

November 9, 2020

APM 20-14

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Eric Blankenstein, Executive Vice President and Chief Operating Officer

SUBJECT: Alternative Procedures Permitted for Certain Aspects of Issuer Annual Audit Report for Fiscal Year 2020

Due to the impact of the COVID-19 Pandemic National Emergency, Ginnie Mae is allowing the use of alternative audit procedures for Issuers with a fiscal year ending on or before December 31, 2020 as follows.

Chapter 3 Part 7 § A of the Mortgage-Backed Securities Guide (MBS Guide) requires Issuers to obtain and submit an independent public audit prepared in accordance with Chapter 6 of the HUD Audit Guide, which itself 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, independent auditors may not be able to perform certain document custodian review audit activities for the fiscal year 2020 that require physical inspection and observation.

For this reason, Ginnie Mae will accept independent public audits for Issuers with a 2020 fiscal year ending on or before December 31, 2020, where the independent auditor relied on alternative procedures to meet the Issuer's document custodian independent public audit review objectives requiring physical inspect and observation in lieu of the procedures outlined in the HUD Audit Guide.

Issuers must ensure that the independent public audit 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.

For the avoidance of doubt, this APM does not in any way change components of an Issuer's audited financial statements to be performed by an independent public auditor with a fiscal year ending in 2020, nor does it alter any other requirements not expressly addressed by this memorandum. 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.



Mailing Address
451 Seventh Street SW, B-133
Washington, DC 20410