Shared Well & Septic Rules: FHA/VA/USDA/Conventional Loans

**FHA and USDA**

For additional USDA guidance, reference Handbook 3555, Chapter 12, page 12-13

General: Shared Well & Septic allowed only if “not economically feasible” to connect to public utilities.

- Existing home – Capable of pumping 3 gallons of water per minute
- New construction – Capable of pumping 5 gallons of water per minute
- Health Department certification – Water is safe to drink
- Shut-off value to individual dwelling
- Cannot service more than 4 dwellings
- Energy for pump must be separately metered

Acceptable “Well-Sharing” Agreement terms:
- Binding on all dwelling owners, their successors or assignees
- Must be recorded documents
- Allow for testing of water by 3rd parties
- Continuity of water service to all parties
- No additional connections allowed unless agreed to by all parties and does not exceed a maximum of 4 dwellings
- Cannot relocate a septic system with 50 feet (existing) or 100 feet (new construction) of shared well
- Easement must be established for servicing well and water lines
- Allow for emergency situations without approval from other parties
- Allow for equitable costs of repairs or maintenance
- Allow for collection of repair or maintenance money from all parties
- Recorded document may not be amended
- Recorded document is legal and binding

**VA**

General: Must have a continuous supply of safe and potable water for drinking and other household purposes, and safe method of sewage disposal. Allowed only if not “feasible” to connect to public utilities.

- Must have separate shut-off valves for water and sewage lines
- Cannot pass over, under or through another dwelling
- Must have permanent easement for service and maintenance of well, septic and pipes
- Site must be graded to prevent “ponding” and contamination of water supply
- Must comply with local health authority requirements
- If no local health authority exists, EPA requirements will apply
- Water may also be tested by commercial testing lab by a 3rd part sanitary engineer
- Veteran must sign a statement that they are aware of shared well/septic agreement

Acceptable “Well-Sharing” Agreement terms:
- Reasonable and fair cost-sharing provisions for maintenance and repairs
- Easement which allows for maintenance and repairs
- Agreement is binding on all parties
- Allows for successors or assigns
- Must be recorded in local deed records
Fannie/Freddie

These agencies do not give strong guidance on this topic. Here is really all the say about it in the guides:

- A shared well & septic must meet community standards, be adequate, be in service, and be accepted by area residents.
- If public sewer and/or water facilities—those that are supplied and regulated by the local government—are not available, community or private well and septic facilities must be available and utilized by the subject property.
- The owners of the subject property must have the right to access those facilities, which must be viable on an ongoing basis.
- Generally, private well or septic facilities must be located on the subject site.
- However, if inhabitants of the subject property have the right to access off-site private facilities and there is an adequate, legally binding agreement for access and maintenance, then off-site private facilities are acceptable.