

Minnesota Lien Law
Property and Property Interests
Chapter 514, Liens Against Property
Liens On Personal Property In Self-Storage

Sections 514.970 to 514.979 may be cited as the "Minnesota Liens on Personal Property in Self-Service Storage Act."

514.971 DEFINITIONS.

Subdivision 1. **Scope.**

For the purposes of sections 514.970 to 514.979, the terms defined in this section have the meanings given them.

Subd. 2. **Self-service storage facility.**

(a) "Self-service storage facility" or "storage facility" means real property designed and used for the purpose of renting or leasing individual storage space to occupants who are to have access for the purpose of storing and removing personal property. The term does not include:

(1) property of a financial institution that contains vaults, safe deposit boxes, or other receptacles for the uses, purposes, and benefits of the financial institution's customers;

(2) a warehouse that issues a warehouse receipt, bill of lading, or other document of title for the property; or

(3) a commercial parking garage or parking lot that provides short-term motor vehicle parking.

(b) An occupant must not use a self-service storage facility for residential purposes.

Subd. 3. **Owner.**

"Owner" means one or more persons, jointly or severally, who are either the owner of a self-service storage facility, or the lessor of an entire self-service storage facility, and who receive rent from an occupant under a rental agreement entered into with the occupant.

Subd. 4. **Occupant.**

"Occupant" means a person who rents storage space at a self-service storage facility under a rental agreement entered into with the owner.

Subd. 5. Rental agreement.

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

Subd. 6. Personal property.

"Personal property" means money and every inanimate tangible thing that is the subject of ownership. The term does not include anything forming part of a parcel of real estate and agricultural commodities.

Subd. 7. Default.

"Default" means failure of the occupant to pay the rent and other charges becoming due under the rental agreement within 15 days after the rents and other charges become due under the terms of the rental agreement.

Subd. 8. Storage space.

"Storage space" means the storage space or spaces at the storage facility that are rented to an occupant pursuant to a rental agreement.

Subd. 9. Security deposit.

"Security deposit" means any deposit of money with the owner used to secure performance under the rental agreement.

Subd. 10. Verified mail.

"Verified mail" means any method of mailing that is offered by the United States Postal Service or private delivery service that provides evidence of mailing.

514.972 LIEN AGAINST PROPERTY.

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

Subd. 2. Attachment.

The owner's lien created by this section attaches as of the date the occupant is in default unless the occupant obtains a court order to recover possession of personal property in the self-service storage facility. No lien is created under subdivision 1 or shall attach under this

subdivision to any personal property listed under subdivision 5, unless the occupant fails to remove the personal property before the sale authorized by section 514.973. An owner loses the lien on personal property that the owner permits to be removed from the self-service storage facility or unjustifiably refuses to permit to be removed from the facility.

Subd. 3. Security deposits.

No lien is created under subdivision 1 if the owner has possession of a security deposit sufficient to cover rents and other charges at the time of an alleged default.

Subd. 4. Denial of access.

Upon default, the owner shall mail notice of default as provided under section 514.974. The owner may deny the occupant access to the personal property contained in the self-service storage facility after default, service of the notice of default, expiration of the date stated for denial of access, and application of any security deposit to unpaid rent. The notice of default must state the date that the occupant will be denied access to the occupant's personal property in the self-service storage facility and that access will be denied until the owner's claim has been satisfied. The notice of default must state that any dispute regarding denial of access can be raised by the occupant beginning legal action in court. Notice of default must further state the rights of the occupant contained in subdivision 5.

Subd. 5. Access to certain items.

The occupant may remove from the self-service storage facility personal papers, health aids, personal clothing of the occupant and the occupant's dependents, and personal property that is necessary for the livelihood of the occupant, that has a market value of less than \$50 per item, if demand is made to any of the persons listed in section 514.976, subdivision 1. The occupant shall present a list of the items, and may remove them during the facility's ordinary business hours prior to the sale authorized by section 514.973. If the owner unjustifiably denies the occupant access for the purpose of removing the items specified in this subdivision, the occupant is entitled to an order allowing access to the storage unit for removal of the specified items. The self-service storage facility is liable to the occupant for the costs, disbursements and attorney fees expended by the occupant to obtain this order.

514.973 ENFORCEMENT OF LIEN.

Subdivision 1. Generally.

An owner's lien established under sections 514.970 to 514.979 for a claim that has become due must be enforced as provided in this section.

Subd. 2. Notice; to whom and how sent.

(a) The owner must notify the occupant and any person who has delivered to the owner a written notice of a claim of an interest in the contents in the storage space when rent and other charges are in default. The notice to the owner of a claim of an interest must comply with any requirements included in the rental agreement. If the property is a registered motor vehicle or watercraft, the notice also must be given to any lienholder or secured party appearing on the document of title or to any lienholder or secured party known to claim an interest in the motor vehicle or watercraft.

(b) Except as provided in paragraph (c), the notice must be delivered in person or sent by verified mail as provided under section 514.974. Notice sent by verified mail is presumed delivered when it is deposited with the United States Postal Service or private delivery service and properly addressed with postage prepaid

(c) The owner may send notices exclusively via electronic mail with the informed, written consent of the occupant. An occupant may withdraw consent at any time. The owner may not notify the occupant of the default by electronic mail unless the rental agreement, or a written change to the rental agreement, contains a written notice in at least 12-point bold type, if printed, which states: "By choosing the option to receive e-mail communication in this agreement, the owner will provide you notices and other information regarding your account through the e-mail reflected in our records, or in a subsequent written change of e-mail address that has been given according to the facility's procedures. To indicate that you understand and accept the contents of this notice and agree to the option to receive electronic communication, you must check the box that appears next to this paragraph."

(d) The owner must verify that a notice sent by electronic mail has been delivered by obtaining an electronic receipt that establishes delivery of the notice to the occupant's e-mail address. If delivery of the electronic mail notice cannot be verified, the storage facility must deliver the notice in person or send the notice by verified mail. If the notice must be delivered in person or sent by verified mail after delivery by electronic mail has failed, the period specified in subdivision 3 does not begin until the date the notice is delivered in person or by verified mail.

Subd. 3. Contents of notice.

The notice must include:

- (1) a statement of the amount owed for rent and other charges and demand for payment within a specified time not less than 14 days after delivery of the notice;
- (2) pursuant to section 514.972, subdivision 4, a notice of denial of access to the storage space, if this denial is permitted under the terms of the rental agreement;
- (3) the name, street address, and telephone number of the owner, or of the owner's designated agent, whom the occupant may contact to respond to the notice;
- (4) a conspicuous statement that unless the claim is paid within the time stated in the notice, the personal property will be advertised for sale. The notice must specify the time and place of the sale; and
- (5) a conspicuous statement of the items that the occupant may remove without charge pursuant to section 514.972, subdivision 5, if the occupant is denied general access to the storage space.

Subd. 4. Sale of property.

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

(b) After the expiration of the time given in the notice, the sale must be published once a week for two weeks consecutively in a newspaper of general circulation where the sale is to be held. The sale may take place no sooner than 15 days after the first publication. If the lien is satisfied before the second publication occurs, the second publication is waived. If there is no

qualified newspaper under chapter 331A where the sale is to be held, the advertisement may be posted on an independent, publicly accessible Web site that advertises self-storage lien sales or public notices. The advertisement must include a description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale.

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

(d) A sale of the personal property must be public and must be held at the storage facility, or at the nearest suitable place at which the personal property is held or stored. Online sales are permitted. Owners shall require all bidders, including online bidders, to register and agree to the rules of the sale.

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

Subd. 5. Averting the sale.

Before any sale pursuant to this section is conducted, the occupant or any other person entitled to notice under subdivision 2, paragraph (a), may redeem the property by paying the amount sufficient to satisfy the lien and the reasonable expenses incurred complying with this section. If sufficient payment is made, the personal property may not be sold.

Subd. 6. Surplus.

A storage facility may satisfy its lien from the proceeds of any sale pursuant to this section, provided that the storage facility must hold any sum obtained from the sale that exceeds the amount sufficient to satisfy the lien and the reasonable expenses incurred complying with this section for delivery on demand to the occupant and give notice to the occupant of the occupant's right to the funds as provided in section 514.974. Any balance remaining unclaimed by the occupant for more than one year after the sale of the goods must be deposited into the state unclaimed property funds account under sections 345.31 to 345.60.

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Subd. 7. Special procedures for motor vehicles.

(a) If the personal property upon which the lien is claimed is a motor vehicle or watercraft, the owner may sell the motor vehicle or watercraft as provided in this section or have the motor vehicle or watercraft towed by a towing company.

(b) The owner's lien is terminated upon the towing company taking possession of the property.

(c) If a motor vehicle or watercraft is towed as authorized in this subdivision, the owner:

(1) shall send, by the method provided under subdivision 2, the name, address, and telephone number of the towing company that will perform the towing and the street address of the storage facility where the towed property may be redeemed; and

(2) is not liable for the motor vehicle or watercraft or any damages to the motor vehicle or watercraft once the towing company takes possession of the property. Nothing in this section

relieves the towing company from liability for damage for which the company would otherwise be liable.

Subd. 8. Liability for damage.

An occupant or other person entitled to notice under subdivision 2, paragraph (a), who is injured by a violation of this section may bring a civil action to recover damages.

Subd. 9. No effect on other rights.

The rights provided under this section are in addition to all other rights allowed by law to a creditor and a debtor.

514.974 ADDITIONAL NOTIFICATION REQUIREMENT.

Notification of the proposed sale of personal property must include a notice of denial of access to the personal property until the owner's claim has been satisfied. Any notice the owner is required to mail to the occupant under sections 514.970 to 514.979 shall be sent to:

(1) the e-mail address, if consented to by the occupant, as provided in section 514.973, subdivision 2;

(2) the mailing address and any alternate mailing address provided by the occupant in the rental agreement; or

(3) the last known mailing address of the occupant, if the last known mailing address differs from the mailing address listed by the occupant in the rental agreement and the owner has reason to believe that the last known mailing address is more current.

514.975 RENTAL AGREEMENTS.

Subdivision 1. Disclosure.

The rental agreement between the owner and the occupant must include a disclosure of the lien rights of the owner upon failure of the occupant to pay rent including the right to deny access to certain personal property contained in the self-service storage facility, and the extent and the limits of insurance carried by the owner covering the occupant's personal property stored in the leased premises. A rental agreement may not exempt an owner from liability for damages to an occupant's personal property caused by the owner's negligence. A rental

agreement must contain a provision that allows the occupant to provide an optional alternate contact person. The rental agreement must contain a space that the occupant must initial if the occupant declines to provide an optional alternate contact person. The alternate contact person is used solely for purposes of providing notice of default under section 514.973. Adding an alternate contact does not give that contact an interest in the contents of the storage space.

Subd. 2. Value of stored property.

If the rental agreement entered into between the owner and the occupant contains a provision placing a limit on the value of property that may be stored in the occupant's space, this limit is the maximum value of the stored property, provided that the provision is printed in bold type or underlined in the rental agreement. The limit on the value of property may not be less than \$1,000. The rental agreement may provide that the occupant may increase the limit on the value of property with the written permission of the owner.

Subd. 3. Military protections.

A rental agreement or an application for a rental agreement must contain a provision disclosing whether the applicant is a member of the uniformed services as the term is defined in United States Code, title 10, section 101(a)(5), or a member of the National Guard or a reserve component under United States Code, title 32, section 101.

514.976 DISCLOSURE AND ACTIONS.

Subdivision 1. Disclosure.

There shall be disclosed to the occupant either in the rental agreement or otherwise in writing prior to commencement of the occupancy the name and address of:

- (1) the person authorized to manage the premises; and
- (2) an owner of the premises or an agent authorized by the owner to accept service of process and receive and give receipt for notices and demands.

Either in the rental agreement or otherwise in writing the occupant shall also be notified that the owner prohibits the storage of hazardous materials.

Subd. 2. Posting of notice.

A printed or typewritten notice containing the information that must be disclosed under subdivision 1 must be placed in a conspicuous place on the premises.

Subd. 3. Alternate service.

If subdivisions 1 and 2 have not been complied with and an occupant desiring to make service of process upon or give a notice or demand to the owner does not know the name and address of the owner or the owner's agent, as that term is used in subdivision 1, then a caretaker or manager of the premises or an individual to whom rental payments for the premises are made is deemed to be an agent authorized to accept service of process and receive and give receipt for notices and demands on behalf of the owner.

Subd. 4. Action.

Except as otherwise provided in this subdivision, an owner may not maintain an action to recover rent or possession of the premises unless the information required by this section has been disclosed to the occupant, or unless the information is known by or has been disclosed to the occupant at least 30 days prior to the initiation of the action. Failure by the owner to post a notice required by subdivision 2 does not prevent any action to recover rent or possession of the premises. Any action begun by the owner or occupant shall be venued in the county where the facility is located. If an action to recover possession of personal property in the facility is begun by the occupant, the burden of proof shall be borne by the owner that default has occurred and the provisions of sections 514.970 to 514.979 have been followed.

Subd. 5. Application.

This section applies to any successor owner, caretaker, manager, or individual to whom rental payments for the storage space are made.

514.977 DEFAULT.

If an occupant defaults in the payment of rent or otherwise breaches the rental agreement, the owner may commence an eviction action under chapter 504B.

514.978 WAIVER OR MODIFICATION PROHIBITED.

The owner and occupant may not waive or modify the provisions of sections 514.970 to 514.979.

514.979 ADVERTISING.

No owner shall advertise or represent its services, or permit its services to be advertised or represented, in a manner that uses the word "warehouse" unless the owner is licensed and bonded as provided in chapter 231.

Nothing in this section prohibits the use of the term "self-service storage facility" in an advertisement or representation.

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