

# Self-Storage Auction Advertising: Legislative Changes and Opposition from the Newspaper Industry

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This has been a busy legislative year for the self-storage industry. At the time of this writing, at least six state lien laws are in the process of being updated. One of the changes advocated by the state associations is the removal of newspaper-publishing requirements surrounding lien sales. The reasons for this are many.

The most important is the expense of newspaper advertising, particularly in a larger city, and especially in a state where the operator has to include an inventory of the sale goods in the advertisement. The costs for this can often be astronomical.

Second, the newspaper-advertising requirements in most state statutes are confusing, and there's concern that a mistake in an advertisement or the placement of an ad might lead to a wrongful-sale lawsuit. For example, in California (before this year's change), the requirement was to publish an ad in a newspaper in the "judicial district" in which the self-storage facility is located. California operators scratched their heads for years trying to find judicial-district maps so they could verify the right newspaper in which to advertise.

In other states, the requirement is to use a newspaper of "general circulation." Depending on your state, this may be a newspaper of record, which can be as simple as the local newspaper or complex like an in-house court-index newspaper. Beyond this uncertainty, advertisements in newspapers of "general circulation" often are not the best place to advertise if you want to attract bidders. Thus, the advertisements are a waste of time, energy and money.

Another issue is newspaper availability. Many newspapers are folding today, so there may not be a "hard copy" newspaper of general circulation in some self-storage markets, making the advertising requirements impossible. This year the requirements were reduced in Colorado and Tennessee. Arizona, California, Michigan and North Carolina made changes to their legal advertising requirements last year. Michigan was successful in allowing for advertising in the Web version of a newspaper or another publicly accessible website.

## The Battle With Lobbyists

Self-storage associations in several other states, including Florida and Illinois, tried to make similar changes and ran smack into lobbyists from the local newspaper association, which opposed them. For the most part, the argument from the newspaper industry is self-storage sale advertisements are legal advertisements and must be run as any other. Think about it: When the newspaper has a monopoly, self-storage advertising or legal notices are probably among the last good profit centers left in a newspaper-publishing business.

Ultimately, the Florida bill failed to pass this year, and the Illinois bill passed without the desired changes to the advertising requirements. Meanwhile, the California Newspaper Publishers Association has sponsored a bill to "undo" the change that was passed last year. CNPA wants to return to the "old way" of advertising in judicial districts.

## How Much Is Too Much?

At first blush, the pushback by the newspapers is a setback for our industry. But I have to wonder if some of the changes made to self-storage lien laws have gone too far. I agree with any change that makes advertising more effective and competitive for self-storage operators. However, I don't necessarily agree that completely moving away from default sale advertising in some form of readily available newspaper is a good idea.

Think about obituaries or birth announcements. Many of us start our day by checking these newspaper listings. In this digital age, they're often checked online; but the offering of a common place for this information remains vital to the community.

The same is true of self-storage newspaper advertising. I've had many facility operators tell me over the years (and many recently), that after multiple attempts to contact the delinquent tenant, including Certified Mail and other notices or letters, it was the newspaper ad that got his attention. When the ad ran, a family member, co-worker, employer, church member, etc., saw the legal notice and contacted the tenant or the facility. For whatever reasons, the newspaper ad and the threat of follow-up action still gets results. When you get rid of newspaper advertising in total, you lose a potentially effective collection tool and a real way to reach your tenant.

Printed newspapers may be going the way of the dinosaur, but that doesn't mean newspaper advertising of storage lien sales should go away completely. While my friends in Michigan may disagree, I wonder if they're really getting as much response to the sale notices they publish on their own websites vs. what they might get if they published in a newspaper or newspaper website.

When the euphoria of "Storage Wars" wears off and you go back to having sales with a few buyers bidding as low as possible for units, you're going to miss those newspaper advertisements that coerced payment. Perhaps we need to find a middle ground. We can bemoan the objections of the newspaper lobbyists, but the fact is they have become active in monitoring self-storage lien-law changes. They're going to fight and, as in Florida, block proposed changes to lien laws, which might contain improvements more critical than getting rid of newspaper advertising.

There's an old expression, "If you can't beat them, join them." Perhaps it's time we look to reach détente with the newspapers by agreeing to non-traditional or online newspaper advertising to pass other significant savings and changes in our industry bills and legislation.

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