

# What a Government Shutdown Means for REALTORS® (As of October 1, 2025)

Congress failed to approve funding for government operations by the September 30 deadline, causing a partial government shutdown that began at midnight. This means many, but not all, government programs, including some that impact federal housing and mortgage programs, have been suspended or slowed due to the lapse in government funding. The following is a summary of how key agencies and programs are expected to operate during a shutdown.

## Environmental Protection Agency

Under EPA's [shutdown plan](#), most employees will be furloughed. This will affect various regulatory programs and compliance activities, such as wetlands determinations under the 404 program and enforcement of the lead-based paint disclosure and renovation, repair, and painting programs.

NAR Staff Contact: Russell Riggs, [rriggs@nar.realtor](mailto:rriggs@nar.realtor)

## HUD Programs

HUD has a contingency plan that keeps many housing programs alive, though often in a reduced capacity, while others face serious disruption. The Federal Housing Administration, for example, will continue to endorse new single-family mortgage loans, except for certain types, such as HECMs and Title I, thereby keeping its systems running. But many actions needing staff input, such as processing certain types of condominium project approvals, are suspended.

At the same time, essential FHA operations, including paying claims, servicing mortgages, loss mitigation, and managing foreclosed properties ("REO/HUD Homes") move forward, often via contractors. Importantly, borrowers may turn to private flood insurance if the National Flood Insurance Program lapses during the shutdown. The FHA Resource Center remains open for questions, though with limited staff availability, possible longer wait times for assistance, and limited ability to answer case-specific questions.

For housing counseling agencies, services may continue—but only if grant funds have already been awarded and cash flow levels permit. New grants, renewals, or payment draws are paused except in emergencies, meaning some agencies may need to reduce or suspend offerings.

Housing Choice Voucher holders can expect Assistance Payments to continue under existing obligations, but additional funding requests or approvals will be delayed. New vouchers may be issued, but extended shutdowns create the risk of cash flow problems for Public Housing Authorities, so landlords and tenants alike are urged to check in with their local PHAs for the latest status.

NAR Staff Contacts: Elayne Weiss, [eweiss@nar.realtor](mailto:eweiss@nar.realtor), and Caitlin Vannoy, [cvannoy@nar.realtor](mailto:cvannoy@nar.realtor)

## Government Sponsored Enterprises

During previous shutdowns, Fannie Mae and Freddie Mac have continued normal operations since they are not reliant on appropriated funds. There are four key areas of consideration:

- **Verification of Employment:** For homebuyers employed by the federal government, both Fannie Mae and Freddie Mac allow for verification of employment to occur after closing but prior to delivery of the loan.
- **Tax Transcripts:** Freddie Mac requires all borrowers to sign a 4506T (Request for Transcript of Tax Return) request form prior to close, but the request does not have to be processed prior to close. Fannie Mae requires the same unless the borrower's income can be verified through Fannie Mae's proprietary Desktop Underwriter verification system, in which case no 4506T is required. During past government shutdowns, the IRS suspended the issuance of tax return transcripts.
- **Verification of Social Security Number:** Sometimes, social security numbers are disputed and must be verified. Fannie Mae allowed lenders to verify the numbers prior to delivery in the 2018 shutdown as a precaution but did not allow delivery if the number was not confirmed. Freddie Mac does not require verification of social security number.
- **Proof of flood insurance coverage application:** Both Freddie Mac and Fannie Mae require a completed application for flood insurance and a copy of a check for the first premium, or the settlement statement reflecting payment of the initial premium, or the assignment of an existing policy from the old owner.

NAR Staff Contact: Ken Fears, [kfears@nar.realtor](mailto:kfears@nar.realtor); Matt Emery, [memery@nar.realtor](mailto:memery@nar.realtor)

## Internal Revenue Service

While the IRS has not yet released its shutdown contingency plan, in past government shutdowns the agency has consistently held that its employees can remain on the job during shutdowns only if their duties protect the government. For example, during the 2018 closure, the roughly 12 percent of employees who were required to report to work could open mail only in search of checks payable to the government and were not allowed to answer taxpayer phone calls, issue tax refunds, release liens and levies or perform most other taxpayer services.

NAR Staff Contact: Evan Liddiard, [eliddiard@nar.realtor](mailto:eliddiard@nar.realtor)

## National Flood Insurance Program (NFIP)

During a lapse of authority, the NFIP may not sell new or renewal flood insurance policies. Existing NFIP policies will remain in effect until their expiration date, and claims will continue to be paid until funds run out. NFIP policies may be assigned from seller to buyer during a lapse, and most lending regulators have issued guidance providing flexibility. Private market flood insurance is also an option. For more information, please see [NAR's Frequently Asked Questions \(FAQs\) document on NFIP authorizations](#).

NAR Staff Contact: Austin Perez, [aperez@nar.realtor](mailto:aperez@nar.realtor)

## Rural Housing Programs

USDA will not issue new direct loans or guaranteed loans, and scheduled direct loan closings will not take place. Pending conditional commitments for guaranteed loans will be reviewed



and, if possible, USDA may issue the loan note guarantee. Guaranteed loan closings without a previously issued guarantee may still proceed, but only at the lender's risk. Disbursements on existing construction loans may continue when necessary to protect USDA's property interests. All pending loan servicing actions, including guaranteed loss claims, must be documented and secured to allow for timely processing after the shutdown ends. Rental assistance will continue only if a threat to USDA's property interests becomes imminent (after 30 days), and funding remains available under existing rental assistance agreements.

*NAR Staff Contacts: Elayne Weiss, [eweiss@nar.realtor](mailto:eweiss@nar.realtor), and Caitlin Vannoy, [cvannoy@nar.realtor](mailto:cvannoy@nar.realtor)*

### **Veterans Affairs**

The Department of Veterans Affairs (VA) will continue to guarantee home loans during a government shutdown, and lenders may keep processing applications. However, some VA staff and support functions may be reduced, which may slow down approvals, appraisals, and certificate of eligibility requests. Veterans seeking a new loan or refinance should check with their lender for updated processing times during an extended shutdown.

*NAR Staff Contacts: Elayne Weiss, [eweiss@nar.realtor](mailto:eweiss@nar.realtor), and Caitlin Vannoy, [cvannoy@nar.realtor](mailto:cvannoy@nar.realtor)*

### **Small Business Administration**

During the shutdown, the SBA will not process new loans or approve routine small-business loans, including the CDC 504 Loan Program and the 7(a) Loan Program; however, the agency will continue to close previously approved CDC 504 Loans and carry out limited loan servicing and liquidation activities. The Office of Advocacy will also cease operations. The SBA will continue to issue Disaster Loans should the need arise.

*NAR Staff Contact: Erin Stackley, [estackley@nar.realtor](mailto:estackley@nar.realtor)*

### **Visa Programs – EB-5 and H-2B**

Although the EB-5 Immigrant Investor Regional Center Program receives government funding, its current operations are funded and authorized through September 30, 2027. Due to its reliance on some independent funding sources, the EB-5 Immigrant Investor Regional Center Program will continue to operate during this most recent shutdown. However, application times may be delayed because other agencies, such as the State Department, will shutdown and result in staffing shortages and additional delays. Investors may continue to file I-526 petitions and timely responses to USCIS Requests for Evidence (RFE) and Notices of Intent to Deny (NOID). In addition, investors may continue to prepare and file I-829 petitions.

The processing of labor condition applications for various work visas, including the H-2B visa, will be shut down. Similarly, the processing of prevailing wage, labor certification, and other DOL Office of Foreign Labor Certification (OFLC) operations will cease. DOL/OFLC personnel will not be available to respond to inquiries, and web-based systems for filing, status checks, and uploading documents, among other features, will be offline. Deadlines related to DOL applications and procedures are typically modified.

*NAR Staff Contact: Russell Riggs, [rriggs@nar.realtor](mailto:rriggs@nar.realtor)*



### **Federal Government Shutdown Survey**

In a previous NAR survey of members on the impact of government shutdowns on their business, 75 percent had no impact on their contract signings or closings. However, 11 percent did report an impact on current clients and 11 percent on potential clients.

If respondents reported an impact on current or potential clients, they were asked for further details. Respondents were allowed to pick multiple responses, as they were working with more than one client. The most common impact, at 25 percent, was the buyer decided not to buy due to general economic uncertainty, though they were not a federal government employee. Among those impacted by the shutdown, 1 percent had a closing delay because of a USDA loan.

