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**Mortgage Tidbits**

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**Keeping you informed and in the know….**

**Shared Wells and FHA Loans**

A shared well is a well that services or will service more than one home. Here at Flanagan State Bank, shared wells are only allowed when:

* The subject property cannot feasibly be connected to an acceptable public or community water supply system
* The well must be capable of providing a continuous supply of water to the involved dwellings of a minimum of three gallons per minute for existing structures simultaneously to each home on the shared well for a continuous 4-hour period.
* Provides safe and potable water. A water test will be required.
* Has a valve on each dwelling service line as it leaves the well so water may be shut off at the source without interrupting service to the other properties.
* Shared wells must have a maintenance agreement on file in the courthouse between all parties sharing the well. This agreement should outline the maintenance of the well and how costs will be divided for the maintenance. If one is not available, a fully executed agreement will be needed prior to closing. This can be recorded with the mortgage.
* Must not exceed a four-unit property.
* All of these requirements can be noted on the appraisal. If the appraiser does not note this information, a Well Inspection will be required to show the Shared Well system meets HUD requirements.

**Shared Well Agreement Requirements**:

* Must allow for well water sampling & testing conducted by a local authority at the request of any party at any given time.
* If water testing reveals a significant water quality deficiency, then corrective measures must be taken, but only with consent from a majority of all parties.
* Must prohibit the connection and use of any additional living unit to the well system without the consent of all parties.
* Prohibit the locating or relocating of any element of an individual sewage disposal system within 75 feet of the shared well.
* Ensure easements for all elements of the system are established so proper access and working spaces are available for system operation, maintenance, improvement, inspection, & testing.
* Must specify that no party may install landscaping or improvements that will hinder or impair the use of Easements.
* Ensure continuity of water service to “supplied” parties if the “supplying” party has no further need for the shared well system.
* Must state that any removal or replacement of preexisting site improvements that are necessary for the system’s operation, maintenance, replacement, improvement, inspection, or testing, will be at the cost of the owner. Costs to remove or replace common boundary fencing or walls will be shared among all parties.
* It is to be established that in an emergency it is the right of any party to act to correct the failures in the absence of the other parties.

This does not cover all the requirements that are listed in FHA Guidelines. The list is inclusive of 22 specific points. For further information, please contact the Loan Officer sending you this document when you have a Shared Well situation!

**Call us today for the best answers to the mortgage questions!**

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