Q&A: GOVERNMENT SHUTDOWN WHAT C.A.R. MEMBERS NEED TO KNOW

Updated November 3, 2025

With Congress failing to pass funding legislation by September 30, the federal government shut down on October 1. This C.A.R. Q&A highlights what REALTORS® and their clients need to know about how real estate transactions may be affected.

Will most home sales and closings continue?
Yes. Most transactions will still move forward. However, REALTORS® should prepare clients for potential slowdowns in loan processing, appraisals, and flood insurance.

Do all federal government housing-related programs stop during a shutdown?
No. While many departments face reduced staffing in a limited capacity with "essential" services, the most critical housing and mortgage programs retain their core functions. However, delays are common in programs that require staff involvement.

What happens to Federal Housing Administration (FHA) single-family loans?
Most FHA single-family home loans will continue to move forward without interruption. New FHA single-family loans can still be endorsed during a shutdown.

What about FHA condominium projects and other approvals?
Some FHA programs — such as Home Equity Conversion Mortgages (HECMs) and Title I loans — are paused. Activities requiring U.S. Department of Housing and Urban Development (HUD) staff discretion, like manual underwriting for new condominium project approvals, are likely delayed until the government reopens. C.A.R. members should consider checking **HUD's list of already-approved condominium projects**.

Will Section 8 rental housing payments continue?
Yes, for now. HUD has already obligated funding that allows public housing authorities to continue operating their tenant-based voucher programs through October and likely into mid-November. This funding covers the federal government's share of rent payments for Section 8 voucher recipients. If the shutdown extends and delays federal payments, landlords cannot evict tenants for nonpayment of the government's portion of rent, nor can they require tenants to cover that share themselves. For additional information, read the **California Apartment Association's full Q&A**.

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How are conforming mortgages from Fannie Mae and Freddie Mac (the government-sponsored enterprises, or GSEs) impacted?

The GSEs generally retain their core functions during a shutdown. However, some services that depend on other federal agencies may be affected. For example, Internal Revenue Service (IRS) tax transcripts may be unavailable, requiring lenders to obtain transcripts and close later.

Can active-duty service members and Veterans still apply for VA home loans?

Yes. U.S. Department of Veterans Affairs (VA) loan guarantees remain available, and lenders can continue processing applications. However, reduced staffing during a shutdown may cause delays in appraisals, certificates of eligibility, and underwriting support.

Can my client still apply for a U.S. Department of Agriculture (USDA) home loan?

No. The U.S. Department of Agriculture has paused its single-family housing loan program during the shutdown. New loan applications are not being processed, and funds will not be disbursed for loans that were previously approved until normal government operations resume.

Will USDA rental assistance payments continue?

Yes, for now. Most USDA rental assistance funding has already been obligated through November, so federally assisted tenants should not experience disruptions to the government's portion of rent payments for October and November. If the shutdown continues beyond November, funding delays could occur. Tenants should not receive rent increases, termination notices, or eviction notices due to the shutdown.

Can my client still apply for flood insurance?

Applications for new or renewed federal flood insurance policies cannot be issued by the National Flood Insurance Program (NFIP) during the shutdown. Existing NFIP policies remain valid until they expire, and claims will continue to be paid while funds last. Policies may also be transferred from seller to buyer during a transaction. If your clients are seeking an immediate flood insurance policy, private insurance remains an option that is unaffected by the shutdown.

Where can C.A.R. members find more information?

- Contact your lender for the most up-to-date guidance on loan processing.
- Review information from **C.A.R.'s website**.
- Read **NAR's four-page overview**.
- Visit NAR's website: **What a Government Shutdown Means for REALTORS®**.