

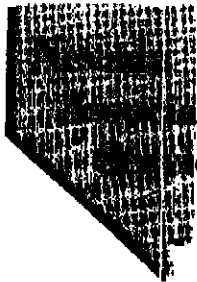
DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.



ation
ces, Inc

1412 South Decatur Blvd.
Las Vegas, Nevada 89102
Tel: 702.804.8885
Fax: 702.804.8887
Toll Free: 888.NAS.5544

May 9, 2003

Judy Farrah
2397 Grassy Spring Place
Las Vegas NV 89135

via fax (562-9863) and U.S. Mail

Dear Judy:

I have spent some time reviewing SB100 and its amendment. There are two items of concern. Those items have to do with the Commission and Section 61.

I think the proposed Commission will serve as a useful and effective oversight tool. Section 35 provides for very specific remedies to violations under this section. However, I am concerned about a very creative homeowner, or attorney, construing this entire section as an opportunity to cease paying association assessments while a dispute makes its way through the complaint process. In other words, a homeowner files an Affidavit with the Division claiming a breach of duty by a sitting Board member. In the meantime, the owner stops making assessment payments figuring an offset of payments may be equitable if it turns out that the owner's complaint is proper and substantiated and action is taken by the Ombudsman, Commission or hearing panel. My suggestion is that somewhere in the Commission language, it should be made clear that notwithstanding any provisions of the Commission sections, an owner shall not cease payment of assessment payments while a complaint makes its way through the "hearing" process.

My second concern under the Commission sections is Section 28(1)(a) and 2. Liberally applied, these sections apply to landscapers, roofers, handymen, etc. I am not sure if it was the intent of the legislature to make these sections so wide reaching.

Finally, my concern is with Sections 61(4) and (5). NRS 116.31162 provides for foreclosure by an association for fines, if the fines are for threats to health, safety and welfare. As an aside, I am not familiar with a single situation in which an association foreclosed on an owner for fines based on threats to health, safety and welfare. In any case, NRS 116.31162 gives the association "teeth" to enforce significant health, safety and welfare violations. However, the proposal under Sections 61(4) and (5) remove the ability from an association to take such action by limiting the cost of collection to an unreasonably low amount. The most an association can charge for collection costs for a \$5,000 fine is \$500.00. With lesser fines, the cost of collecting is less. The cost, however, to conduct a foreclosure sale is in excess of \$500.00. The cost to comply with NRS 107 (foreclosure statutes) is in excess of \$500.00. The cost of collection is the same if the fine for threats to health, safety and welfare is \$100 or \$5,000.00. The natural result of this section would be associations unable to cost effectively force compliance by homeowners who are threatening the health safety and welfare of the other residents in the community.

ASSEMBLY JUDICIARY

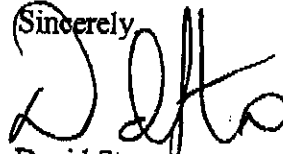
DATE: 5/14/03 ROOM: 3138 EXHIBIT 0

SUBMITTED BY: David Stone

1082

Ms. Judy Farrah
May 9, 2003
Page 2

Please do not hesitate to call should you have any questions or would like to further discuss an aspects of SB 100.

Sincerely

David Stone

0 202