

ASSEMBLY BILL NO. 449—COMMITTEE ON JUDICIARY

MARCH 21, 2003

Referred to Committee on Judiciary

SUMMARY—Revises various provisions governing contractors and claims and transactions relating to real property. (BDR 10-870)

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

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

AN ACT relating to real property; requiring disclosures of certain information by the seller of a previously unsold residence; tolling the statutes of limitation and repose for certain actions relating to real property; increasing the amount of damages that a claimant may recover for a constructional defect; requiring an applicant for a contractor's license to pass a practical examination administered by the State Contractors' Board; requiring the Board to adopt regulations setting forth the requirements for continuing education for licensees; providing that certain claims or actions relating to constructional defects do not preclude the Board from taking disciplinary action against a licensee; and providing other matters properly relating thereto.

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

1     **Section 1.** Chapter 113 of NRS is hereby amended by adding  
2     thereto a new section to read as follows:

3     ***1. At the time the initial purchaser signs a contract for the***  
4     ***purchase and sale of a previously unsold residence, the seller shall***  
5     ***disclose to the purchaser in writing:***

6     ***(a) The terms of any settlement, order or judgment relating to***  
7     ***a claim or action for a constructional defect pursuant to NRS***



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1 40.600 to 40.695, inclusive, or concerning a sale of real property  
2 pursuant to this chapter which has been asserted against a person  
3 who participated in any manner in the development, construction  
4 or sale of the residence;

5 (b) A description of any complaint filed with the State  
6 Contractors' Board relating to a constructional defect pursuant to  
7 NRS 40.600 to 40.695, inclusive, or concerning a sale of real  
8 property pursuant to this chapter which has been asserted against  
9 a person who participated in any manner in the development,  
10 construction or sale of the residence and the disposition of the  
11 complaint;

12 (c) A summary of any policy of insurance carried by the seller  
13 that provides coverage for the repair of a constructional defect in  
14 the residence;

15 (d) To the extent that the information is not otherwise provided  
16 to a purchaser pursuant to NRS 624.600, the name, license  
17 number, business address and telephone number of each person  
18 who participated in any manner in the development, construction  
19 or sale of the residence; and

20 (e) A statement describing any deviation from any applicable  
21 building code in effect at the time of the development or  
22 construction of the residence. As used in this paragraph, "building  
23 code" means an ordinance, plan, regulation or ruling adopted by a  
24 governmental body to regulate and specify the soundness of  
25 construction of a structure.

26 2. A seller who fails substantially to comply with the  
27 requirements of subsection 1 is liable for a civil penalty of \$1,000  
28 which is payable to the State Contractors' Board for deposit in the  
29 account established pursuant to NRS 624.470.

30 3. The civil penalty provided for in this section is in addition  
31 to any other remedy or penalty provided by law.

32 4. As used in this section, "constructional defect" has the  
33 meaning ascribed to it in NRS 40.615.

34 **Sec. 2.** Chapter 11 of NRS is hereby amended by adding  
35 thereto a new section to read as follows:

36 1. The statutes of limitation or repose set forth in this chapter  
37 which are applicable to an action specified in NRS 11.203, 11.204  
38 or 11.205 are tolled during any period after the substantial  
39 completion of an improvement to real property in which the  
40 person who performed or furnished the design, planning,  
41 supervision or observation of the construction, or the construction  
42 of an improvement, including, without limitation, a residence or  
43 an improvement within a common-interest community:

44 (a) Owned or otherwise controlled the improvement or the  
45 common-interest community;



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1 (b) *Performed or furnished repairs to the improvement; or*  
2 (c) *Agreed to perform or furnish repairs to the improvement,*  
3 *regardless of whether the person:*

4 (1) *Actually performed or furnished the repairs; or*  
5 (2) *Owned or otherwise controlled the improvement or the*  
6 *common-interest community at the time he agreed to perform or*  
7 *furnish the repairs.*

8 2. *The provisions of this section do not apply to a cause of*  
9 *action against an owner or occupier of real property who did not*  
10 *perform or furnish the design, planning, supervision or*  
11 *observation of the construction, or the construction of an*  
12 *improvement to real property.*

13 3. *As used in this section:*

14 (a) *“Common-interest community” means any real property*  
15 *that is subject to the provisions of chapter 116 or 117 of NRS.*

16 (b) *“Residence” means any real property that is subject to the*  
17 *provisions of NRS 40.600 to 40.695, inclusive.*

18 **Sec. 3.** NRS 11.202 is hereby amended to read as follows:

19 11.202 1. An action may be commenced against the owner,  
20 occupier or any person performing or furnishing the design,  
21 planning, supervision or observation of ~~the~~ construction ~~of~~, or  
22 *performing or furnishing* the construction of , an improvement to  
23 real property at any time after the substantial completion of ~~such~~  
24 ~~an~~ *the* improvement, for the recovery of damages for:

25 (a) Any deficiency in the design, planning, supervision or  
26 observation of ~~the~~ construction ~~of~~, or ~~in~~ the construction of ~~such~~  
27 ~~an~~ *, the* improvement which is the result of his willful misconduct  
28 or which he fraudulently concealed;

29 (b) Injury to real or personal property caused by ~~any such~~ *the*  
30 deficiency; or

31 (c) Injury to or the wrongful death of a person caused by ~~any~~  
32 ~~such~~ *the* deficiency.

33 2. The provisions of this section do not apply in an action  
34 brought against:

35 (a) The owner or keeper of any hotel, inn, motel, motor court,  
36 boardinghouse or lodginghouse in this state on account of his  
37 liability as an innkeeper.

38 (b) Any person on account of a defect in a product.

39 **Sec. 4.** NRS 11.203 is hereby amended to read as follows:

40 11.203 1. Except as otherwise provided in *this section and*  
41 *NRS ~~11.202 and~~ 11.206, and section 2 of this act*, no action may  
42 be commenced against the owner, occupier or any person  
43 performing or furnishing the design, planning, supervision or  
44 observation of ~~the~~ construction ~~of~~, or *performing or furnishing*  
45 the construction of , an improvement to real property more than 10



1 years after the substantial completion of ~~{such-an}~~ *the* improvement,  
2 for the recovery of damages for:

3 (a) Any deficiency in the design, planning, supervision or  
4 observation of *the* construction *of*, or *in* the construction of ~~{such~~  
5 ~~an}~~ , *the* improvement which is known or through the use of  
6 reasonable diligence should have been known to him;

7 (b) Injury to real or personal property caused by ~~{any-such}~~ *the*  
8 deficiency; or

9 (c) Injury to or the wrongful death of a person caused by ~~{any~~  
10 ~~such}~~ *the* deficiency.

11 2. ~~{Notwithstanding the provisions of NRS 11.190 and~~  
12 ~~subsection 1 of this section, if}~~ *If* an injury occurs in the 10th year  
13 after the substantial completion of ~~{such-an}~~ *the* improvement, an  
14 action for damages for injury to property or person, damages for  
15 wrongful death resulting from ~~{such}~~ *the* injury or damages for  
16 breach of contract may be commenced within 2 years after the date  
17 of ~~{such}~~ *the* injury, irrespective of the date of death, but in no event  
18 may an action be commenced more than 12 years after the  
19 substantial completion of the improvement.

20 3. *If the provisions of this section apply to an action:*

21 (a) *The action is subject only to the period of repose set forth*  
22 *in this section; and*

23 (b) *No other period of limitation or repose set forth in this*  
24 *chapter applies to the action.*

25 4. The provisions of this section do not apply to ~~{a}~~ :

26 (a) *An action that is based upon any deficiency specified in*  
27 *subsection 1 if the provisions of NRS 11.202 otherwise apply to the*  
28 *deficiency; or*

29 (b) *A claim for indemnity or contribution.*

30 **Sec. 5.** NRS 11.204 is hereby amended to read as follows:

31 11.204 1. Except as otherwise provided in *this section and*  
32 ~~NRS {11.202, 11.203-and}~~ 11.206, *and section 2 of this act*, no  
33 action may be commenced against the owner, occupier or any  
34 person performing or furnishing the design, planning, supervision or  
35 observation of *the* construction ~~{}~~ *of*, or *performing or furnishing*  
36 *the construction {} of* , an improvement to real property more than 8  
37 years after the substantial completion of ~~{such-an}~~ *the* improvement,  
38 for the recovery of damages for:

39 (a) Any latent deficiency in the design, planning, supervision or  
40 observation of *the* construction *of*, or *in* the construction of ~~{such~~  
41 ~~an}~~ , *the* improvement;

42 (b) Injury to real or personal property caused by ~~{any-such}~~ *the*  
43 *latent* deficiency; or

44 (c) Injury to or the wrongful death of a person caused by ~~{any~~  
45 ~~such}~~ *the latent* deficiency.



- 1       2. ~~[Notwithstanding the provisions of NRS 11.190 and~~  
2 ~~subsection 1 of this section, if]~~ *If* an injury occurs in the eighth year  
3 after the substantial completion of ~~[such an]~~ *the* improvement, an  
4 action for damages for injury to property or person, damages for  
5 wrongful death resulting from ~~[such]~~ *the* injury or damages for  
6 breach of contract may be commenced within 2 years after the date  
7 of ~~[such]~~ *the* injury, irrespective of the date of death, but in no event  
8 may an action be commenced more than 10 years after the  
9 substantial completion of the improvement.
- 10       3. *If the provisions of this section apply to an action:*  
11       (a) *The action is subject only to the period of repose set forth*  
12 *in this section; and*  
13       (b) *No other period of limitation or repose set forth in this*  
14 *chapter applies to the action.*
- 15       4. The provisions of this section do not apply to ~~[a]~~ :  
16       (a) *An action that is based upon any latent deficiency specified*  
17 *in subsection 1 if the provisions of NRS 11.202 or 11.203*  
18 *otherwise apply to the latent deficiency; or*  
19       (b) A claim for indemnity or contribution.
- 20       ~~[4.]~~ 5. For the purposes of this section, "latent deficiency"  
21 means a deficiency which is not apparent by reasonable inspection.
- 22       **Sec. 6.** NRS 11.205 is hereby amended to read as follows:  
23       11.205 1. Except as otherwise provided in *this section and*  
24 ~~NRS [11.202, 11.203 and]~~ 11.206, *and section 2 of this act*, no  
25 action may be commenced against the owner, occupier or any  
26 person performing or furnishing the design, planning, supervision or  
27 observation of *the* construction ~~[.]~~ *of*, or *performing or furnishing*  
28 the construction of , an improvement to real property more than 6  
29 years after the substantial completion of ~~[such an]~~ *the* improvement,  
30 for the recovery of damages for:  
31       (a) Any patent deficiency in the design, planning, supervision or  
32 observation of *the* construction *of*, or *in* the construction of ~~[such~~  
33 ~~an]~~, *the* improvement;  
34       (b) Injury to real or personal property caused by ~~[any such]~~ *the*  
35 *patent* deficiency; or  
36       (c) Injury to or the wrongful death of a person caused by ~~[any~~  
37 ~~such]~~ *the patent* deficiency.
- 38       2. ~~[Notwithstanding the provisions of NRS 11.190 and~~  
39 ~~subsection 1 of this section, if]~~ *If* an injury occurs in the sixth year  
40 after the substantial completion of ~~[such an]~~ *the* improvement, an  
41 action for damages for injury to property or person, damages for  
42 wrongful death resulting from ~~[such]~~ *the* injury or damages for  
43 breach of contract may be commenced within 2 years after the date  
44 of ~~[such]~~ *the* injury, irrespective of the date of death, but in no event



1 may an action be commenced more than 8 years after the substantial  
2 completion of the improvement.

3 3. *If the provisions of this section apply to an action:*

4 (a) *The action is subject only to the period of repose set forth*  
5 *in this section; and*

6 (b) *No other period of limitation or repose set forth in this*  
7 *chapter applies to the action.*

8 4. The provisions of this section do not apply to ~~4a~~:

9 (a) *An action that is based upon any patent deficiency*  
10 *specified in subsection 1 if the provisions of NRS 11.202 or 11.203*  
11 *otherwise apply to the patent deficiency; or*

12 (b) *A claim for indemnity or contribution.*

13 ~~4a~~ 5. For the purposes of this section, "patent deficiency"  
14 means a deficiency which is apparent by reasonable inspection.

15 **Sec. 7.** NRS 11.2055 is hereby amended to read as follows:

16 11.2055 1. Except as otherwise provided in subsection 2, for  
17 the purposes of NRS 11.202 to 11.206, inclusive, *and section 2 of*  
18 *this act*, the date of substantial completion of an improvement to  
19 real property shall be deemed to be the date on which:

20 (a) The final building inspection of the improvement is  
21 conducted;

22 (b) A notice of completion is issued for the improvement; or

23 (c) A certificate of occupancy is issued for the  
24 improvement,  
25 whichever occurs later.

26 2. If none of the events described in subsection 1 occurs, the  
27 date of substantial completion of an improvement to real property  
28 must be determined by the rules of the common law.

29 **Sec. 8.** NRS 11.206 is hereby amended to read as follows:

30 11.206 The ~~limitations respectively prescribed by~~ *periods of*  
31 *repose set forth in* NRS 11.203, 11.204 and 11.205 are not a  
32 defense in an action brought against:

33 1. The owner or keeper of any hotel, inn, motel, motor court,  
34 boardinghouse or lodginghouse in this state on account of his  
35 liability as an innkeeper.

36 2. Any person on account of a defect in a product.

37 **Sec. 9.** NRS 40.635 is hereby amended to read as follows:

38 40.635 NRS 40.600 to 40.695, inclusive:

39 1. Apply to any claim that arises before, on or after July 1,  
40 1995, as the result of a constructional defect, except a claim for  
41 personal injury or wrongful death, if the claim is the subject of an  
42 action commenced on or after July 1, 1995.

43 2. Prevail over any conflicting law otherwise applicable to the  
44 claim or cause of action.



1 3. Do not bar or limit any defense otherwise available except as  
2 otherwise provided in those sections.

3 4. Do not create a new theory upon which liability may be  
4 based.

5 *5. Do not limit, preclude or abate a disciplinary proceeding*  
6 *against a contractor pursuant to chapter 624 of NRS.*

7 **Sec. 10.** NRS 40.655 is hereby amended to read as follows:

8 40.655 1. Except as otherwise provided in NRS 40.650 ~~(f)~~  
9 *and 40.670*, in a claim governed by NRS 40.600 to 40.695,  
10 inclusive, the claimant may recover only the following damages to  
11 the extent proximately caused by a constructional defect:

12 (a) Any reasonable attorney's fees;

13 (b) The reasonable cost of any repairs already made that were  
14 necessary and of any repairs yet to be made that are necessary to  
15 cure any constructional defect that the contractor failed to cure and  
16 the reasonable expenses of temporary housing reasonably necessary  
17 during the repair;

18 (c) The reduction in market value of the residence or accessory  
19 structure, if any, to the extent the reduction is because of structural  
20 failure;

21 (d) *The reduction in market value of the residence or accessory*  
22 *structure, if any, to the extent the reduction is the result of a*  
23 *disclosure required pursuant to NRS 40.688;*

24 (e) *The* loss of the use of all or any part of the residence;

25 ~~(e)(f)~~ (f) The reasonable value of any other property damaged by  
26 the constructional defect;

27 ~~(f)(g)~~ (g) Any additional costs reasonably incurred by the  
28 claimant, including, but not limited to, any costs and fees incurred  
29 for the retention of experts to:

30 (1) Ascertain the nature and extent of the constructional  
31 defects;

32 (2) Evaluate appropriate corrective measures to estimate the  
33 value of loss of use; and

34 (3) Estimate the value of loss of use, the cost of temporary  
35 housing and the reduction of market value of the residence; and

36 ~~(g)(h)~~ (h) Any interest provided by statute.

37 2. The amount of any attorney's fees awarded pursuant to this  
38 section must be approved by the court.

39 3. ~~(H)~~ *Except as otherwise provided in NRS 11.202 and*  
40 *chapter 116 of NRS, if* a contractor complies with the provisions of  
41 NRS 40.600 to 40.695, inclusive, the claimant may not recover from  
42 the contractor, as a result of the constructional defect, anything other  
43 than that which is provided pursuant to NRS 40.600 to 40.695,  
44 inclusive.





1 4. As used in this section, "structural failure" means physical  
2 damage to the load-bearing portion of a residence or appurtenance  
3 caused by a failure of the load-bearing portion of the residence or  
4 appurtenance.

5 **Sec. 11.** NRS 40.670 is hereby amended to read as follows:

6 40.670 1. A contractor who receives written notice of a  
7 constructional defect resulting from work performed by the  
8 contractor or his agent, employee or subcontractor which creates an  
9 imminent threat to the health or safety of the inhabitants of the  
10 residence shall take reasonable steps to cure the defect as soon as  
11 practicable. The contractor shall not cure the defect by making any  
12 repairs for which he is not licensed or by causing any repairs to be  
13 made by a person who is not licensed to make those repairs. ~~HH~~

14 *2. Except as otherwise provided in subsection 3, if the*  
15 *contractor fails to cure the defect in a reasonable time, the owner of*  
16 *the residence may have the defect cured and may recover from the*  
17 *contractor the reasonable cost of the repairs plus reasonable*  
18 *attorney's fees and costs in addition to any other damages*  
19 *recoverable under any other law.*

20 ~~2-1~~ *3. A contractor who does not cure a defect pursuant to this*  
21 *section because he has determined, in good faith and after a*  
22 *reasonable inspection, that there is not an imminent threat to the*  
23 *health or safety of the inhabitants is not liable for the cost of*  
24 *repairs, attorney's fees and costs, or other damages relating to the*  
25 *defect pursuant to this section, except that if a building inspector,*  
26 *building official or other similar authority employed by a*  
27 *governmental body with jurisdiction certifies that there is an*  
28 *imminent threat to the health and safety of the inhabitants of the*  
29 *residence, the contractor is subject to the provisions of subsection*  
30 *1-1 subsection 2.*

31 *4. If an architect or residential designer registered pursuant*  
32 *to chapter 623 of NRS, or a professional engineer licensed*  
33 *pursuant to chapter 625 of NRS, certifies that the defect creates an*  
34 *imminent threat to the health or safety of the inhabitants of the*  
35 *residence, and if the trier of fact determines that the contractor*  
36 *refused to correct the defect in a timely manner and was not acting*  
37 *in good faith:*

38 *(a) The limitation on damages provided in NRS 40.655 does*  
39 *not apply and the owner of the residence may recover the damages*  
40 *specified in NRS 40.655 in addition to any other damages to which*  
41 *he may be entitled;*

42 *(b) The trier of fact shall revoke the license of the contractor*  
43 *and notify the State Contractors' Board of the revocation; and*

44 *(c) The contractor is liable to the owner of the residence for*  
45 *damages in an amount equal to three times the reasonable cost of*





1 *repairs necessary to cure the constructional defect that the*  
2 *contractor failed to correct or repair properly.*

3 **Sec. 12.** Chapter 278 of NRS is hereby amended by adding  
4 thereto the provisions set forth as sections 13, 14 and 15 of this act.

5 **Sec. 13.** 1. *No certificate of occupancy for a residential*  
6 *dwelling within a subdivision may be issued by a city or county*  
7 *building department unless there has been filed with the building*  
8 *department a certification that the finish grading of the lot on*  
9 *which the dwelling is situated, including, without limitation, the*  
10 *drainage swales and drainage inlets for the lot, is consistent with*  
11 *the approved plans for the construction of the dwelling.*

12 2. *The certification required pursuant to subsection 1 must be*  
13 *issued by a professional engineer who:*

14 (a) *Is licensed pursuant to chapter 625 of NRS;*  
15 (b) *Is qualified to practice as a civil engineer; and*  
16 (c) *Carries professional liability insurance of not less than*  
17 *\$1,000,000.*

18 **Sec. 14.** 1. *No building permit for the construction of a*  
19 *residential dwelling within a subdivision may be issued by a city or*  
20 *county building department unless a professional engineer who is*  
21 *licensed pursuant to chapter 625 of NRS and is qualified to*  
22 *practice as a geotechnical engineer has approved the*  
23 *recommendations for soil preparation and foundation design set*  
24 *forth in the soil report prepared for the subdivision in which the*  
25 *real property on which the residential dwelling will be constructed*  
26 *is located.*

27 2. *The professional engineer must be selected by the city or*  
28 *county building department and his fee must be paid by the*  
29 *developer of the subdivision as part of the application for a*  
30 *grading permit.*

31 3. *The professional engineer may require additional analyses*  
32 *of soil samples and more stringent standards for foundation*  
33 *design than those specified by the engineer of the developer.*

34 **Sec. 15.** 1. *No building permit for the construction of a*  
35 *residential dwelling within a subdivision may be issued by a city or*  
36 *county building department unless a professional engineer who is*  
37 *licensed pursuant to chapter 625 of NRS and is qualified to*  
38 *practice as a structural engineer certifies the structural design of*  
39 *the residential dwelling.*

40 2. *No certificate of occupancy for a residential dwelling*  
41 *within a subdivision may be issued by a city or county building*  
42 *department unless all the major structural components of the*  
43 *residential dwelling have been reviewed and approved by a*  
44 *professional engineer who is licensed pursuant to chapter 625 of*  
45 *NRS and is qualified to practice as a structural engineer.*



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1       3. *The professional engineer must be selected by the city or*  
2 *county building department, and his fee must be paid by the*  
3 *developer of the subdivision as part of the application for the*  
4 *building permit.*

5       4. *As used in this section, "major structural components"*  
6 *includes, without limitation:*

7       (a) *The foundation, including the placement of reinforcing*  
8 *steel and posttension reinforcing rods, the dimensions of footings*  
9 *and other components of the foundation, and the compressive*  
10 *strength of the concrete used to pour the foundation;*

11       (b) *The insulation of shear walls, including the use of anchor*  
12 *bolts and hold-downs, and the nailing of panels; and*

13       (c) *The installation of roof trusses, including the attachment of*  
14 *the trusses to other parts of the frame of the building.*

15       **Sec. 16.** NRS 278.010 is hereby amended to read as follows:

16       278.010 As used in NRS 278.010 to 278.630, inclusive, *and*  
17 *sections 13, 14 and 15 of this act*, unless the context otherwise  
18 requires, the words and terms defined in NRS 278.0105 to  
19 278.0195, inclusive, have the meanings ascribed to them in those  
20 sections.

21       **Sec. 17.** Chapter 624 of NRS is hereby amended by adding  
22 thereto the provisions set forth as sections 18 and 19 of this act.

23       **Sec. 18.** *In addition to any other requirement for the*  
24 *issuance of a license pursuant to this chapter, the Board shall*  
25 *require each applicant for a license to pass a practical*  
26 *examination administered by the Board upon such subjects as the*  
27 *Board determines necessary to ensure the competency of the*  
28 *applicant for each classification for which the applicant wishes to*  
29 *be licensed. If the applicant is a natural person qualifying by the*  
30 *appearance of a responsible managing employee pursuant to*  
31 *paragraph (a) of subsection 2 of NRS 624.260, or is a*  
32 *copartnership, corporation or other combination or organization*  
33 *qualifying by the appearance of a responsible managing officer or*  
34 *member of the personnel of the applicant firm pursuant to*  
35 *paragraph (b) of subsection 2 of NRS 624.260, the responsible*  
36 *managing employee, officer or member must pass the practical*  
37 *examination required by this section.*

38       **Sec. 19.** *The Board shall, by regulation, require each*  
39 *licensee to complete a course of continuing education as a*  
40 *condition for the renewal of his license. The regulations must*  
41 *include:*

42       1. *The number of hours of credit required for the renewal;*  
43 *and*

44       2. *The requirements for submission of proof of attendance at*  
45 *the course.*



1     **Sec. 20.** NRS 624.283 is hereby amended to read as follows:

2     624.283 1. Each license issued under the provisions of this  
3 chapter expires 1 year after the date on which it is issued, except  
4 that the Board may by regulation prescribe shorter or longer periods  
5 and prorated fees to establish a system of staggered renewals. Any  
6 license which is not renewed on or before the date for renewal is  
7 automatically suspended.

8     2. A license may be renewed by submitting to the Board:

9     (a) An application for renewal;

10    (b) The statement required pursuant to NRS 624.268 if the  
11 holder of the license is a natural person;

12    (c) *Proof of compliance with the requirements for continuing*  
13 *education established by the Board for the renewal of the license;*

14    (d) The fee for renewal fixed by the Board; and

15    ~~(d)~~ (e) Any assessment required pursuant to NRS 624.470 if  
16 the holder of the license is a residential contractor as defined in  
17 NRS 624.450.

18    3. The Board may require a licensee to demonstrate his  
19 financial responsibility at any time through the submission of:

20    (a) A financial statement that is prepared by an independent  
21 certified public accountant; and

22    (b) If the licensee performs residential construction, such  
23 additional documentation as the Board deems appropriate.

24    4. If a license is automatically suspended pursuant to  
25 subsection 1, the licensee may have his license reinstated upon filing  
26 an application for renewal within 6 months after the date of  
27 suspension and paying, in addition to the fee for renewal, a fee for  
28 reinstatement fixed by the Board, if he is otherwise in good standing  
29 and there are no complaints pending against him. If he is otherwise  
30 not in good standing or there is a complaint pending, the Board shall  
31 require him to provide a current financial statement prepared by an  
32 independent certified public accountant or establish other conditions  
33 for reinstatement. If the licensee is a natural person, his application  
34 for renewal must be accompanied by the statement required  
35 pursuant to NRS 624.268. A license which is not reinstated within 6  
36 months after it is automatically suspended may be cancelled by the  
37 Board, and a new license may be issued only upon application for an  
38 original contractor's license.

39    5. *Any application for the renewal of a license filed pursuant*  
40 *to subsection 4 must include proof of compliance with the*  
41 *requirements for continuing education established by the Board*  
42 *for the renewal of a license.*

43     **Sec. 21.** NRS 624.283 is hereby amended to read as follows:

44     624.283 1. Each license issued under the provisions of this  
45 chapter expires 1 year after the date on which it is issued, except



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1 that the Board may by regulation prescribe shorter or longer periods  
2 and prorated fees to establish a system of staggered renewals. Any  
3 license which is not renewed on or before the date for renewal is  
4 automatically suspended.

5 2. A license may be renewed by submitting to the Board:

6 (a) An application for renewal;

7 (b) *Proof of compliance with the requirements for continuing*  
8 *education established by the Board for the renewal of a license;*

9 (c) The fee for renewal fixed by the Board; and

10 ~~(c)~~ (d) Any assessment required pursuant to NRS 624.470 if  
11 the holder of the license is a residential contractor as defined in  
12 NRS 624.450.

13 3. The Board may require a licensee to demonstrate his  
14 financial responsibility at any time through the submission of:

15 (a) A financial statement that is prepared by an independent  
16 certified public accountant; and

17 (b) If the licensee performs residential construction, such  
18 additional documentation as the Board deems appropriate.

19 4. If a license is automatically suspended pursuant to  
20 subsection 1, the licensee may have his license reinstated upon filing  
21 an application for renewal within 6 months after the date of  
22 suspension and paying, in addition to the fee for renewal, a fee for  
23 reinstatement fixed by the Board, if he is otherwise in good standing  
24 and there are no complaints pending against him. If he is otherwise  
25 not in good standing or there is a complaint pending, the Board shall  
26 require him to provide a current financial statement prepared by an  
27 independent certified public accountant or establish other conditions  
28 for reinstatement. A license which is not reinstated within 6 months  
29 after it is automatically suspended may be cancelled by the Board,  
30 and a new license may be issued only upon application for an  
31 original contractor's license.

32 *5. Any application for the renewal of a license filed pursuant*  
33 *to subsection 4 must include proof of compliance with the*  
34 *requirements for continuing education established by the Board*  
35 *for the renewal of a license.*

36 **Sec. 22.** NRS 624.300 is hereby amended to read as follows:

37 624.300 1. Except as otherwise provided in subsection 3, the  
38 Board may:

39 (a) Suspend or revoke licenses already issued;

40 (b) Refuse renewals of licenses;

41 (c) Impose limits on the field, scope and monetary limit of the  
42 license;

43 (d) Impose an administrative fine of not more than \$10,000;



1 (e) Order a licensee to repay to the account established pursuant  
2 to NRS 624.470, any amount paid out of the account pursuant to  
3 NRS 624.510 as a result of an act or omission of that licensee;

4 (f) Order the licensee to take action to correct a condition  
5 resulting from an act which constitutes a cause for disciplinary  
6 action, at the licensee's cost, that may consist of requiring the  
7 licensee to:

8 (1) Perform the corrective work himself;  
9 (2) Hire and pay another licensee to perform the corrective  
10 work; or

11 (3) Pay to the owner of the construction project a specified  
12 sum to correct the condition; or

13 (g) Reprimand or take other less severe disciplinary action,  
14 including, without limitation, increasing the amount of the surety  
15 bond or cash deposit of the licensee,  
16 if the licensee commits any act which constitutes a cause for  
17 disciplinary action.

18 2. If the Board suspends or revokes the license of a contractor  
19 for failure to establish financial responsibility, the Board may, in  
20 addition to any other conditions for reinstating or renewing the  
21 license, require that each contract undertaken by the licensee for a  
22 period to be designated by the Board, not to exceed 12 months, be  
23 separately covered by a bond or bonds approved by the Board and  
24 conditioned upon the performance of and the payment of labor and  
25 materials required by the contract.

26 3. If a licensee violates the provisions of NRS 624.3014 or  
27 subsection 3 of NRS 624.3015, the Board may impose an  
28 administrative fine of not more than \$20,000.

29 4. If a licensee commits a fraudulent act which is a cause for  
30 disciplinary action under NRS 624.3016, the correction of any  
31 condition resulting from the act does not preclude the Board from  
32 taking disciplinary action.

33 5. If the Board finds that a licensee has engaged in repeated  
34 acts that would be cause for disciplinary action, the correction of  
35 any resulting conditions does not preclude the Board from taking  
36 disciplinary action pursuant to this section.

37 6. The expiration of a license by operation of law or by order  
38 or decision of the Board or a court, or the voluntary surrender of a  
39 license by a licensee, does not deprive the Board of jurisdiction to  
40 proceed with any investigation of, or action or disciplinary  
41 proceeding against, the licensee or to render a decision suspending  
42 or revoking the license.

43 7. *A claim or action pursuant to NRS 40.600 to 40.695,*  
44 *inclusive, against a licensee does not:*



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1       (a) *Preclude or limit the Board from taking disciplinary action*  
2 *pursuant to this section; or*

3       (b) *Deprive the Board of jurisdiction to proceed with any*  
4 *investigation of, or action or disciplinary proceeding against, the*  
5 *licensee or to issue a decision suspending or revoking the license*  
6 *of a licensee.*

7       8. *A licensee whose license is revoked by an order issued*  
8 *pursuant to NRS 40.670 may apply for a reinstatement of his*  
9 *license if the order is reversed on appeal.*

10       9. If discipline is imposed pursuant to this section, including  
11 any discipline imposed pursuant to a stipulated settlement, the costs  
12 of the proceeding, including investigative costs and attorney's fees,  
13 may be recovered by the Board.

14       ~~8.~~ 10. All fines collected pursuant to this section must be  
15 deposited with the State Treasurer for credit to the Construction  
16 Education Account created pursuant to NRS 624.580.

17       Sec. 23. NRS 624.3016 is hereby amended to read as follows:

18       624.3016 The following acts or omissions, among others,  
19 constitute cause for disciplinary action ~~under~~ *pursuant to*  
20 NRS 624.300:

21       1. Any fraudulent or deceitful act committed in the capacity of  
22 a contractor.

23       2. A conviction of a violation of NRS 624.730 or a felony or a  
24 crime involving moral turpitude.

25       3. Knowingly making a false statement in or relating to the  
26 recording of a notice of lien pursuant to the provisions of  
27 NRS 108.226.

28       4. Failure to give a notice required by NRS 108.245 or  
29 108.246.

30       5. Failure to comply with NRS 597.713, 597.716 or 597.719 or  
31 any regulations of the Board governing contracts for the  
32 construction of residential pools and spas.

33       6. Failure to comply with NRS 624.600 ~~or~~ *or section 1 of this*  
34 *act.*

35       7. Misrepresentation or the omission of a material fact, or the  
36 commission of any other fraudulent or deceitful act, to obtain a  
37 license.

38       8. Failure to pay *a civil penalty imposed pursuant to section 1*  
39 *of this act or* an assessment required pursuant to NRS 624.470.

40       Sec. 24. NRS 624.470 is hereby amended to read as follows:

41       624.470 1. Except as otherwise provided in subsection 3, in  
42 addition to the annual fee for a license required pursuant to NRS  
43 624.280, a residential contractor shall pay to the Board an annual  
44 assessment in the following amount, if the monetary limit on his  
45 license is:



1	Not more than \$1,000,000.....	\$100
2	More than \$1,000,000 but limited.....	250
3	Unlimited.....	500

4  
5       2. The Board shall administer and account separately for the  
6 money received from the annual assessments collected pursuant to  
7 subsection 1 ~~[-]~~ *and from any money collected from civil penalties*  
8 *imposed pursuant to section 1 of this act.* The Board may refer to  
9 the money in the account as the "Recovery Fund."

10       3. The Board shall suspend the collection of assessments  
11 pursuant to subsection 1 when the balance in the account *from*  
12 *assessments* reaches 150 percent of the largest balance in the  
13 account *from assessments* during the previous fiscal year.

14       4. Except as otherwise provided in NRS 624.540, the money in  
15 the account must be used to pay claims made by owners who are  
16 damaged by the failure of a residential contractor to perform  
17 qualified services adequately, as provided in NRS 624.400 to  
18 624.560, inclusive.

19       **Sec. 25.** 1. The State Contractors' Board shall:

20       (a) Develop the practical examinations to be administered  
21 pursuant to section 18 of this act by not later than December 31,  
22 2003, and begin administering the examinations by not later than  
23 March 1, 2004; and

24       (b) Adopt regulations pursuant to section 19 of this act by not  
25 later than December 31, 2003.

26       2. The license of a person who holds a valid license pursuant to  
27 chapter 624 of NRS that was issued before March 1, 2004, remains  
28 valid regardless of whether the person has successfully completed a  
29 practical examination pursuant to section 18 of this act until the  
30 person renews the license, at which time the person must  
31 demonstrate that he has passed any examination required pursuant to  
32 section 18 of this act as a condition to the renewal of his license.

33       3. On and after March 1, 2004, the State Contractors' Board  
34 shall not renew the license of a person pursuant to chapter 624 of  
35 NRS who has not successfully completed any examination required  
36 pursuant to section 18 of this act.

37       **Sec. 26.** 1. The amendatory provisions of section 1 of this  
38 act do not apply to a contract or agreement for the purchase and sale  
39 of a previously unsold residence entered into before October 1,  
40 2003.

41       2. The amendatory provisions of sections 2, 7, 9, 10 and 11 of  
42 this act do not apply to a claim that is filed or an action that is  
43 commenced before October 1, 2003.

44       3. The amendatory provisions of sections 4, 5 and 6 of this act  
45 do not apply to an action if any period of limitation set forth in



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1 chapter 11 of NRS that was applicable to the action, other than a  
2 period of repose set forth in NRS 11.203, 11.204 or 11.205, began  
3 to run before October 1, 2003.

4 **Sec. 27.** 1. This section, sections 1 to 16, inclusive, and 22 to  
5 25, inclusive, of this act become effective on October 1, 2003.

6 2. Sections 17, 18 and 19 of this act become effective on  
7 October 1, 2003, for the purpose of adopting regulations and on  
8 March 1, 2004, for all other purposes

9 3. Section 20 of this act becomes effective on March 1, 2003,  
10 and expires by limitation on the date of the repeal of the federal law  
11 requiring each state to establish procedures for withholding,  
12 suspending and restricting the professional, occupational and  
13 recreational licenses for child support arrearages and for  
14 noncompliance with certain processes relating to paternity or child  
15 support proceedings.

16 4. Section 21 of this act becomes effective on the date of the  
17 repeal of the federal law requiring each state to establish procedures  
18 for withholding, suspending and restricting the professional,  
19 occupational and recreational licenses for child support arrearages  
20 and for noncompliance with certain processes relating to paternity or  
21 child support proceedings.

