



Missouri Self Storage Monitor

The MSSOA Newsletter

Summer 2021

PO Box 105920 | Jefferson City, MO 65110 | 573-480-0454 | www.mssoa.org

The Statutory Option of Towing in Lieu of Lien Sale

By Scott Zucker, Esq.



It has become commonplace for self-storage facilities to offer on-site storage of cars, boats and recreational vehicles either with enclosed parking spaces or outside lot parking. The concept behind storing a car, boat or RV is essentially the same as storing a couch, clothes or business equipment; the tenant rents the available space to store their personal property. The difference is that the property being stored is on wheels and is generally property that is titled under a vehicle or watercraft registration process to clarify the ownership rights to the property. It is the fact that the property is titled that makes the lien foreclosure process more difficult when

a tenant defaults on the payment of their rent. To solve this title obstacle in the lien sales process, the national Self Storage Association, along with the cooperation and support from multiple state Self Storage Associations, has successfully modernized the applicable self storage laws to include the option of having cars, boats and RV's towed from the self-storage facility and disposed of by a licensed towing service. Rather than impose the rigors of managing the proper title obligations on a self-storage facility that seeks to dispose of a car, boat or RV that has been abandoned on their property, the towing option not only allows a self-storage operator to avoid the headaches of the proper title process involved in the sale of cars, boats and RV's, it also allows for a faster and more economical remedy of these situations. This allows the operator to properly remove the stored property from their facility and offer the opportunity to re-rent the now available rental space at a quicker pace.

As with all statutory changes that are handled on a state-by-state basis, the towing exceptions are not uniform. And even if similar, many of the state laws that have been changed to allow towing in lieu of lien sale must be carefully reviewed and separately complied with based on the particular state where the facility (and personal property) is being stored. Since more than forty (40) states have now adopted some sort of towing option, those operators in multiple states must be careful to apply the requirements of their specific facility state (as it applies to notice) to avoid any statutory violations before the property is towed away.

Recently the SSA announced success in updating a number of state lien laws to include towing options. Alabama, North Dakota and Texas are outlined below as an example of the language found in these updated state laws.

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MEMBERSHIP NEWS

Thanks to everyone who joined us for the Spring Conference.

It was a great turnout and we were grateful to see each of you! You can access these resources at MSSOA.org/seminar-resources/

If you haven't paid membership dues for 2021, please go to MSSOA.org and click the Pay My Dues button. Thank you for your continued support!

Did you know the MSSOA has updated the Model Rental Agreement? If you do not have this new sample lease, please go to our website and click Member Downloads or contact Shelly at sharris@mssoa.org

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Brian Wofford
MSSOA President

2601 East Terra Lane
O'Fallon, MO 63366
636-219-7226
brian@storagemasters.net

LETTER FROM THE PRESIDENT

Dear MSSOA Members,

I hope everyone has enjoyed the summer and has seen some return to normalcy in their communities and businesses. As we work through this return to normal, we want to give our board, members and vendor partners a big thank you for helping us to collect and get information out to our members as timely as possible. No other time like the past 12 months have I seen the MSSOA band together and help each other in so many ways. Thank you for being the best association, and I am proud to work for you!

Speaking of a returning to normal, we had a great spring conference April 23rd! It was at the Sheraton Westport in St. Louis, and we were overwhelmed with members gracious comments on how 2020 was handled and how we provided support. We were also overwhelmed by the turnout and the excitement to be back together. It was heart warming (and fun) to see the 75 members that showed up, as well as the 12 vendor partners. If you have paid membership

dues for 2021, you have access to each of the seminars from the spring conference. Login to your MSSOA.org account and go to Events, then Seminar Resources.

Plans for the Fall Conference are well underway. Shelly will have registration for that event open soon, and the schedule will be posted next month as well. We will be back at the Sheraton Westport Lakeside Chalet. We were all very impressed with the location, the service, and the food! The dates for that are September 21st and 22nd. We strongly encourage you to make your hotel reservations for that well in advance. Our room block quickly sold out for the spring conference.

If you haven't yet, visit the Member Downloads at MSSOA.org. We've added a couple new resources in addition to the spring conference videos and powerpoints. If you haven't looked at the updated Model Rental Agreement that was made available last year, I encourage you to do so. A good lease is your best protection against frivolous litigation.

Thank you again for making the MSSOA great! I hope to see you in September!

Thank you again for your support.

Brian Wofford
President, MSSOA

MSSOA Board of Directors



MSSOA Vice President
Mike Powers

U-Stor-All
218 NE 95th Rd.
Warrensburg, MO 64093

MSSOA Treasurer
Chris Hollaway

Pro Storage Center
203 Midland Court
Jefferson City, MO 65101
573-301-9195
prostoragecenter@yahoo.com



Charles Lowe

Smithville Lake Self Storage
6800 SW 169 Hwy
Trimble, MO 64492
816-370-2468
smlakess@centurytel.net



MSSOA Secretary
Marla Čolić

Spanish Lake Self Storage
1740 Parker Rd.
St. Louis, MO 63138
314-724-5549
mrainscolic@gmail.com



Executive Director
Shelly Harris

PO Box 105920
Jefferson City, MO 65110
573-480-0454
sharris@mssoa.org

We are happy to welcome these new members to the MSSOA Family.

Patriot Storage
Paul P arson
Kirkwood

Your Storage Spot
Nikki Thirkield
Bates City

Leasburg Self Storage
David Thomas
Leasburg

Aaron Morrison
Rogersville

Lock N Key
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Knob Noster

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Cornerstone Storage

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Smartlock Self Storage -
Airport Drive
David Hoover & Jonah Hall
Garland,TX

Triangle Mini Storages
Missey Rogers
Mountain Grove

GENERATE INCOME AND MINIMIZE TAXES AFTER SELLING YOUR FACILITY



Jim Whitesides
Direct Participation
Representative
Great Point Capital
Advisors

Self-Storage properties have been an excellent investment for many years, and of late it seems that every sale is a new high-water mark for property values. As a result, many owners give serious thought to the question of whether or not now is the time to sell. The answer(s) are as unique as the sellers themselves, but a key component of the answer is what to do with sale proceeds. Sellers have different needs, but most wish to avoid/minimize their tax bill and most need to use the proceeds to generate post-close income.

It is critical to develop an effective exit strategy with the help of tax, legal, and financial planning experts – but without an exit strategy, many property owners are reluctant to consider selling, regardless of price. Self-storage owners (and other property owners) have been making use of Delaware Statutory Trusts (DST's) as a centerpiece of their exit strategy, enabling them to take advantage of today's bull market to secure their long-term goals. But what are DST's, how do they work, and where can one get help getting started?

What is a DST?

Delaware Statutory Trusts (DST's) are professionally managed passive investments that cover a wide range of property types, including multi-family housing, industrial buildings, self-storage facilities, and medical offices. DSTs provide 1031 exchange-eligibility for individual investors, a benefit typically not available to other co-ownership structures. DSTs can also provide tax-advantaged monthly or quarterly income.

WHAT ARE THE PROS?

1031 Exchange Eligible

DSTs are viewed as securities under federal securities laws, so they are treated as direct ownership of real estate under Section 1031 of the IRS tax code.

Institutional-Grade Assets

DSTs are investment properties that allow multiple 1031 investors to own equity interests in high-quality assets that would otherwise be out of reach.

Pre-Packaged Offerings

DSTs include properties that have already been acquired. The DST Sponsor typically has performed due diligence, collected documentation such as property inspections, environmental reports, rent rolls and financial statements, secured financing, and put in place a third-party property management team.

Sizing

One challenge for many 1031 exchange investors is finding like-kind replacement properties that match the value of their sold assets. If replacement properties are too low or too high in value, investors may be left with excess (taxable) funds or provide cash out of pocket, respectively. DSTs allow you to invest the exact amount necessary to satisfy 1031 exchange requirements.

Diversification

DSTs allow investors to diversify into multiple investments – you can exchange into multiple properties that can provide diversification by property sector and geographical location.

Non-recourse Debt

Mortgage financing is already in place when a DST includes debt. The loan, however, is typically non-recourse, so your assets outside the investment are protected.

WHAT ARE THE CONS?

DST investments have many positive attributes; however, they may not be a good fit for all investors. Key drawbacks include:

Lack of personal control DSTs are passive investments. DST sponsors make all decisions on your behalf, often with little to no input from you or other investors.

Illiquidity

DSTs have moderate to long-term hold periods, typically four to 7 years.

Interest rates are low, occupancy rates are high, and property values are even higher – so is today the time to seriously consider selling? With the help of tax, legal, and securities experts you can identify ALL available options and reach the conclusion that is right for your situation.

Who can answer questions and provide the necessary details about specific DST's?

Great Point Capital, LLC is a broker-dealer that expertise in a number of areas, including DST's. Great Point Capital LLC is not a legal or tax advisor, so prospective investors are always encouraged to seek legal and tax advice from the appropriate professionals to supplement any financial advice they may receive. To gain further understanding of DST's and how they may be appropriate for your particular situation, contact the following Financial Advisors at Great Point Capital LLC:

Susan Gitt, 314-374-5014, sgitt@gpcchi.com. Susan has extensive knowledge of DSTs as a Financial Advisor and investor, and has over 20 years' experience in real estate.

Jim Whitesides, 314-363-9659, jwhitesides@gpschi.com. Jim has owned, operated, and developed self-storage facilities, is a Chartered Financial Analyst, a Financial Advisor, and DST investor.

The Statutory Option of Towing in Lieu of Lien Sale

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Alabama

Sec 8-15-46 (d).

"If the personal property subject to the operator's lien is a vehicle, watercraft, or trailer and rent and other charges remain unpaid for 60 days, the operator may have the vehicle, watercraft, or trailer towed from the self-service storage facility. The operator shall not be liable for any damages to the vehicle, watercraft, or trailer once a licensed and bonded tower takes possession of the property. Removal of any vehicle, watercraft, or trailer from the self-service storage facility shall not release the operator's lien. ...At any time before a sale is held under this section or before a vehicle, watercraft, or trailer is towed under this section, the occupant may pay the amount necessary to satisfy the lien and redeem the personal property. The operator shall have no liability to any person with respect to personal property redeemed pursuant to this subsection."

North Dakota

Sec 35-33-19.

"If the personal property subject to a lien under section 35-33-02 is a motor vehicle, watercraft, or trailer, and rent or other charges under the rental agreement remain unpaid for sixty days, the owner may have the motor vehicle, watercraft, or trailer towed from the self-service storage facility property by a commercial towing

service as defined in section 23.1-15-01. An owner may not be held liable for damage incurred to an occupant's motor vehicle, watercraft, or trailer after the owner relinquishes possession of the personal property and the personal property is removed from the self-service storage facility property. Removal of personal property from a self-service storage facility does not release the owner's lien under section 35-33-02.

Texas Sec. 59.052.

Notwithstanding Subchapter C, a lessor who takes possession of property to which this subchapter applies to enforce a lien under this chapter may transfer possession of the property and have the property towed to a vehicle storage facility for disposition by the vehicle storage facility under Subchapter D, Chapter 2303, Occupations Code, if:

- (1) the transfer of possession and towing is authorized under a written rental agreement between the lessor and tenant;
- (2) the lessor gives written notice of the lessor's claim to the tenant as required under Section 59.042(a) in the manner prescribed by Section 59.043;
- (3) the tenant fails to satisfy the claim on or before the 14th day after the date the notice required under Section 59.042(a) is delivered in the

manner prescribed by Section 59.043; and

- (4) the vehicle storage facility agrees in writing to accept possession of the property.

Sec. 59.053.

A lessor's lien on property towed to a vehicle storage facility under Section 59.052 is extinguished when the property is towed from the self-service storage facility.

Sec. 59.055.

A lessor is not liable to a tenant for any damage to property that the lessor has towed under Section 59.052 that occurs during the tow or after the property is towed from the self-service storage facility.

Again, each state law that now permits a towing option in lieu of sale offers unique obligations for the facility operator. Accordingly, even though an alternative has been provided, self-storage operators must be careful to verify that they are compliant with the law before the towing occurs. Furthermore, as with all situations where property is being removed or disposed of by the facility, take lots of pictures to establish the condition of the property before it leaves the premises.

Stay Safe and Happy Storing!

Scott

Zucker, S. *Self Storage Monthly Minute*. July 2021.

You can find the entire Missouri Self Storage Statute in the Member Downloads section at MSSOA.org. Section five (5) of the statute addresses towing in Missouri.

If the property is a vehicle, watercraft, or trailer and rent and other charges remain unpaid for sixty days, the owner may treat the vehicle, watercraft, or trailer as an abandoned vehicle and have the vehicle, watercraft, or trailer towed from the self-service storage facility. When the vehicle, watercraft, or trailer is towed from the self-service storage facility, the owner shall not be liable for the vehicle, watercraft, or trailer for any damages to the motor vehicle, watercraft, or trailer once the tower takes possession of the property.

<https://revisor.mo.gov/main/OneSection.aspx?section=415.415>. Provided by Stan Masters.



How To Get Reviews for Your Self Storage Facility (And Why They Matter)

Tyler Anthony, Marketing Manager at Storage Pug

In self storage, getting reviews is a critical piece of your marketing strategy. If you're not convinced, consider these stats from BrightLocal's 2020 Local Consumer Review Survey.

- 87% of consumers read online reviews for local businesses.
- Only 48% of consumers would consider using a business with less than 4 stars, and 12% of consumers won't use a business with less than 5 stars.
- The most important review factors for consumers were the overall star rating (84%), the perceived legitimacy of reviews (81%), and recency (80%).
- 94% of consumers said that positive reviews made them more likely to use a business, while 92% said that negative reviews made them less likely to use a business.
- 73% of consumers only pay attention to reviews written in the last month.
- 79% of consumers trust online reviews as much as personal recommendations from friends and family.
- Consumers are most likely to look at Google My Business for local business reviews.

What these stats mean is that your self storage facility must harness the power of online reviews. Let's look at how online reviews impact your self storage business and share some ways to collect online reviews for your self storage business.

How Online Reviews Impact Your Self Storage Business

Online reviews are important because they offer "social proof" that your facility is worthwhile.

In marketing, establishing social proof often takes the form of sharing positive reviews and customer testimonials. By sharing online reviews on your website and platforms such as Google My Business and Facebook, you can:

- Quickly build trust with potential customers
- Drive more traffic to your website
- Improve your local SEO (search engine optimization).

Having reviews on your Google My Business page improves your search ranking and increases your local SEO —driving more traffic to your website.

Because self storage is a hyperlocal business (i.e., most customers are located within a few miles of your facility), improving your local SEO affects your bottom line. In other words, Google reviews directly affect your storage unit occupancy rates.

To effectively use online reviews, you should feature them prominently on your website and actively manage your listings wherever online reviews appear, such as Google My Business, Yelp, Facebook, and self-storage online marketplaces such as Sparefoot.com and Selfstorage.com.

Collecting Online Reviews for Your Self Storage Business

Here are a few methods you can use to collect online reviews for your self storage business.

- Include a link to a review site (preferably Google My Business) on all communications with your customers (including emails, texts, and bills), along with a short invitation to review your facility.
- Have a link to a review site on your website. Make sure the link takes the user directly to the place where they can leave a review. The simpler you make it, the more likely it is that people will complete a review.
- Use social media to invite your tenants to leave a review for your facility.
- When dealing with customers in person, invite them to review your facility. Giving them a postcard with a link or QR code to a review site will help prompt them to complete this task.

The majority of people will leave a review if asked so don't hesitate to ask and make the process simple and easy.

At the end of the day, the best way to ensure that you get positive reviews is to give your customers award-winning service and then make it easy for customers to leave you a 5-star rating.





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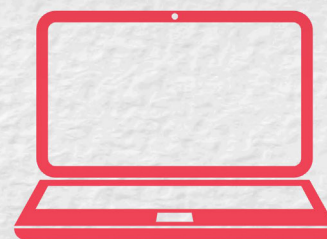


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