

Congratulations!

You're about to make an investment in a long-lasting, dependable, highly engineered household water system, perhaps the most significant infrastructure system to your home because it provides safe and plentiful water—the sustenance of living. This brochure provides you with ideas on how to best pay for this important home investment.



Hiring a Contractor

For something as important as your household's water supply, never make your choice with your cost being the deciding factor. Skills, experience, and equipment will come together to provide you the best possible water well system at a fair price. Check with your local water well construction regulatory agency, your local consumer protection office (listed in the blue pages of your phone book), or the Better Business Bureau before you make your final selection of a contractor. A very good source for finding a local water well or ground water contractor is at the consumer information Web site maintained by the National Ground Water Association (NGWA). Log on to www.wellowner.org and use the contractor lookup feature to find an NGWA member contractor or NGWA-certified contractor in your area. Call NGWA at 800 551.7379 if you need help.

The Contract

Always have a written, detailed contract. Unless you know what each contractor will do for his specified price, you cannot compare offers and decide which one to hire. (NGWA makes available standard contract forms to its members.)

Never sign a contract or loan with blanks left unfilled. Never pay in full before the work is completed to your satisfaction. You should anticipate making a partial payment to the contractor before work begins. If the contractor came to your home to get your business, you have three business days to cancel the contract without penalty. If your contractor provides financing or helps you obtain financing for their projects, they're subject to the Truth-in-Lending Act. Federal truth-in-lending laws also give you a three-day cancellation for loans secured by your home. You have additional protections if your loan has high rates or fees.

For a drilled well, the contract may include:

- Liability insurance coverage held by both the owner and the contractor

- Statement that all work will comply with applicable regulations and codes
- Diameter of the well and wall thickness of the well casing to be used
- Type of well development and yield evaluation procedures used
- Type of screen installed, where needed
- Type of well cap or seal used
- The disinfection procedure
- Cleanup, including all material abandoned at the drill site
- An anticipated start date for drilling
- Guarantee of materials and workmanship
- A provision that the contractor will do the work and correct the initial work, if necessary

The contract should itemize charges. Itemization may include the cost of:

- Drilling per foot
- Casing per foot
- Other materials, such as drive shoe, grout, and well cap
- Other operations, such as grouting, developing, test pumping, and disinfection
- Drilling deeper and/or second well to ensure an adequate water supply
- Abandonment and sealing should it prove necessary
- Anything not included in the specification

Get the most from your contractor by:

- Trusting the contractor in solving any difficulties
- Discussing unforeseen costs with the contractor
- Exploring options with the contractor, if original plans change
- Expecting no free labor if the well doesn't meet expectations

Cash

Of course, cash is always acceptable to a professional contractor. Insist upon an itemized receipt, as well as a copy of the well log or well construction report that a contractor typically prepares for his own records, and oftentimes for a local or state government oversight agency.

Borrowing Money

If you need a loan, you need to shop for the best possible one for you. Promises of low monthly payments may not show the total costs of borrowing money. Before you sign anything, get several estimates for the work. Get separate estimates for the financing.

Get legal or financial advice before you make any loan decisions. Your local Fair Housing Office, Legal Aid Office, housing counseling agency, or Area Agency on Aging may be able to help.

Contractor–Offered Financing

Under certain circumstances, your contractor may be willing to negotiate with you terms by which you'll pay him for his skills, experience, equipment, and the components used in your new water well system. Remember, he and his company are professional contractors above all else, and not a financing company.

Credit Card

While not all ground water contractors accept credit cards, yours may. Be aware of your credit card's interest rate and repayment terms before you use your credit card.

Mortgage Options

Your water system is more essential to your ability to live in your home than any other feature it may have. Ask your mortgage lender to review your contractor's written price quote and to include those costs within your mortgage. You'll pay for your household water well system over the life of your mortgage loan in your monthly payments. If refinancing, be sure to figure in the added costs for that, as well. If you're age 62 or older, you may wish to consider a reverse mortgage.

Home Equity Improvement Loan

Home improvement loans cover the addition of any permanent fixture to the home or property, such as a well system or water conditioning/treatment equipment. A home equity loan is an excellent source of home improvement financing for remodeling or repair projects. Low interest rates, flexible loan terms, and tax-deductible interest make a home equity loan a practical choice for your home improvement financing. Your potential lender will ask you to complete an application form. The lender will conduct a credit check on you, and if everything checks out, you'll quickly learn if your loan has been approved. You'll sign a note, which is payable to your contractor.

Line of Credit

If you intend to borrow a relatively small amount, and pay back the principal quickly, a line of credit can cost less than a home equity loan. A line of credit also provides flexible home improvement financing with the convenience of using money in variable amounts as needed.

Federal Government Assistance

Another way for low-income and/or elderly customers to construct or repair their household water well system is with federal assistance.

Rural Housing Repair and Rehabilitation Loans, often referred to as 502/504 loans or grants, from the Rural Housing Service of the U.S. Department of Agriculture are available to very low-income rural residents who own and occupy a dwelling in need of repairs.

