

SENATE BILL NO. 434—COMMITTEE ON COMMERCE AND LABOR

MARCH 29, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing regulation of contractors. (BDR 52-1103)

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

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

AN ACT relating to contractors; revising the scope of the provisions governing contractors who perform work concerning residential swimming pools and spas; increasing the down payment that those contractors may require to perform such work; revising the provisions governing the bonding requirements for certain contractors; allowing the State Contractors' Board to relieve certain contractors from those bonding requirements under certain circumstances; revising the statute of limitations for filing certain complaints with the Board; changing the procedure for processing and investigating certain complaints filed with the Board; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law regulates contractors who perform certain work concerning residential pools and spas. (NRS 597.713-597.7198) The type of work performed by a contractor that is subject to regulation is defined under existing law to include the construction, repair or maintenance of residential pools and spas. (NRS 597.713)

This bill expands the type of work performed by a contractor that is subject to regulation. Such work is defined under this bill to include the design, selling, construction, repair, maintenance, restoration, alteration or improvement of residential pools and spas, as well as any consultation or supervision that a contractor performs concerning such work.

Under existing law, a contractor who performs work concerning residential pools and spas may not require a down payment for the work that exceeds \$1,000 or 10 percent of the aggregate contract price, whichever is less. (NRS 597.716, 597.719)



15 This bill changes the maximum down payment that the contractor may charge  
16 to \$2,000 or 10 percent of the aggregate contract price, whichever is less.

17 Under existing law, certain contractors who perform work concerning  
18 residential pools and spas must meet certain bonding requirements before  
19 performing the work. The bonding requirements apply to any contractor who is  
20 licensed by the State Contractors' Board on or after July 1, 2001, and to other  
21 contractors who commit certain violations. (NRS 624.270)

22 This bill provides that the bonding requirements do not apply to a contractor  
23 unless the contractor performs work concerning residential pools and spas that  
24 exceeds \$10,000 in value. However, the bonding requirements still apply to  
25 contractors who commit certain violations.

26 This bill also allows certain contractors to avoid the bonding requirements if  
27 the contractor and the owner agree to use an independent third party to monitor,  
28 control and distribute payments made under the contract. If a third party is used, the  
29 third party must perform inspections and obtain releases of liens before distributing  
30 the final payment, and the third party must comply with certain statutory  
31 requirements governing construction controls.

32 This bill also allows the Board to relieve certain contractors who perform work  
33 concerning residential pools and spas from the bonding requirements. To be  
34 eligible for such relief, the contractor must be licensed in this State for at least 3  
35 consecutive years and must meet certain performance requirements.

36 Existing law requires a person to file a complaint against a contractor with the  
37 Board not later than 4 years after the act or omission committed by the contractor.  
38 (NRS 624.331) Upon receipt of a complaint, the Investigations Office of the Board  
39 must initiate an investigation of the complaint. (NRS 624.335)

40 This bill requires a person to file a complaint against a contractor within 4 years  
41 after the act or omission by the contractor or within any warranty period agreed  
42 upon by the parties in a written construction contract, whichever period is shorter.

43 This bill also requires the Investigations Office of the Board to send notice of a  
44 complaint to the contractor and to give the contractor 14 business days to resolve  
45 the complaint. If the contractor does not resolve the complaint within the time  
46 allowed, the Investigations Office of the Board must then initiate an investigation  
47 of the complaint.

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

1 **Section 1.** NRS 597.713 is hereby amended to read as follows:  
2 597.713 As used in NRS 597.713 to 597.7198, inclusive:

3 1. "Board" means the State Contractors' Board.

4 2. *"Contract" means any contract or agreement in which a*  
5 *contractor agrees to perform work concerning a residential*  
6 *swimming pool or spa.*

7 3. "Contractor" means a person licensed pursuant to the  
8 provisions of chapter 624 of NRS ~~{whose scope of work includes~~  
9 ~~the}~~ *who performs work concerning a residential swimming pool*  
10 *or spa.*

11 4. *"Work concerning a residential swimming pool or spa"*  
12 *means:*



1 (a) *The design, selling, construction, repair, ~~for~~ maintenance,*  
2 *restoration, alteration or improvement* of any residential swimming  
3 pool or spa, regardless of use, including the repair or replacement of  
4 existing equipment or the installation of new equipment, as  
5 necessary ~~[-]; or~~

6 (b) *Any consultation or supervision concerning such work.*

7 ↳ The scope of such work includes layout, excavation, operation of  
8 construction pumps for removal of water, steelwork, construction of  
9 floors, installation of gunite, fiberglass, tile and coping, installation  
10 of all perimeter and filter piping, *including connection to potable*  
11 *water,* installation of all filter equipment and chemical feeders of  
12 any type, plastering of the interior, construction of decks,  
13 installation of housing for pool equipment and installation of  
14 packaged pool heaters ~~[-]~~ *and gas lines.*

15 **Sec. 2.** NRS 597.715 is hereby amended to read as follows:

16 597.715 1. Any contractor or subcontractor who performs  
17 work ~~for the repair, restoration, improvement or construction of~~  
18 *concerning* a residential pool or spa shall, regardless of whether the  
19 work is performed under the direction of a builder who is also the  
20 owner of the property being improved:

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

23 (b) Meet all applicable requirements imposed pursuant to:

24 (1) This chapter;

25 (2) Chapter 624 of NRS; and

26 (3) Any regulations adopted by the Board,

27 ↳ with respect to contracts for ~~the repair, restoration, improvement~~  
28 ~~or construction of~~ *work concerning* a residential pool or spa.

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

37 3. With respect to a contract for ~~the repair, restoration,~~  
38 ~~improvement or construction of~~ *work concerning* a residential pool  
39 or spa, ~~regardless of use,~~ the work performed pursuant to such a  
40 contract must be supervised and controlled directly by the qualified  
41 employee or qualified officer of the contractor.

42 4. If ~~the repair, restoration, improvement or construction of~~  
43 *work concerning* a residential pool or spa is performed under the  
44 direction of a builder who is exempt from having to obtain a license



1 as a contractor because the builder is also the owner of the property  
2 being improved, a person shall not, directly or indirectly, perform or  
3 offer to perform, for a fee, any act as a consultant, adviser, assistant  
4 or aide to the builder for the purposes of the project, including,  
5 without limitation, any act associated with obtaining permits for the  
6 project, or otherwise hold himself out as being able to perform such  
7 acts for a fee, unless the person holds:

8 (a) A license as a contractor or subcontractor under state law  
9 which authorizes the person to perform such acts for a fee; or

10 (b) Any other license, certificate, registration or permit under  
11 state law which authorizes the person to perform such acts for a fee.

12 **Sec. 3.** NRS 597.716 is hereby amended to read as follows:

13 597.716 1. A contractor who receives an initial *down*  
14 payment *or deposit* of ~~[\$1,000]~~ *\$2,000* or 10 percent of the  
15 aggregate contract price, whichever is less, for ~~[the repair,~~  
16 ~~restoration, improvement or construction of]~~ *work concerning* a  
17 residential pool or spa shall start the work within 30 days after the  
18 date all necessary permits for the work, if any, are issued, unless the  
19 person who made the payment agrees in writing to a longer period  
20 to apply for the necessary permits or start the work or to longer  
21 periods for both.

22 2. A contractor who receives money for ~~[the repair, restoration,~~  
23 ~~addition, improvement or construction of]~~ *work concerning* a  
24 residential pool or spa shall complete the work diligently and shall  
25 not refuse to perform any work for any 30-day period.

26 3. If satisfactory payment is made for any portion of the work  
27 performed, the contractor shall, before any further payment is made,  
28 furnish the owner a full and unconditional release from any claim of  
29 mechanic's lien for that portion of the work for which payment has  
30 been made.

31 4. The requirements of subsection 3 do not apply if the contract  
32 provides for the contractor to furnish a bond for payment and  
33 performance or joint control covering full performance and  
34 completion of the contract and the bond or joint control is furnished  
35 by the contractor.

36 5. ~~[An agreement or]~~ A contract for ~~[the repair, restoration,~~  
37 ~~improvement or construction of]~~ *work concerning* a residential pool  
38 or spa must contain a written statement explaining the rights of the  
39 customer under NRS 597.713 to 597.7198, inclusive, and other  
40 relevant statutes.

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



**Sec. 4.** NRS 597.719 is hereby amended to read as follows:

597.719 1. The Board shall adopt by regulation mandatory elements to be included in all contracts to be used by contractors for ~~[the repair, restoration, improvement or construction of]~~ **work concerning** a residential pool or spa. Such mandatory elements must not be waived or limited by contract or in any other manner. On and after October 1, 2001, any contract entered into between a contractor and the owner of a single-family residence for ~~[the repair, restoration, improvement or construction of]~~ **work concerning** a residential pool or spa must comply with the standard elements adopted by the Board. A contract that does not comply with the standard elements adopted by the Board is void and unenforceable against the owner.

2. Any such contract in an amount of more than \$1,000 must contain in writing at least the following information:

(a) The name of the contractor and his business address and license number.

(b) The name and mailing address of the owner and the address or legal description of the property.

(c) The date of execution of the contract.

(d) The estimated date of completion of all work to be performed under the contract.

(e) A description of the work to be performed under the contract.

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

(g) The amount, not to exceed ~~[\$1,000]~~ **\$2,000** or 10 percent of the aggregate contract price, whichever is less, of any **initial down payment or** deposit paid or promised to be paid to the contractor by the owner before the start of construction.

(h) A statement that the contractor has provided the owner with the notice and informational form required by NRS 624.600.

(i) A statement that any additional work to be performed under the contract, whether or not pursuant to a change order, which will require the owner to pay additional money and any other change in the terms in the original contract must be agreed to in writing by the parties and incorporated into the original contract as a change order. A change order is not enforceable against the owner contracting for ~~[the repair, restoration, improvement or construction of]~~ **work concerning** a residential pool or spa unless the change order clearly sets forth the scope of work to be completed and the price to be charged for the changes and is signed by the owner.

(j) A plan and scale drawing showing the shape, size, dimensions and the specifications for the construction and



1 equipment for the residential pool or spa and for other home  
2 improvements, and a description of the work to be done, the  
3 materials to be used and the equipment to be installed, and the  
4 agreed consideration for the work.

5 (k) Except as otherwise provided in this subsection, the dollar  
6 amount of any progress payment and the stage of construction at  
7 which the contractor will be entitled to collect progress payments  
8 during the course of construction under the contract. The schedule  
9 of payments must show the amount of each payment as a sum in  
10 dollars and cents. The schedule of payments must not provide for  
11 the contractor to receive, nor may the contractor actually receive,  
12 payments in excess of 100 percent of the value of the work  
13 performed on the project at any time, excluding finance charges,  
14 except for an initial down payment *or deposit* as authorized by  
15 subsection 1 of NRS 597.716 or the regulations adopted by the  
16 Board. With respect to a contract executed before October 1, 2001,  
17 if any schedule of payments set forth in the contract does not  
18 comply with the provisions of this chapter or chapter 624 of NRS or  
19 any regulations adopted pursuant thereto:

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

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

27 ➤ The provisions of this paragraph do not apply if the contractor  
28 has furnished a bond for payment and performance covering full  
29 performance and completion of the contract and the cost of the bond  
30 is included in the price of the project.

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

36 ➤ Except as otherwise provided in subsection 5, the contract may  
37 contain such other conditions, stipulations or provisions as to which  
38 the parties may agree.

39 3. The contract must contain:

40 (a) A method whereby the owner may initial provisions of the  
41 contract, thereby indicating that those provisions have been read and  
42 are understood.

43 (b) In close proximity to the signatures of the owner and the  
44 contractor, a notice stating that the owner:



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

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

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

5. A condition, stipulation or provision in a contract ~~for other agreement~~ that requires a person to waive any right provided by NRS 597.713 to 597.7198, inclusive, or relieves a person of an obligation or liability imposed by those sections is void. Failure to comply with the requirements of NRS 597.713 to 597.7198, inclusive, renders a contract void and unenforceable against the owner.

6. The contractor shall apply for and obtain all necessary permits.

**Sec. 5.** NRS 597.7191 is hereby amended to read as follows:

597.7191 1. The Board shall adopt by regulation standards for advertisements used by contractors in connection with the *solicitation or* sale of contracts for ~~the repair, restoration, improvement or construction of~~ *work concerning* residential pools or spas.

2. The regulations adopted pursuant to subsection 1 must prohibit a contractor from employing "bait and switch" advertising or otherwise intentionally publishing, displaying or circulating any advertisement which is misleading or inaccurate in any material particular or which misrepresents any of the goods or services sold or furnished by the contractor to members of the public.

3. The Board shall, in adopting the standards required by subsection 1, give consideration to the provisions of chapter 598 of NRS relating to advertisements that constitute deceptive trade practices and, to the extent practicable, adopt standards that are at least as stringent as those provisions.

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

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

**Sec. 6.** NRS 597.7192 is hereby amended to read as follows:

597.7192 1. Except as otherwise provided in this section and NRS 597.7194, a contractor who ~~engages in the repair, restoration,~~





1 ~~improvement or construction of~~ *performs work concerning* a  
2 residential pool or spa shall not act as, or carry out the duties of, an  
3 officer, director, employee or owner of a bonding company, finance  
4 company, or any other corporation or business entity who cosigns,  
5 underwrites, obtains a deed of trust for, issues, sells, purchases or  
6 acquires a loan to finance ~~[the repair, restoration, improvement or~~  
7 ~~construction of]~~ *work concerning* a residential pool or spa.

8 2. The provisions of this section do not prohibit a contractor  
9 from owning, holding or possessing, either directly or indirectly  
10 through a mutual fund or any other financial arrangement or  
11 investment plan, any stocks or other securities issued by a company,  
12 corporation or business entity described in subsection 1 if:

13 (a) The stocks or other securities are offered openly to the public  
14 through a securities exchange; and

15 (b) The contractor does not own, hold or possess a controlling  
16 interest in the company, corporation or business entity.

17 **Sec. 7.** NRS 597.7194 is hereby amended to read as follows:

18 597.7194 1. A contract for ~~[the repair, restoration,~~  
19 ~~improvement or construction of]~~ *work concerning* a residential pool  
20 or spa ~~[, regardless of use,]~~ is not enforceable against the owner if  
21 the obtaining of a loan for all or a portion of the contract price is a  
22 condition precedent to the contract unless all of the following  
23 requirements are satisfied:

24 (a) A third party agrees to make the loan or give the financing.

25 (b) The owner agrees to accept the loan or financing.

26 (c) The owner does not rescind the loan or financing transaction  
27 within the period prescribed for rescission pursuant to the Truth in  
28 Lending Act, 15 U.S.C. §§ 1601 et seq., or chapter 598 of NRS, if  
29 applicable.

30 2. Unless and until all applicable requirements of subsection 1  
31 are satisfied, a contractor shall not:

32 (a) Perform or deliver any work, labor, material or services; or

33 (b) Represent in any manner that the contract is enforceable or  
34 that the owner has any obligation under the contract.

35 3. A contract for ~~[the repair, restoration, improvement or~~  
36 ~~construction of]~~ *work concerning* a residential pool or spa ~~[,~~  
37 ~~regardless of use,]~~ is not enforceable against the owner if the  
38 contractor provides a loan or gives financing for all or a portion of  
39 the contract price unless all of the following requirements are  
40 satisfied:

41 (a) The owner agrees to accept the loan or financing.

42 (b) The owner does not rescind the loan or financing transaction  
43 within the period prescribed for rescission pursuant to the Truth in  
44 Lending Act, 15 U.S.C. §§ 1601 et seq., or chapter 598 of NRS, if  
45 applicable.





1 4. Unless and until all applicable requirements of subsection 3  
2 are satisfied, a contractor shall not:

- 3 (a) Perform or deliver any work, labor, material or services; or  
4 (b) Represent in any manner that the contract is enforceable or  
5 that the owner has any obligation under the contract.

6 5. A contract for ~~[the repair, restoration, improvement or~~  
7 ~~construction of]~~ **work concerning** a residential pool or spa ~~;~~  
8 ~~regardless of use,]~~ is not enforceable against the owner if the  
9 contractor receives from a third party, either directly or indirectly,  
10 remuneration or any other thing of value for a loan to finance the  
11 ~~[repair, restoration, improvement or construction]~~ **work** and that fact  
12 is not disclosed in writing in the contract.

13 6. As used in this section, "third party" means a bonding  
14 company, finance company, or any other corporation or business  
15 entity who cosigns, underwrites, obtains a deed of trust for, issues,  
16 sells, purchases or acquires a loan to finance ~~[the repair, restoration,~~  
17 ~~improvement or construction of]~~ **work concerning** a residential pool  
18 or spa.

19 **Sec. 8.** NRS 597.7196 is hereby amended to read as follows:

20 597.7196 1. If a contractor who ~~[engages in the repair,~~  
21 ~~restoration, improvement or construction of]~~ **performs work**  
22 **concerning** a residential pool or spa is determined by the Board to  
23 have violated:

24 (a) One or more of the provisions of NRS 597.716, 597.719 or  
25 624.301 to 624.305, inclusive; or

26 (b) Any regulation adopted by the Board with respect to  
27 contracts for ~~[the repair, restoration, improvement or construction~~  
28 ~~of]~~ **work concerning** a residential pool or spa,

29 ➔ the Board may require that the contractor obtain the services of a  
30 construction control for each contract that the contractor enters into  
31 for ~~[the repair, restoration, improvement or construction of]~~ **work**  
32 **concerning** a residential pool or spa.

33 2. The contractor may not:

34 (a) Be related to the construction control or to an employee or  
35 agent of the construction control; or

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

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

40 **Sec. 9.** NRS 597.7198 is hereby amended to read as follows:

41 597.7198 1. A violation of any provision of NRS 597.715 to  
42 597.7196, inclusive, or any ~~[regulations]~~ **regulation** adopted **by the**  
43 **Board** with respect to contracts for ~~[the repair, restoration,~~  
44 ~~improvement or construction of]~~ **work concerning** a residential pool



1 or spa by a contractor constitutes cause for disciplinary action  
2 pursuant to NRS 624.300.

3 2. It is unlawful for a person to violate any provision of NRS  
4 597.715 to 597.7196, inclusive.

5 3. Any person who violates any provision of NRS 597.715 to  
6 597.7196, inclusive:

7 (a) For a first offense, is guilty of a misdemeanor and shall be  
8 punished by a fine of not more than \$1,000, and may be further  
9 punished by imprisonment in the county jail for not more than 6  
10 months.

11 (b) For the second offense, is guilty of a gross misdemeanor and  
12 shall be punished by a fine of not less than \$2,000 nor more than  
13 \$4,000, and may be further punished by imprisonment in the county  
14 jail for not more than 1 year.

15 (c) For the third or subsequent offense, is guilty of a class E  
16 felony and shall be punished by a fine of not less than \$5,000 nor  
17 more than \$10,000 and may be further punished by imprisonment in  
18 the state prison for not less than 1 year and not more than 4 years.

19 4. The imposition of a penalty provided for in this section is  
20 not precluded by any disciplinary action taken by the Board against  
21 a contractor pursuant to the provisions of NRS 624.300 to 624.305,  
22 inclusive.

23 **Sec. 10.** NRS 624.270 is hereby amended to read as follows:

24 624.270 1. Before issuing a contractor's license to any  
25 applicant, the Board shall require that the applicant:

26 (a) File with the Board a surety bond in a form acceptable to the  
27 Board executed by the contractor as principal with a corporation  
28 authorized to transact surety business in the State of Nevada as  
29 surety; or

30 (b) In lieu of such a bond, establish with the Board a cash  
31 deposit as provided in this section.

32 2. Before granting renewal of a contractor's license to any  
33 applicant, the Board shall require that the applicant file with the  
34 Board satisfactory evidence that his surety bond or cash deposit is in  
35 full force, unless the applicant has been relieved of the requirement  
36 as provided in this section.

37 3. Failure of an applicant or licensee to file or maintain in full  
38 force the required bond or to establish the required cash deposit  
39 constitutes cause for the Board to deny, revoke, suspend or refuse to  
40 renew a license.

41 4. Except as otherwise provided in subsection 6, the amount of  
42 each bond or cash deposit required by this section must be fixed by  
43 the Board with reference to the contractor's financial and  
44 professional responsibility and the magnitude of his operations, but  
45 must be not less than \$1,000 or more than \$500,000. The bond must



1 be continuous in form and must be conditioned that the total  
2 aggregate liability of the surety for all claims is limited to the face  
3 amount of the bond irrespective of the number of years the bond is  
4 in force. A bond required by this section must be provided by a  
5 person whose long-term debt obligations are rated "A" or better by a  
6 nationally recognized rating agency. The Board may increase or  
7 reduce the amount of any bond or cash deposit if evidence  
8 supporting such a change in the amount is presented to the Board at  
9 the time application is made for renewal of a license or at any  
10 hearing conducted pursuant to NRS 624.2545 or 624.291. Unless  
11 released earlier pursuant to subsection 5, any cash deposit may be  
12 withdrawn 2 years after termination of the license in connection  
13 with which it was established, or 2 years after completion of all  
14 work authorized by the Board after termination of the license,  
15 whichever occurs later, if there is no outstanding claim against it.

16 5. After a licensee has acted in the capacity of a licensed  
17 contractor in the State of Nevada for not less than 5 consecutive  
18 years, the Board may relieve the licensee of the requirement of  
19 filing a bond or establishing a cash deposit if evidence supporting  
20 such relief is presented to the Board. The Board may at any time  
21 thereafter require the licensee to file a new bond or establish a new  
22 cash deposit as provided in subsection 4:

23 (a) If evidence is presented to the Board supporting this  
24 requirement;

25 (b) Pursuant to subsection 6, after notification of a final written  
26 decision by the Labor Commissioner; or

27 (c) Pursuant to subsection 7.

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

31 6. If the Board is notified by the Labor Commissioner pursuant  
32 to NRS 607.165 or otherwise receives notification that three  
33 substantiated claims for wages have been filed against a contractor  
34 within a 2-year period, the Board shall require the contractor to file  
35 a bond or establish a cash deposit in an amount fixed by the Board.  
36 The contractor shall maintain the bond or cash deposit for the period  
37 required by the Board.

38 7. ~~HH~~ *Except as otherwise provided in subsection 10, if a*  
39 *contractor who ~~engages in the repair, restoration, improvement or~~*  
40 *~~construction of~~ performs work concerning* a residential pool or  
41 spa:

42 (a) Becomes licensed pursuant to this chapter on or after July 1,  
43 2001 ~~HH~~, *and performs work concerning a residential pool or spa*  
44 *that exceeds \$10,000;*



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

(c) Enters into a contract on or after July 1, 2001, that is later found to be void and unenforceable against the owner pursuant to subsection 5 of NRS 597.719 or pursuant to any regulation adopted by the Board with respect to contracts for ~~the repair, restoration, improvement or construction of~~ *work concerning* a residential pool or spa; or

(d) Has five valid complaints filed against him with the Board within any 15-day period ~~[-]~~ *and the total number of valid complaints filed against him with the Board within the immediately preceding 12 months is more than 5 percent of the total number of permits he obtained for work concerning residential pools or spas during that period,*

→ the contractor shall comply with the provisions of subsection 8 ~~[-]~~ *—8.—A] or 9, as appropriate.*

**8. Except as otherwise provided in subsection 9, a contractor described in subsection 7 shall, before commencing work ~~for the repair, restoration, improvement or construction of~~ concerning a residential pool or spa, obtain:**

(a) A performance bond in an amount equal to not less than 50 percent of the amount of the contract, conditioned upon the faithful performance of the contract in accordance with the plans, specifications and conditions set forth in the contract. The performance bond must be solely for the protection of the owner of the property to be improved.

(b) A payment bond in an amount equal to not less than 50 percent of the amount of the contract. The payment bond must be solely for the protection of persons supplying labor or materials to the contractor, or to any of his subcontractors, in carrying out the provisions of the contract.

→ A bond required pursuant to this subsection must be provided by a person whose long-term debt obligations are rated “A” or better by a nationally recognized rating agency. The contractor shall maintain the bond for the period required by the Board. The contractor shall furnish to the building department of the city or county, as applicable, in which the work will be carried out, a copy of any bond.

**9. *In lieu of complying with the provisions of subsection 8, a contractor described in subsection 7 may perform work concerning a residential pool or spa if the contractor and the owner of the property to be improved agree to use an independent third party to monitor, control and distribute payments made under the contract. If an independent third party is used, the***



1 *contractor may not accept any payments directly from the owner.*  
2 *An independent third party:*

3 *(a) Must be a lender, construction control, escrow agent,*  
4 *escrow officer or other person who is authorized by law to act as*  
5 *an independent third party in such transactions;*

6 *(b) Must perform inspections and obtain releases of liens*  
7 *before distribution of the final payment; and*

8 *(c) Must comply with the provisions of NRS 627.190, even if*  
9 *the third party is not otherwise subject to the provisions of that*  
10 *section.*

11 *10. After a contractor described in paragraph (a) of*  
12 *subsection 7 has acted in the capacity of a licensed contractor in*  
13 *the State of Nevada for not less than 3 consecutive years, the*  
14 *Board may relieve the contractor of the requirements of*  
15 *subsections 8 and 9 based on the performance of the contractor*  
16 *and the number of valid complaints, if any, filed against the*  
17 *contractor with the Board. The Board may grant such relief to*  
18 *a contractor if the total number of valid complaints filed against*  
19 *the contractor with the Board within the immediately preceding 12*  
20 *months is not more than 5 percent of the total number of permits*  
21 *the contractor obtained for work concerning residential pools or*  
22 *spas during that period.*

23 *11. As used in this section, "substantiated claim for wages" has*  
24 *the meaning ascribed to it in NRS 607.165.*

25 **Sec. 11.** NRS 624.276 is hereby amended to read as follows:

26 624.276 1. Before granting an original contractor's license to,  
27 or renewing the contractor's license of, an applicant who ~~engages~~  
28 ~~performs~~ or will ~~engage in the repair, restoration, improvement or~~  
29 ~~construction of~~ **perform work concerning** residential pools or spas,  
30 the Board may, in addition to any other conditions for the issuance  
31 or renewal of a license, require the applicant to file with the Board a  
32 bond for the protection of consumers in an amount fixed by the  
33 Board.

34 2. A bond required pursuant to subsection 1 is in addition to,  
35 may not be combined with and does not replace any other bond  
36 required pursuant to the provisions of this chapter. A contractor  
37 required to file a bond pursuant to subsection 1 shall maintain the  
38 bond for 2 years or for such longer period as the Board may require.

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

42 **Sec. 12.** NRS 624.3016 is hereby amended to read as follows:

43 624.3016 The following acts or omissions, among others,  
44 constitute cause for disciplinary action under NRS 624.300:



1 1. Any fraudulent or deceitful act committed in the capacity of  
2 a contractor, including, without limitation, misrepresentation or the  
3 omission of a material fact.

4 2. A conviction of a violation of NRS 624.730, a felony  
5 relating to the practice of a contractor or a crime involving moral  
6 turpitude.

7 3. Knowingly making a false statement in or relating to the  
8 recording of a notice of lien pursuant to the provisions of  
9 NRS 108.226.

10 4. Failure to give a notice required by NRS 108.227, 108.245  
11 or 108.246.

12 5. Failure to comply with NRS 597.715, 597.716 or 597.719 or  
13 any regulations of the Board governing contracts for ~~the~~  
14 ~~construction of~~ *work concerning* residential pools and spas.

15 6. Failure to comply with NRS 624.600.

16 7. Misrepresentation or the omission of a material fact, or the  
17 commission of any other fraudulent or deceitful act, to obtain a  
18 license.

19 8. Failure to pay an assessment required pursuant to  
20 NRS 624.470.

21 9. Failure to file a certified payroll report that is required for a  
22 contract for a public work.

23 10. Knowingly submitting false information in an application  
24 for qualification or a certified payroll report that is required for a  
25 contract for a public work.

26 **Sec. 13.** NRS 624.331 is hereby amended to read as follows:

27 624.331 *1. A **person who wishes to file a** complaint against a*  
28 *licensee for the commission of any act or omission that constitutes*  
29 *cause for disciplinary action pursuant to NRS 624.300 must ~~be~~*  
30 *~~filed~~ **file the complaint** in writing with the Board within 4 years*  
31 *after the act or omission ~~or~~ **or within any warranty period agreed***  
32 ***upon by the person and the licensee in a written construction***  
33 ***contract, whichever period is shorter.***

34 *2. **Upon the receipt of a complaint against a licensee, the***  
35 ***Investigations Office of the Board shall serve notice of the***  
36 ***complaint on the licensee by certified mail or personal service.***  
37 ***The notice must include a copy of the complaint and must inform***  
38 ***the licensee that he has not more than 14 business days from the***  
39 ***date of service to resolve the complaint with the person making the***  
40 ***complaint.***

41 *3. **The Board shall not enter the complaint against the***  
42 ***licensee in its records if, not later than 14 business days from***  
43 ***the date the licensee is served with notice pursuant to subsection 2,***  
44 ***the licensee serves the Board, by certified mail or personal service,***  
45 ***with written confirmation signed by the person making the***



1 *complaint that the complaint has been resolved to the satisfaction*  
2 *of the person. If the licensee fails to serve the Board with such*  
3 *written confirmation within the required time, the Investigations*  
4 *Office of the Board shall initiate an investigation of the complaint*  
5 *and proceed with its investigation pursuant to NRS 624.335.*

6 *4. The provisions of this section do not prevent the Board or*  
7 *its designee, as appropriate, from:*

8 *(a) Issuing or authorizing the issuance of a written*  
9 *administrative citation to a licensee pursuant to NRS 624.341; or*

10 *(b) Taking any other action that is necessary to protect the*  
11 *public health, safety or welfare.*

12 **Sec. 14.** NRS 624.335 is hereby amended to read as follows:

13 624.335 1. ~~[The]~~ *If the Investigations Office of the Board is*  
14 *required to initiate an investigation of a complaint against a*  
15 *licensee pursuant to NRS 624.331, the* Investigations Office of the  
16 Board shall:

17 ~~(a) [Upon the receipt of a complaint against a licensee, initiate~~  
18 ~~an investigation of the complaint.~~

19 ~~—(b)]~~ Within 10 days after ~~[receiving such a complaint,]~~ *initiating*  
20 *its investigation*, notify the licensee and, if known, the person  
21 making the complaint of the initiation of the investigation . ~~[, and~~  
22 ~~provide a copy of the complaint to the licensee.~~

23 ~~—(c)]~~ *(b)* Upon the completion of its investigation , ~~[of a~~  
24 ~~complaint,]~~ provide the licensee and, if known, the person making  
25 the complaint with written notification of any action taken on the  
26 complaint and the reasons for taking that action.

27 2. The Investigations Office of the Board may attempt to  
28 resolve the complaint by:

29 (a) Meeting and conferring with the licensee and the person  
30 making the complaint; and

31 (b) Requesting the licensee to provide appropriate relief.

32 3. If the subject matter of the complaint is not within the  
33 jurisdiction of the Board, the Board or its designee may:

34 (a) Forward the complaint, together with any evidence or other  
35 information in the possession of the Board concerning the  
36 complaint, to any public or private agency which, in the opinion of  
37 the Board, would be effective in resolving the complaint; and

38 (b) Notify the person making the complaint of its action  
39 pursuant to paragraph (a) and of any other procedures which may be  
40 available to resolve the complaint.

41 **Sec. 15.** NRS 624.480 is hereby amended to read as follows:

42 624.480 Except as otherwise provided in NRS 624.490, an  
43 injured person who wishes to recover from the account must file a  
44 complaint with the Board or its designee within 4 years after the  
45 completion of qualified services ~~[.]~~ *or within any warranty period*





- 1 *agreed upon by the injured person and the residential contractor*
- 2 *in a written construction contract, whichever period is shorter.*

