



MORTGAGE BANKERS ASSOCIATION

Government Shutdown Implications for the Mortgage Industry

As of October 1, 2025, the federal government is shut down after Congress failed to come to an agreement on Fiscal Year (FY) 2026 funding ahead of a 11:59 p.m. ET deadline on September 30, 2025.

Starting October 1, the shutdown will necessitate the furloughs of certain federal employees as well as significant curtailment of certain operations requiring agency staff intervention or action at the Department of Housing and Urban Development, Veterans Affairs, and the Department of Agriculture.

Congress continues to negotiate appropriations bills and/or a continuing resolution to fund the United States government for FY 2026. We are hopeful that Congress and the President will eventually come to an agreement that reopens the government.

Employees exempted from furlough include those performing emergency services to protect life and property, individuals carrying out minimal activities to suspend agency operations, and other work deemed “excepted” by the Office of Management and Budget (OMB) and agency heads. Agencies and employees are “exempt” if they are not affected by a lapse in appropriations.

To prepare, OMB required federal agencies to develop contingency plans outlining which operations will continue and which will not. It remains unclear how recent staffing reductions will affect agencies’ ability to carry out key functions.

Although it is difficult to quantify or predict all of the impacts of a government shutdown, lenders processing government-insured loans should expect significant delays. A shutdown lasting a few days would slightly inconvenience lenders in processing loans; however, a longer delay would have more severe impacts. MBA will keep its members notified of any and all relevant developments.

The following summary of potential real estate finance impacts is based on information previously published by federal agencies. MBA will provide additional information as it becomes available.

I. [Department of Housing and Urban Development](#) (including FHA and Ginnie Mae)

As with previous shutdowns, operations of the Department of Housing and Urban Development (HUD), including the Federal Housing Administration (FHA) and Ginnie Mae, would be reduced considerably, which may impede the processing and closing of mortgage loans. The FHA Office of Single-Family Housing will continue to endorse new loans, with the exception of Home Equity Conversion Mortgages (HECM), Title I loans, and loan endorsements that require assessment by an FHA underwriter (i.e., non-direct endorsements). The Office of Multifamily Housing will conduct closings and

endorsements for projects with Firm Commitments/Firm Approval Letters issued prior to the shutdown. They will also process amendments to commitments. Other requests will only be handled on an emergency basis, or for the imminent threat to the safety of the residents, or to the protection of property in HUD-insured or assisted multifamily projects.

Lenders will continue to have access to HUD systems, such as FHA Connection, as it will remain operational. However, actions that require HUD personnel to respond will be delayed or suspended. The same applies to lender inquiries submitted to FHA Resource Centers, which will remain open to answer general questions, but responses requiring escalation will be delayed. FHA will continue to pay partial claims in the event of a shutdown.

Ginnie Mae is largely unaffected by a shutdown, as it has a two-year MBS guarantee commitment authority that a lapse in appropriations will trigger with the approval of OMB.

II. [Department of Veterans Affairs](#)

While operations may experience delays, the Department of Veterans Affairs Loan Guarantee Program will continue its operations, drawing on any available carryover balances from the previous year until those funds are exhausted should a government shutdown take place.

III. [US Department of Agriculture Rural Development](#)

In the event of a government shutdown the US Department of Agriculture (USDA) Rural Development will cease operations – including most mortgage operations within the Single Family Housing Guaranteed Loan Program (SFHGLP), with the exception of functions approved by the Deputy Under Secretary for Rural Development to facilitate activities already in progress, such as (but not limited to) construction draws; review and processing of guaranteed loss claims; and actions necessary to support foreclosure sales.

IV. [Fannie Mae, Freddie Mac and the FHLBanks](#)

Fannie Mae and Freddie Mac would not be directly affected except to the extent that they rely on functions of other affected agencies. The Federal Home Loan Banks (FHLBanks) would not be directly affected.

Both [Fannie Mae](#) and [Freddie Mac](#) have provided guidance outlining temporary selling and servicing flexibilities in response to the federal government shutdown. Both agencies confirm that loans to borrowers impacted by furloughs or pay interruptions remain eligible, with temporary relief on employment verification, paystub dating, and IRS transcript requirements. If the shutdown extends beyond Nov. 3, 2025, minimum reserve requirements will apply for new applications. Both also reaffirm flood insurance requirements during any lapse in the National Flood Insurance Program (NFIP) and remind servicers that forbearance options are available to assist affected borrowers.

V. National Flood Insurance Program

The National Flood Insurance Program (NFIP) expires on September 30, at 11:59 PM. As a result, existing NFIP policies will remain in effect until their expiration, but new policies (including renewals) cannot be issued until the program is reauthorized.

VI. Internal Revenue Service

Due to advocacy efforts of the MBA, in recent years the IRS's Income Verification Express Service (IVES) and Revenue & Income Verification Service (RAIVS) have been classified as exempt activities under the Anti-Deficiency Act. Additionally, the Inflation Reduction Act provides supplemental appropriations to the IRS through September 30, 2031, ensuring that these services can continue even in the event of a lapse in appropriations.

VII. Social Security Administration

The Social Security Administration's contingency plan fails to explicitly mention social security number verification or the electronic Consent Based Social Security Number Verification (eCBSV) service. The contingency plan broadly lists "benefit verifications" and "requests from third parties for queries" as a discontinued activity during a funding lapse. It is MBA's understanding that in the past the SSA has not processed requests for verification of social security numbers during a government shutdown. Automation provided by eCBSV may improve outcomes.