



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

December 27, 2002

MORTGAGEE LETTER 2002-25

**TO: ALL APPROVED MORTGAGEES
ALL FHA ROSTER APPRAISERS**

**SUBJECT: Minimum Distance Requirements Between Private Wells and Sources of
Pollution for Existing Properties**

This Mortgagee Letter provides guidance on the minimum distance requirements between private wells and sources of pollution for existing properties in circumstances where state and local statutes and ordinances differ from Federal Housing Administration (FHA) guidelines.

Background

HUD Handbooks 4150.2, Valuation Analysis for Home Mortgage Insurance for Single Family One-to Four Unit Dwellings and 4905.1 REV-1, Requirements for Existing Housing One-to Four Family Units, outline the standard regarding minimum distance requirements between private wells and sources of pollution for existing properties. Nevertheless, FHA also recognizes that a number of states and localities may have alternative standards that differ from those issued by FHA. Consequently, this Mortgagee Letter sets forth revisions to Chapter 3 paragraph 3-6 of Handbook 4150.2 and paragraph 2-5 B.1 of Handbook 4905.1 Rev-1 in those instances when local standards are less stringent than FHA's. The process described below applies only to *existing* properties.

Procedures and Documentation Requirements

For existing properties, FHA requires that a domestic well be located a minimum of 100 feet from the septic tank's drain field and a minimum of 10 feet from any property line. Should state or local regulations require greater distances, those distances must be met.

If, however, 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 below. Therefore, waivers from the Homeownership Centers (HOCs) will no longer be necessary for properties meeting these distance requirements:

- Domestic Well from Septic Tank Drain Field: FHA will recognize state/local distance requirements *provided* they do not allow for less than 75 feet of separation.
- Domestic Well from Property Line: FHA will recognize state/local distance requirements *provided* that the well is not within 10 feet of any roadway or the property line of other than a single-family residential property, i.e., the well cannot be within 10 feet of a commercial, industrial, or multifamily building.

Evidence of compliance includes, but is not limited to, an appraisal clearly showing the location of private wells and septic systems on the site sketch and the distance between the two. If unable to determine the distance between the well and the drainfield, or if the well is within 10 feet of any property line, a condition requirement should be made on the Valuation Conditions (VC) form. The underwriter can clear the condition by obtaining satisfactory evidence from a qualified party that the distance requirements (between the two systems, and from the well to the property line) have been met.

If you have any questions regarding this Mortgagee Letter, please contact your Homeownership Centers (HOC) in Atlanta (888) 696-4687; Denver (800) 543-9378; Philadelphia (800) 440-8647 or Santa Ana (888) 827-5605.

Sincerely,

John C. Weicher
Assistant Secretary for Housing-
Federal Housing Commissioner