

**wellcare<sup>®</sup> information for you about**

# **A SHARED WELL AGREEMENT**

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When buying a property with a shared well, a legal agreement is essential, in order to protect your access to the water supply and to spell out the costs and responsibilities involved in maintaining the system. For more information on this topic, refer to the **wellcare<sup>®</sup>** information sheet, [\*Sharing a Well\*](#).

Below is a sample Shared Well Agreement, based on the U.S. Department of Housing and Urban Development (HUD) model, from the U.S. Department of Agriculture Rural Development website. Please note: *All situations are different. Individuals should seek independent legal advice before entering a contract. This form is intended to be a starting point and should be reviewed and modified by an attorney prior to being finalized. Each state has different legal rules that must be considered.*

## **SHARED WELL WATER AGREEMENT<sup>1</sup>** (Based on HUD Model, Updated by WSC)

This Agreement, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ by and between \_\_\_\_\_, party of the first part, hereinafter referred to as the "supplying party", and \_\_\_\_\_, party of the second part, an approved United States of America, Rural Housing Services, mortgagor, and hereinafter referred to as the "supplied party":

WITNESSETH:

THAT WHEREAS, the supplying party is now the owner of property known as \_\_\_\_\_ (Parcel 1)<sup>2</sup>, located in the County of \_\_\_\_\_, State of \_\_\_\_\_, which property is more fully described as follows, to wit:

and

WHEREAS, the supplied party is the owner of \_\_\_\_\_ (Parcel 2)<sup>2</sup>, located in the County of \_\_\_\_\_, State of \_\_\_\_\_, which property is more fully described as follows, to wit:

and

WHEREAS, the undersigned parties deem it necessary to provide a well system to service the parcels described herein, and an Agreement has been reached relative to supplying water from the well and the cost of supplying said water; and

WHEREAS, there is a well located upon \_\_\_\_\_ (Parcel 1)<sup>2</sup>, together with water distribution facilities, hereinafter referred to as "water distribution system", for the purpose of supplying water to all properties connected to the said water distribution system; and

WHEREAS, it is the intention and purpose of the undersigned parties that the well and water distribution system shall be used and operated to provide an adequate supply of water for each of the properties connected thereto, for the domestic consumption of the occupants of said properties, and to assure the continuous and satisfactory operation and maintenance of the well and water distribution system for the benefit of the present and future owners, their heirs, successors and assigns of the properties connected thereto; and

WHEREAS, the said well is deemed by the parties hereto to be of adequate capacity to supply a single family dwelling on each of the parcels described herein with water from the well for all domestic uses of a single family residing therein; and

WHEREAS, the United States of America, Rural Housing Services, will not finance or guarantee mortgage loans covering the separate properties and improvements thereon unless proper assurance is given by the parties as demonstrated by execution of this Agreement, that the water distribution system will have a continuous and satisfactory operation in accordance with the terms of this Agreement; and

WHEREAS, the water from the well has undergone a water quality analysis from the State of \_\_\_\_\_ Health authority, or in the absence of local health department, results reported by a certified water testing laboratory and has been determined to supply safe and potable water; and

WHEREAS, the parties hereto desire to enter this Agreement for the purpose of reducing to writing their respective rights and obligations pertaining to said well and water distribution system.

NOW THEREFORE, in consideration of the promises and covenants herein contained, it is agreed that the well and water distribution system situated on

\_\_\_\_\_ (Parcel 1) shall be used by the parties to this Agreement, as well as by all future owners and occupants of said parcels, upon the following terms and conditions:

1. That until this Agreement is terminated, as hereinafter provided, the parties hereto, their heirs, successors and assigns, for the exclusive benefit of the respective parcels of real estate, and for the exclusive use of the household residing thereon, are hereby granted the right in common with the other parties to this Agreement, to draw water from the well located on \_\_\_\_\_ for ordinary domestic use excluding the right to draw water to fill swimming pools and other large withdrawals of any type .
2. That the owners or residents of the dwellings located on \_\_\_\_\_ (Parcel 2)<sup>3</sup>, as of the date of this Agreement shall:
  - a. Pay or cause to be paid to the supplying party, an annual or quarterly fee for this use of the well and water distribution system;<sup>4</sup>
  - b. Pay or cause to be paid promptly, a proportionate share of all expenses for the operation and maintenance of the well and water distribution system that may become necessary. Each respective share shall be determined by dividing the amount of each expense by two<sup>5</sup>, it being understood that the supplying party and the supplied party shall pay an amount equal to one half<sup>5</sup> of the total of such necessary repair or replacement. Shared expenses include the cost of electricity for pumping, repairs, and maintenance on said well and water distribution system.
3. That the cost of any removal or replacement of pre-existing site improvements on an individual parcel necessary for system operation, maintenance, replacement, improvements, inspection or testing, damaged as a result of repair of the well or water distribution system maintenance will be borne by the owner of the affected parcel, except that costs to remove and replace common boundary fencing or walls damaged as a result of repair shall be shared equally between or among parties so damaged.
4. That each of the parties hereby agrees that they will promptly repair, maintain and replace all water pipes or mains serving their respective dwellings.
5. That each of the parties hereby agrees to annual well water sampling and testing at a minimum by a certified water testing laboratory and well inspection every five years at minimum by a licensed well contractor as part of a regular maintenance plan.
6. That the consent of all parties to pay a proportionate share of costs shall be obtained prior to embarking upon expenditures for system maintenance, replacement or improvement, except in emergency situations. An arbitrator shall be chosen by the parties; shall be consulted in the event the parties cannot agree regarding the said expenditures; and the arbitrator's decision shall be definitive.<sup>9</sup>
7. That the supplied party shall pay to the supplying party<sup>6</sup> his<sup>7</sup> proportionate share for the cost of energy for the operation of the pumping equipment. This cost shall be determined by a separate meter upon each dwelling and for each parcel.

8. That it is the agreement of the parties hereto that the payment for energy cost shall be made not later than the \_\_\_\_\_ day of each succeeding month during the term of this Agreement. In the event that any such payment remains unpaid for a period of 30 days, the supplying party may terminate the supply of water to the supplied party until all arrearages in payment are received by the supplying party.<sup>8</sup>

9. That it is the agreement of the parties that they shall permit a third party to cure a default of payment or other obligation and shall permit water distribution service to be reinstated upon such curative action.

10. That each of the parties to this Agreement does hereby grant to the other, his heirs, successors and assigns, such easements over, across and through the respective parcels as shall be reasonably necessary for the construction of the well, maintenance of water pipes, pumping equipment, mains, electrical wiring and conduit consistent with the purposes of this Agreement. These easements are described below, to wit:  
(Describe easements, if any and cite Warranty Deed)

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11. That no party may install landscaping or improvements that will impair the use of said easements.

12. That each party shall have the right to act to correct an emergency situation and shall have access to the pertinent parcel in the absence of the other. An emergency situation shall be defined as the failure of any shared portion of the system to deliver water upon demand.

13. That only those parcels of real estate hereinabove described, and the dwellings located thereon shall be permitted to receive water from said well and pumping equipment; and each of the parties hereto does hereby covenant and agree that he/she will not allow or permit other persons, other than household guests, to take, draw, use or receive water from the well, nor permit other persons to connect to the pipes or mains serving his/her respective parcel.

14. That in the event the referenced well shall become contaminated and shall no longer supply water suitable for domestic consumption or shall no longer supply water adequate for the needs of all relevant parties, or in the event that another source of water shall become available to the respective parcels, then the rights and obligations of the parties created by this Agreement shall cease and terminate in accordance with the terms and conditions hereinafter described.

15. That upon the availability of such other source of water, it is contemplated that a reasonable time shall be allowed to effectuate the necessary connections to the new source.

16. That the respective rights and obligations of the parties shall continue until the parties who wish to terminate their participation in the Well Agreement have executed and filed a written statement of termination at the Office of the Register of Deeds of the County of \_\_\_\_\_, State of \_\_\_\_\_, and to the "supplying party". Upon termination of participation in this Agreement, the owner and occupant of each residence which is terminated from the Agreement shall have no further right to the use of the well. The terminated parties shall disconnect their respective lateral connection from said well system and shall have no further obligation to pay or collect for maintenance and related expenses incurred thereafter. The costs of disconnection from the well and water system shall be borne by the owner of the pertinent parcel.

17. That the undersigned parties shall permit well water sampling and testing by a responsible authority at the request of an undersigned party, state or local authority, mortgagee, or the United States of America, Rural Housing Services and the costs of such well tests are shared like any other expense.

18. That the said well and this Agreement, if amended, shall serve no more than four single family dwelling units or four parcels, notwithstanding the ability of the parties to make other amendments to this Agreement.

19. That the parties may amend this Agreement to assure equitable distribution of shared costs and responsibilities; however, this Agreement may not be amended during the term of a Federally-insured (direct) or guaranteed mortgage on any property served, except as provided herein, for the purpose of adding to the prescribed number of parties.

20. That the term of this Agreement shall be perpetual, except as herein limited.

21. That the benefits and burdens of this Agreement shall constitute a covenant running with the parcels of land herein described and shall be binding upon the heirs, successors in title and assigns of the parties hereto.

22. Any dispute under this Agreement shall be required to be resolved by binding arbitration of the parties hereto. If the parties cannot agree on an arbitrator, each party shall select one arbitrator and both arbitrators shall then select a third. The third arbitrator so selected shall arbitrate said dispute. The arbitration shall be governed by the rules of the American Arbitration Association then in force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seal the day and year first above written.

Witness of our signatures this the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

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*(Acknowledgement before a notary public, the form of which will vary by state)*

County of                    )  
                                      )ss  
State of                     )

Sworn and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:\_\_\_\_\_.

**FOOTNOTES**

1. This Well Agreement is written for two parties, viz. a "supplying party" and a "supplied party"; however, the language, where appropriate, may be adjusted to encompass up to four parties, one of whom would be the supplying party. The same format is to be used for legal descriptions for additional parcels. The parties may elect to choose a trustee to receive payments and manage the maintenance and satisfactory operation of the well and water distribution system.

2. The terms "Parcel 1" and "Parcel 2" are used herein for convenience; any accurate description of the relevant land may be used in this Agreement.

3. In accordance with Footnote 1, if there are more than two parcels, the following language may be substituted:

"That the owners or residents of the dwellings located on said parcels, as of the date of this Agreement, shall..."

4. This Well Agreement need not necessarily require an annual fee. If the parties agree not to charge an annual fee, then the language of "a" may be eliminated.

5. If there are more than two parcels, expenses should be divided by the number of parties to the Agreement. The following language may be substituted:

"Each respective share shall be determined by dividing the amount of each expense by\_\_\_\_\_, the number of parties to the Agreement."

6. The following language may be substituted if there are more than two parties:

"That the undersigned supplied parties shall pay to the supplying party (or Trustee) their respective proportionate shares for the cost of energy for the operation of the pumping equipment..."

7. The use of all personal pronouns, possessive adjectives, and referents comprehends all genders, and intends not to exclude anyone from its purview.

8. The following language may be substituted if there are more than two parties to the Agreement:

"In the event that any such payment remains unpaid for a period of 20 days, the supplying party may terminate the supply of water to the supplied party owing him a payment until all arrearages in his payments are received by the supplying party."

9. The decision whether to select and employ an arbitrator shall be optional, and according to the mutual preferences of the parties.

*This information should be used as guidance only. Actual shared well agreements should be prepared with an attorney and shareholders involved and follow all local, state, and federal requirements where applicable.*

## For more information on A Shared Well Agreement

For more information on buying a home with a shared well, mortgage lender requirements for a shared well, and elements in a shared well agreement, see the WSC **wellcare®** information sheet on [Sharing a Well](#).

Additional information about wells and **wellcare®** information sheets can be found on our [website](#).



## Information to help maintain and protect your water well system:

**wellcare®** is a program of the [Water Systems Council \(WSC\)](#). WSC is the only national organization solely focused on protecting the health and water supply of more than 13 million households nationwide who depend on private wells.

This publication is one of more than 100 **wellcare®** information sheets available FREE at [www.watersystemscouncil.org](http://www.watersystemscouncil.org).

Well owners and others with questions about wells and well water can contact the **wellcare®** Hotline at 1-888-395-1033 or visit [www.wellcarehotline.org](http://www.wellcarehotline.org) to fill out a contact form or chat with us live!

## JOIN THE WELLCARE® WELL OWNERS NETWORK!

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Contact us at 1-888-395-1033 or visit [www.wellcarehotline.org](http://www.wellcarehotline.org) to join!