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BILL ANALYSIS

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House Bill 5237 (Substitute H-2 as passed by the House)
Sponsor: Representative David Mead
House Committee: Family and Civil Law
Senate Committee: Judiciary

Date Completed: 11-29-00

CONTENT

The bill would amend the Self-Service Storage Facility Act to revise provisions relating to a storage facility owner's lien on property stored in the facility, limit the owner's liability with respect to property subject to that lien, and allow the owner to deny the occupant access to the storage space and move the property under certain circumstances.

The Act provides that the owner of a self-service storage facility and the heirs, personal representatives, successors, and assignees of the owner have a lien upon all personal property located at the facility. The lien attaches as of the date the personal property arrives at the self-storage facility. Under the bill, the lien would attach as of that date or the date the occupant signed a rental agreement for storage space, whichever was earlier.

An owner's lien may be enforced only as provided in the Act. The bill specifies that, if an occupant were at least four weeks' delinquent in making a rental payment, the owner could install a manager's lock on the occupant's storage unit. The owner would have to send a delinquent payment notice to the occupant, by personal delivery or first-class mail and certified mail, to the occupant's last known address. The delinquent payment notice would have to show the amount due at the time of the notice, the date on which the amount became due, and a demand for payment.

The Act requires that an occupant and a person designated by an occupant, if any, be notified of the proposed sale of personal property to satisfy an owner's claim. Among other things, the notice must include a conspicuous statement indicating that unless the occupant vacates the self-service storage facility space within 15 days or the claim is paid within the time stated in the notice, the personal property will be advertised for sale and sold. Under the bill, the notice would have to indicate that unless the occupant paid the claim within a time stated in the notice, the property would be advertised and sold. The bill would delete a provision that an occupant who vacates the facility within 15 days after receiving the notice may do so despite any rental charge due the owner.

The notice also must include a demand for payment within 30 days after delivery of the notice. The bill specifies that, after the expiration of the 30 days, the owner could deny the occupant access to the storage space where the personal property was located, move the occupant's personal property from the storage space to another storage space pending its sale or other disposition, or both. An owner who exercised one or both of those options would have to inventory the personal property.

After the 30-day period, an advertisement of the proposed sale must be published for two consecutive weeks in a newspaper of general circulation in the municipality in which the facility is located or, if there is no general circulation newspaper, the advertisement must be posted at least 10 days before the sale in at least six conspicuous places in the municipality. The advertisement must include certain information specified in the Act. The bill would add both of the following to the information that must be included in the advertisement:

- A statement that the owner had denied the occupant access to the rented storage space, if the owner had done so.
- A statement that the owner had removed the occupant's personal property from the rented storage space to another storage space, if the owner had done so.

Under the Act, a sale may take place no sooner than 30 days after the first publication or posting. The bill would change that period to 14 days.

Before a sale of personal property, the occupant may pay the amount necessary to satisfy the lien, including reasonable expenses incurred by the owner in pursuing the sale, and redeem the personal property. Upon receiving that payment, the owner must return the personal property to the occupant in the same condition, or substantially the same condition, as it was in when stored by the occupant. The bill specifies that, after returning the property, the owner would have no liability to any person with respect to the personal property.

The Act requires that, before a sale of personal property, the owner complete an inventory of the personal property. The bill specifies that the inventory could include the contents of a closed trunk, valise, box, or other container. An owner could open any closed container that was locked, fastened, sealed, or tied in a manner that deterred immediate access to its contents for purposes of inventory, and would not be liable for incidental damage to the container caused by the inventory.

The bill would require that an individual who signed a rental agreement for storage space at a self-service storage facility disclose, in writing, the identity of the occupant if the occupant were other than the person who signed the agreement.

MCL 570.523 et al.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: B. Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.