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# Water Systems: Individual Water Systems

## Chapter 1 Appraisal and Property Requirements Page 1-21b

### 1: General Requirements

**A:** Refer to the section of this guide titled **Utilities Not On, HUD Handbook 4150.2** and **Mortgagee Letter 2005-48** to see when connection to a public or community system is required.

**B:** Individual water supply systems (wells) may be acceptable when the cost to connect to a public or community water system is not reasonable as defined by the lender. 3% or less of the estimated value of the property is the suggested benchmark.

**C:** The lender is responsible for determining if connection is feasible.

**D:** When required, the lender is to ensure that certifications of water quality and quantity are obtained for proper processing and determination of final acceptability.

### 2: Water Quality

**A:** Individual water wells are owned and maintained by the homeowner, and are subject to compliance with all requirements of the local and/or State Health Authority having jurisdiction.

**B:** Individual water systems no longer require automatic testing or inspection unless it is mandated by state or local jurisdictions; it is believed that the water may be contaminated or when the water supply relies upon water purification system due to the presence of contaminants. The lender also has the option to require testing.

1. When testing is required, the water well must meet the requirements of the local authority. If the local authority does not have specific requirements, the maximum contaminant levels established by the Environmental Protection Agency (EPA) will apply. See **Mortgagee Letter 2005-48** and HUD Handbook **4150.2, Chapter 3, Paragraph 3-6,A-5a** for more detailed information (**Mortgagee Letter 95-34** has been superceded).
2. FHA does not require the lender to submit evidence or documentation in the case binder that the state or local jurisdiction requires a test or inspection.

### 3: Well Location

For new construction individual water supply systems (wells) should be checked to establish the distance from the septic system.

**A:** A well located within the foundation walls of a dwelling is not acceptable except in arctic or sub-arctic regions.

**B:** For new construction the following shall be used in establishing the minimum acceptable distance between wells and sources of pollution located on either the same or adjoining lots. Either the health authority having jurisdiction or HUD may increase these distances.

Distance from Source of pollution	Minimum horizontal distance (feet)	Supplemental requirements*
Property Line	10	(*EP)
Septic Tank	50	
Absorption Field	100	(SUP1)(*EP)
Seepage Pit	100	(SUP1)
Absorption Bed	100	(SUP1)
Sewer Lines w/Permanent Watertight Joints	10	
Other Sewer Lines	50	

Chemically Poisoned Soil	25	(SUP3)
Dry Well	50	
Other		(SUP2)

**Supplemental Requirements Notes\***

**(SUP1)** This clearance may be increased or decreased depending upon soil and rock penetrated by the well and aquifer conditions. The clearance may be increased in creviced limestone and permeable strata of gravel and sand. The clearance may be reduced to 50 ft. only where the ground surface is effectively separated from the water bearing formation by an extensive, continuous and impervious strata of clay, hardpan, or rock. The well shall be constructed so as to prevent the entrance of surface water and contaminants.

**(SUP2)** The recommendations or requirements of the local health authority shall apply.

**(SUP3)** This clearance may be reduced to 15 feet only where the ground surface is effectively separated from the water bearing formation by an extensive, continuous and impervious strata of clay, hardpan, or rock.

**(\*EP)** For Existing Properties. If the locality permits distance requirements less than those prescribed by FHA, the property may be considered eligible for a mortgage insured by FHA provided that the lender submits evidence in the case binder that the subject property is in compliance with the applicable local or state distance requirements and meets the conditions stated in **Mortgage Letter 2002-25**.

**C:** Individual Water Systems/Wells should be located on the subject property site. If not, they must be on an adjacent property, and evidence of water rights and recorded maintenance agreement must be provided for acceptance of the well as the primary source of water for an FHA insured property.

**D:** Additional distance information may be referenced from **HUD Handbook 4910.1, Appendix K, 24CFR Sec. 200.926d & Mortgage Letter 2002-25**.

**E:** Cisterns: **HUD Handbook 4150.2 Section 3-6** indicates that properties served by cisterns are not acceptable for mortgage insurance. However, the HOCs have the authority to consider waivers in areas where cisterns are typical.

Please see: **HUD Handbook 4150.1, Rev-1, Sec. 12-16** and **12-17** and **4075.12 REV, 4150.2 Section 3-6, 24CFR 200.926(f)**.

**4: Miscellaneous Individual Well Items**

**A:** New wells must be drilled, no less than 20 feet deep, and cased. Casing should be steel or other casing material that is durable, leak-proof, and acceptable to (either) the local health authority and (or) the trade or profession licensed to drill and repair wells in the local jurisdiction. Additional information on new wells, pumps, and storage tanks construction information may be referenced from **HUD Handbook 4910.1, Appendix K** and **24CFR 200.926d(f)**

**B:** Individual Residential Water Purification Equipment - If a property is otherwise eligible for insurance but does not have access to a continuing supply of safe and potable water without the use of a water purification system, the requirements in **Mortgage Letter 1992-18** must be satisfied.

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