


Policy Title:		Final Real Estate Closing Bill for Property Transfers	
	OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER	Category	Customer Service
		Administrative Policy #	500-CS-Real Estate Closing Bill
		Revision #	N/A
		Review Frequency	As Needed – no less frequently than triennially
Administrative Division	Customer Service	Reviewed By	Chief Administrative Officer, General Counsel, Chief Customer Service Officer
BOWC Approval	3/15/19	Last Reviewed/Update Date	3/15/19
Implementation Date	3/15/19	Resolution #	19-0076

1. AUTHORITY

- 1.1. Under Michigan Act 178 of 1939, *Municipal Water Liens* (MCL 123.161, *et seq.*) “the Water Lien Act”) and Chapter 56, *Utilities*, of the Detroit City Code (“City Code”), Detroit Water and Sewerage (“DWSD”) provides water and sewerage service to customers and under certain conditions, has a lien that becomes effective immediately upon the distribution of water or provision of water and sewerage system service on the premises or property supplied. Further, water and sewerage service may be discontinued for nonpayment of charges and/or civil collection action may be filed. Under Michigan Act 206 of 1893, *The General Property Tax Act* (MCL 211.1, *et seq.*) (“the Property Tax Act”), DWSD may enforce its lien by transferring the same to the City’s tax roll or pursue foreclosure.
- 1.2. Pursuant to MCL 123.165, DWSD may not place a lien upon a property for nonpayment of water and sewerage bills for which the tenant is responsible where the land owner has executed a lease with the tenant containing a provision that the lessor shall not be liable for payment of water and sewerage bills and has filed an affidavit with respect to the execution of such lease with DWSD. DWSD may not place a lien upon property if tenant has opened a water and sewerage service account in tenant's name.
- 1.3. Under the General Property Tax Act, MCL 211.1, *et seq.* a judgment of tax foreclosure extinguishes all liens and interests related to unpaid utility service charges against the property (MCL 211.78k). A municipality may seek to recover such charges by including the delinquent charges in the cost of the property at the time it is offered for sale under the General Property Tax Act, or by instituting other lawful action against the former property owner. This provision does not apply in instances where the tenant is responsible for payment.

2. OBJECTIVES

- 2.1. To ensure persons lawfully occupying a property have access to water and sewerage services and specify the conditions upon which service will be supplied.

- 2.2. To ensure compliance with the Municipal Water Lien Act and Detroit City Code in enforcing liens under the General Property Tax Act and the Revenue Bond Act for water and sewerage charges owed where the owner is responsible for payment.

3. PURPOSE

- 3.1. DWSD has a duty and responsibility to all customers to collect charges for water and sewerage services. This policy will set forth the information required to transfer responsibility for an account after transfer of ownership of the property.
- 3.2. This policy will delineate DWSD's policy and procedures for documenting when a real estate closing read is necessary, and to address the rights and responsibilities of the owner and purchaser of a new property when water and sewerage charges are unpaid.
- 3.3. At times, owners responsible for payment of water and sewerage charges and drainage charges have delinquent balances and sell or otherwise transfer the property. Upon transfer of the property, if the delinquent amounts are unpaid, purchasers or persons who otherwise acquire property assume responsibility for all past due amounts and the payment of charges going forward. This policy will set forth DWSD's policy and procedures a seller must follow to obtain a Final Real Estate Closing Bill.

4. DEFINITIONS

"AMR" means Automated Meter Read meter.

"Authorized Person" means: (1) Owner, if person can verify last four digits of Tax Identification Number, (2) if person is not the Owner, a person who can provide account holder's name and last four digits of Tax Identification Number, (3) if account is in name of a person/entity who no longer holds title, a person/entity who proves current ownership. If account is in name of "Resident," any person is authorized to request a Real Estate Closing Bill.

"Customer" means an Owner, Landlord, or Tenant that establishes an account for DWSD services.

"Customer Service Specialist (CSS)" means an employee of the DWSD Customer Service Department who provides account services to customers.

"Drainage only account" means an account connected to a parcel that does not receive water and sewerage services, and is billed based solely upon the impervious surface area of the property.

"Final Real Estate Closing Bill" means an official bill issued following a request for a verified real estate closing bill prior to the transfer and/or sale of a property when: (a) the property has active water, sewer and/or drainage service, (b) the property has been vacant, or (c) water service is off at the property. A final real estate closing bill advises the seller and purchaser of the amount owed for water and sewerage services at the property as of a date certain after DWSD has verified the meter at the property was functional and an accurate meter read has been obtained.

"Impervious surface" means any hard surface (such as rooftops, gravel, concrete driveways, and parking lots) that either prevent or slow the entry of water so that it can

soak into the soil under natural conditions, or which cause the water to run off the surface in greater quantities or at an increased rate of flow than that present under natural conditions.

“Limited Customer Account Information” means unverified information in DWSD records indicating the last six (6) months of usage at the property, water status, the current month’s balance and delinquent balance owed, if any.

“Owner” means the person that holds legal title to a property.

“Parcel” means the plot of land identified by the City of Detroit Assessor with a unique identification number or “parcel number”.

“Person” means an individual, business, partnership, or corporate entity, or a governmental agency.

“Property” means a parcel or group of parcels treated as one unit for purposes of obtaining water and sewerage services.

“Purchaser” means the person buying the property.

“Seller” means the person selling the property.

“Sewerage” means a combination of the water-carried wastes from residences, business buildings, institutions, and industrial establishments, together with such ground, surface, and storm waters may be present.

“Tenant” means a person who is not the legal title holder to a property but has the owner’s actual or constructive authorization to occupy the property.

5. SCOPE

- 5.1. This policy applies to all persons seeking information about water, sewerage, and/or drainage charges on a property prior to transfer of property to new owner.

6. RESPONSIBILITIES

- 6.1. Owner, Landlord, Seller, or Purchaser must abide by the DWSD Water and Sewerage Service Terms and Conditions.
- 6.2. Upon request from an Authorized Person, DWSD will research the account and issue a Final Real Estate Closing Bill.
- 6.3. DWSD must be allowed onto the property to conduct the final read, unless DWSD has received one active usage read recorded by the AMR in the last four (4) months.
- 6.4. Seller and Purchaser are respectively responsible for closing and opening accounts to notify DWSD of the termination and start of services.

7. POLICY

- 7.1. **A Final Real Estate Closing Bill is the only official DWSD record that establishes legal responsibility for the amount owed to DWSD on a property at the time of transfer.** Purchasers or persons otherwise acquiring property who do not obtain a Final Real Estate Closing Bill bear the risk that a future meter inspection or meter reading will verify the prior owner owed an amount greater than the amount obtained through means

other than a Final Real Estate Closing Bill and the new property owner will be legally responsible for the verified amounts owed.

- 7.2. To accurately determine the final balance due prior to a real estate closing, DWSD tests and reads the water meter for accuracy to properly allocate responsibility for any prior balance to the Seller and to allocate responsibility for any future balance to the Purchaser.
- 7.3. If an account shows water is on and a meter is present, DWSD reads and tests the water meter for accuracy and prepares a Final Real Estate Closing Bill.
- 7.4. If the property has been vacant or water service has been interrupted at the time of the real estate closing read request, DWSD researches its records to determine if there is a water or sewerage charge delinquency and prepares a Final Real Estate Closing Bill.
- 7.5. **New Meter Technology.** Properties with an AMR meter improve the real estate closing process by remotely accessing a closing and opening water meter reading. DWSD may obtain an immediate meter reading if the property has an AMR meter and the property has not been vacant for more than six months or has not registered “zero” or suspicious readings; and if such conditions exist, DWSD will need to perform an on-site meter reading. The Purchaser is responsible for payment of the fee for an on-site read according to the DWSD’s published fee schedule.
- 7.6. **Defective Meters.** An on-site meter reading by DWSD staff is required for any customer whose meter is not functioning properly. The fee for the on-site read that must be paid is determined according to the DWSD published fee schedule.
- 7.7. **Tax Foreclosed Properties.** In the event Wayne County acquires a property through foreclosure and there is a delinquent balance on the account, all delinquent balances as of the date of transfer are extinguished against the property. A purchaser at auction is not required to obtain a Final Real Estate Closing Read as part of the auction process and is not responsible for delinquent balances that accrue on the property unless the purchaser at auction occupied the property prior to or after foreclosure and received service for which payment is due.
- 7.8. **Expiration Date of Final Real Estate Closing Bill.** A Final Real Estate Closing Bill is only valid for 30 days after the date of issuance.

8. PROCEDURE

- 8.1. **Requesting a Real Estate Closing Bill.** Requests should be made no less than 30 days prior to the date of closing. Requestors may email requests to closings@detroitmi.gov, by visiting a service enter, or calling customer service. The following information must be provided:
 - 8.1.1. Contact person
 - 8.1.2. Contact phone number
 - 8.1.3. Service Address
 - 8.1.4. Account number

- 8.1.5. Date available for appointment
- 8.1.6. Scheduled time frame: Morning (9am-1pm) or Afternoon (1-4pm)
- 8.1.7. Mailing address, if requesting bill by mail
- 8.1.8. Email address, if requesting bill by mail
- 8.1.9. Date of closing

8.2. DWSD's Procedures

- 8.2.1. Upon receipt of a request for a Final Real Estate Closing Bill DWSD checks the account or the meter at the service address for accuracy. Upon confirmation of the accuracy of the account, DWSD advises the customer of DWSD's findings regarding whether DWSD's initial review has determined the need for an on-site inspection/reading of the water meter, which may take up to 30 days, or if the AMR system has successfully reported a viable reading to be used for the real estate read.
- 8.2.2. If an on-site visit is required, the date and time are arranged and confirmed with the customer and the appropriate work order is entered into the customer record system. The customer's name and telephone number is recorded in the work order to allow the Field Service Technician to contact the customer while in the field on the day of the appointment, or in the event DWSD needs to reschedule the appointment to a different date.
- 8.2.3. The Field Service Technician performs the read and sends the read to Customer Service. The CSS adjusts water usage on the account to actual in the customer account system, applies any fees and prints the Final Real Estate Closing Bill.
- 8.2.4. In the event the customer is not available or has not contacted DWSD to reschedule, the work order is closed as a missed appointment, and the meter reading fee is billed to the account. A Final Real Estate Closing Bill will not be produced if the appointment is not completed. DWSD shall notify the customer if the Field Service Technician is unable to gain access to the premise and therefore unable to conduct a meter read.
- 8.2.5. Upon successful completion of the above procedures, customers shall follow the Voluntary Discontinuation of Services & Account Close Policies and Procedures to close the account. To close an account, the Seller notifies DWSD of the account close and provides supporting documentation of the executed close or a Purchaser notifies DWSD of the account open and provides supporting documentation of the purchase. In the event that the Seller does not close the account, upon opening an account in the Purchaser's name, DWSD automatically closes the Seller's account.