

# Property Transfer Inspections

The Good, The Bad, The Ugly

Lessons Learned

Policy Successes and Failures



# Acknowledgements

Contributors to this Presentation:

Kitt Farrell-Poe, U of AZ, Arizona

Kit Rosefield, COWA, California

Tom Groves, NEIWPC, Massachusetts

Nick Haig, MPCA, Minnesota

Ray Erb; PSMA, Pennsylvania

# Property Transfer INSPECTIONS

Do they make a difference?



# Yes they do!

- Who?
- What?
- Where?
- When?
- Why?



# Who?

- Inspector
  - Is the Inspector certified?
    - NAWT
    - NSF International
    - Regional
    - State & Local
    - Knowledgeable in local policies



# NAWT Standards

- National Standards
- Provides standard methods for real estate point of sale inspections
- Provides an operation assessment of the system



# *Expectations*

- *Buyer:*
- *Life-time Warranty*
- *Owner:*
- *Good Report*  
– *It's "OK"*



# *Types of Inspections*

- *Drive-by*
- *Surfacing Effluent*
- *System Operation*
- *Up-to-Code*
- *System Life*
- *Management*
  - *You are the RME*



# Fly-by



# “Proper” Way to Inspect a Septic System!



Sometimes

# *NAWT Inspections*

- *System Operation*
- *Identify problems*
  - *Comments*
- *Consistent*
  - *Do all the Steps*
- *Liability*
  - *Honest*
  - *Complete*
  - *Knowledgeable*

**Acceptable**  
**Unacceptable**



# Unacceptable System



# Unacceptable System



# Unacceptable System

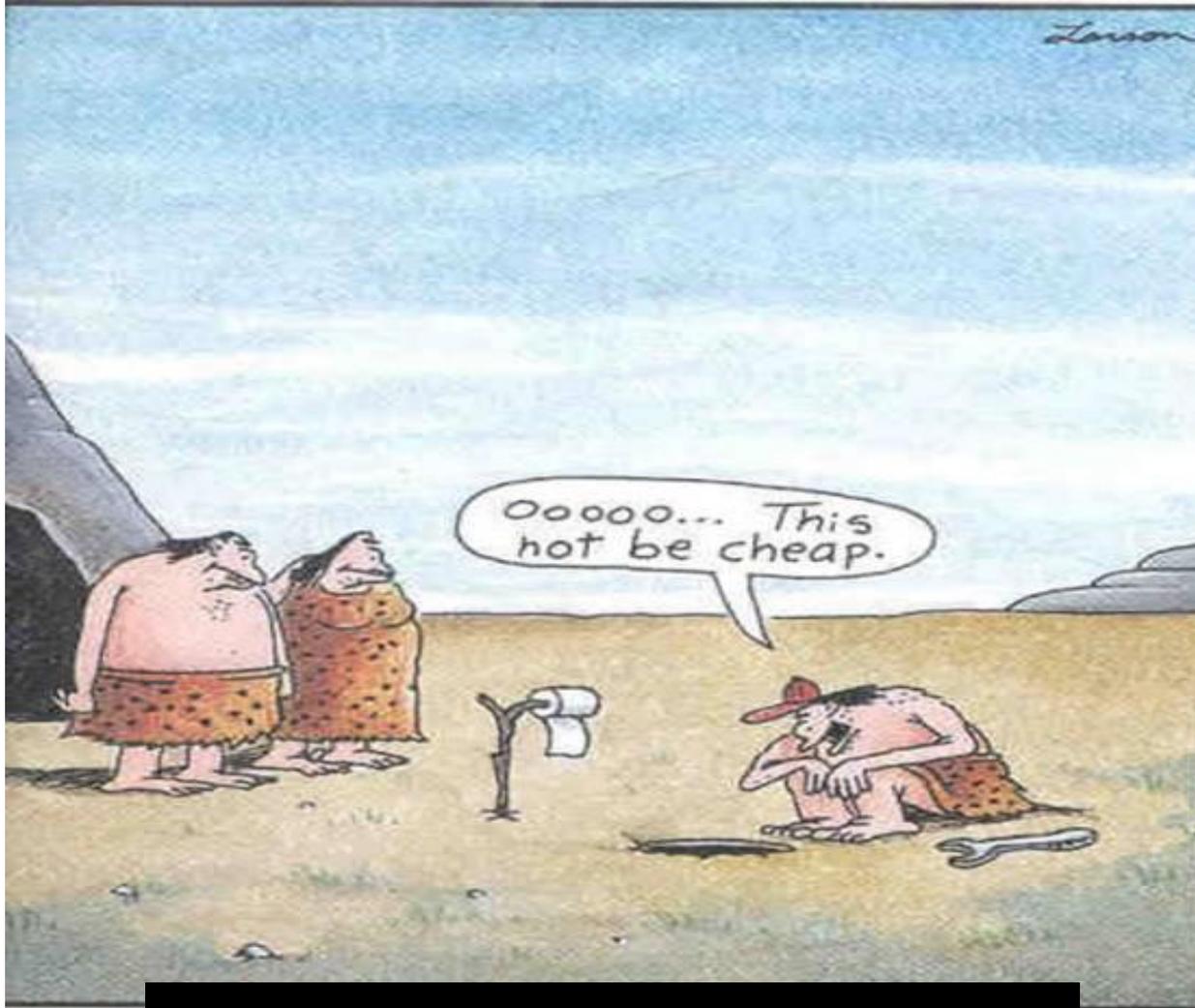


# Unacceptable System



# What?

- What should be done in an inspection?
  - Research Documentation
  - Waste Flow Evaluation
  - Operational or Hydraulic Load Test
  - Septic Tank Inspection
    - Advanced treatment performance evaluation
  - Site Assessment
  - Report & Plot Plan



# INSPECTIONS: THE EARLY YEARS

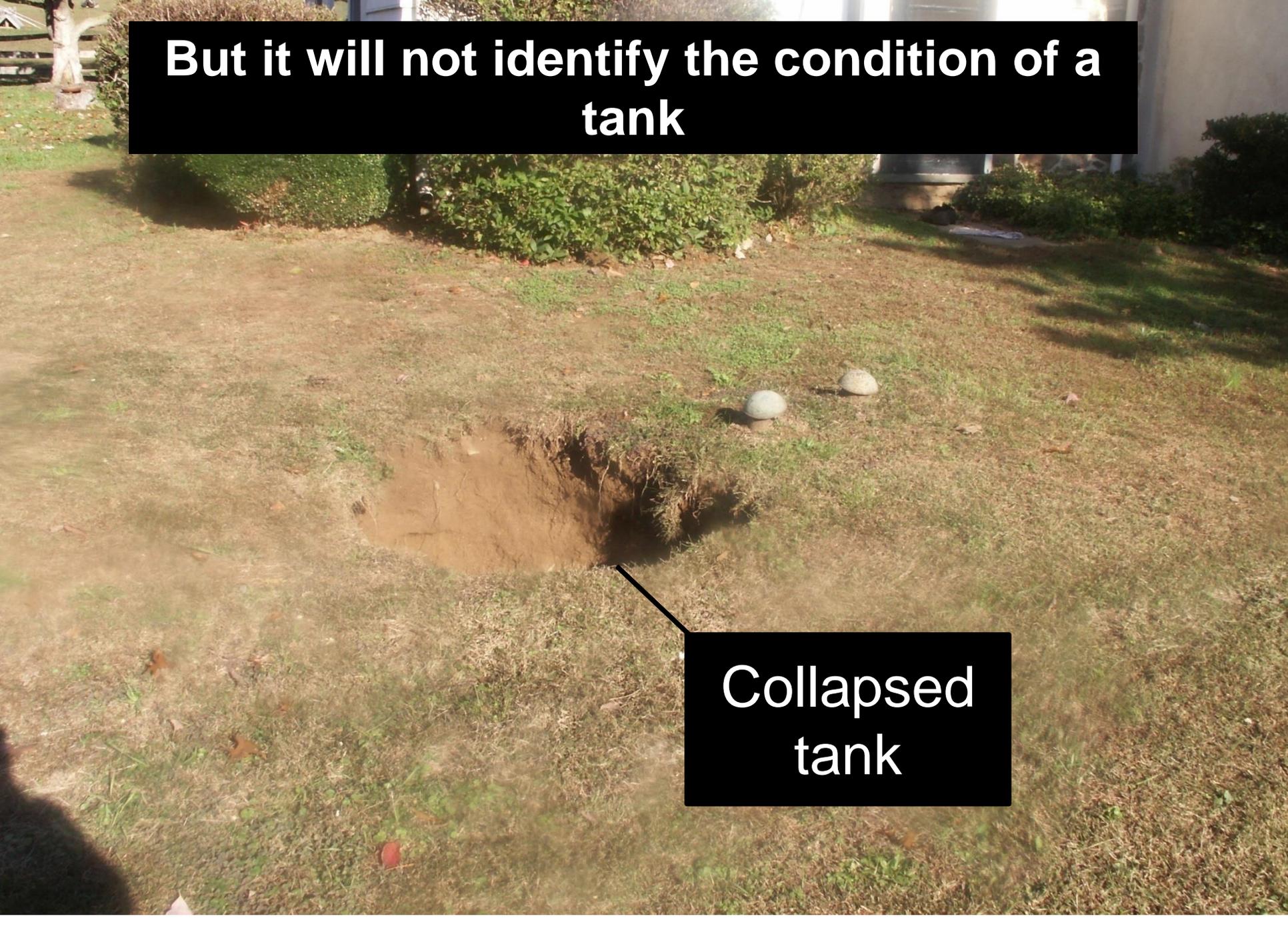
Without a formal point-of-sale inspection program established, some lending institutions will set the requirements.

Many typically request a dye test.

**A dye test establishes a link between one point to another point.  
It will verify a surface discharge.**



**But it will not identify the condition of a tank**

A photograph of a yard with a large, irregular hole in the ground. The hole is filled with brown soil and has some roots exposed. Two large, light-colored rocks are visible on the grass to the right of the hole. In the background, there are green bushes and a white building. A black callout box with white text points to the hole.

**Collapsed tank**

**It will not identify decayed baffles in a treatment tank.**



**A dye test will not identify a soil treatment area that has not yet surfaced but has a very good chance of doing so in the future.**



# Documentation

- Regulatory records
- As-built drawings
- Client questionnaire
- Client records
- File and forms



# Waste Flow Evaluation

- Inspect for fixture leaks
- Document water conservation measures
- Verify fixtures flow to the septic tank
- Identify any greywater diversions or discharges



# Septic Tank Inspection

- Note liquid level
  - Invert of Outlet
- Pump and *Clean*
- Inspect for ground or surface water infiltration
- Inspect internal components
- Inspect structural integrity



# Advanced Treatment

- Types
  - Aerobic Treatment Units
  - Media Filters
  - Disinfection Devices
  - Denitrification Systems
- Field performance tests
  - Dissolved Oxygen
  - pH
  - Turbidity
  - Nitrogen

# Site Assessment

- Are there any encroachments upon the system?
- Is there evidence of inappropriate activities on or around the system?
- Is the surrounding vegetation appropriate?
- Is there a reserve/replacement area?

# Report & Plot Plan

- Detailed reports are not only valuable for the client, but are important
- Reports should be factual, not judgmental
- Accurate plot plans better communicate your findings and may be helpful for future system management

# Where?

- A no brainer, right?
  - Right address?
  - No records?
  - No client knowledge?
  - NO TANK RISERS?
- Is locating necessary?
- Extra costs.



# When?

- Now, the escrow closes tomorrow!
- Yeah, right!
- Planning needed:
  - Access records
  - Scheduling
  - Coordinate pumping/cleaning
  - Generate report

# Why?

Does it really make a difference?

- Up to 8 million systems in the U.S. are failing at any given time, discharging over 1 billion gallons/day of inadequately treated sewage to the receiving environment. *USEPA*
- Over 50% of all systems are greater than 30 years old, many not meeting CWA water quality objectives. *USEPA*

# Why?

Does it really make a difference?

- When property changes hands, money is exchanged.
- When is there a better time to repair or upgrade a system?



***This is the time to MAKE a difference!***

# Do They Matter?

- Human Health & Safety
- Environmental Protection
- Water Resource Protection
- Consumer Protection

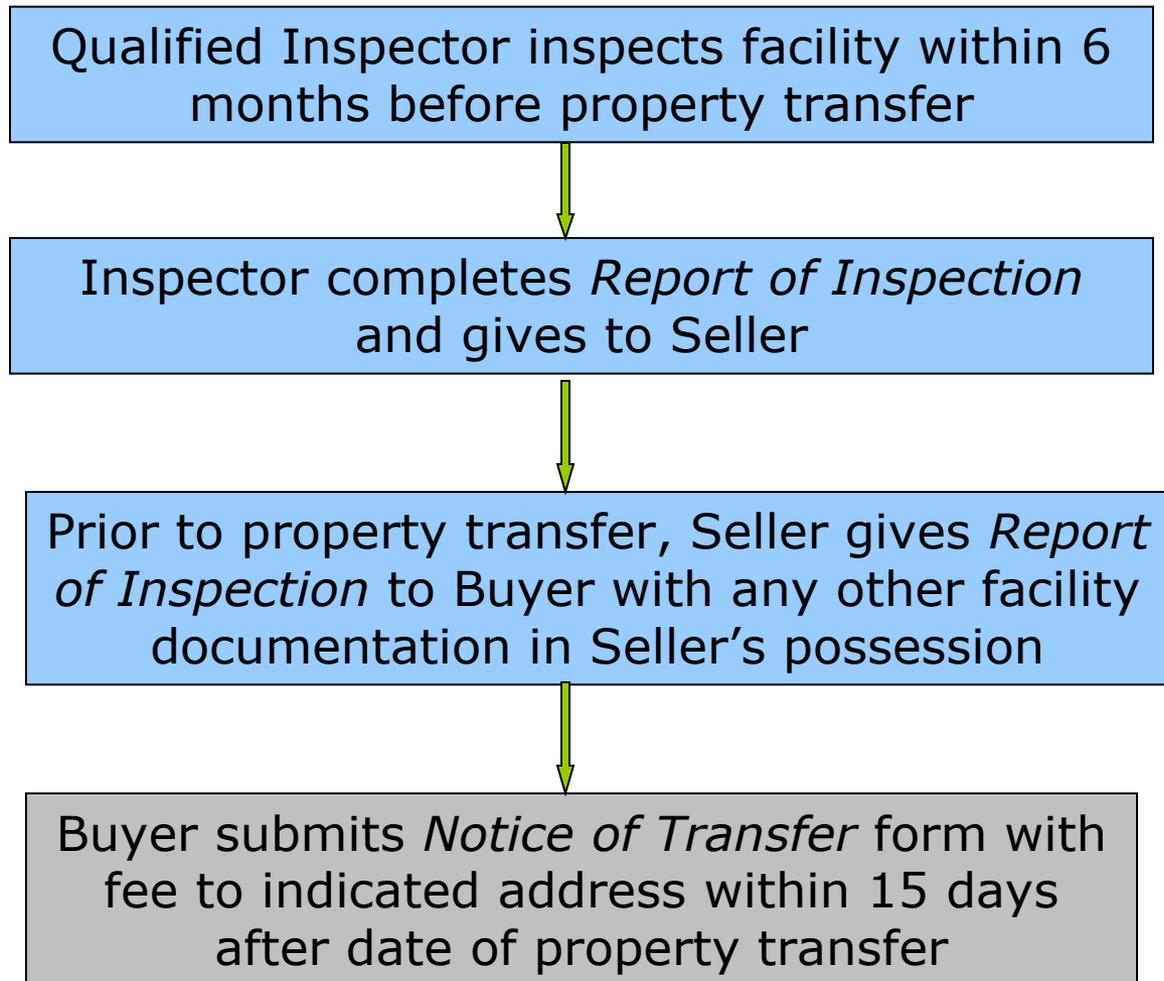
# Case Studies

- Arizona
- California
- Massachusetts
- Minnesota
- Pennsylvania
- *Others*

ARIZONA

Kitt Farrell-Poe

# Arizona has entered its seventh year of point of sale inspections



# Unexpected Issues Revealed

- Local regulators are insufficiently involved with the transfer process
- No provision for enforcement
- Mediocre inspections
- Incomplete and inaccurate reports
- Seller refuses to have their onsite treatment system inspected
- Institutions ignoring the point-of-sale inspection

# Required Documentation & Disclosures

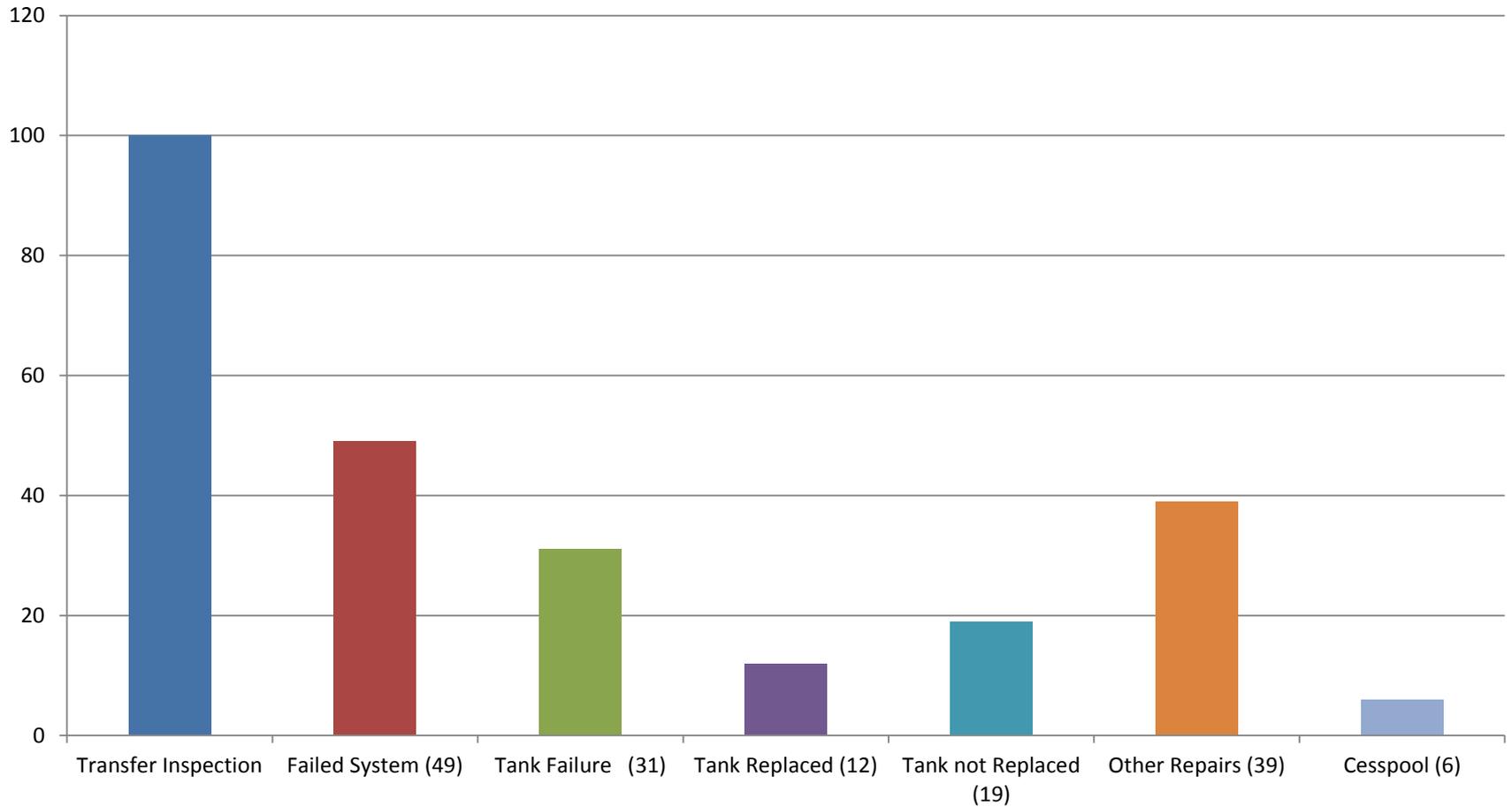
- General system design, operation, and wastewater source information
- Tank pumping information and history of system inspection and repairs
- Dispersal & soil treatment system components
- Other components/appurtenances
- Sketches/Plans/Maps
- Inspector's findings and certification

# Quick Fixes to AZ Program

- Inspector training, qualifications, and accountability
- Transfer inspection framework and Administrative practices



# 2-yr Results from 1 AZ Inspector





# California

Jim Anderson  
for Kit Rosefield

# California

- Year 2000 – Assembly Bill 885
  - Statewide OWTS Policy
- 2002 Stakeholder meeting
  - California Association of Realtors
    - 40,000 Members strong
  - **NO** Property Transfer Requirements
- Property Transfer dropped from Policy discussion

# California

- Local Agency response
  - 65+ County Health Departments & Special Districts
- No County Health Departments
- Special Districts\*
  - City of Malibu
  - Town of Paradise

\*Regional Water Boards oversee Special Districts

# California

- City of Malibu
- Inspector Requirements
  - NAWT Certification
  - NSF Accreditation

# California

- Town of Paradise
  - Deed Restriction
    - Seller must obtain clearance
      - Based on inspection within past 12 months
  - Inspector Requirements
    - Certified Evaluator
      - Town of Paradise self certifying

# California

- Current Dilemma
  - Lenders requiring “Certified Inspection”
    - Must be conducted by Licensed Contractors
      - # C42 Licensed Underground
      - # C36 Licensed Plumbing
      - # A Licensed General Engineering
      - # B Licensed Building
  - # of the above NAWT or NSF Certified

# Massachusetts Title 5 Inspection

- At time of property sale/transfer
- Non-intrusive to avoid damage to the system and surrounding soil
- Assess condition and function of system
- Determine if maintenance, repair, replacement of all or component is needed
- NOT designed to demonstrate that system will serve the use of new owner
- Determine location and condition of all components

# Massachusetts

Inspections required:

- At time of transfer of property
- Increase to flows (expansion)
- Change of use
- Ownership combined

# Massachusetts

There are other instances where inspection is required:

- Foreclosures, inheritance, tax-taking, bankruptcy
- Other specific types of systems and situations
- Seller must notify buyer in writing and send copy of final report

# Massachusetts

Inspections not required in a number of specific instances, such as:

- Refinancing
- Agreement to upgrade or connect to sewer within next 2 years
- Community has state-approved town-wide management program

# Minnesota

## Disclosure Requirements:

- Describe the system “to the extent practicable,”
- Disclose any known compliance status,
- To the best of the seller’s knowledge, identify if a straight pipe system exists.

# Minnesota

The Seller is also required to disclose knowledge of an abandoned SSTS on the premises. If the seller has in their possession a copy of any previous inspection report, it must be attached to the disclosure statement.

# Minnesota

Many drywells, cesspools, straight pipes, and systems failing to protect groundwater have been transferred legally under the disclosure requirement. It is difficult to prove what a seller knew.

# Minnesota

If the seller does not disclose the existence or known compliance status of an SSTS, the seller is liable for the costs and attorney fees of getting a system into compliance for two years after the date of purchase.

# Minnesota

About 2/3 of Minnesota Counties have recognized the inadequacy of the disclosure requirement to compel compliance and have instituted a point of sale inspection requirement in their local ordinances.

# Minnesota

Escrowing required by counties to bridge times when inspections cannot be completed.

Realtors claim that escrowing is akin to assuming guilt and note that the presence of an escrow limits the financing options available to buyers.

# Pennsylvania

Ray Erb

# Pennsylvania

PSMA has an Established Program:

Benefits of the Program:

- The PSMA program has been in place for 25 years and has a proven track record.
- The courts in PA have recognized the program as the industry standard.

# Pennsylvania

## Benefits (cont.)

- Realtors recommend a PSMA inspection to their clients.
- Inspector training for this program is available throughout each year.
- Inspections are consistent and comprehensive.

# Pennsylvania

## Benefits (cont.)

- Inspections can identify defects so repairs can be made before irreversible damage is done.
- Results are provided in letter form in easy to understand terms.
- PSMA program sets the standards that support the conclusions.

# Pennsylvania

## Problems:

Inspectors who inspect septic systems for point of sale or real estate transaction inspections are not regulated by the government. Technically, anyone with some tools can inspect a septic system.

# Pennsylvania

## Problems (cont):

Some inspectors will successfully complete the inspection course and become a certified inspector and then never renew their certification again after they have built a client base.

# Pennsylvania

## Problems (cont):

Standards need to be constantly updated which requires a continuing commitment and resources to keep the program current.

# Conclusions

Jim Anderson

# Summary of Pros

1. A truer value of the property results from better information.
2. If a system is noncompliant, then the money is on the table. There is never a good time to buy a new septic system, so wrapping it into the purchase negotiations makes sense.

# Summary of Pros (cont)

3. If inspection protocols are uniform (a buyer's inspector always finds the same results as a seller's inspector), the buyer is protected from inheriting an expensive problem.
4. There is a reticence to manage system compliance in a more systematic manner, so this is better than nothing.

# Summary of Cons

1. Point-of-sale compliance management can confuse consumer and environmental protection
2. This system can result in some systems being inspected too often and others not being inspected often enough without some local inspection triggers.

# Certification

There are a number of issues around education and certification including:

- The level of inspection required
- The standards for the inspection
- Education requirements
- Provisions for re-certification and continuing education

# Questions?

