

H.74

An act relating to making miscellaneous changes concerning self-storage businesses

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 9 V.S.A. chapter 98 is amended to read:

CHAPTER 98. STORAGE UNITS

§ 3901. DEFINITIONS

As used in this chapter, ~~the following terms shall have the following meanings:~~

(1) “Default” means the violation or failure to perform a duty or obligation created in this chapter or in a rental agreement.

(2) “Electronic mail” means the transmission of information through computer or other electronic means or a communication sent to a person identified by a unique electronic address.

(3) “Last known address” means that the mailing address, and the e-mail address if applicable, provided by the occupant in the a rental agreement or the address provided by the occupant in a subsequent written notice of a change of address.

(4)(A) “Late fee” means a fee or charge assessed for an occupant’s failure to pay rent or other fees, charges, or expenses when due.

(B) “Late fee” does not include:

(i) interest on a debt;

(ii) reasonable expenses, fees, or charges incurred in the collection of unpaid rent or expenses; or

(iii) fees or charges associated with the enforcement of any other remedy provided by law or a rental agreement.

~~(2)~~(5) “Occupant” means a person, successor, assignee, agent, or representative entitled to the use of the storage space in a self-storage facility under a rental agreement to the exclusion of others.

~~(3)~~(6) “Owner” means the owner, operator, lessor, or sublessor of a self-storage facility, an agent, or any other person authorized by the owner to manage the facility or to receive rent from an occupant under a rental agreement.

(7) “Personal information” means written information about a person that is not publicly available and that readily identifies that person or is closely associated with that person, including a Social Security number, credit or debit card information, a bank account number, medical information, or passport information.

~~(4)~~(8) “Personal property” means movable property not affixed to land, and includes goods, merchandise, and household items.

~~(5)~~(9) “Rental agreement” means ~~any~~ a written agreement that establishes or modifies the terms, conditions, rules, or any other provision concerning the use and occupancy of ~~a self-storage facility~~ storage space.

~~(6)~~(10)(A) “Self-storage facility” means ~~any~~ real property designed and used for the purpose of renting or leasing individual storage space to ~~occupants who are to have access to such space for the purpose of storing and removing personal property~~ an occupant.

(B) A self-storage facility is not a “warehouse” as ~~used in Article 7 of the Uniform Commercial Code (U.C.C.) as codified in Title~~ defined in 9A V.S.A. § 7-102. ~~If an owner issues any warehouse receipt, bill of lading, or other document of title for the personal property stored, the owner and the occupant are subject to the U.C.C., and this act does not apply.~~

(11) “Storage space” means the individual space at a self-storage facility that is rented to an occupant under a rental agreement.

#### § 3902. RESIDENTIAL PURPOSES

(a) ~~No occupant shall~~ An occupant shall not use storage space at a self-storage facility for residential purposes.

(b) ~~No owner shall~~ An owner shall not knowingly permit the use of a storage space ~~at a self-storage facility to be used~~ for residential purposes.

#### § 3903. DISCLOSURES

(a) A rental agreement shall contain the following:

- (1) ~~The~~ the name and address of the owner and occupant;
- (2) ~~The~~ the actual monthly occupancy charge, rent, or lease amount for the storage space provided, expressed in dollars;
- (3) ~~An itemization of other charges imposed or which may be imposed in connection with~~
  - (A) disclosure of the charges the owner may impose for the occupancy;
  - (B) a description of the charges, including any security deposit and the conditions for retaining or returning the deposit;
  - (C) whether the charges are mandatory or optional; and
  - (D) the amount of each charge, expressed in dollars;
- (4) ~~A statement of a provision that states:~~
  - (A) whether property stored in the leased storage space is or is not insured by the owner against loss or damage; and
  - (B) of the requirement that the occupant must provide his or her own insurance for any property stored; and
- (5) ~~A statement advising~~ notice to an occupant that:
  - (A) the occupant of the existence of the lien created by this chapter, this chapter creates a lien on property stored in the storage space;
  - (B) that the owner may sell the property stored in the leased storage space may be sold to satisfy the lien, and;

(C) that the owner shall not be is not liable for damage, loss, or alienation of items of sentimental nature or value; and

(D) if the owner offers notice by electronic mail, the occupant may elect to receive notice by electronic mail only by indicating the election in the rental agreement.

(b) If a rental agreement contains a limit on the value of property that may be stored in a storage space, the limit is deemed to be the maximum value of the property in the storage space and the maximum liability of the owner for any claim.

(c)(1) An owner may impose a late fee of not more than \$20.00 or 20 percent of a rental payment, whichever is greater, for each service period that an occupant does not pay the rent, charges, fees, or expenses when due.

(2) An owner shall not impose a late fee if the occupant pays the rent, charges, fees, and expenses in full not later than five days after the due date.

(3) An owner shall not impose a late fee unless the amount of the fee and the conditions for imposing that fee are stated in the rental agreement.

(d) Except as otherwise provided in a rental agreement, an occupant has the exclusive care, custody, and control of property in a storage space until the property is sold or otherwise disposed pursuant to this chapter.

(e) The disclosures required under subdivisions (a)(4) and (a)(5) and subsections (b)–(d) of this section shall be written in bold type and of a font size equal to or greater than the general text of the agreement.

§ 3904. LIEN

~~The owner of a self-storage facility~~

(a) An owner has a possessory lien upon all personal property located in a storage space ~~at a self-storage facility~~ for:

(1) rent;

(2) labor; ~~or;~~

(3) late fees or other charges, present or future, in relation to relating to the personal property; and

(4) ~~for expenses relevant to its preservation or expenses reasonably incurred in its~~ arising from the preservation or sale of the property pursuant to this chapter.

(b) The lien created in this section attaches as of the date ~~the personal property is brought to or placed in a regular storage space at a self-storage facility in accordance with the provisions of a valid~~ an occupant stores personal property in a storage space pursuant to a rental agreement.

§ 3905. ENFORCEMENT OF LIEN

~~In the event of a default under the terms of a rental agreement, the lien created under this chapter may be enforced in accordance with the provisions~~

~~of this section~~ If an occupant defaults under a rental agreement, the owner may enforce the lien created in section 3904 of this title pursuant to this section.

(1) First notice of default. ~~No~~ Not sooner than seven days after a default, the owner shall notify the occupant ~~shall be notified~~ of the default by regular mail or electronic mail sent to ~~his or her~~ the occupant's last known address.

(2) Second notice of default.

(A) ~~No~~ Not sooner than 14 days after mailing ~~of~~ the first notice, the owner shall notify the occupant ~~shall be notified~~ of the default by certified mail, first-class mail with a certificate of mailing, or electronic mail sent to ~~his or her~~ the occupant's last known address.

(B) If the owner sent the second notice of default to the occupant by electronic mail and does not receive a response, return receipt, or delivery confirmation from the same electronic mail address within two days, then before proceeding with a sale, the owner shall send the notice to the occupant either by certified mail or by first-class mail with a certificate of mailing.

(C) The second notice shall contain the following:

~~(A)~~(i) An itemized statement of the owner's claim showing the sum due at the time of the notice and the date when the sum became due.

~~(B)~~(ii) A brief and general description of the personal property subject to the lien. ~~There shall be no requirement~~ An owner is not required to

describe the specific contents of a storage space in a self-storage facility beyond stating that it is the contents of a specific storage space in a specific self-storage facility rented by a specific occupant.

~~(C)~~(iii) A notice of denial of access to the personal property, if such denial is permitted under the terms of the rental agreement.

~~(D)~~(iv) A demand for payment within a specified time not less than ~~fifteen~~ 15 days after the mailing of the second notice of default.

~~(E)~~(v) A conspicuous statement that unless the claim is paid in full within the time stated in the notice, the personal property will be advertised for sale and sold according to law.

(3) Advertisement. Except as otherwise provided in subdivision (C) or (D) of this subdivision (3):

(A) After the expiration of the time given in the second notice under subdivision (2) of this section, the owner shall publish an advertisement of the sale ~~shall be published~~ once a week for two consecutive weeks in the print or electronic version of a newspaper of general circulation where the self-storage facility is located.

(B) The advertisement shall contain the following:

~~(A)~~(i) ~~A~~ a brief and general description of the personal property as provided in subdivision (2)(B) of this section;

~~(B)~~(ii) ~~The~~ the address of the self-storage facility ~~and;~~



(iii) the number, if any, of the space where the personal property is located;

(iv) the name of the occupant; and

(v) the time, place, and manner of the sale.

(C) ~~The time, place, and manner of the sale.~~ If there is no newspaper of general circulation where the self-storage facility is located, the owner shall post the advertisement shall be posted at least 15 days before the date of the sale at the town hall where the self-storage facility is located in ~~such fashion~~ the same manner as the auction sales of real property are posted.

(D) ~~A sale or other disposition of goods as provided for in this chapter shall not be defeated or deemed not in compliance with this provisions of this chapter if the owner attempted, but was not able to obtain personal service on those persons entitled to notice or if the certified mail return receipt is not signed by the person to whom notice must be sent, unless the owner fails to publish in accordance with this section.~~ As an alternative to the advertisement required in subdivisions (A)–(C) of this subdivision (3), an owner may advertise the sale of personal property in a commercially reasonable manner. For purposes of this subdivision (D), a manner of advertisement is commercially reasonable if three or more independent bidders attend or view the sale.

(4) Notice to other lienholders. Before the expiration of the time given in the second notice under subdivision (2) of this section, the owner shall determine whether the occupant owns any personal property subject to an active lien registered with the Vermont Secretary of State. If any such lien exists, the owner shall notify the lienholder ~~shall be notified~~ by certified mail not less than 21 days prior to the sale of the property. ~~Such~~ The notice shall include the following:

(A) A statement describing the property to be sold. There shall be no requirement to describe the specific contents of a storage space in a self-storage facility beyond stating that it is the contents of a specific storage space in a specific self-storage facility rented by a specific occupant.

(B) A statement of the lienholder's rights under this chapter.

(C) A statement of the time, place, and manner of the sale of the property.

(5) Delivery. For purposes of this chapter:

(A) notice by regular mail or first-class mail with a certificate of mailing is delivered when deposited with the U.S. Postal Service if the mail is properly addressed to the occupant's last known address and postage is prepaid; and

(B) notice by electronic mail is delivered when properly addressed and sent to an occupant's last known electronic mail address.

~~(6) Sale. Upon fulfillment of the notification and advertisement requirements of this section, sale of the personal property shall be permitted, provided the following conditions are met~~

~~(A) An owner that fulfills the notice and advertisement requirements of this section may sell personal property stored in a storage space, subject to the following conditions:~~

~~(A) The sale of the personal property shall take place~~

~~(i) the sale occurs not sooner than 15 days after the first publication advertisement under subdivision (3) of this section;~~

~~(B) Any sale of the personal property under this chapter shall conform~~

~~(ii) the sale conforms to the terms of all the notifications required under this section. If, or, if the sale will not or does not take place as provided for in the notifications, then the owner makes subsequent notifications shall be made in the same manner as the original notifications had been made. consistent with this section;~~

~~(iii) subject to subdivision (6)(C) of this section, the owner does not knowingly sell personal information contained in the storage space;~~

~~(C) Any sale of the personal property shall be~~

~~(iv) the sale is held at the self-storage facility, or at the nearest suitable place, or on a publicly accessible website;~~

~~(D) Any sale of the personal property shall be~~

(v) the owner does not purchase personal property at the sale; and

(vi) the sale is performed in a commercially reasonable manner;

~~meaning the owner sells the goods in the usual manner in any recognized market therefor, at the price current in such market at the time of the sale; or otherwise sold in conformity with.~~

(B) For purposes of subdivision (6)(A)(vi) of this section:

(i) A sale is commercially reasonable if it conforms to

commercially reasonable practices within a recognized market for the goods or among dealers in the type of goods sold; however,

(ii) the The sale of more goods than apparently necessary to

~~ensure satisfaction of the~~ satisfy an occupant's obligation is not commercially reasonable unless necessary due to the nature of the goods being sold or the manner in which they are customarily sold.

(iii) The fact that an owner could obtain a better price could have

~~been obtained by sale at a different time or by a different method from that selected by the owner~~ is not of itself sufficient to establish that the sale was not ~~made in a~~ commercially reasonable ~~manner~~.

(C)(i) If an owner has a reasonable belief that storage space contains

the personal information of an occupant or clients, customers, or others with whom the occupant does business, the owner shall not hold a lien sale of the

personal information and may destroy the personal information without liability to any person.

(ii) Before the purchaser takes possession of any personal property sold, an owner shall provide notice and shall require written acknowledgment from the purchaser that, if any of the contents contain personal information, the purchaser shall return the personal information to the owner, which the owner may destroy without liability to any person.

~~(E)(D)~~ Any Except as provided in subdivision (7) of this section, an owner shall conduct a sale or disposition of a motor vehicle shall be performed pursuant to 23 V.S.A. chapter 21 and any a sale or disposition of a vessel, snowmobile, or all-terrain vehicle shall be performed pursuant to 23 V.S.A. chapter 36.

(7) Towing.

(A) If rent, charges, fees, or expenses remain unpaid after 51 days, an owner may have a vehicle, vessel, snowmobile, trailer, or all-terrain vehicle towed away by a towing company.

(B) Not later than five days after having personal property towed pursuant to this subdivision (7), an owner shall notify the occupant by regular mail or electronic mail at the occupant's last known address and shall include the name, address, and telephone number of the towing company.

(C) An owner has no liability to any person for having property towed or for damage to the property after the towing company takes possession of the property.

~~(6)~~(8) Right of satisfaction.

(A) Before any a sale of personal property pursuant to this chapter, the occupant may pay redeem the property by paying the amount necessary to satisfy the lien in full and the reasonable expenses incurred under this section, and thereby redeem the personal property.

(B) Upon receipt of such payment, the owner shall return the personal property, and thereafter the owner shall have no liability is not liable to any person with respect to such the personal property.

~~(7)~~(9) Proceeds in excess of lien amount.

(A) In the event of sale under this section, the An owner that sells property pursuant to this section:

(i) may satisfy the owner's lien from the proceeds of the sale, but, and

(ii) shall hold the balance, if any, for delivery on demand to the occupant.

(B) If the occupant does not claim the balance of the proceeds such funds shall be paid over, the owner shall deliver the balance without interest to the Treasurer of the State of Vermont in accordance with 27 V.S.A. chapter 14.

~~(8)~~(10) Rights of other lienholders. The holder of any perfected lien or security interest on personal property stored in the storage unit and registered with the Vermont Secretary of State may take possession of its lien property at any time prior to sale or other disposition.

~~(9)~~(11) Rights of purchasers. A purchaser in good faith of the personal property sold to satisfy a lien, ~~as provided elsewhere in this chapter,~~ takes the property free of any rights of persons against whom the lien was valid, despite noncompliance by the owner with the requirements of this chapter.

(12) Disposal of personal property. If an owner complies with the requirements of this section and a qualified buyer does not purchase the property offered for sale, the owner may dispose of the property without liability.

(13) Liability. An owner that has complied with the applicable provisions of this chapter is not liable to an occupant, lienholder, or any other person.

§ 3906. SCOPE; SUPPLEMENTAL NATURE OF CHAPTER

(a) If an owner issues a warehouse receipt, bill of lading, or other document of title for the personal property stored in a self-storage facility, the owner and the occupant are subject to Title 9A and this chapter does not apply.

(b) Nothing in this chapter shall be construed in any manner to impair or affect the right of parties to create liens by special contract or agreement, nor

shall it in any manner affect or impair other liens arising at common law or in equity, or by any statute in this State.

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Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2022.