

January 18, 2023

APM 23-01

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Alanna McCargo, President

SUBJECT: Extension of Permitting Alternative Procedures for Certain Aspects of Issuer Annual Audit Report

Due to the continuing impact of the COVID-19 Pandemic National Emergency, Ginnie Mae is extending the use of alternative audit procedures originally announced in [APM 20-14: "Alternative Procedures Permitted for Certain Aspects of Issuer Annual Audit Report for Fiscal Year 2020"](#), [APM 21-08: "Extension of Permitting Alternative Procedures for Certain Aspects of Issuer Annual Audit Report"](#), and most recently extended in the [APM 22-06: "Extension of Permitting Alternative Procedures for Certain Aspects of Issuer Annual Audit Report"](#) for Issuers with a fiscal year ending on or before June 30, 2023 as follows:

Chapter 3 Part 7 § A of the Mortgage-Backed Securities Guide (MBS Guide) requires Issuers to obtain and submit annual audited financial statements and Audit Reports, prepared by an independent auditor, in accordance with Chapter 6 of the HUD Audit Guide, which requires auditors to review the processes and controls of document custodian(s) associated with the Issuer. Ginnie Mae recognizes that, due to the COVID-19 National Emergency-related statewide Occupational Safety and Health Administration restrictions, independent auditors may not be able to perform certain document custodian review audit activities for the fiscal year ending on or before June 30, 2023, that require physical inspection and observation.

Ginnie Mae will accept audited financial statements and Audit Reports for Issuers with a fiscal year ending on or before June 30, 2023, where the independent auditor relied on alternative procedures to meet the Issuer's document custodian annual audited financial statement and Audit Report review objectives in lieu of the procedures outlined in the HUD Audit Guide, which would otherwise require physical inspection and observation.

Issuers must ensure that the audited financial statement and Audit Report documentation submitted to Ginnie Mae details the condition necessitating the use of an alternative procedure, a description of the alternative procedure used, and the independent auditor's rationale outlining how the alternative procedures met the original objective of the document custodian review audit.

This APM does not in any way change components of an Issuer's audited financial statements to be performed by an independent auditor with a fiscal year ending on or before June 30, 2023, nor does it alter any other requirements not expressly addressed by this memorandum. The



temporary flexibilities extended in this APM are expected to be discontinued as soon as practicable for Issuers whose fiscal years end beyond June 30, 2023. Chapter 3 of the MBS Guide has been modified to incorporate the provisions of this memorandum.

If you have further questions, please contact your Account Executive in the Office of Issuer and Portfolio Management directly.



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