

## Briefly...

### ■ Charter Affiliates

The SSA has begun assisting in the creation and managing of charter self storage organizations in states where no locally-managed association is established. The SSA board decided to support the program to assist in advocacy and other endeavors where a local presence is critical to achieving goals. A meeting in Columbus, Ohio drew a number of operators from the Buckeye State. If you are interested in the new Ohio association, contact Jennifer Pettigrew at [jpettigrew@selfstorage.org](mailto:jpettigrew@selfstorage.org).

### ■ Jernigan Looks Ahead

U-Store-It CEO Dean Jernigan will be the keynote speaker at the SSA Fall Conference & Trade Show in Las Vegas on September 7. One of the industry's true pioneers will take a look ahead at what we may see in the next couple of decades. Jernigan was also the chief executive at Storage USA.

### ■ Appearing in Vegas

In addition to the annual Self Storage Hall of Fame induction ceremony, the SSA Foundation will recognize many of its scholarship awardees during the Foundation Forum at the Fall Conference & Trade Show. Legislative Recognition Awards will also be presented during the session. It will all take place during the General Session, September 8 at Caesars Palace. Register now!

# Illinois, Nevada Round Out a Strong Year for Lien Reform Laws

Most state legislatures around the country completed their 2011 sessions during the first half of the year. Two of those, Nevada and Illinois, made self storage legislation among the last measures passed at the end of May. The Nevada lien improvement bill passed its Assembly Friday, May 27, and the Illinois lien reform bill made it through its Assembly at the end of a lengthy Memorial Day weekend session. Both bills having passed their respective Senates earlier in the session needed to return to that chamber for concurrence on amendments made in the assembly process, which was accomplished before going to the governors' desks for signature.

Thus far this year, six SSA-driven lien law update bills have passed their legislatures: Arkansas, Colorado, Maine, Tennessee (these four signed into law); and now Illinois and Nevada. The Texas-SSA, which participates in the SSA Legislative & Regulatory Committee meetings, is also pursuing lien law reform. Annual savings to the self storage industry based on conservative estimates of 2011 SSA legislative improvements are in the neighborhood of \$5 million.

The last-minute concessions made in May were significant in Nevada where, as in California, the attempt to completely eliminate the "Declaration in Opposition to Lien" provision was opposed by consumer-sensitive legislators who would not let the bill advance without some version of the measure remaining. Only California and Nevada have the "Declaration" laws, which require operators to sue in order to proceed with the lien process if the tenant objects. In California the Declaration remains, however the 2010 bill changed the adjudication options to include small claims court, making it much less expensive for operators to pursue liens via lawsuits.

In Nevada, the Declaration remains; however, the onus will now be on the tenant to file suit to stop the lien process (within 21 days) as opposed to the current system requiring the operator to file in order to proceed. The new bill also calls for self storage businesses to wait 30 days before proceeding with the lien. Analysts believe placing the burden on the delinquent tenant to file suit will eliminate a significant number of Declaration situations. Another amendment in Nevada requires operators to send lien notices via email (in addition to verified mail) *if* an email address has been provided.

"The Nevada Self Storage Association is very pleased with the progress of the lien law bill through the Nevada Legislature," said Nevada-SSA president Travis Morrow. "Without the financial, legal and legislative help of the national SSA none of these changes would have been possible. This new law will provide significant benefits to the self storage industry in Nevada."

SB150, the Nevada lien improvement bill, made the following changes to the existing self storage lien law:

- Lien notification: Certified mail requirement switched to email, if email address is on record, and any form of verified mail.
- If delinquent tenant signs Declaration in Opposition, it is now the responsibility of the tenant to file suit within 21 days, as opposed to the operator. The operator must wait 30 days to proceed with lien.

*See Lien Law Legislation, page 34*

- Protects operator in abandoned “protected property” situations; however rental agreement must stipulate that protected property be labeled as such by tenant.
- If rental agreement contains limitation of value, stored property shall be deemed not to exceed that value.

The changes to the Illinois lien law (HB 1394) include:

- Enables tenant notification by first class mail with certificate of mailing versus current certified mail; Concession: had to give up email notification and the elimination of itemized statement to tenant.
- Reduced from two years to one year the length of time you must hold excess funds from a lien sale.
- Simplified removal of motor vehicles and watercraft from facility.
- Adopts SSA model late fee: \$20 or 20% on the monthly rental fee whichever is greater.
- All expenses related to the lien process or collection efforts can be taken from the lien sale funds.
- If rental agreement contains limitation of value property stored property shall be deemed not to exceed that value.

- Still must publish legal advertisement for two consecutive weeks, but no longer have to publish a general description in the newspaper of what is in the unit; just the standard information about when and where the sale will take place and the tenant’s name and unit number.

According to Illinois SSA president Michael Lane, “With the passage of SB1394, the Illinois Self-Service Storage Facility Act received a much needed face lift. The coordinated effort of ISSA and SSA made possible several key changes to this Act, including first class mail lien notification, vehicle removal, late fees and limitation of value. We are looking forward to the Governor of Illinois signing these amendments into law later this summer.”

The SSA-driven Massachusetts lien bill remains active. Only Connecticut and Florida bills did not pass the legislatures this year; however progress was made in Florida that will be picked up during the 2012 session. This year the SSA has committed more than \$500,000 to pursue lien law reforms, and more than \$1.5 million over the past three years. Since 2009, the SSA has helped state associations pass elements of new lien laws in California, Colorado, Connecticut, Arizona, Arkansas, North Carolina, Maine, Michigan, Tennessee, Wisconsin and Washington State. Year-over-year savings due to lien process cost reductions in various states are estimated to be approximately \$15 million for the industry. ❖

## Marcus & Millichap Leads the Industry in Self-Storage Transactions

Marcus & Millichap’s National Self-Storage Group (NSSG) is the industry leader in self-storage transactions. With more than 70 offices and self-storage professionals throughout the nation, the NSSG has closed transactions totaling more than \$220,000,000 in the last 12 months while representing all of the industry’s leading companies.

*Below is a sampling of our recent closings:*

**Budget Mini Storage**  
Miami, FL  
76,602 sf | \$13,500,000  
**CLOSED**

**Alluvial Avenue**  
Clovis, CA  
112,271 sf | \$7,000,000  
**CLOSED**

**Alamo Self Storage**  
Fort Worth, TX  
75,030 sf | \$3,400,000  
**CLOSED**

**Extra Space Storage**  
Indianapolis, IN  
49,222 sf | \$1,350,000  
**CLOSED**

*The following investment professionals personally support the SSA through their patron sponsorship:*

**Chico LeClaire**  
Denver  
(303) 328-2000

**Michael Mele**  
Tampa  
(813) 387-4700

**Nick Walker**  
Ontario  
(909) 456-3400

**Jason Smith**  
Salt Lake City, UT  
(801) 736-2600

**Christopher Secreto**  
Seattle  
(206) 826-5700

**Walter Brauer**  
Encino  
(818) 212-2700

**Anne Williams**  
Memphis  
(901) 620-3600

**John Pasquesi**  
Oak Brook, IL  
(630) 570-2200

**Joel Deis**  
Seattle  
(206) 826-5700

**Michael Hoffman**  
National Director  
(303) 328-2000

Offices Nationwide

michael.hoffman@marcusmillichap.com

www.MarcusMillichap.com

Investment Sales ♦ Financing ♦ Research ♦ Advisory Services

**Marcus & Millichap**  
NATIONAL SELF-STORAGE GROUP