

Buried Oil Tanks - What was once acceptable, is no longer.



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Decades ago it was common for oil tanks to be buried underground. Environmental concerns have increased the popularity of placing oil tanks above ground, often found in garages and basements. A steel oil tank has a 40-60 year life span before it will rust to the point where it could leak. If a tank does leak/burst, the clean up could be massive and expensive.

Eight years ago there was a house on my road that had an oil tank burst in the garage while the owner was on vacation. When they got home, they found oil running down their driveway and into the street. A couple of days later there was a construction operation going on with a bulldozer, jack hammers, and dump trucks. Enviro Clean was the company doing the job and they jacked up the garage, jack hammered up the cement and black top drive and part of the basement. The kitchen had some seepage so they removed the floor and put a new one down. The insurance company saw that oil got on the town road so they authorized the company to rip up the road for a 100 foot section. The oil would eventually break down the blacktop and would be a risk the insurance company might be responsible for in the future. With the 40-60 year life span on the oil tanks starting to take place, insurance companies are assuming a lot of cost associated with ruptured tanks. I reached out to an insurance agency for their side of the issue and also a Real Estate agent, as well as an oil tank removal company.

"In my previous experience with listing homes with buried oil tank, it is advised to the Seller to have the oil tank abandonment properly done by certified companies prior to putting the house on the market. The Home Inspector will point this out to the Buyer and this can change a Buyer's mind in purchasing the home with a buried oil tank. The Buyers does not want added expense to have this done after they close on the property. Also, there would be concerns if there was a oil leak in the tank after they close can be very expensive to cleanup. This is just one helpful item for the Seller to address in preparation of selling the house so that it does not become a concern for a Prospect Buyer which slow down the buying process down the road. Be sure to check with the local insurance companies if they cover the buried oil tank if it leaks and the cost of the cleanup."



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"You have found the house of your dreams! It has the perfect get together backyard space. The smallest bedroom has already been painted pink and gray in your mind for your soon to be contemporary baby girl - or that smallest room would accommodate bookshelves for a personal library getaway.

Next step - your Mortgage Company has given you a list of

prerequisites for your closing on this house. One of these is that you purchase Homeowners' insurance prior to the closing effective date.

You call your agent and that kind of person asks many questions about your future nest - one of which is, "Does the house have an underground oil tank? Your blithe response, "Oh - yes it does!" There is a long pause from your agent. "At this time, we have no insurance company who will write insurance for that house."

Now what? Many insurance carriers writing insurance in New York State will no longer write coverage with houses that have an oil tank in the ground. Contamination from oil leaks can be a costly expense and a hazard that insurance companies prefer to avoid. What do you, as a consumer, do now?

Some buried oil tanks can be flushed by a servicing oil provider and filled with sand. Or the tank can carefully be removed from the ground by the same provider. In either case, there is a risk of ground and/or water supply contamination. So, a professional service is recommended. After years of being in the earth, an oil tank may be rusting and less sturdy than when originally installed. This is not a task to risk taking on your own.

If an oil tank is underground and you cannot bear the thought of living without THIS house, it may be a bargaining chip in the purchase of the house. You could either ask the seller to remove the tank as a condition of the sale or lower the selling cost so that you can absorb that task after purchase.

In either case, it will not be easy to find insurance coverage until this hazard is eliminated. There may be insurance carriers in New York who will still write insurance for these homes. However, they may have a clause which will remove most or all coverage for such hazards or even a

limit as to the extent of any coverage for such a loss.

Your dream house can still be a reality with the above in mind. As in many areas of our lives, we must adapt to our environmental priorities. It is a bit more of a challenge, but not unattainable."



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"The term 'legally abandoned' is widely used, however legal abandonment does not address existing or potential liabilities from leakage. We have found many instances where individuals have been given assurances that their tanks have been "legally abandoned" but during the course of investigation, prior leakage is discovered. Once title is transferred, the property owner is responsible for the cleanup. Many attorneys advise their clients to insist that the sellers have the tank removed in order for the sale to proceed.

An abandoned tank should be cut open, completely emptied of its contents and thoroughly cleaned out prior to being filled with an inert material (stone, sand, etc.). The tank will remain in the ground. Although legal, NYSDEC does not recommend this practice and states:

"...the best option is to remove the tank. In addition, should you decide to sell your home, a bank or the buyer may ask for environmental testing or the removal of the tank, which could make leaving your tank in place costlier than taking it out of the ground at the start."

From: NYSDEC: Underground Heating Oil Tanks -
A Home Owners Guide

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As long as the tank is accessible removing it is always a better decision. However, in situations where the tank is either inaccessible or removing it risks damage to the property, an abandonment is performed. It is strongly advised that a reputable environmental company be hired to perform this type of work, due to their expertise in providing the type of documentation that will be required to prove that the job was done correctly.

If a tank is discovered to have leaked, the NYSDEC must be informed and they will issue a spill number to the address. The only way to close out the spill number is to prove to them that the spill was properly cleaned up, a process called remediation. Remediation is usually accomplished by removing all of the contaminated soil and transporting it to a disposal facility. Based upon the amount of contaminated soil removed, it will be sent to either a thermal treatment plant or a landfill. On occasion not all contaminated soil can be removed. In these situations chemical treatment and/or monitoring will be required before the spill can be closed out."

It seems like the insurance companies have gone one step further then the towns. Towns are thinking about preventing buried oil tanks, where as the insurance compa-

nies out right don't want to have anything to do with the issue. I guess they have incurred too many costs in the past and see the potential for more environmental problems in the future and don't want to incur these costs. The issue is a lot more delicate then what I thought before writing this article. Agents must confront the issue before taking the listing. Owners are better off tackling the problem up front then having an emergency tank removal in order to close on the mortgage. You will pay more for the job if it's a "Rush". If the owner refuses to address the problem, they can expect a much lower offer on the house or buyers won't even make an offer on your house.

Example - I was talking to a co-worker on the subject and they said when they were shopping for their first house, they wanted to put an offer on a house but saw a vent pipe in the basement next to the new oil tank. They asked the owner if there was a buried oil tank and the owner said they had no idea. My co-worker checked the maintenance tag on the furnace and called up the oil company. They confirmed they installed the new tank two years before and nothing was done about the buried tank. Needless to say, they walked away from this house because of this issue. Seller's - don't let this happen to you. Take care of the problem so you not only won't miss out on offers but you will get a higher offer.



An abandoned underground oil tank. Inset photo: View of inside of open oil tank.

COURTESY PHOTO - LARRY ROOSA