



CASE STUDY

Hauled Water Requirements for a USDA-Backed Home Loan

A buyer is purchasing a rural home that relies entirely on hauled water stored in an onsite cistern. Because the buyer is using a USDA-backed loan, the lender expresses concern about whether hauled water is an acceptable and reliable long-term water source for the property. The buyer wants to understand whether hauled water can meet USDA requirements, whether the water is considered safe for household use, and what risks might come with owning a home that depends on deliveries rather than a well or municipal connection.

What are the water issues behind the scenario?

Background

Homes using hauled water can qualify for government-backed loans, but federal programs require stricter verification than conventional loans. USDA must ensure that the water source is sanitary, reliable, and typical for the region.

Lenders may require water-quality reports from both the source utility and the hauling company, plus an inspection of the onsite storage facility/cistern. Because hauled water is considered a higher-risk supply, USDA often requires additional disclosures, waivers, or agency-level approvals confirming that no other water source is reasonably available. Agents must help buyers complete due diligence without offering legal, engineering, or loan approval advice.

Agency/Resource	Source Link	When can you use it
EPA Consumer Confidence Report Look Up	https://www.epa.gov/ccr	To look up the water-quality Consumer Confidence Report for the municipal system supplying the hauled water.
List of Arizona Certified Commercial Drinking Water Laboratories	https://ells-lab-search.azdhs.gov/DrinkingWaterTestingLabsVs2/drinkingwatersearchcontentpage	To find an ADEQ/ADHS-certified lab for independent drinking water testing, including sampling of hauled water or cistern systems for USDA loan requirements.
Test Your Well	https://www.azdhs.gov/preparedness/epidemiology-disease-control/environmental-toxicology/well-water/test-your-well/index.php	To understand recommended testing parameters, contaminants of concern, and sampling guidance when evaluating a private or hauled-water system serving a home.
ADWR: Well Registry Search	https://app.azwater.gov/WellRegistry/SearchWellReg.aspx	Confirm there are no nearby wells or water sources



Step by step actions that the agent should take:

1. Obtain a water-quality report from the source system - usually a municipality or private water co.
2. Review drought management plans for the source system to see if hauled water might be affected in times of shortage (like in the Rio Verde 2023 scenario with Scottsdale Water)
3. Obtain a water-quality report from the water hauling company and inquire about delivery frequency and reliability.
4. Arrange for an inspection of the onsite water storage facility to ensure cleanliness & safety
5. Gather evidence showing hauled water is common in the market area and that no alternative water source exists
6. Complete additional disclosures and required USDA waivers
7. Coordinate any required USDA exemptions or federal approvals



How should you talk to your client about this?

Use of plain, professional language to convey the scenario:

- *“Because it’s a USDA loan, there are a few extra steps, but we’ll guide you through all the documentation.”*
- *“We’ll gather water-quality reports from both the utility and the hauling company to meet loan requirements.”*
- *“Hauled water is common in some rural areas, and our job is to document that for your loan file.”*

Potential questions to consider depending on nuances:

- What constitutes sufficient evidence that “no alternative water source exists” (e.g., well logs, ADWR data, water-provider boundaries)?
- Are there minimum technical standards for cistern inspections that USDA expects (e.g., tank material, venting, lids, sanitation requirements)?
- How recent must water-quality testing be for USDA acceptance, and must the lab be ADEQ-certified?

Disclaimer: *This case study is provided for educational purposes only and reflects information available at the time it was developed. Arizona water laws, regulations, policies, and agency guidance may change over time. Always verify the most current information through official sources, such as the Arizona Department of Water Resources (ADWR), Arizona Department of Real Estate (ADRE), and other applicable state agencies. The Real Water Arizona project and its contributors are not responsible for decisions made based solely on this educational material.*