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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**HB 399 – REAL PROPERTY – REQUIRED NOTICES FOR CONTRACTS OF SALE –
ZONES OF DEWATERING INFLUENCE**

January 19, 2021

Delegate Carol L. Krimm

WHAT DOES THIS BILL PROPOSE?

HB 399 is a reintroduction of HB 178 (2020) as amended. Subcommittee Chairman Holmes worked with myself and stakeholders on the amendments to HB 178 which proved instrumental in its unanimous passage through the House. HB 178 did not have the opportunity to pass the Senate due to the early dismissal.

HB 399 states that if a property is located within a zone of dewatering influence and is designated for sale then the vendor of the property must provide notice to a purchaser that the property is located within the zone before entering into a contract. The text of the notice is stated in the bill. If the notice is not received by the purchaser then the purchaser has the right to rescind the contract.

WHY IS THIS BILL NECESSARY?

The Maryland Department of the Environment designated Zones of Dewatering Influence (ZOI) in 2001. These are areas where sinkholes may occur as a result of quarrying activity. According to Maryland Code, Environment § 15-813, when a sinkhole damages a structure that existed at the time ZOI designation, the quarry owner may be held liable if proximate cause is found.

There are approximately 135 properties in the City of Frederick within the ZOI. Since the designation of the zone, 114 of these have transferred ownership at least once. No disclosure of the ZOI to a potential purchaser is required.

For a residential property, standard homeowner insurance is not adequate when a sinkhole occurs. Sinkhole policies can be acquired, however without reason to know it is a necessary protection, it is doubtful that these properties are covered. If disclosed at time of purchase, potential homeowners would have the ability to assess their decision to buy in the ZOI, and if so, what additional protections they may need.

There have been several sinkholes in Frederick. On September 11, 2018, an entire house, (thankfully unoccupied) collapsed into a sinkhole in the ZOI. The house next door has been condemned and will be

demolished due to structural damage from the sinkhole. The home on the other side is being tested at the expense of the landowner, Habitat for Humanity, who holds the land in perpetual affordable housing trust.

The home that collapsed had no sinkhole insurance. The house next door, which was in the owners family her entire life did, but by luck, not choice. Habitat is attempting to get sinkhole coverage for its property. None of these owners had any idea they were in a ZOI. Had this been disclosed at transfer, different choices may have been made.

Disclosure of this potential danger is necessary for informed decision making by a potential property purchaser, whether residential or non-residential. Sinkholes are a reality in Frederick, and in other communities with ZOI designations. There must be a duty to inform of the potential of such an occurrence for the safety of our residents, our business owners, and their patrons.

I urge you to support HB 399.