

Senate Bill No. 261–Senator Schneider

CHAPTER.....

AN ACT relating to time shares; limiting the applicability of provisions governing common-interest communities to the sale or transfer of time shares; requiring a manager of a time-share plan or a project, or both, to register with the real estate division of the department of business and industry; revising the requirements for a time-share instrument; eliminating the requirement that an advertisement for a time share or an offer of sale be approved by the division; 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:

**Section 1.** NRS 116.1201 is hereby amended to read as follows:

116.1201 1. Except as otherwise provided in this section and NRS 116.1203, this chapter applies to all common-interest communities created within this state.

2. This chapter does not apply to:

(a) Associations created for the limited purpose of maintaining:

(1) The landscape of the common elements of a common-interest community;

(2) Facilities for flood control; or

(3) A rural agricultural residential common-interest community.

(b) A planned community in which all units are restricted exclusively to nonresidential use unless the declaration provides that the chapter does apply to that planned community. This chapter applies to a planned community containing both units that are restricted exclusively to nonresidential use and other units that are not so restricted, only if the declaration so provides or the real estate comprising the units that may be used for residential purposes would be a planned community in the absence of the units that may not be used for residential purposes.

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

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

3. The provisions of this chapter do not:

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

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

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

(d) Prohibit a common-interest community created before January 1, 1992, from providing for a representative form of government.

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

5. For the purposes of this section, the administrator shall establish, by regulation, the criteria for determining whether an association is created for the limited purpose of maintaining the landscape of the common elements of a common-interest community, maintaining facilities for flood control or maintaining a rural agricultural residential common-interest community.

**Sec. 2.** NRS 116.212 is hereby amended to read as follows:

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

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

(a) *The* declarations of common-interest communities which are part of the master association or expressly described in the delegations of power from those common-interest communities to the master association ~~it~~; or

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

3. If the declaration of any common-interest community provides that the executive board may delegate certain powers to a master association, the members of the executive board have no liability for the acts or omissions of the master association with respect to those powers following delegation.

4. The rights and responsibilities of units' owners with respect to the unit-owners' association set forth in NRS 116.3103 to 116.31038, inclusive, 116.3108, 116.3109, 116.311 and 116.3112 apply in the conduct of the affairs of a master association only to persons who elect the board of a master association, whether or not those persons are otherwise units' owners within the meaning of this chapter.

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

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

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

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

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

**Sec. 3.** NRS 116.31032 is hereby amended to read as follows:

116.31032 1. Except as otherwise provided in ~~subsection 2,~~ *this section*, the declaration may provide for a period of declarant's control of the association, during which a declarant, or persons designated by him, may appoint and remove the officers of the association and members of the executive board. Regardless of the period provided in the declaration, a period of declarant's control terminates no later than : ~~the earlier of:~~

(a) Sixty days after conveyance of 75 percent of the units that may be created to units' owners other than a declarant ~~except that if a majority of the units are divided into time shares, the percentage is 80 percent;~~ *or, if the association exercises powers over a common-interest community pursuant to this chapter and a time-share plan pursuant to chapter 119A of NRS, 120 days after conveyance of 80 percent of the units that may be created to units' owners other than a declarant;*

(b) Five years after all declarants have ceased to offer units for sale in the ordinary course of business; or

(c) Five years after any right to add new units was last exercised ~~+~~, *whichever occurs earlier.*

2. A declarant may voluntarily surrender the right to appoint and remove officers and members of the executive board before termination of that period, but in that event the declarant may require, for the duration of the period of declarant's control, that specified actions of the association or executive board, as described in a recorded instrument executed by the declarant, be approved by the declarant before they become effective.

~~2-~~ 3. Not later than 60 days after conveyance of 25 percent of the units that may be created to units' owners other than a declarant, at least one member and not less than 25 percent of the members of the executive board must be elected by units' owners other than the declarant. Not later than 60 days after conveyance of 50 percent of the units that may be created to units' owners other than a declarant, not less than 33 1/3 percent of the members of the executive board must be elected by units' owners other than the declarant.

**Sec. 4.** NRS 116.31038 is hereby amended to read as follows:

116.31038 Within 30 days after units' owners other than the declarant may elect a majority of the members of the executive board, the declarant shall deliver to the association all property of the units' owners and of the association held by or controlled by him, including:

1. The original or a certified copy of the recorded declaration as amended, the association's articles of incorporation if the association is incorporated, bylaws, minute books and other books and records of the association and any rules or regulations which may have been adopted.

2. An accounting for money of the association and financial statements from the date the association received money to the date the period of the

declarant's control ends. The financial statements must fairly and accurately report the association's financial condition prepared in accordance with generally accepted accounting principles.

3. A complete study of the reserves of the association, conducted by a person qualified by training and experience to conduct such a study. At the time the control of the declarant ends, he shall:

(a) Except as otherwise provided in this paragraph, deliver to the association a reserve account that contains the declarant's share of the amounts then due, and control of the account. If the declaration was recorded before October 1, 1999, and, at the time the control of the declarant ends, he has failed to pay his share of the amounts due, the executive board shall authorize the declarant to pay the deficiency in installments for a period of 3 years, unless the declarant and the executive board agree to a shorter period.

(b) Disclose, in writing, the amount by which he has subsidized the association's dues on a per unit or per lot basis.

~~[The provisions of this subsection do not apply to a time share or time share project governed by the provisions of chapter 119A of NRS.]~~

4. The association's money or control thereof.

5. All of the declarant's tangible personal property that has been represented by the declarant as property of the association or, unless the declarant has disclosed in the public offering statement that all such personal property used in the common-interest community will remain the declarant's property, all of the declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the common elements, and inventories of these properties.

6. A copy of any plans and specifications used in the construction of the improvements in the common-interest community which were completed within 2 years before the declaration was recorded.

7. All insurance policies then in force, in which the units' owners, the association, or its directors and officers are named as insured persons.

8. Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the common-interest community other than units in a planned community.

9. Any renewable permits and approvals issued by governmental bodies applicable to the common-interest community which are in force and any other permits and approvals so issued and applicable which are required by law to be kept on the premises of the community.

10. Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective.

11. A roster of owners and mortgagees of units and their addresses and telephone numbers, if known, as shown on the declarant's records.

12. Contracts of employment in which the association is a contracting party.

13. Any contract for service in which the association is a contracting party or in which the association or the units' owners have any obligation to pay a fee to the persons performing the services.

**Sec. 5.** NRS 116.3115 is hereby amended to read as follows:

116.3115 1. Until the association makes an assessment for common expenses, the declarant shall pay all common expenses. After an

assessment has been made by the association, assessments must be made at least annually, based on a budget adopted at least annually by the association in accordance with the requirements set forth in NRS 116.31151. ~~Except for an association for a time share project governed by the provisions of chapter 119A of NRS, and unless~~ Unless the declaration imposes more stringent standards, the budget must include a budget for the daily operation of the association and the money for the reserve required by paragraph (b) of subsection 2.

2. Except for assessments under subsections 4 to 7, inclusive:

(a) All common expenses, including a reserve, must be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to subsections 1 and 2 of NRS 116.2107.

(b) The association shall establish an adequate reserve, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the common elements. The reserve may be used only for those purposes, including, without limitation, repairing, replacing and restoring roofs, roads and sidewalks, and must not be used for daily maintenance.

3. Any past due assessment for common expenses or installment thereof bears interest at the rate established by the association not exceeding 18 percent per year.

4. To the extent required by the declaration:

(a) Any common expense associated with the maintenance, repair, restoration or replacement of a limited common element must be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(b) Any common expense or portion thereof benefiting fewer than all of the units must be assessed exclusively against the units benefited; and

(c) The costs of insurance must be assessed in proportion to risk and the costs of utilities must be assessed in proportion to usage.

5. Assessments to pay a judgment against the association may be made only against the units in the common-interest community at the time the judgment was entered, in proportion to their liabilities for common expenses.

6. If any common expense is caused by the misconduct of any unit's owner, the association may assess that expense exclusively against his unit.

7. The association of a common-interest community created before January 1, 1992, is not required to make an assessment against a vacant lot located within the community that is owned by the declarant.

8. If liabilities for common expenses are reallocated, assessments for common expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated liabilities.

9. The association shall provide written notice to the owner of each unit of a meeting at which an assessment for a capital improvement or the commencement of a civil action is to be considered or action is to be taken on such an assessment at least 21 calendar days before the meeting. Except as otherwise provided in this subsection, the association may commence a civil action only upon a vote or written agreement of the owners of units to which at least a majority of the votes of the members of the association are

allocated. The provisions of this subsection do not apply to a civil action that is commenced:

(a) ~~By an association for a time share project governed by the provisions of chapter 119A of NRS;~~

~~(b)~~ To enforce the payment of an assessment;

~~(c)~~ (b) To enforce the declaration, bylaws or rules of the association;

~~(d)~~ (c) To proceed with a counterclaim; or

~~(e)~~ (d) To protect the health, safety and welfare of the members of the association. If a civil action is commenced pursuant to this paragraph without the required vote or agreement, the action must be ratified within 90 days after the commencement of the action by a vote or written agreement of the owners of the units to which at least a majority of votes of the members of the association are allocated. If the association, after making a good faith effort, cannot obtain the required vote or agreement to commence or ratify such a civil action, the association may thereafter seek to dismiss the action without prejudice for that reason only if a vote or written agreement of the owners of the units to which at least a majority of votes of the members of the association are allocated was obtained at the time the approval to commence or ratify the action was sought.

10. At least 10 days before an association commences or seeks to ratify the commencement of a civil action, the association shall provide a written statement to all units' owners that includes:

(a) A reasonable estimate of the costs of the civil action, including reasonable attorney's fees;

(b) An explanation of the potential benefits of the civil action and the potential adverse consequences if the association does not commence the action or if the outcome of the action is not favorable to the association; and

(c) All disclosures that are required to be made upon the sale of the property.

11. No person other than a unit's owner may request the dismissal of a civil action commenced by the association on the ground that the association failed to comply with any provision of this section.

**Sec. 6.** NRS 116.4102 is hereby amended to read as follows:

116.4102 1. Except as otherwise provided in subsection 2, a declarant, before offering any interest in a unit to the public, shall prepare a public offering statement conforming to the requirements of NRS 116.4103 to 116.4106, inclusive.

2. A declarant may transfer responsibility for *the* preparation of all or a part of the public offering statement to a successor declarant ~~or~~ *pursuant to* NRS 116.3104 and 116.31043, ~~or~~ or to a dealer who intends to offer units in the common-interest community. In the event of any such transfer, the transferor shall provide the transferee with any information necessary to enable the transferee to fulfill the requirements of subsection 1.

3. Any declarant or dealer who offers a unit to a purchaser shall deliver a public offering statement in the manner prescribed in subsection 1 of NRS 116.4108. The declarant or his transferee under subsection 2 is liable under NRS 116.4108 and 116.4117 for any false or misleading statement set forth therein or for any omission of a material fact therefrom with respect to that portion of the public offering statement which he prepared.

If a declarant or dealer did not prepare any part of a public offering statement that he delivers, he is not liable for any false or misleading statement set forth therein or for any omission of a material fact therefrom unless he had actual knowledge of the statement or omission or, in the exercise of reasonable care, should have known of the statement or omission.

4. If a unit is part of a common-interest community and is part of any other real estate in connection with the sale of which the delivery of a public offering statement is required under the laws of this state, a single public offering statement conforming to the requirements of NRS 116.4103 to 116.4106, inclusive, as those requirements relate to the real estate in which the unit is located, and to any other requirements imposed under the laws of this state, may be prepared and delivered in lieu of providing two or more public offering statements. ~~Except as otherwise provided in NRS 119A.165, if~~ If the requirements of this chapter conflict with those of another law of this state, the requirements of this chapter prevail.

**Sec. 7.** NRS 116.4109 is hereby amended to read as follows:

116.4109 1. Except in the case of a sale in which delivery of a public offering statement is required, or unless exempt under subsection 2 of NRS 116.4101, a unit's owner shall furnish to a purchaser before execution of any contract for sale of a unit, or otherwise before conveyance:

(a) A copy of the declaration, other than any plats and plans, the bylaws, the rules or regulations of the association and ~~except for a time share governed by the provisions of chapter 119A of NRS,~~ the information statement required by NRS 116.41095;

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

(c) The current operating budget of the association and a financial statement for the association; and

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

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

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

**Sec. 8.** Chapter 119A of NRS is hereby amended by adding thereto the provisions set forth as sections 9 to 31, inclusive, of this act.

**Sec. 9.** *"Affiliate of the manager" means any person who controls, is controlled by or is under common control with a manager, including a person who:*



1. *Is a general partner, officer, director or employer of the manager;*
2. *Directly or indirectly or acting in concert with one or more persons, or through one or more subsidiaries, owns, controls, or holds with the power to vote more than 20 percent of the voting interest in the manager;*

3. *Controls the election of a majority of the directors of the manager; or*

4. *Has contributed more than 20 percent of the capital of the manager.*

**Sec. 10.** *“Association” means an association of owners established pursuant to NRS 119A.520.*

**Sec. 11.** *“Board” means the governing body designated in a time-share instrument to act on behalf of an association.*

**Sec. 12.** *“Common area” means those portions of a project other than the units. The term includes any easement which benefits the project.*

**Sec. 13.** *“Developer’s reserved rights” means any right reserved in a time-share instrument for the benefit of the developer, the exercise of which does not require a vote of the other owners.*

**Sec. 14.** *“Limited common area” means a portion of the common area allocated by a time-share instrument for the exclusive use of at least one, but not all, of the units in a project.*

**Sec. 15.** *“Manager” means a person who undertakes, directly or indirectly, the duties, responsibilities and obligations of managing, in whole or in part, a time-share plan or a project, or both, in accordance with an agreement entered into pursuant to NRS 119A.530.*

**Sec. 16.** *“Permanent identifying number” means a series of numbers or letters, or any combination thereof, which identifies, for the duration of a time-share plan, one time share in the plan.*

**Sec. 17.** *“Time-share plan” means the rights to time shares and the obligations and interests appurtenant thereto created by a time-share instrument.*

**Sec. 18.** 1. *A building code may not impose any requirements upon any structure in a project which it would not impose upon a physically identical development under a different form of ownership.*

2. *Except as otherwise provided in subsection 1, the provisions of this chapter do not invalidate or modify any provision of any building code or zoning, subdivision or other law, ordinance, rule or regulation governing the use of real estate.*

**Sec. 19.** 1. *Except as otherwise provided in subsection 2 and subject to the provisions of the time-share instrument and other provisions of law, a developer may, with the prior approval of the division, relocate the boundaries between adjoining units by amending the provisions of the time-share instrument and any recorded map or plat relating thereto.*

2. *A developer may relocate the boundaries between adjoining units without the prior approval of the division if:*

- (a) *The relocation is necessary to comply with the law; or*

- (b) *No time share attributable to either of the adjoining units is owned by a purchaser.*



**Sec. 20.** *The provisions of this chapter and chapter 645 of NRS relating to real estate brokers and sales agents do not apply to an owner, other than a developer, who, for compensation, refers prospective purchasers to a developer or an employee or agent of the developer, if the owner:*

*1. Refers to the developer or an employee or agent of the developer, or any combination thereof, not more than 20 prospective purchasers within any 1 calendar year; and*

*2. Does not show a unit to the prospective purchaser, discuss with the prospective purchaser the terms and conditions of the purchase or otherwise participate in negotiations relating to the sale of the time share.*

**Sec. 21.** *If a time-share instrument authorizes the developer to withdraw units from the time-share plan, any unit that is subject to withdrawal may not be withdrawn if a time share attributable to that unit is owned by a purchaser.*

**Sec. 22.** *A description of a time share is a legally sufficient description of the time share and all rights, obligations and interests appurtenant to that time share that were created by the time-share plan if the description includes, without limitation:*

*1. The name under which the time-share plan is registered with the division;*

*2. The county in which the project is located;*

*3. Information which indicates where the time-share instruments are recorded; and*

*4. The permanent identifying number of the time share as set forth in the time-share instruments.*

**Sec. 23.** *1. Except as otherwise provided in this section, a time-share instrument may provide for a period of the developer's control of an association during which the developer, or a person designated by him, may appoint and remove the officers of the association and the members of the board. Regardless of the period provided in the time-share instrument, the period of the developer's control of the association terminates no later than:*

*(a) One hundred and twenty days after conveyance of 80 percent of the time shares that may be created by the time-share instrument to owners other than the developer;*

*(b) Five years after the developer has ceased to offer time shares for sale in the ordinary course of business; or*

*(c) Five years after any right to add new time shares was last exercised, whichever occurs earlier.*

*2. A developer may voluntarily surrender the right to appoint and remove officers and members of the board before the end of the period provided for in subsection 1 by executing and recording with the time-share instrument a written instrument declaring the surrender. If such an instrument is recorded, the developer may require that, for the duration of the period of the developer's control, specified actions of the association or board, as described in the recorded instrument, be approved by the developer before they become effective.*

3. Not later than 60 days after conveyance of 25 percent of the time shares that may be created pursuant to the time-share instrument to owners other than the developer, at least one member and not less than 25 percent of the members of the board must be elected by owners other than the developer. Not later than 60 days after conveyance of 50 percent of the time shares that may be created pursuant to the time-share instrument to owners other than the developer, not less than 33 1/3 percent of the members of the board must be elected by owners other than the developer.

**Sec. 24.** 1. Notwithstanding any provision of a time-share instrument or the bylaws of an association to the contrary, the owners, by a two-thirds vote of all persons present, in person or by proxy, who are entitled to vote at any meeting of the owners at which a quorum is present, may remove any member of the board, with or without cause, other than a member appointed by the developer.

2. If a member of the board is sued for liability for actions undertaken in his role as a member of the board, the association shall indemnify him for his losses or claims, and undertake all costs of defense, unless it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof, the association is no longer liable for the costs of defense, and may recover from the member of the board who so acted, costs already expended. Members of the board are not personally liable to the victims of crimes occurring on the project. Punitive damages may not be recovered against the association, but may be recovered from persons whose activity gave rise to the damages.

**Sec. 25.** 1. Unless the bylaws of an association specify a larger percentage, a quorum is present throughout any meeting of the association if persons entitled to cast 10 percent of the votes that may be cast are present in person or by proxy at the beginning of the meeting.

2. Unless the bylaws of an association provide otherwise, a quorum shall be deemed to be present throughout a meeting of the board if persons entitled to cast a majority of the votes on that board are present at the beginning of the meeting.

**Sec. 26.** 1. The board of an association shall:

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

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

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

2. The study required by subsection 1 must be conducted by a person qualified by training and experience to conduct such a study, including a member of the board or the manager of the time-share plan or the project, or both, who is so qualified. The study must include, without limitation:

(a) A summary of an inspection of the major components of the project;

*(b) An identification of the major components of the project which have a remaining useful life of less than 30 years;*

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

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

*(e) An estimate of the total annual assessment that may be required to cover the cost of repairing, replacing or restoring the major components identified pursuant to paragraph (b), after subtracting the reserves of the association as of the date of the study.*

*3. The administrator shall adopt by regulation the qualifications required for conducting a study required by subsection 1.*

*Sec. 27. An association, upon the receipt of a written request, shall furnish to an owner or any lender who has a security interest in a time share or the project, a statement setting forth the amount of unpaid assessments made against the owner's time share. The statement must be furnished within 10 business days after receipt of the request and is binding on the association, the board and every owner.*

*Sec. 28. A developer's reserved rights may include, without limitation, the right to:*

*1. Add units or real estate to, and withdraw units or real estate from, a time-share plan.*

*2. Create units, a common area or a limited common area within the project.*

*3. Subdivide units or convert units into a common area.*

*4. Make and complete improvements to the project.*

*5. Maintain sales offices, management offices and signs for advertising the time-share plan, project and models.*

*6. Enter into a subsidy agreement with the association in lieu of paying the assessments allocated to the time shares owned by the developer.*

*7. Provide for the establishment of a master association, as defined in NRS 116.110358.*

*8. Merge or consolidate a time-share plan with another time-share plan which has the same form of ownership.*

*9. Relocate boundaries between adjoining units in accordance with the provisions of this chapter.*

*Sec. 29. 1. A person who wishes to engage in the business of, act in the capacity of, advertise or assume to act as a manager shall register with the division on a form prescribed by the division.*

*2. The form for registration must include, without limitation:*

*(a) The registered name of the time-share plan or the project, or both, that the manager will manage;*

*(b) The address and telephone number of the manager's principal place of business;*

*(c) The social security number of the manager; and*

*(d) The name of the manager's responsible managing employee.*

*3. The form for registration must be accompanied by:*

*(a) Satisfactory evidence, acceptable to the division, that the manager and his employees have obtained fidelity bonds in accordance with regulations adopted by the division; and*

*(b) The statement required pursuant to NRS 119A.263.*

*4. The division may collect a fee for registering a manager in an amount not to exceed the administrative costs of registering the manager.*

*5. As used in this section, “responsible managing employee” means the person designated by the manager to:*

*(a) Make technical and administrative decisions in connection with the manager’s business; and*

*(b) Hire, superintend, promote, transfer, lay off, discipline or discharge other employees or recommend such action on behalf of the manager.*

**Sec. 30.** *1. A manager who enters into or renews an agreement that must comply with the provisions of subsection 3 of NRS 119A.530 shall submit to the association and to the division a disclosure statement that contains a description of any arrangement made by the manager or an affiliate of the manager relating to:*

*(a) The resale of time shares on behalf of the association or its members;*

*(b) Actions taken for the collection of assessments and the foreclosure of liens on behalf of the association or its members;*

*(c) The exchange or rental of time shares owned by the association or its members; and*

*(d) The use of the names of the members of the association for purposes unrelated to the duties of the association as set forth in the time-share instrument and this chapter.*

*2. The disclosure statement must be:*

*(a) Submitted annually at a time designated by the administrator and at least 120 days before any date on which the agreement is automatically renewed.*

*(b) Signed by the manager or an authorized representative of the manager under penalty of perjury.*

*3. The administrator shall adopt regulations prescribing the form and contents of the disclosure statements required by this section.*

**Sec. 31.** *1. It is unlawful for any person to display or deliver to prospective purchasers of time shares promotional material that describes or portrays an improvement that has not been made to the project unless the improvement is conspicuously labeled or identified with the phrase “MUST BE BUILT” or “NEED NOT BE BUILT” or with other similar language approved by the division.*

*2. A developer shall construct and complete any improvement to a project that is described or portrayed in promotional material for the sale of time shares unless the improvement is labeled or identified as “NEED NOT BE BUILT” or with other similar language approved by the division.*

**Sec. 32.** NRS 119A.010 is hereby amended to read as follows:

119A.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 119A.020 to 119A.160,

inclusive, *and sections 9 to 17, inclusive, of this act*, have the meanings ascribed to them in those sections.

**Sec. 33.** NRS 119A.030 is hereby amended to read as follows:

119A.030 ~~“Affiliate”~~ *“Affiliate of the developer”* means any person who controls, is controlled by or is under common control with a developer, including a person who:

1. Is a general partner, officer, director or employer of the developer;
2. Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with the power to vote, or holds proxies representing more than 20 percent of the voting interest in the developer;
3. Controls the election of a majority of the directors of the developer; or
4. Has contributed more than 20 percent of the capital of the developer.

**Sec. 34.** NRS 119A.056 is hereby amended to read as follows:

119A.056 “Owner” means a ~~purchaser who is the equitable or legal owner of a time share.~~ *person, including a developer, who has an equitable or legal interest in a time share. The term does not include a person who has an interest in a time share solely as security for an obligation.*

**Sec. 35.** NRS 119A.080 is hereby amended to read as follows:

119A.080 “Project” means the real property ~~in which time shares are created by a single instrument or set of instruments.~~ *which, in whole or in part, is the subject of a time-share plan.*

**Sec. 36.** NRS 119A.090 is hereby amended to read as follows:

119A.090 “Project broker” means any person who coordinates the sale of time shares for a time-share ~~project~~ *plan* and to whom sales agents and representatives are responsible.

**Sec. 37.** NRS 119A.100 is hereby amended to read as follows:

119A.100 “Public offering statement” means a report, issued by the administrator pursuant to the provisions of this chapter, which authorizes a developer to offer to sell or sell time shares in the ~~project~~ *time-share plan* which is the subject of the report.

**Sec. 38.** NRS 119A.140 is hereby amended to read as follows:

119A.140 “Time share” means the right to use and occupy a unit on a recurrent periodic basis according to an arrangement allocating this right among various ~~time share~~ owners whether or not there is an additional charge to the ~~time share~~ owner for occupying the unit.

**Sec. 39.** NRS 119A.160 is hereby amended to read as follows:

119A.160 “Unit” means that portion of a project which is designated for separate ~~use~~ *occupancy*.

**Sec. 40.** NRS 119A.170 is hereby amended to read as follows:

119A.170 1. The provisions of this chapter, except subsection 4, do not apply to:

- (a) The sale of 12 or fewer time shares in a ~~time share~~ project or the sale of 12 or fewer time shares in the same subdivision;
- (b) The sale or transfer of a time share by an owner who is not the developer, unless the time share is sold in the ordinary course of business of that owner;

(c) Any transfer of a time share ~~by~~ :

*(1) By deed in lieu of foreclosure ~~for as a result of foreclosure of the time share~~ ;*

*(2) At a foreclosure sale; or*

*(3) By the resale of a time share that has been acquired by an association by deed in lieu of foreclosure or at a foreclosure sale;*

(d) A gratuitous transfer of a time share;

(e) A transfer by devise or descent or a transfer to an inter vivos trust; or

(f) The sale or transfer of the right to use and occupy a unit on a periodic basis which recurs over a period of less than 5 years, unless the method of disposition is adopted ~~for the purpose of evading~~ *to evade* the provisions of this chapter ~~or chapter 645 of NRS.~~

2. Any campground or developer ~~which~~ *who* is subject to the requirements of chapter 119B of NRS and complies with those provisions is not required to comply with the provisions of this chapter.

3. The division may ~~from time to time, pursuant to regulations adopted by it, exempt from any of the provisions~~ *waive any provision* of this chapter ~~any other sale, transfer or disposition of a time share~~ if it finds that the enforcement of ~~this chapter with respect to such a transaction~~ *that provision* is not necessary in the public interest ~~and~~ *or* for the protection of purchasers.

4. The provisions of chapter 645 of NRS apply to the sale of time shares, except any sale of a time share to which this chapter applies, and for that purpose the terms "real property" and "real estate" as used in chapter 645 of NRS shall be deemed to include a time share, whether it is an interest in real property or merely a contractual right to occupancy.

**Sec. 41.** NRS 119A.180 is hereby amended to read as follows:

119A.180 1. A ~~time share owner~~ *purchaser* shall not be deemed to hold an investment contract, nor shall his purchase be considered risk capital, because income derived from the ~~time share~~ project and any personal property available for use by the ~~time share owner~~ *purchaser* in conjunction therewith reduces the assessment for time-share expenses, if the income inures directly to the benefit of the association and not to his direct benefit.

*2. An interest in a time share is not a security under the provisions of chapter 90 of NRS.*

**Sec. 42.** NRS 119A.200 is hereby amended to read as follows:

119A.200 Time shares , ~~and~~ time-share *plans and* projects to which this chapter applies are subject to licensing by local governments for revenue but not for regulation.

**Sec. 42.5.** NRS 119A.250 is hereby amended to read as follows:

119A.250 1. ~~All registrations~~ *The registration of a representative* issued pursuant to this chapter ~~expire~~ *expires* 1 year after ~~their~~ *its* issuance.

2. Each representative who submits the statement required pursuant to NRS 119A.263 and meets the requirements for renewal adopted by the division may renew his registration upon the payment of the annual renewal fee before the expiration of his registration.

3. If a representative fails to pay the annual renewal fee before the expiration of his registration, the registration may be reinstated upon the

submission of the statement and payment of the reinstatement fee in addition to the annual renewal fee. A registration may be reinstated under this subsection only if the statement is submitted and the fees are paid within 1 year after the registration expires.

4. A representative issued a registration shall not change his association to another developer or change his location with the same developer unless he has obtained from the division a transfer of his registration for its unexpired term. An application to the division for the transfer of his registration for the unexpired term must be accompanied by the fee specified in NRS 119A.360 for the transfer of registration.

**Sec. 43.** NRS 119A.260 is hereby amended to read as follows:

119A.260 1. A representative shall not negotiate or make representations concerning the merits or value of a time-share *plan or a project*. He may only induce and solicit persons to attend promotional meetings for the sale of time shares and distribute information ~~approved by the division~~ *on behalf of a developer*.

2. The representative's activities must strictly conform to the methods for the procurement of prospective purchasers which have been approved by the division.

3. The representative shall comply with the same standards for conducting business as are applied to real estate brokers and salesmen pursuant to chapter 645 of NRS and the regulations adopted pursuant thereto.

*4. A representative shall not make targeted solicitations of purchasers or prospective purchasers of time shares in another project. A developer or project broker shall not pay or offer to pay a representative a bonus or other type of special compensation to engage in such activity.*

**Sec. 44.** NRS 119A.263 is hereby amended to read as follows:

119A.263 1. An applicant for the issuance or renewal of a sales agent's license or registration as a representative *or manager* shall submit to the administrator the statement prescribed by the welfare division of the department of human resources pursuant to NRS 425.520. The statement must be completed and signed by the applicant.

2. The administrator shall include the statement required pursuant to subsection 1 in:

(a) The application or any other forms that must be submitted for the issuance or renewal of the license or registration; or

(b) A separate form prescribed by the administrator.

3. A sales agent's license or registration as a representative *or manager* may not be issued or renewed by the administrator if the applicant:

(a) Fails to complete or submit the statement required pursuant to subsection 1; or

(b) Indicates on the statement submitted pursuant to subsection 1 that he is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order.

4. If an applicant indicates on the statement submitted pursuant to subsection 1 that he is subject to a court order for the support of a child and



is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order, the administrator shall advise the applicant to contact the district attorney or other public agency enforcing the order to determine the actions that the applicant may take to satisfy the arrearage.

**Sec. 45.** NRS 119A.266 is hereby amended to read as follows:

119A.266 1. If the administrator receives a copy of a court order issued pursuant to NRS 425.540 that provides for the suspension of all professional, occupational and recreational licenses, certificates and permits issued to a person who has been issued a sales agent's license or has been registered as a representative ~~+~~ *or manager*, the administrator shall deem the license or registration to be suspended at the end of the 30th day after the date on which the court order was issued unless the administrator receives a letter issued to the holder of the license or registration by the district attorney or other public agency pursuant to NRS 425.550 stating that the holder of the license or registration has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.

2. The administrator shall reinstate a sales agent's license or the registration of a representative *or manager* that has been suspended by a district court pursuant to NRS 425.540 if the administrator receives a letter issued by the district attorney or other public agency pursuant to NRS 425.550 to the person whose license or registration was suspended stating that the person whose license or registration was suspended has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.

**Sec. 46.** NRS 119A.300 is hereby amended to read as follows:

119A.300 Except as *otherwise* provided in NRS 119A.310, the administrator shall issue a public offering statement and a permit to sell time shares to each applicant who:

1. Submits an application, in the manner provided by the division, which includes:

- (a) The name and address of the project broker;
- (b) A copy of ~~the document in which the time share project is created;~~ *each time-share instrument that relates to the time-share plan;*
- (c) A preliminary title report for the ~~time-share~~ project and copies of the documents listed as exceptions in the report;
- (d) Copies of any other documents which relate to the *time-share plan or the* project, including any contract, agreement or other document to be used to establish and maintain an association ~~of time-share owners~~ and to provide for the management of *the time-share plan or* the project ~~+~~ *, or both;*
- (e) Copies of instructions for escrow, deeds, sales contracts and any other documents that will be used in the sale of the time shares;
- (f) A copy of any proposed trust agreement which establishes a trust for the time-share *plan or the* project ~~+~~ *, or both;*
- (g) Documents which show the current assessments for property taxes on the ~~time-share~~ project;
- (h) Documents which show compliance with local zoning laws;

(i) If the units ~~in the time-share project~~ *which are the subject of the time-share plan* are in a condominium project, or other form of ~~community~~ *common-interest* ownership of property, documents which show that use of the units ~~in a time-share project~~ is in compliance with the documents which created the ~~community~~ *common-interest* ownership;

(j) Copies of all documents which will be given to a purchaser who is interested in participating in a program for the exchange of occupancy rights among ~~time-share~~ owners and copies of the documents which show acceptance of the time-share ~~project~~ *plan* in such a program;

(k) A copy of the budget or a projection of the operating expenses of the association, if applicable;

(l) A financial statement of the developer; and

(m) Such other information as the division, by regulation, requires; and

2. Pays the fee provided for in this chapter.

**Sec. 47.** NRS 119A.305 is hereby amended to read as follows:

119A.305 The terms and conditions of the documents and agreements submitted pursuant to NRS 119A.300 which relate to the creation and management of the time-share ~~project~~ *plan* and to the sale of time shares and to which the applicant or an affiliate of the applicant is a party must be described in the public offering statement and constitute additional terms and conditions of the applicant's permit to sell time shares.

**Sec. 48.** NRS 119A.310 is hereby amended to read as follows:

119A.310 1. The administrator shall deny an application for a permit to sell time shares if he finds that:

(a) The developer failed to comply with any of the provisions of this chapter or the regulations adopted by the division; or

(b) The developer, any ~~of its affiliates~~ *affiliate of the developer* or any officer of the developer or an affiliate ~~of the developer~~ *of the developer*, has:

(1) Been convicted of or pleaded nolo contendere to forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud or other crime involving moral turpitude;

(2) Been the subject of a judgment in any civil or administrative action, including a proceeding to revoke or suspend a license, involving fraud or dishonesty;

(3) Been permanently enjoined by a court of competent jurisdiction from selling real estate, time shares or securities in an unlawful manner;

(4) Had a registration as a broker-dealer in securities or a license to act as a real estate broker or salesman, project broker or sales agent revoked;

(5) Been convicted of or pleaded nolo contendere to selling time shares without a license; or

(6) Had a permit to sell time shares, securities or real estate revoked.

2. The administrator may deny an application for a permit to sell time shares if he finds that the developer, or any ~~of its affiliates~~ *affiliate of the developer*, has failed to offer satisfactory proof that it has a good reputation for honesty, trustworthiness, integrity and competence to transact the business of a developer in a manner which safeguards the interests of the public.

3. The burden of proof is on the developer to establish to the satisfaction of the division that ~~it~~ *he* is qualified to receive a license.

**Sec. 49.** NRS 119A.340 is hereby amended to read as follows:

119A.340 If a ~~time-share~~ project has not been completed before the issuance of a permit to sell time shares, the permit must state the estimated date of completion and:

1. The developer shall deliver to the agency a bond in an amount and upon terms approved by the division to assure completion of the ~~time-share~~ project free of any liens, which is payable to the division for the benefit of the purchasers of the time-share property and which remains in effect until the ~~time-share~~ project is completed free of all liens;

2. A cash deposit to cover the estimated costs of completing the ~~time-share~~ project must be deposited with an escrow agent under an agreement which is approved by the division; or

3. ~~Any~~ *The developer shall make any* other arrangement which is approved by the division.

**Sec. 50.** NRS 119A.355 is hereby amended to read as follows:

119A.355 1. A permit must be renewed annually by the developer by filing an application with and paying the fee for renewal to the administrator. The application must be filed and the fee paid not later than 30 days before the date on which the permit expires. The application must include the budget of the association ~~of time-share owners or the budget of the developer, if there is no association,~~ and any change that has occurred in the information previously provided to the administrator or in a statement of disclosure provided to a prospective purchaser pursuant to the provisions of NRS 119A.400.

2. The renewal is effective on the 30th day after the filing of the application unless the administrator:

(a) Denies the renewal pursuant to NRS 119A.654 or for any other reason;

(b) Approves the renewal on an earlier date.

**Sec. 50.5.** NRS 119A.360 is hereby amended to read as follows:

119A.360 1. The division shall collect the following fees at such times and upon such conditions as it may provide by regulation:

Application fee for preliminary permit to sell time shares .....	\$250
Application fee for registration of representative .....	65
For renewal of registration of representative .....	65
Application fee for transfer of registration of representative to different developer or location .....	20
For reinstatement of registration of representative .....	25
For each permit to sell time shares, per subdivision .....	500
For each amendment to a public offering statement after the issuance of the report .....	100
For renewal of a permit .....	500

2. Each developer shall pay an additional fee for each time share he sells in a time-share ~~project~~ *plan* over 50 pursuant to the following schedule:

Number of time shares	Amount to be paid per time share
51-250 .....	\$5.00
251-500 .....	4.00
501-750 .....	3.00
751-1500 .....	2.50
over 1500 .....	1.00

3. Except for the fees relating to the registration of a representative, the administrator may reduce the fees established by this section if the reduction is equitable in relation to the costs of carrying out the provisions of this chapter.

**Sec. 51.** NRS 119A.370 is hereby amended to read as follows:

119A.370 1. A time share must not be advertised or offered for sale within this state until the advertisement or offering is ~~approved by~~ **filed with** the division.

2. Each ~~advertisement must contain the processing number assigned to it by the division.~~

~~3. Each application for the approval of advertising~~ **such filing** must:

- (a) Include the form and content of advertising to be used;
- (b) Include the nature of the offer of gifts or other free benefits to be extended;
- (c) Include the nature of promotional meetings involving any person or act described in NRS 119A.300; and
- (d) Be accompanied by a filing fee of not more than \$200, to be established by the division.

~~4. The division shall render a decision upon an application for the approval of advertising or an offer for sale within 30 days after the date the application is filed.~~

**Sec. 52.** NRS 119A.380 is hereby amended to read as follows:

119A.380 1. Each time-share ~~project~~ **plan** must be created by ~~a time share instrument which provides:~~

~~1. one or more time-share instruments.~~

2. **A time-share instrument must provide:**

(a) A legal description **and the physical address** of the ~~time share project;~~

~~2. project;~~

(b) The name ~~and location~~ of the time-share ~~project;~~

~~3. plan;~~

(c) A system ~~of identification of the time periods by letter, name, number or any combination thereof;~~

~~4. for establishing the permanent identifying numbers of the time shares;~~

(d) For assessment of the expenses of the time-share ~~project~~ **plan** and an allocation of those expenses among the time shares ~~and the~~ ;

(e) **The** voting rights which are assigned to each time share;

~~5. A~~

(f) **If applicable, the** procedure to add units **and other real estate** to , **and to withdraw units and other real estate from,** the time-share ~~project;~~

~~6.1~~ *plan, and the method of reallocating expenses among the time shares after any such addition or withdrawal;*

*(g) The maximum number of time shares that may be created under the time-share plan;*

*(h) For selection of the trustee for insurance which is required to be maintained by the association or the developer;*

~~7.1~~ *(i) For maintenance of the ~~time share units;~~*  
~~8.1~~ *units;*

~~9.1~~ *(j) For management of the time-share ~~project;~~*  
~~10.1~~ *plan;*

*(k) A procedure to amend the time-share instrument; and*

~~11.1~~ *(l) The rights of the purchaser relating to the occupancy of the ~~time share~~ unit.*

*3. A time-share instrument may provide for:*

*(a) The developer's reserved rights;*

*(b) Cumulative voting, but only for the purpose of electing the members of the board; and*

*(c) The establishment of:*

*(1) Separate voting classes based on the size or type of unit to which the votes are allocated; and*

*(2) A separate voting class for the developer during the period in which the developer is in control.*

*4. The provisions of a time-share instrument are severable.*

*5. The rule against perpetuities and NRS 111.103 to 111.1039, inclusive, do not apply to defeat any provisions of a time-share instrument.*

**Sec. 53.** NRS 119A.430 is hereby amended to read as follows:

119A.430 Escrow may not be closed unless the developer has provided satisfactory evidence to the administrator that:

1. The project is free and clear of any blanket encumbrance;

2. Each person who holds an interest in the blanket encumbrance has executed an agreement, approved by the administrator, to subordinate his rights to the rights of the purchaser;

3. Title to the ~~time share~~ project has been conveyed to a trustee;

4. All holders of a lien recorded against the project have recorded an instrument providing for the release and reconveyance of each time share from the lien upon the payment of a specified sum or the performance of a specified act;

5. ~~He~~ *The developer* has obtained and recorded ~~a~~ *one or more* binding nondisturbance ~~agreement~~ *agreements* acceptable to the administrator, *that:*

*(a) Are* executed by ~~himself and~~ *the developer*, all holders of a lien recorded against the project ~~[which provides that subsequent owners or foreclosing holders of a lien take title to the project subject to the rights of prior purchasers provided in the contracts]~~ *and any other person whose interest in the project could defeat the rights or interests of any purchaser under the time-share instrument or contract of sale; and*

*(b) Provide that any person whose interest in the project could defeat the rights or interests of any purchaser under the time-share instrument*

*or contract of sale takes title to the project subject to the rights of the purchasers; or*

6. Alternative arrangements have been made which are adequate to protect the rights of the purchasers of the time shares and approved by the administrator.

**Sec. 54.** NRS 119A.450 is hereby amended to read as follows:

119A.450 1. A contract for the sale of a time share or any other evidence of an obligation to purchase a time share must provide in 12-point bold type that the purchaser is relieved of all obligations under the contract if his interests are defeated because of the foreclosure of liens against the project. The provisions of this subsection do not apply to any ~~time-share~~ project which meets any one of the requirements of subsections 1 to 5, inclusive, of NRS 119A.430.

2. If a developer or owner is in default on a blanket encumbrance, he may not sell or pledge any of the notes or contracts of sale given in payment of the time shares purchased from him.

**Sec. 55.** NRS 119A.460 is hereby amended to read as follows:

119A.460 If a trust is created pursuant to a requirement of this chapter, the:

1. Trustee must be approved by the administrator.
2. Trust must be irrevocable, unless otherwise provided by the division.
3. Trustee must not be permitted to encumber the property unless permission to do so has been given by the division.
4. Association or each ~~time-share~~ owner must be made a third-party beneficiary.
5. Trustee must be required to give at least 30 days' notice in writing of his intention to resign to the association, if it has been formed, and to the division, and the division must approve a substitute trustee before the resignation of the trustee may be accepted.

**Sec. 56.** NRS 119A.470 is hereby amended to read as follows:

119A.470 1. If title to a ~~time-share~~ project is conveyed to a trustee pursuant to subsection 3 of NRS 119A.430, before escrow closes for the sale of the first time share, the developer must provide the division with satisfactory evidence that:

- (a) Title to the project has been conveyed to the trustee.
- (b) All proceeds received by the developer from the sales of time shares are being delivered to the trustee and deposited in a fund which has been established to provide for the payment of any taxes, costs of insurance or the discharge of any lien recorded against the project.
2. The trustee shall pay the charges against the trust in the following order:
  - (a) Trustee's fees and costs.
  - (b) Payment of taxes.
  - (c) Payments due any holder of a lien recorded against the project.
  - (d) Any other payments authorized by the document creating the trust.
3. The administrator may inspect the records relating to the trust at any reasonable time.

**Sec. 57.** NRS 119A.4771 is hereby amended to read as follows:

119A.4771 1. A person who , *on behalf of an owner other than a developer*, wishes to list, advertise *or promote* for resale, *or* solicit prospective purchasers of, ~~promote or resell~~ 12 or more time shares that were previously sold must:

(a) Be licensed as a real estate broker pursuant to the provisions of chapter 645 of NRS; and

(b) Register as a time-share resale broker with the division by completing a form for registration provided by the division.

2. A time-share resale broker shall renew his registration with the division annually on a form provided by the division.

3. Unless the method of resales of time shares is made to evade the provisions of this chapter, a person is not required to register as a time-share resale broker if the person:

(a) Has acquired fewer than 12 time shares and ~~who~~ later resells or offers to resell one or more of those time shares; or

(b) Is a project broker who resells or offers to resell a time share in a project as an agent for a developer who holds a permit for the project.

**Sec. 57.5.** NRS 119A.4773 is hereby amended to read as follows:

119A.4773 1. A time share must not be advertised or offered for resale within this state until the advertisement or offering is ~~approved by~~ *filed with* the division.

2. Each ~~advertisement must contain the processing number assigned to it by the division~~

~~3. Each application for the approval of advertising~~ *such filing* must include:

(a) The form and content of advertising to be used;

(b) The nature of the offer of gifts or other free benefits to be extended; and

(c) The nature of promotional meetings involving any person or act described in NRS 119A.300.

~~4. The division shall render a decision upon an application for the approval of advertising or an offer for resale within 30 days after the date the application is filed.~~

**Sec. 58.** NRS 119A.4775 is hereby amended to read as follows:

119A.4775 1. Before a purchaser signs any contract to purchase a time share that is offered for resale, the person who is reselling the time share , *other than a developer*, shall disclose by a written document separate from the contract to purchase a time share:

(a) The period during which the purchaser may use the time share;

(b) A legal description of the interest in the time share;

(c) The earliest date that the prospective purchaser may use the time share;

(d) The name, address and telephone number of the agent managing the time-share *plan and the* project;

(e) The place where the documents of formation of the association and documents governing the time-share *plan and the* project may be obtained;

(f) The amount of the annual assessment of the association of the time share for the current fiscal year, if any;



(g) Whether all assessments against the time share are paid in full, and the consequences of failure to pay any assessment;

(h) Whether participation in any program for the exchange of occupancy rights among ~~time-share~~ owners or with the owners of time shares in other time-share ~~properties~~ *plans* is mandatory; and

(i) Any other information required to be disclosed pursuant to the regulations adopted by the administrator pursuant to subsection 2.

2. The administrator shall adopt regulations prescribing the form and contents of the disclosure statement described in this section.

**Sec. 59.** NRS 119A.490 is hereby amended to read as follows:

119A.490 1. Any proposed amendment by the developer of the provisions of ~~the document which created the time-share project~~ *a time-share instrument* must be filed with the division.

2. Unless the division notifies the developer of its disapproval within 15 days, the amendments shall be deemed to be approved by the division.

**Sec. 60.** NRS 119A.500 is hereby amended to read as follows:

119A.500 No action for partition of a ~~time share~~ unit may be maintained except as provided in the time-share instrument. If a time share is owned by two or more persons, an action may be brought for the judicial sale of the time share. A provision for the waiver or subordination of the right of partition or any other right characteristic of a tenancy in common is valid.

**Sec. 61.** NRS 119A.510 is hereby amended to read as follows:

119A.510 If a unit is unavailable for a period to which the owner is entitled by schedule or by confirmed reservation, the owner is entitled to be provided by the association : ~~for, if there is no association, by the developer;~~

1. A comparable unit; or
2. Monetary compensation for the loss of such use.

**Sec. 62.** NRS 119A.520 is hereby amended to read as follows:

119A.520 1. Each owner is a member of the association for the time-share ~~project~~ *plan*. The association may be incorporated.

2. The state of incorporation may be:

- (a) This state;
- (b) The state in which the ~~time-share~~ project is located; or
- (c) Any state where the developer has obtained a permit to sell time shares under statutes which govern the sale of time shares.

3. ~~The developer shall transfer to the owners the control of the association within 120 days after 80 percent of the time shares have been sold.~~ *association may adopt and amend bylaws, rules and regulations.*

4. Except as otherwise provided in NRS 82.321, any proxy which is executed by an owner to an association is valid for an indefinite period if the owner may revoke his proxy, by written notice to the association, to vote at a particular meeting.

**Sec. 63.** NRS 119A.530 is hereby amended to read as follows:

119A.530 1. A developer or an affiliate of the developer shall provide for the management of the *time-share* plan and the project, by a written agreement with the ~~time-share~~ *association or, if there is no association, with the* owners. The initial term of the agreement must expire upon the first annual meeting of the members of the association or at the

end of 5 years, whichever comes first. All succeeding terms of the agreement must be renewed annually unless the manager *refuses to renew the agreement* or a majority of the ~~owners,~~ *members of the association who are entitled to vote*, excluding the developer, ~~notify~~ *notifies* the manager of ~~their~~ *its* refusal to renew the agreement.

2. The agreement must provide that:

(a) The manager or a majority of the owners may terminate the agreement for cause.

(b) The resignation of the manager will not be accepted until 90 days after receipt by the *association, or if there is no association, by the owners*, of the written resignation.

(c) A fidelity bond must be delivered by the manager to the association.

3. *An agreement entered into or renewed on or after October 1, 2001, must contain a detailed, itemized schedule of all fees, compensation or other property that the manager is entitled to receive for services rendered to the association or any member of the association or otherwise derived from the manager's affiliation with the time-share plan or the project, or both, unless the manager is the developer or an affiliate of the developer. Upon the request of the association, the manager shall disclose to the association annual revenue received by the manager from the manager's affiliation with the time-share plan or the project, or both.*

4. Except as *otherwise* provided in this subsection, if the developer retains a ~~reversionary~~ *property* interest in the ~~time-share~~ project, the parties to such an agreement must include the developer, the manager and the association. In addition to the provisions required in subsections 1 and 2, the agreement must provide:

(a) That the project will be maintained in good condition. Except as *otherwise* provided in this paragraph, any defect which is not cured within 10 days after notification by the developer may be cured by him. In an emergency situation, notice is not required. The association must repay the developer for any cost of the repairs plus the legal rate of interest. Each owner must be assessed for his share of the cost of repairs.

(b) That, if any dispute arises between the developer and the manager or association, either party may request from the American Arbitration Association or the Nevada Arbitration Association a list of seven potential factfinders from which one must be chosen to settle the dispute. The agreement must provide for the method of selecting one factfinder from this list.

(c) For *the* collection of assessments from the owners to pay obligations which may be due to the developer for breach of the covenant to maintain the premises in good condition and repair.

If the developer ~~after his request to be included,~~ is not made a party to this agreement, he shall be considered to be a third-party beneficiary of such an agreement.

**Sec. 64.** NRS 119A.540 is hereby amended to read as follows:

119A.540 1. The association or , if there is no association, the developer shall adopt an annual budget for revenues, expenditures and reserves and collect assessments for the expenses of the time-share *plan and the* project from ~~time-share~~ *the* owners. The annual budgets of the

association must be submitted to and approved by the division until such time as the association is controlled by members other than the developer.

2. The administrator may require that the association ~~{}~~ or, if there is no association, the developer provide, at the association's or the developer's expense, an opinion from an independent professional consultant as to the sufficiency of the budget to sustain the *time-share* plan offered by the association or the developer. The association or the developer shall place any money collected for assessments ~~{in a trust account}~~ and any other revenues received by or on behalf of the association in an account established by the association.

3. The developer shall pay assessments for any time shares which are unsold or enter into an agreement with the association, ~~{on}~~ in a form approved by the division, to pay the difference between the actual expenses incurred by the association and the *sum of the* amounts payable to the association as assessments by ~~{the time-share owners}~~ owners, other than the developer, and other revenues received by the association. The division may require the developer to provide a surety bond or other form of security which is satisfactory to the division, to guarantee payment of the developer's obligation.

**Sec. 65.** NRS 119A.550 is hereby amended to read as follows:

119A.550 1. The developer or the association may levy and enforce a reasonable assessment upon any time share in accordance with the time-share instrument, which is a debt of the owner thereof at the time the assessment is made. The amount of the assessment plus any other charges thereon, such as interest, costs, attorney's fees and penalties, as may be provided for in the time-share instrument is a lien upon the time share assessed when the developer or the association causes to be recorded with the county recorder of the county in which the ~~{time-share}~~ project is located a notice of assessment, which must state:

(a) The amount of the assessment and such other charges thereon as may be authorized by the time-share instrument;

(b) A description of the time share against which the lien has been assessed; and

(c) The name of the ~~{time-share}~~ owner.

The notice must be signed by an authorized representative of the developer or the association or as otherwise provided in the time-share instrument. Upon payment of the assessment and charges in connection with which the notice has been so recorded, or other satisfaction thereof, the developer or the association shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof.

2. The lien is prior to all other liens recorded ~~{subsequent to}~~ after the recordation of the notice of assessment except that the time-share instrument may provide for the subordination thereof to any other liens and encumbrances. Unless sooner satisfied and released or the enforcement thereof initiated as provided in subsection 3, the lien expires and has no further force or effect 1 year after the date of recordation of the notice of assessment, but the 1-year period may be extended by the developer or the association for a period not to exceed 1 additional year by recording a written extension thereof.

3. The lien may be enforced by sale by the developer or the association, its agent or attorney, after failure of the owner to pay such an assessment in accordance with the terms of the time-share instrument. The sale must be conducted in accordance with the provisions of Covenants Nos. 6, 7 and 8 of NRS 107.030, and NRS 107.090 insofar as they are consistent with the provisions of NRS 119A.560, or in any other manner permitted by law. Unless otherwise provided in the time-share instrument, the developer or the association, if it is a corporation, cooperative association, partnership or natural person, may bid at foreclosure sale and hold, lease, mortgage and convey the time share.

**Sec. 66.** NRS 119A.560 is hereby amended to read as follows:

119A.560 1. The power of sale may not be exercised until:

(a) The developer or the association, its agent or attorney has first executed and caused to be recorded with the recorder of the county wherein the ~~time-share~~ project is located a notice of default and election to sell the time share or cause its sale to satisfy the assessment lien; and

(b) The ~~time-share~~ owner or his successor in interest has failed to pay the amount of the lien, including costs, fees and expenses incident to its enforcement for 60 days computed as prescribed in subsection 2.

2. The 60-day period provided in subsection 1 begins on the first day following the day upon which the notice of default and election to sell is recorded and a copy of the notice is mailed by certified or registered mail with postage prepaid to the ~~time-share~~ owner or to his successor in interest at his address if that address is known, otherwise to the address of the ~~time-share~~ project. The notice must describe the deficiency in payment.

3. The developer or the association, its agent or attorney shall, after expiration of the 60-day period and before selling the time share, give notice of the time and place of the sale in the manner and for a time not less than that required for the sale of real property upon execution, except that a copy of the notice of sale must be mailed on or before the first publication or posting required by NRS 21.130 by certified or registered mail with postage prepaid to the ~~time-share~~ owner or to his successor in interest at his address if that address is known, otherwise to the address of the ~~time-share~~ project. The sale ~~itself~~ may be made at the office of the developer or the association if the notice so provided, whether the ~~time-share~~ project is located within the same county as the office of the developer or the association or not.

4. Every sale made under the provisions of NRS 119A.550 vests in the purchaser the title of the ~~time-share~~ owner without equity or right of redemption.

**Sec. 67.** NRS 119A.570 is hereby amended to read as follows:

119A.570 1. The developer or the association, if it has been formed, shall maintain:

(a) Property insurance on the ~~time-share~~ project and any personal property available for use by the ~~time-share~~ owners in conjunction therewith, other than personal property separately owned by ~~a time-share~~ ~~an~~ owner, insuring against all risks of direct physical loss commonly insured against, with a provision agreed to by the lender, that the proceeds must be disbursed for the repair or restoration of the property, and that the

~~{time-share}~~ owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored;

(b) Liability insurance, including insurance for medical payments, in an amount not less than \$1,000,000 per occurrence, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the time-share property and ~~{time-share}~~ units; and

(c) Insurance covering the costs of temporary quarters for the ~~{time-share}~~ owners and other losses commonly insured against.

2. Each insurance policy carried pursuant to subsection 1 must provide that:

(a) Each ~~{time-share}~~ owner is an insured person under the policy whether designated as an insured by name individually or as part of a named group or otherwise, as his interest may appear;

(b) The insurer waives its right to subrogation under the policy against any ~~{time-share}~~ owner or members of his household; and

(c) No act or omission by any ~~{time-share}~~ owner, unless acting within the scope of his authority on behalf of an association, will void the policy or be a condition to recovery by any other person under the policy.

**Sec. 68.** NRS 119A.580 is hereby amended to read as follows:

119A.580 No labor performed or services or materials furnished with the consent of or at the request of ~~{a time share}~~ *an* owner may be the basis for the filing of a lien against the time share of any other ~~{time-share}~~ owner, or against any part thereof, or against any other property of any other ~~{time-share}~~ owner, unless the other owner has expressly consented to or requested the performance of such labor or furnishing of such materials or services. Express consent shall be deemed to have been given by the owner of any time share in the case of emergency repairs thereto. Labor performed or services or materials furnished for the insured property, if authorized by the association and provided for in the time-share instrument, shall be deemed to be performed or furnished with the express consent of each ~~{time-share owner. A time-share}~~ *owner. An* owner may remove his time share from a lien against two or more time shares or any part thereof by payment to the holder of the lien of the fraction of the total sum secured by such lien which is attributable to his time share.

**Sec. 69.** NRS 119A.590 is hereby amended to read as follows:

119A.590 1. A developer who offers a program for the exchange of occupancy rights among ~~{time-share}~~ owners or with the owners of time shares in other time-share ~~{properties,}~~ *plans*, or both, shall give to the purchaser the following information:

(a) The name and address of the company offering the program.

(b) The names of the officers, directors and shareholders owning at least 5 percent of the outstanding stock of that company.

(c) A statement indicating whether the company or any of its officers or directors has any legal or beneficial interest in any interest of the developer or managing agent in any *time-share* plan ~~{to sell time shares}~~ included in the program and, if so, the name, location and nature of the interest.

(d) A statement that the purchaser's contract with the company is a contract separate and distinct from the contract to purchase the time share,

unless the company and the developer or an affiliate *of the developer* are the same.

(e) A statement indicating whether the purchaser's participation in the program is dependent upon the continued inclusion of the *time-share* plan ~~{to sell time shares}~~ in the program.

(f) A statement indicating whether the purchaser's membership or participation in the program, is voluntary or mandatory.

(g) A complete and accurate description of:

(1) The terms and conditions of the purchaser's contractual relationship with the company and the procedure by which changes thereto may be made.

(2) The procedure to qualify for and make exchanges.

(3) All limitations, restrictions or priorities of the program, including, but not limited to, limitations on exchanges based on the seasons of the year, the size of units or levels of occupancy, printed in boldface type, and, if such limitations, restrictions or priorities are not uniformly applied by the program, a clear description of the manner in which they are applied.

(h) A statement indicating whether exchanges are arranged on the basis of available space and whether there are any guarantees of fulfilling specific requests for exchanges.

(i) A statement indicating whether and under what circumstances an owner, in dealing with the company, may lose the right to use and occupy a ~~{time share}~~ unit in any properly applied for exchange without being provided with substitute accommodations by the company.

(j) The fees to be paid by owners in the program, including a statement indicating whether any fees may be changed by the company and, if so, the circumstances under which those changes may be made.

(k) The name and address of the site of each ~~{time share}~~ project included in the program.

(l) The number of units in each ~~{project}~~ *time-share plan* included in the program which are available for occupancy, expressed in numerical groupings of from 1 to 5, 6 to 10, 11 to 20, 21 to 50 and over 50.

(m) The number of owners with respect to each *time-share* plan ~~{to sell time shares}~~ or other property who are eligible to participate in the program, expressed in numerical groupings of from 1 to 100, 101 to 249, 250 to 499, 500 to 999 and at least 1,000, and a statement of the criteria used to determine those owners who are eligible to participate in the program.

(n) The disposition made by the company of time shares deposited with the program by owners who are eligible to participate in the program and not used by the company in effecting exchanges.

(o) An annual report completed on or before July 1 of the succeeding year which must be independently certified by a certified public accountant or accounting firm in accordance with the standards of the Accounting Standards Board of the American Institute of Certified Public Accountants, as those standards exist on May 19, 1983. The report must include:

(1) The number of owners who are enrolled to participate in the program, including an indication of whether the relationship between the company and the owners is based on the payment of a fee or is gratuitous.

(2) The number of time-share ~~{projects}~~ *plans* included in the program, categorized by those ~~{projects}~~ *plans* which are the subject of a contract between the developer or the association and the company and those ~~{projects}~~ *plans* which are the subject of a contract between the company and owners directly.

(3) The number of time shares for which the company has an outstanding obligation to provide an exchange to an owner who relinquished a time share during the year in exchange for a time share in any future year.

(4) The number of exchanges confirmed by the company during the year.

2. The information required by subsection 1 must be delivered to the purchaser before the execution of any contract between the purchaser and the company or the contract to purchase the time share.

3. Upon receipt of the information, the purchaser shall certify in writing that he has received the information from the developer.

4. Except as otherwise provided in this subsection, the information required by subsection 1 must be ~~{accurate as of 30 days before the date on which the information is delivered to the purchaser.}~~ *periodically revised to reflect any material changes in that information.* The information required by paragraphs (b), (c), (k), (l), (m) and (o) of subsection 1 must be consistent with the latest audited statement of the company which is prepared not more than 18 months before the information is delivered.

**Sec. 70.** NRS 119A.600 is hereby amended to read as follows:

119A.600 If a company intends to offer a program for the exchange of occupancy rights among ~~{time-share}~~ owners or with the owners of time shares in other time-share ~~{projects,}~~ *plans*, or both, directly to a purchaser or owner, the company shall deliver to him, before the offering or the execution of any contract between the purchaser or owner and the company offering the program, the information set forth in subsection 1 of NRS 119A.590. The requirements of this section do not apply to any renewal of a contract between an owner and such a company.

**Sec. 71.** NRS 119A.620 is hereby amended to read as follows:

119A.620 1. A company whose program for the exchange of occupancy rights among ~~{time-share}~~ owners or with the owners of time shares in other time-share ~~{projects,}~~ *plans*, or both, is offered to purchasers of time shares in this state shall, on or before July 1 of each year, file with the division and secretary of the association the information required by subsection 1 of NRS 119A.590 as it relates to that plan.

2. No developer is liable for the use, delivery or publication of information provided to it by the company.

3. Except as otherwise provided in this subsection, no company is liable for:

(a) Any representation made by the developer relating to the program or company.

(b) The use, delivery or publication by the developer of any information relating to the program or company.

Such a company is liable only for the written information provided to the developer by the company.



**Sec. 72.** NRS 119A.660 is hereby amended to read as follows:

119A.660 1. Whenever the administrator believes that any person has violated any order, regulation, permit, decision, demand or requirement, or any of the provisions of this chapter, he may bring an action in the district court in the county in which the person resides or maintains his principal place of business or, if the person resides outside the state, in any court of competent jurisdiction within or outside the state, against the person to enjoin him from continuing the violation.

2. The administrator may intervene in any action involving a time-share ~~property~~ *plan*, a project or a time share if intervention is necessary in the public interest and for the protection of purchasers.

**Sec. 73.** NRS 119A.665 is hereby amended to read as follows:

119A.665 1. When the administrator ascertains that an association ~~of time share owners~~ or a developer, if there is no association, is insolvent or in imminent danger of insolvency, or the association's or developer's affairs are being mismanaged, he may file a complaint in the district court of the county in which the principal office of the association or developer is located for the appointment of a receiver.

2. Upon appointment, the receiver shall take possession of all the property, business and assets of the association or developer which are located within this state and retain possession of them until further order of the court. The receiver shall make or cause to be made an inventory of the assets and known liabilities of the association or developer. Upon approval of the court, the receiver shall take such other actions as appear necessary and reasonable for the conduct of the business of the association or developer.

3. The inventory made by the receiver and all claims filed by creditors are open at all reasonable times for inspection and any action taken by the receiver upon any of the claims is subject to the approval of the court before which the cause is pending.

4. The expenses of the receiver and compensation of counsel, as well as all expenditures required in any liquidation proceeding, must be fixed by the receiver, subject to the approval of the court, and, upon certification of the receiver, must be paid out of the assets he controls as receiver.

**Sec. 74.** NRS 119A.680 is hereby amended to read as follows:

119A.680 1. It is unlawful for any person to engage in the business of, act in the capacity of, advertise or assume to act as a:

(a) Project broker or sales agent within the State of Nevada without first obtaining a license from the division pursuant to chapter 645 of NRS or NRS 119A.210.

(b) Representative, *manager* or time-share resale broker within the State of Nevada without first registering with the division.

2. Any person who violates subsection 1 is guilty of a gross misdemeanor.

**Sec. 75.** NRS 119A.690 is hereby amended to read as follows:

119A.690 Any person who willfully submits, in the application for a permit to sell time shares or an application for a sales agent's license, any materially false or misleading information or fails to submit an annual report on a program for the exchange of occupancy rights among ~~time~~

~~share~~ owners or with the owners of time shares in other time-share ~~properties,~~ *plans*, or both, is guilty of a misdemeanor.

**Sec. 76.** NRS 119A.710 is hereby amended to read as follows:

119A.710 It is unlawful to engage in unfair methods of competition or deceptive or unfair acts in the offer to sell or sale of a time share including, without limitation:

1. Misrepresenting or failing to disclose any material fact concerning a time share.
2. Including in an agreement for the purchase of a ~~time-share~~ *time share* provisions purporting to waive any right or benefit provided for purchasers under this chapter.
3. Receiving from a prospective purchaser any money or other valuable consideration before the purchaser has received a statement of public offering.
4. Misrepresenting the amount of time or period of time the unit will be available to a purchaser.
5. Misrepresenting the location or locations of the unit.
6. Misrepresenting the size, nature, extent, qualities or characteristics of the unit.
7. Misrepresenting the nature or extent of any services incident to the unit.
8. Misrepresenting the conditions under which a purchaser may exchange occupancy rights to a unit in one location for occupancy rights to a unit in another location.
9. Failing to disclose initially that any promised entertainment, food or other inducements are being offered to solicit the sale of a time share.
10. Conducting or participating in, without prior approval by the division, any type of lottery or contest, or offering prizes or gifts to induce or encourage a person to visit a ~~time-share~~ project, attend a meeting at which a time share will be discussed, attend a presentation or purchase a time share.
11. Failing to disclose initially to a prospective purchaser any agreement between the project broker or sales agent and the developer that results in a sharing of sales proceeds in excess of a minimum sales price for a time share.
12. Any act or practice considered an unfair method of competition or an unfair or deceptive act or practice under NRS 207.170, 207.171 or 598.0915 to 598.0925, inclusive, or chapter 598A or 599A of NRS.

**Sec. 77.** Section 29 of this act is hereby amended to read as follows:

Sec. 29. 1. A person who wishes to engage in the business of, act in the capacity of, advertise or assume to act as a manager shall register with the division on a form prescribed by the division.

2. The form for registration must include, without limitation:

(a) The registered name of the time-share plan or the project, or both, that the manager will manage;

(b) The address and telephone number of the manager's principal place of business; *and*

(c) ~~The social security number of the manager; and~~

~~(d)~~ The name of the manager's responsible managing employee.

3. The form for registration must be accompanied by ~~†~~

~~—(a) Satisfactory~~ *satisfactory* evidence, acceptable to the division, that the manager and his employees have obtained fidelity bonds in accordance with regulations adopted by the division. ~~†, and~~

~~—(b) The statement required pursuant to NRS 119A.263.†~~

4. The division may collect a fee for registering a manager in an amount not to exceed the administrative costs of registering the manager.

5. As used in this section, “responsible managing employee” means the person designated by the manager to:

(a) Make technical and administrative decisions in connection with the manager’s business; and

(b) Hire, superintend, promote, transfer, lay off, discipline or discharge other employees or recommend such action on behalf of the manager.

**Sec. 78.** NRS 119A.165 is hereby repealed.

**Sec. 79.** Notwithstanding the provisions of section 29 of this act, a person who is engaged in the business of, acting in the capacity of, advertising or assuming to act as a manager on October 1, 2001, shall register with the real estate division of the department of business and industry no later than January 1, 2002.

**Sec. 80.** The amendatory provisions of this act do not apply to offenses committed before October 1, 2001.

**Sec. 81.** 1. This section, sections 1 to 76, inclusive, and 78, 79 and 80 of this act become effective on October 1, 2001.

2. Section 77 of this act becomes effective on the date on which the provisions of 42 U.S.C. § 666 requiring each state to establish procedures under which the state has authority to withhold or suspend, or to restrict the use of professional, occupational and recreational licenses of persons who:

(a) Have failed to comply with a subpoena or warrant relating to a procedure to determine the paternity of a child or to establish or enforce an obligation for the support of a child; or

(b) Are in arrears in the payment for the support of one or more children,

are repealed by the Congress of the United States.