

CHAPTER 3**(HB 366)**

AN ACT relating to self-contained storage units.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 359.200 is amended to read as follows:

As used in KRS 359.210 to 359.250, unless the context clearly requires otherwise:

- (1) "Self-service storage facility" means any real property used for renting or leasing individual storage spaces in which the occupants themselves customarily store and remove their own personal property on a "self-service" basis.
- (2) "Rental agreement" means any written agreement that establishes or modifies the terms, conditions, or rules concerning the use and occupancy of a self-service storage facility *or self-contained storage unit*.
- (3) "Leased space" means the individual storage space at ~~a~~~~the~~ self-service *storage facility or in a self-contained storage unit* which is rented to an occupant pursuant to a rental agreement.
- (4) "Occupant" means a person, a sublessee, successor, or assign, entitled to the use of a leased space at a self-service storage facility *or in a self-contained storage unit* under a rental agreement.
- (5) "Operator" means the owner, operator, lessor, or sublessor of a self-service storage facility *or a self-contained storage unit*, or an agent or any other person authorized to manage the facility *or storage unit*, but does not mean a warehouseman, unless the operator issues a warehouse receipt, bill of lading, or other document of title for the personal property stored.
- (6) "Personal property" means movable property *located within leased space at a self-service storage facility or in a self-contained storage unit*, ~~not affixed to land~~ and includes~~;~~ but is not limited to~~;~~ goods, wares, merchandise, motor vehicles, watercraft, and household items and furnishings.
- (7) "Default" means the failure to perform on time any obligation or duty set forth in the rental agreement.
- (8) "Last known address" means that address provided by the occupant in the rental agreement or the address provided by the occupant in a subsequent written notice of a change of address.
- (9) *"Self-contained storage unit" means any unit, including but not limited to a trailer, box, or other shipping container, which is leased by an occupant primarily for use as a storage space, whether the unit is located at a self-service storage facility or at another location designated by the occupant.*

➔Section 2. KRS 359.210 is amended to read as follows:

- (1) An operator shall not knowingly permit a leased space at a self-service storage facility *or in a self-contained storage unit* to be used for residential purposes.
- (2) An occupant shall not use a leased space *at a self-service storage facility or in a self-contained storage unit* for residential purposes.

➔Section 3. KRS 359.220 is amended to read as follows:

- (1) The operator of a self-service storage facility *or self-contained storage unit* shall have a lien on all personal property stored within each leased space for rent, labor, or other charges, and for expenses reasonably incurred in its sale, as provided in KRS 359.200 to 359.250.
- (2) The rental agreement shall contain a statement, in bold type, advising the occupant:
 - (a) Of the existence of the lien; and
 - (b) That property stored in the leased space may be sold to satisfy the lien if the occupant is in default.

➔Section 4. KRS 359.230 is amended to read as follows:

- (1) (a) If the occupant is in default for a period of more than forty-five (45) days, the operator may enforce a lien by selling the property stored in the leased space at a public or private sale, for cash.

- (b) Proceeds shall then be applied to satisfy the lien, with any surplus disbursed as provided in subsection (5) of this section.
- (2) Before conducting a sale under subsection (1), the operator shall:
 - (a) Notify the occupant of the default by regular mail at the occupant's last known address;
 - (b) Send a second notice of default by certified mail to the occupant at the occupant's last known address which includes:
 - 1. A statement that the contents of the occupant's leased space are subject to the operator's lien;
 - 2. A statement of the operator's claim, indicating the charges due on the date of the notice, the amount of any additional charges which shall become due before the date of sale, and the date those additional charges shall become due;
 - 3. A demand for payment of the charges due within a specified time, not less than fourteen (14) days after the date of the notice;
 - 4. A statement that unless the claim is paid within the time stated, the contents of the occupant's *leased* space shall be sold at a specified time and place; and
 - 5. The name, street address, and telephone number of the operator, or his *or her* designated agent, whom the occupant may contact to respond to the notice; and
 - (c) At least three (3) days before the sale, advertise the time, place, and terms of the sale in a newspaper of general circulation in the jurisdiction where the sale is to be held.
- (3) At any time before a sale under this section, the occupant may pay the amount necessary to satisfy the lien and redeem the occupant's personal property.
- (4) The sale under this section shall be held at the self-service storage facility *or the location of the self-contained storage unit* where the personal property is stored.
- (5) If a sale is held under this section, the operator shall:
 - (a) Satisfy the lien from the proceeds of the sale;
 - (b) Hold the balance, if any, for delivery to any other recorded lienholders who present claims within sixty (60) days. Notwithstanding Article 9 of KRS Chapter 355, claims shall be satisfied on a first come first served basis; and
 - (c) Deliver, upon expiration of sixty (60) days, the balance of any remaining proceeds to the occupant.
- (6) A purchaser in good faith of any personal property sold under KRS 359.200 to 359.250 takes the property free and clear of any rights of:
 - (a) Persons against whom the lien was valid; and
 - (b) Other lienholders.
- (7) If the operator complies with the provisions of KRS 359.200 to 359.250, the operator's liability:
 - (a) To the occupant shall be limited to the net proceeds received from the sale of the personal property;
 - (b) To other lienholders shall be limited to the net proceeds received from the sale of any personal property covered by that other lien; and
 - (c) To the occupant or valid lienholders shall be relieved upon full distribution of proceeds in accordance with the provisions of KRS 359.200 to 359.250.
- (8) If an occupant is in default, the operator may deny the occupant access to the leased space.
- (9) (a) Unless otherwise specifically provided, all notices required by KRS 359.200 to 359.250 shall be sent by certified mail.
 - (b) 1. Notices sent to the operator shall be sent to the *operator's principal office, as listed on the rental agreement*~~[self-service storage facility where the occupant's property is stored]~~.

2. Notices to the occupant shall be sent to the occupant at the occupant's last known address.
- (c) Notices shall be deemed delivered when deposited with the United States Postal Service, properly addressed as provided in paragraph (b), with postage paid.
- (10) Provided, however, unless the rental agreement specifically provides otherwise and until a lien sale under KRS 359.200 to 359.250, the exclusive care, custody, and control of all personal property stored in the leased ~~self-service storage~~ space shall remain vested in the occupant.

Signed by Governor March 3, 2008.