

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 498 (Michelle Rodriguez)

Version: March 17, 2025

Hearing Date: July 15, 2025

Fiscal: No

Urgency: No

ID

SUBJECT

Self-service storage facilities: lien notices: email

DIGEST

This bill permits a self-storage facility to deliver specified notices of delinquent rent payments and a lien sale to a renter by email if there is evidence demonstrating that the renter downloaded, printed, viewed, opened, or otherwise acknowledged receipt of the notice.

EXECUTIVE SUMMARY

Self-storage facilities provide individual self-storage units that can be rented to store items large and small, with renters having access to the unit and the ability to store whatever can fit in the unit they rent. The growth of self-storage facilities has been tremendous in recent years, and about 3,500 self-storage facilities currently operate across the state. Current law regulates the written rental agreements between a self-storage facility and a renter of a storage unit, the allowable late payment fees for when a renter of a unit fails to make rental payments, and how a self-storage facility may ultimately dispose of a renter's property for unpaid rent and other charges pursuant to a lien on the renter's property. To sell a renter's property pursuant to the lien, notice of delinquent payments and a notice of lien sale must be delivered to the renter. Currently, those notices must be provided by mail, or by electronic means if the rental agreement states that the notices may be sent electronically, the renter signs the rental agreement, and the self-storage facility is able to demonstrate actual delivery and receipt of the notice, as specified. AB 498 modifies the permissible ways that a self-storage facility may demonstrate delivery in order to deliver the lien notices electronically, and would allow a self-storage facility to deliver the notices by email as long as the facility could demonstrate that the email was opened. After delivery of these notices, the self-storage facility may proceed with the lien process and the selling of the renter's possessions. AB 498 is sponsored by the California Self-Storage Association and the Self-Storage Association. The Committee received no other timely letters of support or opposition.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the California Self-Storage Facilities Act to regulate the rental agreements between a self-storage facility and a renter of a storage unit, specify how a self-storage facility may sell a renter's personal property for non-payment of rent and other charges, and specify limits on allowable late payment fees and other rules regarding self-storage facilities. (Bus. & Prof. Code §§ 21700 et seq.)
- 2) Specifies that an owner of a self-storage facility or their heirs or successors hold a lien on a renter's personal property located in a storage unit, for the purposes of recovering any owed rent payments, labor costs, late payment fees, expenses for holding and disposing of the property, or other charges incurred pursuant to the rental agreement. (Bus. & Prof. Code § 21702.)
- 3) Requires every contract for the rental or lease of individual storage space in a self-service storage facility to be in writing and to contain a statement that the occupant's property will be subject to a claim of lien and may even be sold to satisfy the lien if the rent or other charges due remain unpaid for 14 consecutive days. (Bus. & Prof. Code § 21712 (a).)
- 4) Provides that a self-storage facility may terminate a renter's right to use the storage unit if rent or other charges remain unpaid after 14 consecutive days, the facility sends the renter a specified notice of the delinquent payments and the timeline by which the facility may deny the renter access to the unit and sell the contents, and the owed charges are not paid within 14 days of the mailing of the notice. (Bus. & Prof. Code §§ 21703-21705.)
 - a) Provides that, at the end of the 14-day period after the initial notice is mailed to the renter, the lien attaches, and the facility may deny the renter access to the unit, and the owner of the facility may enter the unit and remove any property to a place for safekeeping, if the rent remains unpaid. (Bus. & Prof. Code § 21705.)
 - b) Specifies that, once the owner of the facility has taken those actions, they must mail the renter a blank declaration of opposition to the lien sale and a notice of lien sale that states, among other things, that the property in the unit may be sold after a specified date not less than 14 days from the mailing of the lien sale notice. (Bus. & Prof. Code § 21705(b).)
- 5) Specifies that, if a declaration of opposition to the lien sale is not received by the owner of the facility, or is withdrawn, before the specified date in the notice of lien sale, the owner may sell the renter's property. (Bus. & Prof. Code § 21706.)

- 6) If a declaration of opposition to the lien sale is received, the owner of the facility may only enforce the lien through civil court or a small claims court. (Bus. & Prof. Code § 21710.)
- 7) Specifies that, for the process of selling property after expiration of the time in the notice of lien pursuant to Business and Professions Code Section 21705, an advertisement of sale must be published before the sale in either of the following ways: by once per week for two consecutive weeks in a newspaper of general circulation published in the public notice district where the sale is to be held, or in the county where the self-service storage facility is located; once in a newspaper of general circulation published in the public notice district where the sale is to be held or in the county where the self-service storage facility is located; and once on any publicly accessible internet website that customarily conducts or advertises online auctions or sales, on which the advertisement must remain for at least 7 days. If there is no newspaper of general circulation published in the public notice district where the sale is to be held or the county where the self-storage facility is located, requires the advertisement be posted at least 10 days before the sale in at least six conspicuous places in the neighborhood of the proposed sale. (Bus. & Prof Code § 21707.)
- 8) Specifies that, minus the amount of the lien and costs of the sale, the owner must retain the excess proceeds of the sale on the occupant's behalf, to be claimed by the occupant or other person within one year of the sale, after which the remaining proceeds must be paid to the treasury of the county in which the sale was held. (*Id.*)
- 9) Provides that the required notices, as specified, may be sent to the occupant at their provided electronic mail address only if: the rental agreement states that lien notices may be sent to the occupant and the alternate address by electronic mail; and the occupant provides a written signature on the rental agreement consenting to receive lien notices by electronic mail. (Bus. & Prof. Code § 21712(c).)
- 10) Requires that a self-storage facility may only provide the lien notices electronically if it can demonstrate actual delivery and receipt through one of the following methods:
 - a) The renter acknowledges receipt of the electronic transmission by executing an electronic signature, as defined;
 - b) The notice is posted on the self-storage facility's secure internet website, and there is evidence demonstrating that the renter logged onto the website and downloaded, printed, viewed, or otherwise acknowledged receipt of the notice;
 - c) the notice is transmitted to the renter through a website application that is secured by a password, biometric identifier, or other technology, and there is evidence demonstrating that the renter logged into the application and viewed or otherwise acknowledged receipt of the notice; or

- d) the renter acknowledges receipt of the electronic transmission by replying to the email, and there is delivery path evidence that the reply was sent from the renter's email address. (Bus. & Prof. Code § 21712(c)(2).)
- 11) Specifies that, if the self-storage facility is unable to demonstrate actual delivery and receipt of the lien notice, it must resend the notice by mail, as provided. (Bus. & Prof. Code § 21712(c)(3).)

This bill removes the option described in (10)(b), above, for demonstrating actual delivery and receipt of a lien notice sent by electronic communication, and replaces it with the option that the self-storage facility deliver the notice to the renter's email address, and there is evidence demonstrating that the renter downloaded, printed, viewed, opened, or otherwise acknowledged receipt of the notice.

COMMENTS

1. Author's statement

According to the author:

AB 498 allows self-storage owners to use more accessible systems for sending notices by email while ensuring that robust consumer protections are in place.

2. The self-storage industry

Self-storage facilities provide individual self-storage units that can be rented to store items large and small, with renters having access to the unit and the ability to store whatever can fit in the unit they rent. Units vary in size, from only a few feet in width and depth to 10 by 20 feet in width and depth or larger. The growth of self-storage facilities has been tremendous in recent years, with some reports estimating that the United States added 3,000 new self-storage facilities every year from 2000 to 2005, and that self-storage facilities went from 6,600 in 1985 to now more than 50,000 across the nation.¹ The self-storage industry is currently estimated to be a \$44.3 billion industry.² In California, there are about 3,500 self-storage facilities with a combined storage space of 213.3 million square feet.³ Abandonment of units is also not uncommon, as estimates

¹ Jon Mooallem, "The self-storage self" The New York Times (Sept. 2, 2009), available at <https://www.nytimes.com/2009/09/06/magazine/06self-storage-t.html>; Clay S. Jenkinson, "Too much stuff: Americans and their storage units," Governing (Dec. 18, 2022), available at <https://www.governing.com/context/too-much-stuff-americans-and-their-storage-units>.

² Al Harris, "U.S. Self-storage industry statistics," Sparefoot (Apr. 16, 2024), available at <https://www.sparefoot.com/self-storage/news/1432-self-storage-industry-statistics/>.

³ Selfstorage.com, "California self-storage facts" (accessed May 22, 2024), available at <https://www.selfstorage.com/self-storage/california/#self-storage>.

suggest that 155,000 storage units are auctioned off each year.⁴ Self-storage units have become so ubiquitous in American life that they have spawned an entire television show, called “Storage Wars,” in which treasure hunters bid on storage units at auctions of storage units that have been abandoned.

A report from 2024 found that the most common reason an individual rents self-storage is because of a lack of storage space at home, though the second-most common reason, at 25%, is because the individual is moving.⁵ When someone is moving or otherwise experiencing housing instability, having a self-storage unit may be essential. Consumers may also need self-storage because of a disaster or because of a sudden change of circumstances, such as losing a job and having to move in with family. In one example highlighted in a recent article regarding self-storage facilities, an individual named Whitney had to move back in with her mother after losing her job.⁶ Because her mother’s apartment was not big enough for all of her possessions and furniture, she rented a self-storage unit, and rented a truck so that she could, with the help of her mother and a friend, move all of her stuff into the self-storage unit. Some reporting also finds that many unhoused individuals rely on self-storage units to house their possessions while they otherwise live out of their cars, or have to keep their cars clean for work, such as ride sharing.

Once a consumer moves their possessions into a self-storage unit, they often can be at the whims of the self-storage facility. That is because moving a consumer’s possessions out of a self-storage unit once they are there is often anything but convenient. It may require the individual to rent a moving truck, and to physically move their items, find friends or family willing to help, or hire movers, particularly for larger items like furniture. Thus, once a consumer’s items are in the self-storage facility, it may take a considerable amount of effort to move them out if something goes wrong or the facility increases the monthly rates higher than the consumer can afford to pay. Numerous reports have found that substantial rent increases on self-storage units after a consumer has begun a rental are a common industry strategy. If the renter refuses or fails to pay the monthly rent, the storage facility can lock the renter out of their unit and sell the renter’s possessions that are in the self-storage unit to satisfy what they owe the facility. If the person’s possessions have sentimental value or are particularly invaluable, the loss of their possessions could be devastating and irreparable.

⁴ Jenkinson, *supra* note 1.

⁵ Francis Chantree, “A fifth of Americans rent self-storage, with millennials overtaking Gen Xers in generational storage wars,” StorageCafe (Jan. 28, 2024), <https://www.storagecafe.com/blog/self-storage-demand-and-trends/>.

⁶ Daryl Austin, “The sneaky rate-increase policies sweeping the self-storage industry,” Slate (Jan. 8, 2025) <https://slate.com/business/2025/01/self-storage-price-increases-28-day-billing-unit-sales-facility-managment.html>.

3. California's laws regarding self-storage facilities

Self-storage units are specifically regulated by the California Self-Storage Facility Act (the Act) (Bus. & Prof. Code §§ 21700-21716). The Act regulates the written rental agreements between a self-storage facility and a renter of a storage unit, the allowable late payment fees for when a renter of a unit fails to make rental payments, and how a self-storage facility may ultimately dispose of a renter's property for unpaid rent and other charges. The Act specifies that an owner of a self-storage facility or their heirs or successors hold a lien on a renter's personal property located in a storage unit, for the purposes of recovering any owed rent payments, labor, late payment fees, expenses for holding and disposing of the property, or other charges incurred pursuant to the rental agreement. (Bus. & Prof. Code § 21702.)

The Act specifies a process through which a self-storage facility may act upon that lien to deny the renter access to the unit and sell off a renter's property when a renter has not paid the owed rent or fees. It provides that a self-storage facility may terminate a renter's right to use the storage unit if: rent or other charges remain unpaid after 14 consecutive days; the facility sends the renter a specified notice of the delinquent payments and the timeline by which the facility may deny the renter access to the unit and sell the contents; and the owed charges are not paid within 14 days of the mailing of the notice. (Bus. & Prof. Code §§ 21703-21705.) At the end of the 14-day period after the initial notice is mailed to the renter, the lien attaches, and the facility may deny the renter access to the unit and enter the unit to remove any property to a place for safekeeping. (Bus. & Prof. Code § 21705.) Once the owner of the facility has taken those actions, they must mail the renter a blank declaration of opposition to the lien sale and a notice of lien sale that states, among other things, that the property in the unit may be sold after a specified date, not less than 14 days from the mailing of the lien sale notice. (Bus. & Prof. Code § 21705(b).) If a declaration of opposition to the lien sale is not received by the owner of the facility, or is withdrawn, before the specified date, the owner may sell the renter's property. (Bus. & Prof. Code § 21706.) If a declaration of opposition to the lien sale is received, the owner of the facility may only enforce the lien through civil court or a small claims court. (Bus. & Prof. Code § 21710.)

To sell the property, the facility must advertise the sale, either once a week for two consecutive weeks in a newspaper of general circulation or once in a newspaper of general circulation and on a publicly accessible internet website for one week. (Bus. & Prof. Code § 21707.) If there is no newspaper of general circulation published in the public notice district where the sale is to be held or the county where the self-storage facility is located, the advertisement must be posted at least 10 days before the sale in at least six conspicuous places in the neighborhood of the proposed sale. (*Id.*) The sale may be conducted in-person or through a publicly accessible internet website that customarily conducts online auctions or sales, as long as the sale is conducted in a commercially reasonable manner. (Bus. & Prof. Code § 21707(b).) The owner of the self-storage facility must retain any proceeds from the sale on the renter's behalf, less the

costs of the sale and the amount of the lien, for a year, to be claimed by the renter or a person with a claim against the sold property, after which point the owner of the facility must provide the proceeds to the treasury of the county in which the sale was held. (*Id.*)

In addition to this lien process, the Act specifies allowable late payment fees and what must be included in the rental agreement between a self-storage facility and the renter of the unit. The Act requires that a contract for the rental of a self-storage unit be in writing, and contain a statement that the renter's property will be subject to a lien and may be sold pursuant to that lien if the rent or other charges remain unpaid after 14 consecutive days. (Bus. & Prof. Code § 21712.) The rental agreement must also request the renter to provide the name and mailing or email address for another person for the purposes of receiving the statutorily-required lien notices, and the Act specifies that the lien shall not attach if this information is not requested in the lease. (*Id.*) If a self-storage facility wishes to amend the rental agreement, such as by increasing the rent, it must provide the renter 30 days' notice, but if the renter continues using the unit once the change goes into effect, they are considered to have accepted the new terms. (Bus. & Prof. Code § 21715.5.)

Moreover, the Act limits late payment fees to the amount specified in the rental agreement, that is not greater than specified amounts based on the monthly rent (for example, not more than \$10 when monthly rent is \$60 or less), and can only be assessed once for each rental payment not paid for at least 10 days after the due date. (Bus. & Prof. Code § 21713.5.) While the Act does not place any limits on how much or how often a self-storage facility may increase the rent for a unit, self-storage facilities are subject to the state's price-gouging laws when a state of emergency has been declared. (Pen. Code § 396(b).) Those laws limit rent increases to 10% during such an emergency.

4. AB 498 would permit self-storage facilities to more easily deliver lien notices electronically

As previously noted, in order to have the lien attach to a self-storage unit and sell a renter's possessions, a self-storage facility must provide a number of notices to the renter. The renter must first provide a preliminary notice of delinquent rent that specifies when the renter must pay the amounts due before the lien attaches, and then, 14 days after this notice, a notice of lien sale. (Bus. & Prof. Code §§ 21703, 21705.) These notices must be provided by certified mail, or by first-class mail if the self-storage facility obtains a certificate of mailing with prepaid postage, and must be mailed both to the renter's last known address and to an alternate mailing address provided by the renter.

In 2017, the Legislature enacted AB 1108 (Daly, Ch. 227, Stats. 2017) to permit self-storage facilities to provide these lien notices electronically instead. In order to do so, AB 1108 required that the rental agreement for the self-storage unit state that such lien notices may be sent electronically, and that the renter signs the agreement. The self-

storage facility also has to show actual delivery and receipt of the notice, or else it must send the notice by mail. To demonstrate actual delivery, one of the following requirements must be met: the renter acknowledges receipt of the notice by executing an electronic signature; the renter replies to the email from their email address; the notice is posted on a secure website, and the occupant logs onto the website and downloads, prints, views, or otherwise acknowledges receipt; or the notice is transmitted through an application on a website that is secured by a password or other mechanism, and the renter logs into the application and views or otherwise acknowledges receipt of the notice. (Bus. & Prof. Code § 21712(c)(2).) While AB 1108 included a sunset for January 1, 2021 for these provisions due to concerns regarding allowing electronic submission of these important notices, this sunset was extended another two years to January 1, 2023 by AB 3364 (Committee on the Judiciary, Ch. 36, Stats. 2020). The sunset was ultimately removed entirely in 2022 by AB 2960. (AB 2960 (Committee on the Judiciary) Ch. 420, Stats. 2022.) Although the sunset was eliminated, it is unclear whether any concerns related to electronic delivery of lien notices have been resolved.

The author asserts that the actual delivery requirements for submitting lien notices electronically are too burdensome for self-storage facilities to utilize electronic communication for these notices. They assert that many self-storage facility owners lack the technical infrastructure, such as a secure website or website application in which a renter can log in, to meet those requirements. Because they cannot utilize electronic notices, these self-storage facilities must provide them by mail.

AB 498 proposes to remove the option that actual delivery be demonstrated by posting notice on a self-storage facility's secure website, to replace it with the option that the lien notice may be emailed to the renter. In this case, AB 498 would permit showing actual delivery and receipt by evidence that the email was downloaded, printed, viewed, opened, or otherwise acknowledged.

It should be noted that providing electronic notice by email is already permitted; however, in order for it to be sufficient under the current statute, the renter must either send back to the self-storage facility an electronic signature or reply to the email. Thus, the renter must currently take an *affirmative* action that shows receipt of the email for a notice by email to be sufficient. This bill would eliminate such a requirement, and simply instead allow a self-storage facility to rely on email services that are capable of tracking when a recipient of an email opens the email. This may not guarantee that a renter actually *reads* the email, or that they actually meant to open it. If the email notice was sent to an incorrect email and the incorrect recipient opened it, AB 498 also would nonetheless deem this sufficient for delivery and receipt.

Once a notice of lien sale has been delivered to a renter, the self-storage facility can enter the renter's unit and begin the process of selling the renter's possessions. Because of the serious and potentially irreversible consequences of the lien sale, the law has

traditionally maintained strict requirements for the notice of delinquent payments and the lien sale. These requirements are meant to ensure that little possibility exists that the renter is not made aware of the impending lien sale and the risk that they may lose all of their possessions. While electronic notice was permitted in 2017 for accomplishing lien notices in recognition of our increasingly digital world, it still included a number of protections meant to help ensure that renters would actually receive the electronic notice. These protections are essential to ensuring that consumers are protected and do not have their possessions sold without fair notice.

SUPPORT

California Self Storage Association (sponsor)

Self Storage Association (sponsor)

OPPOSITION

None received

RELATED LEGISLATION

Pending Legislation: SB 709 (Menjivar, 2025) requires a self-storage facility to disclose in a rental agreement with a renter of a self-storage unit certain details regarding the rental agreement, promotional prices or discounts received by the renter, how the renter can terminate the rental agreement, the contact information for the owner of the self-storage facility, and if the rental fee is subject to change, and if so, the maximum rental fee that the owner could charge during the first 12 months following the date of the rental agreement. SB 709 is currently pending on the floor of the Assembly.

Prior Legislation:

AB 542 (Juan Carrillo, Ch. 531, Stats. 2023) amended the Act to require publication of a notice of a sale of a unit's property pursuant to a lien on the property, as specified.

AB 2960 (Committee on the Judiciary, Ch. 420, Stats. 2022.) among other things, eliminated the sunset on the provisions created by AB 1108 for electronic delivery of lien notices entirely.

AB 3364 (Committee on the Judiciary, Ch. 36, Stats. 2020) among other things, extended the sunset on the provisions created by AB 1108 for electronic delivery of lien notices to January 1, 2023.

AB 1108 (Daly, Ch. 227, Stats. 2017) permitted self-storage facilities to provide lien notices electronically if the rental agreement for the self-storage unit states that such lien notices may be sent electronically, and that the renter signs the agreement. Required the

self-storage facility to show actual delivery and receipt of the notice, as specified, or else it must send the notice by mail. AB 1108 included a sunset of January 1, 2021.

AB 655 (Emmerson, Ch. 439, Stats. 2010) amended the provisions of the Act to specify that the lien attaches to the property in the self-storage unit if the renter has not paid the full amount due within 14 days of the termination date specified in the lien notice, and specified the required notice of lien sale and process by which a renter may claim their property prior to the lien sale.

AB 2263 (Correa, Ch. 156, Stats. 1999) authorized an owner of a self-storage facility to assess renters of units specified late payment fees for delinquent rental payments, and provided that liens imposed on self-storage units include any late payment fees.

PRIOR VOTES:

Assembly Floor (Ayes 76, Noes 0)

Assembly Judiciary Committee (Ayes 12, Noes 0)
