

**(Reprinted with amendments adopted on April 18, 2003)****FIRST REPRINT****S.B. 100**

SENATE BILL NO. 100—COMMITTEE ON COMMERCE AND LABOR

FEBRUARY 12, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes to provisions governing common-interest communities. (BDR 10-29)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to property; making various changes relating to common-interest communities; creating and prescribing the powers and duties of the Commission for Common-Interest Communities; revising provisions relating to the powers and duties of the Ombudsman for Owners in Common-Interest Communities and the Real Estate Division of the Department of Business and Industry; revising provisions governing the regulation of persons who manage common-interest communities; authorizing the Commission to adjudicate certain violations relating to common-interest communities and to impose fines and take other action with regard to such violations; providing that a unit's owner has the right to display the flag of the United States under certain circumstances; enacting and revising provisions governing the conduct and activities of unit-owners' associations, the members of executive boards and declarants; enacting provisions relating to the transient commercial use of a unit; authorizing the use of delegates or representatives to exercise voting rights in certain common-interest communities; authorizing an association to impose construction penalties under certain circumstances and to place and foreclose a lien on a unit for failure to pay such penalties; revising provisions relating to the imposition of fines; making various changes relating to meetings, quorums, voting and the election and removal of members of the executive board;



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authorizing certain common-interest communities to expend money received as a credit against the residential construction tax for certain purposes; revising provisions relating to the foreclosure of certain liens; making various changes relating to the books, records, reports, studies and other papers of an association; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1     **Section 1.** Chapter 116 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 48, inclusive, of this  
3 act.
- 4     **Sec. 2.** *“Certificate” means a certificate for the management*  
5 *of a common-interest community issued by the Division.*
- 6     **Sec. 3.** *“Commission” means the Commission for Common-*  
7 *Interest Communities created by section 13 of this act.*
- 8     **Sec. 4.** *“Community manager” means a person who provides*  
9 *for or otherwise engages in the management of a common-interest*  
10 *community.*
- 11     **Sec. 5.** *“Complaint” means a complaint filed by the*  
12 *Administrator pursuant to section 31 of this act.*
- 13     **Sec. 6.** *“Division” means the Real Estate Division of the*  
14 *Department of Business and Industry.*
- 15     **Sec. 7.** *“Hearing panel” means a hearing panel appointed by*  
16 *the Commission pursuant to section 19 of this act.*
- 17     **Sec. 8.** *“Management of a common-interest community”*  
18 *means the physical, administrative or financial maintenance and*  
19 *management of a common-interest community, or the supervision*  
20 *of those activities, for a fee, commission or other valuable*  
21 *consideration.*
- 22     **Sec. 9.** *“Ombudsman” means the Ombudsman for Owners in*  
23 *Common-Interest Communities.*
- 24     **Sec. 10.** *“Party to the complaint” means the Division and the*  
25 *respondent.*
- 26     **Sec. 11.** *“Permit” means a permit to engage in property*  
27 *management issued pursuant to the provisions of chapter 645 of*  
28 *NRS.*
- 29     **Sec. 12.** *“Respondent” means a person against whom:*  
30     1. *An affidavit has been filed pursuant to section 30 of this*  
31 *act.*  
32     2. *A complaint has been filed pursuant to section 31 of this*  
33 *act.*



1       **Sec. 13. 1.** *The Commission for Common-Interest*  
2 *Communities is hereby created.*

3       2. *The Commission consists of five members appointed by the*  
4 *Governor. The Governor shall appoint to the Commission:*

5       (a) *One member who is a unit's owner residing in this state*  
6 *and who has served as a member of an executive board in this*  
7 *state;*

8       (b) *One member who is in the business of developing common-*  
9 *interest communities in this state;*

10       (c) *One member who holds a permit or certificate;*

11       (d) *One member who is a certified public accountant licensed*  
12 *to practice in this state pursuant to the provisions of chapter 628*  
13 *of NRS; and*

14       (e) *One member who is an attorney licensed to practice in this*  
15 *state.*

16       3. *Each member of the Commission must be a resident of this*  
17 *state. At least three members of the Commission must be residents*  
18 *of a county whose population is 400,000 or more.*

19       4. *Each member of the Commission must have resided in a*  
20 *common-interest community or have been actively engaged in a*  
21 *business or profession related to common-interest communities for*  
22 *not less than 3 years immediately preceding the date of his*  
23 *appointment.*

24       5. *After the initial terms, each member of the Commission*  
25 *serves a term of 3 years. Each member may serve not more than*  
26 *two consecutive full terms. If a vacancy occurs during a member's*  
27 *term, the Governor shall appoint a person qualified under this*  
28 *section to replace the member for the remainder of the unexpired*  
29 *term.*

30       6. *While engaged in the business of the Commission, each*  
31 *member is entitled to receive:*

32       (a) *A salary of not more than \$80 per day, as established by the*  
33 *Commission; and*

34       (b) *The per diem allowance and travel expenses provided for*  
35 *state officers and employees generally.*

36       **Sec. 14. 1.** *The Division shall provide or arrange to have*  
37 *provided to each member of the Commission courses of*  
38 *instruction concerning rules of procedure and substantive law*  
39 *appropriate for members of the Commission.*

40       2. *Each member of the Commission must attend the courses*  
41 *of instruction not later than 6 months after the date that the*  
42 *member is first appointed to the Commission.*

43       **Sec. 15. 1.** *At the first meeting of each fiscal year, the*  
44 *Commission shall elect from its members a Chairman, a Vice*  
45 *Chairman and a Secretary.*



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1       2. *The Commission shall meet at least once each calendar*  
2 *quarter and at other times on the call of the Chairman or a*  
3 *majority of its members.*

4       3. *A majority of the members of the Commission constitutes a*  
5 *quorum for the transaction of all business.*

6       **Sec. 16.** *1. The provisions of this chapter shall be*  
7 *administered by the Division, subject to the administrative*  
8 *supervision of the Commission.*

9       2. *The Commission and the Division may do all things*  
10 *necessary and convenient to carry out the provisions of this*  
11 *chapter, including, without limitation, prescribing such forms and*  
12 *adopting such procedures as are necessary to carry out the*  
13 *provisions of this chapter.*

14       3. *The Commission or the Administrator, with the approval of*  
15 *the Commission, may adopt such regulations as are necessary to*  
16 *carry out the provisions of this chapter.*

17       4. *The Commission may by regulation delegate any authority*  
18 *conferred upon it by the provisions of this chapter to the*  
19 *Administrator to be exercised pursuant to the regulations adopted*  
20 *by the Commission.*

21       5. *When regulations are proposed by the Administrator, in*  
22 *addition to other notices required by law, the Administrator shall*  
23 *provide copies of the proposed regulations to the Commission not*  
24 *later than 30 days before the next meeting of the Commission. The*  
25 *Commission shall approve, amend or disapprove any proposed*  
26 *regulations at that meeting.*

27       6. *All regulations adopted by the Commission, or adopted by*  
28 *the Administrator with the approval of the Commission, must be*  
29 *published by the Division and offered for sale at a reasonable fee.*

30       7. *The Division may publish or supply a reference manual or*  
31 *study guide for community managers and may offer it for sale at a*  
32 *reasonable fee.*

33       **Sec. 17.** *Any notice or other information that is required to*  
34 *be served upon the Commission pursuant to the provisions of this*  
35 *chapter may be delivered to the principal office of the Division.*

36       **Sec. 18.** *1. Except as otherwise provided in this section and*  
37 *within the limits of legislative appropriations, the Division may*  
38 *employ experts, attorneys, investigators, consultants and other*  
39 *personnel as are necessary to carry out the provisions of this*  
40 *chapter.*

41       2. *The Attorney General shall act as the attorney for the*  
42 *Division in all actions and proceedings brought against or by the*  
43 *Division pursuant to the provisions of this chapter.*

44       3. *The Attorney General shall render to the Commission and*  
45 *the Division opinions upon all questions of law relating to the*



1 *construction or interpretation of this chapter, or arising in the*  
2 *administration thereof, that may be submitted to him by the*  
3 *Commission or the Division.*

4 **Sec. 19.** 1. *The Commission may appoint one or more*  
5 *hearing panels. Each hearing panel must consist of one or more*  
6 *independent hearing officers.*

7 2. *The Commission may by regulation delegate to one or*  
8 *more hearing panels the power of the Commission to conduct*  
9 *hearings and other proceedings, determine violations, impose*  
10 *finances and penalties and take other disciplinary action authorized*  
11 *by the provisions of this chapter.*

12 3. *While acting under the authority of the Commission, a*  
13 *hearing panel and its members are entitled to all privileges and*  
14 *immunities and are subject to all duties and requirements of the*  
15 *Commission and its members.*

16 4. *A final order of a hearing panel:*

17 (a) *May be appealed to the Commission if, not later than 20*  
18 *days after the date that the final order is issued by the hearing*  
19 *panel, any party aggrieved by the final order files a written notice*  
20 *of appeal with the Commission.*

21 (b) *Must be reviewed and approved by the Commission if, not*  
22 *later than 40 days after the date that the final order is issued by*  
23 *the hearing panel, the Division, upon the direction of the*  
24 *Chairman of the Commission, provides written notice to all parties*  
25 *of the intention of the Commission to review the final order.*

26 **Sec. 20.** *The Commission or a hearing panel may conduct a*  
27 *hearing by means of an audio or video teleconference to one or*  
28 *more locations if the audio or video technology used at the*  
29 *hearing provides the persons present at each location with the*  
30 *ability to hear and communicate with the persons present at each*  
31 *other location.*

32 **Sec. 21.** *The Commission and its members, each hearing*  
33 *panel and its members, the Administrator, the Ombudsman, the*  
34 *Division, and the experts, attorneys, investigators, consultants and*  
35 *other personnel of the Commission and the Division are immune*  
36 *from any civil liability for any decision or action taken in good*  
37 *faith and without malicious intent in carrying out the provisions of*  
38 *this chapter.*

39 **Sec. 22.** 1. *The Commission shall conduct such hearings*  
40 *and other proceedings as are required by the provisions of this*  
41 *chapter.*

42 2. *The Commission shall collect and maintain or cause to be*  
43 *collected and maintained accurate information relating to:*

44 (a) *The number and kind of common-interest communities in*  
45 *this state;*



- 1     ***(b) The effect of the provisions of this chapter and any***
- 2 ***regulations adopted pursuant thereto on the development and***
- 3 ***construction of common-interest communities, the residential***
- 4 ***lending market for units within common-interest communities and***
- 5 ***the operation and management of common-interest communities;***
- 6     ***(c) Violations of the provisions of this chapter and any***
- 7 ***regulations adopted pursuant thereto;***
- 8     ***(d) The accessibility and use of, and the costs related to, the***
- 9 ***arbitration and mediation procedures set forth in NRS 38.300 to***
- 10 ***38.360, inclusive, and the decisions rendered and awards made***
- 11 ***pursuant to those arbitration and mediation procedures;***
- 12     ***(e) The number of foreclosures which were completed on units***
- 13 ***within common-interest communities and which were based on***
- 14 ***liens for the failure of the unit's owner to pay any assessments***
- 15 ***levied against the unit or any fines imposed against the unit's***
- 16 ***owner;***
- 17     ***(f) The study of the reserves required by NRS 116.31152; and***
- 18     ***(g) Other issues that the Commission determines are of***
- 19 ***concern to units' owners, associations, community managers,***
- 20 ***developers and other persons affected by common-interest***
- 21 ***communities.***
- 22     ***3. The Commission shall develop and promote:***
- 23         ***(a) Educational guidelines for conducting the elections of the***
- 24 ***members of an executive board, the meetings of an executive***
- 25 ***board and the meetings of the units' owners of an association; and***
- 26         ***(b) Educational guidelines for the enforcement of the***
- 27 ***governing documents of an association through liens, penalties***
- 28 ***and fines.***
- 29     ***4. The Commission shall recommend and approve for***
- 30 ***accreditation programs of education and research relating to***
- 31 ***common-interest communities, including, without limitation:***
- 32         ***(a) The management of common-interest communities;***
- 33         ***(b) The sale and resale of units within common-interest***
- 34 ***communities;***
- 35         ***(c) Alternative methods that may be used to resolve disputes***
- 36 ***relating to common-interest communities; and***
- 37         ***(d) The enforcement, including by foreclosure, of liens on***
- 38 ***units within common-interest communities for the failure of the***
- 39 ***unit's owner to pay any assessments levied against the unit or any***
- 40 ***fines imposed against the unit's owner.***
- 41     ***Sec. 23. The Commission may:***
- 42         ***1. By regulation, establish standards for subsidizing***
- 43 ***proceedings for mediation and arbitration conducted pursuant to***
- 44 ***NRS 38.300 to 38.360, inclusive, to ensure that such proceedings***



1 *are not lengthy and are affordable and readily accessible to all*  
2 *parties;*

3 *2. By regulation, establish standards for subsidizing*  
4 *educational programs for the benefit of units' owners, members of*  
5 *executive boards and officers of associations;*

6 *3. Accept any gifts, grants or donations; and*

7 *4. Enter into agreements with other entities that are required*  
8 *or authorized to carry out similar duties in this state or in other*  
9 *jurisdictions and cooperate with such entities to develop uniform*  
10 *procedures for carrying out the provisions of this chapter and for*  
11 *accumulating information needed to carry out those provisions.*

12 **Sec. 24. 1. The Commission shall by regulation provide for**  
13 **the issuance by the Division of certificates to community**  
14 **managers. The regulations:**

15 *(a) Must establish the qualifications for the issuance of such a*  
16 *certificate, including, without limitation, the education and*  
17 *experience required to obtain such a certificate.*

18 *(b) May require applicants to pass an examination in order to*  
19 *obtain a certificate. If the regulations require such an*  
20 *examination, the Commission shall by regulation establish fees to*  
21 *pay the costs of the examination, including any costs which are*  
22 *necessary for the administration of the examination.*

23 *(c) May require an investigation of an applicant's background.*  
24 *If the regulations require such an investigation, the Commission*  
25 *shall by regulation establish fees to pay the costs of the*  
26 *investigation.*

27 *(d) Must establish the grounds for initiating disciplinary action*  
28 *against a person to whom a certificate has been issued, including,*  
29 *without limitation, the grounds for placing conditions, limitations*  
30 *or restrictions on a certificate and for the suspension or revocation*  
31 *of a certificate.*

32 *(e) Must establish rules of practice and procedure for*  
33 *conducting disciplinary hearings.*

34 *2. The Division may collect a fee for the issuance of a*  
35 *certificate in an amount not to exceed the administrative costs of*  
36 *issuing the certificate.*

37 **Sec. 25. 1. An applicant for a certificate shall submit to the**  
38 **Division:**

39 *(a) The social security number of the applicant; and*

40 *(b) The statement prescribed by the Welfare Division of the*  
41 *Department of Human Resources pursuant to NRS 425.520. The*  
42 *statement must be completed and signed by the applicant.*

43 *2. The Division shall include the statement required pursuant*  
44 *to subsection 1 in:*



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1       (a) *The application or any other forms that must be submitted*  
2 *for the issuance of the certificate; or*  
3       (b) *A separate form prescribed by the Division.*  
4       3. *A certificate may not be issued if the applicant:*  
5       (a) *Fails to submit the statement required pursuant to*  
6 *subsection 1; or*  
7       (b) *Indicates on the statement submitted pursuant to*  
8 *subsection 1 that he is subject to a court order for the support of a*  
9 *child and is not in compliance with the order or a plan approved*  
10 *by the district attorney or other public agency enforcing the order*  
11 *for the repayment of the amount owed pursuant to the order.*  
12       4. *If an applicant indicates on the statement submitted*  
13 *pursuant to subsection 1 that he is subject to a court order for the*  
14 *support of a child and is not in compliance with the order or a*  
15 *plan approved by the district attorney or other public agency*  
16 *enforcing the order for the repayment of the amount owed*  
17 *pursuant to the order, the Division shall advise the applicant to*  
18 *contact the district attorney or other public agency enforcing the*  
19 *order to determine the actions that the applicant may take to*  
20 *satisfy the arrearage.*  
21       **Sec. 26. 1.** *If the Division receives a copy of a court order*  
22 *issued pursuant to NRS 425.540 that provides for the suspension*  
23 *of all professional, occupational and recreational licenses,*  
24 *certificates and permits issued to the holder of a certificate, the*  
25 *Division shall deem the certificate to be suspended at the end of*  
26 *the 30th day after the date the court order was issued unless the*  
27 *Division receives a letter issued to the holder of the certificate by*  
28 *the district attorney or other public agency pursuant to NRS*  
29 *425.550 stating that the holder of the certificate has complied with*  
30 *a subpoena or warrant or has satisfied the arrearage pursuant to*  
31 *NRS 425.560.*  
32       2. *The Division shall reinstate a certificate that has been*  
33 *suspended by a district court pursuant to NRS 425.540 if the*  
34 *Division receives a letter issued by the district attorney or other*  
35 *public agency pursuant to NRS 425.550 to the holder of the*  
36 *certificate that he has complied with the subpoena or warrant or*  
37 *has satisfied the arrearage pursuant to NRS 425.560.*  
38       **Sec. 27.** *As used in sections 27 to 37, inclusive, of this act,*  
39 *unless the context otherwise requires, "violation" means a*  
40 *violation of any provision of this chapter, any regulation adopted*  
41 *pursuant thereto or any order of the Commission or a hearing*  
42 *panel.*  
43       **Sec. 28. 1.** *In carrying out the provisions of sections 27 to*  
44 *37, inclusive, of this act, the Division and the Ombudsman have*  
45 *jurisdiction to investigate and the Commission and each hearing*





1 *panel has jurisdiction to take appropriate action against any*  
2 *person who commits a violation, including, without limitation:*

- 3 (a) *Any association and any officer, employee or agent of an*  
4 *association.*
- 5 (b) *Any member of an executive board.*
- 6 (c) *Any community manager who holds a permit or certificate*  
7 *and any other community manager.*
- 8 (d) *Any declarant or affiliate of a declarant.*
- 9 (e) *Any unit's owner.*
- 10 (f) *Any tenant of a unit's owner if the tenant has entered into*  
11 *an agreement with the unit's owner to abide by the governing*  
12 *documents of the association and the provisions of this chapter*  
13 *and any regulations adopted pursuant thereto.*

14 2. *The jurisdiction set forth in subsection 1 applies to any*  
15 *officer, employee or agent of an association or any member of an*  
16 *executive board who commits a violation and who:*

- 17 (a) *Currently holds his office, employment, agency or position*  
18 *or who held his office, employment, agency or position at the*  
19 *commencement of proceedings against him.*
- 20 (b) *Resigns his office, employment, agency or position:*
  - 21 (1) *After the commencement of proceedings against him; or*
  - 22 (2) *Within 1 year after the violation is discovered or*  
23 *reasonably should have been discovered.*

24 **Sec. 29. 1.** *The rights, remedies and penalties provided by*  
25 *sections 27 to 37, inclusive, of this act are cumulative and do not*  
26 *abrogate and are in addition to any other rights, remedies and*  
27 *penalties that may exist at law or in equity.*

28 2. *If the Commission, a hearing panel or another agency or*  
29 *officer elects to take a particular action or pursue a particular*  
30 *remedy or penalty authorized by sections 27 to 37, inclusive, of*  
31 *this act or another specific statute, that election is not exclusive*  
32 *and does not preclude the Commission, the hearing panel or*  
33 *another agency or officer from taking any other actions or*  
34 *pursuing any other remedies or penalties authorized by sections 27*  
35 *to 37, inclusive, of this act or another specific statute.*

36 3. *In carrying out the provisions of sections 27 to 37,*  
37 *inclusive, of this act, the Commission or a hearing panel shall not*  
38 *intervene in any internal activities of an association except to the*  
39 *extent necessary to prevent or remedy a violation.*

40 **Sec. 30. 1.** *Except as otherwise provided in this section, a*  
41 *person who is aggrieved by an alleged violation may, not later*  
42 *than 1 year after the person discovers or reasonably should have*  
43 *discovered the alleged violation, file with the Division a written*  
44 *affidavit that sets forth the facts constituting the alleged violation.*



1 *The affidavit may allege any actual damages suffered by the*  
2 *aggrieved person as a result of the alleged violation.*  
3 2. *An aggrieved person may not file such an affidavit unless*  
4 *the aggrieved person has, on at least two separate occasions,*  
5 *provided the respondent by certified mail, return receipt requested,*  
6 *with written notices of the alleged violation set forth in the*  
7 *affidavit. The notices must:*  
8 (a) *Be mailed to the respondent's last known address.*  
9 (b) *Be mailed at least 15 days apart.*  
10 (c) *Specify, in reasonable detail, the alleged violation, any*  
11 *actual damages suffered by the aggrieved person as a result of the*  
12 *alleged violation, and any corrective action proposed by the*  
13 *aggrieved person.*  
14 3. *A written affidavit filed with the Division pursuant to this*  
15 *section must be:*  
16 (a) *On a form prescribed by the Division.*  
17 (b) *Be accompanied by evidence that:*  
18 (1) *The respondent has been given a reasonable*  
19 *opportunity after receiving the written notices to correct the*  
20 *alleged violation; and*  
21 (2) *Reasonable efforts to resolve the alleged violation have*  
22 *failed.*  
23 4. *The Commission or a hearing panel may impose an*  
24 *administrative fine of not more than \$1,000 against any person*  
25 *who knowingly files a false or fraudulent affidavit with the*  
26 *Division.*  
27 **Sec. 31.** 1. *Upon receipt of an affidavit that complies with*  
28 *the provisions of section 30 of this act, the Division shall refer the*  
29 *affidavit to the Ombudsman.*  
30 2. *The Ombudsman shall give such guidance to the parties as*  
31 *the Ombudsman deems necessary to assist the parties to resolve*  
32 *the alleged violation.*  
33 3. *If the parties are unable to resolve the alleged violation*  
34 *with the assistance of the Ombudsman, the Ombudsman shall*  
35 *provide to the Division a report concerning the alleged violation*  
36 *and any information collected by the Ombudsman during his*  
37 *efforts to assist the parties to resolve the alleged violation.*  
38 4. *Upon receipt of the report from the Ombudsman, the*  
39 *Division shall conduct an investigation to determine whether good*  
40 *cause exists to proceed with a hearing on the alleged violation.*  
41 5. *If, after investigating the alleged violation, the Division*  
42 *determines that the allegations in the affidavit are not frivolous,*  
43 *false or fraudulent and that good cause exists to proceed with a*  
44 *hearing on the alleged violation, the Administrator shall file a*



1 *formal complaint with the Commission and schedule a hearing on*  
2 *the complaint before the Commission or a hearing panel.*

3 **Sec. 32.** 1. *Except as otherwise provided in subsection 2, if*  
4 *the Administrator files a formal complaint with the Commission,*  
5 *the Commission or a hearing panel shall hold a hearing on the*  
6 *complaint not later than 90 days after the date that the complaint*  
7 *is filed.*

8 2. *The Commission or the hearing panel may continue the*  
9 *hearing upon its own motion or upon the written request of a party*  
10 *to the complaint, for good cause shown, including, without*  
11 *limitation, the existence of proceedings for mediation or*  
12 *arbitration or a civil action involving the facts that constitute the*  
13 *basis of the complaint.*

14 3. *The Division shall give the respondent written notice of the*  
15 *date, time and place of the hearing on the complaint at least 30*  
16 *days before the date of the hearing. The notice must be:*

17 (a) *Delivered personally to the respondent or mailed to the*  
18 *respondent by certified mail, return receipt requested, to his last*  
19 *known address.*

20 (b) *Accompanied by:*

21 (1) *A copy of the complaint; and*

22 (2) *Copies of all communications, reports, affidavits and*  
23 *depositions in the possession of the Division that are relevant to*  
24 *the complaint.*

25 4. *At any hearing on the complaint, the Division may not*  
26 *present evidence that was obtained after the notice was given to*  
27 *the respondent pursuant to this section, unless the Division proves*  
28 *to the satisfaction of the Commission or the hearing panel that:*

29 (a) *The evidence was not available, after diligent investigation*  
30 *by the Division, before such notice was given to the respondent;*  
31 *and*

32 (b) *The evidence was given or communicated to the respondent*  
33 *immediately after it was obtained by the Division.*

34 5. *The respondent must file an answer not later than 30 days*  
35 *after the date that notice of the complaint is delivered or mailed by*  
36 *the Division. The answer must:*

37 (a) *Contain an admission or a denial of the allegations*  
38 *contained in the complaint and any defenses upon which the*  
39 *respondent will rely; and*

40 (b) *Be delivered personally to the Division or mailed to the*  
41 *Division by certified mail, return receipt requested.*

42 6. *If the respondent does not file an answer within the time*  
43 *required by subsection 5, the Division may, after giving the*  
44 *respondent written notice of the default, request the Commission*  
45 *or the hearing panel to enter a finding of default against the*



1 *respondent. The notice of the default must be delivered personally*  
2 *to the respondent or mailed to the respondent by certified mail,*  
3 *return receipt requested, to his last known address.*

4 **Sec. 33.** *Any party to the complaint may be represented by an*  
5 *attorney at any hearing on the complaint.*

6 **Sec. 34.** *1. After conducting its hearings on the complaint,*  
7 *the Commission or the hearing panel shall render a final decision*  
8 *on the merits of the complaint not later than 20 days after the date*  
9 *of the final hearing.*

10 *2. The Commission or the hearing panel shall notify all*  
11 *parties to the complaint of its decision in writing by certified mail,*  
12 *return receipt requested, not later than 60 days after the date of*  
13 *the final hearing. The written decision must include findings of*  
14 *fact and conclusions of law.*

15 **Sec. 35.** *1. If the Commission or the hearing panel, after*  
16 *notice and hearing, finds that the respondent has committed a*  
17 *violation, the Commission or the hearing panel may take any or*  
18 *all of the following actions:*

19 *(a) Issue an order directing the respondent to cease and desist*  
20 *from continuing to engage in the unlawful conduct that resulted*  
21 *in the violation.*

22 *(b) Issue an order directing the respondent to take affirmative*  
23 *action to correct any conditions resulting from the violation.*

24 *(c) Impose an administrative fine of not more than \$1,000 for*  
25 *each violation.*

26 *2. If the respondent is a member of an executive board or an*  
27 *officer of an association, the Commission or the hearing panel*  
28 *may order the respondent removed from his office or position if*  
29 *the Commission or the hearing panel, after notice and hearing,*  
30 *finds that:*

31 *(a) The respondent has knowingly and willfully committed a*  
32 *violation; and*

33 *(b) The removal is in the best interest of the association.*

34 *3. If the respondent violates any order issued by the*  
35 *Commission or the hearing panel pursuant to this section, the*  
36 *Commission or the hearing panel, after notice and hearing, may*  
37 *impose an administrative fine of not more than \$1,000 for each*  
38 *violation.*

39 *4. If the Commission or the hearing panel takes any*  
40 *disciplinary action pursuant to this section, the Commission or the*  
41 *hearing panel may order the respondent to pay the costs of the*  
42 *proceedings incurred by the Division, including, without*  
43 *limitation, the cost of the investigation and reasonable attorney's*  
44 *fees.*



1       5. *Notwithstanding any other provision of this section, if the*  
2 *respondent is a member of an executive board or an officer of an*  
3 *association:*

4       (a) *The association is liable for all fines and costs imposed*  
5 *against the respondent pursuant to this section; and*

6       (b) *The respondent may not be held personally liable for those*  
7 *fines and costs.*

8       **Sec. 36.** *If the Commission or a hearing panel, after notice*  
9 *and hearing, finds that the executive board of an association or*  
10 *any person acting on behalf of the association has committed a*  
11 *violation, the Commission or the hearing panel may take any or*  
12 *all of the following actions:*

13       1. *Order an audit of the association.*

14       2. *Require the executive board to hire a community manager*  
15 *who holds a permit or certificate.*

16       **Sec. 37.** 1. *If the Commission or the Division has*  
17 *reasonable cause to believe, based on evidence satisfactory to it,*  
18 *that any person has committed a violation or will continue to*  
19 *commit violations, the Commission or the Division may bring an*  
20 *action in the district court for the county in which the person*  
21 *resides or, if the person does not reside in this state, in any court*  
22 *of competent jurisdiction in this state, to enjoin that person from*  
23 *continuing to commit the violations or from doing any act in*  
24 *furtherance of the violations.*

25       2. *The action must be brought in the name of the State of*  
26 *Nevada.*

27       3. *The court may issue the injunction without:*

28       (a) *Proof of actual damages sustained by any person.*

29       (b) *The filing of any bond.*

30       **Sec. 38.** 1. *Notwithstanding any provision of the governing*  
31 *documents to the contrary, and except as otherwise provided in*  
32 *this section, a unit's owner is entitled to display the flag of the*  
33 *United States, in a manner that is consistent with the Federal Flag*  
34 *Code, from or on:*

35       (a) *A flagpole or staff which is located on exterior property*  
36 *within the boundaries of his unit or which is attached to an*  
37 *exterior limited common element that forms a part of the*  
38 *boundaries of his unit.*

39       (b) *A window, ledge, sill, railing, patio, terrace or balcony of*  
40 *his unit or an exterior limited common element that forms a part*  
41 *of the boundaries of his unit, whether or not the flag is displayed*  
42 *from a flagpole or staff.*

43       2. *An association may adopt rules that:*

44       (a) *Prohibit the display of the flag of the United States in a*  
45 *manner that is inconsistent with the Federal Flag Code.*



1 (b) Prohibit the display of the flag of the United States if the  
2 flag exceeds 4 feet in its vertical dimension or 6 feet in its  
3 horizontal dimension. For the purposes of this paragraph, the  
4 horizontal dimension of the flag is the dimension that is parallel  
5 with the horizontal stripes of the flag, regardless of the position in  
6 which the flay is displayed.

7 (c) Establish a maximum number of flags of the United States  
8 that may be displayed from, on or around the exterior of a unit.  
9 The maximum number may be one.

10 (d) Prohibit the display of the flag of the United States from a  
11 flagpole or staff that exceeds 25 feet in height.

12 (e) Prohibit the display of the flag of the United States in a  
13 manner that poses a real and substantial danger to health or  
14 safety.

15 3. As used in this section:

16 (a) "Federal Flag Code" means the rules and customs  
17 pertaining to the display and use of the flag of the United States  
18 which are codified in 4 U.S.C. §§ 5 to 10, inclusive, as altered,  
19 modified or repealed by the President of the United States  
20 pursuant to 4 U.S.C. § 10, and any additional rules pertaining to  
21 the display and use of the flag of the United States which are  
22 prescribed by the President pursuant to 4 U.S.C. § 10.

23 (b) "Flag of the United States" does not include a depiction or  
24 emblem of the flag of the United States that is made of balloons,  
25 flora, lights, paint, paving materials, roofing, siding or any other  
26 similar building, decorative or landscaping component or  
27 material.

28 **Sec. 39. 1.** If an executive board receives a written  
29 complaint from a unit's owner alleging that the executive board  
30 has violated any provision of this chapter or any provision of the  
31 governing documents of the association, the executive board shall,  
32 if action is required by the executive board, place the subject of the  
33 complaint on the agenda of the next regularly scheduled meeting  
34 of the executive board.

35 2. Not later than 10 business days after the date that the  
36 association receives such a complaint, the executive board or an  
37 authorized representative of the association shall acknowledge the  
38 receipt of the complaint and notify the unit's owner that, if action  
39 is required by the executive board, the subject of the complaint will  
40 be placed on the agenda of the next regularly scheduled meeting  
41 of the executive board.

42 **Sec. 40.** A member of an executive board, an officer of an  
43 association or a community manager shall not solicit or accept  
44 any form of compensation, gratuity or other remuneration that:



1       1. *Would improperly influence or would appear to a*  
2 *reasonable person to improperly influence the decisions made by*  
3 *those persons; or*

4       2. *Would result or would appear to a reasonable person to*  
5 *result in a conflict of interest for those persons.*

6       **Sec. 41.** *An executive board, a member of an executive board*  
7 *or an officer, employee or agent of an association shall not take,*  
8 *or direct or encourage another person to take, any retaliatory*  
9 *action against a unit's owner because the unit's owner has:*

10      1. *Complained in good faith about any alleged violation of*  
11 *any provision of this chapter or the governing documents of the*  
12 *association; or*

13      2. *Requested in good faith to review the books, records or*  
14 *other papers of the association.*

15      **Sec. 42.** 1. *Except as otherwise provided in this section, a*  
16 *member of an executive board or an officer of an association shall*  
17 *not:*

18      (a) *On or after October 1, 2003, enter into a contract or renew*  
19 *a contract with the association to provide goods or services to the*  
20 *association; or*

21      (b) *Otherwise accept any commission, personal profit or*  
22 *compensation of any kind from the association for providing*  
23 *goods or services to the association.*

24      2. *The provisions of this section do not prohibit a declarant,*  
25 *an affiliate of a declarant or an officer, employee or agent of a*  
26 *declarant or an affiliate of a declarant from:*

27      (a) *Receiving any commission, personal profit or*  
28 *compensation from the association, the declarant or an affiliate of*  
29 *the declarant for any goods or services furnished to the*  
30 *association;*

31      (b) *Entering into contracts with the association, the declarant*  
32 *or affiliate of the declarant; or*

33      (c) *Serving as a member of the executive board or as an officer*  
34 *of the association.*

35      **Sec. 43.** 1. *If a common-interest community is developed in*  
36 *separate phases and any declarant or successor declarant is*  
37 *constructing any common elements that will be added to the*  
38 *association's common elements after the date on which the units'*  
39 *owners other than the declarant may elect a majority of the*  
40 *members of the executive board, the declarant or successor*  
41 *declarant who is constructing such additional common elements is*  
42 *responsible for:*

43      (a) *Paying all expenses related to the additional common*  
44 *elements which are incurred before the conveyance of the*  
45 *additional common elements to the association; and*



1       ***(b) Except as otherwise provided in NRS 116.31038, delivering***  
2 ***to the association that declarant's share of the amount specified in***  
3 ***the study of the reserves completed pursuant to subsection 2.***

4       ***2. Before conveying the additional common elements to the***  
5 ***association, the declarant or successor declarant who constructed***  
6 ***the additional common elements shall deliver to the association a***  
7 ***study of the reserves for the additional common elements which***  
8 ***satisfies the requirements of NRS 116.31152.***

9       ***3. As used in this section, "successor declarant" includes,***  
10 ***without limitation, any successor declarant who does not control***  
11 ***the association established by the initial declarant.***

12       ***Sec. 44. 1. Except as otherwise provided in subsection 2, in***  
13 ***a county whose population is 400,000 or more, a person who***  
14 ***owns, or directly or indirectly has an interest in, one or more units***  
15 ***within a planned community that are restricted to residential use***  
16 ***by the declaration, may use that unit or one of those units for a***  
17 ***transient commercial use only if:***

18       ***(a) The governing documents of the association and any***  
19 ***master association do not prohibit such use;***

20       ***(b) The executive board of the association and any master***  
21 ***association approve the transient commercial use of the unit,***  
22 ***except that such approval is not required if the planned***  
23 ***community and one or more hotels are subject to the governing***  
24 ***documents of a master association and those governing documents***  
25 ***do not prohibit such use; and***

26       ***(c) The unit is properly zoned for the transient commercial use***  
27 ***and any license required by the local government for the transient***  
28 ***commercial use is obtained.***

29       ***2. In a county whose population is 400,000 or more, a***  
30 ***declarant who owns, or directly or indirectly has an interest in,***  
31 ***one or more units within a planned community under the***  
32 ***governing documents of the association that are restricted to***  
33 ***residential use by the declaration, may use that unit or those units***  
34 ***for a transient commercial use during the period that the***  
35 ***declarant is offering units for sale within the planned community***  
36 ***if such use complies with the requirements set forth in paragraphs***  
37 ***(a) and (c) of subsection 1.***

38       ***3. The association and any master association may establish***  
39 ***requirements for the transient commercial use of a unit pursuant***  
40 ***to the provisions of this section, including, without limitation, the***  
41 ***payment of additional fees that are related to any increase in***  
42 ***services or other costs associated with the transient commercial***  
43 ***use of the unit.***

44       ***4. As used in this section:***





1 (a) "Remuneration" means any compensation, money, rent or  
2 other valuable consideration given in return for the occupancy,  
3 possession or use of a unit.

4 (b) "Transient commercial use" means the use of a unit, for  
5 remuneration, as a hostel, hotel, inn, motel, resort, vacation rental  
6 or other form of transient lodging if the term of the occupancy,  
7 possession or use of the unit is for less than 30 consecutive  
8 calendar days.

9 **Sec. 45.** *The executive board of a master association of any  
10 common-interest community that was created before January 1,  
11 1975, and is located in a county whose population is 400,000 or  
12 more may record an amendment to the declaration pursuant to  
13 which the master association reallocates the costs of administering  
14 the common elements of the master association among the units of  
15 the common-interest community uniformly and based upon the  
16 actual costs associated with each unit.*

17 **Sec. 46. 1.** *If the declaration so provides, in a common-  
18 interest community that consists of at least 1,000 units, the voting  
19 rights of the units' owners in the association for that common-  
20 interest community may be exercised by delegates or  
21 representatives.*

22 **2.** *In addition to a common-interest community identified in  
23 subsection 1, if the declaration so provides, in a common-interest  
24 community created before October 1, 1999, the voting rights of the  
25 units' owners in the association for that common-interest  
26 community may be exercised by delegates or representatives.*

27 **3.** *For the purposes of subsection 1, each unit that a  
28 declarant has reserved the right to create pursuant to NRS  
29 116.2105 and for which developmental rights exist must be  
30 counted in determining the number of units in a common-interest  
31 community.*

32 **Sec. 47. 1.** *A unit's owner shall adhere to a schedule  
33 required by the association for:*

34 (a) *The completion of the design of a unit or the design of an  
35 improvement to a unit;*

36 (b) *The commencement of the construction of a unit or the  
37 construction of an improvement to a unit;*

38 (c) *The completion of the construction of a unit or the  
39 construction of an improvement to the unit; or*

40 (d) *The issuance of a permit which is necessary for the  
41 occupancy of a unit or for the use of an improvement to a unit.*

42 **2.** *The association may impose and enforce a construction  
43 penalty against a unit's owner who fails to adhere to a schedule as  
44 required pursuant to subsection 1 if:*



1 (a) *The maximum amount of the construction penalty and the*  
2 *schedule are set forth in:*

- 3 (1) *The declaration;*
- 4 (2) *Another document related to the common-interest*  
5 *community that is recorded before the date on which the unit’s*  
6 *owner acquired title to the unit; or*
- 7 (3) *A contract between the unit’s owner and the*  
8 *association; and*

9 (b) *The unit’s owner receives notice of the alleged violation*  
10 *which informs him that he has a right to a hearing on the alleged*  
11 *violation.*

12 3. *For the purposes of this chapter, a construction penalty is*  
13 *not a fine.*

14 **Sec. 48.** *If a matter governed by this chapter is also governed*  
15 *by chapter 82 of NRS and there is a conflict between the*  
16 *provisions of this chapter and the provisions of chapter 82 of NRS,*  
17 *the provisions of this chapter prevail.*

18 **Sec. 49.** NRS 116.1103 is hereby amended to read as follows:  
19 116.1103 ~~It~~ *As used in this chapter and in* the declaration  
20 and bylaws ~~(NRS 116.3106), unless specifically provided otherwise~~  
21 ~~or~~ *of an association, unless* the context otherwise requires, ~~and in~~  
22 ~~this chapter,~~ the words and terms defined in NRS 116.110305 to  
23 116.110393, inclusive, *and sections 2 to 12, inclusive, of this act*  
24 have the meanings ascribed to them in those sections.

25 **Sec. 50.** NRS 116.110305 is hereby amended to read as  
26 follows:

27 116.110305 “Administrator” means the *Real Estate*  
28 Administrator . ~~of the Real Estate Division of the Department of~~  
29 ~~Business and Industry.~~

30 **Sec. 51.** NRS 116.11145 is hereby amended to read as  
31 follows:

32 116.11145 1. To carry out the purposes of this chapter, the  
33 ~~Real Estate~~ Commission, or any member thereof ~~is~~ *acting on*  
34 *behalf of the Commission or acting on behalf of a hearing panel,*  
35 may issue subpoenas to compel the attendance of witnesses and the  
36 production of books, records and other papers.

37 2. If any person fails to comply with a subpoena issued by the  
38 Commission *or any member thereof* pursuant to this section within  
39 ~~10~~ 20 days after ~~its issuance,~~ *the date of service of the*  
40 *subpoena,* the Commission may petition the district court for an  
41 order of the court compelling compliance with the subpoena.

42 3. Upon such a petition, the court shall enter an order directing  
43 the person subpoenaed to appear before the court at a time and place  
44 to be fixed by the court in its order, the time to be not more than  
45 ~~10~~ 20 days after the date of *service of* the order, and show cause



1 why he has not complied with the subpoena. A certified copy must  
2 be served upon the person subpoenaed.

3 4. If it appears to the court that the subpoena was regularly  
4 issued by the Commission ~~{}~~ *or any member thereof pursuant to*  
5 *this section*, the court shall enter an order compelling compliance  
6 with the subpoena, and upon failure to obey the order the person  
7 shall be dealt with as for contempt of court.

8 **Sec. 52.** NRS 116.1116 is hereby amended to read as follows:

9 116.1116 1. The Office of the Ombudsman for Owners in  
10 Common-Interest Communities is hereby created within the ~~{Real~~  
11 ~~Estate Division of the Department of Business and Industry}~~  
12 *Division.*

13 2. The Administrator shall appoint the Ombudsman . ~~{for~~  
14 ~~Owners in Common Interest Communities}~~ The Ombudsman ~~{for~~  
15 ~~Owners in Common Interest Communities}~~ is in the unclassified  
16 service of the State.

17 3. The Ombudsman ~~{for Owners in Common Interest~~  
18 ~~Communities}~~ must be qualified by training and experience to  
19 perform the duties and functions of his office.

20 4. ~~{The Ombudsman for Owners in Common Interest~~  
21 ~~Communities}~~ *In addition to any other duties set forth in this*  
22 *chapter, the Ombudsman shall:*

23 (a) Assist in processing claims submitted to mediation or  
24 arbitration pursuant to NRS 38.300 to 38.360, inclusive;

25 (b) Assist owners in common-interest communities to  
26 understand their rights and responsibilities as set forth in this  
27 chapter and the governing documents of their associations,  
28 including, without limitation, publishing materials related to those  
29 rights and responsibilities;

30 (c) Assist ~~{persons appointed or elected to serve on}~~ *members of*  
31 *executive boards and officers* of associations to carry out their  
32 duties; ~~{and}~~

33 (d) *When appropriate, investigate disputes involving the*  
34 *provisions of this chapter or the governing documents of an*  
35 *association and assist in resolving such disputes; and*

36 (e) Compile and maintain a registration of each association  
37 organized within the State which includes, without limitation ~~{}~~ ,  
38 *the following information:*

39 (1) The name, address and telephone number of the  
40 association;

41 (2) The name of ~~{the person engaged in property~~  
42 ~~management}~~ *each community manager* for the common-interest  
43 community ~~{or}~~ *and* the name of ~~{the}~~ *any other* person who  
44 ~~{manages}~~ *is authorized to manage* the property at the site of the  
45 common-interest community;



- 1 (3) The names, mailing addresses and telephone numbers of  
2 the members of the executive board of the association;  
3 (4) The name of the declarant;  
4 (5) The number of units in the common-interest community;  
5 ~~and~~  
6 (6) The total annual assessment made by the association ~~and~~;  
7 (7) *The number of foreclosures which were completed on*  
8 *units within the common-interest community and which were*  
9 *based on liens for the failure of the unit's owner to pay any*  
10 *assessments levied against the unit or any fines imposed against*  
11 *the unit's owner; and*  
12 (8) *Whether the study of the reserves of the association has*  
13 *been conducted pursuant to NRS 116.31152 and, if so, the date on*  
14 *which it was completed.*

15 **Sec. 53.** NRS 116.1117 is hereby amended to read as follows:  
16 116.1117 1. There is hereby created the Account for ~~the~~  
17 ~~Ombudsman for Owners in~~ Common-Interest Communities in  
18 the State General Fund. The Account must be administered by the  
19 Administrator.

20 2. ~~The~~ *Except as otherwise provided in subsection 3, all*  
21 *money received by the Commission, a hearing panel or the*  
22 *Division pursuant to this chapter, including, without limitation,*  
23 *the fees collected pursuant to NRS 116.31155, must be ~~credited to~~*  
24 *deposited into* the Account.

25 3. *If the Commission imposes a fine or penalty, the*  
26 *Commission shall deposit the money collected from the imposition*  
27 *of the fine or penalty with the State Treasurer for credit to the*  
28 *State General Fund. If the money is so deposited, the Commission*  
29 *may present a claim to the State Board of Examiners for*  
30 *recommendation to the Interim Finance Committee if money is*  
31 *required to pay attorney's fees or the costs of an investigation, or*  
32 *both.*

33 4. The interest and income earned on the money in the  
34 Account, after deducting any applicable charges, must be credited to  
35 the Account.

36 ~~4.~~ 5. The money in the Account must be used solely to defray  
37 ~~the~~:

38 (a) *The costs and expenses of ~~administering~~ the Commission*  
39 *and the Office of the Ombudsman ~~for Owners in Common-Interest~~*  
40 *Communities and for the payment of fees for a mediator or an*  
41 *arbitrator*; and

42 (b) *If authorized by the Commission or any regulations*  
43 *adopted by the Commission, the costs and expenses of subsidizing*  
44 *proceedings for mediation and arbitration conducted* pursuant to  
45 NRS ~~38.330.~~ 38.300 to 38.360, inclusive.



1     **Sec. 54.** NRS 116.1201 is hereby amended to read as follows:  
2     116.1201 1. Except as otherwise provided in this section and  
3 NRS 116.1203, this chapter applies to all common-interest  
4 communities created within this state.

5     2. This chapter does not apply to:

- 6     (a) Associations created for the limited purpose of maintaining:  
7         (1) The landscape of the common elements of a common-  
8 interest community;  
9         (2) Facilities for flood control; or  
10        (3) A rural agricultural residential common-interest  
11 community.

12     (b) A planned community in which all units are restricted  
13 exclusively to nonresidential use unless the declaration provides that  
14 ~~the~~ *this* chapter does apply to that planned community. This  
15 chapter applies to a planned community containing both units that  
16 are restricted exclusively to nonresidential use and other units that  
17 are not so restricted ~~if~~ only if the declaration so provides or *if* the  
18 real estate comprising the units that may be used for residential  
19 purposes would be a planned community in the absence of the units  
20 that may not be used for residential purposes.

21     (c) Common-interest communities or units located outside of  
22 this state, but the provisions of NRS 116.4102 to 116.4108,  
23 inclusive, apply to all contracts for the disposition thereof signed in  
24 this state by any party unless exempt under subsection 2 of  
25 NRS 116.4101.

26     (d) *A common-interest community that was created before*  
27 *January 1, 1992, is located in a county whose population is less*  
28 *than 50,000, and has less than 50 percent of the units within the*  
29 *community put to residential use, unless a majority of the units'*  
30 *owners otherwise elect in writing.*

31     (e) Except as otherwise provided in this chapter, time shares  
32 governed by the provisions of chapter 119A of NRS.

33     3. The provisions of this chapter do not:

34     (a) Prohibit a common-interest community created before  
35 January 1, 1992, from providing for separate classes of voting for  
36 the units' owners of the association;

37     (b) Require a common-interest community created before  
38 January 1, 1992, to comply with the provisions of NRS 116.2101 to  
39 116.2122, inclusive;

40     (c) Invalidate any assessments that were imposed on or before  
41 October 1, 1999, by a common-interest community created before  
42 January 1, 1992; or

43     (d) Prohibit a common-interest community created before  
44 January 1, 1992, *or a common-interest community described in*



1 *section 46 of this act* from providing for a representative form of  
2 government.

3 4. The provisions of chapters 117 and 278A of NRS do not  
4 apply to common-interest communities.

5 5. ~~For the purposes of this section, the Administrator~~ *The*  
6 *Commission* shall establish, by regulation, the criteria for  
7 determining whether an association ~~is created for the limited~~  
8 ~~purpose of maintaining the landscape of the common elements of a~~  
9 ~~common-interest community, maintaining facilities for flood control~~  
10 ~~or maintaining a rural agricultural residential] or a~~ common-interest  
11 community ~~[-] satisfies the requirements for an exemption from~~  
12 *any provision of this chapter.*

13 **Sec. 55.** NRS 116.1203 is hereby amended to read as follows:  
14 116.1203 1. Except as otherwise provided in subsection 2, if  
15 a planned community contains no more than 12 units and is not  
16 subject to any developmental rights, it is subject only to NRS  
17 116.1105, 116.1106 and 116.1107 unless the declaration provides  
18 that this entire chapter is applicable.

19 2. Except for NRS 116.3104, 116.31043, 116.31046 and  
20 116.31138, *the provisions of* NRS 116.3101 to 116.3119, inclusive,  
21 *and section 47 of this act* and *the definitions set forth in NRS*  
22 *116.110305 to 116.110393, inclusive, and sections 2 to 12,*  
23 *inclusive, of this act,* to the extent *that such definitions are*  
24 necessary in construing any of those ~~sections.]~~ *provisions,* apply to  
25 a residential planned community containing more than six units.

26 **Sec. 56.** NRS 116.1206 is hereby amended to read as follows:  
27 116.1206 1. Any *provision contained in a* declaration, bylaw  
28 or other governing document of a common-interest community  
29 ~~created before January 1, 1992, that does not conform to] that~~  
30 *violates* the provisions of this chapter shall be deemed to conform  
31 with those provisions by operation of law, and any such declaration,  
32 bylaw or other governing document is not required to be amended to  
33 conform to those provisions.

34 2. In the case of amendments to the declaration, bylaws or plats  
35 and plans of any common-interest community created before  
36 January 1, 1992:

37 (a) If the result accomplished by the amendment was permitted  
38 by law before January 1, 1992, the amendment may be made either  
39 in accordance with that law, in which case that law applies to that  
40 amendment, or it may be made under this chapter; and

41 (b) If the result accomplished by the amendment is permitted by  
42 this chapter, and was not permitted by law before January 1, 1992,  
43 the amendment may be made under this chapter.

44 3. An amendment to the declaration, bylaws or plats and plans  
45 authorized by this section to be made under this chapter must be



1 adopted in conformity with the applicable provisions of chapter 117  
2 or 278A of NRS and with the procedures and requirements specified  
3 by those instruments. If an amendment grants to any person any  
4 rights, powers or privileges permitted by this chapter, all correlative  
5 obligations, liabilities and restrictions in this chapter also apply to  
6 that person.

7 **Sec. 57.** NRS 116.2103 is hereby amended to read as follows:

8 116.2103 1. ~~[All provisions of the declaration and bylaws are~~  
9 ~~severable.]~~ *The inclusion in a governing document of an*  
10 *association of a provision that violates any provision of this*  
11 *chapter does not render any other provisions of the governing*  
12 *document invalid or otherwise unenforceable if the other*  
13 *provisions can be given effect in accordance with their original*  
14 *intent and the provisions of this chapter.*

15 2. The rule against perpetuities and NRS 111.103 to 111.1039,  
16 inclusive, do not apply to defeat any provision of the declaration,  
17 bylaws, rules or regulations adopted pursuant to NRS 116.3102.

18 3. In the event of a conflict between the provisions of the  
19 declaration and the bylaws, the declaration prevails except to the  
20 extent the declaration is inconsistent with this chapter.

21 4. Title to a unit and common elements is not rendered  
22 unmarketable or otherwise affected by reason of an insubstantial  
23 failure of the declaration to comply with this chapter. Whether a  
24 substantial failure impairs marketability is not affected by this  
25 chapter.

26 **Sec. 58.** NRS 116.2111 is hereby amended to read as follows:

27 116.2111 ~~[Subject]~~

28 1. *Except as otherwise provided in this section and subject* to  
29 the provisions of the declaration and other provisions of law, a  
30 unit's owner:

31 ~~[1-]~~ (a) May make any improvements or alterations to his unit  
32 that do not impair the structural integrity or mechanical systems or  
33 lessen the support of any portion of the common-interest  
34 community;

35 ~~[2-]~~ (b) May not change the appearance of the common  
36 elements, or the exterior appearance of a unit or any other portion of  
37 the common-interest community, without permission of the  
38 association; and

39 ~~[3-]~~ (c) After acquiring an adjoining unit or an adjoining part of  
40 an adjoining unit, may remove or alter any intervening partition or  
41 create apertures therein, even if the partition in whole or in part is a  
42 common element, if those acts do not impair the structural integrity  
43 or mechanical systems or lessen the support of any portion of the  
44 common-interest community. Removal of partitions or creation of



1 apertures under this ~~subsection~~ *paragraph* is not an alteration of  
2 boundaries.

3 **2. An association may not:**

4 (a) *Unreasonably restrict, prohibit or otherwise impede the*  
5 *lawful rights of a unit's owner to have reasonable access to his*  
6 *unit.*

7 (b) *Unreasonably restrict, prohibit or withhold approval for a*  
8 *unit's owner to add to a unit:*

9 (1) *Improvements such as ramps, railings or elevators that*  
10 *are necessary to improve access to the unit for any occupant of the*  
11 *unit who has a disability;*

12 (2) *Additional locks to improve the security of the unit; or*

13 (3) *Shutters to improve the security of the unit or to aid in*  
14 *reducing the costs of energy for the unit.*

15 **3. Any improvement or alteration made pursuant to**  
16 *subsection 2 that is visible from any other portion of the common-*  
17 *interest community must be installed, constructed or added in*  
18 *accordance with the procedures set forth in the governing*  
19 *documents of the association and must be selected or designed to*  
20 *the maximum extent practicable to be compatible with the style of*  
21 *the common-interest community.*

22 **Sec. 59.** NRS 116.212 is hereby amended to read as follows:

23 116.212 1. If the declaration provides that any of the powers  
24 described in NRS 116.3102 are to be exercised by or may be  
25 delegated to a profit or nonprofit corporation that exercises those or  
26 other powers on behalf of one or more common-interest  
27 communities or for the benefit of the units' owners of one or more  
28 common-interest communities, or on behalf of a common-interest  
29 community and a time-share plan created pursuant to chapter 119A  
30 of NRS, all provisions of this chapter applicable to unit-owners'  
31 associations apply to any such corporation, except as modified by  
32 this section.

33 2. Unless it is acting in the capacity of an association described  
34 in NRS 116.3101, a master association may exercise the powers set  
35 forth in paragraph (b) of subsection 1 of NRS 116.3102 only to the  
36 extent expressly permitted in:

37 (a) The declarations of common-interest communities which are  
38 part of the master association or expressly described in the  
39 delegations of power from those common-interest communities to  
40 the master association; or

41 (b) The declaration of the common-interest community which is  
42 a part of the master association and the time-share instrument  
43 creating the time-share plan governed by the master association.

44 3. If the declaration of any common-interest community  
45 provides that the executive board may delegate certain powers to a





1 master association, the members of the executive board have no  
2 liability for the acts or omissions of the master association with  
3 respect to those powers following delegation.

4 4. The rights and responsibilities of units' owners with respect  
5 to the unit-owners' association set forth in NRS 116.3103 ~~to~~  
6 ~~116.31038, inclusive,]~~ , *116.31032, 116.31034, 116.31036,*  
7 *116.3108, 116.31085,* 116.3109, 116.311 and 116.3112 *and section*  
8 *46 of this act* apply in the conduct of the affairs of a master  
9 association only to persons who elect the board of a master  
10 association, whether or not those persons are otherwise units'  
11 owners within the meaning of this chapter.

12 5. Even if a master association is also an association described  
13 in NRS 116.3101, the certificate of incorporation or other  
14 instrument creating the master association and the declaration of  
15 each common-interest community, the powers of which are assigned  
16 by the declaration or delegated to the master association, may  
17 provide that the executive board of the master association must be  
18 elected after the period of the declarant's control in any of the  
19 following ways:

20 (a) All units' owners of all common-interest communities  
21 subject to the master association may elect all members of the  
22 master association's executive board.

23 (b) All members of the executive boards of all common-interest  
24 communities subject to the master association may elect all  
25 members of the master association's executive board.

26 (c) All units' owners of each common-interest community  
27 subject to the master association may elect specified members of the  
28 master association's executive board.

29 (d) All members of the executive board of each common-interest  
30 community subject to the master association may elect specified  
31 members of the master association's executive board.

32 **Sec. 60.** NRS 116.3102 is hereby amended to read as follows:

33 116.3102 1. Except as otherwise provided in subsection 2,  
34 and subject to the provisions of the declaration, the association may:

35 (a) Adopt and amend bylaws, rules and regulations;

36 (b) Adopt and amend budgets for revenues, expenditures and  
37 reserves and collect assessments for common expenses from units'  
38 owners;

39 (c) Hire and discharge managing agents and other employees,  
40 agents and independent contractors;

41 (d) Institute, defend or intervene in litigation or administrative  
42 proceedings in its own name on behalf of itself or two or more units'  
43 owners on matters affecting the common-interest community;

44 (e) Make contracts and incur liabilities;



- 1 (f) Regulate the use, maintenance, repair, replacement and  
2 modification of common elements;
- 3 (g) Cause additional improvements to be made as a part of the  
4 common elements;
- 5 (h) Acquire, hold, encumber and convey in its own name any  
6 right, title or interest to real estate or personal property, but:  
7 (1) Common elements in a condominium or planned  
8 community may be conveyed or subjected to a security interest only  
9 pursuant to NRS 116.3112; and  
10 (2) Part of a cooperative may be conveyed, or all or part of a  
11 cooperative may be subjected to a security interest, only pursuant to  
12 NRS 116.3112;
- 13 (i) Grant easements, leases, licenses and concessions through or  
14 over the common elements;
- 15 (j) Impose and receive any payments, fees or charges for the use,  
16 rental or operation of the common elements, other than limited  
17 common elements described in subsections 2 and 4 of NRS  
18 116.2102, and for services provided to units' owners;
- 19 (k) Impose charges for late payment of assessments , *impose*  
20 *construction penalties when authorized pursuant to section 47 of*  
21 *this act* and, except as otherwise provided in NRS 116.31031, after  
22 notice and an opportunity to be heard, levy reasonable fines for  
23 violations of the ~~[declaration, bylaws, rules and regulations]~~  
24 *governing documents* of the association;
- 25 (l) Impose reasonable charges for the preparation and  
26 recordation of amendments to the declaration, the information  
27 required by NRS 116.4109 or statements of unpaid assessments;
- 28 (m) Provide for the indemnification of its officers and executive  
29 board and maintain directors' and officers' liability insurance;
- 30 (n) Assign its right to future income, including the right to  
31 receive assessments for common expenses, but only to the extent the  
32 declaration expressly so provides;
- 33 (o) Exercise any other powers conferred by the declaration or  
34 bylaws;
- 35 (p) Exercise all other powers that may be exercised in this state  
36 by legal entities of the same type as the association;
- 37 (q) Direct the removal of vehicles improperly parked on  
38 property owned or leased by the association, pursuant to NRS  
39 487.038; and
- 40 (r) Exercise any other powers necessary and proper for the  
41 governance and operation of the association.
- 42 2. The declaration may not impose limitations on the power of  
43 the association to deal with the declarant which are more restrictive  
44 than the limitations imposed on the power of the association to deal  
45 with other persons.



1     **Sec. 61.** NRS 116.31031 is hereby amended to read as  
2 follows:

3     116.31031 1. If a unit's owner ~~{ }~~ or a tenant or guest of a  
4 unit's owner ~~{, does not comply with a}~~ *violates any* provision of the  
5 governing documents of an association, the executive board of the  
6 association may, if the governing documents so provide:

7     (a) Prohibit, for a reasonable time, the unit's owner ~~{ }~~ or the  
8 tenant or guest of the unit's owner ~~{ }~~ from:

9         (1) Voting on matters related to the common-interest  
10 community.

11         (2) Using the common elements. The provisions of this  
12 subparagraph do not prohibit the unit's owner ~~{ }~~ or the tenant or  
13 guest of the unit's owner ~~{ }~~ from using any vehicular or pedestrian  
14 ingress or egress to go to or from the unit, including any area used  
15 for parking.

16     (b) ~~{Require}~~ *Impose a fine against* the unit's owner ~~{ }~~ or the  
17 tenant or guest of the unit's owner ~~{, to pay a fine}~~ for each ~~{failure~~  
18 ~~to comply that does not threaten the health and welfare of the~~  
19 ~~common interest community.}~~ *violation, except that a fine may not*  
20 *be imposed for a violation that is the subject of a construction*  
21 *penalty pursuant to section 47 of this act.* The fine must be  
22 commensurate with the severity of the violation, but must not  
23 exceed \$100 for each violation or a total amount of \$500, whichever  
24 is less. *The limitations on the amount of the fine do not apply to*  
25 *any interest, charges or costs that may be collected by the*  
26 *association pursuant to this section if the fine becomes past due.*

27     2. If a fine is imposed pursuant to subsection 1 and the  
28 violation is not cured within 14 days , or ~~{a}~~ *within any* longer  
29 period ~~{as}~~ *that* may be established by the executive board, the  
30 violation shall be deemed a continuing violation. Thereafter, the  
31 executive board may impose an additional fine for the violation for  
32 each 7-day period or portion thereof that the violation is not cured.  
33 Any additional fine may be imposed without notice and an  
34 opportunity to be heard.

35     3. Except as otherwise provided in subsection 2, the imposition  
36 of a fine pursuant to this section must comply with the requirements  
37 of subsection 6 of NRS 116.31065.

38     **4. Any past due fine:**

39         (a) *Bears interest at the rate established by the association, not*  
40 *to exceed 18 percent per year.*

41         (b) *May include any charges for late payment of the past due*  
42 *fine at a rate established by the association, not to exceed 5*  
43 *percent of the outstanding balance.*

44         (c) *May include any costs of collecting the past due fine at a*  
45 *rate established by the association:*



- 1           (1) *Not to exceed \$20, if the outstanding balance is less*
- 2 *than \$200.*
- 3           (2) *Not to exceed \$50, if the outstanding balance is \$200 or*
- 4 *more, but is less than \$500.*
- 5           (3) *Not to exceed \$100, if the outstanding balance is \$500*
- 6 *or more, but is less than \$1,000.*
- 7           (4) *Not to exceed \$250, if the outstanding balance is \$1,000*
- 8 *or more, but is less than \$5,000.*
- 9           (5) *Not to exceed \$500, if the outstanding balance is \$5,000*
- 10 *or more.*

11           (d) *May include any costs incurred by the association during a*  
 12 *civil action to enforce the payment of the past due fine.*

13           5. *As used in this section:*

14           (a) *“Costs of collecting” includes, without limitation, any*  
 15 *collection fee, filing fee, recording fee, referral fee, fee for postage*  
 16 *or delivery, and any other fee or cost that an association, a*  
 17 *collection agency, a community manager and any other person or*  
 18 *entity engaged to collect a past due fine may reasonably incur for*  
 19 *the collection of a past due fine. The term does not include any*  
 20 *costs incurred by an association during a civil action to enforce*  
 21 *the payment of a past due fine.*

22           (b) *“Outstanding balance” means the amount of a past due*  
 23 *fine that remains unpaid before any interest, charges for late*  
 24 *payment or costs of collecting the past due fine are added.*

25           **Sec. 62.** NRS 116.31034 is hereby amended to read as  
 26 follows:

27           116.31034 1. Except as otherwise provided in subsection 5 of  
 28 NRS 116.212, not later than the termination of any period of  
 29 declarant’s control, the units’ owners shall elect an executive board  
 30 of at least three members, at least a majority of whom must be units’  
 31 owners. The executive board shall elect the officers ~~[.]~~ *of the*  
 32 *association.* The members ~~[and officers]~~ of the executive board *and*  
 33 *the officers of the association* shall take office upon election.

34           2. The term of office of a member of the executive board may  
 35 not exceed 2 years ~~[-A]~~, *except for members who are appointed by*  
 36 *the declarant. Unless the governing documents provide otherwise,*  
 37 *there is no limitation on the number of terms that a person may*  
 38 *serve as a member of the executive board .* ~~[may be elected to~~  
 39 ~~succeed himself.]~~

40           3. The governing documents of the association must ~~[set forth~~  
 41 ~~the month during which elections for the members of the executive~~  
 42 ~~board must be held after the termination of any period of the~~  
 43 ~~declarant’s control.~~

44           ~~—3.]~~ *provide for terms of office that are staggered in such a*  
 45 *manner that, to the extent possible, an equal number of members*



1 *of the executive board are elected at each election. The provisions*  
2 *of this subsection do not apply to:*

3 (a) *Members of the executive board who are appointed by the*  
4 *declarant; and*

5 (b) *Members of the executive board who serve a term of 1 year*  
6 *or less.*

7 4. Not less than 30 days before the preparation of a ballot for  
8 the election of members of the executive board, the secretary or  
9 other officer specified in the bylaws of the association shall cause  
10 notice to be given to each unit's owner of his eligibility to serve as a  
11 member of the executive board. Each unit's owner who is qualified  
12 to serve as a member of the executive board may have his name  
13 placed on the ballot along with the names of the nominees selected  
14 by the members of the executive board or a nominating committee  
15 established by the association.

16 ~~[4.]~~ 5. *Each person whose name is placed on the ballot as a*  
17 *candidate for a member of the executive board must make a good*  
18 *faith effort to disclose any financial, business, professional or*  
19 *personal relationship or interest that would result or would appear*  
20 *to a reasonable person to result in a potential conflict of interest*  
21 *for the candidate if the candidate were to be elected to serve as a*  
22 *member of the executive board. The candidate must make the*  
23 *disclosure, in writing, to each member of the association in the*  
24 *manner established in the bylaws of the association.*

25 6. *Unless a person is appointed by the declarant:*

26 (a) *A person may not be a member of the executive board of an*  
27 *association or an officer of that association if the person, his*  
28 *spouse or his parent or child, by blood, marriage or adoption,*  
29 *performs the duties of a community manager for that association.*

30 (b) *A person may not be a member of the executive board of a*  
31 *master association or an officer of that master association if the*  
32 *person, his spouse or his parent or child, by blood, marriage or*  
33 *adoption, performs the duties of a community manager for:*

34 (1) *That master association; or*

35 (2) *Any association that is subject to the governing*  
36 *documents of that master association.*

37 7. An officer, employee, agent or director of a corporate owner  
38 of a unit, a trustee or designated beneficiary of a trust that owns a  
39 unit, a partner of a partnership that owns a unit, *a member or*  
40 *manager of a limited-liability company that owns a unit*, and a  
41 fiduciary of an estate that owns a unit may be an officer *of the*  
42 *association* or *a* member of the executive board. In all events where  
43 the person serving or offering to serve as an officer *of the*  
44 *association* or *a* member of the executive board is not the record  
45 owner, he shall file proof in the records of the association that:



1 (a) He is associated with the corporate owner, trust, partnership ,  
2 *limited-liability company* or estate as required by this subsection;  
3 and

4 (b) Identifies the unit or units owned by the corporate owner,  
5 trust, partnership , *limited-liability company* or estate.

6 ~~5.~~ 8. The election of any member of the executive board must  
7 be conducted by secret written ballot ~~[The]~~ *unless the declaration*  
8 *of the association provides that voting rights may be exercised by*  
9 *delegates or representatives as set forth in section 46 of this act. If*  
10 *the election is conducted by secret written ballot, the* secretary or  
11 other officer specified in the bylaws of the association shall cause *a*  
12 *secret ballot and a return envelope* to be sent , prepaid by United  
13 States mail , to the mailing address of each unit within the common-  
14 interest community or to any other mailing address designated in  
15 writing by the unit's owner . ~~[a secret ballot and a return envelope.~~

16 ~~6.~~ 9. *A quorum is not required for the election of any*  
17 *member of the executive board. If the election is conducted by*  
18 *secret written ballot:*

19 (a) *Only the secret written ballots that are returned to the*  
20 *association may be counted to determine the outcome of the*  
21 *election.*

22 (b) *The secret written ballots must be opened and counted at a*  
23 *meeting of the association. A quorum is not required to be present*  
24 *when the secret written ballots are opened and counted at the*  
25 *meeting.*

26 (c) *The incumbent members of the executive board and each*  
27 *person whose name is placed on the ballot as a candidate for a*  
28 *member of the executive board may not possess, be given access to*  
29 *or participate in the opening or counting of the secret written*  
30 *ballots that are returned to the association before those secret*  
31 *written ballots have been opened and counted at a meeting of the*  
32 *association.*

33 10. Each member of the executive board shall, within ~~30~~ 90  
34 days after his appointment or election, certify in writing *to the*  
35 *association, on a form prescribed by the Administrator*, that he has  
36 read and understands the governing documents of the association  
37 and the provisions of this chapter to the best of his ability. *The*  
38 *Administrator may require the association to submit a copy of the*  
39 *certification of each member of the executive board of that*  
40 *association at the time the association registers with the*  
41 *Ombudsman pursuant to NRS 116.31158.*

42 **Sec. 63.** NRS 116.31036 is hereby amended to read as  
43 follows:

44 116.31036 1. Notwithstanding any provision of the  
45 declaration or bylaws to the contrary, the units' owners, by a two-



1 thirds vote of all persons ~~[present and]~~ entitled to vote at any  
2 meeting of the units' owners at which a quorum is present, may  
3 remove any member of the executive board with or without cause,  
4 other than a member appointed by the declarant.

5 2. *The removal of any member of the executive board must be*  
6 *conducted by secret written ballot unless the declaration of the*  
7 *association provides that voting rights may be exercised by*  
8 *delegates or representatives as set forth in section 46 of this act. If*  
9 *the removal of a member of the executive board is conducted by*  
10 *secret written ballot, the secretary or other officer specified in the*  
11 *bylaws of the association shall cause a secret ballot and a return*  
12 *envelope to be sent, prepaid by United States mail, to the mailing*  
13 *address of each unit within the common-interest community or to*  
14 *any other mailing address designated in writing by the unit's*  
15 *owner.*

16 3. *If the removal of a member of the executive board is*  
17 *conducted by secret written ballot:*

18 (a) *Only the secret written ballots that are returned to the*  
19 *association may be counted to determine the outcome.*

20 (b) *The secret written ballots must be opened and counted at a*  
21 *meeting of the association. A quorum is not required to be present*  
22 *when the secret written ballots are opened and counted at the*  
23 *meeting.*

24 (c) *The incumbent members of the executive board, including,*  
25 *without limitation, the member who is subject to the removal, may*  
26 *not possess, be given access to or participate in the opening or*  
27 *counting of the secret written ballots that are returned to the*  
28 *association before those secret written ballots have been opened*  
29 *and counted at a meeting of the association.*

30 4. If a member of an executive board is *named as a respondent*  
31 *or* sued for liability for actions undertaken in his role as a member  
32 of the board, the association shall indemnify him for his losses or  
33 claims, and undertake all costs of defense, unless it is proven that he  
34 acted with willful or wanton misfeasance or with gross negligence.  
35 After such proof, the association is no longer liable for the cost of  
36 defense, and may recover costs already expended from the member  
37 of the executive board who so acted. Members of the executive  
38 board are not personally liable to the victims of crimes occurring on  
39 the property. Punitive damages may not be recovered against the  
40 association, but may be recovered from persons whose activity gave  
41 rise to the damages.

42 5. *The provisions of this section do not prohibit the*  
43 *Commission from taking any disciplinary action against a member*  
44 *of an executive board pursuant to sections 27 to 37, inclusive, of*  
45 *this act.*



\* S B 1 0 0 R 1 \*

1       **Sec. 64.** NRS 116.3106 is hereby amended to read as follows:  
2       116.3106 1. The bylaws of the association must provide:  
3       (a) The number of members of the executive board and the titles  
4       of the officers of the association;  
5       (b) For election by the executive board of a president, treasurer,  
6       secretary and any other officers of the association the bylaws  
7       specify;  
8       (c) The qualifications, powers and duties, terms of office and  
9       manner of electing and removing officers of the association and  
10       members of the executive board and filling vacancies;  
11       (d) Which ~~;~~ *powers*, if any, ~~{of its powers}~~ *that* the executive  
12       board or *the* officers *of the association* may delegate to other  
13       persons or to a ~~{managing agent;}~~ *community manager*;  
14       (e) Which of its officers may prepare, execute, certify and  
15       record amendments to the declaration on behalf of the association;  
16       (f) Procedural rules for conducting meetings of the association;  
17       ~~{and}~~  
18       (g) A method for amending the bylaws ~~;~~ *and*  
19       *(h) Procedural rules for conducting elections.*  
20       2. Except as otherwise provided in the declaration, the bylaws  
21       may provide for any other matters the association deems necessary  
22       and appropriate.  
23       3. The bylaws must be written in plain English.

24       **Sec. 65.** NRS 116.3108 is hereby amended to read as follows:  
25       116.3108 1. A meeting of the units' owners of an association  
26       must be held at least once each year. If the governing documents of  
27       a common-interest community do not designate an annual meeting  
28       date of the units' owners, a meeting of the units' owners must be  
29       held 1 year after the date of the last meeting of the units' owners. If  
30       the units' owners have not held a meeting for 1 year, a meeting of  
31       the units' owners must be held on the following March 1. Special  
32       meetings of the units' owners of an association may be called by the  
33       president, a majority of the executive board or by units' owners  
34       having 10 percent, or any lower percentage specified in the bylaws,  
35       of the votes in the association.  
36       2. Not less than 10 nor more than 60 days in advance of any  
37       meeting of the units' owners of an association, the secretary or other  
38       officer specified in the bylaws shall cause notice of the meeting to  
39       be hand-delivered, sent prepaid by United States mail to the mailing  
40       address of each unit or to any other mailing address designated in  
41       writing by the unit's owner or, if the association offers to send  
42       notice by electronic mail, sent by electronic mail at the request of  
43       the unit's owner to an electronic mail address designated in writing  
44       by the unit's owner. The notice of the meeting must state the time  
45       and place of the meeting and include a copy of the agenda for the





1 meeting. The notice must include notification of the right of a unit's  
2 owner to:

3 (a) Have a copy of the minutes or a summary of the minutes of  
4 the meeting ~~[distributed to him]~~ *provided to the unit's owner* upon  
5 request and, if required by the executive board, upon payment to the  
6 association of the cost of ~~[making the distribution.]~~ *providing the*  
7 *copy to the unit's owner.*

8 (b) Speak to the association or executive board, unless the  
9 executive board is meeting in executive session.

10 3. The agenda for a meeting of the units' owners must consist  
11 of:

12 (a) A clear and complete statement of the topics scheduled to be  
13 considered during the meeting, including, without limitation, any  
14 proposed amendment to the declaration or bylaws, any fees or  
15 assessments to be imposed or increased by the association, any  
16 budgetary changes and any proposal to remove an officer *of the*  
17 *association* or member of the executive board.

18 (b) A list describing the items on which action may be taken and  
19 clearly denoting that action may be taken on those items. In an  
20 emergency, the units' owners may take action on an item which is  
21 not listed on the agenda as an item on which action may be taken.

22 (c) A period devoted to comments by units' owners and  
23 discussion of those comments. Except in emergencies, no action  
24 may be taken upon a matter raised under this item of the agenda  
25 until the matter itself has been specifically included on an agenda as  
26 an item upon which action may be taken pursuant to paragraph (b).

27 4. If the association adopts a policy imposing ~~[a fine on a unit's~~  
28 ~~owner for the violation of the declaration, bylaws or other rules~~  
29 ~~established by]~~ *fines for any violations of the governing documents*  
30 *of* the association, the secretary or other officer specified in the  
31 bylaws shall prepare and cause to be hand-delivered or sent prepaid  
32 by United States mail to the mailing address of each unit or to any  
33 other mailing address designated in writing by the unit's owner, a  
34 schedule of the fines that may be imposed for those violations.

35 5. *The secretary or other officer specified in the bylaws shall*  
36 *cause minutes to be recorded or otherwise taken at each meeting*  
37 *of the units' owners.* Not more than 30 days after ~~[any meeting of~~  
38 ~~the units' owners.]~~ *each such meeting,* the secretary or other officer  
39 specified in the bylaws shall cause the minutes or a summary of the  
40 minutes of the meeting to be made available to the units' owners. A  
41 copy of the minutes or a summary of the minutes must be provided  
42 to any unit's owner ~~[who pays]~~ *upon request and, if required by the*  
43 *executive board, upon payment to* the association *of* the cost of  
44 providing the copy to ~~[him.]~~ *the unit's owner.*



- 1     6. *Except as otherwise provided in subsection 7, the minutes*  
2 *of each meeting of the units' owners must include:*  
3     (a) *The date, time and place of the meeting;*  
4     (b) *The substance of all matters proposed, discussed or decided*  
5 *at the meeting; and*  
6     (c) *The substance of remarks made by any unit's owner at the*  
7 *meeting if he requests that the minutes reflect his remarks or, if he*  
8 *has prepared written remarks, a copy of his prepared remarks if he*  
9 *submits a copy for inclusion.*
- 10    7. *The executive board may establish reasonable limitations*  
11 *on materials, remarks or other information to be included in the*  
12 *minutes of a meeting of the units' owners.*
- 13    8. *The association shall maintain the minutes of each*  
14 *meeting of the units' owners until the common-interest community*  
15 *is terminated.*
- 16    9. *A unit's owner may record on audiotape or any other*  
17 *means of sound reproduction a meeting of the units' owners if the*  
18 *unit's owner, before recording the meeting, provides notice of his*  
19 *intent to record the meeting to the other units' owners who are in*  
20 *attendance at the meeting.*
- 21    10. As used in this section, "emergency" means any occurrence  
22 or combination of occurrences that:  
23     (a) Could not have been reasonably foreseen;  
24     (b) Affects the health, welfare and safety of the units' owners of  
25 the association;  
26     (c) Requires the immediate attention of, and possible action by,  
27 the executive board; and  
28     (d) Makes it impracticable to comply with the provisions of  
29 subsection 2 or 3.
- 30    **Sec. 66.** NRS 116.31083 is hereby amended to read as  
31 follows:  
32    116.31083 1. A meeting of the executive board of an  
33 association must be held at least once every 90 days.  
34    2. Except in an emergency or unless the bylaws of an  
35 association require a longer period of notice, the secretary or other  
36 officer specified in the bylaws of the association shall, not less than  
37 10 days before the date of a meeting of the executive board, cause  
38 notice of the meeting to be given to the units' owners. Such notice  
39 must be:  
40     (a) Sent prepaid by United States mail to the mailing address of  
41 each unit within the common-interest community or to any other  
42 mailing address designated in writing by the unit's owner;  
43     (b) If the association offers to send notice by electronic mail,  
44 sent by electronic mail at the request of the unit's owner to an  
45 electronic mail address designated in writing by the unit's owner; or



1 (c) Published in a newsletter or other similar publication that is  
2 circulated to each unit's owner.

3 3. In an emergency, the secretary or other officer specified in  
4 the bylaws of the association shall, if practicable, cause notice of the  
5 meeting to be sent prepaid by United States mail to the mailing  
6 address of each unit within the common-interest community. If  
7 delivery of the notice in this manner is impracticable, the notice  
8 must be hand-delivered to each unit within the common-interest  
9 community or posted in a prominent place or places within the  
10 common elements of the association.

11 4. The notice of a meeting of the executive board of an  
12 association must state the time and place of the meeting and include  
13 a copy of the agenda for the meeting or the date on which and the  
14 locations where copies of the agenda may be conveniently obtained  
15 by the units' owners of the association. The notice must include  
16 notification of the right of a unit's owner to:

17 (a) Have a copy of the minutes or a summary of the minutes of  
18 the meeting ~~[distributed to him]~~ *provided to the unit's owner* upon  
19 request and, if required by the executive board, upon payment to the  
20 association of the cost of ~~[making the distribution.]~~ *providing the*  
21 *copy to the unit's owner.*

22 (b) Speak to the association or executive board, unless the  
23 executive board is meeting in executive session.

24 5. The agenda of the meeting of the executive board of an  
25 association must comply with the provisions of subsection 3 of NRS  
26 116.3108. The period required to be devoted to comments by units'  
27 owners and discussion of those comments must be scheduled for the  
28 beginning of each meeting. In an emergency, the executive board  
29 may take action on an item which is not listed on the agenda as an  
30 item on which action may be taken.

31 6. At least once every 90 days, unless the declaration or bylaws  
32 of the association impose more stringent standards, the executive  
33 board shall review at one of its meetings:

34 (a) A current reconciliation of the operating account of the  
35 association;

36 (b) A current reconciliation of the reserve account of the  
37 association;

38 (c) The actual revenues and expenses for the reserve account,  
39 compared to the budget for that account for the current year;

40 (d) The latest account statements prepared by the financial  
41 institutions in which the accounts of the association are maintained;

42 (e) An income and expense statement, prepared on at least a  
43 quarterly basis, for the operating and reserve accounts of the  
44 association; and



1 (f) The current status of any civil action or claim submitted to  
2 arbitration or mediation in which the association is a party.

3 7. The *secretary or other officer specified in the bylaws shall*  
4 *cause minutes ~~{of a}~~ to be recorded or otherwise taken at each*  
5 *meeting of the executive board . ~~{of an association must be}~~ Not*  
6 *more than 30 days after each such meeting, the secretary or other*  
7 *officer specified in the bylaws shall cause the minutes or a*  
8 *summary of the minutes of the meeting to be* made available to the  
9 units' owners . ~~*{in accordance with the provisions of subsection 5 of*~~  
10 ~~*NRS 116.3108.}*~~ *A copy of the minutes or a summary of the*  
11 *minutes must be provided to any unit's owner upon request and, if*  
12 *required by the executive board, upon payment to the association*  
13 *of the cost of providing the copy to the unit's owner.*

14 8. *Except as otherwise provided in subsection 9 and NRS*  
15 *116.31085, the minutes of each meeting of the executive board*  
16 *must include:*

- 17 (a) *The date, time and place of the meeting;*
- 18 (b) *Those members of the executive board who were present*  
19 *and those members who were absent at the meeting;*
- 20 (c) *The substance of all matters proposed, discussed or decided*  
21 *at the meeting and, at the request of any member of the executive*  
22 *board, a record of each member's vote on any matter decided by*  
23 *vote at the meeting; and*
- 24 (d) *The substance of remarks made by any unit's owner who*  
25 *addresses the executive board at the meeting if he requests that the*  
26 *minutes reflect his remarks or, if he has prepared written remarks,*  
27 *a copy of his prepared remarks if he submits a copy for inclusion.*

28 9. *The executive board may establish reasonable limitations*  
29 *on materials, remarks or other information to be included in the*  
30 *minutes of its meetings.*

31 10. *The association shall maintain the minutes of each*  
32 *meeting of the executive board until the common-interest*  
33 *community is terminated.*

34 11. *A unit's owner may record on audiotape or any other*  
35 *means of sound reproduction a meeting of the executive board,*  
36 *unless the executive board is meeting in executive session, if the*  
37 *unit's owner, before recording the meeting, provides notice of his*  
38 *intent to record the meeting to the members of the executive board*  
39 *and the other units' owners who are in attendance at the meeting.*

40 12. As used in this section, "emergency" means any occurrence  
41 or combination of occurrences that:

- 42 (a) Could not have been reasonably foreseen;
- 43 (b) Affects the health, welfare and safety of the units' owners of  
44 the association;



1 (c) Requires the immediate attention of, and possible action by,  
2 the executive board; and

3 (d) Makes it impracticable to comply with the provisions of  
4 subsection 2 or 5.

5 **Sec. 67.** NRS 116.31085 is hereby amended to read as  
6 follows:

7 116.31085 1. Except as otherwise provided in this section, a  
8 unit's owner may attend any meeting of the units' owners of the  
9 association or of the executive board and speak at any such meeting.  
10 The executive board may establish reasonable limitations on the  
11 time a unit's owner may speak at such a meeting.

12 2. *An executive board may not meet in executive session to*  
13 *enter into, renew, modify, terminate or take any other action*  
14 *regarding a contract, including, without limitation, a contract with*  
15 *the attorney for the association. If the executive board takes any*  
16 *action regarding a contract, the contract must be made reasonably*  
17 *available for review by the units' owners of the association.*

18 3. An executive board may meet in executive session *only* to:

19 (a) Consult with the attorney for the association on matters  
20 relating to proposed or pending litigation if the contents of the  
21 discussion would otherwise be governed by the privilege set forth in  
22 NRS 49.035 to 49.115, inclusive . ~~[(c)]~~ *The provisions of this*  
23 *paragraph do not permit the executive board to meet in executive*  
24 *session to take any action regarding a contract with the attorney*  
25 *for the association.*

26 (b) Discuss ~~[matters relating to personnel; or~~  
27 ~~—(c) Discuss]~~ *the character, alleged misconduct, professional*  
28 *competence, or physical or mental health of a community*  
29 *manager or an employee of the association.*

30 (c) *Except as otherwise provided in subsection 4, discuss a*  
31 *violation of the governing documents , ~~[alleged to have been~~*  
32 *committed by a unit's owner,] including, without limitation, the  
33 failure to pay an assessment . ~~[-except as otherwise provided in~~  
34 ~~subsection 3-~~*

35 ~~—3.]~~ (d) *Discuss the alleged failure of a unit's owner to adhere*  
36 *to a schedule required pursuant to section 47 of this act if the*  
37 *alleged failure may subject the unit's owner to a construction*  
38 *penalty.*

39 4. An executive board shall meet in executive session to hold a  
40 hearing on an alleged violation of the governing documents unless  
41 the ~~[unit's owner who allegedly committed]~~ *person who may be*  
42 *sanctioned for* the *alleged* violation requests in writing that the  
43 hearing be conducted by the executive board at an open meeting.  
44 The ~~[unit's owner who is alleged to have committed]~~ *person who*  
45 *may be sanctioned for* the *alleged* violation ~~[may]~~ *is entitled to*



1 attend the hearing and testify concerning the alleged violation, but  
2 *the person* may be excluded by the executive board from any other  
3 portion of the hearing, including, without limitation, the  
4 deliberations of the executive board.

5 ~~[4.]~~ 5. Except as otherwise provided in this subsection, any  
6 matter discussed *by the executive board when it meets* in executive  
7 session must be generally noted in the minutes of the meeting of the  
8 executive board. The executive board shall maintain minutes of any  
9 decision made pursuant to subsection ~~[3.]~~ *4 concerning an alleged*  
10 *violation* and, upon request, provide a copy of the decision to the  
11 ~~[unit's owner who was the subject of the hearing]~~ *person who was*  
12 *subject to being sanctioned at the hearing* or to his designated  
13 representative.

14 ~~[5.]~~ 6. Except as otherwise provided in subsection ~~[3.]~~ 4, a  
15 unit's owner is not entitled to attend or speak at a meeting of the  
16 executive board held in executive session.

17 **Sec. 68.** NRS 116.3109 is hereby amended to read as follows:

18 116.3109 1. Except as otherwise provided in this section and  
19 ~~[unless the bylaws]~~ *NRS 116.31034, and except when the*  
20 *governing documents* provide otherwise, a quorum is present  
21 throughout any meeting of the association if ~~[persons entitled to cast~~  
22 ~~20 percent of the votes that may be cast for election of the executive~~  
23 ~~board]~~ *the number of members of the association who* are present  
24 in person or by proxy at the beginning of the meeting ~~[ ]~~ *equals or*  
25 *exceeds 20 percent of the total number of voting members of the*  
26 *association.*

27 2. *If the governing documents of an association contain a*  
28 *quorum requirement for a meeting of the association that is*  
29 *greater than the 20 percent required by subsection 1 and, after*  
30 *proper notice has been given for a meeting, the members of the*  
31 *association who are present in person or by proxy at the meeting*  
32 *are unable to hold the meeting because a quorum is not present at*  
33 *the beginning of the meeting, the members who are present in*  
34 *person at the meeting may adjourn the meeting to a time that is*  
35 *not less than 48 hours or more than 30 days from the date of the*  
36 *meeting. At the subsequent meeting:*

37 (a) *A quorum shall be deemed to be present if the number of*  
38 *members of the association who are present in person or by proxy*  
39 *at the beginning of the subsequent meeting equals or exceeds 20*  
40 *percent of the total number of voting members of the association;*  
41 *and*

42 (b) *If such a quorum is deemed to be present but the actual*  
43 *number of members who are present in person or by proxy at the*  
44 *beginning of the subsequent meeting is less than the number of*  
45 *members who are required for a quorum under the governing*



1 *documents, the members who are present in person or by proxy at*  
2 *the subsequent meeting may take action only on those matters that*  
3 *were included as items on the agenda of the original*  
4 *meeting.*

5 *The provisions of this subsection do not change the actual number*  
6 *of votes that are required under the governing documents for*  
7 *taking action on any particular matter.*

8 3. Unless the ~~[bylaws]~~ *governing documents* specify a larger  
9 percentage, a quorum is deemed present throughout any meeting of  
10 the executive board if persons entitled to cast 50 percent of the votes  
11 on that board are present at the beginning of the meeting.

12 ~~[3. For the purposes of determining whether a quorum is~~  
13 ~~present for the election of any member of the executive board, only~~  
14 ~~the secret written ballots that are returned to the association may be~~  
15 ~~counted.]~~

16 **Sec. 69.** NRS 116.311 is hereby amended to read as follows:

17 116.311 1. If only one of several owners of a unit is present  
18 at a meeting of the association, that owner is entitled to cast all the  
19 votes allocated to that unit. If more than one of the owners are  
20 present, the votes allocated to that unit may be cast only in  
21 accordance with the agreement of a majority in interest of the  
22 owners, unless the declaration expressly provides otherwise. There  
23 is majority agreement if any one of the owners cast the votes  
24 allocated to that unit without protest made promptly to the person  
25 presiding over the meeting by any of the other owners of the unit.

26 2. Except as otherwise provided in this section, votes allocated  
27 to a unit may be cast pursuant to a proxy executed by a unit's owner.  
28 A unit's owner may give a proxy only to a member of his immediate  
29 family, a tenant of the unit's owner who resides in the common-  
30 interest community , ~~[or]~~ another unit's owner who resides in the  
31 common-interest community ~~[;]~~ , *or to a delegate or representative*  
32 *when authorized pursuant to section 46 of this act.* If a unit is  
33 owned by more than one person, each owner of the unit may vote or  
34 register protest to the casting of votes by the other owners of the unit  
35 through an executed proxy. A unit's owner may revoke a proxy  
36 given pursuant to this section only by actual notice of revocation to  
37 the person presiding over a meeting of the association. ~~[A proxy is~~  
38 ~~void if:~~

39 ~~—(a) It is not dated or purports]~~

40 3. *Before a vote may be cast pursuant to a proxy:*

41 (a) *The proxy must be dated.*

42 (b) *The proxy must not purport* to be revocable without notice .

43 ~~;~~

44 ~~—(b) It does not]~~



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- 1 (c) *The proxy must designate the meeting for which it is*  
2 *executed.*
- 3 (d) *The proxy must designate ~~the votes that must be cast on~~*  
4 *~~behalf of~~ each specific item on the agenda of the meeting for*  
5 *which the unit's owner ~~who~~ has executed the proxy ~~;~~ ~~or~~*  
6 *~~(e)~~, except that the unit's owner may execute the proxy*  
7 *without designating any specific items on the agenda of the*  
8 *meeting if the proxy is to be used solely for determining whether a*  
9 *quorum is present for the meeting. If the proxy designates one or*  
10 *more specific items on the agenda of the meeting for which the*  
11 *unit's owner has executed the proxy, the proxy must indicate, for*  
12 *each specific item designated in the proxy, whether the holder of*  
13 *the proxy must cast a vote in the affirmative or the negative on*  
14 *behalf of the unit's owner. If the proxy does not indicate whether*  
15 *the holder of the proxy must cast a vote in the affirmative or the*  
16 *negative for a particular item on the agenda of the meeting,*  
17 *the proxy must be treated, with regard to that particular item, as if*  
18 *the unit's owner were present but not voting on that particular*  
19 *item.*
- 20 (e) *The holder of the proxy ~~does not~~ must disclose at the*  
21 *beginning of the meeting for which the proxy is executed the*  
22 *number of proxies pursuant to which ~~he~~ the holder will be casting*  
23 *votes. ~~and the voting instructions received for each proxy.~~*
- 24 4. *A proxy terminates immediately after the conclusion of the*  
25 *meeting for which it ~~was~~ is executed.*
- 26 5. *A vote may not be cast pursuant to a proxy for the election*  
27 *or removal of a member of the executive board of an association ~~.~~*  
28 *~~3. Only a vote cast in person, by secret ballot or by proxy, may~~*  
29 *~~be counted.~~*  
30 *~~4.] unless the proxy is exercised through a delegate or~~*  
31 *~~representative authorized pursuant to section 46 of this act.~~*
- 32 6. *The holder of a proxy may not cast a vote on behalf of the*  
33 *unit's owner who executed the proxy in a manner that is contrary*  
34 *to the proxy.*
- 35 7. *A proxy is void if the proxy or the holder of the proxy*  
36 *violates any provision of subsections 1 to 6, inclusive.*
- 37 8. *If the declaration requires that votes on specified matters*  
38 *affecting the common-interest community must be cast by the*  
39 *lessees of leased units rather than the units' owners ~~of~~ who have*  
40 *leased the units:*
- 41 (a) *The provisions of subsections 1 ~~and 2~~ to 7, inclusive, apply*  
42 *to the lessees as if they were the units' owners;*
- 43 (b) *~~Units'] The units' owners who have leased their units to~~*  
44 *~~other persons] the lessees may not cast votes on those specified~~*  
45 *matters; ~~and~~*





1 (c) ~~Lessees~~ *The lessees* are entitled to notice of meetings,  
2 access to records ~~and~~ and other rights respecting those matters as if  
3 they were *the* units' owners ~~of~~  
4 ~~Units~~; and

5 (d) *The units*' owners must ~~also~~ be given notice, in the manner  
6 provided in NRS 116.3108, of all meetings at which *the* lessees are  
7 entitled to vote.

8 ~~5. No~~

9 *9. If any* votes *are* allocated to a unit *that is* owned by the  
10 association, *those votes* may *not* be cast ~~of~~

11 ~~6. Votes cast for the election of a member of the executive~~  
12 ~~board of an association must be counted in public.~~, *by proxy or*  
13 *otherwise, for any purpose.*

14 **Sec. 70.** NRS 116.31139 is hereby amended to read as  
15 follows:

16 116.31139 1. ~~An association may employ a person engaged~~  
17 ~~in property management for the common interest community.~~

18 ~~2.~~ Except as otherwise provided in this section, a person  
19 ~~engaged in property management for a common interest~~  
20 ~~community must:~~

21 ~~(a) Hold~~ *shall not act as a community manager unless the*  
22 *person holds* a permit ~~to engage in property management that is~~  
23 ~~issued pursuant to the provisions of chapter 645 of NRS; or~~

24 ~~(b) Hold~~ *or* a certificate . ~~issued by the Real Estate~~  
25 ~~Commission pursuant to subsection 3.~~

26 ~~3. The Real Estate~~

27 *2. The* Commission shall ~~provide~~ by regulation *provide* for  
28 the ~~issuance of certificates for the management of common interest~~  
29 ~~communities to persons who are not otherwise authorized to engage~~  
30 ~~in property management pursuant to the provisions of chapter 645 of~~  
31 ~~NRS. The regulations:~~

32 ~~(a) Must establish the qualifications for the issuance of such a~~  
33 ~~certificate, including the education and experience required to obtain~~  
34 ~~such a certificate;~~

35 ~~(b) May require applicants to pass an examination in order to~~  
36 ~~obtain a certificate;~~

37 ~~(c) Must establish~~ standards of practice for ~~persons engaged in~~  
38 ~~property management for a common interest community;~~

39 ~~(d) Must establish the grounds for initiating disciplinary action~~  
40 ~~against a person to whom a certificate has been issued, including,~~  
41 ~~without limitation, the grounds for placing conditions, limitations or~~  
42 ~~restrictions on a certificate and for the suspension or revocation of a~~  
43 ~~certificate; and~~

44 ~~(e) Must establish rules of practice and procedure for conducting~~  
45 ~~disciplinary hearings.~~



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1 ~~The Real Estate Division of the Department of Business and~~  
2 ~~Industry] community managers who hold permits or certificates.~~  
3 3. ~~The Division~~ may investigate ~~[the property managers to~~  
4 ~~whom certificates have been issued] any community manager who~~  
5 ~~holds a permit or certificate~~ to ensure ~~[their compliance]~~ that the  
6 ~~community manager is complying~~ with the standards of practice  
7 adopted ~~[pursuant to this subsection and collect a fee for the~~  
8 ~~issuance of a certificate]~~ by the Commission . ~~[in an amount not to~~  
9 ~~exceed the administrative costs of issuing the certificate.]~~  
10 4. ~~In addition to any other remedy or penalty, if the~~  
11 ~~Commission or a hearing panel, after notice and hearing, finds~~  
12 ~~that a community manager who holds a permit or certificate has~~  
13 ~~violated any provision of this chapter or any of the standards of~~  
14 ~~practice adopted by the Commission, the Commission or the~~  
15 ~~hearing panel may take appropriate disciplinary action against the~~  
16 ~~community manager.~~  
17 5. The provisions of ~~[subsection 2]~~ *this section* do not apply to:  
18 (a) ~~[A person who is engaged in property management for a~~  
19 ~~common interest community on October 1, 1999, and is granted an~~  
20 ~~exemption from the requirements of subsection 2 by the~~  
21 ~~Administrator upon demonstration that he is qualified and~~  
22 ~~competent to engage in property management for a common interest~~  
23 ~~community;~~  
24 ~~—(b)] A financial institution [;~~  
25 ~~—(c)] that is engaging in an activity permitted by law.~~  
26 (b) An attorney *who is* licensed to practice in this state [;  
27 ~~—(d)] and who is acting in that capacity.~~  
28 (c) A trustee [;  
29 ~~—(e) An employee of a corporation who manages only] with~~  
30 ~~respect to~~ the property of the ~~[corporation;~~  
31 ~~—(f)] trust.~~  
32 (d) A declarant [;  
33 ~~—(g)] , an affiliate of the declarant and any officers or~~  
34 ~~employees of the declarant or an affiliate of the declarant when~~  
35 ~~engaging in the management of a common-interest community~~  
36 ~~during the period in which the declarant controls that common-~~  
37 ~~interest community.~~  
38 (e) A receiver [;  
39 ~~—5.—As used in this section, “property management” means the~~  
40 ~~physical, administrative or financial maintenance and management~~  
41 ~~of real property, or the supervision of those activities for a fee,~~  
42 ~~commission or other compensation or valuable consideration.] with~~  
43 ~~respect to property subject to the receivership.~~



1       (f) *A member of an executive board or an officer of an*  
2 *association who is acting solely within the scope of his duties as a*  
3 *member of the executive board or an officer of the association.*

4       **Sec. 71.** NRS 116.311391 is hereby amended to read as  
5 follows:

6       116.311391 The expiration or revocation of a *permit or*  
7 certificate ~~[for the management of a common interest community]~~  
8 by operation of law or by order or decision of ~~[the Real Estate~~  
9 ~~Commission or a]~~ *any agency or* court of competent jurisdiction, or  
10 the voluntary surrender of such a *permit or* certificate by the holder  
11 of the *permit or* certificate does not:

12       1. Prohibit the ~~[Real Estate Division of the Department of~~  
13 ~~Business and Industry or Real Estate]~~ Commission *or the Division*  
14 from initiating or continuing an investigation of, or action or  
15 disciplinary proceeding against, the holder of the *permit or*  
16 certificate as authorized pursuant to the provisions of this chapter or  
17 the regulations adopted pursuant thereto; or

18       2. Prevent the imposition or collection of any fine or penalty  
19 authorized pursuant to the provisions of this chapter or the  
20 regulations adopted pursuant thereto against the holder of the *permit*  
21 *or* certificate.

22       **Sec. 72.** NRS 116.31151 is hereby amended to read as  
23 follows:

24       116.31151 1. Except as otherwise provided in subsection 2  
25 and unless the declaration of a common-interest community imposes  
26 more stringent standards, the executive board of an association shall,  
27 not less than 30 days or more than 60 days before the beginning of  
28 the fiscal year of the association, prepare and distribute to each  
29 unit's owner a copy of:

30       (a) The budget for the daily operation of the association. The  
31 budget must include, without limitation, the estimated annual  
32 revenue and expenditures of the association and any contributions to  
33 be made to the reserve account of the association.

34       (b) The budget to maintain the reserve required by paragraph (b)  
35 of subsection 2 of NRS 116.3115. The budget must include, without  
36 limitation:

37       (1) The current estimated replacement cost, estimated  
38 remaining life and estimated useful life of each major component of  
39 the common elements;

40       (2) As of the end of the fiscal year for which the budget is  
41 prepared, the current estimate of the amount of cash reserves that  
42 are necessary, and the current amount of accumulated cash reserves  
43 that are set aside, to repair, replace or restore the major components  
44 of the common elements;



1 (3) A statement as to whether the executive board has  
2 determined or anticipates that the levy of one or more special  
3 assessments will be required to repair, replace or restore any major  
4 component of the common elements or to provide adequate reserves  
5 for that purpose; and

6 (4) A general statement describing the procedures used for  
7 the estimation and accumulation of cash reserves pursuant to  
8 subparagraph (2), including, without limitation, the qualifications of  
9 the person responsible for the preparation of the study *of the*  
10 *reserves* required by NRS 116.31152.

11 2. In lieu of distributing copies of the budgets of the  
12 association required by subsection 1, the executive board may  
13 distribute to each unit's owner a summary of those budgets,  
14 accompanied by a written notice that ~~the~~ :

15 (a) *The* budgets are available for review at the business office of  
16 the association or *some* other suitable location *within the county*  
17 *where the common-interest community is situated or, if it is*  
18 *situated in more than one county, within one of those counties;*  
19 and ~~that copies~~

20 (b) *Copies* of the budgets will be provided upon request.

21 **Sec. 73.** NRS 116.31152 is hereby amended to read as  
22 follows:

23 116.31152 1. The executive board of an association shall:

24 (a) Cause to be conducted, at least once every 5 years, a study  
25 of the reserves required to repair, replace and restore the major  
26 components of the common elements;

27 (b) Review the results of that study at least annually to  
28 determine if those reserves are sufficient; and

29 (c) Make any adjustments it deems necessary to maintain the  
30 required reserves.

31 2. The study *of the reserves* required by subsection 1 must be  
32 conducted by a person *who is* qualified by training and experience  
33 to conduct such a study, including, *without limitation*, a member of  
34 the executive board, a unit's owner or ~~the property manager of the~~  
35 ~~association~~ *a community manager* who is so qualified. The study  
36 *of the reserves* must include, without limitation:

37 (a) A summary of an inspection of the major components of the  
38 common elements *that* the association is obligated to repair, replace  
39 or restore;

40 (b) An identification of the major components of the common  
41 elements that the association is obligated to repair, replace or restore  
42 which have a remaining useful life of less than 30 years;

43 (c) An estimate of the remaining useful life of each major  
44 component identified pursuant to paragraph (b);



1 (d) An estimate of the cost of repair, replacement or restoration  
2 of each major component identified pursuant to paragraph (b) during  
3 and at the end of its useful life; and

4 (e) An estimate of the total annual assessment that may be  
5 required to cover the cost of repairing, replacement or restoration of  
6 the major components identified pursuant to paragraph (b), after  
7 subtracting the reserves of the association as of the date of the study.

8 3. *The results of the study of the reserves required by*  
9 *subsection 1 must be submitted to the Commission not later than*  
10 *45 days after the date that the executive board of the association*  
11 *adopts the results of the study.*

12 4. The ~~Administrator~~ Commission shall adopt by regulation  
13 the qualifications required for conducting ~~the~~ the study of the  
14 reserves required by subsection 1.

15 5. *If a common-interest community was developed as part of*  
16 *a planned unit development pursuant to chapter 278A of NRS and*  
17 *is subject to an agreement with a city or county to receive credit*  
18 *against the amount of the residential construction tax that is*  
19 *imposed pursuant to NRS 278.4983 and 278.4985, the association*  
20 *that is organized for the common-interest community may use the*  
21 *money from that credit for the repair, replacement or restoration*  
22 *of park facilities and related improvements if:*

23 (a) *The park facilities and related improvements are identified*  
24 *as major components of the common elements of the association;*  
25 *and*

26 (b) *The association is obligated to repair, replace or restore the*  
27 *park facilities and related improvements in accordance with the*  
28 *study of the reserves required by subsection 1.*

29 **Sec. 74.** NRS 116.31155 is hereby amended to read as  
30 follows:

31 116.31155 1. An association shall:

32 (a) If the association is required to pay the fee imposed by NRS  
33 78.150 , ~~82.193~~ or ~~[82.193,]~~ 86.263, pay to the Administrator a fee  
34 established by regulation of the Administrator for every unit in the  
35 association used for residential use.

36 (b) If the association is organized as a trust or partnership, pay  
37 to the Administrator a fee established by regulation of the  
38 Administrator for each unit in the association.

39 2. The fees required to be paid pursuant to this section must be:

40 (a) Paid at such times as are established by the ~~Administrator.~~  
41 *Division.*

42 (b) Deposited with the State Treasurer for credit to the Account  
43 for ~~[the Ombudsman for Owners in]~~ Common-Interest Communities  
44 created ~~[pursuant to]~~ by NRS 116.1117.



1 (c) Established on the basis of the actual ~~fees~~ *costs* of  
2 administering the Office of the Ombudsman ~~for Owners in~~  
3 ~~Common Interest Communities~~ *and the Commission* and not on a  
4 basis which includes any subsidy ~~for the Office.~~ *beyond those*  
5 *actual costs*. In no event may the fees required to be paid pursuant  
6 to this section exceed \$3 per unit.

7 3. *The Administrator may by regulation establish an*  
8 *administrative penalty to be imposed against an association that*  
9 *violates the provisions of this section by failing to pay the fees*  
10 *owed by the association within the times established by the*  
11 *Division. The administrative penalty that is imposed for each*  
12 *violation may not exceed 10 percent of the amount of the fees*  
13 *owed by the association or \$500, whichever amount is less.*

14 4. A unit's owner may not be required to pay any portion of the  
15 fees *or any administrative penalties* required to be paid pursuant to  
16 this section to a master association and to an association organized  
17 pursuant to NRS 116.3101.

18 ~~4.~~ 5. Upon the payment of the fees *and any administrative*  
19 *penalties* required by this section, the Administrator shall provide to  
20 the association evidence that it paid the fees *and the administrative*  
21 *penalties* in compliance with this section.

22 **Sec. 75.** NRS 116.31158 is hereby amended to read as  
23 follows:

24 116.31158 1. Each association shall, at the time it pays the  
25 fee required by NRS 116.31155, register with the Ombudsman ~~for~~  
26 ~~Owners in Common Interest Communities~~ on a form prescribed by  
27 the Ombudsman.

28 2. The form for registration must include, without limitation,  
29 the information required to be maintained pursuant to paragraph  
30 ~~(d)~~ (e) of subsection 4 of NRS 116.1116.

31 **Sec. 76.** NRS 116.3116 is hereby amended to read as follows:

32 116.3116 1. The association has a lien on a unit for any  
33 *construction penalty that is imposed against the unit's owner*  
34 *pursuant to section 47 of this act, any* assessment levied against  
35 that unit or *any* fines imposed against the unit's owner from the time  
36 the *construction penalty*, assessment or fine becomes due. Unless  
37 the declaration otherwise provides, *any penalties*, fees, charges, late  
38 charges, fines and interest charged pursuant to paragraphs (j), (k)  
39 and (l) of subsection 1 of NRS 116.3102 are enforceable as  
40 assessments under this section. If an assessment is payable in  
41 installments, the full amount of the assessment is a lien from the  
42 time the first installment thereof becomes due.

43 2. A lien under this section is prior to all other liens and  
44 encumbrances on a unit except:



- 1 (a) Liens and encumbrances recorded before the recordation of  
2 the declaration and, in a cooperative, liens and encumbrances which  
3 the association creates, assumes or takes subject to;
- 4 (b) A first security interest on the unit recorded before the date  
5 on which the assessment sought to be enforced became delinquent  
6  or, in a cooperative, the first security interest encumbering only  
7 the unit's owner's interest and perfected before the date on which  
8 the assessment sought to be enforced became delinquent; and
- 9 (c) Liens for real estate taxes and other governmental  
10 assessments or charges against the unit or cooperative.  
11 The lien is also prior to all security interests described in paragraph  
12 (b) to the extent of the assessments for common expenses based on  
13 the periodic budget adopted by the association pursuant to NRS  
14 116.3115 which would have become due in the absence of  
15 acceleration during the 6 months immediately preceding institution  
16 of an action to enforce the lien. This subsection does not affect the  
17 priority of mechanics' or materialmen's liens, or the priority of liens  
18 for other assessments made by the association.
- 19 3. Unless the declaration otherwise provides, if two or more  
20 associations have liens for assessments created at any time on the  
21 same property, those liens have equal priority.
- 22 4. Recording of the declaration constitutes record notice and  
23 perfection of the lien. No further recordation of any claim of lien for  
24 assessment under this section is required.
- 25 5. A lien for unpaid assessments is extinguished unless  
26 proceedings to enforce the lien are instituted within 3 years after the  
27 full amount of the assessments becomes due.
- 28 6. This section does not prohibit actions to recover sums for  
29 which subsection 1 creates a lien or prohibit an association from  
30 taking a deed in lieu of foreclosure.
- 31 7. A judgment or decree in any action brought under this  
32 section must include costs and reasonable attorney's fees for the  
33 prevailing party.
- 34 8. The association , upon written request , shall furnish to a  
35 unit's owner a statement setting forth the amount of unpaid  
36 assessments against the unit. If the interest of the unit's owner is real  
37 estate  or *if a lien for the unpaid assessments may be foreclosed*  
38 *under NRS 116.31162 to 116.31168, inclusive*, the statement must  
39 be in recordable form. The statement must be furnished within 10  
40 business days after receipt of the request and is binding on the  
41 association, the executive board and every unit's owner.
- 42 9. In a cooperative, upon nonpayment of an assessment on a  
43 unit, the unit's owner may be evicted in the same manner as  
44 provided by law in the case of an unlawful holdover by a  
45 commercial tenant, and :



1 (a) *In a cooperative where the owner's interest in a unit is real*  
2 *estate under NRS 116.1105*, the *association's* lien may be  
3 foreclosed ~~as provided by this section or by~~ *under* NRS 116.31162  
4 to 116.31168, inclusive.

5 ~~H0.~~ (b) In a cooperative where the owner's interest in a unit is  
6 personal property ~~{~~ *under* NRS 116.1105 , ~~}~~ the association's  
7 lien ~~may~~ :

8 (1) *May* be foreclosed ~~in like manner~~ as a security interest  
9 under NRS 104.9101 to 104.9709, inclusive ~~{~~ ; *or*

10 (2) *If the declaration so provides, may be foreclosed under*  
11 *NRS 116.31162 to 116.31168, inclusive.*

12 **Sec. 77.** NRS 116.31162 is hereby amended to read as  
13 follows:

14 116.31162 1. Except as otherwise provided in subsection 4,  
15 in a condominium, *in a planned community, in* a cooperative where  
16 the owner's interest in a unit is real estate ~~as determined pursuant~~  
17 ~~to~~ *under* NRS 116.1105, or ~~{a planned community,} in a~~  
18 *cooperative where the owner's interest in a unit is personal*  
19 *property under NRS 116.1105 and the declaration provides that a*  
20 *lien may be foreclosed under NRS 116.31162 to 116.31168,*  
21 *inclusive*, the association may foreclose its lien by sale after:

22 (a) The association has mailed by certified or registered mail,  
23 return receipt requested, to the unit's owner or his successor in  
24 interest, at his address if known ~~{~~ and at the address of the unit, a  
25 notice of delinquent assessment which states the amount of the  
26 assessments and other sums which are due in accordance with  
27 subsection 1 of NRS 116.3116, a description of the unit against  
28 which the lien is imposed ~~{~~ and the name of the record owner of  
29 the unit;

30 (b) ~~{The}~~ *Not less than 30 days after mailing the notice of*  
31 *delinquent assessment pursuant to paragraph (a), the* association  
32 or other person conducting the sale has executed and caused to be  
33 recorded, with the county recorder of the county in which the  
34 common-interest community or any part of it is situated, a notice of  
35 default and election to sell the unit to satisfy the lien, which contains  
36 the same information as the notice of delinquent assessment, but  
37 must also describe the deficiency in payment and the name and  
38 address of the person authorized by the association to enforce the  
39 lien by sale; and

40 (c) The unit's owner or his successor in interest has failed to pay  
41 the amount of the lien, including costs, fees and expenses incident to  
42 its enforcement, for ~~{60}~~ *90* days following the recording of the  
43 notice of default and election to sell.

44 2. The notice of default and election to sell must be signed by  
45 the person designated in the declaration or by the association for that





1 purpose ~~{}~~  , if no one is designated, by the president of the  
2 association.

3 3. The period of ~~{60}~~ 90 days begins on the first day following  
4 the later of:

- 5 (a) The day on which the notice of default is recorded; or
- 6 (b) The day on which a copy of the notice of default is mailed  
7 by certified or registered mail, return receipt requested, to the unit's  
8 owner or his successor in interest at his address , if known, and at  
9 the address of the unit.

10 4. The association may not foreclose a lien by sale ~~{for the~~  
11 ~~assessment of}~~ *based on* a fine *or penalty* for a violation of the  
12 ~~{declaration, bylaws, rules or regulations}~~ *governing documents* of  
13 the association ~~{, unless the violation is of a type that threatens}~~  
14 *unless:*

- 15 (a) *The violation threatens* the health, safety or welfare of the  
16 residents of the common-interest community ~~{} ; or~~
- 17 (b) *The penalty is imposed for failure to adhere to a schedule*  
18 *required pursuant to section 47 of this act.*

19 **Sec. 78.** NRS 116.311635 is hereby amended to read as  
20 follows:

21 116.311635 The association or other person conducting the  
22 sale shall also, after the expiration of the ~~{60}~~ 90 days and before  
23 selling the unit:

24 1. Give notice of the time and place of the sale in the manner  
25 and for a time not less than that required by law for the sale of real  
26 property upon execution, except that a copy of the notice of sale  
27 must be mailed, on or before the date of first publication or posting,  
28 by certified or registered mail, return receipt requested, to the unit's  
29 owner or his successor in interest at his address , if known, and to  
30 the address of the unit.

31 2. Mail, on or before the date of first publication or posting, a  
32 copy of the notice by first-class mail to:

- 33 (a) Each person entitled to receive a copy of the notice of default  
34 and election to sell notice under NRS 116.31163; ~~{and}~~
- 35 (b) The holder of a recorded security interest or the purchaser of  
36 the unit, if either of them has notified the association, before the  
37 mailing of the notice of sale, of the existence of the security interest,  
38 lease or contract of sale, as applicable ~~{} ; and~~

39 (c) *The Ombudsman.*

40 **Sec. 79.** NRS 116.31175 is hereby amended to read as  
41 follows:

42 116.31175 1. Except as otherwise provided in this  
43 subsection, the executive board of an association shall, upon the  
44 written request of a unit's owner, make available the books, records  
45 and other papers of the association for review during the regular



1 working hours of the association ~~[ ]~~, *including, without limitation,*  
2 *all records filed with a court relating to a civil or criminal action*  
3 *to which the association is a party.* The provisions of this  
4 subsection do not apply to:

5 (a) The personnel records of the employees of the association ~~[ ]~~  
6 *, except for those records relating to the salaries and benefits of*  
7 *those employees;* and

8 (b) The records of the association relating to another unit's  
9 owner ~~[ ]~~, *except for those records described in subsection 2.*

10 2. *The executive board of an association shall maintain a*  
11 *general record concerning each violation of the governing*  
12 *documents, other than a violation involving a failure to pay an*  
13 *assessment, for which the executive board has imposed a fine, a*  
14 *construction penalty or any other sanction. The general record:*

15 (a) *Must contain a general description of the nature of the*  
16 *violation and the type of the sanction imposed. If the sanction*  
17 *imposed was a fine or construction penalty, the general record*  
18 *must specify the amount of the fine or construction penalty.*

19 (b) *Must not contain the name or address of the person against*  
20 *whom the sanction was imposed or any other personal*  
21 *information which may be used to identify the person or the*  
22 *location of the unit, if any, that is associated with the violation.*

23 (c) *Must be maintained in an organized and convenient filing*  
24 *system or data system that allows a unit's owner to search and*  
25 *review the general records concerning violations of the governing*  
26 *documents.*

27 3. If the executive board refuses to allow a unit's owner to  
28 review the books, records or other papers of the association, the  
29 Ombudsman ~~[for Owners in Common Interest Communities]~~ may:

30 (a) On behalf of the unit's owner and upon written request,  
31 review the books, records or other papers of the association during  
32 the regular working hours of the association; and

33 (b) If he is denied access to the books, records or other papers,  
34 request the Commission, *or any member thereof acting on behalf*  
35 *of the Commission,* to issue a subpoena for their production.

36 4. *The books, records and other papers of an association*  
37 *must be maintained for at least 10 years. The provisions of this*  
38 *subsection do not apply to:*

39 (a) *The minutes of a meeting of the units' owners which must*  
40 *be maintained in accordance with NRS 116.3108; or*

41 (b) *The minutes of a meeting of the executive board which*  
42 *must be maintained in accordance with NRS 116.31083.*



1     **Sec. 80.** NRS 116.31177 is hereby amended to read as  
2 follows:

3     116.31177 1. The executive board of an association shall  
4 maintain and make available for review at the business office of the  
5 association or *some* other suitable location ~~[-]~~ *within the county*  
6 *where the common-interest community is situated or, if it is*  
7 *situated in more than one county, within one of those counties:*

- 8       (a) The financial statement of the association;  
9       (b) The budgets of the association required to be prepared  
10 pursuant to NRS 116.31151; and  
11       (c) The study of the reserves of the association required to be  
12 conducted pursuant to NRS 116.31152.

13     2. The executive board shall provide a copy of any of the  
14 records required to be maintained pursuant to subsection 1 to a  
15 unit's owner or the Ombudsman ~~[for Owners in Common-Interest~~  
16 ~~Communities]~~ within 14 days after receiving a written request  
17 therefor. The executive board may charge a fee to cover the actual  
18 costs of preparing a copy, but not to exceed 25 cents per page.

19     **Sec. 81.** NRS 116.3118 is hereby amended to read as follows:

20     116.3118 1. The association shall keep financial records  
21 sufficiently detailed to enable the association to comply with NRS  
22 116.4109.

23     2. All financial and other records *of the association* must be :

24       (a) *Maintained and made available for review at the business*  
25 *office of the association or some other suitable location within the*  
26 *county where the common-interest community is situated or, if it is*  
27 *situated in more than one county, within one of those counties;*  
28 *and*

29       (b) *Made* reasonably available for any unit's owner and his  
30 authorized agents to inspect, examine, photocopy and audit.

31     **Sec. 82.** NRS 116.4108 is hereby amended to read as follows:

32     116.4108 1. A person required to deliver a public offering  
33 statement pursuant to subsection 3 of NRS 116.4102 shall provide a  
34 purchaser with a copy of the current public offering statement not  
35 later than the date ~~[of any contract of sale.]~~ *on which an offer to*  
36 *purchase becomes binding on the purchaser.* Unless the purchaser  
37 has personally inspected the unit, the purchaser may cancel, by  
38 written notice, the contract of purchase until midnight of the fifth  
39 calendar day following the date of execution of the contract, and the  
40 contract for purchase must contain a provision to that effect.

41     2. If a purchaser elects to cancel a contract pursuant to  
42 subsection 1, he may do so by hand delivering notice thereof to the  
43 offeror or by mailing notice thereof by prepaid United States mail to  
44 the offeror or to his agent for service of process. Cancellation is



1 without penalty, and all payments made by the purchaser before  
2 cancellation must be refunded promptly.

3 3. If a person required to deliver a public offering statement  
4 pursuant to subsection 3 of NRS 116.4102 fails to provide a  
5 purchaser to whom a unit is conveyed with a current public offering  
6 statement, the purchaser is entitled to actual damages, rescission or  
7 other relief, but if the purchaser has accepted a conveyance of the  
8 unit, he is not entitled to rescission.

9 **Sec. 83.** NRS 116.4109 is hereby amended to read as follows:

10 116.4109 1. Except in the case of a sale in which delivery of  
11 a public offering statement is required, or unless exempt under  
12 subsection 2 of NRS 116.4101, a unit's owner shall furnish to a  
13 purchaser before ~~execution of any contract for sale of a unit, or~~  
14 ~~otherwise before conveyance:~~ *an offer to purchase a unit becomes*  
15 *binding on the purchaser:*

16 (a) A copy of the declaration, other than any plats and plans, the  
17 bylaws, the rules or regulations of the association and the  
18 information statement required by NRS 116.41095;

19 (b) A statement setting forth the amount of the monthly  
20 assessment for common expenses and any unpaid assessment of any  
21 kind currently due from the selling unit's owner;

22 (c) The current operating budget of the association and a  
23 financial statement for the association ~~;~~, *which must include a*  
24 *summary of the financial components of the study of the reserves*  
25 *of the association required by NRS 116.31152;* and

26 (d) A statement of any unsatisfied judgments or pending legal  
27 actions against the association and the status of any pending legal  
28 actions relating to the common-interest community of which the  
29 unit's owner has actual knowledge.

30 2. The association, within 10 days after a request by a unit's  
31 owner, shall furnish a certificate containing the information  
32 necessary to enable the unit's owner to comply with ~~this section.~~  
33 *subsection 1.* A unit's owner providing a certificate pursuant to  
34 subsection 1 is not liable to the purchaser for any erroneous  
35 information provided by the association and included in the  
36 certificate.

37 3. Neither a purchaser nor the purchaser's interest in a unit is  
38 liable for any unpaid assessment or fee greater than the amount set  
39 forth in the certificate prepared by the association. If the association  
40 fails to furnish the certificate within the 10 days allowed by  
41 subsection 2, the seller is not liable for the delinquent assessment.

42 4. *Upon the request of a unit's owner, a purchaser to whom*  
43 *the unit's owner has provided a certificate pursuant to subsection*  
44 *1 or an authorized agent of the unit's owner or the purchaser, the*  
45 *association shall make the entire study of the reserves of the*



1 *association which is required by NRS 116.31152 reasonably*  
2 *available for the unit's owner, purchaser or authorized agent to*  
3 *inspect, examine, photocopy and audit. The study must be made*  
4 *available at the business office of the association or some other*  
5 *suitable location within the county where the common-interest*  
6 *community is situated or, if it is situated in more than one county,*  
7 *within one of those counties.*

8 **Sec. 84.** NRS 116.41095 is hereby amended to read as  
9 follows:

10 116.41095 The information statement required by NRS  
11 116.4103 and 116.4109 must be in substantially the following form:

12  
13 **BEFORE YOU PURCHASE PROPERTY IN A**  
14 **COMMON-INTEREST COMMUNITY**  
15 **DID YOU KNOW . . .**

16 **1. YOU ARE AGREEING TO RESTRICTIONS ON HOW**  
17 **YOU CAN USE YOUR PROPERTY?**

18 These restrictions are contained in a document known as the  
19 Declaration of Covenants, Conditions and Restrictions (C, C & R's)  
20 that should be provided for your review before making your  
21 purchase. The C, C & R's become a part of the title to your  
22 property. They bind you and every future owner of the property  
23 whether or not you have read them or had them explained to you.  
24 The C, C & R's, together with other "governing documents" (such  
25 as association bylaws and rules and regulations), are intended to  
26 preserve the character and value of properties in the community, but  
27 may also restrict what you can do to improve or change your  
28 property and limit how you use and enjoy your property. By  
29 purchasing a property encumbered by C, C & R's, you are agreeing  
30 to limitations that could affect your lifestyle and freedom of choice.  
31 You should review the C, C & R's and other governing documents  
32 before purchasing to make sure that these limitations and controls  
33 are acceptable to you.

34 **2. YOU WILL HAVE TO PAY OWNERS' ASSESSMENTS**  
35 **FOR AS LONG AS YOU OWN YOUR PROPERTY?**

36 As an owner in a common-interest community, you are responsible  
37 for paying your share of expenses relating to the common elements,  
38 such as landscaping, shared amenities and the operation of any  
39 homeowner's association. The obligation to pay these assessments  
40 binds you and every future owner of the property. Owners' fees are  
41 usually assessed by the homeowner's association and due monthly.  
42 You have to pay dues whether or not you agree with the way the  
43 association is managing the property or spending the assessments.  
44 The executive board of the association may have the power to  
45 change and increase the amount of the assessment and to levy



1 special assessments against your property to meet extraordinary  
2 expenses. In some communities, major components of the  
3 community such as roofs and private roads must be maintained and  
4 replaced by the association. If the association is not well managed or  
5 fails to maintain adequate reserves to repair, replace and restore  
6 common elements, you may be required to pay large, special  
7 assessments to accomplish these tasks.

8 3. IF YOU FAIL TO PAY OWNERS' ASSESSMENTS, YOU  
9 COULD LOSE YOUR HOME?

10 If you do not pay these assessments when due, the association  
11 usually has the power to collect them by selling your property in a  
12 nonjudicial foreclosure sale. If fees become delinquent, you may  
13 also be required to pay penalties and the association's costs and  
14 attorney's fees to become current. If you dispute the obligation or its  
15 amount, your only remedy to avoid the loss of your home may be to  
16 file a lawsuit and ask a court to intervene in the dispute.

17 4. YOU MAY BECOME A MEMBER OF A  
18 HOMEOWNER'S ASSOCIATION THAT HAS THE POWER TO  
19 AFFECT HOW YOU USE AND ENJOY YOUR PROPERTY?

20 Many common-interest communities have a homeowner's  
21 association. In a new development, the association will usually be  
22 controlled by the developer until a certain number of units have  
23 been sold. After the period of developer control, the association may  
24 be controlled by property owners like yourself who are elected by  
25 homeowners to sit on an executive board and other boards and  
26 committees formed by the association. The association, and its  
27 executive board, are responsible for assessing homeowners for the  
28 cost of operating the association and the common or shared  
29 elements of the community and for the day to day operation and  
30 management of the community. Because homeowners sitting on the  
31 executive board and other boards and committees of the association  
32 may not have the experience or professional background required to  
33 understand and carry out the responsibilities of the association  
34 properly, the association may hire professional managers to carry  
35 out these responsibilities.


36 Homeowner's associations operate on democratic principles. Some  
37 decisions require all homeowners to vote, some decisions are made  
38 by the executive board or other boards or committees established by  
39 the association or governing documents. Although the actions of the  
40 association and its executive board are governed by state laws, the  
41 C, C & R's and other documents that govern the common-interest  
42 community, decisions made by these persons will affect your use  
43 and enjoyment of your property, your lifestyle and freedom of  
44 choice, and your cost of living in the community. You may not  
45 agree with decisions made by the association or its governing bodies



\* S B 1 0 0 R 1 \*

1 even though the decisions are ones which the association is  
2 authorized to make. Decisions may be made by a few persons on the  
3 executive board or governing bodies that do not necessarily reflect  
4 the view of the majority of homeowners in the community. If you do  
5 not agree with decisions made by the association, its executive  
6 board or other governing bodies, your remedy is typically to attempt  
7 to use the democratic processes of the association to seek the  
8 election of members of the executive board or other governing  
9 bodies that are more responsive to your needs. If persons controlling  
10 the association or its management are not complying with state laws  
11 or the governing documents, your remedy is typically to seek to  
12 mediate or arbitrate the dispute and, if mediation or arbitration is  
13 unsuccessful, file a lawsuit and ask a court to resolve the dispute. In  
14 addition to your personal cost in mediation or arbitration, or to  
15 prosecute a lawsuit, you may be responsible for paying your share  
16 of the association's cost in defending against your claim. There is no  
17 government agency in this state that investigates or intervenes to  
18 resolve disputes in homeowner's associations.

19 5. YOU ARE REQUIRED TO PROVIDE PROSPECTIVE  
20 BUYERS OF YOUR PROPERTY WITH INFORMATION  
21 ABOUT LIVING IN YOUR COMMON-INTEREST  
22 COMMUNITY?

23 The law requires you to provide to a prospective purchaser of your  
24 property, before you enter into a purchase agreement, a copy of the  
25 community's governing documents, including the C, C & R's,  
26 association bylaws, and rules and regulations, as well as a copy of  
27 this document. You are also required to provide a copy of the  
28 association's current financial statement, operating budget and  
29 information regarding the amount of the monthly assessment for  
30 common expenses, including the amount set aside as reserves for the  
31 repair, replacement and restoration of common elements. You are  
32 also required to inform prospective purchasers of any outstanding  
33 judgments or lawsuits pending against the association of which you  
34 are aware. You are also required to provide a copy of the minutes  
35 from the most recent meeting of the homeowner's association or its  
36 executive board. For more information regarding these  
37 requirements, see Nevada Revised Statutes 116.4103  and  
38 [116.4109](#).

39 6. YOU HAVE CERTAIN RIGHTS REGARDING  
40 OWNERSHIP IN A COMMON-INTEREST COMMUNITY THAT  
41 ARE GUARANTEED YOU BY THE STATE?

42 Pursuant to provisions of chapter 116 of Nevada Revised Statutes,  
43 you have the right:

44 (a) To be notified of all meetings of the association and its  
45 executive board, except in cases of emergency.



1 (b) To attend and speak at all meetings of the association and its  
2 executive board, except in some cases where the executive board is  
3 authorized to meet in closed, executive session.

4 (c) To request a special meeting of the association upon petition  
5 of at least 10 percent of the homeowners.

6 (d) To inspect, examine, photocopy and audit financial and other  
7 records of the association.

8 (e) To be notified of all changes in the community's rules and  
9 regulations and other actions by the association or board that affect  
10 you.

11 7. QUESTIONS?

12 Although they may be voluminous, you should take the time to read  
13 and understand the documents that will control your ownership of a  
14 property in a common-interest community. You may wish to ask  
15 your real estate professional, lawyer or other person with experience  
16 to explain anything you do not understand. You may also request  
17 assistance from the Ombudsman for Owners in Common-Interest  
18 Communities, Nevada Real Estate Division, at (telephone number).

19  
20 Buyer or prospective buyer's initials: \_\_\_\_\_  
21 Date: \_\_\_\_\_

22 **Sec. 85.** NRS 38.300 is hereby amended to read as follows:

23 38.300 As used in NRS 38.300 to 38.360, inclusive, unless the  
24 context otherwise requires:

25 1. "Assessments" means:

26 (a) Any charge which an association may impose against an  
27 owner of residential property pursuant to a declaration of covenants,  
28 conditions and restrictions, including any late charges, interest and  
29 costs of collecting the charges; and

30 (b) Any *penalties*, fines, fees and other charges which may be  
31 imposed by an association pursuant to paragraphs (j), (k) and (l) of  
32 subsection 1 of NRS 116.3102.

33 2. "Association" has the meaning ascribed to it in NRS  
34 116.110315.

35 3. "Civil action" includes an action for money damages or  
36 equitable relief. The term does not include an action in equity for  
37 injunctive relief in which there is an immediate threat of irreparable  
38 harm, or an action relating to the title to residential property.

39 4. "Division" means the Real Estate Division of the  
40 Department of Business and Industry.

41 5. "Residential property" includes, but is not limited to, real  
42 estate within a planned community subject to the provisions of  
43 chapter 116 of NRS. The term does not include commercial property  
44 if no portion thereof contains property which is used for residential  
45 purposes.





1       **Sec. 86.** NRS 38.330 is hereby amended to read as follows:  
2       38.330 1. If all parties named in a written claim filed  
3 pursuant to NRS 38.320 agree to have the claim submitted for  
4 mediation, the parties shall reduce the agreement to writing and  
5 shall select a mediator from the list of mediators maintained by the  
6 Division pursuant to NRS 38.340. Any mediator selected must be  
7 available within the geographic area. If the parties fail to agree upon  
8 a mediator, the Division shall appoint a mediator from the list of  
9 mediators maintained by the Division. Any mediator appointed must  
10 be available within the geographic area. Unless otherwise provided  
11 by an agreement of the parties, mediation must be completed within  
12 60 days after the parties agree to mediation. Any agreement  
13 obtained through mediation conducted pursuant to this section must,  
14 within 20 days after the conclusion of mediation, be reduced to  
15 writing by the mediator and a copy thereof provided to each party.  
16 The agreement may be enforced as any other written agreement.  
17 Except as otherwise provided in this section, the parties are  
18 responsible for all costs of mediation conducted pursuant to this  
19 section.  
20       2. If all the parties named in the claim do not agree to  
21 mediation, the parties shall select an arbitrator from the list of  
22 arbitrators maintained by the Division pursuant to NRS 38.340. Any  
23 arbitrator selected must be available within the geographic area. If  
24 the parties fail to agree upon an arbitrator, the Division shall appoint  
25 an arbitrator from the list maintained by the Division. Any arbitrator  
26 appointed must be available within the geographic area. Upon  
27 appointing an arbitrator, the Division shall provide the name of the  
28 arbitrator to each party.  
29       3. The Division may provide for the payment of the fees for a  
30 mediator or an arbitrator selected or appointed pursuant to this  
31 section from the Account for ~~the Ombudsman for Owners in~~  
32 Common-Interest Communities created ~~pursuant to~~ by NRS  
33 116.1117, to the extent that :  
34       (a) *The Commission for Common-Interest Communities*  
35 *approves the payment; and*  
36       (b) *There is* money ~~is~~ available in the account for this purpose.  
37       4. Except as otherwise provided in this section and except  
38 where inconsistent with the provisions of NRS 38.300 to 38.360,  
39 inclusive, the arbitration of a claim pursuant to this section must be  
40 conducted in accordance with the provisions of NRS 38.231,  
41 38.232, 38.233, 38.236 to 38.239, inclusive, 38.242 and 38.243. At  
42 any time during the arbitration of a claim relating to the  
43 interpretation, application or enforcement of any covenants,  
44 conditions or restrictions applicable to residential property or any  
45 bylaws, rules or regulations adopted by an association, the arbitrator



1 may issue an order prohibiting the action upon which the claim is  
2 based. An award must be made within 30 days after the conclusion  
3 of arbitration, unless a shorter period is agreed upon by the parties to  
4 the arbitration.

5 5. If all the parties have agreed to nonbinding arbitration, any  
6 party to the arbitration may, within 30 days after a decision and  
7 award have been served upon the parties, commence a civil action in  
8 the proper court concerning the claim which was submitted for  
9 arbitration. Any complaint filed in such an action must contain a  
10 sworn statement indicating that the issues addressed in the  
11 complaint have been arbitrated pursuant to the provisions of NRS  
12 38.300 to 38.360, inclusive. If such an action is not commenced  
13 within that period, any party to the arbitration may, within 1 year  
14 after the service of the award, apply to the proper court for a  
15 confirmation of the award pursuant to NRS 38.239.

16 6. If all the parties agree in writing to binding arbitration, the  
17 arbitration must be conducted in accordance with the provisions of  
18 *this* chapter . [~~38 of NRS.~~] An award procured pursuant to such  
19 arbitration may be vacated and a rehearing granted upon application  
20 of a party pursuant to the provisions of NRS 38.241.

21 7. If, after the conclusion of arbitration, a party:

22 (a) Applies to have an award vacated and a rehearing granted  
23 pursuant to NRS 38.241; or

24 (b) Commences a civil action based upon any claim which was  
25 the subject of arbitration,  
26 the party shall, if he fails to obtain a more favorable award or  
27 judgment than that which was obtained in the initial arbitration, pay  
28 all costs and reasonable attorney's fees incurred by the opposing  
29 party after the application for a rehearing was made or after the  
30 complaint in the civil action was filed.

31 8. Upon request by a party, the Division shall provide a  
32 statement to the party indicating the amount of the fees for a  
33 mediator or an arbitrator selected or appointed pursuant to this  
34 section.

35 9. As used in this section, "geographic area" means an area  
36 within 150 miles from any residential property or association which  
37 is the subject of a written claim submitted pursuant to NRS 38.320.

38 **Sec. 87.** NRS 78.150 is hereby amended to read as follows:

39 78.150 1. A corporation organized pursuant to the laws of  
40 this state shall, on or before the first day of the second month after  
41 the filing of its articles of incorporation with the Secretary of State,  
42 file with the Secretary of State a list, on a form furnished by him,  
43 containing:

44 (a) The name of the corporation;

45 (b) The file number of the corporation, if known;



- 1 (c) The names and titles of the president, secretary, treasurer and  
2 of all the directors of the corporation;
- 3 (d) The mailing or street address, either residence or business, of  
4 each officer and director listed, following the name of the officer or  
5 director;
- 6 (e) The name and street address of the resident agent of the  
7 corporation; and
- 8 (f) The signature of an officer of the corporation certifying that  
9 the list is true, complete and accurate.
- 10 2. The corporation shall annually thereafter, on or before the  
11 last day of the month in which the anniversary date of incorporation  
12 occurs in each year, file with the Secretary of State, on a form  
13 furnished by him, an annual list containing all of the information  
14 required in subsection 1.
- 15 3. Each list required by subsection 1 or 2 must be accompanied  
16 by a declaration under penalty of perjury that the corporation has  
17 complied with the provisions of chapter 364A of NRS.
- 18 4. Upon filing the list required by:
- 19 (a) Subsection 1, the corporation shall pay to the Secretary of  
20 State a fee of \$165.
- 21 (b) Subsection 2, the corporation shall pay to the Secretary of  
22 State a fee of \$85.
- 23 5. The Secretary of State shall, 60 days before the last day for  
24 filing each annual list required by subsection 2, cause to be mailed  
25 to each corporation which is required to comply with the provisions  
26 of NRS 78.150 to 78.185, inclusive, and which has not become  
27 delinquent, a notice of the fee due pursuant to subsection 4 and a  
28 reminder to file the annual list required by subsection 2. Failure of  
29 any corporation to receive a notice or form does not excuse it from  
30 the penalty imposed by law.
- 31 6. If the list to be filed pursuant to the provisions of subsection  
32 1 or 2 is defective in any respect or the fee required by subsection 4  
33 or 8 is not paid, the Secretary of State may return the list for  
34 correction or payment.
- 35 7. An annual list for a corporation not in default which is  
36 received by the Secretary of State more than 60 days before its due  
37 date shall be deemed an amended list for the previous year and must  
38 be accompanied by a fee of \$85 for filing. A payment submitted  
39 pursuant to this subsection does not satisfy the requirements of  
40 subsection 2 for the year to which the due date is applicable.
- 41 8. If the corporation is an association as defined in NRS  
42 116.110315, the Secretary of State shall not accept the filing  
43 required by this section unless it is accompanied by evidence of the  
44 payment of the fee required to be paid pursuant to NRS 116.31155



1 that is provided to the association pursuant to ~~subsection 4 of~~ that  
2 section.

3 **Sec. 88.** As soon as practicable after July 1, 2003, the  
4 Governor shall appoint to the Commission for Common-Interest  
5 Communities:

6 1. One member whose term begins on October 1, 2003, and  
7 expires on October 1, 2004.

8 2. Two members whose terms begin on October 1, 2003, and  
9 expire on October 1, 2005.

10 3. Two members whose terms begin on October 1, 2003, and  
11 expire on October 1, 2006.

12 **Sec. 89.** 1. Notwithstanding the provisions of this act and  
13 except as otherwise provided in subsection 2, during the period from  
14 October 1, 2003, until January 1, 2004, the Real Estate Commission,  
15 the Real Estate Administrator, the Ombudsman for Owners in  
16 Common-Interest Communities and the Real Estate Division of the  
17 Department of Business and Industry shall continue to exercise all  
18 the powers and perform all the duties that, before October 1, 2003,  
19 were assigned to them pursuant to the provisions of chapter 116 of  
20 NRS.

21 2. During the period described in subsection 1, the  
22 Commission for Common-Interest Communities, the Real Estate  
23 Administrator, the Ombudsman for Owners in Common-Interest  
24 Communities and the Real Estate Division of the Department of  
25 Business and Industry may exercise any power and perform any  
26 duty assigned to them pursuant to the provisions of chapter 116 of  
27 NRS, as amended by this act, if the exercise of the power or the  
28 performance of the duty is necessary as an organizational,  
29 preparatory or preliminary measure to prepare them to carry out  
30 those provisions.

31 **Sec. 90.** 1. The State Treasurer shall transfer any balance  
32 remaining unexpended on October 1, 2003, in the Account for the  
33 Ombudsman for Owners in Common-Interest Communities in the  
34 State General Fund to the Account for Common-Interest  
35 Communities which is created by NRS 116.1117, as amended by  
36 this act.

37 2. On and after October 1, 2003, the State Treasurer shall treat  
38 any outstanding claims against the Account for the Ombudsman for  
39 Owners in Common-Interest Communities as claims against the  
40 Account for Common-Interest Communities.

41 **Sec. 91.** 1. Any administrative regulations adopted by an  
42 officer or an agency whose name has been changed or whose  
43 responsibilities have been transferred pursuant to the provisions of  
44 this act to another officer or agency remain in force until amended



1 by the officer or agency to which the responsibility for the adoption  
2 of the regulations has been transferred.

3 2. Any contracts or other agreements entered into by an officer  
4 or agency whose name has been changed or whose responsibilities  
5 have been transferred pursuant to the provisions of this act to  
6 another officer or agency are binding upon the officer or agency to  
7 which the responsibility for the administration of the provisions of  
8 the contract or other agreement has been transferred. Such contracts  
9 and other agreements may be enforced by the officer or agency to  
10 which the responsibility for the enforcement of the provisions of the  
11 contract or other agreement has been transferred.

12 3. Any action taken by an officer or agency whose name has  
13 been changed or whose responsibilities have been transferred  
14 pursuant to the provisions of this act to another officer or agency  
15 remains in effect as if taken by the officer or agency to which the  
16 responsibility for the enforcement of such actions has been  
17 transferred.

18 **Sec. 92.** 1. Not later than July 1, 2005, an association or  
19 master association of a common-interest community shall have  
20 conducted elections of members of the executive board so that the  
21 terms of the members of the executive board are staggered as  
22 required by the provisions of NRS 116.31034, as amended by  
23 section 62 of this act.

24 2. As used in this section:

25 (a) "Association" has the meaning ascribed to it in NRS  
26 116.110315.

27 (b) "Common-interest community" has the meaning ascribed to  
28 it in NRS 116.110323.

29 (c) "Executive board" has the meaning ascribed to it in NRS  
30 116.110345.

31 (d) "Master association" has the meaning ascribed to it in NRS  
32 116.110358.

33 **Sec. 93.** 1. This section and section 88 of this act become  
34 effective on July 1, 2003.

35 2. Sections 1 to 23, inclusive, 38 to 69, inclusive, 72 to 87,  
36 inclusive, and 89 to 92, inclusive, of this act become effective on  
37 October 1, 2003.

38 3. Sections 24 to 37, inclusive, 70 and 71 of this act become  
39 effective on October 1, 2003, for the purpose of adopting  
40 regulations and on January 1, 2004, for all other purposes.

41 4. Sections 25 and 26 of this act expire by limitation on the  
42 date on which the provisions of 42 U.S.C. § 666 requiring each state  
43 to establish procedures under which the state has authority to  
44 withhold or suspend, or to restrict the use of professional,  
45 occupational and recreational licenses of persons who:



- 1 (a) Have failed to comply with a subpoena or warrant relating to
- 2 a proceeding to determine the paternity of a child or to establish or
- 3 enforce an obligation for the support of a child; or
- 4 (b) Are in arrears in the payment for the support of one or more
- 5 children,
- 6 are repealed by the Congress of the United States, whichever is
- 7 earlier.

Ⓢ

