of the narrative form.



Narratives Content:



- Avoid Boilerplate language unspecific to the deal;
- Do not quote chunks of guidance when referencing resources;
- Do not add Titles, Headings, extra spaces for formatting/appearance;
- Separately **attach** as PDFs, certifications & legal disclaimers;
- Don't forget to use 'Comments' boxes.





Worksheet / Section	Field	Use
Component	Remaining Useful Life Comments	Comment to explain the assessor's concluded RUL. Required when the ARUL differs from the standard based on age/year installed.
Component	Notes	General comments for each component
Alternatives	Notes	General comments for each alternative
Repair Replacement Recommendations	Comments	Describe the actual repair scope.
Repair Replacement Recommendations	Scope of Accessibility Compliance	What is the particular accessibility feature that is missing? E.g. accessible path? useable kitchen? UFAS 4.31
Repair Replacement Recommendation	Scope of Required Replacement/Refurbishment	Describe the actual repair scope. (this cell not now reported in Critical Repairs Panel, change pending)



Where to see them...?

In traditional report form here (Narratives + Comments):

2 Estimate Period Recap	
✓ Reports	
	Building Unit Mix Assessment Summary Report Property Insurance Schedule

Or here in the Narrative Panel:

ative EXECUTIVE_SUMMARY	
Narrative. Each building has 12 units on three floors with upper floors accessed by a single exposed staircase covered by a central breezeway. re are two building types defined by unit types, large and small 2 BR units in one type and 1 BR and 3 BR units in the other. Phase I was built in 1, a phase in year for the design requirements of the Fair Housing Act. Buildings A, B, E, and F are not subject to these requirements. The property is maintained but at 22 to 26 years of age numerous major replacements are required as well as updates to maintain market position. No general define has exercise the descent of the fair Housing Act.	4



- Files: Names and Separations
 - Generic names make it difficult to find particular documents



- CNA Exhibits part 1 CNA Exhibits - part 2 CNA Exhibits - part 3
- One huge PCNA file broken up to >5 megabyte size files make it difficult to find relevant documents



• Files: Names and Separations



- 📜 Bid Detailed Interior
- 📜 Bid Hardiboard
- 🛃 Bid Windows
- 📜 Faucet Invoice
- 📜 Narrative
- 📜 Seismic Hazard Report
- 📜 Termite Report
- 🔁 Unit Upgrades Detailed Interior Repair Schedule
- 📜 Zoning Letter





For Windows 10 users: Cursor 'Hover' over to see full file name

View 🔻 📶 Detach							
Component Type Name	Need Category ID	Need Item ID	File Type	Attachment Type	Document Date		
NA	NA	NA	ComponentSchedu	HUD Documentation	4/11/2018	•	
NA	NA	NA	RfR_ Financial_Fac	HUD Documentation	4/11/2018		
NA	NA	NA		inancial_Factors_Ana	alysis_Tool_Master_v2.0_ 2	2 20	2018-B.xlsx
NA	NA	NA	cna p34-4(<mark>.pdf</mark>	HUD Documentation	4/11/2018		
NA	NA	NA	cna p41-58.pdf	HUD Documentation	4/11/2018		
NA	NA	NA	cna p59-74.pdf	HUD Documentation	4/11/2018		
NA	NA	NA	cna p75-84.pdf	HUD Documentation	4/11/2018		
NA	NA	NA	cna p85-100.pdf	HUD Documentation	4/11/2018		
NA	NA	NA	cna p101-125.pdf	HUD Documentation	4/11/2018		
NA	NA	NA	cna p151-175.pdf	HUD Documentation	4/11/2018	+	





- Attachments <u>No Longer</u> Required:
 - Chart of Accounts (suspended)
 - HUD Forms: 92264, 92329
 - Firm Commitment Exhibits:
 - Critical/Non-Critical Repairs Lists;
 - Corrective Action Plan
 - RfR Schedule, etc.
 - R4R Financial Factors Tool



Photos-What's Reasonable?

- Generally, the MAP Guide is written with typical properties in mind
 - … and NOT atypical
- Atypical deals: very large, very old, what else?
 - Lenders should not complete due diligence and underwriting on atypical deals without consulting HUD or a concept meeting.
- Basic purpose of photos:



- Share your eyes on the site with the Reviewer.



Photos-What's Reasonable?

- <u>New Construction:</u>
 - Site Photos (optional)



- Existing:
 - Start with the MAP Guide requirement as the basis:
 - ...but allow for deviance.
 - Strike a balance: Sufficient evidence to support recommendations vs too many photos to review.
 - ...20 photos is not enough; 900 photos is too many.



- Appendix 5.F. Paragraph A.2: Attachments to the CNA
 - Architect and GC Involved in Section 223(f) deals?
 - Plans/Specs:
 - Basic site plan, Level 2 & 3 floor plans, elevations, sections & unit floor plans for repairs (dimensioned to show accessibility)
 - If file size too large, opt for hard copy for complete set.
 - AIA B104 + Appendix 5H.2
 - AIA A107 + HUD-2328
 - Resumes and Qualifications





- Green MIP & Energy Savings Underwritten Projects (<u>ONLY</u>):
 - HUD Custom **SEDI or SEP** (*Required*)
 - ASHARE Level II Energy Audit (as applicable)
 - CNA Data Input: Energy data in the Components
 - Utility Type and Usage, TCO (*Required*)
 - Energy Professional's qualifications (Required)







- RfR Financial Factors Tool v2 (FFT v2)
 - Lender: Not Required to Submit (not attach)
 - <u>HUD</u>: HUD Reviewer required to use/verify
 - <u>Min Balance</u>:
 - % = Inverse of the # Yrs in Estimate Period ()
 - Typ. 20 Years: 1/20 = 5% of Total Needs
 - 5% of Total Needs (Years 1 to 20) applied to the same Estimate Period (Years 1 to 20.)
- CNA submitted prior to Jan 17, 2018?
 Use of FFT v1 is okay





• RfR Financial Factors Tool v2 (FFT v2)

- CNA eTool Portal:





Exported Excel File

	rd 🕞 Font	F5	New Group		Alignm	ent	E9	Num	ber [\$		
	• : $\times \checkmark f_x$											
	В	С	D	E	F	G	н	I.	J	к	L	
	Description	Year 01	Year 02	Year 03	Year 04	Year 05	Year 06	Year 07	Year 08	Year 09	Year	
	Calendar Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
	Beginning Balance	\$1,300,000	\$1,049,752	\$983,303	\$924,621	\$877,758	\$811,189	\$706,617	\$672,903	\$611,577	\$605,!	
	Interest Income	\$0	\$0	\$14,749	\$13,869	\$13,166	\$12,167	\$10,599	\$10,093	\$9,173	\$9,08!	
	Annual Deposit	\$179,545	\$181,340	\$184,967	\$188,666	\$192,439	\$196,288	\$200,214	\$204,218	\$208,303	\$212,	
	Inflated Needs (Withdrawal)	\$429,792	\$247,789	\$258,398	\$249,398	\$272,174	\$313,029	\$244,527	\$275,637	\$223,107	\$490,:	
i	Ending Balance	\$1,049,752	\$983,303	\$924,621	\$877,758	\$811,189	\$706,617	\$672,903	\$611 5-	P	1227	Conviored Deste
	Required Minimum Balance	\$351,250	\$351,250	\$361,788	\$372,642	\$383,821	\$395,336	\$407,196				Copy and Paste
	Interest Rate on Balance%	0%	0%	1.5%	1.5%	1.5%	1.5%	1.5%		1.5%	1.5%	
	Inflation Rate on Deposit%	0%	1%	2%	296	2%	2%	2%	2.	2%	2%	Info Into FFI,
I	Inflation Rate on Capital Needs%	0%	0%	3%	3%	3%	3%	3%	3%	3%	3%	
	RFRR Deposit / Unit / Year	\$745	\$752	\$767	\$782	\$798	\$814	\$830	\$847	\$864	\$881	'eTool Data" Tab
	Inflated Needs / Unit / Year	\$1,783	\$1,028	\$1,072	\$1,034	\$1,129	\$1,298	\$1,014	\$1,143	\$925	\$2,03:	
					-		-			_		

C D	E	F	G	Н		J	К	L
re the e-Tool data needs to appear.	Sample Project	123-45678	12/4/2017	\$12,000,000	3.4	35	4/1/2018	
project's CNA e-Tool Financial	Description	Year 01	Year 02	Year 03	1704	Year 05	Year 06	Year
d from the CNA e Tool, saved, and then	Calendar Year	2018	\$ 2019 \$221,800	2020 \$230,232	2021	2022	2023	
n range E2-Y14>	Beginning Balance	\$200,000			177,388	\$152,219	\$124,373	\$9
ption: Linked File - Use pull-down	Interest Income	\$2,000	\$2,218	\$3,453	\$2,661	\$2,283	\$1,866	
ksheet exactly as generated from the	Annual Deposit	\$19,800	\$20,196	\$20,600	\$21,012	\$21,432	\$21,861	ş
nd appear in Columns E-Y, Rows 2-14.	Inflated Needs (Withdrawal)	\$0	\$13,982	\$76,898	\$48,842	\$51,561	\$48,842	\$
the required arrangement of column and row	at Ending Balance	\$221,800	\$230,232	\$177,388	\$152,219	\$124,373	\$99,258	\$1
	Required Minimum Balance	\$50,151	\$51,154	\$52,177	\$53,220	\$54,285	\$55,370	Ş
orksheet from the eTool Data Conversion	Interest Rate on Balance	1.000%	1.00%	1.50%	1.50%	1.50%	1.50%	
(Copied Data A or B) or as a result of	Inflation Rate on Deposit	0.00%	2.00%	2.00%	2.00%	2.00%	86 2.00%	
ted Financial Schedule data in it	Inflation Rate on Capital Needs	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
essages in the white background cells.	RFRR Deposit / Unit / Year	\$330	\$337	\$343	\$350	\$357	\$364	











Inflation & Interest on Short-Term Maturities

Current Market Conditions

 Rates of Inflation, Consumer Price Index, Bureau of Labor Statistics

Download: XII xisx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2
2008	2.5	2.3	2.4	2.3	2.3	2.4	2.5	2.5	2.5	2.2	2.0	1.8	2.3	2.3
2009	1.7	1.8	1.8	1.9	1.8	1.7	1.5	1.4	1.5	1.7	1.7	1.8	1.8	1.6
2010	1.6	1.3	1.1	0.9	0.9	0.9	0.9	0.9	0.8	0.6	0.8	0.8	1.1	0.8
2011	1.0	1.1	1.2	1.3	1.5	1.6	1.8	2.0	2.0	2.1	2.2	2.2	1.3	2.0
2012	2.3	2.2	2.3	2.3	2.3	2.2	2.1	1.9	2.0	2.0	1.9	1.9	2.2	2.0
2013	1.9	2.0	1.9	1.7	1.7	1.6	1.7	1.8	1.7	1.7	1.7	1.7	1.8	1.7
2014	1.6	1.6	1.7	1.8	2.0	1.9	1.9	1.7	1.7	1.8	1.7	1.6	1.8	1.7
2015	1.6	1.7	1.8	1.8	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.1	1.7	1.9
2016	2.2	2.3	2.2	2.1	2.2	2.2	2.2	2.3	2.2	2.1	2.1	2.2	2.2	2.2
2017	2.3	2.2	2.0	1.9	1.7	1.7	1.7	1.7	1.7	1.8	1.7	1.8	2.0	1.7
2018	1.8	1.8	2.1											

https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_12mths ۲



 Interest Rates on Short-Term Maturities, Federal Reserve





ECONOMIC DATA ST. LOUISFED EDERAL RESERVE BANK OF ST. LOUIS	Search FRED	-	F	Register Sign in
FRED: Economic Data Information Services Publications Working Papers Economists About				ouis Fed Home
Releases > H.15 Selected Interest Rates > Release Tables > Selected Interest Rates Instruments, Yields in percent per annum				
Selected Interest Rates Instruments, Yields in percent per annum: Daily				
Add to Data List Add to Graph Expand All Collapse All 1954-01-04 20	018-04-24 2018-	04-25	2018-04-26	2018-04-27
			Percent	
Name Name	Period	Value	Preceding Period	Year Ago from Period
Federal funds (effective)	2018-04-27	1.70	1.70	1.16
▼ Commercial Paper				
▼ Nonfinancial				
1-month	2018-04-27	1.83	1.82	0.84
2-month	2018-04-27	1.90	1.90	0.86
3-month	2018-04-27	2.04	1.99	0.91
▼ Financial				
1-month	2018-04-27	1.77	1.84	0.86
2-month	2018-04-26	2.01	2.02	1.01
3-month	2018-04-27	1.95	2.22	1.13
Bank prime loan	2018-04-27	4.75	4.75	4.00
Discount window primary credit	2018-04-27	2.25	2.25	1.50
v U.S. government securities				
 Treasury bills (secondary market) 				
4-week	2018-04-27	1.58	1.59	0.66
3-month	2018-04-27	1.78	1.79	0.79
6-month	2018-04-27	1 97	1 97	0.97

https://fred.stlouisfed.org/release/tables?rid=18&eid=289&snid=319



- Historic Average;
- Rates of Inflation, Consumer Price Index, Bureau of Labor Statistics



Inflation History-CPI- Bureau of Labor Statistics				
	45 Years Ending 2013			
Period	Avg Inflation/Period	No. Yrs		Avg Inflation
			(yrs x rate)	
1968-1983	7.30%	15	1.095	
1968-2013	2.90%	30	0.87	
		45	1.965	4.37%
	100 Years Ending 2013	3		
Period	Avg Inflation/Period	No. Yrs		Avg Inflation
			(yrs x rate)	
1913-1929	3.50%	16	0.56	
1929-1941	1.30%	12	0.156	
1941-1951	5.80%	10	0.58	
1951-1968	1.70%	17	0.289	
1968-1983	7.30%	15	1.095	
1983-2013	2.90%	30	0.87	
		100	3.55	3.55%

https://www.bls.gov/opub/mlr/2014/article/one-hundred-years-ofprice-change-the-consumer-price-index-and-the-american-inflationexperience.htm



• History of 90 Day Treasury Bill Yields

FRED 🜌	economic research	REGISTER SIGN IN
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Categories > Money, Bankir	1g, & Finance > Interest Rates > Treasury Bills	
😭 3-Month Trea	sury Bill: Secondary Market Rate (TB3MS)	
Observation: Mar 2018: 1.70 (+ more) Updated: Apr 2, 2018	Units: Frequency: Percent, Monthly Not Seasonally Adjusted IY 5Y 10Y	Max 1934-01-01 to 2018-03-01
FRED - 3-Month	Treasury Bill: Secondary Market Rate	11
17.5 15.0 12.5 10.0 7.5 5.0	M M M	M
2.5 0.0 1940	1950 1960 1970 1980	1990 2000 2010
U1	1960 View	0000 II
Shaded areas indicate U.S. r	ecessions Source: Board of Governors of the Federal Reserve System (US) fred.stlouisfed.org

https://fred.stlouisfed.org/series/TB3MS?utm_source=series_page&utm_medium=rel ated_content&utm_term=related_resources&utm_campaign=categories

To Conclude...





Common Errors / Misunderstanding

Site Visit Date	The site visit date is the effective date of the CNA report.
	Was the site visit in the same year as submission? If not, ensure that the Assessed RUL has been input for all components as of the date of site visit. See Pg. 12-13 of HUD's Known Issues and Solutions (Feb
	2018).
	For new construction, the CNA is an assessment of future needs post construction. There is no inspection date. The effective date of the report should be the date of the A&E review.
	Change in e-Tool planned before 1-1-19 will enable user
	to select calendar year that is Relative Year 1.



Common Errors / Misunderstanding

Duration

Replacement Cycle = Duration + Start Year + Duration		
Duration	Spread in Years	
0	1	
1	3	
2	5	
3	7	
4	9	

Duration should not exceed 2 (a spread of 5 years: 2+1+2 = 5) and the spread must be no greater than the total useful life of a component. All spreads are odd #s.

If EUL of Carpet is 6, maximum spread is 5. Maximum duration is 2. If the duration is too high, meaning cycle length is greater than EUL, the replacement cycles will overlap doubling costs.

Longer Duration should be used only for "averaging" replacements for older properties where individual component age is unknown.



Common Errors / Misunderstanding

кесо	ncilla	ation	
with	othe	r rep	ort

Measuring /	' inputting sq	luare footage ir	n units and common area	as

- interior to interior = Appraiser instructions
- exterior to exterior = CNA eTool instructions

Gross Area

- Appraiser takes from drawings / plans
- CNA eTool mathematically totals all interior spaces input in the workbook

Buildings in CNA vs Appraisal

- Appraiser includes residential and amenity buildings
- CNA eTool must include all buildings (garages, maintenance sheds, mail kiosk, etc.)

Expect Changes to S.F. calcs in future release.



Communication TIMELY CORRESPONDENCE

Automated Email Notice

- Submission of CNA
 - Lender receives Email
- Returned CNA
 - Lender receives Email
- Approved CNA
 - Lender receives Email

NO Automated Email Notice

- Submission of CNA
 - HUD is **NOT** notified by Email;
 - Shows in Nightly Reports sent to Assigners (i.e. Branch Chiefs)
- Assignment of CNA
 - Reviewer is NOT notified by eTool
- 'Ready for Decision' Status
 - Assigner is NOT notified by eTool





- Keeping in the Loop **Communicate** when:
 - Triage is being done;
 - After the Reviewer has been assigned;
 - The Firm Application review has started;
 - Have questions and need clarifications.





• Communicate BEFORE 'Returning':

- Resubmitting for Lenders = Start from Scratch
 - Re-Validating the Assessment Tool;
 - All the Attachments;
 - All the Flag Notes (Workaround helps);
 - All in one-seating with 30-min window for inactivity
- Improvements coming, but until then...
 - Communicate OFFLINE first





- Communicate BEFORE 'Returning':
 - Call/Email about any question, clarifications, deficiencies noticed:
 - Maybe it's in there (mistakenly overlooked);
 - Maybe it's not required;
 - Maybe it's elsewhere.

– Aggregate deficiency items for one 'Return':

• Be on the same page about the exact revisions required.





- CNA eTool Technical Advisory Committee
- New Features:
 - Save As Draft Ability to save work in progress
 - File Size Limit Increased to 10 megabyte

