BedfordLending

HUD 223(f) | Term sheet

Acquisition & refinance

MAP PROGRAM REFERENCE | SEPTEMBER 2026

Purpose & eligibility	Acquisition or refinancing of existing, stabilized rental apartment properties with at least five units. Market-rate, qualifying affordable and rental-assisted properties may qualify. Borrowers may be for-profit, nonprofit or public entities, generally structured as a single-asset owner.
Term & amortization	Up to 35 years, fully amortizing, limited to 75% of remaining economic life.
Loan sizing	The mortgage is the lowest applicable result from requested proceeds, statutory unit limits, value, debt-service support and acquisition/refinancing cost criteria. A headline leverage percentage does not determine proceeds by itself.
Market-rate benchmark	Up to 87% LTV and a minimum 1.15x debt service coverage ratio (DSCR). LIHTC properties without a rent advantage use the market-rate category.
Affordable benchmarks	Qualifying LIHTC with a rent advantage: up to 90% LTV and 1.11x DSCR. Properties with rental assistance on at least 90% of units: up to 90% LTV and 1.11x DSCR. Qualification must be established under HUD definitions.
Acquisition / cash-out	Acquisitions are also limited by eligible acquisition costs. Refinancings use eligible existing debt and transaction costs; equity take-out remains subject to the separate 80% LTV cash-out test and repair-related holdbacks.
Mortgage insurance	For qualifying applications submitted or amended on or after October 1, 2025, before initial endorsement: 0.25% upfront and 0.25% annual MIP. MIP is separate from the note rate. Existing endorsed loans do not receive an automatic reduction.
Interest rate & prepayment	Fixed rate established at rate lock. Prepayment lockouts, declining premiums and any buydown are negotiated for the transaction; they are not a HUD-guaranteed rate or universal schedule.
Recourse & transfer	Nonrecourse, subject to loan-document carve-outs and applicable completion obligations. Transfers and assumptions require lender/HUD approval.

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Requirements & application

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Occupancy & operations	Generally at least 85% average physical occupancy for six months before firm application, maintained through endorsement. Newly built properties have separate provisions. Underwritten vacancy and economic occupancy are distinct from physical stabilization.
Repairs & construction scope	Repairs and alterations must remain below the applicable substantial-rehabilitation tests. Use the current indexed threshold and building-system tests. Scope can trigger architect, contractor, accessibility and completion-assurance requirements.
Repair completion	Critical health/safety repairs generally precede closing. Approved noncritical work is escrowed and completed under the firm commitment and repair agreement. Cash-out transactions have additional controls over release of proceeds.
Reports & reserves	Appraisal, capital needs assessment, environmental review and other site-specific reports support underwriting. Initial and annual replacement-reserve deposits are based on assessed capital needs. Taxes, property insurance and MIP are escrowed as required.
Secondary financing	Private secondary debt is subject to HUD approval and generally a 92.5% combined LTV limit. Governmental and LIHTC structures have separate exceptions and conditions. Payments, maturity and lien priority must meet HUD requirements.
Fees & transaction costs	Budget for HUD application/inspection fees, MIP, lender and legal fees, title, survey and third-party reports. Applicable fee reductions and mortgageable costs depend on the transaction; Bedford provides a project-specific sources-and-uses schedule.
Ongoing obligations	HUD regulatory agreement, required financial reporting, approved management, insurance, reserve deposits and restrictions on distributions apply during the insured loan. Davis-Bacon is not imposed solely by Section 223(f); other funding sources may impose labor requirements.
Initial review & process	Provide a current rent roll, three-year operating history where available, interim/T12 results, debt/prepayment terms, proposed price or cash-out objective and planned repairs. Feasibility and reports lead to underwriting, HUD firm commitment, rate lock and closing. Timing depends on readiness and HUD review.

General program information, not a loan commitment. Proceeds, pricing and requirements depend on underwriting, HUD approval and applicable guidance.

Sources: MAP Guide, Chapters 3, 5, 7, 8, 12 and 14; Mortgagee Letter 2025-03 (sizing updates); Final MIP notice, effective October 1, 2025.