

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

Updated October 1, 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](#).

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 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®](#).