

HOUSE BILL 1127

I4

3lr1858
CF SB 634

By: **Delegates Jameson, Barkley, Bates, Costa, Davis, Guzzone, Hershey, Hixson, Howard, Impallaria, W. Miller, and Ready**

Introduced and read first time: February 8, 2013

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2013

CHAPTER _____

1 AN ACT concerning

2 **Commercial Law – Self-Service Storage Facilities**

3 FOR the purpose of altering certain notice procedures required to enforce a lien on
4 certain property stored in a leased space at a self-service storage facility;
5 ~~altering certain requirements relating to the advertisement of a sale to enforce~~
6 ~~a certain lien~~; providing that a certain sale held on an online auction Web site
7 shall be deemed to be held at a certain location; altering the required means of
8 delivery of certain notices; altering the circumstances under which certain
9 notices shall be deemed to be delivered to certain persons; authorizing an
10 operator of a self-service storage facility to have certain property towed or
11 removed from the self-service storage facility under certain circumstances;
12 providing that an operator of a self-service storage facility is immune from civil
13 liability under certain circumstances; providing that a certain limit on the value
14 of certain property specified in a rental agreement shall be deemed to be the
15 maximum value of the property; authorizing an operator of a self-service
16 storage facility to charge certain late fees under certain circumstances;
17 requiring a rental agreement to contain a certain statement; providing for the
18 application of this Act; defining a certain ~~terms~~ term; altering certain
19 definitions; making stylistic and clarifying changes; and generally relating to
20 self-service storage facilities.

21 BY repealing and reenacting, with amendments,

22 Article – Commercial Law

23 Section 18-501, 18-503(b), and 18-504

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland
2 (2005 Replacement Volume and 2012 Supplement)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
4 MARYLAND, That the Laws of Maryland read as follows:

5 **Article – Commercial Law**

6 18–501.

7 (a) In this subtitle the following words have the meanings indicated.

8 (b) “Default” means the failure to perform on time any obligation or duty set
9 forth in the rental agreement.

10 ~~(c) “INDEPENDENT BIDDER” MEANS A PERSON THAT:~~

11 ~~(1) BIDS IN A LIEN SALE ON PERSONAL PROPERTY STORED IN A~~
12 ~~LEASED SPACE;~~

13 ~~(2) IS NOT RELATED TO THE OCCUPANT; AND~~

14 ~~(3) HAS NO CONTROLLING INTEREST IN, OR COMMON FINANCIAL~~
15 ~~INTEREST WITH, THE OCCUPANT OR ANY OTHER BIDDER.~~

16 ~~{(c)}~~ ~~(d)~~ “Last known address” means that address **OR ELECTRONIC MAIL**
17 **ADDRESS** provided by the occupant in the rental agreement or the address **OR**
18 **ELECTRONIC MAIL ADDRESS** provided by the occupant in a subsequent written
19 notice of a change of address.

20 ~~{(d)}~~ ~~(e)~~ “Leased space” means the individual storage space at the
21 self–service facility which is rented to an occupant pursuant to a rental agreement.

22 ~~{(e)}~~ ~~(f)~~ “Occupant” means a person, a sublessee, successor, or assign,
23 entitled to the use of a leased space at a self–service storage facility under a rental
24 agreement.

25 ~~{(f)}~~ ~~(g)~~ (1) “Operator” means the owner, operator, lessor, or sublessor of
26 a self–service storage facility, an agent, or any other person authorized to manage the
27 facility.

28 (2) “Operator” does not [mean] **INCLUDE** a warehouseman, unless the
29 operator issues a warehouse receipt, bill of lading, or other document of title for the
30 personal property stored.

1 ~~{(g)}~~ ~~{(H)}~~ (1) “Personal property” means movable property, not affixed to
2 land.

3 (2) “Personal property” includes[, but is not limited to,] goods, wares,
4 merchandise, motor vehicles, watercraft, and household items and furnishings.

5 ~~{(h)}~~ ~~{(I)}~~ “Rental agreement” means any written agreement that establishes
6 or modifies the terms, conditions, or rules concerning the use and occupancy of a
7 self-service storage facility.

8 ~~{(i)}~~ ~~{(J)}~~ “Self-service storage facility” means any real property used for
9 renting or leasing individual storage spaces in which the occupants themselves
10 customarily store and remove their own personal property on a “self-service” basis.

11 ~~{(k)}~~ **{(J)}** **“VERIFIED MAIL” MEANS ANY METHOD OF MAILING THAT IS**
12 **OFFERED BY THE UNITED STATES POSTAL SERVICE OR PRIVATE DELIVERY**
13 **SERVICE THAT PROVIDES EVIDENCE OF MAILING.**

14 18-503.

15 (b) The rental agreement shall contain a statement, in bold type, advising
16 the occupant:

17 (1) Of the existence of the lien; [and]

18 (2) That **PERSONAL** property stored in the leased space may be sold to
19 satisfy the lien if the occupant is in default; **AND**

20 **(3) THAT PERSONAL PROPERTY STORED IN THE LEASED SPACE**
21 **MAY BE TOWED OR REMOVED FROM THE SELF-SERVICE STORAGE FACILITY IF:**

22 **(I) THE PERSONAL PROPERTY IS A MOTOR VEHICLE OR**
23 **WATERCRAFT; AND**

24 **(II) THE OCCUPANT IS IN DEFAULT FOR MORE THAN 60**
25 **DAYS.**

26 18-504.

27 (a) (1) If the occupant is in default for a period of more than 60 days, the
28 operator may enforce the lien by selling the **PERSONAL** property stored in the leased
29 space at a public sale, for cash.

30 (2) Proceeds from the sale shall be applied to satisfy the lien, and any
31 surplus shall be disbursed as provided in subsection (e) of this section.

1 (b) (1) Before conducting a sale under subsection (a) OF THIS SECTION,
2 the operator shall[:

3 (1) Notify], SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,
4 NOTIFY the occupant of the default by [regular mail] HAND DELIVERY, VERIFIED
5 MAIL, OR ELECTRONIC MAIL at the occupant's last known address[;].

6 (2) (I) [Send a second notice of default by certified mail, return
7 receipt requested, to the occupant at the occupant's last known address which
8 includes] THE OPERATOR MAY NOT NOTIFY THE OCCUPANT OF THE DEFAULT BY
9 ELECTRONIC MAIL UNLESS THE RENTAL AGREEMENT, OR A WRITTEN CHANGE
10 TO THE RENTAL AGREEMENT, SPECIFIES THAT NOTICE MAY BE GIVEN BY
11 ELECTRONIC MAIL.

12 (II) IF THE OPERATOR NOTIFIES THE OCCUPANT OF THE
13 DEFAULT BY ELECTRONIC MAIL AT THE OCCUPANT'S LAST KNOWN ADDRESS
14 AND DOES NOT RECEIVE A RESPONSE OR A CONFIRMATION OF DELIVERY SENT
15 FROM THE OCCUPANT'S ELECTRONIC MAIL ADDRESS, THE OPERATOR SHALL
16 SEND A SECOND NOTICE OF DEFAULT TO THE OCCUPANT BY VERIFIED MAIL TO
17 THE OCCUPANT'S LAST KNOWN POSTAL ADDRESS.

18 (3) THE NOTICE SHALL INCLUDE:

19 (i) A statement that the contents of the occupant's leased space
20 are subject to the operator's lien;

21 (ii) A statement of the operator's claim, indicating the charges
22 due on the date of the notice, the amount of any additional charges which shall become
23 due before the date of sale, and the date those additional charges shall become due;

24 (iii) A demand for payment of the charges due within a specified
25 time, not less than 14 days after the date that the notice was mailed;

26 (iv) A statement that unless the claim is paid within the time
27 stated, the contents of the occupant's space will be sold at a specified time and place;
28 and

29 (v) The name, street address, and telephone number of the
30 operator, or his designated agent, whom the occupant may contact to respond to the
31 notice[; and].

32 [(3)] (4) (I) At least 3 days before [the] CONDUCTING A sale
33 UNDER THIS SECTION, THE OPERATOR SHALL advertise the time, place, and terms
34 of the sale in a newspaper of general circulation in the jurisdiction where the sale is to
35 be held ~~OR IN ANY OTHER COMMERCIALY REASONABLE MANNER.~~

1 ~~(H) THE MANNER OF ADVERTISEMENT SHALL BE DEEMED~~
2 ~~COMMERCIALY REASONABLE IF AT LEAST THREE INDEPENDENT BIDDERS~~
3 ~~ATTEND THE SALE.~~

4 (c) At any time before a sale under this section, the occupant may pay the
5 amount necessary to satisfy the lien and redeem the occupant's personal property.

6 (d) **(1)** [The] A sale under this section shall be held at the self-service
7 storage facility where the personal property is stored.

8 **(2)** **A SALE UNDER THIS SECTION SHALL BE DEEMED TO BE HELD**
9 **AT THE SELF-SERVICE STORAGE FACILITY WHERE THE PERSONAL PROPERTY IS**
10 **STORED IF THE SALE IS HELD ON AN ONLINE AUCTION WEB SITE.**

11 (e) If a sale is held under this section, the operator shall:

12 (1) Satisfy the lien from the proceeds of the sale; and

13 (2) Hold the balance, if any, for delivery on demand to the occupant or
14 any other recorded lienholders.

15 (f) A purchaser in good faith of any personal property sold under this
16 subtitle takes the property free and clear of any rights of:

17 (1) Persons against whom the lien was valid; and

18 (2) Other lienholders.

19 (g) If the operator complies with the provisions of this subtitle, the operator's
20 liability:

21 (1) To the occupant shall be limited to the net proceeds received from
22 the sale of the personal property; and

23 (2) To other lienholders shall be limited to the net proceeds received
24 from the sale of any personal property covered by that other lien.

25 (h) If an occupant is in default, the operator may deny the occupant access to
26 the leased space.

27 (i) **(1)** [Unless otherwise specifically provided, all notices required by this
28 subtitle shall be sent by certified mail, return receipt requested.

1 (2)] (i) Notices sent to the operator shall be sent to the self-service
2 storage facility where the occupant's PERSONAL property is stored **BY HAND**
3 **DELIVERY OR VERIFIED MAIL.**

4 (ii) Notices to the occupant shall be sent to the occupant at the
5 occupant's last known address.

6 **[(3)] (2)** Notices shall be deemed delivered when **[deposited]:**

7 **(I) DEPOSITED** with the United States Postal Service **OR A**
8 **PRIVATE DELIVERY SERVICE**, properly addressed as provided in subsection (b) **OF**
9 **THIS SECTION**, with postage prepaid; **OR**

10 **(II) SENT BY ELECTRONIC MAIL TO THE OCCUPANT'S LAST**
11 **KNOWN ADDRESS.**

12 **[(j)]** The operator shall retain a copy of the second notice of default and the
13 return receipt as provided in subsection (b)(2) of this section for 6 months following the
14 date of the lien sale.]

15 **(J) (1) IF THE OCCUPANT IS IN DEFAULT FOR MORE THAN 60 DAYS**
16 **AND THE PERSONAL PROPERTY STORED IN THE LEASED SPACE IS A MOTOR**
17 **VEHICLE OR WATERCRAFT, THE OPERATOR MAY HAVE THE PERSONAL**
18 **PROPERTY TOWED OR REMOVED FROM THE SELF-SERVICE STORAGE FACILITY**
19 **IN LIEU OF A SALE AUTHORIZED UNDER SUBSECTION (A) OF THIS SECTION.**

20 **(2) THE OPERATOR SHALL BE IMMUNE FROM CIVIL LIABILITY**
21 **FOR ANY DAMAGE TO THE PERSONAL PROPERTY TOWED OR REMOVED FROM**
22 **THE SELF-SERVICE STORAGE FACILITY UNDER PARAGRAPH (1) OF THIS**
23 **SUBSECTION THAT OCCURS AFTER THE PERSON THAT UNDERTAKES THE**
24 **TOWING OR REMOVAL OF THE PERSONAL PROPERTY TAKES POSSESSION OF THE**
25 **PERSONAL PROPERTY.**

26 **(K) IF A RENTAL AGREEMENT SPECIFIES A LIMIT ON THE VALUE OF**
27 **PERSONAL PROPERTY THAT MAY BE STORED IN THE OCCUPANT'S LEASED**
28 **SPACE, THE LIMIT SHALL BE DEEMED TO BE THE MAXIMUM VALUE OF THE**
29 **STORED PERSONAL PROPERTY.**

30 **(L) (1) THE OPERATOR MAY CHARGE THE OCCUPANT A REASONABLE**
31 **LATE FEE FOR EACH MONTH THE OCCUPANT DOES NOT PAY RENT WHEN DUE.**

32 **(2) A FEE UNDER THIS SUBSECTION MAY NOT BE MORE THAN THE**
33 **GREATER OF:**

- 1 **(I) \$20 A MONTH; OR**
- 2 **(II) 20% OF THE MONTHLY RENT FOR THE LEASED SPACE.**
- 3 **(3) THE OPERATOR MAY NOT CHARGE A FEE UNDER THIS**
4 **SUBSECTION UNLESS THE OPERATOR DISCLOSES IN THE RENTAL AGREEMENT:**
- 5 **(I) THE AMOUNT OF THE FEE; AND**
- 6 **(II) THE TIMING FOR CHARGING THE FEE.**
- 7 **(4) A FEE UNDER THIS SUBSECTION MAY BE CHARGED IN**
8 **ADDITION TO ANY OTHER REMEDY PROVIDED BY LAW OR CONTRACT.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
10 construed to apply only prospectively and may not be applied or interpreted to have
11 any effect on or application to any rental agreements or contracts executed or renewed
12 before the effective date of this Act.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2013.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.