MassHousing's Assurance Activities

Various assurance engagements occur throughout MassHousing each year. The purpose of this document is to provide an overview of the auditors, regulators, and investors that perform audits or reviews throughout MassHousing.

An audit is a thorough and systematic examination of the books, records, and control activities of the entity to determine whether MassHousing presents a true and fair representation of its finances and operations. Substantive testing is performed, and extensive evidence is gathered, to substantiate an auditors' opinion. An audit provides the highest level of assurance. By contrast, a review is a formal assessment of a particular scope area. Limited testing is performed, and sufficient evidence is gathered to substantiate a reviewer's opinion of a specific scope area. A review is less in scope than an audit, and therefore provides limited assurance.

MassHousing is a body politic, corporate, and public instrumentality of the Commonwealth of Massachusetts (the Commonwealth) established by Chapter 708 of the Acts of 1966, as amended (the Act), to increase the supply of residential housing in the Commonwealth for occupancy by persons and families of low and moderate income. Pursuant to the Act, MassHousing has the power to issue bonds and notes to finance construction and permanent mortgage loans, to utilize various lending programs to finance mortgage loans including the Housing Finance Agency Risk Sharing Program administered by the U.S. Department of Housing and Urban Development (HUD), Federal National Mortgage Association (FNMA) mortgage-backed securities (MBS), Government National Mortgage Association (GNMA) MBS, Federal Home Loan Mortgage Corporation (FHLMC) programs, Federal Home Loan Bank (FHLB) programs and Federal Financing Bank (FFB) programs and to enter into agreements and perform other functions in furtherance of its public purposes. Many of MassHousing's assurance activities occur to provide MassHousing's Board, investors, and other stakeholders assurance that its financial and operations are fairly presented. The purpose of the regularly occurring assurance engagements are described below. **Appendix A** provides a table detailing the frequency of each engagement and the most recent date when results were issued.

Audits

State Performance Audit

In accordance with M.G.L. c 11 Section 12: "The department of the state auditor shall audit the accounts, programs, activities and functions directly related to the aforementioned accounts of all departments, offices, commissions, institutions and activities of the commonwealth…Each entity may be audited separately as a part of a larger organizational entity or as a part of an audit covering multiple entities; provided, however, that each entity shall be audited at least once every three years and an entity shall be subject to audit as often as the state auditor determines it necessary." The purpose of the engagement is to provide a report on performance in the selected area. The standards for the audits are laid out by the U.S. Government Accountability Office (GAO).

Financial Statement(s) Audit

MassHousing issues an annual financial report at least 90 days after its fiscal year end June 30th. The annual financial report generally consists of six sections: (1) management's discussion and analysis; (2) audited combined financial statements (the financial statements); (3) notes to the financial statements; (4) required supplemental schedules; (5) supplemental schedules; and (6) schedules. MassHousing contracts an external auditor to provide an opinion on whether the financial report is presented fairly in all material respects, in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America.

MassHousing prepares quarterly unaudited interim financial information as of September 30th, December 31st and March 31st. MassHousing contracts an external auditor to perform review procedures related to its information statements. The objective of the review of the interim financial information is to provide the external auditor with a basis for reporting whether they are aware of any material modifications that should be made to the interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Information Statements containing certain general and financial information concerning MassHousing are issued on a quarterly basis. The information is authorized by MassHousing to be distributed to prospective purchasers in connection with bonds or notes offered for sale by MassHousing, and to the Electronic Municipal Market Access repository currently recognized by the Securities and Exchange Commission for purposes of its Rule 15c2-12. MassHousing contracts an external auditor to perform review procedures related to its information statements.

Ginnie Mae Audit

MassHousing prepares annual financial statements in accordance with auditing standards generally accepted in the United States of America and generally accepted government auditing standards published by the Comptroller General of the United States (Government Auditing Standards). In connection with the engagement, an audit is performed to determine MassHousing's compliance with the requirements described in Chapter 6 of the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General's Consolidated Audit Guide of HUD Programs (“the Guide") covering the areas governing Federal Financial Reports, Eligibility to Issue Mortgage-Backed Securities, Review of Custodial Documents, Issuer’s Administration of Pooled Mortgages, Review of Monthly Accounting Reporting and Quarterly Submissions, Securities Marketing and Trading Practices, Adjusted Net Worth, Institution-wide Capital Requirements, and Liquid Asset Requirements, and Supplemental Information Schedules (the “compliance requirements”), that could have a direct and material effect on the Agency's participation in these major HUD programs ("the Major HUD Programs") for the year ended June 30th. MassHousing contracts an external auditor to express an opinion regarding MassHousing’s multi-family portfolio (issuer number 4281) and single-family portfolio (issuer number 4396).

Schedule of Expenditures of Federal Awards (SEFA) Single Audit

MassHousing prepares a Schedule.of.Expenditures.of.Federal.Awards annually for single audit purposes, in compliance with requirements set forth by the Uniform Guidance, 2 CFR 200, Subpart F – Audit Requirements. MassHousing contracts an external auditor to express an opinion on whether MassHousing’s SEFA and related notes are fairly presented, in all material respects, in conformity with the modified cash basis of accounting.

Mortgage Insurance Fund (MIF) Audit

MassHousing prepares an annual.financial.report of the Mortgage Insurance Fund (MIF) consisting of three sections: (1) management’s discussion and analysis; (2) the financial statements; and (3) notes to the financial statements. MassHousing contracts an external auditor to express and opinion on MIF’s statements of net position as of June 30th of the current year and prior year, as well as the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended.

Financing Adjustment Factor (FAF)

MassHousing prepares a Schedule of Revenue Received and Expenditures Paid (the Schedule) of MassHousing's Financing Adjustment Factor (FAF) Refunding Agreements with the U.S. Department of Housing and Urban Development (HUD) for the three-year period ended June 30th, and the related notes to the Schedule. MassHousing contracts an external auditor to express and opinion on whether the statements are fairly presented, in all material respects.

Affordable Housing Trust Fund (AHTF) Audit

MassHousing prepares an annual report of the Affordable Housing Trust Fund ("AHTF") consisting of four sections: (1) management's discussion and analysis; (2) audited financial statements; (3) notes to the financial statements; and (4) supplemental schedules that report on the AHTF's projected awards and commitments. MassHousing contracts an external auditor to express an opinion about whether AHTF basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The AHTF annual report is provided to Executive Office of Housing and Livable Communities (EOHLC) in accordance with our AHTF contract with EOHLC.

Other Post-Employment Benefits (OPEB) Trust Fund

MassHousing prepares an annual financial report of MassHousing's OPEB Trust (Trust) consists of four sections: (1) management's discussion and analysis; (2) the financial statements; (3) notes to the financial statements; and (4) required supplementary information (RSI). MassHousing contracts an external auditor to express an opinion about whether AHTF basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Multifamily Accelerated Processing (MAP)

Annually a quality control review ("QC Review") is performed in accordance with the U.S. Department of Housing and Urban Development's ("HUD") Multifamily Accelerated Processing ("MAP") Guide requirements contained in Section A.2.1 of Appendix 2, *Quality Control Plans and Identity of Interest (revised March 19, 2021)*. The internal audit team provides a review of the quality control function. Additionally, whenever a Multifamily Accelerated Processing (MAP) deal is executed without its joint venture partner (a MAP solo deal), a quality control audit is performed. An external auditor is contracted to provide an opinion regarding MassHousing's compliance with HUD Guidelines.

Reviews

Project Based Annual Contributions Contract Annual Compliance Review

Annually, the U.S. Department of Housing and Urban Development (HUD) Compliance Review Team (CRT) conducts a limited remote Annual Compliance Review of MassHousing's Performance Based Annual Contributions Contract (PB-ACC). The purpose of the engagement is to review specific documents pertaining to the applicable Incentive-Based Performance Standards (IBPS) tasks performed for a specified review period.

Multifamily HUD Risk Share Program Review

In accordance with 24 CFR §266 Housing Finance Agency (HFA) Risk-Sharing Program for Insured Affordable Multifamily Project Loans, the United States Department of Housing and Urban Development (HUD) is charged with monitoring the performance of participating HFAs for compliance with the provisions of the HFA Risk-Sharing Program. On a periodic basis, a review is performed to determine MassHousing's compliance with its approved underwriting guidelines and all applicable HUD rules and federal regulations related to the HFA Risk-Sharing Program.

Ginnie Mae Review(s)

On a periodic basis the Government National Mortgage Association (Ginnie Mae), contracts Guidehouse LLP to conduct a review of compliance criteria for participants in Ginnie Mae's Mortgage-Backed Securities Program set forth in the Ginnie Mae Guide 5500.3, the Ginnie Mae portfolio serviced by MassHousing (issuer number 4281 or 4396).

Fannie Mae's CMR-STAR Review

On a periodic basis, Fannie Mae performs a Cash Management Review-Servicer Total Achievement and Rewards (CMR-STAR) Review. The primary objective of the Servicer Total Achievement and Rewards (STAR) Cash Management Review (CMR) is to determine whether appropriate controls and procedures are maintained over key servicing functions to protect Fannie Mae's assets and interests, and whether these functions are performed in accordance with Fannie Mae requirements.

Fannie Mae MORA Review(s)

On a periodic basis, Fannie Mae performs a Mortgage Origination Risk Assessment (MORA) Review of MassHousing. The purpose of the MORA Review is to determine whether MassHousing maintains appropriate controls and procedures over its key operations and functions, and whether it performs these functions in accordance with Fannie Mae expectations. When a review is conducted of the Mortgage Insurance Fund Fannie Mae determines compliance with Private Mortgage Insurer Eligibility Requirements (PMIERs), its Loan Loss Reserve Agreement and the controls implemented to ensure appropriate operational oversight.

Freddie Mac CORE Review

On a periodic basis, Freddie Mac performs a Counterparty Operational Risk Evaluation (CORE) review. The purpose of the engagement is to gain an understanding of how MassHousing manages operational and compliance risks stemming from MassHousing's role as a Freddie Mac Seller/Servicer.

IRS Review

On a periodic basis, the Department of the Treasury performs a review based on the Income Verification Express Service (IVES) Participant Certification of Compliance memorandum that is regularly filed.

Appendix A: Assurance Table

Indicates that the Assurance activity is also planned to occur in FY2027 (July 2026 – June 2027).

Assurance Activity	Initiated By	Assurance Type	Frequency	Last Report Issued	Current Assurance Provider
State Performance Audit	Department of the State Auditor	Audit	3 years	October 2025	State Auditor
Financial Statement Audit	MassHousing	Audit	Annual	September 2025	PricewaterhouseCoopers (PwC)
Information Statement Review	MassHousing	Review	Quarterly	September 2025	PwC
Mortgage Insurance Fund Audit	MassHousing	Audit	Annual	September 2025	PwC
Ginnie Mae Audit	MassHousing	Audit	Annual	September 2025	PwC
Schedule of Expenditures of Federal Awards (SEFA)	MassHousing	Audit	Annual	December 2025	Clifton Larsen Allen (CLA)
FAF Audit	MassHousing	Audit	Every 3 Years	December 2025	CLA
OPEB Trust	MassHousing	Audit	Annual	June 2026	CLA
Affordable Housing Trust	MassHousing	Audit	Annual	November 2025	CLA
HUD Limited Remote Annual Compliance Review (ACR)	U.S. Department of Housing and Urban Development (HUD)	Review	Annual	May 2026	HUD Multifamily Northeast Region Boston Satellite Office

Assurance Activity	Initiated By	Assurance Type	Frequency	Last Report Issued	Current Assurance Provider
MAP Solo Audit	MassHousing	Audit	Ad Hoc	June 2019	Cohn Reznik
HUD Risk Share Review	U.S. Department of Housing and Urban Development (HUD)	Review	Ad Hoc	March 2022	U.S. Department of Housing and Urban Development (HUD)
Ginnie Mae Servicing Review for Single-Family (Issuer # 4396)	The Government National Mortgage Association (Ginnie Mae)	Review	Ad Hoc	October 2025	Guidehouse LLP, a contractor to Ginne Mae
Ginnie Mae Servicing Review for Multi-family (Issuer # 4281)	The Government National Mortgage Association (Ginnie Mae)	Review	Ad Hoc	February 2023	Guidehouse LLP, a contractor to Ginne Mae
Fannie Mae CMR-STAR Review of Single-Family	Fannie Mae	Review	Ad Hoc	July 2022	Fannie Mae
Fannie Mae MORA of Single-Family Servicing	Fannie Mae	Review	Ad Hoc	September 2020	Fannie Mae
Fannie Mae MORA of the MIF	Fannie Mae	Review	Ad Hoc	September 2025	Fannie Mae
Freddie Mac CORE Review of the MIF	Freddie Mac	Review	Ad Hoc	August 2023	Freddie Mac
IVES Compliance Review	US Department of Treasury	Review	Ad Hoc	September 2022	Internal Revenue Services