

SENATE BILL NO. 261—SENATOR SCHNEIDER

FEBRUARY 28, 2001

Referred to Committee on Judiciary

SUMMARY—Makes various changes to provisions governing time shares. (BDR 10-819)

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

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

AN ACT relating to 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:

- 1 **Section 1.** NRS 116.1201 is hereby amended to read as follows:
- 2 116.1201 1. Except as otherwise provided in this section and NRS
- 3 116.1203, this chapter applies to all common-interest communities created
- 4 within this state.
- 5 2. This chapter does not apply to:
- 6 (a) Associations created for the limited purpose of maintaining:
- 7 (1) The landscape of the common elements of a common-interest
- 8 community;
- 9 (2) Facilities for flood control; or
- 10 (3) A rural agricultural residential common-interest community.
- 11 (b) A planned community in which all units are restricted exclusively to
- 12 nonresidential use unless the declaration provides that the chapter does
- 13 apply to that planned community. This chapter applies to a planned
- 14 community containing both units that are restricted exclusively to
- 15 nonresidential use and other units that are not so restricted, only if the
- 16 declaration so provides or the real estate comprising the units that may be
- 17 used for residential purposes would be a planned community in the absence
- 18 of the units that may not be used for residential purposes.
- 19 (c) Common-interest communities or units located outside of this state,
- 20 but the provisions of NRS 116.4102 to 116.4108, inclusive, apply to all



1 contracts for the disposition thereof signed in this state by any party unless
2 exempt under subsection 2 of NRS 116.4101.

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

5 3. The provisions of this chapter do not:

6 (a) Prohibit a common-interest community created before January 1,
7 1992, from providing for separate classes of voting for the units' owners of
8 the association;

9 (b) Require a common-interest community created before January 1,
10 1992, to comply with the provisions of NRS 116.2101 to 116.2122,
11 inclusive;

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

15 (d) Prohibit a common-interest community created before January 1,
16 1992, from providing for a representative form of government.

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

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

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

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

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

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

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

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



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

7 5. Even if a master association is also an association described in NRS
8 116.3101, the certificate of incorporation or other instrument creating the
9 master association and the declaration of each common-interest
10 community, the powers of which are assigned by the declaration or
11 delegated to the master association, may provide that the executive board
12 of the master association must be elected after the period of *the* declarant's
13 control in any of the following ways:

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

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

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

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

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

27 116.31032 1. Except as otherwise provided in ~~{subsection 2.}~~ *this*
28 *section*, the declaration may provide for a period of declarant's control of
29 the association, during which a declarant, or persons designated by him,
30 may appoint and remove the officers of the association and members of the
31 executive board. Regardless of the period provided in the declaration, a
32 period of declarant's control terminates no later than : ~~{the earlier of:}~~

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

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

42 (c) Five years after any right to add new units was last exercised
43 ~~{,}~~,
44 *whichever occurs earlier.*

45 2. A declarant may voluntarily surrender the right to appoint and
46 remove officers and members of the executive board before termination of
47 that period, but in that event the declarant may require, for the duration of
48 the period of declarant's control, that specified actions of the association or



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1 executive board, as described in a recorded instrument executed by the
2 declarant, be approved by the declarant before they become effective.

3 ~~12-1~~ 3. Not later than 60 days after conveyance of 25 percent of the
4 units that may be created to units' owners other than a declarant, at least
5 one member and not less than 25 percent of the members of the executive
6 board must be elected by units' owners other than the declarant. Not later
7 than 60 days after conveyance of 50 percent of the units that may be
8 created to units' owners other than a declarant, not less than 33 1/3 percent
9 of the members of the executive board must be elected by units' owners
10 other than the declarant.

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

12 116.31038 Within 30 days after units' owners other than the declarant
13 may elect a majority of the members of the executive board, the declarant
14 shall deliver to the association all property of the units' owners and of the
15 association held by or controlled by him, including:

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

20 2. An accounting for money of the association and financial statements
21 from the date the association received money to the date the period of the
22 declarant's control ends. The financial statements must fairly and
23 accurately report the association's financial condition prepared in
24 accordance with generally accepted accounting principles.

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

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

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

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

40 4. The association's money or control thereof.

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



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

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

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

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

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

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

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

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

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

23 116.3115 1. Until the association makes an assessment for common
24 expenses, the declarant shall pay all common expenses. After an
25 assessment has been made by the association, assessments must be made at
26 least annually, based on a budget adopted at least annually by the
27 association in accordance with the requirements set forth in NRS
28 116.31151. ~~Except for an association for a time share project governed by~~
29 ~~the provisions of chapter 119A of NRS, and unless~~ Unless the declaration
30 imposes more stringent standards, the budget must include a budget for the
31 daily operation of the association and the money for the reserve required by
32 paragraph (b) of subsection 2.

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

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

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

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

46 4. To the extent required by the declaration:

47 (a) Any common expense associated with the maintenance, repair,
48 restoration or replacement of a limited common element must be assessed



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1 against the units to which that limited common element is assigned,
2 equally, or in any other proportion the declaration provides;

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

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

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

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

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

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

19 9. The association shall provide written notice to the owner of each
20 unit of a meeting at which an assessment for a capital improvement or the
21 commencement of a civil action is to be considered or action is to be taken
22 on such an assessment at least 21 calendar days before the meeting. Except
23 as otherwise provided in this subsection, the association may commence a
24 civil action only upon a vote or written agreement of the owners of units to
25 which at least a majority of the votes of the members of the association are
26 allocated. The provisions of this subsection do not apply to a civil action
27 that is commenced:

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

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

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

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

33 ~~(e)~~ ~~(d)~~ To protect the health, safety and welfare of the members of the
34 association. If a civil action is commenced pursuant to this paragraph
35 without the required vote or agreement, the action must be ratified within
36 90 days after the commencement of the action by a vote or written
37 agreement of the owners of the units to which at least a majority of votes of
38 the members of the association are allocated. If the association, after
39 making a good faith effort, cannot obtain the required vote or agreement to
40 commence or ratify such a civil action, the association may thereafter seek
41 to dismiss the action without prejudice for that reason only if a vote or
42 written agreement of the owners of the units to which at least a majority of
43 votes of the members of the association are allocated was obtained at the
44 time the approval to commence or ratify the action was sought.

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

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



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

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

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

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

11 116.4102 1. Except as otherwise provided in subsection 2, a
12 declarant, before offering any interest in a unit to the public, shall prepare a
13 public offering statement conforming to the requirements of NRS 116.4103
14 to 116.4106, inclusive.

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

21 3. Any declarant or dealer who offers a unit to a purchaser shall deliver
22 a public offering statement in the manner prescribed in subsection 1 of
23 NRS 116.4108. The declarant or his transferee under subsection 2 is liable
24 under NRS 116.4108 and 116.4117 for any false or misleading statement
25 set forth therein or for any omission of a material fact therefrom with
26 respect to that portion of the public offering statement which he prepared.
27 If a declarant or dealer did not prepare any part of a public offering
28 statement that he delivers, he is not liable for any false or misleading
29 statement set forth therein or for any omission of a material fact therefrom
30 unless he had actual knowledge of the statement or omission or, in the
31 exercise of reasonable care, should have known of the statement or
32 omission.

33 4. If a unit is part of a common-interest community and is part of any
34 other real estate in connection with the sale of which the delivery of a
35 public offering statement is required under the laws of this state, a single
36 public offering statement conforming to the requirements of NRS 116.4103
37 to 116.4106, inclusive, as those requirements relate to the real estate in
38 which the unit is located, and to any other requirements imposed under the
39 laws of this state, may be prepared and delivered in lieu of providing two
40 or more public offering statements. ~~Except as otherwise provided in NRS~~
41 ~~119A.165, or~~ *If* the requirements of this chapter conflict with those of
42 another law of this state, the requirements of this chapter prevail.

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

44 116.4109 1. Except in the case of a sale in which delivery of a public
45 offering statement is required, or unless exempt under subsection 2 of NRS
46 116.4101, a unit's owner shall furnish to a purchaser before execution of
47 any contract for sale of a unit, or otherwise before conveyance:

48 (a) A copy of the declaration, other than any plats and plans, the bylaws,
49 the rules or regulations of the association and ~~except for a time share~~



1 ~~governed by the provisions of chapter 119A of NRS.~~ the information
2 statement required by NRS 116.41095;

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

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

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

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

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

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

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

28 1. *Is a general partner, officer, director or employer of the manager;*

29 2. *Directly or indirectly or acting in concert with one or more*
30 *persons, or through one or more subsidiaries, owns, controls, or holds*
31 *with the power to vote more than 20 percent of the voting interest in the*
32 *manager;*

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

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

37 **Sec. 10.** *"Association" means an association of owners established*
38 *pursuant to NRS 119A.520.*

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

41 **Sec. 12.** *"Common area" means those portions of a project other*
42 *than the units. The term includes any easement which benefits the*
43 *project.*

44 **Sec. 13.** *"Developer's reserved rights" means any right reserved in a*
45 *time-share instrument for the benefit of the developer, the exercise of*
46 *which does not require a vote of the other owners.*

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



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- 1 **Sec. 15.** *“Manager” means a person who undertakes, directly or*
2 *indirectly, the duties, responsibilities and obligations of managing, in*
3 *whole or in part, a time-share plan or a project, or both, in accordance*
4 *with an agreement entered into pursuant to NRS 119A.530.*
- 5 **Sec. 16.** *“Permanent identifying number” means a series of*
6 *numbers or letters, or any combination thereof, which identifies, for the*
7 *duration of a time-share plan, one time share in the plan.*
- 8 **Sec. 17.** *“Time-share plan” means the rights to time shares and the*
9 *obligations and interests appurtenant thereto created by a time-share*
10 *instrument.*
- 11 **Sec. 18.** 1. *A building code may not impose any requirements upon*
12 *any structure in a project which it would not impose upon a physically*
13 *identical development under a different form of ownership.*
- 14 2. *Except as otherwise provided in subsection 1, the provisions of this*
15 *chapter do not invalidate or modify any provision of any building code or*
16 *zoning, subdivision or other law, ordinance, rule or regulation governing*
17 *the use of real estate.*
- 18 **Sec. 19.** 1. *Except as otherwise provided in subsection 2 and*
19 *subject to the provisions of the time-share instrument and other*
20 *provisions of law, a developer may, with the prior approval of the*
21 *division, relocate the boundaries between adjoining units by amending*
22 *the provisions of the time-share instrument and any recorded map or plat*
23 *relating thereto.*
- 24 2. *A developer may relocate the boundaries between adjoining units*
25 *without the prior approval of the division if:*
- 26 (a) *The relocation is necessary to comply with the law; or*
27 (b) *No time share attributable to either of the adjoining units is owned*
28 *by a purchaser.*
- 29 **Sec. 20.** *The provisions of this chapter and chapter 645 of NRS*
30 *relating to real estate brokers and sales agents do not apply to an owner,*
31 *other than a developer, who, for compensation, refers prospective*
32 *purchasers to a developer or an employee or agent of the developer, if the*
33 *owner:*
- 34 1. *Refers to the developer or an employee or agent of the developer,*
35 *or any combination thereof, not more than 20 prospective purchasers*
36 *within any 1 calendar year; and*
- 37 2. *Does not show a unit to the prospective purchaser, discuss with the*
38 *prospective purchaser the terms and conditions of the purchase or*
39 *otherwise participate in negotiations relating to the sale of the time*
40 *share.*
- 41 **Sec. 21.** *If a time-share instrument authorizes the developer to*
42 *withdraw units from the time-share plan, any unit that is subject to*
43 *withdrawal may not be withdrawn if a time share attributable to that unit*
44 *is owned by a purchaser.*
- 45 **Sec. 22.** *A description of a time share is a legally sufficient*
46 *description of the time share and all rights, obligations and interests*
47 *appurtenant to that time share that were created by the time-share plan if*
48 *the description includes, without limitation:*



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

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

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

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

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

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

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

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

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

31 3. *Not later than 60 days after conveyance of 25 percent of the time*
32 *shares that may be created pursuant to the time-share instrument to*
33 *owners other than the developer, at least one member and not less than*
34 *25 percent of the members of the board must be elected by owners other*
35 *than the developer. Not later than 60 days after conveyance of 50 percent*
36 *of the time shares that may be created pursuant to the time-share*
37 *instrument to owners other than the developer, not less than 33 1/3*
38 *percent of the members of the board must be elected by owners other*
39 *than the developer.*

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

46 2. *If a member of the board is sued for liability for actions*
47 *undertaken in his role as a member of the board, the association shall*
48 *indemnify him for his losses or claims, and undertake all costs of*
49 *defense, unless it is proven that he acted with willful or wanton*



1 *misfeasance or with gross negligence. After such proof, the association is*
2 *no longer liable for the costs of defense, and may recover from the*
3 *member of the board who so acted, costs already expended. Members of*
4 *the board are not personally liable to the victims of crimes occurring on*
5 *the project. Punitive damages may not be recovered against the*
6 *association, but may be recovered from persons whose activity gave rise*
7 *to the damages.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

10 2. The disclosure statement must be:

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

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

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

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

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

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

30 119A.010 As used in this chapter, unless the context otherwise
31 requires, the words and terms defined in NRS 119A.020 to 119A.160,
32 inclusive, *and sections 9 to 17, inclusive, of this act*, have the meanings
33 ascribed to them in those sections.

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

35 119A.030 ~~“Affiliate”~~ *“Affiliate of the developer”* means any person
36 who controls, is controlled by or is under common control with a
37 developer, including a person who:

38 1. Is a general partner, officer, director or employer of the developer;

39 2. Directly or indirectly or acting in concert with one or more other
40 persons, or through one or more subsidiaries, owns, controls, holds with
41 the power to vote, or holds proxies representing more than 20 percent of
42 the voting interest in the developer;

43 3. Controls the election of a majority of the directors of the
44 developer; or

45 4. Has contributed more than 20 percent of the capital of the
46 developer.

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

48 119A.056 “Owner” means a ~~purchaser who is the equitable or legal~~
49 ~~owner of a time share.~~ *person, including a developer, who has an*



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1 *equitable or legal interest in a time share. The term does not include a*
2 *person who has an interest in a time share solely as security for an*
3 *obligation.*

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

5 119A.080 "Project" means the real property ~~[in which time shares are~~
6 ~~created by a single instrument or set of instruments.] which, in whole or in~~
7 ~~part, is the subject of a time-share plan.~~

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

9 119A.090 "Project broker" means any person who coordinates the sale
10 of time shares for a time-share ~~[project]~~ plan and to whom sales agents and
11 representatives are responsible.

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

13 119A.100 "Public offering statement" means a report, issued by the
14 administrator pursuant to the provisions of this chapter, which authorizes a
15 developer to offer to sell or sell time shares in the ~~[project]~~ time-share plan
16 which is the subject of the report.

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

18 119A.140 "Time share" means the right to use and occupy a unit on a
19 recurrent periodic basis according to an arrangement allocating this right
20 among various ~~[time-share]~~ owners whether or not there is an additional
21 charge to the ~~[time-share]~~ owner for occupying the unit.

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

23 119A.160 "Unit" means that portion of a project which is designated
24 for separate ~~[use]~~ occupancy.

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

26 119A.170 1. The provisions of this chapter, except subsection 4, do
27 not apply to:

28 (a) The sale of 12 or fewer time shares in a ~~[time-share]~~ project or the
29 sale of 12 or fewer time shares in the same subdivision;

30 (b) The sale or transfer of a time share by an owner who is not the
31 developer, unless the time share is sold in the ordinary course of business
32 of that owner;

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

34 (1) *By* deed in lieu of foreclosure ~~[or as a result of foreclosure of the~~
35 ~~time share;]~~ ;

36 (2) *At a foreclosure sale; or*

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

39 (d) A gratuitous transfer of a time share;

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

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

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

48 3. The division may ~~[from time to time, pursuant to regulations~~
49 ~~adopted by it, exempt from any of the provisions]~~ *waive any provision* of



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1 this chapter ~~any other sale, transfer or disposition of a time share~~ if it
2 finds that the enforcement of ~~this chapter with respect to such a~~
3 ~~transaction~~ *that provision* is not necessary in the public interest ~~and~~ *or*
4 for the protection of purchasers.

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

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

11 119A.180 *1.* A ~~time share owner~~ *purchaser* shall not be deemed to
12 hold an investment contract, nor shall his purchase be considered risk
13 capital, because income derived from the ~~time share~~ project and any
14 personal property available for use by the ~~time share owner~~ *purchaser*
15 in conjunction therewith reduces the assessment for time-share expenses, if
16 the income inures directly to the benefit of the association and not to his
17 direct benefit.

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

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

21 119A.200 Time shares, ~~and~~ time-share *plans and* projects to which
22 this chapter applies are subject to licensing by local governments for
23 revenue but not for regulation.

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

25 119A.250 *1.* ~~All registrations~~ *The registration of a representative*
26 issued pursuant to this chapter ~~expire~~ *expires* 1 year after ~~their~~ *its*
27 issuance.

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

32 *3.* If a representative fails to pay the annual renewal fee before the
33 expiration of his registration, the registration may be reinstated upon the
34 submission of the statement and payment of the reinstatement fee in
35 addition to the annual renewal fee. A registration may be reinstated under
36 this subsection only if the statement is submitted and the fees are paid
37 within 1 year after the registration expires.

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

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

45 119A.260 *1.* A representative shall not negotiate or make
46 representations concerning the merits or value of a time-share *plan or a*
47 project. He may only induce and solicit persons to attend promotional
48 meetings for the sale of time shares and distribute information ~~approved~~
49 ~~by the division~~ *on behalf of a developer.*



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

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

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

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

13 119A.263 1. An applicant for the issuance or renewal of a sales
14 agent's license or registration as a representative *or manager* shall submit
15 to the administrator the statement prescribed by the welfare division of the
16 department of human resources pursuant to NRS 425.520. The statement
17 must be completed and signed by the applicant.

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

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

22 (b) A separate form prescribed by the administrator.

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

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

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

33 4. If an applicant indicates on the statement submitted pursuant to
34 subsection 1 that he is subject to a court order for the support of a child and
35 is not in compliance with the order or a plan approved by the district
36 attorney or other public agency enforcing the order for the repayment of
37 the amount owed pursuant to the order, the administrator shall advise the
38 applicant to contact the district attorney or other public agency enforcing
39 the order to determine the actions that the applicant may take to satisfy the
40 arrearage.

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

42 119A.266 1. If the administrator receives a copy of a court order
43 issued pursuant to NRS 425.540 that provides for the suspension of all
44 professional, occupational and recreational licenses, certificates and
45 permits issued to a person who has been issued a sales agent's license or
46 has been registered as a representative ~~H~~ *or manager*, the administrator
47 shall deem the license or registration to be suspended at the end of the 30th
48 day after the date on which the court order was issued unless the
49 administrator receives a letter issued to the holder of the license or



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1 registration by the district attorney or other public agency pursuant to NRS
2 425.550 stating that the holder of the license or registration has complied
3 with the subpoena or warrant or has satisfied the arrearage pursuant to NRS
4 425.560.

5 2. The administrator shall reinstate a sales agent's license or the
6 registration of a representative *or manager* that has been suspended by a
7 district court pursuant to NRS 425.540 if the administrator receives a letter
8 issued by the district attorney or other public agency pursuant to NRS
9 425.550 to the person whose license or registration was suspended stating
10 that the person whose license or registration was suspended has complied
11 with the subpoena or warrant or has satisfied the arrearage pursuant to NRS
12 425.560.

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

14 119A.300 Except as *otherwise* provided in NRS 119A.310, the
15 administrator shall issue a public offering statement and a permit to sell
16 time shares to each applicant who:

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

19 (a) The name and address of the project broker;

20 (b) A copy of ~~the document in which the time share project is created;~~
21 *each time-share instrument that relates to the time-share plan;*

22 (c) A preliminary title report for the ~~time-share~~ project and copies of
23 the documents listed as exceptions in the report;

24 (d) Copies of any other documents which relate to the *time-share plan*
25 *or the* project, including any contract, agreement or other document to be
26 used to establish and maintain an association ~~of time share owners~~ and to
27 provide for the management of *the time-share plan or* the project ~~or~~ , *or*
28 *both;*

29 (e) Copies of instructions for escrow, deeds, sales contracts and any
30 other documents that will be used in the sale of the time shares;

31 (f) A copy of any proposed trust agreement which establishes a trust for
32 the time-share *plan or the* project ~~or~~ , *or both;*

33 (g) Documents which show the current assessments for property taxes
34 on the ~~time-share~~ project;

35 (h) Documents which show compliance with local zoning laws;

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

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

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

48 (l) A financial statement of the developer; and

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



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1 2. Pays the fee provided for in this chapter.

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

3 119A.305 The terms and conditions of the documents and agreements
4 submitted pursuant to NRS 119A.300 which relate to the creation and
5 management of the time-share ~~project~~ *plan* and to the sale of time shares
6 and to which the applicant or an affiliate of the applicant is a party must be
7 described in the public offering statement and constitute additional terms
8 and conditions of the applicant's permit to sell time shares.

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

10 119A.310 1. The administrator shall deny an application for a permit
11 to sell time shares if he finds that:

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

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

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

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

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

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

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

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

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

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

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

39 119A.340 If a ~~time-share~~ project has not been completed before the
40 issuance of a permit to sell time shares, the permit must state the estimated
41 date of completion and:

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

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



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

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

4 119A.355 1. A permit must be renewed annually by the developer by
5 filing an application with and paying the fee for renewal to the
6 administrator. The application must be filed and the fee paid not later than
7 30 days before the date on which the permit expires. The application must
8 include the budget of the association ~~{of time share owners or the budget of~~
9 ~~the developer, if there is no association,}~~ and any change that has occurred
10 in the information previously provided to the administrator or in a
11 statement of disclosure provided to a prospective purchaser pursuant to the
12 provisions of NRS 119A.400.

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

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

17 (b) Approves the renewal on an earlier date.

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

19 119A.360 1. The division shall collect the following fees at such
20 times and upon such conditions as it may provide by regulation:

21

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

32

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

36

37		Amount to be
38	Number of time shares	paid per time share
39		
40	51-250	\$5.00
41	251-500	4.00
42	501-750	3.00
43	751-1500	2.50
44	over 1500	1.00

45

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



1 **Sec. 51.** NRS 119A.370 is hereby amended to read as follows:
2 119A.370 1. A time share must not be advertised or offered for sale
3 within this state until the advertisement or offering is ~~approved by~~ **filed**
4 **with** the division.

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

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

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

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

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

19 119A.380 1. Each time-share ~~project~~ **plan** must be created by ~~a~~
20 ~~time share instrument which provides:~~

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

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

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

25 ~~2. project;~~

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

27 ~~3. plan;~~

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

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

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

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

35 ~~5. A~~

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

38 ~~6. plan, and the method of reallocating expenses among the time~~
39 ~~shares after any such addition or withdrawal;~~

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

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

44 ~~7. (i) For maintenance of the time share units;~~

45 ~~8. units;~~

46 (j) For management of the time-share ~~project;~~

47 ~~9. plan;~~

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



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1 ~~110.1~~ (l) The rights of the purchaser relating to the occupancy of the
2 ~~time share~~ unit.
3 3. *A time-share instrument may provide for:*
4 (a) *The developer's reserved rights;*
5 (b) *Cumulative voting, but only for the purpose of electing the*
6 *members of the board; and*
7 (c) *The establishment of:*
8 (1) *Separate voting classes based on the size or type of unit to which*
9 *the votes are allocated; and*
10 (2) *A separate voting class for the developer during the period in*
11 *which the developer is in control.*
12 4. *The provisions of a time-share instrument are severable.*
13 5. *The rule against perpetuities and NRS 111.103 to 111.1039,*
14 *inclusive, do not apply to defeat any provisions of a time-share*
15 *instrument.*
16 **Sec. 53.** NRS 119A.430 is hereby amended to read as follows:
17 119A.430 Escrow may not be closed unless the developer has
18 provided satisfactory evidence to the administrator that:
19 1. The project is free and clear of any blanket encumbrance;
20 2. Each person who holds an interest in the blanket encumbrance has
21 executed an agreement, approved by the administrator, to subordinate his
22 rights to the rights of the purchaser;
23 3. Title to the ~~time share~~ project has been conveyed to a trustee;
24 4. All holders of a lien recorded against the project have recorded an
25 instrument providing for the release and reconveyance of each time share
26 from the lien upon the payment of a specified sum or the performance of a
27 specified act;
28 5. ~~He~~ *The developer* has obtained and recorded ~~at~~ *one or more*
29 binding nondisturbance ~~agreement~~ *agreements* acceptable to the
30 administrator, *that:*
31 (a) *Are* executed by ~~himself and~~ *the developer*, all holders of a lien
32 recorded against the project ~~which provides that subsequent owners or~~
33 ~~foreclosing holders of a lien take title to the project subject to the rights of~~
34 ~~prior purchasers provided in the contracts~~ *and any other person whose*
35 *interest in the project could defeat the rights or interests of any*
36 *purchaser under the time-share instrument or contract of sale; and*
37 (b) *Provide that any person whose interest in the project could defeat*
38 *the rights or interests of any purchaser under the time-share instrument*
39 *or contract of sale takes title to the project subject to the rights of the*
40 *purchasers; or*
41 6. Alternative arrangements have been made which are adequate to
42 protect the rights of the purchasers of the time shares and approved by the
43 administrator.
44 **Sec. 54.** NRS 119A.450 is hereby amended to read as follows:
45 119A.450 1. A contract for the sale of a time share or any other
46 evidence of an obligation to purchase a time share must provide in 12-point
47 bold type that the purchaser is relieved of all obligations under the contract
48 if his interests are defeated because of the foreclosure of liens against the
49 project. The provisions of this subsection do not apply to any ~~time share~~



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1 project which meets any one of the requirements of subsections 1 to 5,
2 inclusive, of NRS 119A.430.

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

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

7 119A.460 If a trust is created pursuant to a requirement of this chapter,
8 the:

9 1. Trustee must be approved by the administrator.

10 2. Trust must be irrevocable, unless otherwise provided by the
11 division.

12 3. Trustee must not be permitted to encumber the property unless
13 permission to do so has been given by the division.

14 4. Association or each ~~time-share~~ owner must be made a third-party
15 beneficiary.

16 5. Trustee must be required to give at least 30 days' notice in writing
17 of his intention to resign to the association, if it has been formed, and to the
18 division, and the division must approve a substitute trustee before the
19 resignation of the trustee may be accepted.

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

21 119A.470 1. If title to a ~~time-share~~ project is conveyed to a trustee
22 pursuant to subsection 3 of NRS 119A.430, before escrow closes for the
23 sale of the first time share, the developer must provide the division with
24 satisfactory evidence that:

25 (a) Title to the project has been conveyed to the trustee.

26 (b) All proceeds received by the developer from the sales of time shares
27 are being delivered to the trustee and deposited in a fund which has been
28 established to provide for the payment of any taxes, costs of insurance or
29 the discharge of any lien recorded against the project.

30 2. The trustee shall pay the charges against the trust in the following
31 order:

32 (a) Trustee's fees and costs.

33 (b) Payment of taxes.

34 (c) Payments due any holder of a lien recorded against the project.

35 (d) Any other payments authorized by the document creating the trust.

36 3. The administrator may inspect the records relating to the trust at any
37 reasonable time.

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

39 119A.4771 1. A person who , *on behalf of an owner other than a*
40 *developer*, wishes to list, advertise *or promote* for resale, *or* solicit
41 prospective purchasers of, ~~promote or resell~~ 12 or more time shares that
42 were previously sold must:

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

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

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



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1 3. Unless the method of resales of time shares is made to evade the
2 provisions of this chapter, a person is not required to register as a time-
3 share resale broker if the person:
4 (a) Has acquired fewer than 12 time shares and ~~who~~ later resells or
5 offers to resell one or more of those time shares; or
6 (b) Is a project broker who resells or offers to resell a time share in a
7 project as an agent for a developer who holds a permit for the project.
8 **Sec. 57.5.** NRS 119A.4773 is hereby amended to read as follows:
9 119A.4773 1. A time share must not be advertised or offered for
10 resale within this state until the advertisement or offering is ~~approved by~~
11 **filed with** the division.
12 2. Each ~~advertisement must contain the processing number assigned~~
13 ~~to it by the division.~~
14 ~~3. Each application for the approval of advertising~~ **such filing** must
15 include:
16 (a) The form and content of advertising to be used;
17 (b) The nature of the offer of gifts or other free benefits to be extended;
18 and
19 (c) The nature of promotional meetings involving any person or act
20 described in NRS 119A.300.
21 ~~4. The division shall render a decision upon an application for the~~
22 ~~approval of advertising or an offer for resale within 30 days after the date~~
23 ~~the application is filed.~~
24 **Sec. 58.** NRS 119A.4775 is hereby amended to read as follows:
25 119A.4775 1. Before a purchaser signs any contract to purchase a
26 time share that is offered for resale, the person who is reselling the time
27 share **, other than a developer,** shall disclose by a written document
28 separate from the contract to purchase a time share:
29 (a) The period during which the purchaser may use the time share;
30 (b) A legal description of the interest in the time share;
31 (c) The earliest date that the prospective purchaser may use the time
32 share;
33 (d) The name, address and telephone number of the agent managing the
34 time-share **plan and the** project;
35 (e) The place where the documents of formation of the association and
36 documents governing the time-share **plan and the** project may be obtained;
37 (f) The amount of the annual assessment of the association of the time
38 share for the current fiscal year, if any;
39 (g) Whether all assessments against the time share are paid in full, and
40 the consequences of failure to pay any assessment;
41 (h) Whether participation in any program for the exchange of
42 occupancy rights among ~~time-share~~ owners or with the owners of time
43 shares in other time-share ~~properties~~ **plans** is mandatory; and
44 (i) Any other information required to be disclosed pursuant to the
45 regulations adopted by the administrator pursuant to subsection 2.
46 2. The administrator shall adopt regulations prescribing the form and
47 contents of the disclosure statement described in this section.



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1 **Sec. 59.** NRS 119A.490 is hereby amended to read as follows:
2 119A.490 1. Any proposed amendment by the developer of the
3 provisions of ~~the document which created the time share project~~ *a time-*
4 *share instrument* must be filed with the division.

5 2. Unless the division notifies the developer of its disapproval within
6 15 days, the amendments shall be deemed to be approved by the division.

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

8 119A.500 No action for partition of a ~~time share~~ unit may be
9 maintained except as provided in the time-share instrument. If a time share
10 is owned by two or more persons, an action may be brought for the judicial
11 sale of the time share. A provision for the waiver or subordination of the
12 right of partition or any other right characteristic of a tenancy in common is
13 valid.

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

15 119A.510 If a unit is unavailable for a period to which the owner is
16 entitled by schedule or by confirmed reservation, the owner is entitled to be
17 provided by the association : ~~for, if there is no association, by the~~
18 ~~developer;~~

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

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

22 119A.520 1. Each owner is a member of the association for the time-
23 share ~~project;~~ *plan*. The association may be incorporated.

- 24 2. The state of incorporation may be:
25 (a) This state;
26 (b) The state in which the ~~time share~~ project is located; or
27 (c) Any state where the developer has obtained a permit to sell time
28 shares under statutes which govern the sale of time shares.

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

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

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

37 119A.530 1. A developer or an affiliate of the developer shall
38 provide for the management of the *time-share* plan and the project, by a
39 written agreement with the ~~time share~~ *association or, if there is no*
40 *association, with the* owners. The initial term of the agreement must expire
41 upon the first annual meeting of the members of the association or at the
42 end of 5 years, whichever comes first. All succeeding terms of the
43 agreement must be renewed annually unless the manager *refuses to renew*
44 *the agreement* or a majority of the ~~owners;~~ *members of the association*
45 *who are entitled to vote*, excluding the developer, ~~notify~~ *notifies* the
46 manager of ~~their~~ *its* refusal to renew the agreement.

47 2. The agreement must provide that:

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



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

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

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

14 4. Except as *otherwise* provided in this subsection, if the developer
15 retains a ~~reversionary~~ *property* interest in the ~~time-share~~ project, the
16 parties to such an agreement must include the developer, the manager and
17 the association. In addition to the provisions required in subsections 1 and
18 2, the agreement must provide:

19 (a) That the project will be maintained in good condition. Except as
20 *otherwise* provided in this paragraph, any defect which is not cured within
21 10 days after notification by the developer may be cured by him. In an
22 emergency situation, notice is not required. The association must repay the
23 developer for any cost of the repairs plus the legal rate of interest. Each
24 owner must be assessed for his share of the cost of repairs.

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

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

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

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

38 119A.540 1. The association or , if there is no association, the
39 developer shall adopt an annual budget for revenues, expenditures and
40 reserves and collect assessments for the expenses of the time-share *plan*
41 *and the* project from ~~time share~~ *the* owners. The annual budgets of the
42 association must be submitted to and approved by the division until such
43 time as the association is controlled by members other than the developer.

44 2. The administrator may require that the association ~~it~~ or , if there is
45 no association, the developer provide, at the association's or the
46 developer's expense, an opinion from an independent professional
47 consultant as to the sufficiency of the budget to sustain the *time-share* plan
48 offered by the association or the developer. The association or the
49 developer shall place any money collected for assessments ~~in a trust~~



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1 ~~account.~~ and any other revenues received by or on behalf of the
2 association in an account established by the association.

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

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

13 119A.550 1. The developer or the association may levy and enforce
14 a reasonable assessment upon any time share in accordance with the time-
15 share instrument, which is a debt of the owner thereof at the time the
16 assessment is made. The amount of the assessment plus any other charges
17 thereon, such as interest, costs, attorney's fees and penalties, as may be
18 provided for in the time-share instrument is a lien upon the time share
19 assessed when the developer or the association causes to be recorded with
20 the county recorder of the county in which the ~~time share~~ project is
21 located a notice of assessment, which must state:

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

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

26 (c) The name of the ~~time share~~ owner.

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

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

42 3. The lien may be enforced by sale by the developer or the
43 association, its agent or attorney, after failure of the owner to pay such an
44 assessment in accordance with the terms of the time-share instrument. The
45 sale must be conducted in accordance with the provisions of Covenants
46 Nos. 6, 7 and 8 of NRS 107.030, and NRS 107.090 insofar as they are
47 consistent with the provisions of NRS 119A.560, or in any other manner
48 permitted by law. Unless otherwise provided in the time-share instrument,
49 the developer or the association, if it is a corporation, cooperative



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1 association, partnership or natural person, may bid at foreclosure sale and
2 hold, lease, mortgage and convey the time share.

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

4 119A.560 1. The power of sale may not be exercised until:

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

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

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

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

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

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

35 119A.570 1. The developer or the association, if it has been formed,
36 shall maintain:

37 (a) Property insurance on the ~~time share~~ project and any personal
38 property available for use by the ~~time share~~ owners in conjunction
39 therewith, other than personal property separately owned by ~~a time share~~
40 ~~an~~ owner, insuring against all risks of direct physical loss commonly
41 insured against, with a provision agreed to by the lender, that the proceeds
42 must be disbursed for the repair or restoration of the property, and that the
43 ~~time share~~ owners and lien holders are not entitled to receive payment of
44 any portion of the proceeds unless there is a surplus of proceeds after the
45 property has been completely repaired or restored;

46 (b) Liability insurance, including insurance for medical payments, in an
47 amount not less than \$1,000,000 per occurrence, covering all occurrences
48 commonly insured against for death, bodily injury and property damage



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1 arising out of or in connection with the use, ownership or maintenance of
2 the time-share property and ~~{time-share}~~ units; and

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

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

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

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

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

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

16 119A.580 No labor performed or services or materials furnished with
17 the consent of or at the request of ~~{a time share}~~ *an* owner may be the basis
18 for the filing of a lien against the time share of any other ~~{time-share}~~
19 owner, or against any part thereof, or against any other property of any
20 other ~~{time-share}~~ owner, unless the other owner has expressly consented
21 to or requested the performance of such labor or furnishing of such
22 materials or services. Express consent shall be deemed to have been given
23 by the owner of any time share in the case of emergency repairs thereto.
24 Labor performed or services or materials furnished for the insured
25 property, if authorized by the association and provided for in the time-share
26 instrument, shall be deemed to be performed or furnished with the express
27 consent of each ~~{time-share owner. A time-share}~~ *owner. An* owner may
28 remove his time share from a lien against two or more time shares or any
29 part thereof by payment to the holder of the lien of the fraction of the total
30 sum secured by such lien which is attributable to his time share.

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

32 119A.590 1. A developer who offers a program for the exchange of
33 occupancy rights among ~~{time-share}~~ owners or with the owners of time
34 shares in other time-share ~~{properties,}~~ *plans*, or both, shall give to the
35 purchaser the following information:

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

37 (b) The names of the officers, directors and shareholders owning at least
38 5 percent of the outstanding stock of that company.

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

43 (d) A statement that the purchaser's contract with the company is a
44 contract separate and distinct from the contract to purchase the time share,
45 unless the company and the developer or an affiliate *of the developer* are
46 the same.

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



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- 1 (f) A statement indicating whether the purchaser's membership or
2 participation in the program, is voluntary or mandatory.
- 3 (g) A complete and accurate description of:
- 4 (1) The terms and conditions of the purchaser's contractual
5 relationship with the company and the procedure by which changes thereto
6 may be made.
- 7 (2) The procedure to qualify for and make exchanges.
- 8 (3) All limitations, restrictions or priorities of the program, including,
9 but not limited to, limitations on exchanges based on the seasons of the
10 year, the size of units or levels of occupancy, printed in boldface type, and,
11 if such limitations, restrictions or priorities are not uniformly applied by the
12 program, a clear description of the manner in which they are applied.
- 13 (h) A statement indicating whether exchanges are arranged on the basis
14 of available space and whether there are any guarantees of fulfilling
15 specific requests for exchanges.
- 16 (i) A statement indicating whether and under what circumstances an
17 owner, in dealing with the company, may lose the right to use and occupy a
18 ~~time-share~~ unit in any properly applied for exchange without being
19 provided with substitute accommodations by the company.
- 20 (j) The fees to be paid by owners in the program, including a statement
21 indicating whether any fees may be changed by the company and, if so, the
22 circumstances under which those changes may be made.
- 23 (k) The name and address of the site of each ~~time-share~~ project
24 included in the program.
- 25 (l) The number of units in each ~~project~~ *time-share plan* included in
26 the program which are available for occupancy, expressed in numerical
27 groupings of from 1 to 5, 6 to 10, 11 to 20, 21 to 50 and over 50.
- 28 (m) The number of owners with respect to each *time-share* plan ~~to sell~~
29 ~~time-shares~~ or other property who are eligible to participate in the
30 program, expressed in numerical groupings of from 1 to 100, 101 to 249,
31 250 to 499, 500 to 999 and at least 1,000, and a statement of the criteria
32 used to determine those owners who are eligible to participate in the
33 program.
- 34 (n) The disposition made by the company of time shares deposited with
35 the program by owners who are eligible to participate in the program and
36 not used by the company in effecting exchanges.
- 37 (o) An annual report completed on or before July 1 of the succeeding
38 year which must be independently certified by a certified public accountant
39 or accounting firm in accordance with the standards of the Accounting
40 Standards Board of the American Institute of Certified Public Accountants,
41 as those standards exist on May 19, 1983. The report must include:
- 42 (1) The number of owners who are enrolled to participate in the
43 program, including an indication of whether the relationship between the
44 company and the owners is based on the payment of a fee or is gratuitous.
- 45 (2) The number of time-share ~~projects~~ *plans* included in the
46 program, categorized by those ~~projects~~ *plans* which are the subject of a
47 contract between the developer or the association and the company and
48 those ~~projects~~ *plans* which are the subject of a contract between the
49 company and owners directly.



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

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

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

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

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

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

20 119A.600 If a company intends to offer a program for the exchange of
21 occupancy rights among ~~time share~~ owners or with the owners of time
22 shares in other time-share ~~projects,~~ *plans*, or both, directly to a purchaser
23 or owner, the company shall deliver to him, before the offering or the
24 execution of any contract between the purchaser or owner and the company
25 offering the program, the information set forth in subsection 1 of NRS
26 119A.590. The requirements of this section do not apply to any renewal of
27 a contract between an owner and such a company.

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

29 119A.620 1. A company whose program for the exchange of
30 occupancy rights among ~~time share~~ owners or with the owners of time
31 shares in other time-share ~~projects,~~ *plans*, or both, is offered to
32 purchasers of time shares in this state shall, on or before July 1 of each
33 year, file with the division and secretary of the association the information
34 required by subsection 1 of NRS 119A.590 as it relates to that plan.

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

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

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

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

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

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

46 119A.660 1. Whenever the administrator believes that any person
47 has violated any order, regulation, permit, decision, demand or
48 requirement, or any of the provisions of this chapter, he may bring an
49 action in the district court in the county in which the person resides or



1 maintains his principal place of business or, if the person resides outside
2 the state, in any court of competent jurisdiction within or outside the state,
3 against the person to enjoin him from continuing the violation.

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

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

8 119A.665 1. When the administrator ascertains that an association
9 ~~{of time share owners}~~ or a developer, if there is no association, is
10 insolvent or in imminent danger of insolvency, or the association's or
11 developer's affairs are being mismanaged, he may file a complaint in the
12 district court of the county in which the principal office of the association
13 or developer is located for the appointment of a receiver.

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

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

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

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

31 119A.680 1. It is unlawful for any person to engage in the business
32 of, act in the capacity of, advertise or assume to act as a:

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

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

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

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

41 119A.690 Any person who willfully submits, in the application for a
42 permit to sell time shares or an application for a sales agent's license, any
43 materially false or misleading information or fails to submit an annual
44 report on a program for the exchange of occupancy rights among ~~{time-~~
45 ~~share}~~ owners or with the owners of time shares in other time-share
46 ~~{properties,}~~ *plans*, or both, is guilty of a misdemeanor.



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

2 119A.710 It is unlawful to engage in unfair methods of competition or
3 deceptive or unfair acts in the offer to sell or sale of a time share including,
4 without limitation:

5 1. Misrepresenting or failing to disclose any material fact concerning a
6 time share.

7 2. Including in an agreement for the purchase of a ~~time share~~ *time*
8 *share* provisions purporting to waive any right or benefit provided for
9 purchasers under this chapter.

10 3. Receiving from a prospective purchaser any money or other
11 valuable consideration before the purchaser has received a statement of
12 public offering.

13 4. Misrepresenting the amount of time or period of time the unit will
14 be available to a purchaser.

15 5. Misrepresenting the location or locations of the unit.

16 6. Misrepresenting the size, nature, extent, qualities or characteristics
17 of the unit.

18 7. Misrepresenting the nature or extent of any services incident to the
19 unit.

20 8. Misrepresenting the conditions under which a purchaser may
21 exchange occupancy rights to a unit in one location for occupancy rights to
22 a unit in another location.

23 9. Failing to disclose initially that any promised entertainment, food or
24 other inducements are being offered to solicit the sale of a time share.

25 10. Conducting or participating in, without prior approval by the
26 division, any type of lottery or contest, or offering prizes or gifts to induce
27 or encourage a person to visit a ~~time share~~ project, attend a meeting at
28 which a time share will be discussed, attend a presentation or purchase a
29 time share.

30 11. Failing to disclose initially to a prospective purchaser any
31 agreement between the project broker or sales agent and the developer that
32 results in a sharing of sales proceeds in excess of a minimum sales price for
33 a time share.

34 12. Any act or practice considered an unfair method of competition or
35 an unfair or deceptive act or practice under NRS 207.170, 207.171 or
36 598.0915 to 598.0925, inclusive, or chapter 598A or 599A of NRS.

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

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

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

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

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

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

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

48 3. The form for registration must be accompanied by ~~+~~



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

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

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

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

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

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

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

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

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

23 **Sec. 81.** 1. This section, sections 1 to 76, inclusive, and 78, 79 and
24 80 of this act become effective on October 1, 2001.

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

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

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

34 are repealed by the Congress of the United States.

TEXT OF REPEALED SECTION

119A.165 Applicability of chapter to matter also governed by chapter 116 of NRS.

1. If a matter governed by this chapter is also governed by chapter 116 of NRS, compliance with the provisions of chapter 116 of NRS governing the matter which are in addition to or different from the provisions in this chapter governing the same matter is not required. In the event of a conflict between provisions of this chapter and chapter 116 of NRS, the provisions of this chapter prevail.



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2. Without limiting the generality of subsection 1, the provisions of NRS 116.11145, 116.12065, 116.3103, 116.31031, 116.31034, 116.3106, 116.31065, 116.3108 to 116.311, inclusive, 116.31139, 116.31145 to 116.31158, inclusive, 116.31162, 116.31175, 116.31177, 116.41095 and 116.4117 do not apply to a time share or a time-share project.

