

HOUSE BILL REPORT

HB 2424

As Reported by House Committee On:
Business & Financial Services

Title: An act relating to self-service storage facilities.

Brief Description: Concerning self-service storage facilities.

Sponsors: Representatives Kirby, Ryu and Parker.

Brief History:

Committee Activity:

Business & Financial Services: 1/22/14, 2/4/14 [DPS].

Brief Summary of Substitute Bill

- Self-storage unit renters may be notified of default and sale by postal mail or by electronic mail (e-mail), provided the owner followed certain procedures allowing the renter to opt-in to e-mail notification. If an e-mail notification of a notice of final lien sale does not receive a response or confirmation of receipt, the owner must also send a paper notification.
- Mailing of notices may be by any United States Postal Service method offering evidence of mailing.
- Motor vehicles and boats stored may be towed in lieu of lien sale.
- If a rental agreement sets out a limit on value of personal property to be stored, that value may constitute only the maximum value of the property.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Kirby, Chair; Ryu, Vice Chair; Parker, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Blake, Fagan, Habib, Hawkins, Hudgins, Hurst, Kochmar, MacEwen, Santos and Stanford.

Minority Report: Do not pass. Signed by 1 member: Representative G. Hunt.

Staff: David Rubenstein (786-7153).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Self-storage facilities, in which a building or property owner rents space to a person for storage of goods, are governed by Washington law. Renters, known as occupants, are obligated to pay rent for the space, usually monthly. When renting a space, the occupant must be given an opportunity to provide the address of another person to whom lien and sale notices may be sent.

Liens for Unpaid Rent.

When rent or other charges are unpaid for 14 days, the storage facility owner has the right to terminate the rental or lease agreement and place a lien on the personal property stored in the unit. The owner must notify the renter in writing with a "preliminary lien notice," by first-class mail, of the amount due and that a lien may be placed on the stored property if the amount due remains unpaid for another 14 days or more. The preliminary lien notice must be sent to both the occupant's primary mailing address and specified alternative address, if any.

If, after a date specified in the preliminary lien notice, the outstanding balance is not paid, the owner must notify the renter, by certified mail, that the stored property, other than personal papers and effects, will be sold or disposed of on a date at least 14 days later, but not less than 42 days after the date rent was first past due. This notice is called a notice of final lien sale or final notice of disposition.

Boats and Motor Vehicles.

In addition to other personal property, occupants may store motor vehicles and boats at a self-storage facility. If the occupant defaults on rent for storage of such vehicles, the storage facility owner may still take a lien, but the lien has a lower priority than any other lien specified on the vehicle's or boat's title.

Summary of Substitute Bill:

"Verified mail" is defined as any method of mailing through the United States Postal Service that provides evidence of mailing.

A storage facility owner may send a preliminary lien notice to an occupant in default either by first-class mail to both the occupant's last known address and specified alternative address, or by electronic mail (e-mail). A storage facility owner may also send a notice of final lien sale or final notice of disposition by personal service, verified mail, or e-mail to the occupant's last known mailing address and alternative address or e-mail address.

If the owner wishes to send either the preliminary lien notice or the notice of final lien sale or disposition by e-mail;

1. the occupant must expressly agree to e-mail notifications;
2. the rental agreement must state in bold type that notices will be sent by e-mail;
3. the owner must provide the occupant with the e-mail address from which notices will be sent and direct the occupant to change his or her e-mail settings to allow e-mails from that address to avoid any filtration systems; and

4. the owner must notify the occupant of any change of e-mail address before the change occurs.

If an e-mail notice of final lien sale or disposition does not receive a response or confirmation of receipt, then the owner must also send the notice by verified mail. The timing of the final lien sale is counted from the last date of sending.

No less than 60 days after default, any motor vehicles and boats belonging to the occupant may be towed from the self-storage facility in lieu of a lien sale. The final lien sale or final notice of disposition sent to the occupant must set this out, and, prior to towing, the owner must provide the occupant the name and contact information of the towing company used. The owner is not liable for damage after towing.

If a rental agreement specifies a limit on the value of personal property stored in the occupant's space, the limit may only be the maximum value of the stored property.

Substitute Bill Compared to Original Bill:

The substitute bill clarifies that a maximum value specified in a rental agreement will be deemed to be the maximum value of the stored property in the occupant's rented space.

The substitute bill also requires that, in order to send preliminary lien notice or notice of final lien sale or disposition by e-mail:

1. the occupant must expressly agree to e-mail notifications;
2. the rental agreement must state in bold type that notices will be sent by e-mail;
3. the owner must provide the occupant with the e-mail address from which notices will be sent and direct the occupant to change his or her e-mail settings to allow e-mails from that address to avoid any filtration systems; and
4. the owner must notify the occupant of any change of e-mail address before the change occurs.

Finally, the substitute bill requires that if e-mail notification fails on the notice of final lien or disposition sale, the owner must also send notice by verified mail.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill helps Washington storage facilities keep up with the times. Often, notifications cannot or should not be completed by e-mail. Banks, for example, allow customers to opt out of paper statements and notifications. It is also more likely that e-mail

will reach people in transition. Consumers will be protected under the substitute bill because leases will state in bold type whether paper notices will be sent or both. Also under the substitute bill, there will be a provision for an "e-mail of record" in which occupants and owners each know the address for each other. This bill will make the process easier for the tenant, too.

Vehicles and boats stored at facilities are sometimes abandoned, and dealing with the lien process can be challenging. Allowing towing companies to handle liens puts this process in the hands of experts.

(Opposed) None.

Persons Testifying: Representative Kirby, prime sponsor; Terry Kohl, Washington Self Storage Association; and Don Arsenault, Washington Self Storage Association.

Persons Signed In To Testify But Not Testifying: None.