
SENATE BILL NO. 136—SENATORS HARDY, O’CONNELL,
CEGAVSKE, TOWNSEND, AMODEI, CARE, COFFIN,
MCGINNESS, NOLAN, SCHNEIDER, SHAFFER, TIFFANY AND
TITUS

FEBRUARY 17, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing assessment of fines by
unit-owners’ associations. (BDR 10-897)

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

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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; revising provisions governing the
assessment of fines by a unit-owners’ association;
requiring a unit-owners’ association to provide written
notice and a hearing before it may impose fines against
certain persons who violate the governing documents of
the association; providing exceptions; 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.** NRS 116.3102 is hereby amended to read as
2 follows:
3 116.3102 1. Except as otherwise provided in subsection 2,
4 and subject to the provisions of the declaration, the association may:
5 (a) Adopt and amend bylaws, rules and regulations;
6 (b) Adopt and amend budgets for revenues, expenditures and
7 reserves and collect assessments for common expenses from units’
8 owners;
9 (c) Hire and discharge managing agents and other employees,
10 agents and independent contractors;



- 1 (d) Institute, defend or intervene in litigation or administrative
- 2 proceedings in its own name on behalf of itself or two or more units'
- 3 owners on matters affecting the common-interest community;
- 4 (e) Make contracts and incur liabilities;
- 5 (f) Regulate the use, maintenance, repair, replacement and
- 6 modification of common elements;
- 7 (g) Cause additional improvements to be made as a part of the
- 8 common elements;
- 9 (h) Acquire, hold, encumber and convey in its own name any
- 10 right, title or interest to real estate or personal property, but:
- 11 (1) Common elements in a condominium or planned
- 12 community may be conveyed or subjected to a security interest only
- 13 pursuant to NRS 116.3112; and
- 14 (2) Part of a cooperative may be conveyed, or all or part of a
- 15 cooperative may be subjected to a security interest, only pursuant to
- 16 NRS 116.3112;
- 17 (i) Grant easements, leases, licenses and concessions through or
- 18 over the common elements;
- 19 (j) Impose and receive any payments, fees or charges for the use,
- 20 rental or operation of the common elements, other than limited
- 21 common elements described in subsections 2 and 4 of NRS
- 22 116.2102, and for services provided to units' owners;
- 23 (k) Impose charges for late payment of assessments ~~[and, except~~
- 24 ~~as otherwise provided in NRS 116.31031, after notice and an~~
- 25 ~~opportunity to be heard, levy];~~
- 26 (l) *Impose* reasonable fines for violations *and continuing*
- 27 *violations* of the ~~[declaration, bylaws, rules and regulations]~~
- 28 *governing documents* of the association ~~;~~
- 29 ~~—(l)] only if the association complies with the requirements set~~
- 30 ~~forth in NRS 116.31031;~~
- 31 (m) Impose reasonable charges for the preparation and
- 32 recordation of amendments to the declaration, the information
- 33 required by NRS 116.4109 or statements of unpaid assessments;
- 34 ~~[(m)]~~ (n) Provide for the indemnification of its officers and
- 35 executive board and maintain directors' and officers' liability
- 36 insurance;
- 37 ~~[(n)]~~ (o) Assign its right to future income, including the right to
- 38 receive assessments for common expenses, but only to the extent the
- 39 declaration expressly so provides;
- 40 ~~[(o)]~~ (p) Exercise any other powers conferred by the declaration
- 41 or bylaws;
- 42 ~~[(p)]~~ (q) Exercise all other powers that may be exercised in this
- 43 state by legal entities of the same type as the association;



1 ~~[(q)]~~ (r) Direct the removal of vehicles improperly parked on
2 property owned or leased by the association, pursuant to NRS
3 487.038; and

4 ~~[(s)]~~ (s) Exercise any other powers necessary and proper for the
5 governance and operation of the association.

6 2. The declaration may not impose limitations on the power of
7 the association to deal with the declarant which are more restrictive
8 than the limitations imposed on the power of the association to deal
9 with other persons.

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

11 116.31031 1. ~~[(1)]~~ *Except as otherwise provided in this*
12 *section, if* a unit's owner ~~[(1)]~~ or a tenant or guest of a unit's owner ~~[(1)]~~
13 ~~does not comply with a~~ *violates any* provision of the governing
14 documents of an association, the executive board of the association
15 may, if the governing documents so provide:

16 (a) Prohibit, for a reasonable time, the unit's owner ~~[(1)]~~ or the
17 tenant or guest of the unit's owner ~~[(1)]~~ from:

18 (1) Voting on matters related to the common-interest
19 community.

20 (2) Using the common elements. The provisions of this
21 subparagraph do not prohibit the unit's owner ~~[(1)]~~ or the tenant or
22 guest of the unit's owner ~~[(1)]~~ from using any vehicular or pedestrian
23 ingress or egress to go to or from the unit, including any area used
24 for parking.

25 (b) Require the unit's owner ~~[(1)]~~ or the tenant or guest of the
26 unit's owner ~~[(1)]~~ to pay a fine for each ~~[(failure to comply)]~~ *violation*
27 that does not threaten the health and welfare of the common-interest
28 community. The fine must be commensurate with the severity of the
29 violation, but must not exceed \$100 for each violation or a total
30 amount of \$500, whichever is less.

31 2. ~~[(2)]~~ *The executive board may not require the unit's owner*
32 *or the tenant or guest of the unit's owner to pay* a fine ~~[(is imposed~~
33 ~~pursuant to subsection 1)]~~ *for a violation of the governing*
34 *documents unless:*

35 (a) *Not fewer than 30 days before the violation, the unit's*
36 *owner or the tenant or guest of the unit's owner had been provided*
37 *with written notice of the applicable provisions of the governing*
38 *documents that form the basis of the violation; and*

39 (b) *Within a reasonable time after the violation, the unit's*
40 *owner or the tenant or guest of the unit's owner has been provided*
41 *with:*

42 (1) *Written notice specifying the details of the violation and*
43 *the date, time and location for a hearing on the violation; and*

44 (2) *A reasonable opportunity to contest the violation at the*
45 *hearing.*



1 3. *Except as otherwise provided in this section, if the*
2 *executive board requires the unit's owner or the tenant or guest of*
3 *the unit's owner to pay a fine for a violation of the governing*
4 *documents and the violation is not cured within 14 days , or ~~as~~*
5 *within any longer period ~~as~~ that may be established by the*
6 *executive board ~~the~~ :*

7 (a) *The violation shall be deemed a continuing violation ~~Thereafter, the~~ ; and*

8 (b) *The executive board may ~~impose~~ require the unit's owner*
9 *or the tenant or guest of the unit's owner to pay an additional fine*
10 *for the continuing violation for each 7-day period or portion thereof*
11 *that the continuing violation is not cured. ~~Any additional fine may~~*
12 *be imposed without notice and an opportunity to be heard.*

13 ~~—3.— Except as otherwise provided in subsection 2, the imposition~~
14 ~~of a fine pursuant to this section must comply with the requirements~~
15 ~~of subsection 6 of NRS 116.31065.]~~

16 4. *The executive board may not require the unit's owner or*
17 *the tenant or guest of the unit's owner to pay an additional fine*
18 *for a continuing violation unless, within a reasonable time after*
19 *the continuing violation, the unit's owner or the tenant or guest of*
20 *the unit's owner has been provided with:*

21 (a) *Written notice specifying the details of the continuing*
22 *violation and the date, time and location for a hearing on the*
23 *continuing violation; and*

24 (b) *A reasonable opportunity to contest the continuing*
25 *violation at the hearing.*

26 5. *The executive board must schedule the date, time and*
27 *location for a hearing on a violation or continuing violation so*
28 *that the unit's owner or the tenant or guest of the unit's owner is*
29 *provided with a reasonable opportunity to prepare for the hearing*
30 *and to be present at the hearing.*

31 6. *The executive board must hold a hearing on a violation or*
32 *continuing violation before it may require the unit's owner or the*
33 *tenant or guest of the unit's owner to pay a fine or an additional*
34 *fine, unless the unit's owner or the tenant or guest of the unit's*
35 *owner:*

36 (a) *Executes a written waiver of the right to the hearing; or*

37 (b) *Fails to appear at the hearing after being provided with*
38 *proper notice of the hearing.*

39 7. *The provisions of this section establish the minimum*
40 *procedural requirements that the executive board must follow*
41 *before it may require the unit's owner or the tenant or guest of the*
42 *unit's owner to pay a fine or an additional fine. The provisions of*
43 *this section do not preempt any provisions of the governing*
44



1 *documents that provide greater procedural protections to the*
2 *unit's owner or the tenant or guest of the unit's owner.*

3 **Sec. 3.** NRS 116.31065 is hereby amended to read as follows:
4 116.31065 The rules adopted by an association:

5 1. Must be reasonably related to the purpose for which they are
6 adopted.

7 2. Must be sufficiently explicit in their prohibition, direction or
8 limitation to inform a unit's owner [] or a tenant or guest of a unit's
9 owner [] of any action or omission required for compliance.

10 3. Must not be adopted to evade any obligation of the
11 association.

12 4. Must be consistent with the governing documents of the
13 association and must not arbitrarily restrict conduct or require
14 the construction of any capital improvement by a unit's owner that
15 is not required by the governing documents of the association.

16 5. Must be uniformly enforced under the same or similar
17 circumstances against all units' owners. Any rule that is not so
18 uniformly enforced may not be enforced against any unit's owner.

19 6. May be enforced by the [assessment] *association through*
20 *the imposition* of a fine only if [

21 ~~—(a) The person alleged to have violated the rule has received~~
22 ~~notice of the alleged violation that informs him of his opportunity to~~
23 ~~request a hearing on the alleged violation.~~

24 ~~—(b) At least 30 days before the alleged violation, the person~~
25 ~~alleged to have violated the rule was given written notice of the rule~~
26 ~~or any amendment to the rule.] *the association complies with the*~~
27 *requirements set forth in NRS 116.31031.*

28 **Sec. 4.** NRS 116.3108 is hereby amended to read as follows:

29 116.3108 1. A meeting of the units' owners of an association
30 must be held at least once each year. If the governing documents of
31 a common-interest community do not designate an annual meeting
32 date of the units' owners, a meeting of the units' owners must be
33 held 1 year after the date of the last meeting of the units' owners. If
34 the units' owners have not held a meeting for 1 year, a meeting of
35 the units' owners must be held on the following March 1. Special
36 meetings of the units' owners of an association may be called by the
37 president, a majority of the executive board or by units' owners
38 having 10 percent, or any lower percentage specified in the bylaws,
39 of the votes in the association.

40 2. Not less than 10 nor more than 60 days in advance of any
41 meeting of the units' owners of an association, the secretary or other
42 officer specified in the bylaws shall cause notice of the meeting to
43 be hand-delivered, sent prepaid by United States mail to the mailing
44 address of each unit or to any other mailing address designated in
45 writing by the unit's owner or, if the association offers to send



1 notice by electronic mail, sent by electronic mail at the request of
2 the unit's owner to an electronic mail address designated in writing
3 by the unit's owner. The notice of the meeting must state the time
4 and place of the meeting and include a copy of the agenda for the
5 meeting. The notice must include notification of the right of a unit's
6 owner to:

7 (a) Have a copy of the minutes or a summary of the minutes of
8 the meeting distributed to him upon request and, if required by the
9 executive board, upon payment to the association of the cost of
10 making the distribution.

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

13 3. The agenda for a meeting of the units' owners must consist
14 of:

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

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

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

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

40 5. Not more than 30 days after any meeting of the units'
41 owners, the secretary or other officer specified in the bylaws shall
42 cause the minutes or a summary of the minutes of the meeting to be
43 made available to the units' owners. A copy of the minutes or a
44 summary of the minutes must be provided to any unit's owner who
45 pays the association the cost of providing the copy to him.



1 6. As used in this section, “emergency” means any occurrence
2 or combination of occurrences that:

- 3 (a) Could not have been reasonably foreseen;
- 4 (b) Affects the health, welfare and safety of the units’ owners of
5 the association;
- 6 (c) Requires the immediate attention of, and possible action by,
7 the executive board; and
- 8 (d) Makes it impracticable to comply with the provisions of
9 subsection 2 or 3.

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

11 116.31085 1. Except as otherwise provided in this section, a
12 unit’s owner may attend any meeting of the units’ owners of the
13 association or of the executive board and speak at any such meeting.
14 The executive board may establish reasonable limitations on the
15 time a unit’s owner may speak at such a meeting.

16 2. ~~[An]~~ *The* executive board may meet in executive session to:

17 (a) Consult with the attorney for the association on matters
18 relating to proposed or pending litigation if the contents of the
19 discussion would otherwise be governed by the privilege set forth in
20 NRS 49.035 to 49.115, inclusive;

21 (b) Discuss matters relating to personnel; or

22 (c) Discuss a violation *or continuing violation* of the governing
23 documents *that is* alleged to have been committed by a unit’s
24 *owner, or a tenant or guest of a unit’s* owner, including, without
25 limitation, the failure to pay an assessment, ~~[except as otherwise~~
26 ~~provided in]~~ *unless the unit’s owner or the tenant or guest of the*
27 *unit’s owner exercises the right to have the executive board*
28 *conduct an open meeting pursuant to* subsection 3.

29 3. ~~[An]~~ *If a unit’s owner or a tenant or guest of a unit’s*
30 *owner is alleged to have committed a violation or continuing*
31 *violation of the governing documents of the association, the*
32 executive board ~~[shall]~~ *must* meet in executive session to hold a
33 hearing on ~~[an alleged violation of the governing documents]~~ *the*
34 *violation or continuing violation*, unless the unit’s owner *or*
35 *the tenant or guest of the unit’s owner* who allegedly committed
36 the violation *or continuing violation* requests in writing that the
37 hearing be conducted by the executive board at an open meeting.
38 The unit’s owner *or the tenant or guest of the unit’s owner* who is
39 alleged to have committed the violation ~~[may]~~ *or continuing*
40 *violation is entitled to contest the violation or continuing*
41 ~~alleged]~~ *violation, but may be*
42 excluded by the executive board from any other portion of the
43 hearing, including, without limitation, the deliberations of the
44 executive board.



1 4. Except as otherwise provided in this subsection, any matter
2 discussed in executive session must be generally noted in the
3 minutes of the meeting of the executive board. The executive board
4 shall maintain minutes of any decision made pursuant to subsection
5 3 and, upon request, provide a copy of the decision to the unit's
6 owner *or the tenant or guest of the unit's owner* who was the
7 subject of the hearing or to his designated representative.

8 5. Except as otherwise provided in subsection 3, a unit's owner
9 *or a tenant or guest of a unit's owner* is not entitled to attend or
10 speak at a meeting of the executive board held in executive session.

11 **Sec. 6.** NRS 116.3116 is hereby amended to read as follows:

12 116.3116 1. The association has a lien on a unit for any
13 assessment levied against that unit or fines imposed against the
14 unit's owner from the time the assessment or fine becomes due.
15 Unless the declaration otherwise provides, fees, charges, late
16 charges, fines and interest charged pursuant to paragraphs (j), (k) ,
17 ~~and~~ (l) *and (m)* of subsection 1 of NRS 116.3102 are enforceable
18 as assessments under this section. If an assessment is payable in
19 installments, the full amount of the assessment is a lien from the
20 time the first installment thereof becomes due.

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

23 (a) Liens and encumbrances recorded before the recordation of
24 the declaration and, in a cooperative, liens and encumbrances which
25 the association creates, assumes or takes subject to;

26 (b) A first security interest on the unit recorded before the date
27 on which the assessment sought to be enforced became delinquent,
28 or, in a cooperative, the first security interest encumbering only the
29 unit's owner's interest and perfected before the date on which the
30 assessment sought to be enforced became delinquent; and

31 (c) Liens for real estate taxes and other governmental
32 assessments or charges against the unit or cooperative.

33 The lien is also prior to all security interests described in paragraph
34 (b) to the extent of the assessments for common expenses based on
35 the periodic budget adopted by the association pursuant to NRS
36 116.3115 which would have become due in the absence of
37 acceleration during the 6 months immediately preceding institution
38 of an action to enforce the lien. This subsection does not affect the
39 priority of mechanics' or materialmen's liens, or the priority of liens
40 for other assessments made by the association.

41 3. Unless the declaration otherwise provides, if two or more
42 associations have liens for assessments created at any time on the
43 same property, those liens have equal priority.



- 1 4. Recording of the declaration constitutes record notice and
2 perfection of the lien. No further recordation of any claim of lien for
3 assessment under this section is required.
- 4 5. A lien for unpaid assessments is extinguished unless
5 proceedings to enforce the lien are instituted within 3 years after the
6 full amount of the assessments becomes due.
- 7 6. This section does not prohibit actions to recover sums for
8 which subsection 1 creates a lien or prohibit an association from
9 taking a deed in lieu of foreclosure.
- 10 7. A judgment or decree in any action brought under this
11 section must include costs and reasonable attorney's fees for the
12 prevailing party.
- 13 8. The association upon written request shall furnish to a unit's
14 owner a statement setting forth the amount of unpaid assessments
15 against the unit. If the interest of the unit's owner is real estate, the
16 statement must be in recordable form. The statement must be
17 furnished within 10 business days after receipt of the request and is
18 binding on the association, the executive board and every unit's
19 owner.
- 20 9. In a cooperative, upon nonpayment of an assessment on a
21 unit, the unit's owner may be evicted in the same manner as
22 provided by law in the case of an unlawful holdover by a
23 commercial tenant, and the lien may be foreclosed as provided by
24 this section or by NRS 116.31162 to 116.31168, inclusive.
- 25 10. In a cooperative where the owner's interest in a unit is
26 personal property ~~it~~ pursuant to NRS 116.1105, ~~it~~ the
27 association's lien may be foreclosed in like manner as a security
28 interest under NRS 104.9101 to 104.9709, inclusive.
- 29 **Sec. 7.** NRS 116.31162 is hereby amended to read as follows:
30 116.31162 1. Except as otherwise provided in subsection 4,
31 in a condominium, a cooperative where the owner's interest in a unit
32 is real estate as determined pursuant to NRS 116.1105, or a planned
33 community, the association may foreclose its lien by sale after:
34 (a) The association has mailed by certified or registered mail,
35 return receipt requested, to the unit's owner or his successor in
36 interest, at his address if known, and at the address of the unit, a
37 notice of delinquent assessment which states the amount of the
38 assessments and other sums which are due in accordance with
39 subsection 1 of NRS 116.3116, a description of the unit against
40 which the lien is imposed, and the name of the record owner of the
41 unit;
42 (b) The association or other person conducting the sale has
43 executed and caused to be recorded, with the county recorder of the
44 county in which the common-interest community or any part of it is
45 situated, a notice of default and election to sell the unit to satisfy the



1 lien, which contains the same information as the notice of
2 delinquent assessment, but must also describe the deficiency in
3 payment and the name and address of the person authorized by the
4 association to enforce the lien by sale; and

5 (c) The unit's owner or his successor in interest has failed to pay
6 the amount of the lien, including costs, fees and expenses incident to
7 its enforcement, for 60 days following the recording of the notice of
8 default and election to sell.

9 2. The notice of default and election to sell must be signed by
10 the person designated in the declaration or by the association for that
11 purpose, or if no one is designated, by the president of the
12 association.

13 3. The period of 60 days begins on the first day following the
14 later of:

15 (a) The day on which the notice of default is recorded; or

16 (b) The day on which a copy of the notice of default is mailed
17 by certified or registered mail, return receipt requested, to the unit's
18 owner or his successor in interest at his address if known, and at the
19 address of the unit.

20 4. The association may not foreclose a lien by sale for the
21 assessment of a fine for a violation *or continuing violation* of the
22 ~~[declaration, bylaws, rules or regulations]~~ *governing documents*
23 of the association, unless the violation *or continuing violation* is of a
24 type that threatens the health, safety or welfare of the residents of
25 the common-interest community.

26 **Sec. 8.** NRS 38.300 is hereby amended to read as follows:

27 38.300 As used in NRS 38.300 to 38.360, inclusive, unless the
28 context otherwise requires:

29 1. "Assessments" means:

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

34 (b) Any fines, fees and other charges which may be imposed by
35 an association pursuant to paragraphs (j), (k), ~~and~~ (l) *and (m)* of
36 subsection 1 of NRS 116.3102.

37 2. "Association" has the meaning ascribed to it in
38 NRS 116.110315.

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

43 4. "Division" means the Real Estate Division of the
44 Department of Business and Industry.



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

6 **Sec. 9.** 1. Except as otherwise provided in subsection 2, the
7 amendatory provisions of this act apply to any violation or
8 continuing violation of the governing documents of an association
9 or master association that occurs on or after October 1, 2003.

10 2. The amendatory provisions of this act do not apply to a
11 continuing violation that occurs on or after October 1, 2003, if the
12 initial violation that is the predicate for the continuing violation
13 occurred before October 1, 2003.

14 3. Notwithstanding any other law to the contrary, if the
15 provisions of the governing documents of an association or master
16 association do not conform to the amendatory provisions of this act:

17 (a) The nonconforming provisions of the governing documents
18 shall be deemed to have been conformed to the amendatory
19 provisions of this act by operation of law on October 1, 2003; and

20 (b) If the association or master association is associated with a
21 common-interest community that was created on or after January 1,
22 1992, the executive board of the association or master association
23 shall, before October 1, 2004, change the nonconforming provisions
24 of the governing documents to conform to the amendatory
25 provisions of this act. The executive board of the association or
26 master association may make such changes without complying with
27 any procedural requirements that would otherwise apply if the
28 executive board were to amend the governing documents of the
29 association or master association in accordance with law.

30 4. As used in this section:

31 (a) "Association" has the meaning ascribed to it in
32 NRS 116.110315.

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

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

37 (d) "Governing documents" has the meaning ascribed to it in
38 NRS 116.110347.

39 (e) "Master association" has the meaning ascribed to it in
40 NRS 116.110358.

