

HOUSE BILL 786

I4

(5lr2442)

ENROLLED BILL

— Economic Matters/Finance —

Introduced by **Delegates Davis, Adams, Arentz, Aumann, Barkley, Branch, Brooks, Carey, Fisher, Frick, Glenn, S. Howard, Impallaria, Jameson, Kramer, Lisanti, Mautz, W. Miller, Valderrama, Vaughn, and C. Wilson**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Self-Service Storage Facilities – Enforcement of Lien – ~~Advertisement of Sale~~**
3 **Procedures**

4 FOR the purpose of ~~authorizing a sale to enforce a lien on personal property stored in a~~
5 ~~leased space at a self-service storage facility to be advertised in any commercially~~
6 ~~reasonable manner specified in the rental agreement or a written change to the~~
7 ~~rental agreement; establishing that the manner of advertisement shall be deemed~~
8 ~~commercially reasonable under certain circumstances; defining a certain term;~~
9 *altering certain notice procedures required to enforce a lien on certain property stored*
10 *in a leased space at a self-service storage facility; requiring a certain agreement to*
11 *contain a certain statement; establishing that the balance of proceeds from a certain*
12 *sale is presumed abandoned under certain circumstances; altering certain procedures*

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.

Italics indicate opposite chamber/conference committee amendments.



1 required for the administration of certain proceeds from a certain sale; and generally
2 relating to self-service storage facilities.

3 BY adding to

4 Article – Commercial Law

5 Section 17-307.1

6 Annotated Code of Maryland

7 (2013 Replacement Volume and 2014 Supplement)

8 BY repealing and reenacting, without amendments,

9 Article – Commercial Law

10 Section 18-504(a)

11 Annotated Code of Maryland

12 (2013 Replacement Volume and 2014 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Commercial Law

15 Section ~~18-504(b)~~ 18-503 and 18-504(b) and (e)

16 Annotated Code of Maryland

17 (2013 Replacement Volume and 2014 Supplement)

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

20 **Article – Commercial Law**

21 **17-307.1.**

22 **THE BALANCE OF THE PROCEEDS FROM THE SALE OF PERSONAL PROPERTY**
23 **STORED AT A SELF-SERVICE STORAGE FACILITY THAT IS UNCLAIMED AFTER THE**
24 **EXPIRATION OF THE 1 YEAR PERIOD SPECIFIED IN § 18-504(E) OF THIS ARTICLE IS**
25 **PRESUMED ABANDONED.**

26 **18-503.**

27 (a) The operator of a self-service storage facility has a lien on all personal property
28 stored within each leased space for rent, labor, or other charges, and for expenses reasonably
29 incurred in its sale, as provided in this subtitle.

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

32 (1) Of the existence of the lien;

33 (2) That personal property stored in the leased space may be sold to satisfy
34 the lien if the occupant is in default; [and]

1 (3) That personal property stored in the leased space may be towed or
2 removed from the self-service storage facility if:

3 (i) The personal property is a motor vehicle or watercraft; and

4 (ii) The occupant is in default for more than 60 days; AND

5 (4) THAT A SALE OF PERSONAL PROPERTY STORED IN THE LEASED
6 SPACE TO SATISFY THE LIEN IF THE OCCUPANT IS IN DEFAULT MAY BE ADVERTISED:

7 (I) IN A NEWSPAPER OF GENERAL CIRCULATION IN THE
8 JURISDICTION WHERE THE SALE IS TO BE HELD;

9 (II) BY ELECTRONIC MAIL; OR

10 (III) ON AN ONLINE WEB SITE.

11 18-504.

12 (a) (1) If the occupant is in default for a period of more than 60 days, the
13 operator may enforce the lien by selling the personal property stored in the leased space at
14 a public sale, for cash.

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

17 (b) (1) Before conducting a sale under subsection (a) of this section, the
18 operator shall, subject to paragraph (2) of this subsection, notify the occupant of the default
19 by hand delivery, verified mail, or electronic mail at the occupant's last known address.

20 (2) (i) The operator may not notify the occupant of the default by
21 electronic mail unless:

22 1. the rental agreement, or a written change to the rental
23 agreement, specifies, IN BOLD TYPE, that notice may be given by electronic mail; AND

24 2. THE OCCUPANT PROVIDES THE OCCUPANT'S INITIALS
25 NEXT TO THE STATEMENT IN THE RENTAL AGREEMENT SPECIFYING THAT NOTICE OF
26 DEFAULT MAY BE GIVEN BY ELECTRONIC MAIL.

27 (ii) If the operator notifies the occupant of the default by electronic
28 mail at the occupant's last known address and does not receive a response or a confirmation
29 of delivery sent from the occupant's electronic mail address, the operator shall send a
30 second notice of default to the occupant by verified mail to the occupant's last known postal
31 address.

1 (3) The notice shall include:

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

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

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

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

11 (v) The name, street address, and telephone number of the operator,
12 or his designated agent, whom the occupant may contact to respond to the notice.

13 (4) (I) ~~At~~ SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,
14 AT least 3 days before conducting a sale under this section, the operator shall advertise the
15 time, place, and terms of the sale ~~in~~ [a]:

16 1. ~~A~~ INA newspaper of general circulation in the jurisdiction
17 where the sale is to be held; ~~OR~~

18 2. ~~ANY OTHER COMMERCIALY REASONABLE MANNER~~
19 ~~SPECIFIED IN THE RENTAL AGREEMENT OR A WRITTEN CHANGE TO THE RENTAL~~
20 ~~AGREEMENT~~ BY ELECTRONIC MAIL; OR

21 3. ON AN ONLINE WEB SITE.

22 (II) 1. ~~IN THIS SUBPARAGRAPH, "INDEPENDENT BIDDER"~~
23 ~~MEANS A BIDDER WHO IS NOT RELATED TO AND HAS NO CONTROLLING INTEREST IN,~~
24 ~~OR COMMON PECUNIARY INTEREST WITH, THE OPERATOR OR ANY OTHER BIDDER.~~

25 2. ~~THE MANNER OF ADVERTISEMENT OF A SALE UNDER~~
26 ~~SUBPARAGRAPH (I)2 OF THIS PARAGRAPH SHALL BE DEEMED COMMERCIALY~~
27 ~~REASONABLE IF AT LEAST THREE INDEPENDENT BIDDERS ATTEND THE SALE AT THE~~
28 ~~TIME AND PLACE ADVERTISED. THE OPERATOR MAY NOT ADVERTISE THE SALE IN~~
29 THE MANNER PROVIDED UNDER SUBPARAGRAPH (I)2 OR 3 OF THIS PARAGRAPH
30 UNLESS THE OCCUPANT PROVIDES THE OCCUPANT'S INITIALS NEXT TO THE
31 STATEMENT IN THE RENTAL AGREEMENT REQUIRED UNDER § 18-503(B)(4) OF THIS
32 SUBTITLE.

1 (e) (1) If a sale is held under this section, the operator shall:

2 ~~[(1)]~~ (I) Satisfy the lien from the proceeds of the sale; and

3 [(2) Hold the balance, if any, for delivery on demand to the occupant or any
4 other recorded lienholders]

5 (II) MAIL THE BALANCE, IF ANY, BY CERTIFIED MAIL TO THE
6 OCCUPANT OR ANY OTHER RECORDED LIENHOLDER AT THE LAST KNOWN ADDRESS
7 OF THE OCCUPANT OR LIENHOLDER.

8 (2) (I) IF THE BALANCE IS RETURNED TO THE OPERATOR AFTER
9 THE OPERATOR MAILED THE BALANCE IN THE MANNER REQUIRED UNDER
10 PARAGRAPH (1)(II) OF THIS SUBSECTION, THE OPERATOR SHALL HOLD THE
11 BALANCE FOR 1 YEAR AFTER THE DATE OF SALE FOR DELIVERY ON DEMAND TO THE
12 OCCUPANT OR ANY OTHER RECORDED LIENHOLDER.

13 (II) AFTER EXPIRATION OF THE 1 YEAR PERIOD, THE BALANCE
14 IS PRESUMED ABANDONED UNDER § 17-307.1 OF THIS ARTICLE.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2015.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.