

CHECKLIST: PRIVATE WATER SUPPLIES DUE DILIGENCE REPRESENTING BUYERS

Given the importance of water-related concerns for buyers of rural residential properties and in order for them to make an informed decision on water-related matters when purchasing rural residential properties, the following checklist identifies many of the due diligence activities real estate professionals should undertake when representing buyers interested in purchasing properties with a private water supply. It is not an exhaustive list of all matters that may relate to private water supplies in a transaction, but is provided to assist real estate professionals address some of the more common water issues they may experience in their practice.

WHEN REPRESENTING BUYERS	Done
<p>Determine buyer's experience with private water supplies in rural residential properties</p> <ul style="list-style-type: none"> • Educate buyer on private water systems associated with rural residential properties <ul style="list-style-type: none"> – Water wells – Water cooperatives – Water cisterns – Bulk water haulers and stations – Water distribution systems – Water dugouts 	<input type="checkbox"/> <input type="checkbox"/>
<p>Identify buyer's needs for water quantity</p> <ul style="list-style-type: none"> • Ensure buyer understands water quantity from private water supplies cannot be guaranteed and may depend on water source and/or seasonal fluctuations 	<input type="checkbox"/> <input type="checkbox"/>
<p>Explain water quality issues that may exist with private water supplies</p> <ul style="list-style-type: none"> • Explain to buyer that water quality from private systems cannot be guaranteed and may be subject to contaminants (e.g. bacteria, chemicals, minerals, gases) • Discuss with buyer option/implications of having/not having water tested 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>If well is source of water supply</p> <ul style="list-style-type: none"> • Request water well drilling report from seller's real estate professional or seller. Well drilling report may be obtained from Alberta Water Well Information Database, www.aep.alberta.ca • Ensure buyer understands report describes design, construction, and performance capability of well when constructed and may not represent its current status • Explain to buyer location of well must meet minimum setback distances from potential contamination sources, unless distance requirements grandfathered • Obtain well maintenance and service records, if available • Discuss with buyer option/implications of having/not having well inspected by certified water well driller <p>If well shared with other property owners:</p> <ul style="list-style-type: none"> • Obtain well sharing agreement, if available • Advise buyer of option to have well sharing agreement reviewed by lawyer <p>If no well sharing agreement exists:</p> <ul style="list-style-type: none"> • Discuss options/implications of not having a well sharing agreement <ul style="list-style-type: none"> – Buyer may need to enter into well sharing agreement 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

WHEN REPRESENTING BUYERS	Done
<ul style="list-style-type: none"> - Buyer may need to have well drilled • Seek buyer's instruction if they want to proceed/not proceed with transaction 	<input type="checkbox"/>
<p>Explain material latent defects and disclosure requirements</p>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Educate buyer on material latent defects as they relate to private water systems (i.e. wells in pits, abandoned wells, water quality, water quantity) 	<input type="checkbox"/>
<p>Wells in pit(s) and abandoned well(s)</p>	
<ul style="list-style-type: none"> • Explain to buyer dangers and costs of wells in pits and abandoned wells not properly decommissioned 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Ask seller's real estate professional or seller if any well(s) in pits or abandoned well(s) located on property 	<input type="checkbox"/>
<p>If well(s) in pits located on property:</p>	
<ul style="list-style-type: none"> • Confirm if well upgraded or eliminated according to Alberta legislation 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Obtain records, if available 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Advise buyer of option for expert to review records 	<input type="checkbox"/>
<p>If abandoned well(s) located on property:</p>	
<ul style="list-style-type: none"> • Confirm if well(s) sealed and plugged according to Alberta legislation 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Obtain records, if available 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Advise buyer of option for expert to review records 	<input type="checkbox"/>
<p>Water quality</p>	
<ul style="list-style-type: none"> • Ask seller's real estate professional or seller if water quality issues exist 	<input type="checkbox"/>
<p>If water quality issues exist:</p>	
<ul style="list-style-type: none"> • Confirm if remedial measures taken or not taken 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Obtain records, if available 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Advise buyer of option to have water tested to ensure it's safe for human consumption 	<input type="checkbox"/>
<p>Water quantity</p>	
<ul style="list-style-type: none"> • Ask seller's real estate professional or seller if water quantity issues exist 	<input type="checkbox"/>
<p>If water quantity issues exist:</p>	
<ul style="list-style-type: none"> • Confirm if remedial measures taken or not taken 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Obtain records, if available 	<input type="checkbox"/>
<ul style="list-style-type: none"> • Advise buyer of option to have water quantity tests done to determine volume of water adequate for their needs 	<input type="checkbox"/>
<p>If seller's real estate professional and seller don't provide information and documentation related to these issues:</p>	
<ul style="list-style-type: none"> • Advise buyer doctrine of caveat emptor (i.e. let the buyer beware) applies requiring buyers to take steps to satisfy themselves as to water concerns/issues 	<input type="checkbox"/>

WHEN REPRESENTING BUYERS	Done
<p>Inquire if water treatment devices installed If treatment devices installed:</p> <ul style="list-style-type: none"> • Educate buyer on treatment devices typically installed with private water systems • Confirm with seller's real estate professional or seller to what NSF/ANSI standard treatment device certified • Obtain information and records from seller's real estate professional or seller • Advise buyer of option to seek expert advice on matters related to these devices 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>Inquire if water licence exists If water licence exists:</p> <ul style="list-style-type: none"> • Educate buyer on purpose of water licence and how it may affect the property's present and future use • Confirm with seller's real estate professional or seller if water rights will transfer/not transfer to buyer as part of transaction • Document in buyer's offer to purchase how water rights will be handled 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>Include favourable conditions for buyer in offer to purchase</p> <ul style="list-style-type: none"> • Educate buyer on types of conditions typically included for private water systems • Discuss with buyer inclusion of following conditions in offer to purchase <ul style="list-style-type: none"> - Well inspection condition, if applicable - Water quality test condition - Water quantity test condition - Mechanical workings of water system condition - Review of well sharing agreement condition, if applicable • Discuss with buyer implications of not including conditions in offer to purchase • Assist buyer draft conditions in offer to purchase, if applicable 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>Advise buyer of option to obtain legal counsel and/or expert advice</p> <ul style="list-style-type: none"> • Advise buyer to ensure expert discusses with buyer implications of reports, records, test results, agreements being reviewed 	<input type="checkbox"/> <input type="checkbox"/>
<p>Document activities for brokerage file</p> <ul style="list-style-type: none"> • Document in writing the following <ul style="list-style-type: none"> - Information received from/conveyed to buyer - Options/implications discussed with buyer - Buyer's decisions, instructions, actions 	<input type="checkbox"/> <input type="checkbox"/>
<p>Provide brokerage all trade and water-related documents for its records</p>	<input type="checkbox"/>