

# SENATE BILL 634

I4

(3lr1575)

## ENROLLED BILL

— Finance/Economic Matters —

Introduced by **Senators Peters, Currie, DeGrange, Glassman, Kittleman, Klausmeier, and Robey**

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.

\_\_\_\_\_  
President.

### 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

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#### 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 maximum value of the property; authorizing an operator of a self-service  
 2 storage facility to charge certain late fees under certain circumstances;  
 3 requiring a rental agreement to contain a certain statement; providing for the  
 4 application of this Act; defining a certain term; altering certain  
 5 definitions; making stylistic and clarifying changes; and generally relating to  
 6 self-service storage facilities.

7 BY repealing and reenacting, with amendments,  
 8 Article – Commercial Law  
 9 Section 18–501, 18–503(b), and 18–504  
 10 Annotated Code of Maryland  
 11 (2005 Replacement Volume and 2012 Supplement)

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

14 **Article – Commercial Law**

15 18–501.

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

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

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

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

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

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

25 ~~{(c)}~~ ~~(D)~~ “Last known address” means that address **OR ELECTRONIC MAIL**  
 26 **ADDRESS** provided by the occupant in the rental agreement or the address **OR**  
 27 **ELECTRONIC MAIL ADDRESS** provided by the occupant in a subsequent written  
 28 notice of a change of address.

29 ~~{(d)}~~ ~~(E)~~ “Leased space” means the individual storage space at the  
 30 self-service facility which is rented to an occupant pursuant to a rental agreement.

31 ~~{(e)}~~ ~~(F)~~ “Occupant” means a person, a sublessee, successor, or assign,  
 32 entitled to the use of a leased space at a self-service storage facility under a rental  
 33 agreement.

1           ~~{(f)}~~ ~~(G)~~     (1)     “Operator” means the owner, operator, lessor, or sublessor of  
2 a self-service storage facility, an agent, or any other person authorized to manage the  
3 facility.

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

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

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

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

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

17           ~~(K)~~ **(J)**     **“VERIFIED MAIL” MEANS ANY METHOD OF MAILING THAT IS**  
18 **OFFERED BY THE UNITED STATES POSTAL SERVICE OR PRIVATE DELIVERY**  
19 **SERVICE THAT PROVIDES EVIDENCE OF MAILING.**

20 18-503.

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

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

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

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

28                   **(I)     THE PERSONAL PROPERTY IS A MOTOR VEHICLE OR**  
29 **WATERCRAFT; AND**

30                   **(II)    THE OCCUPANT IS IN DEFAULT FOR MORE THAN 60**  
31 **DAYS.**

1 18-504.

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

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

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

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

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

18 **(II) IF THE OPERATOR NOTIFIES THE OCCUPANT OF THE**  
19 **DEFAULT BY ELECTRONIC MAIL AT THE OCCUPANT'S LAST KNOWN ADDRESS AND**  
20 **DOES NOT RECEIVE A RESPONSE OR A CONFIRMATION OF DELIVERY SENT FROM**  
21 **THE OCCUPANT'S ELECTRONIC MAIL ADDRESS, THE OPERATOR SHALL SEND A**  
22 **SECOND NOTICE OF DEFAULT TO THE OCCUPANT BY VERIFIED MAIL TO THE**  
23 **OCCUPANT'S LAST KNOWN POSTAL ADDRESS.**

24 (3) **THE NOTICE SHALL INCLUDE:**

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

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

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

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

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

7 ~~[(3)]~~ (4) ~~(H)~~ At least 3 days before [the] **CONDUCTING A sale**  
8 **UNDER THIS SECTION, THE OPERATOR SHALL** advertise the time, place, and terms  
9 of the sale in a newspaper of general circulation in the jurisdiction where the sale is to  
10 be held ~~OR IN ANY OTHER COMMERCIALY REASONABLE MANNER.~~

11 ~~(H) THE MANNER OF ADVERTISEMENT SHALL BE DEEMED~~  
12 ~~COMMERCIALY REASONABLE IF AT LEAST THREE INDEPENDENT BIDDERS~~  
13 ~~ATTEND THE SALE.~~

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

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

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

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

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

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

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

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

28 (2) Other lienholders.

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

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

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

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

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

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

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

12           **[(3)] (2)** Notices shall be deemed delivered when **[deposited]:**

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

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

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

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

26                       **(2) THE OPERATOR SHALL BE IMMUNE FROM CIVIL LIABILITY**  
27 **FOR ANY DAMAGE TO THE PERSONAL PROPERTY TOWED OR REMOVED FROM**  
28 **THE SELF-SERVICE STORAGE FACILITY UNDER PARAGRAPH (1) OF THIS**  
29 **SUBSECTION THAT OCCURS AFTER THE PERSON THAT UNDERTAKES THE**  
30 **TOWING OR REMOVAL OF THE PERSONAL PROPERTY TAKES POSSESSION OF THE**  
31 **PERSONAL PROPERTY.**

32           **(K) IF A RENTAL AGREEMENT SPECIFIES A LIMIT ON THE VALUE OF**  
33 **PERSONAL PROPERTY THAT MAY BE STORED IN THE OCCUPANT'S LEASED**

1 SPACE, THE LIMIT SHALL BE DEEMED TO BE THE MAXIMUM VALUE OF THE  
2 STORED PERSONAL PROPERTY.

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

5 (2) A FEE UNDER THIS SUBSECTION MAY NOT BE MORE THAN THE  
6 GREATER OF:

7 (I) \$20 A MONTH; OR

8 (II) 20% OF THE MONTHLY RENT FOR THE LEASED SPACE.

9 (3) THE OPERATOR MAY NOT CHARGE A FEE UNDER THIS  
10 SUBSECTION UNLESS THE OPERATOR DISCLOSES IN THE RENTAL AGREEMENT:

11 (I) THE AMOUNT OF THE FEE; AND

12 (II) THE TIMING FOR CHARGING THE FEE.

13 (4) A FEE UNDER THIS SUBSECTION MAY BE CHARGED IN  
14 ADDITION TO ANY OTHER REMEDY PROVIDED BY LAW OR CONTRACT.

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

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.