

Rental Agreement Value Limitation Stops \$367,500 Lawsuit

A wrongful sale lawsuit is not a pleasant experience for any self storage operator. There is always cause for concern because the largest jury verdicts returned against self storage facility owners have come out of the wrongful sale of tenant property. A lawsuit brought by a church alleging that the operator wrongfully sold property worth \$367,500 would make most storage operators uneasy.

This is what happened in One Way Apostolic Church v. Extra Space Storage, Inc., 2016 U.S. Dist. LEXIS 88554, and was a great cause for concern when the judge refused to dismiss the suit [See Sept./Oct. 2016 issue]. What a difference a year makes.

In One Way Apostolic Church v. Extra Space Storage, Inc., 2018 U.S. Dist. LEXIS 14878, the \$367,500 lawsuit became a \$10,000 lawsuit. This bit of legal legerdemain was performed by paragraph 8 of the Extra Space rental agreement that was in bold type and underlined:

Occupant agrees not to store property with a total value in excess of \$5,000 without the written permission of the Owner or Manager and Occupant has provided proof of insurance to Owner or Manager to cover the value of the stored property. If such written permission is

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ASSA sends out monthly emails and important legislative and association communication. Not receiving our email? Please send your email address to sharris@arssa.org.

2019 Dues are due December 31, 2018. If you do not receive an email or a printed invoice in the mail by December 15th, please contact our offce.

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Letter From the president

I would like to take this opportunity and thank our members for their attendance and involvement in the 2018 ASSA Convention and Expo. It was great visiting with everyone and I'm humbled to have the opportunity serve another term as President of such an upstanding organization.

Following the expo, your board and I started planning for next year's expo lineup and the 2019 legislative session. We are reviewing the financials and looking for opportunities to bring you better and more relevant information, along with any concerns that might come forth during the next legislative session. As the board prepares for 2019, Shelly is focusing on ways to improve our technology, marketing, education, and communication with members. And as always, Shelly is looking for ways to grow our membership, while trying to make sure all of our members are taking advantage of member benefits.

Officer Elections were held at the August 23rd board meeting. We are thankful for our board's service and congratulate these well earned offices: Vice President-Howard Orsburn; Treasurer- John Ed Gregson; Secretary- Dan Lusk. And yes, I am honored to have been elected to serve another term as your President.



Charles Snapp

The ASSA exists for you; this association was created out of the statewide need for the selfstorage industry's representation with the legislature. This is the time of year we are planning and making changes, and this is the best time of year for the unified voice of the ASSA to be heard. We take recommendations and opportunities for growth seriously around here, and every member has an equal voice. Whether you have five storage facilities or one, your contribution and input is important. Call one of the board members, or e- mail something to the office in Little Rock and share your thoughts and ideas with us.

As we move through the final quarter of 2018, I hope you are putting into practice some of the ideas you picked up at the expo, and I hope you recognize the value of the Arkansas Self Storage Association and the unified voice we bring to our membership. As always, thanks for your support.



Rental Agreement Value Limitation

Continued from page 1

not obtained, the value of Occupant's property shall be deemed not to exceed \$5,000. Nothing herein shall constitute any agreement or admission by Owner or Manager that Occupant's stored property has any value, nor shall anything alter the release of Owner's liability set forth below.

Value Limitation Enforceable

The plaintiff did not dispute that the paragraph was in the rental agreement or that he signed the rental agreement containing it or that he had not obtained permission to store property with a value of more than \$5,000 per space. Rather plaintiff sought to convince the court that the paragraph was unenforceable. The judge rejected plaintiff 's argument that since other parts of the rental agreement were also in bold type, the value limitation paragraph did not stand out sufficiently to be enforceable. The court noted that the Illinois Self-Service Storage Facility Act (ISSSFA) only requires such a limitation to be in bold type or underlined to be enforceable. The Extra Space limitation of value paragraph was in bold type and underlined.

The trial judge also rejected plaintiff 's contention that if Extra Space violated any part of the lien enforcement procedure the value limitation paragraph was void. Finally, the judge rejected plaintiff 's argument that the provision was unconscionable. Plaintiff argued that he was unable to read the rental agreement before he signed it because he did not have his reading glasses. The judge also rejected plaintiff 's arguments that the facility had a duty to explain the value limitation to him.

Bold Type or Underlined

This case is extremely important for Illinois storage operators. The judge ruled that a rental agreement value limitation must be enforced when it meets the requirements of section 7.5 of the ISSSFA.

<u>Sec. 7.5. Limitation of value.</u> If the rental agreement contains a limit on the value of property that may be stored in the occupant's space, this limit is deemed to be the maximum value of the stored property, provided that this limit

provision must be printed in bold type or underlined in the rental agreement in order to be enforceable....

Illinois facility owners should make sure that their rental agreement has a value limitation agreement similar to the one in the Extra Space rental agreement and that it is printed in bold type or underlined. It should be noted that one factor the judge considered was that the Extra Space value limitation paragraph specifically provided that the tenant could increase the value of the property stored in the space. The plaintiff never requested permission to increase the value.

January/February 2018 Self Storage Legal Review. (p. 2, 3).

As a member of the ASSA, your benefits include access to the ASSA Model Lease. We are continually monitoring state and federal laws and trends to insure our lease provides the most protection for our owners and operators and their tenants. Refer to paragraph 11 in the ASSA Model Lease, accessible on our website:

11. LIMITATION OF VALUE: Without Operator's written permission, Occupant will not store property that has an aggregate value of over \$5,000 or that may cause emotional distress or consequential damages if it were missing, stolen or damaged. The Occupant agrees that the maximum value for any claim or suit by the Occupant including but not limited to any suit which alleges wrongful or improper foreclosure or sale of the contents of a storage unit is \$5,000.00. Nothing in this section shall be deemed to create any liability on the part of the Operator to the Occupant for any loss or damages to the Occupant's property regardless of cause.

The Best Roofing System for your Storage Facility

Contributed by Water Tight Roofing

With daily exposure to heat, solar rays, rain, and maintenance traffic, a roofing system can experience wear and tear over its life cycle. It's clear that the longer a roof lasts, the more cost effective it is, which is why proper inspections and maintenance are essential to the viability of your roof.

In addition to regular scheduled maintenance visits from an experienced and accredited roofing professional, it's important for facility managers to get involved with inspections, maintenance, and minor repairs. Self-Storage owners and managers have a variety of options regarding replacing or restoring their current roofing system.

Metal Roofing

Metal roofing is highly-durable and versatile. It comes with many different design options and can be easily customized to the specific needs of every storage facility. It can be one of the storage facility's key design elements, drawing attention to the building and creating a sense of protection and confidence, which is precisely what most facilities try to convey.

If your storage facility roof is currently composed of clay tiles, aluminum, tar, or another material then you likely already understand the costs associated with premature maintenance and roof replacement. A metal roof can be a durable option for storage facility owners.

Single-Ply Membranes

There are numerous benefits to single-ply membranes that make it an attractive choice for restoring a commercial metal roof. Essentially, a single-ply membrane converts a hot metal roof into a cool and energy efficient reflective roof. Through using professional installers from a company like WaterTight Roofing, a commercial metal roof can be fitted with a single-ply membrane without any invasive construction that will interrupt your daily business. This cost-saving installation process is just the beginning of the economic impact. By providing exceptional resistance to ultraviolet rays, ozone, and chemical exposure, single-ply membranes increase the lifespan of your existing roofing system, thus extending the need for a full replacement. Additionally, the membrane's reflective and atmospheric-resistant properties help reduce the temperature of the roof, therefore reducing the temperature of the facility as a whole.

Roof Restoration Coatings

Replacing your entire roof isn't always necessary to increase its lifespan and quality, and a roof restoration coating is another option providing a no-tear off solution. Our restoration system involves installing an energy-efficient membrane over your existing roof. This membrane acts as a protective canvas for your roof and is secure, heat reflective, and leak proof.

These coatings have provided benefits including: a sturdy, durable topcoat to an existing roof, long-lasting protection from wear and tear, and converts a hot metal roof into a cool, energy-efficient white roof. It also helps stop and prevent future leaks, which is vital in this industry.

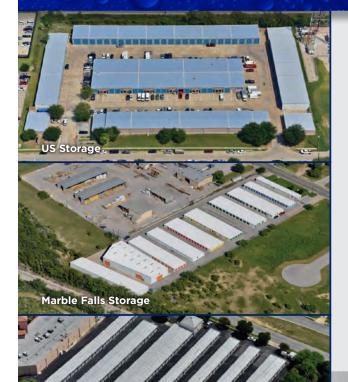
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How Does Your Self-Storage Site Manage Risk?

Contributed by Tenant Property Protection

Risk-taking is a part of every business, but it is crucial that a company knows how to deal with the impact of those risks. Having a risk management plan in place helps a business determine what their risks are in order to reduce their likelihood and provides a means for better decision-making to avoid future risk.

1. A risk management plan helps identify and prepare for potential disasters

It is essential for a business to identify potential risks. When a business knows the potential dangers associated with their business, it is easier to take



steps to avoid them. Understanding the risks makes it possible for the managers of the business to formulate a plan for lessening the negative impact of them. Also, once the risks are identified, managers can analyze them and make a logical decision regarding how to deal with them.

2. Having a risk management plan is fiscally prudent

Businesses that have risk management plans in place can more easily be financially prepared when a problem arises. Often, lenders will be more willing to increase credit limits or extend loans to companies with a risk management plan in place.

3. A risk management plan protects a company's resources

A risk management plan not only identifies risks, but it also helps to prioritize them, allowing a company to plan for the risks and respond to them more quickly and appropriately. This course of action also saves money, physical resources and will enable workers to spend more time working at tasks related to the business.

4. A risk management plan improves a company's brand

When a company is proactive and creates a risk management plan, it sends a positive message about the business. Employees feel confident that they are working for a resourceful and responsible company, and customers have assurance they are doing business with a company that is professional, reputable and holds itself to a high standard.

5. Risk management plans and insurance

Every risk management plan created should include insurance as one of its elements. Part of creating a risk management plan is determining how to reduce the impact risk will have on a company. Having appropriate insurance in place is one way to help defray the effect of adverse risks.

At Tenant Property Protection, we care about owner/operators and their success. To show our appreciation, we're offering you a **complimentary (Click to request 'FREE GUIDE')** Risk Management Planning Guide and Checklists to help you deliver "best in class" service to your tenants. We've researched and developed this guide to help our growing TPP community of colleagues and clients. Just leave a note in our "Contact Form" saying "FREE GUIDE" and let us serve you, today!

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Chaos to Control - The Evolution of Auctions

Contributed by Storage Auctions.com

As a 20 year multi-facility owner, I was amazed by the sense of control I felt the first time I tried online auctions. No crowds at my facility or litter all over my parking lot. The unpredictable weather did not affect my auction day, and my units sold for way more than they ever had at a live auction.

Storage auctions online also allow you the opportunity to hold an auction with only one or two units, while live auctions typically need more units to draw and hold a crowd. Online storage auctions really put you, as the facility owner or manager, in control of the process. You choose when to have an auction and you can quickly get delinquent tenants off your books with better recovery rates when you host auctions more regularly.

That sense of control is something that translates to bidders as well. Bidders like online auctions because they have more time to research items by carefully viewing all of the pictures. They do not have to waste time driving around town to multiple live auctions when they can bid on more than one facilities' auction even if they are happening at the same time. All of this translates into more people viewing your auctions. Instead of ten people standing outside of my facility on a hot muggy day, I will have 100's of people view each of my units online.

The storage world has evolved a lot over the years. Instead of carrying around polaroid cameras to photograph units, many of us take pictures using our phone. And remember when our primary advertisement method was the Yellow Pages? The invention of the internet has changed much in the storage world. From how we advertise our storage facilities, to the ability to host online storage auctions. Social media alone has changed the game when it comes to advertising. Through platforms like Facebook and Google, facilities can get the word out about auctions more easily. And facilities can also advertise to a wider audience. Bidders who are serious about getting a great unit will typically travel up to 120 miles from their home. The internet allows you to advertise to those people who may not get your local newspaper, but would be willing to bid on and drive to collect a unit they won at your facility.

As a business owner, it is important to see what others in your industry are doing and to see if the changes



taking place across an industry will work for you in your local market. We don't still only advertise in the Yellow Pages, we don't still only use Polaroid cameras, so why not try out online auctions. Upload your first auction this autumn, sit back in your office, and watch the auction take place on your computer screen. You definitely won't be picking up litter in your parking lot, but you might be surprised how much easier online auctions are for you and your facility.









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Streamlining the Customer Journey: From Lead to Lease

The customer's journey is arguably the most important aspect of renting units in modern self-storage practices and touches on many different areas that are directly tied in with today's available technologies. The moment an individual decides to look into renting a self-storage unit online you should be armed to the teeth with automation tools ready to capture that lead before your local competition, but what options do you have available to net these leads?

A firm online presence is the first stepping stone to being found by prospective tenants, but it doesn't just boil down to a beautiful, SEO friendly website (although obviously important). It also encompasses the tools integrated into your website via your management software for your customers that will boost your overall presence and drive those leads into conversions for your business.

In its most basic form, this can be as simple as providing online rentals, reservations, and payments directly from your website. Most cloud-based management software providers offer these services at little to no additional cost to their users and as leases are signed digitally and occupancy rises, operators can quickly see the benefits from these simple, yet crucial integrations.

While some of the aforementioned online integrations may be enough for some self-storage operators, other factors may sometimes come into play that require a more refined approach. If you are up against "big name" competition in your local market or simply want a bigger slice of the metaphorical pie, there are other ancillary services that can help distinguish your company and greatly raise your online presence.

A prime example of this would be Storelocal's online GDS (Global Distribution System) and how it plays into self-storage rentals:

- First, the GDS collects information on available storage units at your facility.
- Next, the GDS distributes up-to-date information on self-storage inventory across search engines and social media sites.
- At this point, customers who are looking for self-storage are able to search online and find the perfect storage unit at your facility.
- Once they've found what they're looking for, GDS incentivizes customers to purchase any storage and moving-related add-ons that you offer.
- Leases are signed digitally and emailed to both the facility and the customer, while your management software is automatically updated with the new tenant's information.

The result? Increased profitability for the self-storage operator through higher occupancy with more upsells and a seamless experience for the customer.

To further exemplify this - in a 2017 study of the hotel industry, it was shown that GDS bookings had increased by an astonishing 11.6% over the course of only one year. GDS bookings are on the rise in many industries and will undoubtably be prevalent in the increasingly technology-focused self-storage industry as well.

From enhancing tenant conversion to driving operational efficiencies, technology is helping self-storage operators rent units faster and ultimately bring more revenue through the door by keeping the customer journey within scope.

Kevin Kerr is the marketing manager for Empower Software Technologies, a Murrieta, California-based supplier of the Storage Commander web-based and onsite facility-management software. To reach him, e-mail kevin@ storagecommander.com; visit www.storagecommander.com. For inquiries about Storelocal contact Bruce Heverly, Chief Marketing Officer bruce.heverly@storelocal.com (949) 629-4142.







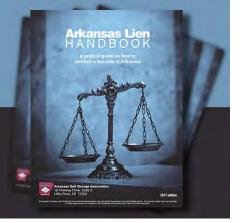
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