

Septic Subcommittee Report



Prepared by the Kent County Administrator's Office

December 2011

The mission of Kent County government is to be an effective and efficient steward in delivering quality services for our diverse community. Our priority is to provide mandated services, which may be enhanced and supplemented by additional services to improve the quality of life for all our citizens within the constraints of sound fiscal policy.

BACKGROUND

At the end of 2009, the Legislative and Human Resources Committee Chair established a Septic Subcommittee with the purpose to review septic ordinances around the state, benchmark best practices and make a recommendation to the Legislative Committee regarding how the County should proceed on septic issues.

Commissioners assigned to this Subcommittee were as follows:

Commissioner Tom Antor (Chair)
Commissioner Brandon Dillon
Commissioner Bill Hirsch
Commissioner Candace Chivis
Commissioner Jim Saafeld

In 2011, the Subcommittee was reappointed with Commissioners Chivis and Saalfeld replacing Commissioner Dillon who was elected to the State House of Representatives.

Staff assigned to assist the Subcommittee included Assistant County Administrator, Wayman Britt, Administrative Health Officer, Cathy Raevsky and Management Analyst, Matthew VanZetten. Additional support was provided by Dave Kraker of the Kent County Health Department. Dave Kraker retired and Adam London was named as the new Environmental Health Division Director at the Health Department. He replaced Mr. Kraker.

Beginning in December 2009 and throughout 2010, the Subcommittee met with a wide variety of stakeholders interested in environmental issues, land use, and development/real estate. It also met with a representative of the supervisors association to discuss potential issues from a local government perspective as well as heard reports from staff related to potential State legislation.

HISTORY

The history of regulating septic systems is complex with a variety of twists and turns. Over the past twenty years, the federal government has increased regulations related to ‘point’ and ‘non-point’ source water discharge into lakes and streams. This has come with federal resources associated with Environmental Protection Agency (EPA) issued 319 grants. These grants have led to the creation of many watershed management councils around the nation and State which work toward implementing best management practices to improve the quality of water.

As part of this work, many watershed councils have learned that e coli counts in streams, rivers and lakes are higher than recommended. Often this comes from ‘point’ sources such as combined sewer and storm drains which were commonly built in the 1900s. However, as communities such as Grand Rapids began to separate the sewer and storm drains and measure their reduced impact on negative water quality, e coli counts were still higher than expected in many bodies of water. This led to increased interest in determining the impact of ‘non-point’ sources on water quality. As a result of this, watershed management councils began to

investigate the impacts of livestock, septic systems and other ‘non-point’ sources as they relate to e coli and water quality.

Within Kent County there are several watershed management councils. Among the most active are the Coldwater River, Rogue River, Plaster Creek and Thornapple River Councils. Additionally, each of these councils serve on the Lower Grand River Organization of Watersheds (LGROW) since they ultimately feed into the Grand River.

In the late 1990s and early 2000s, the State of Michigan passed two environmental bond issues – the Clean Michigan Initiative and the Great Lakes Water Quality Bond. These two bonds support local communities in their efforts to improve and maintain the water quality within Michigan.

One common practice throughout many parts of the nation was for State governments to create a law to implement uniform standards for regulating septic systems. To date, the State of Michigan has not passed such a law; however there have been several attempts to do so. Because there is not a statewide standard, several counties and health departments have created a variety of different ordinances and standards throughout the State.

As many counties began to consider implementing local ordinances, the State, through EPA 319 funds, contracted with the Grand Valley Metro Council (GVMC) to create a ‘best practice’ septic ordinance and report in 2002 (see Appendix A). This report called for creating a public/private partnership between the Kent County Health Department (KCHD) and private inspectors to monitor and check the condition of septic systems on a regular basis or at a time of sale. The role of the KCHD would be to license and audit work done by the private sector.

As this concept moved forward to the Kent County Board of Commissioners for consideration, it was the belief of the Board of Commissioners that this was a State issue and better left to the Legislature to create a uniform state standard rather than having a patchwork of standards throughout the State.

Again in 2007, a group of concerned citizens asked the Board of Commissioners to look into creating a ‘septic’ ordinance because the State was not having success in passing legislation. At that time, state officials expressed a belief that the Legislature was poised to pass statewide legislation. Yet again the Legislature was unable to pass legislation related to this issue.

In 2009, this Subcommittee was established in an attempt to review septic ordinances around the state, benchmark best practices and make a recommendation to the Legislative Committee regarding how the County should proceed on septic issue.

ISSUES

As one begins to Study the issue of regulating septic systems, stakeholders bring up a wide variety of legitimate concerns, including but not limited to the following:

1. **Homeowner Impact** – One of the major themes echoed is that the impact to homeowners for septic inspections will be a cost burden. Moreover, if a system is found to be failing, homeowners may not have the resources to replace the septic system.
2. **Water Quality** – Another concern expressed is that water quality within our region is not protected because there is not a regular monitoring system to ensure that septic systems are working properly. Therefore, when a system begins to fail or totally fails homeowners may not be aware that untreated effluent is entering the groundwater.
3. **Unfunded Mandate to Local Governments** – Local governments are very concerned that the implementation of a regulation by the County will result in an unfunded mandate that they will need to fund in some manner.
4. **Development/Real Estate Impediments** – The development/real estate community has expressed its concerns that if not implemented well, regulation related to septic systems can impede growth.
5. **County Capacity** – With a declining tax base, there have been concerns expressed whether the KCHD has the capacity to financially support or implement an ordinance.

As the Subcommittee reviewed potential options, each of these concerns was taken into account.

KEY FINDINGS

Recognizing the potential questions surrounding the adoption of a septic ordinance, the Subcommittee members would like to point out the following key findings:

1. **Water Quality** – Throughout the County e coli measures within rivers and streams continue to be higher than acceptable levels. Additionally, while many citizens believe that sewer overflows contribute to the high e coli levels within the Grand River, many improvements have been made to the Grand Rapids' sewer system. As such, at this point it is estimated that failing septic systems are partially the cause of some effluent discharge into bodies of water.

In the 2002 GVMC study using MDEQ figures, it was estimated that one million gallons of untreated effluent a day are discharged from failing septic systems. Annualizing that would amount to 365 million gallons of untreated effluent a year. For comparison, over the past three years since the Grand Rapids sewer system has almost completed separating its storm water and sewer drains the most it has discharged has been 11.4 million gallons annually. If one combines the 95% partially treated system held in Market Area Retention Basin (MARB) to the overflow, the most it has discharged is over 217 million gallons.

Because of the above data, one could argue that within Kent County septic systems are discharging 36 times the amount of untreated effluent. Using the combined numbers with MARB, septic systems are discharging 1.5 times amount of effluent. Even if one were to

believe that the septic numbers were exaggerated by 50%, it still could be argued that septic systems are discharging 18 times that of the City’s sewer treatment facility.

As is documented in the chart below, the City continues to demonstrate a reduced level of untreated discharge into the Grand River as it works to finish separating its storm and sewer systems. Yet, without any policy changes taking effect within the county, one can only estimate that the amount of septic effluent being discharged remains similar to 2002.

Sewage Overflows in Millions of Gallons

	2002	2007	2008	2009	2010
Septic System discharge	365				
Grand Rapids in-system		1.607	11.395	2.982	0.116
Grand Rapids Partially Treated (MARB)		0	205.846	39.214	0

Using a reference from ‘The Tipping Point’ where Malcom Gladwell asserts that several small (or micro) decisions can create a phenomenon, one can begin to understand the data and the potential impact of maintaining the status quo and doing nothing. There is an estimated 45,000 septic systems in Kent County. The average person uses between 80 and 100 gallons a day. And the average household size in the United States is 2.6. That means there are 10.5 million gallons of water running through septic systems a day in Kent County (45,000 x 90 x 2.6). An estimate of 1 million gallons a day for failure could be reasonable because it would be roughly 10%. In other counties that have mandatory inspection ordinances they have found the following:

- Washtenaw – 15% Failure Rate
- Barry/Eaton – 26% Failure Rate
- Shiawasee – 8% Failure Rate

Among the KCHD voluntary inspection program, there is a 12% Failure Rate.

Last year the GRAR estimates there were 1100 homes sold in Kent County that had a septic system. There is no data available on the number of inspections that occurred or how many were in a fail status.

2. **Cost to Homeowners** – It is clear that citizens are concerned at this time with governmental costs. Another concern that has been articulated continually is the situation when a homeowner learns that a system is failing, but does not have the resources to correct the problem. What might happen then?

The Subcommittee believes these are important questions and considered them for some time. One of the charges given by the Subcommittee to staff was to detail the potential cost of a maintenance ordinance for a homeowner with a septic system vs. a homeowner that needs to be connected to a sewer system.

Below is a chart that attempts to compare the costs associated with hooking up to a municipal system vs. installing and maintaining a septic system with an ordinance. As one can see, it is estimated that the total cost for hooking up to a sewer system over 23 years would be \$19,700. In contrast, it is estimated that installing a septic system, inspecting and pumping it every five years, and replacing the drainfield in years 21-23 would cost a total of \$12,400. On an annual basis, one can expect to pay \$857 to be connected to a sewer vs. \$539 to be connected to a septic with an inspection fee established. Clearly, even with the establishment of an inspection fee, it is still less expensive to install and utilize a septic system.

**Sewer vs. Septic with Required Maintenance Inspection:
Cost Comparison**

Municipal Sewer	Set-up	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-23	Total	
Initial Assessment & Hook-up	\$9,000	---	---	---	---	---	\$9,000	
Sewer Fees	---	\$2,330	\$2,330	\$2,330	\$2,330	\$1,398	\$10,718	
							\$19,718	
On-Site Wastewater Disposal	Set-up	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-23	Total	
Initial Installation	\$5,715	---	---	---	---	---	\$5,715	
Pumping(Two Tanks w/ Risers)	---	\$285	\$285	\$285	\$285	---	\$1,140	
Inspection Cost	---	\$200	\$200	\$200	\$200	---	\$800	
Replacement	---	---	---	---	---	\$4,750	\$4,750	
							\$12,405	
Cost Comparison over 23 Years	Set-up	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-23	Total	Avg. Annual Cost
Sewer	\$9,000	\$2,330	\$2,330	\$2,330	\$2,330	\$1,398	\$19,718	\$857
On-Site Wastewater Disposal	\$5,715	\$485	\$485	\$485	\$485	\$4,750	\$12,405	\$539

Another directive to the staff was to identify potential funding resources for homeowners if their septic systems were found to be failing. Staff identified several resources which are summarized below:

- **Home Equity Lines of Credit/Refinance** – Banks and credit unions will typically provide households with a home equity line of credit for necessary home repairs. These can be interest only or installment depending on the terms of the loan.
 - **CDBG Funds** – The Kent County Community Development Office operates a Community Development Block Grant program for low to moderate income homeowners. Two types of loans are offered – one which is deferred for low income households and one for moderate income households which is based on monthly installments at 3% for 20 years.
 - **319 Grant** – The Michigan Department of Environmental Quality (DEQ) offers local units of government an annual opportunity to apply for EPA 319 grants. These grants require a 25% local match and could be utilized (if awarded) for septic system replacements. One potential is to request a 319 Grant as a revolving loan fund for homeowners, and require monthly payments at below market interest rate.
 - **Great Lakes Restoration Funds** – Recently, President Obama and Congress created the Great Lakes Restoration Fund to ensure the water quality of the Great Lakes. Like a 319 Grant, it could be possible to request a grant as a revolving loan fund for homeowners, and require monthly payments at below market interest rate.
 - **Strategic Water Quality Initiative Fund (SWQIF)** – In November 2002, the Great Lakes Water Quality Bond was passed by Michigan voters (Proposal 2). This bond allowed the State to borrow up to \$1 Billion to finance sewage treatment works projects, storm water projects, and nonpoint source projects that improve the quality of the waters of the state. It is possible for the County to request funds from the Bond with the intent for it to act as a revolving loan fund for homeowners, and require monthly payments. Currently the fund is charging 2%. There are challenges with this, as the funding details surrounding the SWQIF have not been resolved.
3. **Development/Real Estate** – A voluntary agreement with the Development/Real Estate community is a win-win situation. It improves the amount of information received regarding the status of septic systems, it establishes a standard for inspections and inspectors, and it improves the buy/sell agreement process to ensure that realtors and homeowners have the information needed for a transaction.

OPTIONS

From the viewpoint of the Subcommittee there are five potential options for the L/HR Committee to consider:

1) Maintain the status quo and wait for the Legislature to implement a statewide ordinance. Unfortunately, over the past eight years the State's Legislature has not been able to resolve various differences and concerns related to septic regulations. This has led to various counties and district health departments creating a variety of ordinances. It is the Subcommittee's belief that the State may not be willing to implement uniform regulation in the foreseeable future, however, one state legislator has indicated her intent to pursue legislation regarding this matter in the near term.

2) Move forward with a public education campaign. This could involve the KCHD partnering with local watershed management councils, environmental groups (i.e. Clean Water and West Michigan Environmental Action Council [WMEAC]), and septic haulers. The purpose would be two-fold. First, it would include the creation of a public health campaign (such as Stick it to the Flu) that raises awareness and leads homeowners to a website that shares best practices. Second, it would provide hands-on seminars to teach new homeowners and those that are accustomed to sewer systems about proper maintenance and how to identify potential system deterioration. With County General funds being limited, the funding of this option would need to be reviewed carefully.

3) Implement a 'Point of Sale' (POS) ordinance as various counties (Ottawa, Washtenaw) and Health Districts (Barry/Eaton) have throughout the State. A typical POS ordinance requires that a septic inspection be conducted upon sale or transfer of property and if any repairs are required they be completed before the property is conveyed. The traditional benefits to a POS ordinance are as follows:

- It is a recognizable point in time for an inspection because of the sale or transfer.
- Because a significant financial transaction typically occurs during sale/transfer there are methods to finance the repair or replacement of a septic system into the financial transaction.

The typical opposition to a POS ordinance is that it can terminate a potential sale or transfer if a system is found to be failing or needs replacement.

4) Develop a preventative/maintenance ordinance. A preventative/maintenance ordinance is usually designed to require an inspection every so many years. Typically the range of time required between inspections is three to seven years. Based on a 23 year average life span of a septic system (Kent County average based on administrative data) this would result in between three and seven inspections per septic life-cycle. The benefits of a preventative/maintenance ordinance are fairly straightforward in that it requires regular inspections to detect necessary repairs or failures. The drawbacks of such an ordinance are the potential impact to a homeowner if a system is found in non-compliance and they do not have the financial resources to make the needed repairs. There is also concern about unnecessary invasion of property for those who are

properly maintaining their septic systems. Also disturbing the system may lead to a shorter life-span.

5) Work with the Grand Rapids Association of REALTORS® (GRAR) on a voluntary basis to accomplish the following: 1) Better document the number of homes sold annually with septic systems that have an inspection conducted; and 2) amend the current GRAR buy/sell document for the purpose of defining a septic inspection, and the qualifications of the individuals conducting the inspection. Currently, the GRAR buy/sell agreement identifies a septic inspection as a condition of sale, but it can be waived. Moreover, there is not a requirement for what the inspection includes or the qualifications of those conducting it.

SUBCOMMITTEE RECOMMENDATIONS

The Subcommittee's recommendations to the Board of Commissioners are as follows:

1. The Subcommittee believes it is important for education regarding septic systems to be broadened and that a public education campaign is explored in greater detail with a variety of partners.

Recommendation: That the Kent County Health Department begin facilitating a community process to broaden public education and to explore development of a public education campaign regarding septic systems with a variety of partners.

2. The County should work with the GRAR to voluntarily change its buy/sell agreement.

Recommendation/Action: The GRAR has modified its buy/sell agreement and will provide the Kent County Health Department with data on regular intervals. These approved changes are identified in Attachment B.

3. The Subcommittee believes it is important to recommend the amendment of state laws governing Great Lakes Water Quality Bond money dedicated to septic system repairs to allow Counties to implement a low-interest loan program to assist additional property owners.

Recommendation: That Kent County recommend that the State Legislature amend the law governing Great Lakes Water Quality Bond money to permit County governments to implement a low-interest loan program to assist additional property owners with septic system repairs.

4. The subcommittee recognizes that governmentally maintained sewer systems are, on the whole, safer and more reliable than private individual sanitary systems. .

Recommendation: That Kent County where possible encourage local governments to promote land development in areas with already-existing sewer systems or where it makes sense to extend such systems.

5. The Subcommittee recognizes that septic systems fail due to a variety of reasons. Improper installation is among the foremost of those causes.

Recommendation: That the Kent County Health Department further research installer certification, as is used in other Michigan counties, to determine if this would be an effective means to reduce the occurrence of improper installations.

CONCLUSION

At this time, the Septic Subcommittee believes a public-private partnership with the GRAR and environmental community, that would educate homeowners on the best practices regarding septic maintenance; establish standards for inspection; and, define who would be qualified to conduct inspections would be appropriate. In addition, working with the GRAR and environmental community will allow for improved documentation regarding the number of septic systems that are being inspected and the quality of the septic systems throughout the County. This will help better quantify the number of failing systems and provide more empirical data for decision making going forward.

**KENT COUNTY HEALTH DEPARTMENT
DEFINITION OF QUALIFIED INSPECTOR**

The Buy/Sell agreement utilized by the Grand Rapids Association of Realtors establishes that “qualified” inspectors perform evaluations of on-site wells and wastewater treatment/disposal systems (septic systems). That document further declares it to be the responsibility of the local health department to determine what defines an inspector to be qualified within that locality.

A qualified inspector shall successfully complete training provided by the KCHD and hold one or more of the following credentials:

- Registered Sanitarian (RS) through the State of Michigan
- Registered Environmental Health Specialist (REHS) through the National Environmental Health Association
- Certified Environmental Health Technician (CEHT) through the National Environmental Health Association
- Michigan license as a Professional Engineer (PE) specializing in environmental engineering.
- NSF accreditation as a certified onsite wastewater inspector

WEST MICHIGAN REGIONAL PURCHASE AGREEMENT

Any reference to "days" in this Agreement refers to calendar days and any reference to "time" refers to local time. # _____

DATE: _____, _____ (time) MLS # _____

SELLING OFFICE: _____ REALTOR® PHONE: _____ FAX: _____

LISTING OFFICE: _____ REALTOR® PHONE: _____ FAX: _____

1. **Agency Disclosure:** The Undersigned Buyer and Seller each acknowledge that they have read and signed the Disclosure Regarding Real Estate Agency Relationships. The selling licensee is acting as (check one):

Agent/Subagent of the Seller Buyer's Agent Dual Agent (with written, informed consent of both Buyer and Seller)

Transaction Coordinator

Selling Agent Name _____ Phone _____ Fax _____

2. **Seller's Disclosure Statement:** (This paragraph applies to sales of one-to-four family residential units.)

Buyer has received Seller's Disclosure Statement dated _____, subject to Seller's certification in Paragraph 29.

Buyer has not received Seller's Disclosure Statement, and Buyer's obligations under this Contract are subject to Buyer's receipt of Seller's Disclosure Statement and acceptance of Seller's Disclosure Statement within 72 hours after receipt in the case of personal delivery or 120 hours in the case of delivery by mail. Exceptions:

3. **Lead-Based Paint Addendum:** Transactions involving homes built prior to 1978 require a written disclosure which is hereby attached and will be an integral part of this Agreement.

4. **Property Description:** Buyer hereby offers to buy the property located in the City Village Township of _____, _____ County, Michigan, commonly known as _____ St./Ave., _____ Zip Code, with the following legal or tax

description: _____
PP# _____

The following paragraph applies only if the Premises include unplatted land:

Seller agrees to grant Buyer at closing the right to make (insert number) _____ division(s) under Section 108(2), (3), and (4) of the Michigan Land Division Act. (If no number is inserted, the right to make divisions under the sections referenced above stays with any remainder of the parent parcel retained by Seller. If a number is inserted, Seller retains all available divisions in excess of the number stated; however, Seller and/or REALTOR® do not warrant that the number of divisions stated is actually available.) If this sale will create a new division, Seller's obligations under this Agreement are contingent on Seller's receipt of municipal approval on or before _____, of the proposed division to create the Premises.

5. **Price:** Buyer offers to buy the property for the sum of \$ _____ U.S. Dollars

6. **Terms:** The Terms of Purchase will be as indicated by "X" below: (Other unmarked terms of purchase do not apply.)
SOURCE OF FUNDS TO CLOSE: Buyer represents that the funds necessary to close this transaction on the terms specified below are currently available to Buyer in cash or an equally liquid equivalent.

CASH The full purchase price upon execution and delivery of Warranty Deed. Buyer Agrees to provide Buyer Agent/Dual Agent verification of funds within five (5) days of the date this Agreement is fully executed, and consents to the disclosure of such information to Seller and/or Seller's Agent.

NEW MORTGAGE The full purchase price upon execution and delivery of Warranty Deed, contingent upon Buyer's ability to obtain a _____ type _____ (year) mortgage in the amount of _____ % of the sale price bearing interest at a rate not to exceed _____ % per annum (rate at time of loan application), on or before the date the sale is to be closed. Buyer agrees to apply for a mortgage loan, and pay all fees and costs customarily charged by Buyer's lender to process the application, within _____ days after this Agreement is fully executed, not to impair the Buyers' credit after the date hereof, and to accept such loan if offered. Should any part of the new mortgage be FHA/VA insured, Seller Buyer will agree to pay an amount not to exceed \$ _____, representing repairs required **as a condition of financing**. Buyer agrees does not agree to authorize Buyer's Agent/Dual Agent to obtain information from Buyer's lender regarding Buyer's financing, and consents to the disclosure of this information to Seller and/or Seller's Agent. Exceptions:

SELLER FINANCING (check one of the following): CONTRACT or PURCHASE MONEY MORTGAGE

In the case of seller financing, Buyer agrees to provide Seller with a credit report within 72 hours of Seller's acceptance of this offer. If the credit report is unacceptable to the Seller, the Seller shall have the right to terminate this offer within 48 hours of Seller's receipt, or if Buyer fails to provide said credit report to Seller within the time frame allotted, the Seller shall have the right to terminate this offer within 48 hours. Seller is advised to seek professional advice regarding the credit report.

\$ _____ upon execution and delivery of a _____ form (name or type of form and revision date), a copy of which is attached, wherein the balance of \$ _____ will be payable in monthly installments of \$ _____ or more including interest at _____ % per annum, interest to start on date of closing, and first payment to become due thirty (30) days after date of closing. The entire unpaid balance will become due and payable _____ months after closing. Exceptions:

EQUITY (check one of the following): Formal Assumption or Informal Assumption

Upon execution and delivery of: Warranty Deed subject to existing mortgage OR Assignment of Vendee Interest in Land Contract, Buyer to pay the difference (approximately \$ _____) between the purchase price above provided and the unpaid balance (approximately \$ _____) upon said mortgage or land contract, which Buyer agrees to assume and pay. Buyer agrees to reimburse Seller for accumulated funds held in escrow, if any, for payment of future taxes and insurance premiums, etc. Exceptions:

7. **Contingencies:** The Buyer's obligation to consummate this transaction (check one):

IS NOT CONTINGENT - is not contingent upon the sale or exchange of any other property by Buyer.

IS CONTINGENT UPON CLOSING - is contingent upon closing of a sale or exchange of Buyer's property located at: _____ on or before _____

A copy of Buyer's agreement to sell or exchange that property is being delivered to Seller along with this offer.

IS CONTINGENT UPON THE SALE AND CLOSING - is contingent upon the execution of a binding agreement and the closing of a sale or exchange of Buyer's property located at _____ on or before _____. Seller will have the right to continue to market Seller's property until Buyer enters into a binding agreement to sell or exchange Buyer's property and delivers a copy thereof to Seller. During such marketing period, Seller may enter into a binding contract for sale to another purchaser on such price and terms as the Seller deems appropriate, and in such event this Agreement will automatically terminate and Buyer's deposit will be refunded. Exceptions:

8. **Fixtures & Improvements:** All improvements and appurtenances are included in the purchase price including, if now in or on the property, the following: all buildings; landscaping; lighting fixtures and their shades and bulbs; ceiling fans; hardware for draperies and curtains; window shades and blinds; built-in kitchen appliances, including garbage disposal and drop-in ranges; wall to wall carpeting, if attached; all attached mirrors; all attached TV mounting brackets; all attached shelving; attached work benches; stationary laundry tubs; water softener (unless rented); water heater; incinerator; sump pump; water pump and pressure tank; heating and air conditioning equipment (window units excluded); attached humidifiers; heating units, including add-on heating stoves and heating stoves connected by flue pipe; fireplace screens, inserts, and grates; fireplace doors, if attached; liquid heating and cooking fuel tanks if owned by Seller; TV antenna and complete rotor equipment; satellite dish and necessary accessories and complete rotor equipment; all support equipment for inground pools; screens and storm windows and doors; awnings; installed basketball backboard, pole and goal; mailbox; flagpole(s); fencing, invisible inground fencing and all related equipment, including collars; detached storage buildings; underground sprinkling, including the pump; installed outdoor grills; all plantings and bulbs; garage door opener and control(s); and any and all items and fixtures permanently affixed to the property...

but does not include:

9. **Heating and Cooking Fuels:** Liquid heating and cooking fuels in tanks are included in the sale and will transfer to Buyer at time of possession unless usage is metered (in which case it is not included in the sale). Sellers are responsible for maintaining heating and cooking liquid fuels at an operational level and shall not permit fuels to fall below 10% in the tank(s) at the time of possession, except that the tank(s) may be empty only if now empty. Further, the seller is precluded from removing fuel from tank(s) other than what is expended through normal use. Exceptions:

10. **Assessments (choose one):**

If the property is subject to any assessments

Seller shall pay the entire balance of any such assessments on or before the day of closing.

OR

Seller shall pay all installments of such assessments that become due and payable on or before day of closing. Buyer shall assume and pay all other installments of such assessments.

Subject Property Address/Description

Date

Time

11. **Property Taxes:** Seller will be responsible for any taxes billed prior to those addressed below. Buyer will be responsible for all taxes billed after those addressed below.

Buyer is also advised that the state equalized value of the property, principal residence exemption information and other real property tax information is available from the appropriate local assessor's office. Buyer should not assume that buyer's future tax bills on the property will be the same as the seller's present tax bills. Under Michigan law, real property tax obligations can change significantly when property is transferred.

No proration. (Choose one):

Buyer Seller will pay taxes billed summer _____ (year);
 Buyer Seller will pay taxes billed winter _____ (year);

Calendar Year Proration (all taxes billed or to be billed in the year of the closing). Calendar year tax levies will be estimated, if necessary, using the taxable value and the millage rate(s) in effect on the day of closing, broken down to a per diem tax payment and prorated to the date of closing with Seller paying for January 1 through the day before closing.

Fiscal Year Proration - Taxes will be prorated as though they are paid in (choose one): advance. arrears.

Fiscal Year will be assumed to cover a 12 month period from date billed, and taxes will be prorated to the date of closing. Fiscal year tax levies will be estimated, if necessary, using the taxable value and millage rate(s) in effect on the day of closing, broken down to a per diem tax payment and prorated to the date of closing with Seller paying through the day before closing.

Exceptions:

12. **Well/Septic:** Within ten (10) days after this Agreement is fully executed, the Seller will arrange and pay for an inspection and written report by the county health department or by a qualified inspector (as defined by the county health department, if applicable) of the primary well used for human consumption (including a water test for coliform bacteria and nitrates) and septic systems (including tank pumping, if required) in use on the property. If the evaluation report(s) in any of the above circumstances disclose(s) a condition which the Buyer deems unacceptable or that doesn't meet county standards where the county requires minimum standards as a condition of sale, Buyer shall notify the Seller or Listing Broker in writing, within five (5) days after the date Buyer has received the applicable report(s), of such condition and request corrective action. If Seller does not agree or fails to respond within fifteen (15) days of Buyer's requested corrective action, Buyer shall have the right to terminate this Agreement by providing written notice to Seller and/or Listing Broker within three (3) days from receipt of Seller's written refusal (if any) or from the expiration of the aforementioned fifteen (15) day period, and Buyer's good-faith deposit will be refunded. Buyer agrees that the contingency provided by this paragraph shall be deemed to have been waived if (1) Buyer fails to provide written notice of a condition deemed unacceptable within five (5) days after Buyer has received the applicable report(s); or (2) Buyer fails to terminate this Agreement in writing as provided above. If these contingencies are waived or if Buyer elects to close this transaction, Buyer shall be deemed to have accepted the well and/or septic in its "as is" condition as of the date of closing. Exceptions:

13. **Inspections & Insurability:** By signing this Agreement, Buyer is representing that the Buyer has the right to inspect the buildings, premises, and building components and systems, or have the buildings, premises, and building components and systems inspected by experts selected by the Buyer.

The Buyer has waived his/her right to inspections.

The Buyer has elected to arrange and pay for any inspections including, but not limited to Plumbing; Heating, Ventilating & Air Conditioning; Electrical; Telephone (hard-wired landline); Structural, including roof; Termites and other wood destroying insects; Radon, Air Quality and/or Mold; Water Test for Lead and Nitrites (required if FHA or VA financing). Any damage, misuse, abuse, or neglect of any portion of the property or premises as a result of inspections will be Buyer's responsibility and expense.

It is the Buyer's responsibility to investigate (i) whether the property complies with applicable codes and local ordinances and whether the property is zoned for Buyer's intended use; and (ii) whether the Buyer can obtain a homeowner's insurance policy for the property at price and terms acceptable to Buyer. In the event of VA financing, Seller will pay for the inspection for termites and other wood destroying insects. All inspections and investigations will be completed within **ten (10) days** after Seller's acceptance of Buyer's offer or Buyer's acceptance of any counteroffer, as the case may be. If the results of Buyer's inspections and investigations are not acceptable to Buyer, the Buyer may, within the above referenced period, by written notice to Seller, either terminate this Agreement and receive a refund of Buyer's good-faith deposit, or make a written proposal to Seller to correct unsatisfactory conditions that Buyer does not accept. If the Buyer fails to make a written proposal within the above referenced time period, then Buyer will be deemed to have accepted the results of the inspection reports and investigations without repairs or corrections and will proceed to closing according to the terms and conditions of this Agreement. Seller may negotiate with Buyer or, by written notice to Buyer, accept Buyer's proposal or terminate this Agreement. Failure of the Seller to respond or to arrive at a mutually agreeable resolution within **three (3) days** after Seller's receipt of Buyer's proposal shall result in a termination of this Agreement and a return of any applicable good-faith deposit.

Buyer agrees that Buyer is not relying on any representation or statement made by Seller or any real estate salesperson (whether intentionally or negligently) regarding any aspect of the premises or this sale transaction, except as may be expressly set forth in this Agreement, a written amendment to this Agreement, or a disclosure statement separately signed by the Seller. Accordingly, if

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Date

Time

Buyer chooses no inspections, fails to complete inspections, or submits no written proposals, Buyer agrees to accept the premises "as is" and "with all faults", except as otherwise expressly provided in the documents specified in the preceding sentence. Exceptions:

14. **Municipal Compliances:** The Seller will arrange and pay for current certificates of occupancy, sidewalk compliance, and smoke detector ordinances, if applicable.

15. **Title Insurance:** Seller agrees to convey marketable title to the property subject to conditions, limitations, reservation of oil, gas and other mineral rights, existing zoning ordinances, and building and use restrictions and easements of record. An **expanded coverage** ALTA Homeowner's Policy of Title Insurance in the amount of the purchase price shall be ordered by Seller and furnished to Buyer at Seller's expense, and a commitment to issue a policy insuring marketable title vested in Buyer, including a real estate tax status report, will be made available to Buyer within **seven (7) days** after this Agreement is fully executed. If Buyer so chooses, or if the property is not an existing residential structure (one to four family) on a residential parcel or a condominium unit, then a **standard** ALTA Owners' Policy of Title Insurance shall be provided.

If Buyer objects to any conditions, Buyer may, within **three (3) days** from the aforementioned seven (7) day period, by written notice to Seller, either terminate this Agreement and receive a refund of Buyer's good-faith deposit, or make a written proposal to Seller to correct unsatisfactory conditions that Buyer does not accept. If Buyer fails to make a written proposal within the above referenced time period, then Buyer will be deemed to have accepted the conditions and will proceed to closing according to the terms and conditions of this Agreement. Seller may negotiate with Buyer or, by written notice to Buyer, accept Buyer's proposal or terminate this Agreement. Failure of Seller to respond or to arrive at a mutually agreeable resolution within three (3) days after Seller's receipt of Buyer's proposal shall result in a termination of this Agreement and a return of any applicable good-faith deposit. Exceptions:

16. **Property Survey:** Broker advises that Buyer should have a survey performed to satisfy Buyer as to the boundaries of the property and the location of improvements thereon. The Buyer has elected to obtain:

- A boundary survey certified to Buyer with iron corner stakes and with improvements and easements located on a map of survey.
- A surveyor's report or sketch (not a boundary survey) re-certified to Buyer showing the approximate location of improvements.
- No survey.

Survey to be paid for by: Buyer Seller

When closing occurs, Buyer shall be deemed to have accepted the boundaries of the property and the location of such improvements thereon.

Exceptions:

17. **Home Protection Plan:** Buyer and Seller have been informed that home protection plans may be available. Such plans may provide additional protection and benefit to the parties. Exceptions:

18. **Prorations:** Rent; association dues/fees, if any; insurance, if assigned; interest on any existing land contract, mortgage or lien assumed by Buyer; will all be adjusted to the date of closing.

19. **Possession:** Seller will maintain the property in its present condition until the completion of the closing of the sale. Possession to be delivered to Buyer, subject to rights of present tenants, if any.

- At the completion of the closing of the sale.
- At _____ a.m. p.m. on the _____ day after completion of the closing of the sale, during which time Seller will have the privilege to occupy the property and hereby agrees to pay the Buyer \$ _____ as an occupancy fee for this period payable at closing, WITHOUT PRORATION.

If Seller fails to deliver possession to Buyer on the agreed date, Seller shall become a tenant at sufferance and shall pay to Buyer as liquidated damages \$ _____ per day plus all of the Buyer's actual reasonable attorneys fees incurred in removing the Seller from the property.

If Seller occupies the property after closing, Seller will pay all utilities during such occupancy. Buyer will maintain the structure and mechanical systems at the property. However, any repairs or replacements necessitated by Seller's misuse, abuse, or neglect of any portion of the property will be Seller's responsibility and expense.

On the agreed delivery date, Seller shall deliver the property free of trash and debris and in broom-clean condition, shall remove all personal property (unless otherwise stated in this or an additional written agreement), shall make arrangements for final payment on all utilities, and shall deliver all keys to Buyer. Exceptions:

20. **Closing:** If agreeable to both parties, the sale will be closed as soon as closing documents are ready, but not later than _____ . An additional period of fifteen (15) days will be allowed for closing to accommodate the correction of title defects or survey problems which can be readily corrected, delays in obtaining any lender required inspections/repairs. During this additional period, the closing will be held within 5 days after all parties have been notified that all necessary documents have been prepared. Buyer and Seller will each pay their share of any title company closing fee, if applicable, except in the case of VA financing where the Seller will pay the entire closing fee. Exceptions:

21. **Good-Faith Deposit:** For valuable consideration, Buyer gives REALTOR® above named until _____ (time) on _____, to obtain the written acceptance of this offer and agrees that this offer, when accepted by Seller, will constitute a binding agreement between Buyer and Seller and herewith deposits \$ _____ evidencing Buyer's good faith, to be held by selling Broker or selling Broker's designee, and to apply on the purchase price. If this offer is not accepted or if the sale is not closed due to a failure to satisfy a contingency for a reason other than the fault of Buyer, the good-faith deposit shall be refunded to Buyer. If the sale is not closed as provided in this Agreement, the Broker holding the deposit will notify Buyer and Seller, in writing, of Broker's intended disposition of the deposit. If the parties do not object to such disposition in writing within fifteen (15) days after the date of Broker's notice, they will be deemed to have agreed to Broker's proposed disposition; if a party objects and no mutually agreeable disposition can be negotiated, Broker may deposit the funds by interpleader with a court of proper jurisdiction or await further actions by the parties. In the event of litigation involving the deposit, in whole or in part, either the Seller or the Buyer that is not the prevailing party, as determined by the court, will reimburse the other for reasonable attorneys' fees and expenses incurred in connection with the litigation, and will reimburse the Broker for any reasonable attorneys' fees and expenses incurred in connection with any interpleader action instituted.

22. **Professional Advice:** Broker hereby advises Buyer and Seller to seek legal, tax, environmental and other appropriate professional advice relating to this transaction. Broker does not make any representations or warranties with respect to the advisability of, or the legal effect of this transaction. Buyer further acknowledges that REALTOR® above named in the Agreement hereby recommends to Buyer that an attorney be retained by Buyer to pass upon the marketability of the title and to ascertain that the required details of the sale are adhered to before the transaction is consummated. Buyer agrees that Buyer is not relying on any representation or statement made by Seller or any real estate salesperson (whether intentionally or negligently) regarding any aspect of the property or this sale transaction, except as may be expressly set forth in this Agreement, a written amendment to this Agreement, or a disclosure statement separately signed by the Seller.

23. **Disclosure of Information:** Buyer and Seller acknowledge and agree that the price, terms, and other details with respect to this transaction (when closed) are not confidential, will be disclosed to REALTORS® who participate in the applicable Multiple Listing Service, and may otherwise be used and/or published by that Multiple Listing Service in the ordinary course of its business.

24. **Other Provisions:**

25. **Mergers and Integrations:** This Agreement is the final expression of the complete agreement of the parties and there are no oral agreements existing between the parties relating to this transaction. This Agreement may be amended only in writing signed by the parties and attached to this Agreement.

26. **Fax or Electronic Distribution.** The parties agree that any signed copy of this Agreement transmitted by facsimile or other electronic means shall be competent evidence of its contents to the same effect as an original signed copy.

27. **Buyer's Acknowledgment:** Buyer hereby acknowledges receipt of a copy of this Agreement.

Witness _____ Phone _____ X _____ Buyer

Print Witness Name _____
Buyer 1 Address _____ Print name as you want it to appear on documents.

Buyer 1 Phone: (Res.) _____ (Bus.) _____ X _____ Buyer

Buyer 2 Address _____
Buyer 2 Phone: (Res.) _____ (Bus.) _____ Print name as you want it to appear on documents.

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DATE: _____, _____ (time)

28. **Seller's Acceptance:** The Above Offer is Hereby Accepted: As written. As written except:

Counteroffer, if any, expires _____, at _____ (time). Seller has the right to withdraw this counter offer and to accept other offers until Seller or Seller's Agent has received notice of Buyer's acceptance.

29. **Certification of Previous Disclosure Statement:** Seller certifies to Buyer that the property is currently in the same condition as Seller previously disclosed in Seller's Disclosure Statement dated: _____. Seller agrees to inform the Buyer in writing of any changes in the content of the disclosure statement prior to closing.

30. **Notice to Seller:** Seller understands that consummation of the sale or transfer of the property described in this Agreement will not relieve the Seller of any liability that Seller may have under the mortgages to which the property is subject, unless otherwise agreed to by the lender or required by law or regulation. The parties to the transaction are advised that a **Notice to Seller & Buyer of Underlying Mortgage** form is available from the respective agents via the West Michigan REALTOR® Boards.

31. **Seller's Acknowledgment:** Seller has read this Agreement and acknowledges receipt of a copy.

Witness _____ Phone _____ X _____ Seller
Print Witness Name _____
Seller's Address _____
_____ X _____ Seller
Seller's Phone: (Res.) _____ (Bus.) _____
Print name as you want it to appear on documents.

DATE: _____, _____ (time)

32. **Buyer's Receipt/Acceptance:** Receipt is hereby acknowledged by Buyer of Seller's acceptance of Buyer's offer. In the event the acceptance was subject to certain changes from Buyer's offer, Buyer agrees to accept said changes, all other terms and conditions remaining unchanged.

X _____ Buyer

Witness _____ Phone _____ X _____ Buyer

DATE: _____, _____ (time)

33. **Seller's Receipt:** Seller acknowledges receipt of Buyer's acceptance of counter offer.

X _____ Seller

Witness _____ Phone _____ X _____ Seller

Subject Property Address/Description

Date

Time