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May 13, 2002

**TO:** Assembly Judiciary Committee: Assemblypersons Anderson, Ocequera, Angle, Brown, Buckley, Carpenter, Claborn, Conklin, Geddes, Gustavson, Horne, Mabey, Mortenson, Ohrenschall, Sherer

**FROM:** Shari O'Donnell, Community Relations Director, Signature Homes

**RE:** SB 100

Thanks to Nevada's lawmakers, homeowners in our State who live in Associations have been afforded the valuable consumer protections contained in NRS Chapter 116. (The provisions of NRS 116 govern the creation, management and operation of Common Interest Communities, more commonly known as Homeowners Associations.) However, for some time now Association Board members and homeowners have sought an effective, efficient, consumer friendly way to enforce NRS 116.

I believe the Common Interest Community Commission (CICC) proposed in SB100 will provide this sought after enforcement mechanism. Last session the Ombudsman was able to provide Legislators with a snap shot of the issues that Homeowner Association members and boards brought to his office, the negative impact these issues had on those living in Associations when these issues are not resolved, and the level of frustration that occurs because enforcement authority to resolve these issues still resided in the courts.

The CICC being proposed is based in good part on input gathered from extensive workshops that occurred during the 2001 Legislative session. Participants in the workshops included the Ombudsman, representatives from the Real Estate Division, Association boards of directors and members, property managers, attorneys, and developers of Associations.

The Common Interest Community Commission is possibly the most well received piece of proposed legislation having to do with Homeowners Associations that has ever been introduced, since Nevada enacted laws governing Homeowners Associations in 1991.

Here's but one example of how the CICC could benefit those living in Associations: NRS 116 imposes numerous obligations on the developers of common interest communities. For instance, the developer must pay assessments on the annexed lots he owns, and when he turns over control of the Association Board to the homeowners, he must provide a Reserve Study and see to it that the Reserve is properly funded, as well as turnover certain documents and Association records. At present, if a developer fails to meet any of those obligations, the Association's recourse is through the courts. Typically, when an Association weighs the costs associated with that method of enforcement against the funds or actual damages that could be recovered, they discover that when all is said and done, pursuing the matter through civil action is a losing proposition. However, if we have a CICC, Associations would at long last have an efficient, effective and affordable method to enforce developers comply with and fulfill their obligations under NRS 116.

Thank you



Shari O'Donnell

ASSEMBLY JUDICIARY

DATE: 5/14/02 ROOM: 3138 EXHIBIT K

SUBMITTED BY: Shari O'Donnell