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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 3380

03/05/2018 Authored by Scott, O'Neill, Smith, Halverson, Lucero and others
The bill was read for the first time and referred to the Committee on Civil Law and Data Practices Policy
03/19/2018 Adoption of Report: Re-referred to the Committee on Commerce and Regulatory Reform

A bill for an act

relating to civil law; amending the definitions of owner and rental agreement; allowing late fees and collection costs to be included in liens imposed by self-service storage facilities; clarifying property sale requirements for self-service storage facilities; amending Minnesota Statutes 2016, sections 514.971, subdivisions 3, 5; 514.972, subdivision 1, by adding a subdivision; 514.973, subdivision 4.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2016, section 514.971, subdivision 3, is amended to read:

Subd. 3. Owner. "Owner" means one or more persons, jointly or severally, who are either the owner, operator, lessor, or sublessor of a self-service storage facility, or the lessor of an entire self-service storage facility, and who or 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 entered into with the occupant.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2016, section 514.971, subdivision 5, is amended to read:

Subd. 5. Rental agreement. "Rental agreement" means a written agreement that is entered into by the owner and the occupant and that establishes or modifies the terms and conditions of the occupant's use of storage space at a self-service storage facility.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2016, section 514.972, subdivision 1, is amended to read:

Subdivision 1. Creation. The owner of a self-service storage facility has a lien against the occupant on the personal property stored under a rental agreement in a storage space at

2.1 the self-service storage facility, or on the proceeds of the personal property subject to the  
 2.2 defaulting occupant's rental agreement in the owner's possession. The lien is for rent, labor,  
 2.3 and other charges in relation to the personal property specified in the rental agreement that  
 2.4 have become due, including the late fees and collection costs provided in subdivision 6,  
 2.5 and for expenses necessary for the preservation of the personal property or expenses  
 2.6 reasonably incurred in the sale or other disposition of the personal property under law. The  
 2.7 lien provided for in this section is superior to other security interests except those perfected  
 2.8 before the date the lien attaches.

2.9 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to liens  
 2.10 created on or after that date.

2.11 Sec. 4. Minnesota Statutes 2016, section 514.972, is amended by adding a subdivision to  
 2.12 read:

2.13 Subd. 6. **Late fees; collection costs.** For each period the occupant does not pay the rent  
 2.14 due under the rental agreement, the storage facility or owner may charge a late fee of not  
 2.15 more than \$20 per month or 20 percent of the monthly fee, whichever is greater. The amount  
 2.16 of the late fee and the conditions for imposing the fee must be stated in the rental agreement  
 2.17 or an addendum to the rental agreement. In addition to late fees, a storage facility or owner  
 2.18 may also charge the occupant the actual costs incurred as a result of rent collection or lien  
 2.19 enforcement.

2.20 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to rent due  
 2.21 and liens created on or after that date.

2.22 Sec. 5. Minnesota Statutes 2016, section 514.973, subdivision 4, is amended to read:

2.23 Subd. 4. **Sale of property.** (a) A sale of personal property may take place no sooner  
 2.24 than 45 days after default or, if the personal property is a motor vehicle or watercraft, no  
 2.25 sooner than 60 days after default.

2.26 (b) After the expiration of the time given in the notice, the sale must be published once  
 2.27 a week for two weeks consecutively in a newspaper of general circulation where the sale  
 2.28 is to be held. The sale may take place no sooner than 15 days after the first publication. If  
 2.29 the lien is satisfied before the second publication occurs, the second publication is waived.  
 2.30 If there is no qualified newspaper under chapter 331A where the sale is to be held, the  
 2.31 advertisement may be posted on an independent, publicly accessible Web site that advertises  
 2.32 self-storage lien sales or public notices. The advertisement must include a description of

3.1 the goods, the name of the person on whose account the goods are being held, and the time  
3.2 and place of the sale.

3.3 (c) A sale of the personal property must conform to the terms of the notification.

3.4 (d) A sale of the personal property must be public and must be either:

3.5 (1) held via an online auction; or

3.6 (2) held at the storage facility, or at the nearest suitable place at which the personal  
3.7 property is held or stored. ~~Online sales are permitted.~~

3.8 Owners shall require all bidders, including online bidders, to register and agree to the rules  
3.9 of the sale.

3.10 (e) The sale must be conducted in a commercially reasonable manner. A sale is  
3.11 commercially reasonable if the property is sold in conformity with the practices among  
3.12 dealers in the property sold or sellers of similar distressed property sales.

3.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.