

(REPRINTED WITH ADOPTED AMENDMENTS)
SECOND REPRINT S.B. 216

SENATE BILL NO. 216—SENATORS CARE AND O'DONNELL

FEBRUARY 20, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes pertaining to contractors who engage in repair, restoration, improvement or construction of residential pools and spas. (BDR 52-1037)

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 contractors; providing for the adoption of standards for advertisements used by contractors who repair, restore, improve or construct residential pools and spas; enacting and revising various provisions pertaining to such contractors; requiring the state contractors' board to adopt standard contract elements for use by such contractors; providing for the designation of an ombudsman for residential pools and spas; revising the provisions governing eligibility for compensation from the recovery fund; providing a penalty; 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 597 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 to 6, inclusive, of this act.
3 **Sec. 2. 1. *The board shall adopt by regulation standards for***
4 ***advertisements used by contractors in connection with the sale of***
5 ***contracts for the repair, restoration, improvement or construction of***
6 ***residential pools or spas.***
7 ***2. The regulations adopted pursuant to subsection 1 must prohibit a***
8 ***contractor from employing "bait and switch" advertising or otherwise***
9 ***intentionally publishing, displaying or circulating any advertisement***
10 ***which is misleading or inaccurate in any material particular or which***
11 ***misrepresents any of the goods or services sold or furnished by the***
12 ***contractor to members of the public.***
13 ***3. The board shall, in adopting the standards required by***
14 ***subsection 1, give consideration to the provisions of chapter 598 of NRS***
15 ***relating to advertisements that constitute deceptive trade practices and, to***
16 ***the extent practicable, adopt standards that are at least as stringent as***
17 ***those provisions.***



1 4. A contractor shall not cause to be published or display or circulate
2 any advertisement that does not comply with the standards adopted by the
3 board pursuant to subsection 1.

4 5. As used in this section, "bait and switch" advertising has the
5 meaning ascribed to it in NRS 482.351.

6 **Sec. 3.** 1. If a contractor who engages in the repair, restoration,
7 improvement or construction of a residential pool or spa is determined by
8 the board to have violated:

9 (a) One or more of the provisions of NRS 597.716, 597.719 or 624.301
10 to 624.305, inclusive; or

11 (b) Any regulation adopted by the board with respect to contracts for
12 the repair, restoration, improvement or construction of a residential pool
13 or spa,

14 the board may require that the contractor obtain the services of a
15 construction control for each contract that the contractor enters into for
16 the repair, restoration, improvement or construction of a residential pool
17 or spa.

18 2. The contractor may not:

19 (a) Be related to the construction control or to an employee or agent
20 of the construction control; or

21 (b) Hold, directly or indirectly, a financial interest in the business of
22 the construction control.

23 3. As used in this section, "construction control" has the meaning
24 ascribed to it in NRS 627.050.

25 **Sec. 4.** 1. Any contractor or subcontractor who performs work for
26 the repair, restoration, improvement or construction of a residential pool
27 or spa shall, regardless of whether the work is performed under the
28 direction of a builder who is also the owner of the property being
29 improved:

30 (a) Apply for and obtain all applicable permits for the project; and

31 (b) Meet all applicable requirements imposed pursuant to this chapter,
32 chapter 624 of NRS or any regulations adopted by the board with respect
33 to contracts for the repair, restoration, improvement or construction of a
34 residential pool or spa.

35 2. If a contractor or subcontractor performs work for the repair,
36 restoration, improvement or construction of a residential pool or spa and
37 the work is performed under the direction of a builder who is also the
38 owner of the property being improved, the owner shall comply with all
39 state and local laws and ordinances for the submission of names, licenses
40 and information concerning any required bonds and insurance with
41 respect to the contractors and subcontractors working on the project.

42 3. With respect to a contract for the repair, restoration, improvement
43 or construction of a residential pool or spa, regardless of use, the work
44 performed pursuant to such a contract must be supervised and controlled
45 directly by the qualified employee or officer of the contract.

46 **Sec. 4.5.** A contractor who engages in the repair, restoration,
47 improvement or construction of a residential pool or spa shall not:

48 1. Act as, or carry out the duties of, an officer, director, employee or
49 owner of; or



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1 2. Receive remuneration or any other thing of value for the loan,
2 either directly or indirectly, from,
3 a bonding company, finance company, or any other corporation or
4 business entity who cosigns, underwrites, obtains a deed of trust for,
5 issues, sells, purchases or acquires a loan to finance the repair,
6 restoration, improvement or construction of a residential pool or spa.
7 Sec. 5. 1. If the repair, restoration, improvement or construction of
8 a residential pool or spa is to be financed by the owner, before the
9 contractor performs any work for the repair, restoration, improvement or
10 construction of the residential pool or spa, the owner must:
11 (a) Find a third-party to agree to make the loan or give financing.
12 (b) Agree to accept the loan or financing of the third-party.
13 (c) Not rescind the loan or financing transaction within the period
14 prescribed for rescission pursuant to the Truth in Lending Act, 15 U.S.C.
15 §§ 1601 et seq., or chapter 598 of NRS, if applicable.
16 2. A contract for the repair, restoration, improvement or construction
17 of a residential pool or spa, regardless of use, is not enforceable against
18 the owner if:
19 (a) Obtaining a loan for all or a portion of the contract price is a
20 condition precedent to the contract.
21 (b) The contractor provides financing for all or a portion of the
22 contract price.
23 3. An affiliate or associate of a contractor may not issue, purchase or
24 acquire a loan to finance the repair, restoration, improvement or
25 construction of a residential pool or spa, regardless of use.
26 4. A contractor shall not represent in any manner that the contract is
27 enforceable or that the owner has any obligation under the contract if
28 the requirements of this section are not satisfied.
29 5. As used in this section:
30 (a) "Affiliate" means a person that directly, or indirectly through one
31 or more intermediaries, is controlled by, or is under common control
32 with, a specified person.
33 (b) "Associate," when used to indicate a relationship with any person,
34 means:
35 (1) Any corporation or organization of which that person is an
36 officer or partner or is, directly or indirectly, the beneficial owner of 10
37 percent or more of any class of voting shares;
38 (2) Any trust or other estate in which that person has a substantial
39 beneficial interest or for which he serves as trustee or in a similar
40 fiduciary capacity; or
41 (3) Any relative or spouse of that person, or any relative of the
42 spouse.
43 (c) "Third-party" means a bonding company, finance company, or
44 any other corporation or business entity who cosigns, underwrites,
45 obtains a deed of trust for, issues, sells, purchases or acquires a loan to
46 finance the repair, restoration, improvement or construction of a
47 residential pool or spa.
48 Sec. 6. 1. A violation of any provision of NRS 597.716 or 597.719
49 or sections 2 to 5, inclusive, of this act, or any regulations adopted with



1 *respect to contracts for the repair, restoration, improvement or*
2 *construction of a residential pool or spa by a contractor constitutes cause*
3 *for disciplinary action pursuant to NRS 624.300.*

4 *2. Any contractor who violates any provision of NRS 597.716 or*
5 *597.719 or sections 2 to 5, inclusive, of this act is guilty of a category D*
6 *felony and shall be punished as provided in NRS 193.130.*

7 *3. The imposition of a penalty provided for in subsection 2 is not*
8 *precluded by any disciplinary action taken by the board against a*
9 *contractor pursuant to the provisions of NRS 624.300 to 624.305,*
10 *inclusive.*

11 **Sec. 7.** NRS 597.713 is hereby amended to read as follows:

12 597.713 As used in this section and NRS 597.716 and 597.719,
13 ~~["contractor"]~~ *and sections 2 to 6, inclusive, of this act:*

14 1. *"Board" means the state contractors' board.*

15 2. *"Contractor" means a person licensed pursuant to the provisions of*
16 *chapter 624 of NRS whose scope of work includes the construction, repair*
17 *or maintenance of any residential swimming pool or spa, regardless of use,*
18 *including the repair or replacement of existing equipment or the installation*
19 *of new equipment, as necessary. The scope of such work includes layout,*
20 *excavation, operation of construction pumps for removal of water,*
21 *steelwork, construction of floors, installation of gunite, fiberglass, tile and*
22 *coping, installation of all perimeter and filter piping, installation of all filter*
23 *equipment and chemical feeders of any type, plastering of the interior,*
24 *construction of decks, installation of housing for pool equipment and*
25 *installation of packaged pool heaters.*

26 **Sec. 8.** NRS 597.716 is hereby amended to read as follows:

27 597.716 1. A contractor who receives an initial payment of \$1,000 or
28 10 percent of the aggregate contract price, whichever is less, for the repair,
29 restoration, improvement or construction of a residential pool or spa shall
30 start the work within 30 days after the date all necessary permits for the
31 work, if any, are issued, unless the person who made the payment agrees in
32 writing to a longer period to apply for the necessary permits or start the
33 work or to longer periods for both.

34 2. A contractor who receives money for the repair, restoration,
35 addition, improvement or construction of a residential pool or spa ~~must~~
36 *shall* complete the work diligently and shall not refuse to perform any
37 work for any 30-day period.

38 3. If satisfactory payment is made for any portion of the work
39 performed, the contractor shall, before any further payment is made,
40 furnish the owner a full and unconditional release from any claim of
41 mechanic's lien for that portion of the work for which payment has been
42 made.

43 4. The requirements of subsection 3 do not apply if the contract
44 provides for the contractor to furnish a bond for payment and performance
45 or joint control covering full performance and completion of the contract
46 and the bond or joint control is furnished by the contractor.

47 5. An agreement or contract for the repair, restoration, improvement or
48 construction of a residential pool or spa must contain a written statement
49 explaining the rights of the customer under this section, NRS 597.713 and



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1 597.719, *and sections 2 to 6, inclusive, of this act* and other relevant
2 statutes.

3 6. A contractor may require final payment for the final stage or phase
4 of the construction of a residential pool or spa after the completion of the
5 plastering and the final inspection by the local building department, unless
6 any installation of equipment, decking or fencing that is required in the
7 contract is not completed.

8 ~~{7. A violation of the provisions of this section by a contractor~~
9 ~~constitutes cause for disciplinary action pursuant to NRS 624.300.}~~

10 **Sec. 9.** NRS 597.719 is hereby amended to read as follows:

11 597.719 1. ~~{A}~~ *The board shall adopt by regulation mandatory*
12 *elements to be included in all contracts to be used by contractors for the*
13 *repair, restoration, improvement or construction of a residential pool or*
14 *spa. Such mandatory elements must not be waived or limited by contract*
15 *or in any other manner. On and after October 1, 2001, any contract*
16 *entered into between a contractor and the owner of a single-family*
17 *residence for the repair, restoration, improvement or construction of a*
18 *residential pool or spa must comply with the standard elements adopted*
19 *by the board. A contract that does not comply with the standard elements*
20 *adopted by the board is void and unenforceable against the owner.*

21 2. *Any such* contract in an amount of more than \$1,000 ~~{entered into~~
22 ~~between a contractor and the owner of a single-family residence for the~~
23 ~~construction or alteration of a residential pool or spa}~~ must contain in
24 writing at least the following information:

25 (a) The name of the contractor and his business address and license
26 number. ~~{}~~

27 (b) The name and mailing address of the owner and the address or legal
28 description of the property. ~~{}~~

29 (c) The date of execution of the contract. ~~{}~~

30 (d) The estimated date of completion of all work to be performed under
31 the contract. ~~{}~~

32 (e) A description of the work to be performed under the contract. ~~{}~~

33 (f) The total amount to be paid to the contractor by the owner for all
34 work to be performed under the contract, including all applicable taxes. ~~{}~~

35 (g) The amount, *not to exceed \$1,000 or 10 percent of the aggregate*
36 *contract price, whichever is less*, of any ~~{advance}~~ deposit paid or
37 promised to be paid to the contractor by the owner ~~{}~~ *before the start of*
38 *construction.*

39 (h) A statement that the contractor has provided the owner with the
40 notice and informational form required by 624.600. ~~{}~~

41 (i) A statement that any additional work to be performed under the
42 contract, whether or not pursuant to a change order, which will require the
43 owner to pay additional money and any other change in the terms in the
44 original contract must be agreed to in writing by the parties and
45 incorporated into the original contract as a change order. ~~{}~~ *A change*
46 *order is not enforceable against the owner contracting for the repair,*
47 *restoration, improvement or construction of a residential pool or spa*
48 *unless the change order clearly sets forth the scope of work to be*



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1 *completed and the price to be charged for the changes and is signed by*
2 *the owner.*

3 (j) A plan and scale drawing showing the shape, size, dimensions and
4 the specifications for the construction and equipment for the residential
5 pool or spa and for other home improvements, and a description of the
6 work to be done, the materials to be used and the equipment to be installed,
7 and the agreed consideration for the work. ~~† and †~~

8 (k) The dollar amount, *shown in numeral form*, of any progress
9 payment and the stage of construction at which the contractor will be
10 entitled to collect progress payments during the course of construction
11 under the contract. *Unless the contractor has furnished a bond for*
12 *payment and performance covering full performance and completion of*
13 *the contract and the cost of the bond is included in the price of the*
14 *project the payment schedule must not provide for the contractor to*
15 *receive, nor may the contractor actually receive, payments in excess of*
16 *100 percent of the value of the work performed on the project at any*
17 *time, excluding finance charges, except as authorized by subsection 1 of*
18 *NRS 597.716 or the regulations adopted by the board. With respect to a*
19 *contract executed before October 1, 2001, if any payment schedule set*
20 *forth in the contract does not comply with the provisions of this chapter*
21 *or chapter 624 of NRS or any regulations adopted pursuant thereto:*

22 (1) *The obligation of the owner to make payments in accordance*
23 *with the payment schedule shall be deemed void and unenforceable; and*

24 (2) *The lender, if any, may not initiate proceedings to enforce the*
25 *payment of any applicable loan unless and until the contract is reformed*
26 *or otherwise amended to comply with those provisions of law.*

27 (l) *If the contract provides for payment of a commission to a*
28 *salesperson out of the contract price, a statement that the payment must*
29 *be made on a pro rata basis in proportion to the schedule of payments*
30 *made to the contractor by the disbursing party in accordance with the*
31 *provisions of paragraph (k).*

32 Except as otherwise provided in subsection ~~†4.†~~ 5, the contract may contain
33 such other conditions, stipulations or provisions as to which the parties
34 may agree.

35 ~~†2.†~~ 3. The contract must contain ~~†, in†~~ :

36 (a) *A method whereby the owner may initial provisions of the*
37 *contract, thereby indicating that those provisions have been read and are*
38 *understood.*

39 (b) *In close proximity to the signatures of the owner and the contractor,*
40 *a notice stating that the owner ~~†has†~~ :*

41 (1) *May contact the board if assistance is needed to clarify any of*
42 *the provisions of the contract that the owner does not fully understand;*
43 *and*

44 (2) *Has the right to request a bond for payment and performance †*
45 *—3.† if such a bond is not otherwise required pursuant to NRS 624.270.*

46 4. At the time the owner signs the contract, the contractor shall furnish
47 him a legible copy of all documents signed and a written and signed receipt
48 for any money paid to the contractor by the owner. All written information
49 provided in the contract must be printed in at least 10-point bold type.



1 ~~14.1~~ 5. A condition, stipulation or provision in a contract or other
2 agreement that requires a person to waive any right provided by this
3 section and NRS 597.713 and 597.716 *and sections 2 to 6, inclusive, of*
4 *this act* or relieves a person of an obligation or liability imposed by those
5 sections is void. Failure to comply with the requirements of this section
6 and NRS 597.713 and 597.716 *and sections 2 to 6, inclusive, of this act*
7 renders a contract *void and* unenforceable ~~14~~ *against the owner.*

8 ~~15.1~~ 6. The contractor shall apply for and obtain all necessary permits.
9 **Sec. 10.** Chapter 624 of NRS is hereby amended by adding thereto the
10 provisions set forth as sections 11 and 12 of this act.

11 **Sec. 11. 1. *The board shall designate an employee as ombudsman***
12 *for residential pools and spas.*

13 **2. *The ombudsman for residential pools and spas shall:***

14 *(a) Assist owners of single-family residences, contractors and*
15 *financial institutions to understand their rights and responsibilities as set*
16 *forth in NRS 597.713, 597.716 and 597.719 and sections 2 to 6, inclusive,*
17 *of this act, and any regulations adopted pursuant thereto.*

18 *(b) Notify the board if it appears that any person has engaged in any*
19 *act or practice that constitutes a violation of any of the provisions of this*
20 *chapter or NRS 597.713, 597.716 or 597.719 or sections 2 to 6, inclusive,*
21 *of this act, or any regulations adopted pursuant thereto.*

22 **Sec. 12. 1. *Before granting an original contractor's license to, or***
23 *renewing the contractor's license of, an applicant who engages or will*
24 *engage in the repair, restoration, improvement or construction of*
25 *residential pools or spas, the board may, in addition to any other*
26 *conditions for the issuance or renewal of a license, require the applicant*
27 *to file with the board a bond for the protection of consumers in an*
28 *amount fixed by the board.*

29 **2. *A bond required pursuant to subsection 1 is in addition to, may***
30 *not be combined with and does not replace any other bond required*
31 *pursuant to the provisions of this chapter. A contractor required to file a*
32 *bond pursuant to subsection 1 shall maintain the bond for 2 years or for*
33 *such longer period as the board may require.*

34 **3. *A bond required pursuant to subsection 1 must be provided by a***
35 *person whose long-term debt obligations are rated "A" or better by a*
36 *nationally recognized rating agency.*

37 **Sec. 13.** NRS 624.270 is hereby amended to read as follows:

38 624.270 1. Before issuing a contractor's license to any applicant, the
39 board shall require that the applicant:

40 (a) File with the board a surety bond in a form acceptable to the board
41 executed by the contractor as principal with a corporation authorized to
42 transact surety business in the State of Nevada as surety; or

43 (b) In lieu of such a bond, establish with the board a cash deposit as
44 provided in this section.

45 2. Before granting renewal of a contractor's license to any applicant,
46 the board shall require that the applicant file with the board satisfactory
47 evidence that his surety bond or cash deposit is in full force, unless the
48 applicant has been relieved of the requirement as provided in this section.



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1 3. Failure of an applicant or licensee to file or maintain in full force the
2 required bond or to establish the required cash deposit constitutes cause for
3 the board to deny, revoke, suspend or refuse to renew a license.

4 4. Except as otherwise provided in subsection 6, the amount of each
5 bond or cash deposit required by this section must be fixed by the board
6 with reference to the contractor's financial and professional responsibility
7 and the magnitude of his operations, but must be not less than \$1,000 or
8 more than ~~[\$100,000.]~~ *\$500,000*. The bond must be continuous in form and
9 must be conditioned that the total aggregate liability of the surety for all
10 claims is limited to the face amount of the bond irrespective of the number
11 of years the bond is in force. *A bond required by this section must be*
12 *provided by a person whose long-term debt obligations are rated "A" or*
13 *better by a nationally recognized rating agency.* The board may increase
14 or reduce the amount of any bond or cash deposit if evidence supporting
15 such a change in the amount is presented to the board at the time
16 application is made for renewal of a license or at any hearing conducted
17 pursuant to NRS 624.291. Unless released earlier pursuant to subsection 5,
18 any cash deposit may be withdrawn 2 years after termination of the license
19 in connection with which it was established, or 2 years after completion of
20 all work authorized by the board after termination of the license, whichever
21 occurs later, if there is no outstanding claim against it.

22 5. After a licensee has acted in the capacity of a licensed contractor in
23 the State of Nevada for not less than 5 consecutive years, the board may
24 relieve the licensee of the requirement of filing a bond or establishing a
25 cash deposit if evidence supporting such relief is presented to the board.
26 The board may at any time thereafter require the licensee to file a new
27 bond or establish a new cash deposit as provided in subsection 4 ~~++~~ ;

28 (a) *If evidence is presented to the board supporting this requirement* ~~for~~
29 ~~pursuant~~ ;

30 (b) *Pursuant* to subsection 6, after notification of a final written
31 decision by the labor commissioner ~~++~~ ; *or*

32 (c) *Pursuant to subsection 7.*

33 If a licensee is relieved of the requirement of establishing a cash deposit,
34 the deposit may be withdrawn 2 years after such relief is granted, if there is
35 no outstanding claim against it.

36 6. If the board is notified by the labor commissioner pursuant to NRS
37 607.165 that three substantiated claims for wages have been filed against a
38 contractor within a 2-year period, the board shall require the contractor to
39 file a bond or establish a cash deposit in an amount fixed by the board. The
40 contractor shall maintain the bond or cash deposit for the period required
41 by the board.

42 7. *If a contractor who engages in the repair, restoration,*
43 *improvement or construction of a residential pool or spa:*

44 (a) *Becomes licensed pursuant to chapter 624 of NRS on or after*
45 *July 1, 2001;*

46 (b) *Is determined by the board to have violated one or more of the*
47 *provisions of NRS 624.301 to 624.305, inclusive;*

48 (c) *Enters into a contract on or after July 1, 2001, that is later found*
49 *to be void and unenforceable against the owner pursuant to subsection 5*



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1 of NRS 597.719 or pursuant to any regulation adopted by the board with
2 respect to contracts for the repair, restoration, improvement or
3 construction of a residential pool or spa; or
4 (d) Has five valid complaints filed against him with the board within
5 any 15-day period,
6 the contractor shall comply with the provisions of subsection 8.
7 8. A contractor described in subsection 7 shall, before commencing
8 work for the repair, restoration, improvement or construction of a
9 residential pool or spa, furnish to the building department of the city or
10 county, as applicable, in which the work will be carried out:
11 (a) A performance bond in an amount equal to not less than 50
12 percent of the amount of the contract, conditioned upon the faithful
13 performance of the contract in accordance with the plans, specifications
14 and conditions set forth in the contract. The performance bond must be
15 solely for the protection of the owner of the property to be improved.
16 (b) A payment bond in an amount equal to not less than 50 percent of
17 the amount of the contract. The payment bond must be solely for the
18 protection of persons supplying labor or materials to the contractor, or to
19 any of his subcontractors, in carrying out the provisions of the
20 contract.
21 A bond required pursuant to this subsection must be provided by a
22 person whose long-term debt obligations are rated "A" or better by a
23 nationally recognized rating agency. The contractor shall maintain the
24 bond or cash deposit for the period required by the board.
25 9. As used in this section, "substantiated claims for wages" has the
26 meaning ascribed to it in NRS 607.165.
27 **Sec. 13.3.** NRS 624.490 is hereby amended to read as follows:
28 624.490 Within 2 years after an injured person has obtained a
29 judgment in any court of competent jurisdiction for recovery of damages
30 against a residential contractor for an act or omission of the residential
31 contractor that is in violation of this chapter, *chapter 597 of NRS* or the
32 regulations adopted pursuant thereto, the injured person may apply to the
33 board for satisfaction of the judgment from the account if:
34 1. The proceedings in connection with the judgment have terminated,
35 including appeals;
36 2. He submits an application on a form established for this purpose by
37 the board;
38 3. He submits proof satisfactory to the board of the judgment; and
39 4. Upon obtaining payment from the account, he assigns his rights to
40 enforce the judgment to the board.
41 **Sec. 13.7.** NRS 624.510 is hereby amended to read as follows:
42 624.510 1. Except as otherwise provided in NRS 624.490 and
43 subsection 2, an injured person is eligible for recovery from the account if
44 the board or its designee finds that the injured person suffered actual
45 damages as a result of an act or omission of a residential contractor that is
46 in violation of this chapter, *chapter 597 of NRS* or the regulations adopted
47 pursuant thereto.
48 2. An injured person is not eligible for recovery from the account if:



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- 1 (a) The injured person is the spouse of the licensee, or a personal
2 representative of the spouse of the licensee;
3 (b) The injured person was associated in a business relationship with the
4 licensee other than the contract at issue; or
5 (c) At the time of contracting with the residential contractor, the license
6 of the residential contractor was suspended or revoked pursuant to
7 NRS 624.300.
- 8 3. If the board or its designee determines that an injured person is
9 eligible for recovery from the account pursuant to this section or NRS
10 624.490, the board or its designee may pay out of the account:
11 (a) The amount of actual damages suffered, but not to exceed \$30,000;
12 or
13 (b) If a judgment was obtained as set forth in NRS 624.490, the amount
14 of actual damages included in the judgment and remaining unpaid, but not
15 to exceed \$30,000.
- 16 4. The decision of the board or its designee regarding eligibility for
17 recovery and all related issues is final and not subject to judicial review.
- 18 5. If the injured person has recovered a portion of his loss from sources
19 other than the account, the board shall deduct the amount recovered from
20 the other sources from the amount payable upon the claim and direct the
21 difference to be paid from the account.
- 22 6. To the extent of payments made from the account, the board is
23 subrogated to the rights of the injured person, including, without limitation,
24 the right to collect from a surety bond or a cash bond. The board and the
25 attorney general shall promptly enforce all subrogation claims.
- 26 7. The amount of recovery from the account based upon claims made
27 against any single contractor must not exceed \$200,000.
- 28 8. As used in this section, "actual damages" includes attorney's fees or
29 costs in contested cases appealed to the supreme court of this state. The
30 term does not include any other attorney's fees or costs.
- 31 **Sec. 14.** NRS 624.750 is hereby amended to read as follows:
32 624.750 1. It is unlawful for a person to commit any act or omission
33 described in subsection 2 of NRS 624.3013, NRS 624.3014 or subsection
34 1, 3 or 7 of NRS 624.3016.
- 35 2. ~~Any~~ *Unless a greater penalty is otherwise provided by specific*
36 *statute, any* person who violates subsection 1, NRS 624.305, subsection 1
37 of NRS 624.700 or NRS 624.720 or 624.740:
38 (a) For a first offense, is guilty of a misdemeanor and shall be punished
39 by a fine of not more than \$1,000, and may be further punished by
40 imprisonment in the county jail for not more than 6 months.
41 (b) For the second offense, is guilty of a gross misdemeanor and shall
42 be punished by a fine of not less than \$2,000 nor more than \$4,000, and
43 may be further punished by imprisonment in the county jail for not more
44 than 1 year.
45 (c) For the third or subsequent offense, is guilty of a class E felony and
46 shall be punished by a fine of not less than \$5,000 nor more than \$10,000
47 and may be further punished by imprisonment in the state prison for not
48 less than 1 year and not more than 4 years.



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3. Imposition of a penalty provided for in this section is not precluded by any disciplinary action taken by the board against a contractor pursuant to the provisions of NRS 624.300 to 624.305, inclusive.

Sec. 15. NRS 627.175 is hereby amended to read as follows:

627.175 ~~The~~

1. Except as otherwise provided in subsection 2, the following shall not be a construction control or subject to the provisions of this chapter:

~~1-1~~ (a) A contractor licensed under the laws of the State of Nevada, paying a subcontractor, supplier of material, laborer ~~1-1~~ or other person for bills incurred in *the* construction, repair, alteration or improvement of any premises.

~~12-1~~ (b) A subcontractor licensed to do business under the laws of the State of Nevada, paying a subcontractor, supplier of material, laborer or other person for bills incurred in *the* construction, repair, alteration or improvement of any premises.

~~13-1~~ (c) An owner-contractor paying a contractor, subcontractor, supplier of material, laborer or other person for bills incurred in *the* construction, repair, alteration or improvement of any premises.

~~14-1~~ (d) A lender of construction loan ~~1moneys,1~~ *money*, provided that he disburses the ~~1funds1~~ *money* directly to a contractor authorized by the borrower to do the work, or disburses the ~~1funds1~~ *money* directly to the owner of the premises.

~~15-1~~ (e) A lender of construction loan ~~1moneys,1~~ *money*, to an owner of a residential property or to an owner of not more than four units if the loan is made to repair or improve such property and the construction costs are \$10,000 or less, or 35 percent of the appraised value of the improvements and repairs, whichever is greater.

2. The provisions of this chapter apply to a contractor who is required to obtain the services of a construction control pursuant to the provisions of section 3 of this act.

Sec. 16. Section 20.5 of chapter 423, Statutes of Nevada 1999, at page 1972, is hereby amended by adding thereto a new section to read as follows:

Sec. 20.5. 1. The provisions of section 10 of this act apply to qualified services completed on or after July 1, 1998.

2. The provisions of section 11 of this act apply to judgments entered on or after July 1, 2000.

Sec. 17. Section 21 of chapter 423, Statutes of Nevada 1999, at page 1972, is hereby amended to read as follows:

Sec. 21. 1. This section and sections 1 and 9 of this act become effective on October 1, 1999.

2. Sections 2 to 8, inclusive, and 10 to ~~120,1~~ *20.5*, inclusive, of this act become effective on July 1, 2001.

Sec. 18. The amendatory provisions of this act do not apply to offenses committed before July 1, 2001.

Sec. 19. 1. This section and section 1 of this act become effective upon passage and approval.



- 1 2. Sections 2 and 9 of this act become effective upon passage and
2 approval for the purpose of adopting regulations necessary to carry out
3 those sections and on October 1, 2001, for all other purposes.
- 4 3. Sections 3 to 8, inclusive, 10 to 13, inclusive, and 14, 15 and 18 of
5 this act become effective on July 1, 2001.
- 6 4. Sections 13.3, 13.7, 16 and 17 of this act become effective at 12:01
7 a.m. on July 1, 2001.

