

Senator Kirk A. Cullimore proposes the following substitute bill:

SELF-SERVICE STORAGE AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kirk A. Cullimore

House Sponsor: James A. Dunnigan

LONG TITLE

General Description:

This bill modifies requirements for self-service storage facilities.

Highlighted Provisions:

This bill:

- ▶ adds additional requirements for the written notice to the occupant before the disposal of personal property; and
- ▶ enacts standards for the renewal of a rental agreement with a self-service storage facility.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

38-8-2, as last amended by Laws of Utah 2013, Chapter 163

38-8-3, as last amended by Laws of Utah 2021, Chapter 355

ENACTS:

38-8-6, Utah Code Annotated 1953



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Be it enacted by the Legislature of the state of Utah:

Section 1. Section 38-8-2 is amended to read:

38-8-2. Lien against stored property -- Attachment and duration -- Search for financing statement prerequisite to enforcement of lien.

(1) When an owner and an occupant enter into a rental agreement, the owner and the owner's heirs, executors, administrators, successors, and assigns have a lien upon all personal property located at the self-service storage facility for rent, labor, or other charges, present or future, in relation to the personal property and for expenses necessary for its preservation or expenses reasonably incurred in its sale under this chapter.

(2) The lien described in Subsection (1) attaches on the date the personal property is brought to the self-service storage facility and continues so long as the owner retains possession and until any default is corrected or a sale pursuant to a default is conducted to satisfy the lien.

(3) (a) A rental agreement shall state that:

~~[(a)]~~ (i) an owner is entitled to sell, donate, or dispose of all personal property stored at the self-service storage facility pursuant to the rental agreement if the occupant is in default for a continuous 30-day period; and

~~[(b)]~~ (ii) the occupant shall disclose to the owner any lienholders that have an interest in the property that will be stored at the self-service storage facility.

(b) (i) An owner may impose and collect a reasonable late fee for each period described in the rental agreement that an occupant does not timely pay rent, fees, or other charges due under the rental agreement if the fee and the conditions for imposing the fee are stated in the rental agreement.

(ii) A late fee of the greater of \$20 or 20% of the monthly rent, for each period described in the rental agreement, is a reasonable fee and is not considered a penalty.

(4) If a rental agreement states a maximum, aggregate value of the personal property that may be stored at the occupant's storage space, the occupant may not assert that the value of the personal property actually stored at the occupant's storage space exceeds the maximum amount stated in the rental agreement.

(5) (a) Before an owner takes enforcement action under Section 38-8-3, the owner shall

57 determine if a financing statement filed in accordance with Title 70A, Chapter 9a, Part 5,
58 Filing, has been filed with the Division of Corporations and Commercial Code concerning the
59 property to be sold.

60 (b) A security interest evidenced by a financing statement filed in accordance with
61 Title 70A, Chapter 9a, Part 5, Filing, has priority over the lien provided by this section.

62 Section 2. Section **38-8-3** is amended to read:

63 **38-8-3. Enforcement of lien -- Notice requirements -- Sale procedure and effect.**

64 (1) An owner may enforce a lien described in Section **38-8-2** against an occupant [~~if:~~]
65 and sell, donate, or dispose of stored property under Subsection **38-8-3**, without liability if:

66 (a) the occupant is in default for a continuous 30-day period; and

67 (b) the owner provides written notice of the owner's intent to enforce the lien, in
68 accordance with the requirements of this section, to:

69 (i) the occupant;

70 (ii) each lienholder disclosed by the occupant under Subsection **38-8-2(3)(b)**;

71 (iii) each person that has filed a valid financing statement with the Division of
72 Corporations and Commercial Code; and

73 (iv) each person identified as a lienholder in the records of the Motor Vehicle Division.

74 (2) The owner may sell, donate, or dispose of any property remaining at the self-service
75 storage facility at the end of a rental agreement without liability if:

76 (a) the owner has provided written notice to the occupant by first-class mail to the
77 occupant's last known address or by email to the occupant's last known email address;

78 (b) the written notice states that the owner will sell, donate, or dispose of the property
79 following a specified date at least 15 days after the date of the notice, unless the occupant
80 removes the property before the specified date; and

81 (c) any proceeds remaining after the owner deducts rent, labor or other charges, and
82 expenses reasonably incurred in the sale or disposal of the personal property are delivered to
83 the Utah state treasurer as unclaimed property.

84 [~~(2)~~] (3) An owner shall provide the written notice described in Subsection (1)(b):

85 (a) in person;

86 (b) by certified mail, to the person's last known address; or

87 (c) subject to Subsection [~~(3)~~] (4), by email, to the person's last know email address.

88 ~~[(3)]~~ (4) If an owner sends a notice described in Subsection ~~[(2)]~~ (3) by email and does
89 not receive a response, return receipt, or delivery confirmation from the email address to which
90 the notice was sent within three business days after the day on which the notice was sent, the
91 owner shall deliver the notice in person or by certified mail to the person's last known address.

92 ~~[(4)]~~ (5) A written notice described in Subsection (1)(b) shall include:

93 (a) an itemized statement of the owner's claim showing the sum due at the time of the
94 notice and the date when the sum became due;

95 (b) a brief description of the personal property subject to the lien that permits the
96 person to identify the property, unless the property is locked, fastened, sealed, tied, or
97 otherwise stored in a manner that prevents immediate identification of the property;

98 (c) if permitted by the terms of the rental agreement, a notice that the occupant may not
99 access the occupant's personal property until the occupant complies with the requirements
100 described in Subsection ~~[(9)]~~ (10);

101 (d) the name, street address, and telephone number of the owner or the individual the
102 occupant may contact to respond to the notification;

103 (e) a demand for payment within a specified time not less than 15 days after the day on
104 which the notice is delivered; and

105 (f) a conspicuous statement that, unless the claim is paid within the time stated in the
106 notice, the owner will:

107 (i) sell, donate, or dispose of the personal property; or

108 (ii) ~~[will be advertised for sale and will]~~ advertise the personal property to be sold at a
109 specified time and place.

110 ~~[(5)]~~ (6) A notice under this section shall be presumed delivered when it is deposited
111 with the United States Postal Service and properly addressed with postage prepaid.

112 ~~[(6)]~~ (7) (a) (i) After the expiration of the time given in the notice, the owner shall
113 publish an advertisement of the sale of the personal property subject to the lien once in a
114 newspaper of general circulation in the county where the self-service storage facility is located.

115 (ii) An advertisement described in Subsection ~~[(6)(a)(i)]~~ (7)(a)(i) shall include:

116 (A) the address of the self-service storage facility and the number, if any, of the space
117 where the personal property is located;

118 (B) the name of the occupant; and

119 (C) the time, place, and manner of the sale, which shall take place not sooner than 15
120 days after the day on which the sale is advertised under Subsection [~~(6)(a)(i)~~] (7)(a)(i) .

121 (b) Subsection [~~(6)(a)~~] (7)(a) does not apply if:

122 (i) the owner:

123 (A) provided the notice described in Subsection (1)(b) by email; and

124 (B) received a response or return receipt from the email address to which the notice
125 was sent; or

126 (ii) the owner:

127 (A) provided the notice described in Subsection (1)(b) by certified mail; and

128 (B) has evidence of providing the notice by certified mail.

129 [~~(7)~~] (8) A sale of the personal property shall conform to the terms of the notice
130 provided for in this section.

131 [~~(8)~~] (9) A sale of the personal property shall be held at the self-service storage facility,
132 at the nearest suitable place to where the personal property is held or stored, or online.

133 [~~(9)~~] (10) Before a sale of personal property under this section, the occupant may pay
134 the amount necessary to satisfy the lien and the reasonable expenses incurred under this section
135 and thereby redeem the personal property; upon receipt of this payment, the owner shall return
136 the personal property, and thereafter the owner shall have no liability to any person with respect
137 to that personal property.

138 [~~(10)~~] (11) A purchaser in good faith of the personal property sold to satisfy a lien as
139 provided for in this chapter takes the property free of any rights of persons against whom the
140 lien was valid and free of any rights of a secured creditor, despite noncompliance by the owner
141 with the requirements of this section.

142 [~~(11)~~] (12) In the event of a sale under this section, the owner may satisfy the lien for
143 the proceeds of the sale, subject to the rights of any prior lienholder; the lien rights of the prior
144 lienholder are automatically transferred to the proceeds of the sale; if the sale is made in good
145 faith and is conducted in a reasonable manner, the owner shall not be subject to any surcharge
146 for a deficiency in the amount of a prior secured lien, but shall hold the balance, if any, for
147 delivery to the occupant, lienholder, or other person in interest; if the occupant, lienholder, or
148 other person in interest does not claim the balance of the proceeds within one year of the date
149 of sale, it shall become the property of the Utah state treasurer as unclaimed property with no

150 further claim against the owner.

151 ~~[(+2)]~~ (13) If the requirements of this chapter are not satisfied, if the sale of the
152 personal property is not in conformity with the notice of sale, or if there is a willful violation of
153 this chapter, nothing in this section affects the rights and liabilities of the owner, occupant, or
154 any other person.

155 Section 3. Section **38-8-6** is enacted to read:

156 **38-8-6. Renewal.**

157 (1) An owner may modify the terms of a rental agreement upon giving notice in writing
158 to the occupant:

159 (a) by first-class mail to the occupant's last known address; or

160 (b) by email to the occupant's last known email address.

161 (2) An owner shall send written notice to modify the terms of the rental agreement at
162 least 30 days before the day on which the modified terms take effect.

163 (3) The occupant is bound by the terms of the modified rental agreement if the
164 occupant continues to store personal property at the self-service storage facility beginning on
165 the date the modified rental agreement takes effect if the owner complies with Subsection
166 (1)(a) or (b).

167 Section 4. **Effective date.**

168 This bill takes effect on May 1, 2024.