

# What Impact Will Government Shutdown Have on Real Estate Closings?

Last Friday HUD said it would stop working on FHA applications, but over the weekend it reversed itself and said that a skeleton staff of workers would continue to process all applications for government-backed mortgages.

How much slower the process will be with a reduced staff was not indicated.

The biggest effect at this early stage of the shutdown will be that the IRS will not be able to supply transcripts of tax returns, which are required by underwriters to verify that borrowers have supplied accurate copies during the mortgage application process. For transactions already approaching closing, transcripts were most likely obtained before Tuesday's shutdown.

If the shutdown continues for longer than the three weeks which the last shutdown took, then we could see some serious impacts

on transactions, and buyers who can pay cash will have a greater than usual advantage over competing buyers.

Cash buyers are already more attractive, of course, but if the seller is confident in the buyer's ability to close, he or she would in the past have been tempted to take a higher-price non-cash offer. Not now.

With the shutdown in place, accepting an offer which included FHA financing would be most unattractive. In the months leading up to this shutdown, about 60,000 closings per month have been financed with FHA loans.

The information I'm getting says that those loans backed by Fannie Mae and Freddie Mac will be unaffected by the shutdown because those government-sponsored entities (GSE's) are financed not by the federal government but by fees

paid by the lenders who are issuing those loans.

I'm reading that rural development loans guaranteed by the US Department of Agriculture will not be able to proceed during the shutdown, but that shouldn't affect many metro-area readers of this column.

Unfortunately, we can't be very hopeful that the stalemate in Washington will end. This situation is so much more ideologically poisoned than was the case 17 years ago. When I read that Michele Bachmann had tweeted that she was "giddy" about the shutdown, it reinforced my suspicion that the Tea Party crowd would welcome a permanent shutdown of the government — Sen. Harry Reid called them "anarchists" — so there's no reason to compromise. As long as their districts remain "safe" for them, they'll just hold out. And they probably won't care about extending the debt limit.

## Golden Solar Tour Is This Saturday!

Golden's annual tour of solar and sustainable homes is always on the first Saturday in October.

It starts with a reception and "Hybrid & Electric Vehicle Round-up" on Friday evening 4 to 7 p.m. at the American Mountaineering Center. The vehicles are outside on the street, and the reception is in the conference center at the rear of the building.

On Saturday is the tour of 14 homes, mostly in or near Golden, which demonstrate various kinds of solar and sustainable practices or installations.

Register at the American Moun-

taineering Museum, corner of 10th Street and Washington Avenue, receive the map, and take the self-guided tour. Visit each "green" home and talk with the homeowners and volunteers about the green features of each home.

Registration is only \$5 to take the self-guided tour.

I have taken it upon myself to shoot and edit video tours of each of the 14 homes on the tour. You can see those videos and the videos of last year's homes (including my own) at [www.YouTube.com/GoldenSolarTour/](http://www.YouTube.com/GoldenSolarTour/).

Enjoy... and learn!

### REAL ESTATE TODAY



By JIM SMITH, Realtor®



**Jim Smith**

Broker/Owner

**Golden Real Estate, Inc.**

DIRECT: 303-525-1851

EMAIL: [Jim@GoldenRealEstate.com](mailto:Jim@GoldenRealEstate.com)

17695 South Golden Road, Golden 80401

WEBSITE: [www.GoldenRealEstate.com](http://www.GoldenRealEstate.com)

