

# HUD Part 5 Income Calculation Guide

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This guide explains how to calculate annual income under HUD Part 5 rules for mortgage purchases.

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*A Comprehensive Guide by The Housing Assistant*



HUD Part 5 Income is used to determine eligibility for federally assisted housing programs, including income-qualified mortgage products. This guide explains how to calculate annual income under HUD Part 5 rules for mortgage purchases.

## What is HUD Part 5 Income?

HUD Part 5 Income includes all income from all household members expected to receive income during the next 12 months. This includes wages, benefits, self-employment, child support, pensions, and more.

## Countable vs. Non-Countable Income

Countable Income (Included)	Non-Countable Income (Excluded)
Wages, salaries, tips	Income of children under 18 (unless they are heads of household)
Self-employment income	Foster care payments
Unemployment benefits	Student financial aid (grants/scholarships)
Social Security and pensions	Income tax refunds
Child support and alimony	One-time lump-sum payments
Regular contributions/gifts	Medical reimbursements

## Allowable Deductions

- \$480 per dependent (excluding head/spouse/cohead)
- \$400 for elderly or disabled family households
- Unreimbursed medical expenses (for elderly/disabled households only)

- Child care expenses enabling employment

## **Sample HUD Part 5 Income Calculation**

Household Composition: Married couple with 2 children

Income Sources:

- Head of household earns \$45,000/year
- Spouse earns \$28,000/year
- Child support received: \$3,600/year

Deductions:

- 2 dependents  $\times$  \$480 = \$960
- No elderly/disabled member or medical/childcare expenses

Calculation:

Total Income:  $\$45,000 + \$28,000 + \$3,600 = \$76,600$

Less Deductions: \$960

Adjusted Annual Income = \$75,640