

Q&A – 2026 PARTIAL GOVERNMENT SHUTDOWN: REAL ESTATE IMPACTS FOR C.A.R. MEMBERS

(Updated January 31, 2026)

While Congress previously addressed [funding for some parts of the federal government](#), it did not pass legislation covering all agencies by January 30, 2026, resulting in a partial government shutdown. Some departments remain fully funded, while others are operating with limited staff or authority. While this funding lapse is expected to be brief, conditions could change if Congress does not act. This Q&A outlines what REALTORS® and their clients should know about potential impacts to real estate transactions.

Will most home sales and closings continue?

Yes. Most transactions will still move forward during the partial shutdown. 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 partial shutdown?

No. While some 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 unfunded programs requiring 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 most of February. 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.

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 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), as the program is included in the partial 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.

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

Yes. The U.S. Department of Veterans Affairs (VA) is fully funded through September 30, 2026. VA loan guarantees remain available, and lenders can continue processing VA home loan applications without shutdown-related interruptions.

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

Yes. USDA single-family housing loan programs are fully funded through September 30, 2026. Loan applications, approvals, and disbursements continue under normal operations and are not affected by the partial shutdown.

Will USDA rental assistance payments continue?

Yes. USDA rental assistance programs are fully funded through September 30, 2026. Federally assisted tenants should not experience disruptions to the government's portion of rent payments due to the partial shutdown.

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

- Contact your lender for the most current guidance on loan processing.
- Review information from C.A.R.'s website.
- Monitor federal funding developments, as conditions may change.