

Assembly Bill No. 431—Assemblymen Horne, Parks, Anderson, Conklin, Allen, Denis, Gerhardt, Goicoechea, Hogan, Kihuen, Kirkpatrick, Koivisto, Leslie, Munford, Ocegüera, Ohrenschall, Parnell, Segerblom, Settelmeyer, Smith and Womack

CHAPTER.....

AN ACT relating to condominium hotels; establishing provisions governing condominium hotels; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

This bill establishes provisions governing condominium hotels. These provisions are set forth in a new chapter that is patterned closely after chapter 116 of NRS which governs common-interest communities. This new chapter governing condominium hotels contains provisions regarding: (1) the creation, alteration and termination of condominium hotels; (2) the management of condominium hotels; (3) the protection of purchasers; and (4) the administration and enforcement of the chapter.

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

Section 1. Title 10 of NRS is hereby amended by adding thereto a new chapter to consist of the provisions set forth as sections 2 to 177, inclusive, of this act.

Sec. 2. *This chapter may be cited as the Condominium Hotel Act.*

Sec. 3. *As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 4 to 47, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 4. *“Administrator” means the Real Estate Administrator.*

Sec. 5. 1. *“Affiliate of a declarant” means any person who controls, is controlled by or is under common control with a declarant.*

2. *A person “controls” a declarant if the person:*

(a) Is a general partner, officer, director or employer of the declarant;

(b) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote or holds proxies representing, more than 20 percent of the voting interest in the declarant;



(c) Controls in any manner the election of a majority of the directors of the declarant; or

(d) Has contributed more than 20 percent of the capital of the declarant.

3. A person "is controlled by" a declarant if the declarant:

(a) Is a general partner, officer, director or employer of the person;

(b) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote or holds proxies representing, more than 20 percent of the voting interest in the person;

(c) Controls in any manner the election of a majority of the directors of the person; or

(d) Has contributed more than 20 percent of the capital of the person.

4. Control does not exist if the powers described in this section are held solely as security for an obligation and are not exercised.

Sec. 6. "Allocated interests" means the undivided interest in the common elements, the liability for common expenses and votes in the association, but, except as otherwise provided in the declaration, not in the shared components or the hotel unit.

Sec. 7. "Association" or "unit-owners' association" means a unit-owners' association for a condominium hotel organized under section 82 of this act.

Sec. 8. "Commission" means the Commission for Common-Interest Communities and Condominium Hotels created by NRS 116.600.

Sec. 9. "Common elements" means any real estate within the condominium hotel, excluding the units and shared components, that is designated or defined in the declaration as being a common element, which may include, without limitation, airspace or subsurface rights.

Sec. 10. "Common expenses" means expenditures made by, or financial liabilities of, the association, together with any allocations to reserves.

Sec. 11. "Community manager" means a person who provides for or otherwise engages in the management of a common-interest community or the management of an association of a condominium hotel.

Sec. 12. "Complaint" means a complaint filed by the Administrator pursuant to section 172 of this act.



Sec. 13. "Condominium hotel" means a development in which:

- 1. Portions of the real estate are designated for separate ownership;**
- 2. A hotel unit is defined which may contain shared components;**
- 3. A transient rental program may be offered to the residential units' owners; and**
- 4. The remainder of the real estate, which may be limited to airspace or subsurface rights, is designated as common elements and is controlled by an association.**

Sec. 14. "Converted building" means a building that at any time before creation of the condominium hotel was occupied wholly or partially by persons other than purchasers and persons who occupy with the consent of purchasers.

Sec. 14.5. "Dealer" means a person in the business of selling units for his own account.

Sec. 15. "Declarant" means any person or group of persons acting in concert who, as part of a common promotional plan, offers to dispose of his or its interest in a unit not previously disposed of, or reserves or succeeds to any special declarant's rights.

Sec. 16. "Declaration" means any instrument, however denominated, that creates a condominium hotel, including any amendment to an instrument.

Sec. 17. "Developmental rights" means any right or combination of rights reserved by a declarant in the declaration to:

- 1. Add real estate to a condominium hotel;**
- 2. Create units, common elements, limited common elements, shared components or a hotel unit within a condominium hotel;**
- 3. Subdivide units or convert units into common elements, shared components or part of a hotel unit;**
- 4. Subdivide or convert common elements into shared components or part of a hotel unit; or**
- 5. Withdraw real estate from a condominium hotel.**

Sec. 18. "Dispose" or "disposition" means a voluntary transfer to a purchaser of any legal or equitable interest in a residential unit, but the term does not include the transfer or release of a security interest.

Sec. 19. "Division" means the Real Estate Division of the Department of Business and Industry.



Sec. 20. “Executive board” means the body, regardless of name, designated in the declaration to act on behalf of the association.

Sec. 21. “Financial statement” means a financial statement of an association that is prepared and presented in accordance with the requirements established by the Commission pursuant to section 112 of this act.

Sec. 22. “Governing documents” means:

1. The declaration for the condominium hotel;
2. The articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents that are used to organize the association for the condominium hotel;
3. The bylaws and rules of the association; and
4. Any other documents that govern the operation of the association, the common elements or the shared components.

Sec. 23. “Hearing panel” means a hearing panel appointed by the Commission pursuant to section 164 of this act.

Sec. 24. “Hotel unit” means a physical portion of the condominium hotel initially designated for ownership by the declarant or hotel unit owner.

Sec. 25. “Hotel unit owner” means the owner of the hotel unit and the shared components. The hotel unit owner may be the declarant or any successor or assignee of the declarant or an affiliate of the declarant.

Sec. 26. “Identifying number” means a symbol, address or legally sufficient description of real estate which identifies only one unit in a condominium hotel.

Sec. 27. “Leasehold condominium hotel” means a condominium hotel in which all or a portion of the real estate is subject to a lease the expiration or termination of which will terminate the condominium hotel or reduce its size.

Sec. 28. “Liability for common expenses” means the liability for common expenses allocated to each unit pursuant to section 66 of this act.

Sec. 29. “Liability for shared expenses” means the liability for shared expenses allocated to each residential unit as set forth in the declaration. The hotel unit owner has the power to charge the residential unit owners for such unit owner’s allocated liability for the shared expenses, including, without limitation, the maintenance, insurance, repair or replacement of the hotel unit and shared components.



Sec. 30. *“Limited common element” means a portion of the common elements allocated by the declaration or by operation of this chapter for the exclusive use of one or more but fewer than all of the units.*

Sec. 31. *“Major component of the common elements” means any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance in the annual operating budget of an association.*

Sec. 31.5. *“Major component of the hotel unit” means any component of the hotel unit, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance.*

Sec. 32. *“Major component of the shared components” means any component of the shared components, including, without limitation, the facade of any building, any other portion of the building structure, any amenity, improvement, furnishing, fixture, finish, system or equipment that is designated as part of the shared components and that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance.*

Sec. 33. *“Offering” means any advertisement, inducement, solicitation or attempt to encourage any person to acquire any interest in a residential unit, other than as security for an obligation. An advertisement in a newspaper or other periodical of general circulation, or in any broadcast medium to the general public, of a condominium hotel not located in this State, is not an offering if the advertisement states that an offering may be made only in compliance with the law of the jurisdiction in which the condominium hotel is located. The verb “offer” has a similar meaning.*

Sec. 34. *“Ombudsman” means the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels created in NRS 116.625.*

Sec. 35. *“Party to the complaint” means the Division and the respondent.*

Sec. 36. *“Person” includes a government and governmental subdivision or agency.*



Sec. 37. *“Purchaser” means a person, other than a declarant, who by means of a voluntary transfer acquires a legal or equitable interest in a unit other than a leasehold interest, including options to renew, of less than 20 years, or as security for an obligation.*

Sec. 38. *“Real estate” means any leasehold or other estate or interest in, over or under land, including structures, fixtures and other improvements and interests that by custom, usage or law pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. “Real estate” includes parcels with or without upper or lower boundaries, and spaces that may be filled with air or water.*

Sec. 39. *“Residential unit” means a physical portion of the condominium hotel designated for separate residential ownership or occupancy, the boundaries of which are described in the declaration.*

Sec. 40. *“Residential unit owner” means a declarant, the hotel unit owner or other person who owns a residential unit, or a lessee of a residential unit in a leasehold condominium hotel whose lease expires simultaneously with any lease the expiration of which will remove the residential unit from the condominium hotel, but does not include a person having an interest in a residential unit solely as security for an obligation. The declarant is the owner of any residential unit created by the declaration until that unit is conveyed to another person.*

Sec. 41. *“Security interest” means an interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association and any other consensual lien or contract for retention of title intended as security for an obligation.*

Sec. 42. *“Shared components” means portions of the condominium hotel, excluding the residential units and the common elements but including easements in favor of the units, which may be located within the hotel unit and which are set forth as shared components in the declaration. Shared components are owned by the hotel unit owner, and the hotel unit owner has the power to charge the residential units’ owners for the maintenance, repair, replacement and insurance of the shared components, as provided in the declaration. Shared components may include,*



without limitation, hallways, lobbies, elevators, recreational facilities and service areas.

Sec. 43. *“Shared expenses” means the charges set forth in the declaration that are made to the units by the hotel unit owner for the operation, maintenance, repair, replacement, and insurance of the hotel unit, including, without limitation, the shared components, together with any allocations to reserves, any expenses allocated to the units pursuant to a cost sharing agreement, easement agreement or other agreement that benefits the condominium hotel to which the hotel unit owner is a party and any other charges or fees set forth in the declaration which are allocated to residential owners.*

Sec. 44. *“Special declarant’s rights” means rights reserved for the benefit of a declarant to:*

- 1. Complete improvements indicated on plats and plans or in the declaration;*
- 2. Exercise any developmental right;*
- 3. Maintain sales offices, management offices and signs advertising the condominium hotel and models, provided, however, that the declarant is not required to reserve the right to maintain such offices or signs within the hotel unit or shared components or within any unit owned by the declarant;*
- 4. Use easements through the common elements, shared components or hotel unit for the purpose of making improvements within the condominium hotel;*
- 5. Merge or consolidate a condominium hotel with another condominium hotel; or*
- 6. Appoint or remove any officer of the association or any member of an executive board during any period of declarant’s control.*

Sec. 45. *“Time share” has the meaning ascribed to it in NRS 119A.140.*

Sec. 46. *“Unit” means a residential unit, a hotel unit or any other type of unit that may be created as a physical portion of the condominium hotel for separate ownership or occupancy, the boundaries of which are described in the declaration. If another type of unit is created, the rights and obligations associated with such a unit are as set forth in the governing documents.*

Sec. 47. *“Unit’s owner” means a declarant or other person who owns a unit, or a lessee of a unit in a leasehold condominium hotel whose lease expires simultaneously with any lease, the expiration or termination of which will remove the unit from the condominium hotel, but does not include a person having an*



interest in a unit solely as security for an obligation. In a condominium hotel, the declarant is the owner of any unit created by the declaration until that unit is conveyed to another person.

Sec. 48. Except as expressly provided in this chapter, its provisions may not be varied by agreement, and rights conferred by it may not be waived. A declarant may not act under a power of attorney, or use any other device, to evade the limitations or prohibitions of this chapter or the declaration.

Sec. 49. 1. A building code may not impose any requirement upon any structure in a condominium hotel which it would not impose upon a physically identical development under a different form of ownership.

2. In a condominium hotel, no zoning, subdivision or other law, ordinance or regulation governing the use of real estate may prohibit the condominium hotel as a form of ownership or impose any requirement upon a condominium hotel which it would not impose upon a physically identical development under a different form of ownership.

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

4. The provisions of this section do not prohibit a local government from imposing different requirements and standards regarding design and construction on different types of structures within a condominium hotel.

Sec. 50. 1. If a unit is acquired by eminent domain or part of a unit is acquired by eminent domain leaving the unit's owner with a remnant that may not practically or lawfully be used for any purpose permitted by the declaration, the award must include compensation to the unit's owner for that unit and its allocated interests, whether or not any common elements are acquired. Upon acquisition, unless the decree otherwise provides, that unit's allocated interests are automatically reallocated to the remaining units in proportion to the respective allocated interests of those units before the taking, and the association shall promptly prepare, execute and record an amendment to the declaration reflecting the reallocations.

2. Except as otherwise provided in subsection 1, if part of a hotel unit is acquired by eminent domain, the award must compensate the hotel unit owner for the reduction in value of the hotel unit and its interest in the common elements, whether or not any common elements are acquired. If part of a residential unit is



acquired by eminent domain, the award must compensate the residential unit owner for the reduction in value of the residential unit and its interest in the common elements, whether or not any common elements are acquired. Upon acquisition, unless the decree otherwise provides:

(a) That unit's allocated interests are reduced in proportion to the reduction in the size of the unit, or on any other basis specified in the declaration; and

(b) The portion of the allocated interests divested from the partially acquired unit are automatically reallocated to that unit and to the remaining units in proportion to the respective allocated interests of those units before the taking, with the partially acquired unit participating in the reallocation on the basis of its reduced allocated interests.

3. If part of the common elements is acquired by eminent domain, the portion of the award attributable to the common elements taken must be paid to the association. Unless the declaration provides otherwise, any portion of the award attributable to the acquisition of a limited common element must be equally divided among the owners of the units to which that limited common element was allocated at the time of acquisition.

4. If part of the shared components or hotel unit is acquired by eminent domain, the portion of the award attributable to the shared components or hotel unit taken must be paid to the owner of the hotel unit or the shared components.

5. The judicial decree must be recorded in every county in which any portion of the condominium hotel is located.

Sec. 51. The principles of law and equity, including the law of corporations, the law of unincorporated associations, the law of real property, and the law relative to capacity to contract, principal and agent, eminent domain, estoppel, fraud, misrepresentation, duress, coercion, mistake, receivership, substantial performance, or other validating or invalidating cause supplement the provisions of this chapter, except to the extent inconsistent with this chapter.

Sec. 52. If a matter governed by this chapter is also governed by chapter 78, 81, 82, 86, 87, 88 or 88A of NRS and there is a conflict between the provisions of this chapter and the provisions of those other chapters, the provisions of this chapter prevail.

Sec. 53. This chapter being a general act intended as a unified coverage of its subject matter, no part of it may be construed to be impliedly repealed by subsequent legislation if that construction can reasonably be avoided.



Sec. 54. 1. *The court, upon finding as a matter of law that a contract or clause of a contract was unconscionable at the time the contract was made, may refuse to enforce the contract, enforce the remainder of the contract without the unconscionable clause, or limit the application of any unconscionable clause to avoid an unconscionable result.*

2. *Whenever it is claimed, or appears to the court, that a contract or any clause of a contract is or may be unconscionable, the parties, to aid the court in making the determination, must be afforded a reasonable opportunity to present evidence as to:*

- (a) The commercial setting of the negotiations; and*
- (b) The effect and purpose of the contract or clause.*

Sec. 55. *Every contract or duty governed by this chapter imposes an obligation of good faith in its performance or enforcement.*

Sec. 56. 1. *The remedies provided by this chapter must be liberally administered to the end that the aggrieved party is put in as good a position as if the other party had fully performed. Consequential, special or punitive damages may not be awarded except as specifically provided in this chapter or by other rule of law.*

2. *Any right or obligation declared by this chapter is enforceable by judicial proceeding.*

Sec. 57. 1. *This chapter applies to all condominium hotels created within this State.*

2. *Except as otherwise provided in this chapter, the provisions of chapters 116, 117 and 278A of NRS do not apply to condominium hotels.*

3. *This chapter does not apply to:*

(a) A common-interest community as that term is defined in NRS 116.021.

(b) Time shares governed by the provisions of chapter 119A of NRS.

(c) A condominium hotel that was created before January 1, 2008, unless the declaration of that condominium hotel otherwise provides or is amended to provide for the applicability of this chapter.

Sec. 58. 1. *Any provision contained in a declaration, bylaw or other governing document of a condominium hotel that violates the provisions of this chapter shall be deemed to conform with those provisions by operation of law, and any such declaration, bylaw or other governing document is not required to be amended to conform to those provisions.*



2. *In the case of amendments to a declaration, bylaws or plats and plans of any condominium hotel created before January 1, 2008:*

(a) If the result accomplished by the amendment was permitted before January 1, 2008, the amendment may be made in accordance with that law, in which case that law applies to that amendment, or it may be made under this chapter; and

(b) If the result accomplished by the amendment is permitted by this chapter and was not permitted by law before January 1, 2008, the amendment may be made under this chapter.

Sec. 59. *If any change is made to the governing documents, the secretary or other officer specified in the bylaws of the association or the hotel unit owner shall, within 30 days after the change is made, prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner, a copy of the change that was made.*

Sec. 60. *A condominium hotel may be created pursuant to this chapter only by recording a declaration executed in the same manner as a deed. The declaration must be recorded in every county in which any portion of the condominium hotel is located and must be indexed in the grantee's index in the name of the condominium hotel and the association and in the grantor's index in the name of each person executing the declaration.*

Sec. 61. *The boundaries of the hotel unit, including the shared components, if any, must be expressly set forth in the declaration or other governing documents of the condominium hotel and must be recorded in any county in which the declaration is recorded.*

Sec. 62. 1. *The inclusion in a governing document of a provision that violates any provision of this chapter does not render any other provisions of the governing document invalid or otherwise unenforceable if the other provisions can be given effect in accordance with their original intent and the provisions of this chapter.*

2. *The rule against perpetuities and NRS 111.103 to 111.1039, inclusive, do not apply to defeat any provision of the declaration, bylaws, rules or regulations adopted pursuant to section 83 of this act.*

3. *In the event of a conflict between the provisions of the declaration and the bylaws, the declaration prevails except to the extent the declaration is inconsistent with this chapter.*



4. Title to any portion of a condominium hotel is not rendered unmarketable or otherwise affected by reason of an insubstantial failure of the declaration to comply with this chapter. Whether a substantial failure impairs marketability is not affected by this chapter.

Sec. 63. A description of the residential units and the hotel unit which sets forth the name of the condominium hotel, the file number and book or other information to show where the declaration is recorded, the county in which the condominium hotel is located and the identifying number of the units, is a legally sufficient description of those units and all rights, obligations and interests appurtenant to those units which were created by the declaration or bylaws.

Sec. 64. 1. The declaration for a condominium hotel must contain:

- (a) The names of the condominium hotel and the association.
- (b) The name of every county in which any part of the condominium hotel is situated.
- (c) A sufficient description of the real estate included in the condominium hotel.
- (d) A statement of the maximum number of units that the declarant reserves the right to create.
- (e) A description of the boundaries of each residential unit created by the declaration, including the unit's identifying number, its size or number of rooms, and its location within a building if it is within a building containing more than one unit.
- (f) A description of the shared components, hotel unit and the common elements.
- (g) A description of any limited common elements.
- (h) A description of any developmental rights and other special declarant's rights reserved by the declarant, together with a legally sufficient description of the real estate to which each of those rights applies, and a time within which each of those rights must be exercised.
- (i) If any developmental right may be exercised with respect to different parcels of real estate at different times, a statement to that effect together with:
 - (1) Either a statement fixing the boundaries of those portions and regulating the order in which those portions may be subjected to the exercise of each developmental right or a statement that no assurances are made in those regards; and
 - (2) A statement whether, if any developmental right is exercised in any portion of the real estate subject to that



developmental right, that developmental right must be exercised in all or in any other portion of the remainder of that real estate.

(j) Any other conditions or limitations under which the rights described in paragraph (h) may be exercised or will lapse.

(k) A description of any easements benefiting or burdening the units, including easements providing the residential unit owners with rights of ingress or egress through the common elements, hotel unit or shared components for the purpose of accessing their respective units.

(l) An allocation to the units of the allocated interests as described in this chapter, and an allocation to the residential units of their respective liability for shared expenses and other charges of the hotel unit owner.

(m) A description of any other payments, fees and charges that may be charged by the hotel unit owner in order to offset the increased burden placed on the shared components as the result of use of residential units as transient rentals.

(n) Any restrictions:

(1) On use, occupancy and alienation of the units; and

(2) On the amount for which a unit may be sold or on the amount that may be received by a unit's owner on sale, condemnation or casualty to the unit or to the condominium hotel, or on termination of the condominium hotel.

(o) The file number and book or other information to show where easements and licenses are recorded appurtenant to or included in the condominium hotel or to which any portion of the condominium hotel is or may become subject by virtue of a reservation in the declaration.

2. The declaration may contain any other matters the declarant considers appropriate.

Sec. 65. *1. Any lease the expiration or termination of which may terminate the condominium hotel or reduce its size must be recorded. Every lessor of such a lease in a condominium hotel shall sign the declaration. The declaration must state:*

(a) The recording date where the lease is recorded.

(b) The date on which the lease is scheduled to expire.

(c) A legally sufficient description of the real estate subject to the lease.

(d) Any right of the units' owners to redeem the reversion and the manner whereby those rights may be exercised, or a statement that they do not have those rights.



(e) Any right of the units' owners to remove any improvements within a reasonable time after the expiration or termination of the lease, or a statement that they do not have those rights.

(f) Any rights of the units' owners to renew the lease and the conditions of any renewal, or a statement that such rights do not exist.

2. After the declaration for a leasehold condominium hotel is recorded, neither the lessor nor the lessor's successor in interest may terminate the leasehold interest of a unit's owner who makes timely payment of his share of the rent and otherwise complies with all covenants which, if violated, would entitle the lessor to terminate the lease. The leasehold interest of a unit's owner in a condominium hotel is not affected by failure of any other person to pay rent or fulfill any other covenant.

3. Acquisition of the leasehold interest of any unit's owner by the owner of the reversion or remainder does not merge the leasehold and freehold interests unless the leasehold interests of all units' owners subject to that reversion or remainder are acquired.

4. If the expiration or termination of a lease decreases the number of units in a condominium hotel, the allocated interests must be reallocated in accordance with subsection 1 of section 50 of this act as if those units had been taken by eminent domain. Reallocations must be confirmed by an amendment to the declaration prepared, executed and recorded by the association.

Sec. 66. 1. The declaration must allocate to each unit, including any unit owned by the declarant or hotel unit owner, as applicable, a fraction or percentage of undivided interests in the common elements and in the common expenses of the association and a portion of the votes in the association.

2. The declaration may allocate to each residential unit, including any residential unit owned by the declarant or the hotel unit owner, as applicable, a fraction or percentage of the liability for shared expenses and other charges of the hotel unit owner. Unless the declaration provides otherwise, residential units are not allocated an undivided interest in the ownership of the hotel unit or the shared components.

3. The declaration must state the formulas used to establish allocations of interests and to establish each residential unit's allocated liability for shared expenses. Unless the declaration provides otherwise, the formula used to allocate interests and to allocate liability for shared expenses must be based on the square footage of the residential units. Those allocations of interest and



allocations of liability for shared expenses must not discriminate in favor of any unit within the condominium hotel.

4. The declaration may provide:

(a) That different allocations of votes are made to the units on particular matters specified in the declaration;

(b) For cumulative voting only for the purpose of electing members of the executive board;

(c) For class voting on specified issues affecting the class if necessary to protect valid interests of the class;

(d) For the hotel unit owner's ability to prohibit use of the shared components by residential unit owners or the tenants or guests of the residential unit owners for violation of reasonable rules and regulations as may be established by the hotel unit owner. If the hotel unit owner prohibits use of the shared components, such prohibition may not restrict use of the shared components as is necessary for vehicular or pedestrian ingress or egress to or from the residential unit; and

(e) For the hotel unit owner's ability to convey or subject the shared components and the portions of the hotel unit not designated as shared components to a security interest without the approval of other units' owners.

5. Except for minor variations because of rounding, the sum of the liabilities for common expenses allocated at any time to all the units must each equal one if stated as a fraction or 100 percent if stated as a percentage. In the event of discrepancy between an allocated interest and the result derived from application of the pertinent formula, the allocated interest prevails.

6. Except for minor variations because of rounding, the sum of the liabilities for shared expenses allocated at any time to all the residential units must each equal one if stated as a fraction or 100 percent if stated as a percentage. In the event of any discrepancy between a specific residential unit's allocated share of liability for shared expenses and the result derived from the application of the pertinent formula, the specific residential unit's allocation of liability for shared expenses prevails.

7. In a condominium hotel, the common elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the common elements made without the unit to which that interest is allocated is void.

8. If units may be added to or withdrawn from the condominium hotel, the declaration must state the formulas to be used to reallocate the allocated interests and the allocations of



liability for shared expenses among all units included in the condominium hotel after the addition or withdrawal.

Sec. 66.3. *1. The rules and regulations established by a hotel unit owner, if any:*

(a) Must be reasonably related to the duties of the hotel unit owner.

(b) Must be sufficiently explicit in their prohibition, direction or limitation to inform a person of any action or omission required for compliance.

(c) Must not be adopted to evade any obligation of the hotel unit owner.

(d) Must be consistent with the governing documents of the association and must not arbitrarily restrict conduct or require the construction of any capital improvement by a unit's owner that is not required by the governing documents of the association.

(e) Must be uniformly enforced under the same or similar circumstances against all units' owners. Any rule that is not so uniformly enforced may not be enforced against any unit's owner.

2. If the hotel unit owner adopts a policy to prohibit use of the shared components by residential unit owners for violation of reasonable rules and regulations as may be established by the hotel unit owner, the hotel unit owner or his designated agent shall prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner, a copy of such policy and the rules and regulations.

Sec. 66.5. *1. A hotel unit owner may not prohibit use of the shared components pursuant to paragraph (d) of subsection 4 of section 66 of this act unless:*

(a) Not less than 30 days before the violation, the residential unit owner against whom the prohibition will be imposed has been provided with written notice of the applicable provisions of the rules and regulations established by the hotel unit owner that form the basis of the violation; and

(b) Within 10 days after the discovery of the violation, the residential unit owner against whom the prohibition will be imposed has been provided with:

(1) Written notice specifying the details of the violation; and

(2) A reasonable opportunity to contest the violation.

2. Within 10 days after receiving the written notice specifying the details of the violation, the residential unit owner may:



(a) Provide to the hotel unit owner any written information or any explanation relating to the violation; or

(b) Request a meeting with the hotel unit owner to present the information or explanation relating to the violation.

3. A meeting requested by a residential unit owner pursuant to subsection 2 must be held as soon as practicable, but not later than 30 days after the date on which the request for a meeting is received by the hotel unit owner. The meeting may be held in person, by telephone or by videoconferencing.

4. The provisions of this section establish the minimum procedural requirements that the hotel unit owner must follow before the hotel unit owner may prohibit use of the shared components by a residential unit owner. The provisions of this section do not preempt any provisions of the rules and regulations established by the hotel unit owner that provide greater procedural protections.

Sec. 66.7. 1. If the hotel unit owner receives a written complaint from a unit's owner alleging that the hotel unit owner has violated any provision of the governing documents or any other provision of this chapter, the hotel unit owner shall, not later than 10 business days after the date on which the hotel unit owner received the complaint, acknowledge receipt of the complaint by notifying the unit's owner of the receipt.

2. The hotel unit owner shall respond in writing to a complaint described in subsection 1 not later than 20 business days after the date on which the hotel unit owner received the complaint.

Sec. 67. 1. The declaration may allocate limited common elements to any unit or units within the condominium hotel. The declaration must specify to which unit or units each limited common element is allocated. An allocation may not be altered without the consent of the units' owners to which the limited common elements are allocated.

2. Except as the declaration otherwise provides, a limited common element may be reallocated by an amendment to the declaration executed by the units' owners between or among whose units the reallocation is made. The persons executing the amendment shall provide a copy thereof to the association, which shall record it. The amendment must be recorded in the names of the parties and the condominium hotel.

3. A common element not previously allocated as a limited common element may be so allocated only by amendments to the declaration.



Sec. 68. 1. Plats and plans are a part of the declaration and are required for all condominium hotels. Each plat and plan must be clear and legible and contain a certification that the plat or plan contains all information required by this section.

2. Each plat must comply with the provisions of chapter 278 of NRS and show:

(a) The name and a survey of the area which is the subject of the plat;

(b) A sufficient description of the real estate;

(c) The extent of any encroachments by or upon any portion of the property which is the subject of the plat;

(d) The location and dimensions of all easements having a specific location and dimension which serve or burden any portion of the condominium hotel;

(e) The location and dimensions with reference to an established datum of any vertical residential unit boundaries and that unit's identifying number;

(f) The location with reference to an established datum of any horizontal unit boundaries not shown or projected on plans recorded pursuant to subsection 4 and that unit's identifying number;

(g) The location and dimensions of the units, shared components and common elements; and

(h) The location and dimensions of limited common elements, if any, including porches, balconies and patios.

3. Each plat must be certified by an independent professional land surveyor. The plans of the units must be certified by an independent professional engineer or architect.

4. Plats and plans need not show the location and dimensions of the units' boundaries and their limited common elements if:

(a) The plat shows the location and dimensions of all buildings containing or comprising the units; and

(b) The declaration includes other information that shows or contains a narrative description of the general layout of the units in those buildings and the limited common elements, if any, allocated to those units.

5. To the extent not shown or projected on the plats, plans of the units must show or project any units in which the declarant has reserved the right to create additional units or common elements, or portions of the shared components or hotel unit, identified appropriately.

6. Unless the declaration provides otherwise, the horizontal boundaries of part of a unit located outside a building have the



same elevation as the horizontal boundaries of the inside part and need not be depicted on the plats and plans of the units.

7. Upon exercising any developmental right, the declarant shall prepare, execute and record new or amended plats necessary to conform to the requirements of this section.

Sec. 69. *1. To exercise any developmental right reserved in the declaration, the declarant shall prepare, execute and record an amendment to the declaration. The declarant is the owner of any units thereby created. The amendment to the declaration must assign an identifying number to each new unit created and, except in the case of subdivision or conversion of units described in this section, reallocate the allocated interests and the allocated liability for shared expenses by the declarant or hotel unit owner among all units. The amendment must describe any common elements, limited common elements, shared components or portions of the hotel unit thereby created and, in the case of limited common elements, designate the unit to which each is allocated to the extent required by section 67 of this act.*

2. Developmental rights may be reserved within any real estate added to the condominium hotel if the amendment adding that real estate includes all matters required by section 64 or 65 of this act, as the case may be. This provision does not extend the time limit on the exercise of developmental rights imposed by the declaration.

3. Whenever a declarant exercises a developmental right to subdivide or convert a unit or shared components previously created into additional units, common elements, shared components, or additional portions of the hotel unit:

(a) If the declarant converts the unit or shared components entirely to common elements, the amendment to the declaration must convey it to the association or reallocate all the allocated interests and allocated liability for shared expenses of that unit among the other units as if that unit had been taken by eminent domain; and

(b) If the declarant subdivides the unit into two or more units, whether or not any part of the unit is converted into common elements, the amendment to the declaration must reallocate all the allocated interests and shared expenses of the unit among the units created by the subdivision in any reasonable manner prescribed by the declarant.

4. If the declarant converts a shared component into a residential unit, the amendment to the declaration must reallocate



all the allocated interests and allocated liability for shared expenses to the residential units.

5. If the declaration provides that all or a portion of the real estate is subject to a right of withdrawal:

(a) If all the real estate is subject to withdrawal, and the declaration does not describe separate portions of real estate subject to that right, none of the real estate may be withdrawn after a unit has been conveyed to a purchaser; and

(b) If any portion is subject to withdrawal, it may not be withdrawn after a unit in that portion has been conveyed to a purchaser.

Sec. 70. *1. The declaration must describe the boundaries of the hotel unit, which are owned by the hotel unit owner. The hotel unit may be used by the hotel unit owner for commercial purposes, including the operation of a hotel and other commercial uses as set forth in the declaration. Except as otherwise provided in the declaration, the hotel unit owner may subdivide the hotel unit without prior notice or demand to the residential unit owners.*

2. The declaration must describe the shared components which are deemed to be a part of the hotel unit. The hotel unit owner shall, from time to time, be responsible for the repair, replacement, improvement, maintenance, management, operation and insurance of the shared components, all of which must be conducted in a commercially reasonable manner. The hotel unit owner, as applicable, has the power to charge the residential unit owners for the shared expenses.

3. The residential unit owners have an easement for ingress and egress across and upon the hotel unit and the shared components as is reasonably necessary for the residential unit owners and guests to access the residential units. The residential unit owners have an easement for the use and enjoyment of the shared components, subject to reasonable rules and regulations as may be established by the hotel unit owner.

Sec. 71. *Except as otherwise provided in this section and subject to the provisions of the declaration and other provisions of law, a residential unit owner:*

1. May make any improvements or alterations to his residential unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the condominium hotel; and

2. May not change the appearance of the common elements, the shared components, the hotel unit or the exterior appearance of a unit, building or any other portion of the condominium hotel.



Sec. 72. *The existing physical boundaries of a residential unit or a hotel unit are its legal boundaries, rather than the boundaries derived from the description contained in the original declaration, regardless of vertical or lateral movement of the building or minor variance between those boundaries and the boundaries derived from the description contained in the original declaration. This section does not relieve a unit's owner of liability in case of his willful misconduct or relieve a declarant or any other person of liability for failure to adhere to any plats and plans.*

Sec. 73. *Subject to the provisions of the declaration and other provisions of law, the boundaries between adjoining units may be relocated by an amendment to the declaration upon application to the hotel unit owner by the owners of those units. If the owners of the adjoining units have specified a reallocation between their units of their allocated interests and allocation of shared expenses, the application must state the proposed reallocations. Unless the hotel unit owner determines within 90 days that the reallocations are unreasonable, the hotel unit owner shall prepare an amendment that identifies the units involved and states the reallocations. The amendment must be executed by those units' owners, contain words of conveyance between them and, on recordation, be indexed in the name of the grantor and the grantee, and in the grantee's index in the name of the association and the hotel unit owner.*

Sec. 74. 1. *If the declaration expressly so permits, a residential unit may be subdivided into two or more residential units upon receipt of consent from the hotel unit owner. Subject to the provisions of the declaration and other provisions of law, upon receipt of consent from the hotel unit owner to subdivide a residential unit, the association shall prepare, execute and record an amendment to the declaration.*

2. *The amendment to the declaration must be executed by the owner of the unit to be subdivided, assign an identifying number to each residential unit created, and reallocate the allocated interests and allocated liability for shared expenses formerly allocated to the subdivided residential unit to the new residential units in any reasonable manner prescribed by the owner of the subdivided unit.*

Sec. 75. 1. *Provisions in an agreement to purchase a residential unit between a purchaser and a declarant which permit the declarant to amend or change the governing documents at any*



time before the close of escrow of a residential unit are enforceable.

2. Following the period of a declarant's control of the association, with regard to an amendment that does not in any way affect the hotel unit or the shared components, the declaration may be amended by a majority of the total voting power in the association. The declaration may specify a larger number of votes necessary to amend the declaration.

3. Following the period of declarant's control of the association, with regard to an amendment that in any way affects the hotel unit or the shared components, such an amendment is not effective without the prior written consent of the declarant or the hotel unit owner and the vote of a majority of the total voting power in the association. The declaration may specify a larger number of votes necessary to amend the declaration.

4. No action to challenge the validity of an amendment adopted pursuant to this section may be brought more than 1 year after the amendment is recorded.

5. Every amendment to the declaration must be recorded in every county in which any portion of the condominium hotel is located and is effective only upon recordation. An amendment must be indexed in the grantee's index in the name of the condominium hotel and the association and in the grantor's index in the name of the parties executing the amendment.

Sec. 76. 1. Except in the case of a taking of the condominium hotel by eminent domain, termination of the condominium hotel or the declaration requires approval by:

(a) The owners representing at least 80 percent of the votes in the association allocated to the residential unit owners; and

(b) The hotel unit owner.

2. An agreement to terminate the condominium hotel or the declaration must be evidenced by the execution of an agreement to terminate in the same manner as a deed by the hotel unit owner and the requisite number of units' owners. The agreement to terminate must specify a date after which the agreement will be void unless it is recorded before that date.

3. An agreement to terminate may provide that all of the common elements, shared components or units must be sold following termination. If, pursuant to the agreement, any real estate in the condominium hotel is to be sold following termination, the agreement must set forth the minimum terms of the sale.



4. The hotel unit owner, on behalf of the units' owners, may contract for the sale of real estate owned by the units' owners in a condominium hotel, but the contract is not binding on the units' owners and the declarant or hotel unit owner, as applicable, until approved pursuant to subsections 1 and 2. If any real estate owned by the units' owners is to be sold following termination, title to that real estate, upon termination, vests in the hotel unit owner as trustee for the holders of all interests in the units. Thereafter, the hotel unit owner has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the hotel unit owner continues in existence with all powers it had before termination. Proceeds of the sale must be distributed to units' owners and lienholders as their interests may appear, in accordance with sections 77 and 78 of this act. Unless otherwise specified in the agreement to terminate, as long as the unit's owner holds title to the real estate, each unit's owner and his successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted such unit's owner's unit. During the period of that occupancy, each unit's owner and his successors in interest remain liable for all assessments, shared expenses and other obligations imposed on units' owners by this chapter or the declaration.

5. If the real estate is not to be sold following termination, title to the common elements and residential units vests in the units' owners upon termination as tenants in common in proportion to their respective interests in the association as provided in section 78 of this act, and liens on the units shift accordingly. While the tenancy in common exists, each unit's owner and his successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted such unit's owner's unit.

6. Following termination of the condominium hotel, the proceeds of any sale of real estate, together with the assets of the association, are held by the hotel unit owner as trustee for units' owners and holders of liens on the units as their interests may appear.

Sec. 77. 1. Following termination of a condominium hotel, creditors of the association holding liens on the units, which were recorded before termination, may enforce those liens in the same manner as any lienholder. All other creditors of the association are to be treated as if they had perfected liens on the units immediately before termination.



2. Creditors of the association are not entitled to payment from any unit's owner in excess of the amount of the creditor's lien against that owner's interest.

Sec. 78. The respective interests of units' owners referred to in sections 76 and 77 of this act are as follows:

1. Except as otherwise provided in subsection 2, the respective interests of units' owners are the fair market values of their units, allocated interests, and any limited common elements immediately before the termination, as determined by one or more independent appraisers selected by the hotel unit owner and the association. The decision of the independent appraisers must be distributed to the units' owners and becomes final unless disapproved within 30 days after distribution by units' owners to whom 25 percent of the total number of votes in the association are allocated. The proportion of interest of any unit's owner to that of all units' owners is determined by dividing the fair market value of that unit and its allocated interests by the total fair market values of all the units and their allocated interests.

2. If any unit or any limited common element is destroyed to the extent that an appraisal of the fair market value thereto before destruction cannot be made, the interests of all units' owners are their respective interests in the common elements immediately before the termination.

Sec. 79. 1. Except as otherwise provided in subsection 2, foreclosure or enforcement of a lien or encumbrance against the entire condominium hotel does not terminate, of itself, the condominium hotel, and foreclosure or enforcement of a lien or encumbrance against a portion of the condominium hotel, other than withdrawable real estate, does not withdraw that portion from the condominium hotel. Foreclosure or enforcement of a lien or encumbrance against withdrawable real estate does not withdraw, of itself, that real estate from the condominium hotel, but the person taking title thereto may require from the hotel unit owner, upon request, an amendment excluding the real estate from the condominium hotel.

2. If a lien or encumbrance against a portion of the real estate comprising the condominium hotel has priority over the declaration and the lien or encumbrance has not been partially released, the parties foreclosing the lien or encumbrance, upon foreclosure, may record an instrument excluding the real estate subject to that lien or encumbrance from the condominium hotel.

Sec. 80. The declaration may require that all or a specified number or percentage of the lenders who hold security interests



encumbering the units approve specified actions of the units' owners or the association as a condition to the effectiveness of those actions, but no requirement for approval may operate to:

1. Deny or delegate control over the general administrative affairs of the association by the units' owners or the executive board;

2. Prevent the association or the executive board from commencing, intervening in or settling any litigation or proceeding; or

3. Prevent any trustee or the association from receiving and distributing any proceeds of insurance except as otherwise provided in this chapter.

Sec. 81. *1. Any two or more condominium hotels, by agreement of the declarants or hotel unit owners and ratified by the associations as provided in subsection 2, may be merged or consolidated into a single condominium hotel. In the event of a merger or consolidation, unless the agreement otherwise provides, the resultant condominium hotel is the legal successor, for all purposes, of all of the preexisting condominium hotels, and the operations and activities of all associations of the preexisting condominium hotels are merged or consolidated into a single association that holds all powers, rights, obligations, assets and liabilities of all preexisting associations.*

2. An agreement of two or more condominium hotels to merge or consolidate pursuant to subsection 1 must be evidenced by an agreement prepared, executed, recorded and certified by the declarant or hotel unit owner, as applicable, of each of the preexisting condominium hotels. The agreement must be ratified in each condominium hotel by the percentage of votes required to terminate that condominium hotel. The agreement must be recorded in every county in which a portion of the condominium hotel is located and is not effective until recorded.

3. Every agreement for merger or consolidation must provide for the reallocation of the allocated interests in the new association among the units of the resultant condominium hotel either by stating the reallocations or the formulas upon which they are based or by stating the percentage of overall allocated interests of the new condominium hotel which are allocated to all of the units comprising each of the preexisting condominium hotels, and providing that the portion of the percentages allocated to each unit formerly constituting a part of the preexisting condominium hotel must be equal to the percentages of allocated interests and shared



expenses allocated to that unit by the declaration of the preexisting condominium hotel.

4. Every agreement for merger or consolidation must provide for the reallocation of the liability for shared expenses among the residential units of the resultant condominium hotel either by stating the reallocations or the formulas upon which they are based.

Sec. 82. 1. A unit-owners' association must be organized not later than the date the first residential unit in the condominium hotel is conveyed.

2. The membership of the association at all times consists exclusively of all units' owners, including the hotel unit and any other units owned by the declarant or, following termination of the condominium hotel, of all owners of former units entitled to distributions of proceeds under the declaration, or their heirs, successors or assigns.

3. The association must:

(a) Be organized as a profit or nonprofit corporation, association, limited-liability company, trust or partnership;

(b) Include in its articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents of organization, or any amendment thereof, that the purpose of the corporation, association, limited-liability company, trust or partnership is to operate as an association pursuant to this chapter;

(c) Contain in its name the words "community association," "homeowners' association" or "unit-owners' association"; and

(d) Comply with the provisions of chapters 78, 81, 82, 86, 87, 88 and 88A of NRS when filing with the Secretary of State its articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents of organization, or any amendment thereof.

4. Unless otherwise provided in the declaration, the association shall not have any ownership or control over the hotel unit or the shared components.

Sec. 83. Subject to the provisions of the declaration, the association may do any or all of the following:

1. Adopt and amend bylaws, rules and regulations pertaining to the common elements. Unless otherwise provided in the declaration, bylaws, rules or regulations adopted by the



association must not attempt to exercise any control over the hotel unit or the shared components.

2. Adopt and amend budgets for revenues, expenditures and reserves relating to the common elements and collect assessments for common expenses from the units' owners.

3. Hire and discharge managing agents and other employees, agents and independent contractors of the association.

4. Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more units' owners on matters affecting the condominium hotel.

5. Make contracts and incur liabilities with regard to the common elements.

6. Regulate the use, maintenance, repair, replacement and modification of common elements.

7. Cause additional improvements to be made as a part of the common elements.

8. Acquire, hold, encumber and convey in its own name any right, title or interest to real estate or personal property, but common elements may be conveyed or subjected to a security interest only pursuant to section 108 of this act.

9. Grant easements, leases, licenses and concessions through or over the common elements.

10. Impose and receive any payments, fees or charges for the use, rental or operation of the common elements.

11. Impose charges for late payment of assessments on common elements.

12. Impose reasonable fines for violations of the governing documents of the association only if the association complies with the requirements set forth in section 85 of this act.

13. Provide for the indemnification of its officers and executive board and maintain directors' and officers' liability insurance.

14. Assign its right to future income, including the right to receive assessments for common expenses, but only to the extent the declaration expressly so provides.

15. Exercise any other powers conferred by the declaration or bylaws.

16. Exercise any other powers necessary and proper for the governance and operation of the association.

Sec. 84. 1. Except as otherwise provided in the declaration, the bylaws, this section or other provisions of this chapter, the executive board may act in all instances on behalf of the association. In the performance of their duties, the officers and



members of the executive board are fiduciaries. The members of the executive board are required to exercise the ordinary and reasonable care of directors of a corporation, subject to the business-judgment rule.

2. The executive board may not act on behalf of the association to amend the declaration, to terminate the condominium hotel, or to elect members of the executive board or determine their qualifications, powers and duties or terms of office, but the executive board may fill vacancies in its membership for the unexpired portion of any term.

Sec. 85. 1. Except as otherwise provided in this section and unless the declaration provides otherwise, if a residential unit owner or the tenant or guest of a residential unit owner violates any provision of the governing documents of an association, the executive board may, if the governing documents so provide:

(a) Prohibit, for a reasonable time, the residential unit owner or the tenant or guest of the residential unit owner from:

(1) Voting on matters related to the association.

(2) Using the common elements. The provisions of this subparagraph do not prohibit the residential unit owner or the tenant or guest of the residential unit owner from using any portion of the common elements, if any, as is necessary for vehicular or pedestrian ingress or egress to or from the residential unit.

(b) Impose a fine against the residential unit owner or the tenant or guest of the residential unit owner for each violation. If the violation poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the residential units' owners or residents of the condominium hotel, the amount of the fine must be commensurate with the severity of the violation and must be determined by the executive board in accordance with the governing documents. If the violation does not pose an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the residential units' owners or residents or guests of the condominium hotel, the amount of the fine must be commensurate with the severity of the violation and must be determined by the executive board in accordance with the governing documents, but the amount of the fine must not exceed \$100 for each violation or a total amount of \$1,000, whichever is less. The limitations on the amount of the fine do not apply to any interest, charges or costs that may be collected by the association pursuant to this section if the fine becomes past due.



2. The executive board may not impose a fine pursuant to subsection 1 unless:

(a) Not less than 30 days before the violation, the person against whom the fine will be imposed had been provided with written notice of the applicable provisions of the governing documents that form the basis of the violation; and

(b) Within a reasonable time after the discovery of the violation, the person against whom the fine will be imposed has been provided with:

(1) Written notice specifying the details of the violation, the amount of the fine, and the date, time and location for a hearing on the violation; and

(2) A reasonable opportunity to contest the violation at the hearing.

3. The executive board must schedule the date, time and location for the hearing on the violation so that the person against whom the fine will be imposed is provided with a reasonable opportunity to prepare for the hearing and to be present at the hearing.

4. The executive board must hold a hearing before it may impose the fine, unless the person against whom the fine will be imposed:

(a) Pays the fine;

(b) Executes a written waiver of the right to the hearing; or

(c) Fails to appear at the hearing after being provided with proper notice of the hearing.

5. If a fine is imposed pursuant to subsection 1 and the violation is not cured within 14 days, or within any longer period that may be established by the executive board, the violation shall be deemed a continuing violation. Thereafter, the executive board may impose an additional fine for the violation for each 7-day period or portion thereof that the violation is not cured. Any additional fine may be imposed without notice and an opportunity to be heard.

6. If the governing documents so provide, the executive board may appoint a committee, with not less than three members, to conduct hearings on violations and to impose fines pursuant to this section. While acting on behalf of the executive board for those limited purposes, the committee and its members are entitled to all privileges and immunities and are subject to all duties and requirements of the executive board and its members.

7. The provisions of this section establish the minimum procedural requirements that the executive board must follow



before it may impose a fine. The provisions of this section do not preempt any provisions of the governing documents that provide greater procedural protections.

8. Any past due fine:

(a) Bears interest at the rate established by the association, not to exceed the legal rate per annum.

(b) May include any costs of collecting the past due fine at a rate established by the association. If the past due fine is for a violation that does not threaten the health, safety or welfare of the residents of the condominium hotel, the rate established by the association for the costs of collecting the past due fine:

(1) May not exceed \$20, if the outstanding balance is less than \$200.

(2) May not exceed \$50, if the outstanding balance is \$200 or more, but is less than \$500.

(3) May not exceed \$100, if the outstanding balance is \$500 or more, but is less than \$1,000.

(4) May not exceed \$250, if the outstanding balance is \$1,000 or more, but is less than \$5,000.

(5) May not exceed \$500, if the outstanding balance is \$5,000 or more.

(c) May include any costs incurred by the association during a civil action to enforce the payment of the past due fine.

9. Unless the declaration provides otherwise, nothing in this section shall be construed as giving the association the power to sanction a unit's owner for matters related to the hotel unit or the shared components.

10. As used in this section:

(a) "Costs of collecting" includes, without limitation, any collection fee, filing fee, recording fee, referral fee, fee for postage or delivery, and any other fee or cost that an association may reasonably charge to the unit's owner for the collection of a past due fine. The term does not include any costs incurred by an association during a civil action to enforce the payment of a past due fine.

(b) "Outstanding balance" means the amount of a past due fine that remains unpaid before any interest, charges for late payment or costs of collecting the past due fine are added.

Sec. 86. *If an association has imposed a fine against a residential unit owner or a tenant or guest of a residential unit owner pursuant to section 85 of this act for violations of the governing documents of the association, the association:*



1. Shall, in the books and records of the association, account for the fine separately from any assessment, fee or other charge; and

2. Shall not apply, in whole or in part, any payment made by the residential unit owner for any assessment, fee or other charge toward the payment of the outstanding balance of the fine or any costs of collecting the fine, unless the residential unit owner provides written authorization which directs the association to apply the payment made by the unit's owner in such a manner.

Sec. 87. 1. Except as otherwise provided in this section, the declaration may provide for a period of declarant's control of the association, during which a declarant, or persons designated by him, may appoint and remove the officers of the association and members of the executive board. Regardless of the period provided in the declaration, a period of declarant's control terminates not later than:

(a) Sixty days after conveyance of 75 percent of the residential units that may be created to residential unit owners other than a declarant;

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

(c) Five years after any right to add new residential units was last exercised,

↳ whichever occurs earlier.

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

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

Sec. 88. 1. Not later than the termination of any period of declarant's control, the units' owners shall elect an executive



board of at least three members. At least a majority of the members of the executive board must be residential unit owners and at least one member of the executive board must be a duly authorized representative of the hotel unit owner. The executive board shall elect the officers of the association. The members of the executive board and the officers of the association shall take office upon election.

2. The term of office of a member of the executive board may not exceed 3 years, except for members who are appointed by the declarant or the hotel unit owner. Unless the governing documents provide otherwise, there is no limitation on the number of terms that a person may serve as a member of the executive board.

3. The governing documents of the association must provide for terms of office that are staggered in such a manner that, to the extent possible, an equal number of members of the executive board are elected at each election. The provisions of this subsection do not apply to:

(a) Members of the executive board who are appointed by the declarant;

(b) Members of the executive board who are appointed by the hotel unit owner; and

(c) Members of the executive board who serve a term of 1 year or less.

4. Not less than 30 days before the preparation of a ballot for the election of members of the executive board, the secretary or other officer specified in the bylaws of the association shall cause notice to be given to each unit's owner of his eligibility to serve as a member of the executive board. Each unit's owner who is qualified to serve as a member of the executive board may have his name placed on the ballot along with the names of the nominees selected by the members of the executive board or a nominating committee established by the association.

5. Each person whose name is placed on the ballot as a candidate for a member of the executive board must:

(a) Make a good faith effort to disclose any financial, business, professional or personal relationship or interest that would result or would appear to a reasonable person to result in a potential conflict of interest for the candidate if the candidate were to be elected to serve as a member of the executive board; and

(b) Disclose whether the candidate is a member in good standing. For the purposes of this paragraph, a candidate shall not be deemed to be in "good standing" if the candidate has any



unpaid and past due assessments or charges that are required to be paid to the association.

↪ The candidate must make all disclosures required pursuant to this subsection in writing to the association with his candidacy information. The association shall distribute the disclosures to each member of the association with the ballot in the manner established in the bylaws of the association.

6. Unless a person is appointed by the declarant, a person may not be a member of the executive board or an officer of the association if the person, his spouse or his parent or child, by blood, marriage or adoption, performs the duties of a community manager for that association.

7. An officer, employee, agent or director of a corporate owner of a unit, a trustee or designated beneficiary of a trust that owns a unit, a partner of a partnership that owns a unit, a member or manager of a limited-liability company that owns a unit, and a fiduciary of an estate that owns a unit may be an officer of the association or a member of the executive board. In all events where the person serving or offering to serve as an officer of the association or a member of the executive board is not the record owner, he shall file proof in the records of the association that:

(a) He is associated with the corporate owner, trust, partnership, limited-liability company or estate as required by this subsection; and

(b) Identifies the unit or units owned by the corporate owner, trust, partnership, limited-liability company or estate.

8. The election of any member of the executive board must be conducted by secret written ballot as follows:

(a) The secretary or other officer specified in the bylaws of the association shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each unit within the condominium hotel or to any other mailing address designated in writing by the unit's owner.

(b) Each unit's owner must be provided with at least 15 days after the date the secret written ballot is mailed to the unit's owner to return the secret written ballot to the association.

(c) A quorum is not required for the election of any member of the executive board.

(d) Only the secret written ballots that are returned to the association may be counted to determine the outcome of the election.

(e) The secret written ballots must be opened and counted at a meeting of the association. A quorum is not required to be present



when the secret written ballots are opened and counted at the meeting.

(f) The incumbent members of the executive board and each person whose name is placed on the ballot as a candidate for a member of the executive board may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the association before those secret written ballots have been opened and counted at a meeting of the association.

9. Each member of the executive board shall, within 90 days after his appointment or election, certify in writing to the association, on a form prescribed by the Administrator, that he has read and understands the governing documents of the association and the provisions of this chapter to the best of his ability. The Administrator may require the association to submit a copy of the certification of each member of the executive board of that association at the time the association registers with the Ombudsman pursuant to section 121 of this act.

Sec. 89. 1. Notwithstanding any provision of the declaration or bylaws to the contrary, any member of the executive board, other than a member appointed by the declarant or elected by the hotel unit owner, may be removed from the executive board, with or without cause, if at a removal election held pursuant to this section the number of votes cast in favor of removal constitutes:

(a) At least 35 percent of the total number of voting members of the association; and

(b) At least a majority of all votes cast in that removal election.

2. The removal of any member of the executive board must be conducted by secret written ballot as follows:

(a) The secretary or other officer specified in the bylaws of the association shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each unit within the condominium hotel or to any other mailing address designated in writing by the unit's owner.

(b) Each unit's owner must be provided with at least 15 days after the date the secret written ballot is mailed to the unit's owner to return the secret written ballot to the association.

(c) Only the secret written ballots that are returned to the association may be counted to determine the outcome.

(d) The secret written ballots must be opened and counted at a meeting of the association. A quorum is not required to be present



when the secret written ballots are opened and counted at the meeting.

(e) The incumbent members of the executive board, including, without limitation, the member who is subject to the removal, may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the association before those secret written ballots have been opened and counted at a meeting of the association.

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

Sec. 90. 1. In addition to any applicable requirement set forth in this chapter, within 30 days after units' owners other than the declarant may elect a majority of the members of the executive board, the declarant shall deliver to the association all property of the units' owners and of the association held by or controlled by him, including:

(a) The original or a certified copy of the recorded declaration as amended, the articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents of organization for the association, the bylaws, minute books and other books and records of the association and any rules or regulations which may have been adopted.

(b) An accounting for money of the association and audited financial statements for each fiscal year and any ancillary period from the date of inception of the association to the date the period of the declarant's control ends. The financial statements must fairly and accurately report the association's financial position.

(c) If major components of the common elements exist within the condominium hotel, a complete study of the reserves of the association, conducted by a person who holds a permit to conduct such a study issued pursuant to chapter 116A of NRS. At the time the control of the declarant ends, he shall:



(1) Except as otherwise provided in this paragraph, deliver to the association a reserve account that contains the declarant's share of the amounts then due, and control of the account.

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

(d) The association's money or control thereof.

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

(f) A copy of any plans and specifications used in the construction of the common elements which were completed within 2 years before the declaration was recorded.

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

(h) Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the common elements.

(i) Any renewable permits and approvals issued by governmental bodies applicable to the common elements or the operation of the association which are in force and any other permits and approvals so issued and applicable which are required by law to be kept on the premises of the condominium hotel.

(j) Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective pertaining to the residential units or the common elements.

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

(l) Contracts of employment in which the association is a contracting party.

(m) Any contract for service in which the association is a contracting party or in which the association has any obligation to pay a fee to the persons performing services related to the common elements.

2. The declarant is not required to deliver to the association any property related to the hotel unit or the shared components.



Sec. 91. 1. *If a condominium hotel is developed in separate phases and any declarant or successor declarant is constructing any common elements that will be added to the association's common elements after the date on which the units' owners other than the declarant may elect a majority of the members of the executive board, the declarant or its successors or assigns who is constructing such additional common elements is responsible for:*

(a) Paying all expenses related to the additional common elements which are incurred before the conveyance of the additional common elements to the association; and

(b) Except as otherwise provided by section 90 of this act, delivering to the association that declarant's share of the amount specified in the study of the reserves completed pursuant to subsection 2.

2. Before conveying the additional common elements to the association, the declarant or successor declarant who constructed the additional common elements shall deliver to the association a study of the reserves for the additional common elements which satisfies the requirements of section 117 of this act.

3. As used in this section, "successor declarant" includes, without limitation, any successor declarant who does not control the association established by the initial declarant.

Sec. 92. 1. *At the time of each close of escrow of a unit in a converted building, the declarant shall deliver to the hotel unit owner the amount of the converted shared component reserve deficit allocated to that unit.*

2. The allocation to a unit of the amount of any converted shared component reserve deficit must be made in the same manner as liability for shared expenses is allocated to that unit.

3. As used in this section, "converted shared component reserve deficit" means the amount necessary to replace the major components of the shared components needing replacement within 10 years after the date of the first sale of a unit.

Sec. 93. 1. *At the time of each close of escrow of a unit in a converted building, the declarant shall deliver to the association the amount of the converted common element reserve deficit allocated to that unit.*

2. The allocation to a unit of the amount of any converted common element reserve deficit must be made in the same manner as assessments are allocated to that unit.

3. As used in this section, "converted common element reserve deficit" means the amount necessary to replace the major



components of the common elements needing replacement within 10 years after the date of the first sale of a unit.

Sec. 94. *1. A special declarant's right created or reserved under this chapter may be transferred only by an instrument evidencing the transfer recorded in every county in which any portion of the condominium hotel is located. The instrument is not effective unless executed by the transferee.*

2. Upon transfer of any special declarant's right, the liability of a transferor declarant is as follows:

(a) A transferor is not relieved of any obligation or liability arising before the transfer and remains liable for warranties imposed upon him by this chapter. Lack of privity does not deprive any unit's owner of standing to maintain an action to enforce any obligation of the transferor.

(b) If a successor to any special declarant's right is an affiliate of a declarant, the transferor is jointly and severally liable with the successor for any obligations or liabilities of the successor relating to the condominium hotel.

(c) If a transferor retains any special declarant's rights, but transfers other special declarant's rights to a successor who is not an affiliate of the declarant, the transferor is liable for any obligations or liabilities imposed on a declarant by this chapter or by the declaration relating to the retained special declarant's rights and arising after the transfer.

(d) A transferor has no liability for any act or omission or any breach of a contractual obligation or warranty arising from the exercise of a special declarant's right by a successor declarant who is not an affiliate of the transferor.

3. Unless otherwise provided in a mortgage, deed of trust or other agreement creating a security interest, in case of foreclosure of a security interest, sale by a trustee under an agreement creating a security interest, tax sale, judicial sale or sale under the Bankruptcy Code or a receivership, of any units owned by a declarant or real estate in a condominium hotel subject to developmental rights, a person acquiring title to all the property being foreclosed or sold, but only upon his request, succeeds to all special declarant's rights related to that property held by that declarant, or only to any rights reserved in the declaration pursuant to this chapter and held by that declarant to maintain models, offices for sales and signs. The judgment or instrument conveying title must provide for transfer of only the special declarant's rights requested.



4. Upon foreclosure of a security interest, sale by a trustee under an agreement creating a security interest, tax sale, judicial sale or sale under the Bankruptcy Code or a receivership of all interests in a condominium hotel owned by a declarant:

(a) The declarant ceases to have any special declarant's rights; and

(b) The period of declarant's control terminates unless the judgment or instrument conveying title provides for transfer of all special declarant's rights held by that declarant to a successor declarant.

Sec. 95. *The liabilities and obligations of a person who succeeds to special declarant's rights are as follows:*

1. A successor to any special declarant's right who is an affiliate of a declarant is subject to all obligations and liabilities imposed on the transferor by this chapter or by the declaration.

2. A successor to any special declarant's right, other than a successor described in subsection 3 or 4 or a successor who is an affiliate of a declarant, is subject to the obligations and liabilities imposed by this chapter or the declaration:

(a) On a declarant which relate to the successor's exercise or nonexercise of special declarant's rights; or

(b) On his transferor, other than:

(1) Misrepresentations by any previous declarant;

(2) Warranties on improvements made by any previous declarant, or made before the condominium hotel was created;

(3) Breach of any fiduciary obligation by any previous declarant or his appointees to the executive board; or

(4) Any liability or obligation imposed on the transferor as a result of the transferor's acts or omissions after the transfer.

3. A successor to only a right reserved in the declaration to maintain models, offices for sales and signs, may not exercise any other special declarant's right, and is not subject to any liability or obligation as a declarant, except the obligation to provide a public offering statement and any liability arising as a result thereof.

4. A successor to all special declarant's rights held by a transferor who succeeded to those rights pursuant to a deed or other instrument of conveyance in lieu of foreclosure or a judgment or instrument under subsection 3 of section 94 of this act may declare in a recorded instrument the intention to hold those rights solely for transfer to another person. Thereafter, until transferring all special declarant's rights to any person acquiring title to any unit or real estate subject to developmental rights owned by the successor, or until recording an instrument



permitting exercise of all those rights, that successor may not exercise any of those rights other than any right held by his transferor to control the executive board in accordance with section 87 of this act for the duration of any period of declarant's control, and any attempted exercise of those rights is void. So long as a successor declarant may not exercise special declarant's rights under this subsection, the successor declarant is not subject to any liability or obligation as a declarant other than liability for his acts and omissions under section 87 of this act.

Sec. 96. *Sections 94 and 95 of this act do not subject any successor to a special declarant's right to any claims against or other obligations of a transferor declarant, other than claims and obligations arising under this chapter or the declaration.*

Sec. 97. 1. *The bylaws of the association must provide:*

(a) The number of members of the executive board and the titles of the officers of the association;

(b) For election by the executive board of a president, treasurer, secretary and any other officers of the association the bylaws specify;

(c) The qualifications, powers and duties, terms of office and manner of electing and removing officers of the association and members of the executive board and filling vacancies;

(d) Which powers, if any, that the executive board or the officers of the association may delegate to other persons, including a community manager;

(e) Which of its officers may prepare, execute, certify and record amendments to the declaration on behalf of the association;

(f) Procedural rules for conducting meetings of the association;

(g) A method for amending the bylaws; and

(h) Procedural rules for conducting elections.

2. *Except as otherwise provided in the declaration, the bylaws may provide for any other matters the association deems necessary and appropriate.*

3. *The bylaws must be written in plain English.*

4. *The bylaws must not attempt to exercise any control over the shared components or the hotel unit.*

Sec. 98. *The rules adopted by an association, if any:*

1. *Must be reasonably related to the duties of the association.*

2. *Must be sufficiently explicit in their prohibition, direction or limitation to inform a person of any action or omission required for compliance.*



3. Must not be adopted to evade any obligation of the association.

4. Must be consistent with the governing documents of the association and must not arbitrarily restrict conduct or require the construction of any capital improvement by a unit's owner that is not required by the governing documents of the association.

5. Must be uniformly enforced under the same or similar circumstances against all units' owners. Any rule that is not so uniformly enforced may not be enforced against any unit's owner.

6. May be enforced by the association through the imposition of a fine only if the association complies with the requirements set forth in section 85 of this act for levying fines.

7. Must not attempt to exercise any control over the shared components or the hotel unit.

Sec. 99. 1. Except to the extent provided by the declaration or this chapter, the association is responsible for maintenance, repair and replacement of the common elements, and each unit's owner is responsible for maintenance, repair and replacement of his unit. Each unit's owner shall afford to the association and the other units' owners, and to their agents or employees, access through his unit reasonably necessary for those purposes. If damage is inflicted by a residential unit owner on the common elements, hotel unit or on any unit through which access is taken, the residential unit owner responsible for the damage, or the association if it is responsible, is liable for the prompt repair thereof.

2. Except to the extent provided by the declaration, the hotel unit owner is responsible for the maintenance, repair and replacement of the hotel unit and the shared components.

Sec. 100. 1. A meeting of the units' owners must be held:

(a) As required by the declaration; and

(b) At least once each year.

2. Special meetings of the units' owners may be called by the president, by a majority of the executive board or by units' owners constituting at least 10 percent, or any lower percentage specified in the bylaws, of the total number of voting members of the association. The same number of units' owners may also call a removal election pursuant to section 89 of this act. To call a special meeting or a removal election, the units' owners must submit a written petition which is signed by the required percentage of the total number of voting members of the association pursuant to this section and which is mailed, return receipt requested, or served by a process server to the executive



board for the association. If the petition calls for a special meeting, the executive board shall set the date for the special meeting so that the special meeting is held not less than 15 days or more than 60 days after the date on which the petition is received. If the petition calls for a removal election, the secret written ballots for the removal election must be sent in the manner required by section 89 of this act not less than 15 days or more than 60 days after the date on which the petition is received, and the executive board shall set the date for the meeting to open and count the secret written ballots so that the meeting is held not more than 15 days after the deadline for returning the secret written ballots.

3. Not less than 15 days or more than 60 days in advance of any meeting of the units' owners, the secretary or other officer specified in the bylaws shall cause notice of the meeting to be hand-delivered, sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner or, if the association offers to send notice by electronic mail, sent by electronic mail at the request of the unit's owner to an electronic mail address designated in writing by the unit's owner. The notice of the meeting must state the time and place of the meeting and include a copy of the agenda for the meeting. The notice must include notification of the right of a unit's owner to:

(a) Have a copy of the minutes or a summary of the minutes of the meeting provided to the unit's owner upon request and, if required by the executive board, upon payment to the association of the cost of providing the copy to the unit's owner.

(b) Speak to the association or executive board, unless the executive board is meeting in executive session.

4. The agenda for a meeting of the units' owners must consist of:

(a) A clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the declaration or bylaws, any fees or assessments to be imposed or increased by the association, any budgetary changes and any proposal to remove an officer of the association or member of the executive board.

(b) A list describing the items on which action may be taken and clearly denoting that action may be taken on those items. In an emergency, the units' owners may take action on an item which is not listed on the agenda as an item on which action may be taken.



(c) A period devoted to comments by units' owners and discussion of those comments. Except in emergencies, no action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken pursuant to paragraph (b).

5. If the association adopts a policy imposing fines for any violations of the governing documents of the association, the secretary or other officer specified in the bylaws shall prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner, a schedule of the fines that may be imposed for those violations.

6. The secretary or other officer specified in the bylaws shall cause minutes to be recorded or otherwise taken at each meeting of the units' owners. Not more than 30 days after each such meeting, the secretary or other officer specified in the bylaws shall cause the minutes or a summary of the minutes of the meeting to be made available to the units' owners. A copy of the minutes or a summary of the minutes must be provided to any unit's owner upon request and, if required by the executive board, upon payment to the association of the cost of providing the copy to the unit's owner.

7. Except as otherwise provided in subsection 8, the minutes of each meeting of the units' owners must include:

(a) The date, time and place of the meeting;

(b) The substance of all matters proposed, discussed or decided at the meeting; and

(c) The substance of remarks made by any unit's owner at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared remarks if he submits a copy for inclusion.

8. The executive board may establish reasonable limitations on materials, remarks or other information to be included in the minutes of a meeting of the units' owners.

9. The association shall maintain the minutes of each meeting of the units' owners until the condominium hotel is terminated.

10. A unit's owner may record on audiotape or any other means of sound reproduction a meeting of the units' owners if the unit's owner, before recording the meeting, provides notice of his intent to record the meeting to the other units' owners who are in attendance at the meeting.



11. The units' owners may approve, at the annual meeting of the units' owners, the minutes of the prior annual meeting of the units' owners and the minutes of any prior special meetings of the units' owners. A quorum is not required to be present when the units' owners approve the minutes.

12. The hotel unit owner or his designated agent shall attend the annual meeting of the units' owners to present a written report concerning the status of the current year's budget for the shared expenses and discuss any material issues that will affect the preparation of the next year's budget for shared expenses.

13. As used in this section, "emergency" means any occurrence or combination of occurrences that:

- (a) Could not have been reasonably foreseen;
- (b) Affects the health, welfare and safety of the units' owners or residents of the condominium hotel;
- (c) Requires the immediate attention of, and possible action by, the executive board; and
- (d) Makes it impracticable to comply with the provisions of subsection 3 or 4.

Sec. 101. 1. A meeting of the executive board must be held at least once a year.

2. Except in an emergency or unless the bylaws of an association require a longer period of notice, the secretary or other officer specified in the bylaws of the association shall, not less than 30 days before the date of a meeting of the executive board, cause notice of the meeting to be given to the units' owners. Such notice must be:

(a) Sent prepaid by United States mail to the mailing address of each unit within the condominium hotel or to any other mailing address designated in writing by the unit's owner; or

(b) If the association offers to send notice by electronic mail, sent by electronic mail at the request of the unit's owner to an electronic mail address designated in writing by the unit's owner.

3. In an emergency, the secretary or other officer specified in the bylaws of the association shall, if practicable, cause notice of the meeting to be sent prepaid by United States mail to the mailing address of each unit within the condominium hotel. If delivery of the notice in this manner is impracticable, the notice must be hand-delivered to each unit within the condominium hotel or posted in a prominent place or places within the common elements of the association.

4. The notice of a meeting of the executive board must state the time and place of the meeting and include a copy of the



agenda for the meeting or the date on which and the locations where copies of the agenda may be conveniently obtained by the units' owners. The notice must include notification of the right of a unit's owner to:

(a) Have a copy of the minutes or a summary of the minutes of the meeting provided to the unit's owner upon request and, if required by the executive board, upon payment to the association of the cost of providing the copy to the unit's owner.

(b) Speak to the association or executive board, unless the executive board is meeting in executive session.

5. The agenda of the meeting of the executive board must comply with the provisions of subsection 4 of section 100 of this act. The period required to be devoted to comments by the units' owners and discussion of those comments must be scheduled for the beginning of each meeting. In an emergency, the executive board may take action on an item which is not listed on the agenda as an item on which action may be taken.

6. At least once every year, unless the declaration or bylaws of the association impose more stringent standards, the executive board shall review, at a minimum, the following financial information at one of its meetings:

(a) A current year-to-date financial statement of the association;

(b) A current year-to-date schedule of revenues and expenses for the operating account and the reserve account, compared to the budget for those accounts;

(c) A current reconciliation of the operating account of the association;

(d) A current reconciliation of the reserve account of the association;

(e) The latest account statements prepared by the financial institutions in which the accounts of the association are maintained; and

(f) The current status of any civil action or claim submitted to arbitration or mediation in which the association is a party.

7. The secretary or other officer specified in the bylaws shall cause minutes to be recorded or otherwise taken at each meeting of the executive board. Not more than 30 days after each such meeting, the secretary or other officer specified in the bylaws shall cause the minutes or a summary of the minutes of the meetings to be made available to the units' owners. A copy of the minutes or a summary of the minutes must be provided to any unit's owner upon request and, if required by the executive board, upon



payment to the association of the cost of providing the copy to the unit's owner.

8. Except as otherwise provided in subsection 9 and section 102 of this act, the minutes of each meeting of the executive board must include:

(a) The date, time and place of the meeting;

(b) The names of those members of the executive board who were present and of those members who were absent at the meeting;

(c) The substance of all matters proposed, discussed or decided at the meeting;

(d) A record of each member's vote on any matter decided by vote at the meeting; and

(e) The substance of remarks made by any unit's owner who addresses the executive board at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared remarks if he submits a copy for inclusion.

9. The executive board may establish reasonable limitations on materials, remarks or other information to be included in the minutes of its meetings.

10. The association shall maintain the minutes of each meeting of the executive board until the condominium hotel is terminated.

11. A unit's owner may record on audiotape or any other means of sound reproduction a meeting of the executive board, unless the executive board is meeting in executive session, if the unit's owner, before recording the meeting, provides notice of his intent to record the meeting to the members of the executive board and the other units' owners who are in attendance at the meeting.

12. As used in this section, "emergency" means any occurrence or combination of occurrences that:

(a) Could not have been reasonably foreseen;

(b) Affects the health, welfare and safety of the units' owners or residents of the condominium hotel;

(c) Requires the immediate attention of, and possible action by, the executive board; and

(d) Makes it impracticable to comply with the provisions of subsection 2 or 5.

Sec. 102. *1. Except as otherwise provided in this section, a unit's owner may attend any meeting of the units' owners or of the executive board and speak at any such meeting. The executive board may establish reasonable limitations on the time a unit's owner may speak at such a meeting.*



2. An executive board may not meet in executive session to enter into, renew, modify, terminate or take any other action regarding a contract, unless it is a contract between the association and an attorney.

3. An executive board may meet in executive session only to:

(a) Consult with the attorney for the association on matters relating to proposed or pending litigation if the contents of the discussion would otherwise be governed by the privilege set forth in NRS 49.035 to 49.115, inclusive, or to enter into, renew, modify, terminate or take any other action regarding a contract between the association and the attorney.

(b) Discuss the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the association.

(c) Except as otherwise provided in subsection 4, discuss a violation of the governing documents, including, without limitation, the failure to pay an assessment.

4. An executive board shall meet in executive session to hold a hearing on an alleged violation of the governing documents unless the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted by the executive board. If the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted, the person:

(a) Is entitled to attend all portions of the hearing related to the alleged violation, including, without limitation, the presentation of evidence and the testimony of witnesses; and

(b) Is not entitled to attend the deliberations of the executive board.

5. Except as otherwise provided in this subsection, any matter discussed by the executive board when it meets in executive session must be generally noted in the minutes of the meeting of the executive board. The executive board shall maintain minutes of any decision made pursuant to subsection 4 concerning an alleged violation and, upon request, provide a copy of the decision to the person who was subject to being sanctioned at the hearing or to his designated representative.

6. Except as otherwise provided in subsection 4, a unit's owner is not entitled to attend or speak at a meeting of the executive board held in executive session.

Sec. 103. 1. If an executive board receives a written complaint from a unit's owner alleging that the executive board has violated any provision of this chapter or any provision of the



governing documents of the association, the executive board shall, if action is required by the executive board, place the subject of the complaint on the agenda of the next regularly scheduled meeting of the executive board.

2. Not later than 10 business days after the date that the association receives such a complaint, the executive board or an authorized representative of the association shall acknowledge the receipt of the complaint and notify the unit's owner that, if action is required by the executive board, the subject of the complaint will be placed on the agenda of the next regularly scheduled meeting of the executive board.

Sec. 104. *1. The association shall provide written notice to each unit's owner of a meeting at which the commencement of a civil action is to be considered at least 21 calendar days before the date of the meeting. Except as otherwise provided in this subsection, the association may commence a civil action only upon a vote or written agreement of the owners of units to which at least a majority of the votes of the members of the association are allocated. The provisions of this subsection do not apply to a civil action that is commenced:*

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

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



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

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

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

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

4. If any civil action in which the association is a party is settled, the executive board shall disclose the terms and conditions of the settlement at the next regularly scheduled meeting of the executive board after the settlement has been reached. The executive board may not approve a settlement which contains any terms and conditions that would prevent the executive board from complying with the provisions of this subsection.

Sec. 105. 1. Except as otherwise provided in this section and section 88 of this act, and except when the governing documents provide otherwise, a quorum is present throughout any meeting of the association if the number of members of the association who are present in person or by proxy at the beginning of the meeting equals or exceeds 20 percent of the total number of voting members of the association.

2. If the governing documents of an association contain a quorum requirement for a meeting of the association that is greater than the 20 percent required by subsection 1 and, after proper notice has been given for a meeting, the members of the association who are present in person or by proxy at the meeting are unable to hold the meeting because a quorum is not present at the beginning of the meeting, the members who are present in person at the meeting may adjourn the meeting to a time that is not less than 48 hours or more than 30 days after the date of the meeting. At the subsequent meeting:

(a) A quorum shall be deemed to be present if the number of members of the association who are present in person or by proxy at the beginning of the subsequent meeting equals or exceeds 20 percent of the total number of voting members of the association; and

(b) If such a quorum is deemed to be present but the actual number of members who are present in person or by proxy at the



beginning of the subsequent meeting is less than the number of members who are required for a quorum under the governing documents, the members who are present in person or by proxy at the subsequent meeting may take action only on those matters that were included as items on the agenda of the original meeting.

↪ The provisions of this subsection do not change the actual number of votes that are required under the governing documents for taking action on any particular matter.

3. Unless the governing documents specify a larger percentage, a quorum is deemed present throughout any meeting of the executive board if persons entitled to cast 50 percent of the votes on that board are present at the beginning of the meeting.

Sec. 106. *1. If only one of several owners of a unit is present at a meeting of the association, that owner is entitled to cast all the votes allocated to that unit. If more than one of the owners are present, the votes allocated to that unit may be cast only in accordance with the agreement of a majority in interest of the owners, unless the declaration expressly provides otherwise. There is majority agreement if any one of the owners cast the votes allocated to that unit without protest made promptly to the person presiding over the meeting by any of the other owners of the unit.*

2. Except as otherwise provided in this section, votes allocated to a unit may be cast pursuant to a proxy executed by a unit's owner. A unit's owner may give a proxy only to a member of his immediate family, a tenant of the unit's owner who resides in the condominium hotel, the hotel unit owner or another unit's owner who resides in the condominium hotel. If a unit is owned by more than one person, each owner of the unit may vote or register protest to the casting of votes by the other owners of the unit through an executed proxy. A unit's owner may revoke a proxy given pursuant to this section only by actual notice of revocation to the person presiding over a meeting of the association.

3. Before a vote may be cast pursuant to a proxy:

(a) The proxy must be dated.

(b) The proxy must not purport to be revocable without notice.

(c) The proxy must designate the meeting for which it is executed.

(d) The proxy must designate each specific item on the agenda of the meeting for which the unit's owner has executed the proxy, except that the unit's owner may execute the proxy without designating any specific items on the agenda of the meeting if the proxy is to be used solely for determining whether a quorum is present for the meeting. If the proxy designates one or more



specific items on the agenda of the meeting for which the unit's owner has executed the proxy, the proxy must indicate, for each specific item designated in the proxy, whether the holder of the proxy must cast a vote in the affirmative or the negative on behalf of the unit's owner. If the proxy does not indicate whether the holder of the proxy must cast a vote in the affirmative or the negative for a particular item on the agenda of the meeting, the proxy must be treated, with regard to that particular item, as if the unit's owner were present but not voting on that particular item.

(e) The holder of the proxy must disclose at the beginning of the meeting for which the proxy is executed the number of proxies pursuant to which the holder will be casting votes.

4. A proxy terminates immediately after the conclusion of the meeting for which it is executed.

5. A vote may not be cast pursuant to a proxy for the election or removal of a member of the executive board of an association.

6. The holder of a proxy may not cast a vote on behalf of the unit's owner who executed the proxy in a manner that is contrary to the proxy.

7. A proxy is void if the proxy or the holder of the proxy violates any provision of subsections 1 to 6, inclusive.

8. If the declaration requires that votes on specified matters affecting the condominium hotel must be cast by the lessees of leased units rather than the units' owners who have leased the units:

(a) The provisions of subsections 1 to 7, inclusive, apply to the lessees as if they were the units' owners;

(b) The units' owners who have leased their units to the lessees may not cast votes on those specified matters;

(c) The lessees are entitled to notice of meetings, access to records and other rights respecting those matters as if they were the units' owners; and

(d) The units' owners must be given notice, in the manner provided in this chapter, of all meetings at which the lessees are entitled to vote.

9. If any votes are allocated to a unit that is owned by the association, those votes may not be cast, by proxy or otherwise, for any purpose.

Sec. 107. *Neither the association nor any unit's owner except the declarant or hotel unit owner, as applicable, is liable for that declarant's or hotel unit owner's torts in connection with any part of the condominium hotel which that declarant or hotel unit*



owner, as applicable, owns or has the responsibility to maintain. Otherwise, an action alleging a wrong done by the association must be brought against the association and not against any unit's owner. If the wrong occurred during any period of declarant's control over the association and the association gives the declarant reasonable notice of and an opportunity to defend against the action, the declarant who then controlled the association is liable to the association or to any unit's owner for all tort losses not covered by insurance suffered by the association or that unit's owner, and all costs that the association would not have incurred but for a breach of contract or other wrongful act or omission. Whenever the declarant is liable to the association under this section, the declarant is also liable for all expenses of litigation, including reasonable attorney's fees, incurred by the association. Any statute of limitation affecting the association's right of action under this section is tolled until the period of declarant's control terminates. A unit's owner is not precluded from maintaining an action contemplated by this section because he is a unit's owner or a member or officer of the association.

Sec. 108. 1. Portions of the common elements of a condominium hotel may be conveyed or subjected to a security interest by the association if persons entitled to cast at least a majority of the votes in the association or any larger percentage otherwise specified in the declaration agree to such action. All owners of units to which any limited common element is allocated must agree in order to convey that limited common element or subject it to a security interest. Proceeds of the sale are an asset of the association.

2. An agreement to convey or subject common elements in a condominium hotel to a security interest must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of units' owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in every county in which a portion of the condominium hotel is situated, and is effective only upon recordation.

3. The association, on behalf of the units' owners, may contract to convey an interest in the common elements pursuant to subsection 1, but the contract is not enforceable against the association until approved pursuant to subsections 1 and 2. Upon approval, the association has all powers necessary and appropriate



to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

4. Unless made pursuant to this section, any purported conveyance, encumbrance, judicial sale or other voluntary transfer of common elements is void.

5. A conveyance or encumbrance of common elements pursuant to this section does not deprive any unit of its rights of access and support.

6. Unless the declaration otherwise provides, a conveyance or encumbrance of common elements pursuant to this section does not affect the priority or validity of preexisting encumbrances.

Sec. 109. 1. Commencing not later than the time of the first conveyance of a unit to a person other than a declarant, and unless the declaration states otherwise, the association shall maintain, to the extent reasonably available, both of the following:

(a) Property insurance on the common elements insuring against all risks of direct physical loss commonly insured against in an amount specified in the declaration.

(b) Liability insurance on the common elements, including insurance for medical payments, in an amount determined by the executive board but not less than any amount specified in the declaration, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.

2. Commencing not later than the time of the first conveyance of a residential unit to a person other than the declarant, and unless the declaration states otherwise, the hotel unit owner shall maintain, to the extent reasonably available, the following:

(a) Property and casualty insurance on the residential units, hotel unit and shared components insuring against all risks of direct physical loss commonly insured against in an amount specified in the declaration. An insurance policy issued to the hotel unit owner does not prevent a unit's owner from obtaining insurance for his own benefit.

(b) Liability insurance on the residential units, hotel unit and shared components, including insurance for medical payments, in an amount set forth in the declaration, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the residential units, shared components or the hotel unit.



Sec. 110. *Insurance policies carried pursuant to this chapter must provide to the extent reasonably available that:*

1. *Each unit's owner is an insured person under the policy with respect to liability arising out of his interest in the common elements or membership in the association;*

2. *The insurer waives its right to subrogation under the policy against any unit's owner or member of his household;*

3. *No act or omission by any unit's owner, unless acting within the scope of his authority on behalf of the association, will void the policy or be a condition to recovery under the policy; and*

4. *If, at the time of a loss under the policy, there is other insurance in the name of a unit's owner covering the same risk covered by the policy, the association's policy or the hotel unit owners' policy, as applicable, provides primary insurance.*

Sec. 111. 1. *Unless the declaration states otherwise, with respect to repair or replacement of all or any portion of the hotel condominium after fire or other casualty, any portion of the condominium hotel for which insurance is required under section 109 of this act which is damaged or destroyed must be repaired or replaced promptly by the association or the hotel unit owner unless:*

(a) *The condominium hotel is terminated pursuant to the provisions of this chapter;*

(b) *Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or*

(c) *The declarant or hotel unit owner, as applicable, and the residential unit owners representing at least 80 percent of the total voting power in the association vote that the damaged or destroyed portion of the hotel condominium not be rebuilt.*

2. *If a determination is made to effect repair or restoration of the damaged or destroyed portion of the condominium hotel, the insurance proceeds of all insurance policies required to be maintained under section 109 of this act that are attributable to the damaged or destroyed portion of the condominium hotel must be disbursed to the contractors engaged in such repair or restoration in appropriate installment payments, and any proceeds that are in excess of the amounts reasonably necessary to effect repair or restoration must be disbursed:*

(a) *As to the residential units or common elements, to the units' owners in proportion to their assessments for common expenses.*

(b) *As to any portion of the shared components or the hotel unit, to the hotel unit owner.*



3. If a determination is made not to effect repair or restoration of the damaged portion of the condominium hotel:

(a) The insurance proceeds attributable to units, shared components or common elements that are not rebuilt must be distributed to the owners of those units and the owners of the units to which those limited common elements were allocated, or to lienholders, as their interests may appear; and

(b) The remainder of the proceeds must be distributed:

(1) As to the residential units or common elements, to the units' owners in proportion to their assessments for common expenses.

(2) As to any portion of the shared components or the hotel unit, to the hotel unit owner.

Sec. 112. 1. The Commission shall adopt regulations prescribing the requirements for the preparation and presentation of financial statements of an association pursuant to this chapter.

2. The regulations adopted by the Commission must include, without limitation:

(a) The qualifications necessary for a person to prepare and present financial statements of an association; and

(b) The standards and format to be followed in preparing and presenting financial statements of an association.

Sec. 113. 1. Except as otherwise provided in subsection 2, the executive board shall:

(a) If the annual budget of the association is less than \$75,000, cause the financial statement of the association to be audited by an independent certified public accountant at least once every 4 fiscal years.

(b) If the annual budget of the association is \$75,000 or more but less than \$150,000, cause the financial statement of the association to be:

(1) Audited by an independent certified public accountant at least once every 4 fiscal years; and

(2) Reviewed by an independent certified public accountant every fiscal year for which an audit is not conducted.

(c) If the annual budget of the association is \$150,000 or more, cause the financial statement of the association to be audited by an independent certified public accountant every fiscal year.

2. For any fiscal year for which an audit of the financial statement of the association will not be conducted pursuant to subsection 1, the executive board shall cause the financial statement for that fiscal year to be audited by an independent



certified public accountant if, within 180 days before the end of the fiscal year, 15 percent of the total number of voting members of the association submit a written request for such an audit.

3. The Commission shall adopt regulations prescribing the requirements for the auditing or reviewing of financial statements of an association pursuant to this section. Such regulations must include, without limitation:

(a) The qualifications necessary for a person to audit or review financial statements of an association; and

(b) The standards and format to be followed in auditing or reviewing financial statements of an association.

Sec. 114. 1. Until the association makes an assessment for common expenses for the common elements, the declarant shall pay all common expenses. After an assessment has been made by the association, assessments must be made at least annually, based on a budget adopted at least annually by the association in accordance with the requirements set forth in this chapter. Unless the declaration imposes more stringent standards, the budget must include a budget for the daily operation of the association and a budget for the reserves required by paragraph (b) of subsection 2.

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

(a) All common expenses, including the reserves, must be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to section 66 of this act.

(b) The association shall establish adequate reserves, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the common elements. The reserves may be used only for those purposes and must not be used for daily maintenance. The association may comply with the provisions of this paragraph through a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the common elements over a period of years if the funding plan is designed in an actuarially sound manner which will ensure that sufficient money is available when the repair, replacement and restoration of the major components of the common elements are necessary.

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

4. To the extent required by the declaration:

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



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

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

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

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

8. The association shall provide written notice to each unit's owner of a meeting at which an assessment for a capital improvement is to be considered or action is to be taken on such an assessment at least 21 calendar days before the date of the meeting.

Sec. 115. 1. The hotel unit owner may charge all residential units in the condominium hotel:

(a) Shared expenses for the operation, maintenance and insurance of the hotel unit, shared components and the residential units;

(b) Costs for the establishment of reasonable reserve funds for the repair or replacement of the major components of the shared components or the major components of the hotel unit;

(c) Costs for the establishment of reasonable reserve funds for the maintenance, repair and replacement of the hotel unit or shared components;

(d) Charges for capital improvement;

(e) Charges that the declarant or hotel unit owner, as applicable, establishes in the declaration to offset the burden on the shared components or hotel unit as a result of transient rentals; and

(f) All other charges lawfully imposed by the declarant in connection with the repair, replacement, improvement, maintenance, management, operation and insurance of the shared components.

2. All shared expenses, including the reserves, must be charged against all the residential units in accordance with the allocated liability for shared expenses set forth in the declaration pursuant to this chapter.



3. The shared expenses must be imposed on a calendar-year basis and must be payable by the residential unit owners in monthly, quarterly, semiannual or annual installments as required in the declaration.

4. The hotel unit owner shall establish adequate reserves, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the shared components or the major components of the hotel unit. The reserves may be used only for repair, replacement and restoration of the major components of the shared components or the major components of the hotel unit and must not be used for daily maintenance. The hotel unit owner may comply with the provisions of this subsection through a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the shared components or the major components of the hotel unit over a period of years if the funding plan is designed in an actuarially sound manner which will ensure that sufficient money is available when the repair, replacement and restoration of the major components of the shared components or the major components of the hotel unit is necessary.

5. Any past due assessment authorized pursuant to this section bears interest at the rate established by the declaration but not to exceed 18 percent per year.

6. Payment of shared expenses by a residential unit owner does not entitle that owner to ownership or control over the hotel unit or the shared components.

7. The hotel unit owner shall provide a copy of the next year's budget for projected shared expenses described in subsection 1 to all units' owners at least 20 days before the date on which the hotel unit owner actually imposes any charges set forth in the next year's budget.

Sec. 116. 1. Except as otherwise provided in subsection 2 and unless the declaration of a condominium hotel imposes more stringent standards, the executive board shall, not less than 30 days or more than 60 days before the beginning of the fiscal year, prepare and distribute to each unit's owner a copy of:

(a) The budget for the daily operation of the association. The budget must include, without limitation, the estimated annual revenue and expenditures of the association and any contributions to be made to the reserve account of the association.

(b) The budget to provide adequate funding for the reserves required by section 115 of this act. The budget must include, without limitation:



(1) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the common elements;

(2) As of the end of the fiscal year for which the budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace or restore the major components of the common elements;

(3) A statement as to whether the executive board has determined or anticipates that the levy of one or more special assessments will be necessary to repair, replace or restore any major component of the common elements or to provide adequate funding for the reserves designated for that purpose; and

(4) A general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to subparagraph (2), including, without limitation, the qualifications of the person responsible for the preparation of the study of the reserves required by section 117 of this act.

2. In lieu of distributing copies of the budgets of the association required by subsection 1, the executive board may distribute to each unit's owner a summary of those budgets, accompanied by a written notice that:

(a) The budgets are available for review at the business office of the association or some other suitable location within the county where the condominium hotel is situated or, if it is situated in more than one county, within one of those counties; and

(b) Copies of the budgets will be provided upon request.

3. Within 60 days after adoption of any proposed budget for the association of the condominium hotel, the executive board shall provide a summary of the proposed budget to each unit's owner and shall set a date for a meeting of the units' owners to consider ratification of the proposed budget not less than 14 days or more than 30 days after the mailing of the summaries. Unless at that meeting a majority of all units' owners, or any larger vote specified in the declaration, reject the proposed budget, the proposed budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the units' owners must be continued until such time as the units' owners ratify a subsequent budget proposed by the executive board.



Sec. 117. 1. The executive board shall:

(a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;

(b) At least annually, review the results of that study to determine whether those reserves are sufficient; and

(c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

2. The study of the reserves required by subsection 1 must be conducted by a person who holds a permit issued pursuant to chapter 116A of NRS.

3. The study of the reserves must include, without limitation:

(a) A summary of an inspection of the major components of the common elements that the association is obligated to repair, replace or restore;

(b) An identification of the major components of the common elements that the association is obligated to repair, replace or restore which have a remaining useful life of less than 30 years;

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

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

(e) An estimate of the total annual assessment that may be necessary to cover the cost of repair, replacement or restoration of the major components of the common elements identified pursuant to paragraph (b), after subtracting the reserves of the association as of the date of the study, and an estimate of the funding plan that may be necessary to provide adequate funding for the required reserves.

4. A summary of the study of the reserves required by subsection 1 must be submitted to the Division not later than 45 days after the date that the executive board adopts the results of the study.

Sec. 118. 1. The hotel unit owner shall:

(a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the shared components and the major components of the hotel unit;



(b) At least annually, review the results of that study to determine whether those reserves are sufficient; and

(c) At least annually, make any adjustments to the charges deemed necessary to provide adequate funding for the required reserves.

2. The study of the reserves required by subsection 1 must be conducted by a person who holds a permit issued pursuant to chapter 116A of NRS.

3. The study of the reserves must include, without limitation:

(a) A summary of an inspection of the major components of the shared components and the major components of the hotel unit;

(b) An identification of the major components of the shared components and the major components of the hotel unit that have a remaining useful life of less than 30 years;

(c) An estimate of the remaining useful life of each major component of the shared components and each major component of the hotel unit identified pursuant to paragraph (b);

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

(e) An estimate of the total annual charge that may be necessary to cover the cost of repairing, replacement or restoration of the major components of the shared components and the major components of the hotel unit identified pursuant to paragraph (b), after subtracting the reserves for shared components and the hotel unit as of the date of the study, and an estimate of the funding plan that may be necessary to provide adequate funding for the required reserves.

Sec. 119. Money in the reserve account of an association required by section 114 of this act may not be withdrawn without the signatures of at least two members of the executive board or the signatures of at least one member of the executive board and one officer of the association who is not a member of the executive board.

Sec. 120. 1. Except as otherwise provided in subsection 2, an association shall:

(a) If the association is required to pay the fee imposed by NRS 78.150, 82.193, 86.263, 87.541 or 88.591, pay to the Administrator a fee established by regulation of the Administrator for every unit in the association used for residential use.



(b) If the association is organized as a trust or partnership, or as any other authorized business entity, pay to the Administrator a fee established by regulation of the Administrator for each unit in the association.

2. The fees required to be paid pursuant to this section must be:

(a) Paid at such times as are established by the Division.

(b) Deposited with the State Treasurer for credit to the Account for Common-Interest Communities and Condominium Hotels created by NRS 116.630.

(c) Established on the basis of the actual costs of administering the Office of the Ombudsman and the Commission and not on a basis which includes any subsidy beyond those actual costs. In no event may the fees required to be paid pursuant to this section exceed \$3 per unit.

3. The Division shall impose an administrative penalty against an association that violates the provisions of this section by failing to pay the fees owed by the association within the times established by the Division. The administrative penalty that is imposed for each violation must equal 10 percent of the amount of the fees owed by the association or \$500, whichever amount is less. The amount of the unpaid fees owed by the association bears interest at the rate set forth in NRS 99.040 from the date the fees are due until the date the fees are paid in full.

4. Upon the payment of the fees and any administrative penalties and interest required by this section, the Administrator shall provide to the association evidence that it paid the fees and the administrative penalties and interest in compliance with this section.

Sec. 121. Each association shall, at the time it pays the fee required by section 120 of this act, register with the Ombudsman on a form prescribed by the Ombudsman.

Sec. 122. 1. The association or the hotel unit owner, as applicable, has a lien on a unit for any assessment or charge, including assessments for common expenses and charges for shared expenses or other charges of the hotel unit owner, authorized by this chapter that is levied against that unit or any fines imposed against the unit's owner from the time the assessment, charge or fine becomes due. If an assessment is payable in installments, the full amount of the assessment or charge is a lien from the time the first installment thereof becomes due.



2. A lien under this section is prior to all other liens and encumbrances on a unit except:

(a) Liens and encumbrances recorded before the recordation of the declaration;

(b) A first security interest on the unit recorded before the date on which the assessment sought to be enforced became delinquent;

(c) Liens for real estate taxes and other governmental assessments or charges against the unit; and

(d) Mechanics' or materialmen's liens.

3. Unless the declaration otherwise provides, if the association and the hotel unit owner both have liens for assessments or charges created at any time on the same property, the priority of those liens is governed by Nevada law.

4. Recording of the declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment or charge under this section is required.

5. A lien for unpaid assessments or charges is extinguished unless proceedings to enforce the lien are instituted within 3 years after the full amount of the assessments or charges become due.

6. This section does not prohibit actions to recover sums for which subsection 1 creates a lien or prohibit an association or the hotel unit owner, as applicable, from taking a deed in lieu of foreclosure.

7. A judgment or decree in any action brought under this section must include costs and reasonable attorney's fees for the prevailing party.

8. The association or the hotel unit owner, as applicable, upon written request, shall furnish to a residential unit owner a statement setting forth the amount of unpaid assessments or charges against the unit. If the interest of the unit's owner is real estate or if a lien for the unpaid assessments or charges may be foreclosed under this chapter, the statement must be in recordable form. The statement must be furnished within 10 business days after receipt of the request and is binding on the association or the declarant, as applicable, and every unit's owner.

Sec. 123. 1. Except as otherwise provided in subsection 4, in a condominium hotel, the association or hotel unit owner, as applicable, may foreclose its lien by sale after all of the following occur:

(a) The association or hotel unit owner, as applicable, has mailed by certified or registered mail, return receipt requested, to the residential unit owner or his successor in interest, at his



address if known and at the address of the residential unit, a notice of delinquent assessment which states the amount of the assessments and other sums which are due, a description of the residential unit against which the lien is imposed and the name of the record owner of the residential unit.

(b) Not less than 30 days after mailing the notice of delinquent assessment or charge pursuant to paragraph (a), the association or hotel unit owner, as applicable, has executed and caused to be recorded, with the county recorder of the county in which the condominium hotel or any part of it is situated, a notice of default and election to sell the residential unit to satisfy the lien which must contain the same information as the notice of delinquent assessment and which must also comply with the following:

(1) Describe the deficiency in payment.
(2) State the name and address of the person authorized by the association, the declarant or hotel unit owner, as applicable, to enforce the lien by sale.

(3) Contain, in 14-point bold type, the following warning:

WARNING! IF YOU FAIL TO PAY THE AMOUNT SPECIFIED IN THIS NOTICE, YOU COULD LOSE YOUR HOME, EVEN IF THE AMOUNT IS IN DISPUTE!

(c) The residential unit owner or his successor in interest has failed to pay the amount of the lien, including costs, fees and expenses incident to its enforcement, for 90 days following the recording of the notice of default and election to sell.

2. The notice of default and election to sell must be signed by the person designated in the declaration or by the association or hotel unit owner, as applicable, for that purpose.

3. The period of 90 days begins on the first day following:

(a) The date on which the notice of default is recorded; or

(b) The date on which a copy of the notice of default is mailed by certified or registered mail, return receipt requested, to the residential unit owner or his successor in interest at his address, if known, and at the address of the residential unit,

↪ whichever date occurs later.

4. The association may not foreclose a lien by sale based on a fine or penalty for a violation of the governing documents of the association unless:



(a) The violation poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the condominium hotel; or

(b) The penalty is imposed for failure to adhere to a schedule required pursuant to this chapter.

Sec. 124. The association or hotel unit owner, as applicable, shall also mail, within 10 days after the notice of default and election to sell is recorded, a copy of the notice by first-class mail to:

1. Each person who has requested notice pursuant to NRS 107.090 or section 128 of this act;

2. Any holder of a recorded security interest encumbering the residential unit owner's interest who has notified the association or hotel unit owner, as applicable, 30 days before the recordation of the notice of default, of the existence of the security interest; and

3. A purchaser of the residential unit, if the residential unit owner has notified the association or hotel unit owner, as applicable, 30 days before the recordation of the notice, that the residential unit is the subject of a contract of sale and the association has been requested to furnish the certificate required by section 147 of this act.

Sec. 125. 1. The association or hotel unit owner, as applicable, shall also, after the expiration of the 90 days and before selling the unit:

(a) Give notice of the time and place of the sale in the manner and for a time not less than that required by law for the sale of real property upon execution, except that in lieu of following the procedure for service on a judgment debtor pursuant to NRS 21.130, service must be made on the residential unit owner as follows:

(1) A copy of the notice of sale must be mailed, on or before the date of first publication or posting, by certified or registered mail, return receipt requested, to the residential unit owner or his successor in interest at his address, if known, and to the address of the residential unit; and

(2) A copy of the notice of sale must be served, on or before the date of first publication or posting, in the manner set forth in subsection 2; and

(b) Mail, on or before the date of first publication or posting, a copy of the notice by first-class mail to:

(1) Each person entitled to receive a copy of the notice of default and election to sell notice under section 124 of this act;



(2) The holder of a recorded security interest or the purchaser of the residential unit, if either of them has notified the association, before the mailing of the notice of sale, of the existence of the security interest, lease or contract of sale, as applicable; and

(3) The Ombudsman.

2. In addition to the requirements set forth in subsection 1, a copy of the notice of sale must be served:

(a) By a person who is 18 years of age or older and who is not a party to or interested in the sale by personally delivering a copy of the notice of sale to an occupant of the residential unit who is of suitable age; or

(b) By posting a copy of the notice of sale in a conspicuous place on the residential unit.

3. Any copy of the notice of sale required to be served pursuant to this section must include:

(a) The amount necessary to satisfy the lien as of the date of the proposed sale; and

(b) The following warning in 14-point bold type:

WARNING! A SALE OF YOUR PROPERTY IS IMMINENT! UNLESS YOU PAY THE AMOUNT SPECIFIED IN THIS NOTICE BEFORE THE SALE DATE, YOU COULD LOSE YOUR HOME, EVEN IF THE AMOUNT IS IN DISPUTE. YOU MUST ACT BEFORE THE SALE DATE. IF YOU HAVE ANY QUESTIONS, PLEASE CALL (name and telephone number of the contact person for the association or hotel unit owner). IF YOU NEED ASSISTANCE, PLEASE CALL THE FORECLOSURE SECTION OF THE OMBUDSMAN'S OFFICE, NEVADA REAL ESTATE DIVISION, AT (toll-free telephone number designated by the Division) IMMEDIATELY.

4. Proof of service of any copy of the notice of sale required to be served pursuant to this section must consist of:

(a) A certificate of mailing which evidences that the notice was mailed through the United State Postal Service; or

(b) An affidavit of service signed by the person who served the notice stating:

(1) The time of service, manner of service and location of service; and



(2) The name of the person served or, if the notice was not served on a person, a description of the location where the notice was posted on the residential unit.

Sec. 126. 1. The sale must be conducted in the county in which the condominium hotel or part of it is situated, and may be conducted by the association or hotel unit owner, as applicable, its agent or attorney, or a title insurance company or escrow agent licensed to do business in this State, except that the sale may be made at the office of the association or hotel unit owner, as applicable, if the notice of the sale so provided. The association or hotel unit owner, as applicable, may, from time to time, postpone the sale by such advertisement and notice as it considers reasonable or, without further advertisement or notice, by proclamation made to the persons assembled at the time and place previously set and advertised for the sale.

2. On the day of sale originally advertised or to which the sale is postponed, at the time and place specified in the notice or postponement, the person conducting the sale may sell the residential unit at public auction to the highest cash bidder. Unless otherwise provided in the declaration or by agreement, the association or hotel unit owner may purchase the residential unit and hold, lease, mortgage or convey it. The association or hotel unit owner, as applicable, may purchase by a credit bid up to the amount of the unpaid assessments and any permitted costs, fees and expenses incident to the enforcement of its lien.

3. After the sale, the person conducting the sale shall:

(a) Make, execute and, after payment is made, deliver to the purchaser, or his successor or assign, a deed without warranty which conveys to the grantee all title of the residential unit owner to the unit;

(b) Deliver a copy of the deed to the Ombudsman within 30 days after the deed is delivered to the purchaser, or his successor or assign; and

(c) Apply the proceeds of the sale for the following purposes in the following order:

(1) The reasonable expenses of sale;

(2) The reasonable expenses of securing possession before sale, holding, maintaining, and preparing the residential unit for sale, including payment of taxes and other governmental charges, premiums on hazard and liability insurance, and, to the extent provided for by the declaration, reasonable attorney's fees and other legal expenses incurred by the association or the hotel unit owner, as applicable;



(3) Satisfaction of the association's or hotel unit owner's lien, as applicable;

(4) Satisfaction in the order of priority of any subordinate claim of record; and

(5) Remittance of any excess to the unit's owner.

Sec. 127. 1. The recitals in a deed of a foreclosed unit made pursuant to section 126 of this act of:

(a) Default, the mailing of the notice of delinquent assessment or charge, and the recording of the notice of default and election to sell;

(b) The elapsing of the 90 days; and

(c) The giving of notice of sale,

↪ are conclusive proof of the matters recited.

2. Such a deed containing those recitals is conclusive against the residential unit's former owner, his heirs and assigns, and all other persons. The receipt for the purchase money contained in such a deed is sufficient to discharge the purchaser from obligation to see to the proper application of the purchase money.

3. The sale of a residential unit pursuant to the foreclosure procedures of this chapter vests in the purchaser the title of the unit's owner without equity or right of redemption.

Sec. 128. 1. The provisions of NRS 107.090 apply to the foreclosure of lien of an association or hotel unit owner, as applicable, as if a deed of trust were being foreclosed. The request must identify the lien by stating the names of the unit's owner and the condominium hotel.

2. An association or hotel unit owner, as applicable, may, after recording a notice of default and election to sell, waive the default and withdraw the notice or any proceeding to foreclose. The association or hotel unit owner, as applicable, is thereupon restored to its former position and has the same rights as though the notice had not been recorded.

Sec. 129. 1. Except as otherwise provided in subsection 2, a judgment for money against the association, if a copy of the docket or an abstract or copy of the judgment is recorded, is not a lien on the common elements, but is a lien in favor of the judgment lienholder against all of the units in the condominium hotel at the time the judgment was entered. No other property of a unit's owner or the declarant is subject to the claims of creditors of the association.

2. If the association has granted a security interest in the common elements to a creditor of the association pursuant to section 108 of this act, the holder of that security interest shall



exercise its right against the common elements before its judgment lien on any unit may be enforced.

3. Whether perfected before or after the creation of the condominium hotel, if a lien, other than a deed of trust or mortgage, including a judgment lien or lien attributable to work performed or materials supplied before creation of the condominium hotel, becomes effective against two or more units, the owner of an affected unit may pay to the lienholder the amount of the lien attributable to his unit, and the lienholder, upon receipt of payment, promptly shall deliver a release of the lien covering that unit. The amount of the payment must be proportionate to the ratio which that owner's liability for common expenses bears to the liabilities for common expenses of all owners whose units are subject to the lien. After payment, the association may not assess or have a lien against that owner's unit for any portion of the common expenses incurred in connection with that lien.

4. A judgment against the association must be indexed in the name of the condominium hotel and the association and, when so indexed, is notice of the lien against the units.

Sec. 130. *1. Except as otherwise provided in this subsection, the executive board of an association shall, upon the written request of a unit's owner, make available the books, records and other papers of the association for review during the regular working hours of the association, including, without limitation, all contracts to which the association is a party and all records filed with a court relating to a civil or criminal action to which the association is a party. The provisions of this subsection do not apply to:*

(a) The personnel records of the employees of the association, except for those records relating to the number of hours worked and the salaries and benefits of those employees;

(b) The records of the association relating to another unit's owner, except for those records described in subsection 2; and

(c) A contract between the association and an attorney.

2. The executive board of an association shall maintain a general record concerning each violation of the governing documents, other than a violation involving a failure to pay an assessment, for which the executive board has imposed a fine, or any other sanction. The general record:

(a) Must contain a general description of the nature of the violation and the type of the sanction imposed. If the sanction



imposed was a fine, the general record must specify the amount of the fine.

(b) Must not contain the name or address of the person against whom the sanction was imposed or any other personal information which may be used to identify the person or the location of the unit, if any, that is associated with the violation.

(c) Must be maintained in an organized and convenient filing system or data system that allows a unit's owner to search and review the general records concerning violations of the governing documents.

3. If the executive board refuses to allow a unit's owner to review the books, records or other papers of the association, the Ombudsman may:

(a) On behalf of the unit's owner and upon written request, review the books, records or other papers of the association during the regular working hours of the association; and

(b) If he is denied access to the books, records or other papers, request the Commission, or any member thereof acting on behalf of the Commission, to issue a subpoena for their production.

4. The books, records and other papers of an association must be maintained for at least 10 years.

5. The executive board shall not require a unit's owner to pay an amount in excess of \$10 per hour to review any books, records, contracts or other papers of the association pursuant to the provisions of this section.

Sec. 131. The hotel unit owner shall maintain financial books and records showing its actual receipts and expenditures with respect to the repair, replacement, improvement, maintenance, management, operation, tax obligations and insurance of the shared components, the major components of the shared components and the major components of the hotel unit, including the budget for the current year, any proposed budget for future years and the study of reserves required by section 118 of this act. These records must be audited or reviewed by a certified public accountant. The hotel unit owner shall make these records available for inspection by any residential unit owner by prior appointment during reasonable business hours. These records must be retained for 3 years after the conclusion of each fiscal year.

Sec. 132. 1. The executive board of an association shall maintain and make available for review at the business office of the association or some other suitable location within the county



where the condominium hotel is situated or, if it is situated in more than one county, within one of those counties:

- (a) The financial statement of the association;
- (b) The budgets of the association required to be prepared pursuant to section 114 of this act; and
- (c) The study of the reserves of the association required to be conducted pursuant to section 117 of this act.

2. The executive board shall provide a copy of any of the records required to be maintained pursuant to subsection 1 to a unit's owner or the Ombudsman within 14 days after receiving a written request therefor. The executive board may charge a fee to cover the actual costs of preparing a copy, but not to exceed 25 cents per page.

Sec. 133. 1. The association shall keep financial records sufficiently detailed to enable the association to comply with all of the requirements of this chapter.

2. All financial and other records of the association must be:

(a) Maintained and made available for review at the business office of the association or some other suitable location within the county where the condominium hotel is situated or, if it is situated in more than one county, within one of those counties; and

(b) Made reasonably available for any unit's owner and his authorized agents to inspect, examine, photocopy and audit.

Sec. 133.5. A hotel unit owner, an executive board, a member of an executive board or an officer, employee or agent of an association shall not take, or direct or encourage another person to take, any retaliatory action against a unit's owner because the unit's owner has:

1. Complained in good faith about any alleged violation of any provision of this chapter or the governing documents of the association; or

2. Requested in good faith to review the books, records or other papers of the association.

Sec. 134. 1. Except as otherwise provided in subsection 2, a member of an executive board, an officer of an association or a community manager shall not solicit or accept any form of compensation, gratuity or other remuneration that:

(a) Would improperly influence or would appear to a reasonable person to improperly influence the decisions made by those persons; or

(b) Would result or would appear to a reasonable person to result in a conflict of interest for those persons.



2. Notwithstanding the provisions of subsection 1, a member of an executive board, an officer of an association or a community manager shall not accept, directly or indirectly, any gifts, incentives, gratuities, rewards or other items of value from:

(a) An attorney, law firm or vendor, or any person working directly or indirectly for the attorney, law firm or vendor, which total more than the amount established by the Commission by regulation, not to exceed \$100 per year per such attorney, law firm or vendor; or

(b) A declarant, an affiliate of a declarant or any person responsible for the construction of the applicable condominium hotel or association which total more than the amount established by the Commission by regulation, not to exceed \$100 per year per such declarant, affiliate or person.

3. An attorney, law firm or vendor, or any person working directly or indirectly for the attorney, law firm or vendor, shall not provide, directly or indirectly, any gifts, incentives, gratuities, rewards or other items of value to a member of the executive board or an officer of the association, the community manager or any person working for the community manager which total more than the amount established by the Commission by regulation, not to exceed \$100 per year per such member, officer, community manager or person.

4. A declarant, an affiliate of a declarant or any person responsible for the construction of a condominium hotel or association, shall not provide, directly or indirectly, any gifts, incentives, gratuities, rewards or other items of value to a member of the executive board or an officer of the association, the community manager or any person working for the community manager which total more than the amount established by the Commission by regulation, not to exceed \$100 per year per such member, officer, community manager or person.

5. In addition to the limitations set forth in subsection 1, a community manager shall not solicit or accept any form of compensation, fee or other remuneration that is based, in whole or in part, on:

(a) The number or amount of fines imposed against or collected from units' owners or tenants or guests of units' owners pursuant to this chapter for violations of the governing documents of the association; or

(b) Any percentage or proportion of those fines.

6. The provisions of this section do not prohibit a community manager from being paid compensation, a fee or other



remuneration under the terms of a contract between the community manager and an association if:

(a) The scope of the respective rights, duties and obligations of the parties under the contract comply with the standards of practice for community managers adopted by the Commission pursuant to NRS 116A.400;

(b) The compensation, fee or other remuneration is being paid to the community manager for providing management of the association of the condominium hotel; and

(c) The compensation, fee or other remuneration is not structured in a way that would violate the provisions of subsection 1 or 5.

Sec. 135. 1. Except as otherwise provided in this section, a member of an executive board, an officer of an association or a community manager shall not:

(a) Enter into a contract or renew a contract with the association to provide goods or services to the association; or

(b) Otherwise accept any commission, personal profit or compensation of any kind from the association for providing goods or services to the association.

2. The provisions of this section do not prohibit a declarant, an affiliate of a declarant or an officer, employee or agent of a declarant or an affiliate of a declarant from:

(a) Receiving any commission, personal profit or compensation from the association, the declarant or an affiliate of the declarant for any goods or services furnished to the association;

(b) Entering into contracts with the association, the declarant or affiliate of the declarant; or

(c) Serving as a member of the executive board or as an officer of the association.

Sec. 136. With respect to a third person dealing with the association in the association's capacity as a trustee, the existence of trust powers and their proper exercise by the association may be assumed without inquiry. A third person is not bound to inquire whether the association has power to act as trustee or is properly exercising trust powers. A third person, without actual knowledge that the association is exceeding or improperly exercising its powers, is fully protected in dealing with the association as if it possessed and properly exercised the powers it purports to exercise. A third person is not bound to assure the proper application of trust assets paid or delivered to the association in its capacity as trustee.



Sec. 137. 1. Except as otherwise provided in subsection 2, the executive board of an association shall not and the governing documents of that association must not prohibit a unit's owner from engaging in the display of the flag of the United States within such physical portion of the condominium hotel as that owner has a right to occupy and use exclusively.

2. The provisions of this section do not:

(a) Apply to the display of the flag of the United States for commercial advertising purposes.

(b) Preclude the hotel unit owner or an association from adopting, and do not preclude the governing documents of an association from setting forth, rules that reasonably restrict the placement and manner of the display of the flag of the United States by a unit's owner.

(c) Preclude the hotel unit owner or an association from adopting, and do not preclude the declaration of the governing documents of an association from setting forth, rules restricting or prohibiting the placement by any person of other signs, symbols or flags within any portion of the condominium hotel.

3. In any action commenced to enforce the provisions of this section, the prevailing party is entitled to recover reasonable attorney's fees and costs.

4. As used in this section, "display of the flag of the United States" means a flag of the United States that is:

(a) Made of cloth, fabric or paper;

(b) Displayed from a pole or staff or in a window; and

(c) Displayed in a manner that is consistent with 4 U.S.C. Chapter 1.

↪ The term does not include a depiction or emblem of the flag of the United States that is made of balloons, flora, lights, paint, paving materials, roofing, siding or any other similar building, decorative or landscaping component.

Sec. 138. 1. The executive board shall not and the governing documents must not prohibit a unit's owner or an occupant of a unit from exhibiting a political sign within such physical portion of the condominium hotel as that owner or occupant has a right to occupy and use exclusively if the political sign is not larger than 24 inches by 36 inches.

2. The provisions of this section establish the minimum rights of a unit's owner or an occupant of a unit to exhibit a political sign. The provisions of this section do not preempt any provisions of the governing documents that provide greater rights and do not require the governing documents or the executive board to impose



any restrictions on the exhibition of political signs other than those established by other provisions of law.

3. As used in this section, "political sign" means a sign that expresses support for or opposition to a candidate, political party or ballot question.

Sec. 139. 1. Except as otherwise provided in the declaration, an association may not require a unit's owner to secure or obtain any approval from the association in order to rent or lease his unit.

2. The provisions of this section do not prohibit an association from enforcing any provisions which govern the renting or leasing of units and which are contained in this chapter or in any other applicable federal, state or local laws or regulations.

Sec. 140. 1. Except as otherwise provided in this section, sections 140 to 152, inclusive, of this act apply to all condominium hotels.

2. Neither a public offering statement nor a certificate of resale need be prepared or delivered in the case of a:

- (a) Gratuitous disposition of a unit;
- (b) Disposition pursuant to court order;
- (c) Disposition by a government or governmental agency;
- (d) Disposition by foreclosure or deed in lieu of foreclosure;
- (e) Disposition to a dealer;
- (f) Disposition that may be cancelled at any time and for any reason by the purchaser without penalty; or
- (g) Disposition of a unit not used for residential use.

Sec. 141. 1. Except as otherwise provided in subsection 2, a declarant, before offering any interest in a unit to the public, shall prepare a public offering statement conforming to the requirements of sections 142, 143 and 144 of this act.

2. A declarant may transfer responsibility for the preparation of all or a part of the public offering statement to a successor declarant, the hotel unit owner or to a dealer who intends to offer units in the condominium hotel. In the event of any such transfer, the transferor shall provide the transferee with any information necessary to enable the transferee to fulfill the requirements of subsection 1.

3. Any declarant or dealer who offers a unit to a purchaser shall deliver a public offering statement in the manner prescribed in section 146 of this act. The declarant or his transferee is liable for any false or misleading statement set forth therein or for any omission of a material fact therefrom with respect to that portion



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

4. If a unit is part of a condominium hotel and is part of any other real estate in connection with the sale of which the delivery of a public offering statement is required under the laws of this State, a single public offering statement conforming to the requirements of this chapter, as those requirements relate to the real estate in which the unit is located, and to any other requirements imposed under the laws of this State, may be prepared and delivered in lieu of providing two or more public offering statements. If the requirements of this chapter conflict with those of another law of this State, the requirements of this chapter prevail.

Sec. 142. 1. Except as otherwise provided in this chapter, a public offering statement must set forth or fully and accurately disclose each of the following:

(a) The name and principal address of the declarant, the hotel unit owner and of the condominium hotel.

(b) A general description of the condominium hotel, including to the extent possible, the types, number and declarant's schedule of commencement and completion of construction of buildings, and amenities that the declarant anticipates including in the condominium hotel, including the shared components.

(c) The estimated number of units in the condominium hotel.

(d) Copies of this chapter, the declaration, bylaws, and any rules or regulations of the association or hotel unit owner, but a plat or plan is not required.

(e) A current year-to-date financial statement, including the most recent audited or reviewed financial statement, and the projected budget for the association, either within or as an exhibit to the public offering statement, for 1 year after the date of the first conveyance to a purchaser, and thereafter the current budget of the association. The budget must include, without limitation:

(1) A statement of the amount included in the budget as reserves for repairs, replacement and restoration pursuant to this chapter; and



(2) The projected monthly assessment for common expenses for each type of unit, including the amount established as reserves pursuant to this chapter.

(f) The projected budget for the shared expenses, either within or as an exhibit to the public offering statement. The budget must include, without limitation:

(1) A statement of the amount included in the budget as reserves for repairs, replacement and restoration pursuant to this chapter;

(2) The projected monthly shared expenses for each type of unit, including the amount established as reserves pursuant to this chapter; and

(3) A description of any other payments, fees and charges that may be charged by the hotel unit owner in order to offset the increased burden placed on the shared components due to use of residential units as transient rentals.

(g) After the date of the first conveyance of a residential unit to a purchaser, a current year-to-date statement of the shared expenses charged to the units.

(h) A description of any services or subsidies being provided by the declarant or an affiliate of the declarant or the hotel unit owner not reflected in the budget.

(i) Any initial or special fee due from the purchaser at closing, together with a description of the purpose and method of calculating the fee.

(j) The terms and significant limitations of any warranties provided by the declarant, including statutory warranties and limitations on the enforcement thereof or on damages.

(k) A statement that the purchaser may cancel, by written notice, his contract for purchase until midnight of the fifth calendar day following the date of execution of the contract, and the contract must contain a provision to that effect.

(l) A statement of any unsatisfied judgments or pending suits against the association or the hotel unit owner, and the status of any pending suits material to the condominium hotel of which a declarant has actual knowledge.

(m) Any current or expected fees or charges to be paid by residential unit owners for the use of the shared components, the hotel unit or the common elements and other facilities related to the condominium hotel.

(n) The information statements required by this chapter.

2. A declarant is not required to revise a public offering statement more than once each calendar quarter, if the following



warning is given prominence in the statement: “THIS PUBLIC OFFERING STATEMENT IS CURRENT AS OF (insert a specified date). RECENT DEVELOPMENTS REGARDING (here refer to particular provisions of sections 142 and 143 of this act) MAY NOT BE REFLECTED IN THIS STATEMENT.”

Sec. 143. *If the declaration provides that a condominium hotel is subject to any developmental rights, the public offering statement must disclose, in addition to the information required by section 142 of this act:*

- 1. The maximum number of units that may be created;*
- 2. A statement of how many or what percentage of the units that may be created will be restricted exclusively to residential use, or a statement that no representations are made regarding restrictions of use;*
- 3. A statement of the extent to which any buildings or other improvements that may be erected pursuant to any developmental right in any part of the condominium hotel will be compatible with existing buildings and improvements in the condominium hotel in terms of architectural style, quality of construction, and size, or a statement that no assurances are made in those regards;*
- 4. General descriptions of all other improvements that may be made and limited common elements that may be created within any part of the condominium hotel pursuant to any developmental right reserved by the declarant, or a statement that no assurances are made in that regard;*
- 5. A statement of any limitations as to the locations of any building or other improvement that may be constructed or made within any part of the condominium hotel pursuant to any developmental right reserved by the declarant, or a statement that no assurances are made in that regard;*
- 6. A statement that any limited common elements created pursuant to any developmental right reserved by the declarant will be of the same general types and sizes as the limited common elements within other parts of the condominium hotel, or a statement of the types and sizes planned, or a statement that no assurances are made in that regard;*
- 7. A statement that the proportion of limited common elements to units created pursuant to any developmental right reserved by the declarant will be approximately equal to the proportion existing within other parts of the condominium hotel, or a statement of any other assurances in that regard, or a statement that no assurances are made in that regard;*



8. A statement that all restrictions in the declaration affecting use, occupancy and alienation of units will apply to any units created pursuant to any developmental right reserved by the declarant, or a statement of any differentiations that may be made as to those units, or a statement that no assurances are made in that regard; and

9. A statement of the extent to which any assurances made pursuant to this section apply or do not apply if any developmental right is not exercised by the declarant.

Sec. 144. The public offering statement of a condominium hotel involving a converted building must contain, in addition to the information required pursuant to section 143 of this act:

1. A statement by the declarant, based on a report prepared by an independent registered architect or licensed professional engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the building.

2. A list of any outstanding notices of uncured violations of applicable building codes or other municipal regulations, in addition to the estimated cost of curing such violations.

3. The budget to maintain the reserves required pursuant to subsection 2 of section 114 of this act and subsection 1 of section 115 of this act, which must include, without limitation:

(a) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the shared components, each major component of the hotel unit and major components of the common elements, if any.

(b) As of the end of the fiscal year for which the budget was prepared, the current estimate of the amount of cash reserves that are necessary to repair, replace and restore the major components of the shared components, major components of the hotel unit and major components of the common elements, if any, and the current amount of accumulated cash reserves that are set aside for such repairs, replacements and restorations.

(c) A statement as to whether the declarant has determined or anticipates that the levy of one or more special shared expense charges or special assessments, as applicable, will be required within the next 10 years to repair, replace and restore any major component of the shared components, major component of the hotel unit or major component of the common elements, if any, or to provide adequate reserves for that purpose.

(d) A general statement describing the procedures used for the estimation and accumulation of cash reserves described in



paragraph (b), including, without limitation, the qualifications of the person responsible for the preparation of the study of reserves required pursuant to sections 117 and 118 of this act.

(e) The funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the shared components, major components of the hotel unit and major components of the common elements, if any, over a period of years.

Sec. 145. *If an interest in a condominium hotel is currently registered with the Securities and Exchange Commission of the United States or with the State of Nevada pursuant to chapter 119, 119A or 119B of NRS, a declarant satisfies all requirements of this chapter relating to the preparation of a public offering statement if he delivers to the purchaser a copy of the public offering statement filed with the Securities and Exchange Commission or the appropriate Nevada regulatory authority. An interest in a condominium hotel is not a security under the provisions of chapter 90 of NRS.*

Sec. 146. *1. A person required to deliver a public offering statement pursuant to subsection 3 of section 141 of this act shall provide a purchaser with a copy of the current public offering statement not later than the date on which an offer to purchase becomes binding on the purchaser. The purchaser may cancel, by written notice, the contract of purchase until midnight of the fifth calendar day following the date of execution of the contract, and the contract for purchase must contain a provision to that effect.*

2. If a purchaser elects to cancel a contract pursuant to subsection 1, he may do so by hand delivering notice thereof to the offeror or by mailing notice thereof by prepaid United States mail to the offeror or to his agent for service of process. Cancellation is without penalty, and all payments made by the purchaser before cancellation must be refunded promptly.

3. If a person required to deliver a public offering statement pursuant to subsection 3 of section 141 of this act fails to provide a purchaser to whom a unit is conveyed with a current public offering statement, the purchaser is entitled to actual damages, rescission or other relief, but if the purchaser has accepted a conveyance of the unit, he is not entitled to rescission.

Sec. 147. *1. Except in the case of a sale in which delivery of a public offering statement is required, a unit's owner or his authorized agent shall furnish to a purchaser a resale package containing all of the following:*



(a) A copy of this chapter, the declaration, other than any plats and plans, the bylaws, the rules or regulations of the association and the hotel unit owner and the information statement required by section 148 of this act;

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

(c) A copy of the current operating budget of the association and current year-to-date financial statement for the association, which must include a summary of the reserves of the association required by this chapter;

(d) A current year-to-date statement of the shared expenses charged to the units and the projected budget for the shared expenses, either within or as an exhibit to the public offering statement. The budget must include, without limitation:

(1) A statement of the amount included in the budget as reserves for repairs, replacement and restoration pursuant to this chapter;

(2) The projected monthly shared expenses for each type of unit, including the amount established as reserves pursuant to this chapter;

(e) A description of any other payments, fees and charges that may be charged by the hotel unit owner, including those that may be charged in order to offset the increased burden placed on the shared components as a result of use of residential units as transient rentals; and

(f) A statement of any unsatisfied judgments or pending legal actions against the association or the hotel unit owner which affect the shared components and the status of any pending legal actions relating to the condominium hotel of which the unit's owner has actual knowledge.

2. The purchaser may, by written notice, cancel the contract of purchase until midnight of the fifth calendar day following the date of receipt of the resale package described in subsection 1, and the contract for purchase must contain a provision to that effect. If the purchaser elects to cancel a contract pursuant to this subsection, he must hand deliver the notice of cancellation to the residential unit owner or his authorized agent or mail the notice of cancellation by prepaid United States mail to the residential unit owner or his authorized agent. Cancellation is without penalty, and all payments made by the purchaser before cancellation must be refunded promptly. If the purchaser has accepted a conveyance of the residential unit, the purchaser is not entitled to:



- (a) Cancel the contract pursuant to this subsection; or
- (b) Damages, rescission or other relief based solely on the ground that the residential unit owner or his authorized agent failed to furnish the resale package, or any portion thereof, as required by this section.

3. Within 10 days after receipt of a written request by a residential unit owner or his authorized agent, the hotel unit owner shall furnish all of the following to the residential unit owner or his authorized agent for inclusion in the resale package:

- (a) Copies of the documents required pursuant to paragraphs (a) and (c) of subsection 1; and
- (b) A certificate containing the information necessary to enable the residential unit owner to comply with paragraphs (b) and (d) of subsection 1.

4. If the hotel unit owner furnishes the documents and certificate pursuant to subsection 3:

(a) The residential unit owner or his authorized agent shall include the documents and certificate in the resale package provided to the purchaser, and neither the residential unit owner nor his authorized agent is liable to the purchaser for any erroneous information provided by the hotel unit owner and included in the documents and certificate.

(b) The hotel unit owner may charge the residential unit owner a reasonable fee to cover the cost of preparing the certificate furnished pursuant to subsection 3. Such a fee must be based on the actual cost the association incurs to fulfill the requirements of this section in preparing the certificate. The Commission shall adopt regulations establishing the maximum amount of the fee that the hotel unit owner may charge for preparing the certificate.

(c) The hotel unit owner may charge the residential unit owner a reasonable fee, not to exceed 25 cents per page, to cover the cost of copying the other documents furnished pursuant to subsection 3.

(d) Except for the fees allowed pursuant to paragraphs (b) and (c), the hotel unit owner may not charge the residential unit owner any other fees for preparing or furnishing the documents and certificate pursuant to subsection 3.

5. Neither a purchaser nor the purchaser's interest in a residential unit is liable for any unpaid assessment or fee greater than the amount set forth in the documents and certificate prepared by the hotel unit owner. If the hotel unit owner fails to furnish the documents and certificate within the 10 days allowed



by this section, the seller is not liable for the delinquent assessment.

6. Upon the request of a residential unit owner or his authorized agent, or upon the request of a purchaser to whom the hotel unit owner has provided a resale package pursuant to this section or his authorized agent, the hotel unit owner shall make the entire study of the reserves of the association or the shared components reasonably available for the residential unit owner, purchaser or authorized agent to inspect, examine, photocopy and audit. The study must be made available at the business office of the association or the hotel unit owner or some other suitable location within the county where the condominium hotel is situated or, if it is situated in more than one county, within one of those counties.

Sec. 148. The information statement required by sections 142 and 147 of this act must be in substantially the following form:

**BEFORE YOU PURCHASE PROPERTY IN A
CONDOMINIUM HOTEL
DID YOU KNOW...**

**1. YOU GENERALLY HAVE 5 DAYS TO CANCEL THE
PURCHASE AGREEMENT?**

When you enter into a purchase agreement to buy a home or unit in a condominium hotel, in most cases you should receive either a public offering statement, if you are the original purchaser of the home or unit, or a resale package, if you are not the original purchaser. The law generally provides for a 5-day period in which you have the right to cancel the purchase agreement. The 5-day period begins on different starting dates, depending on whether you receive a public offering statement or a resale package. Upon receiving a public offering statement or a resale package, you should make sure you are informed of the deadline for exercising your right to cancel. In order to exercise your right to cancel, the law generally requires that you hand deliver the notice of cancellation to the seller within the 5-day period, or mail the notice of cancellation to the seller by prepaid United States mail within the 5-day period. For more information regarding your right to cancel, see section 146 of this act, if you received a public offering statement, or section 147 of this act if you received a resale package.



2. YOU ARE AGREEING TO RESTRICTIONS ON HOW YOU CAN USE YOUR PROPERTY?

These restrictions are contained in a document known as the Declaration of Covenants, Conditions and Restrictions. The CC&Rs become a part of the title to your property. They bind you and every future owner of the property whether or not you have read them or had them explained to you. The CC&Rs, together with other “governing documents” (such as association bylaws and rules and regulations), are intended to preserve the character and value of properties in the condominium hotel, but may also restrict what you can do to improve or change your property and limit how you use and enjoy your property. By purchasing a property encumbered by CC&Rs, you are agreeing to limitations that could affect your lifestyle and freedom of choice. You should review the CC&Rs, and other governing documents before purchasing to make sure that these limitations and controls are acceptable to you.

3. YOU WILL HAVE TO PAY OWNERS’ ASSESSMENTS AND CHARGES FOR AS LONG AS YOU OWN YOUR PROPERTY?

As an owner in a condominium hotel, you are responsible for paying your share of expenses relating to the common elements and shared components. The obligation to pay these expenses binds you and every future owner of the property. Owners’ fees are usually assessed for these expenses monthly. You have to pay dues whether or not you agree with the way the association or the hotel unit owner is managing the property or spending the assessments or charges. The hotel unit owner executive board of the association may have the power to change and increase the amount of the assessment or charges and to levy special assessments or special charges against your property to meet extraordinary expenses.

4. IF YOU FAIL TO PAY OWNERS’ ASSESSMENTS OR CHARGES, YOU COULD LOSE YOUR HOME?

If you do not pay these assessments or charges when due, the hotel unit owner or the association usually has the power to collect them by selling your property in a nonjudicial foreclosure sale. If fees become delinquent, you may also be required to pay penalties and the association’s or hotel unit owner’s costs, as applicable, and attorney’s fees to become current. If you dispute the obligation or its amount, your only remedy to avoid the loss of your home may be to file a lawsuit and ask a court to intervene in the dispute.



5. YOU MAY BECOME A MEMBER OF A HOMEOWNERS' ASSOCIATION THAT HAS THE POWER TO AFFECT HOW YOU USE AND ENJOY YOUR PROPERTY?

Many condominium hotels have a homeowners' association. In a new development, the association will usually be controlled by the developer until a certain number of units have been sold. After the period of developer control, the association may be controlled by property owners like yourself who are elected by homeowners to sit on an executive board and other boards and committees formed by the association. The association, and its executive board, are responsible for assessing homeowners for the cost of operating the association and the common elements of the condominium hotel. Because homeowners sitting on the executive board and other boards and committees of the association may not have the experience or professional background required to understand and carry out the responsibilities of the association properly, the association may hire professional condominium association managers to carry out these responsibilities.

Homeowners' associations operate on democratic principles. Some decisions require all homeowners to vote, some decisions are made by the executive board or other boards or committees established by the association or governing documents. Although the actions of the association and its executive board are governed by state laws, the CC&Rs and other documents that govern the condominium hotel, decisions made by these persons will affect your use and enjoyment of your property, your lifestyle and freedom of choice, and your cost of living in the condominium hotel. You may not agree with decisions made by the association or its governing bodies even though the decisions are ones which the association is authorized to make. Decisions may be made by a few persons on the executive board or governing bodies that do not necessarily reflect the view of the majority of residential unit in the condominium hotel. If you do not agree with decisions made by the association, its executive board or other governing bodies, your remedy is typically to attempt to use the democratic processes of the association to seek the election of members of the executive board or other governing bodies that are more responsive to your needs. If you have a dispute with the association, its executive board or other governing bodies, you may be able to resolve the dispute through the complaint, investigation and intervention process administered by the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, the Nevada Real Estate Division and the Commission for Common-



Interest Communities and Condominium Hotels. However, to resolve some disputes, you may have to mediate or arbitrate the dispute and, if mediation or arbitration is unsuccessful, you may have to file a lawsuit and ask a court to resolve the dispute. In addition to your personal cost in mediation or arbitration, or to prosecute a lawsuit, you may be responsible for paying your share of the association's cost in defending against your claim.

6. YOU ARE REQUIRED TO PROVIDE PROSPECTIVE PURCHASERS OF YOUR PROPERTY WITH INFORMATION ABOUT LIVING IN YOUR CONDOMINIUM HOTEL?

The law requires you to provide a prospective purchaser of your property with a copy of the condominium hotel's governing documents, including the CC&Rs, association bylaws, and rules and regulations, as well as a copy of this document. You are also required to provide a copy of the association's current year-to-date financial statement, including, without limitation, the most recent audited or reviewed financial statement, a copy of the association's operating budget and information regarding the amount of the monthly assessment for common expenses, including the amount set aside as reserves for the repair, replacement and restoration of common elements. You are also required to provide a copy of the current year-to-date statement of the shared expenses charged to your unit by the declarant or hotel unit owner, as applicable. You are also required to inform prospective purchasers of any outstanding judgments or lawsuits pending against the association of which you are aware. For more information regarding these requirements, see sections 140 to 152, inclusive, of this act.

7. YOU HAVE CERTAIN RIGHTS REGARDING OWNERSHIP IN A CONDOMINIUM HOTEL THAT ARE GUARANTEED YOU BY THE STATE?

Pursuant to provisions of this chapter, you have the right:

(a) To be notified of all meetings of the association and its executive board, except in cases of emergency.

(b) To attend and speak at all meetings of the association and its executive board, except in some cases where the executive board is authorized to meet in closed, executive session.

(c) To request a special meeting of the association.

(d) To inspect, examine, photocopy and audit financial and other records of the association.

(e) To be notified of all changes in the condominium hotel's rules and regulations and other actions by the association or board that affect you.



8. QUESTIONS?

Although they may be voluminous, you should take the time to read and understand the documents that will control your ownership of a property in a condominium hotel. You may wish to ask your real estate professional, lawyer or other person with experience to explain anything you do not understand. You may also request assistance from the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, Nevada Real Estate Division, at (telephone number).

Buyer or prospective buyer's initials: _____

Date: _____

Sec. 149. 1. Except as otherwise provided in subsections 2 and 3, a deposit made in connection with the purchase or reservation of a unit from a person required to deliver a public offering statement pursuant to subsection 3 of section 141 of this act must be placed in escrow and held either in this State or in the state where the unit is located in an account designated solely for that purpose by a licensed title insurance company, an independent bonded escrow company, or an institution whose accounts are insured by a governmental agency or instrumentality until:

- (a) Delivered to the declarant at closing;
- (b) Delivered to the declarant because of the purchaser's default under a contract to purchase the unit;
- (c) Released to the declarant for an additional item, improvement, optional item or alteration, but the amount so released:

(1) Must not exceed the lesser of the amount due the declarant from the purchaser at the time of the release or the amount expended by the declarant for the purpose; and

(2) Must be credited upon the purchase price; or

(d) Refunded to the purchaser.

2. A deposit or advance payment made for an additional item, improvement, optional item or alteration may be deposited in escrow or delivered directly to the declarant, as the parties may contract.

3. In lieu of placing a deposit in escrow pursuant to subsection 1, the declarant may furnish a bond executed by him as principal and by a corporation qualified under the laws of this State as surety, payable to the State of Nevada, and conditioned upon the performance of the declarant's duties concerning the purchase or reservation of a unit. Each bond must be in a



principal sum equal to the amount of the deposit. The bond must be held until:

- (a) Delivered to the declarant at closing;*
- (b) Delivered to the declarant because of the purchaser's default under a contract to purchase the unit; or*
- (c) Released to the declarant for an additional item, improvement, optional item or alteration, but the amount so released must not exceed the amount due the declarant from the purchaser at the time of the release or the amount expended by the declarant for that purpose, whichever is less.*

Sec. 150. *1. In the case of a sale of a unit where delivery of a public offering statement is required pursuant to subsection 3 of section 141 of this act, a seller:*

(a) Before conveying a unit, shall record or furnish to the purchaser releases of all liens, except liens on real estate that a declarant has the right to withdraw from the condominium hotel, that the purchaser does not expressly agree to take subject to or assume and that encumber that unit and its interest in the common elements; or

(b) Shall provide a surety bond against the lien as provided for liens on real estate in NRS 108.2413 to 108.2425, inclusive.

2. Before conveying real estate to the association, the declarant shall have that real estate released from:

(a) All liens the foreclosure of which would deprive units' owners of any right of access to or easement of support of their units; and

(b) All other liens on that real estate unless the public offering statement describes certain real estate that may be conveyed subject to liens in specified amounts.

Sec. 151. *Implied warranties of quality:*

1. May be excluded or modified by agreement of the parties; and

2. Are excluded by expression of disclaimer, such as "as is," "with all faults," or other language that in common understanding calls the purchaser's attention to the exclusion of warranties.

Sec. 151.3. *The Commission, or the Administrator with the approval of the Commission, may adopt regulations to require any additional disclosures in the case of a sale of a unit as it deems necessary.*

Sec. 151.7. *1. If a declarant, hotel unit owner or any other person subject to this chapter fails to comply with any of its provisions or any provision of the declaration or bylaws, any*



person or class of persons suffering actual damages from the failure to comply has a claim for appropriate relief.

2. Subject to the requirements set forth in NRS 38.310 and except as otherwise provided in section 107 of this act, a civil action for damages caused by a failure or refusal to comply with any provision of this chapter or the governing documents of an association may be brought:

(a) By the association against:

- (1) A declarant; or
- (2) A unit's owner.

(b) By a unit's owner against:

- (1) The association;
- (2) A declarant; or
- (3) Another unit's owner of the association.

3. Punitive damages may be awarded for a willful and material failure to comply with this chapter if the failure is established by clear and convincing evidence.

4. The court may award reasonable attorney's fees to the prevailing party.

5. The civil remedy provided by this section is in addition to, and not exclusive of, any other available remedy or penalty.

Sec. 152. In the case of a sale of a unit in which delivery of a public offering statement is required, a contract of sale may be executed, but no interest in that unit may be conveyed, until the declaration is recorded and the unit is substantially completed, in accordance with local ordinances.

Sec. 153. The Commission for Common-Interest Communities and Condominium Hotels created by NRS 116.600, the Division and the Director of the Department of Business and Industry have jurisdiction over the enforcement of this chapter as set forth herein.

Sec. 154. 1. The provisions of this chapter must be administered by the Division, subject to the administrative supervision of the Director of the Department of Business and Industry.

2. The Commission and the Division may do all things necessary and convenient to carry out the provisions of this chapter, including, without limitation, prescribing such forms and adopting such procedures as are necessary to carry out the provisions of this chapter.

3. The Commission, or the Administrator with the approval of the Commission, may adopt such regulations as are necessary to carry out the provisions of this chapter.



4. The Commission may by regulation delegate any authority conferred upon it by the provisions of this chapter to the Administrator to be exercised pursuant to the regulations adopted by the Commission.

5. When regulations are proposed by the Administrator, in addition to other notices required by law, the Administrator shall provide copies of the proposed regulations to the Commission not later than 30 days before the next meeting of the Commission. The Commission shall approve, amend or disapprove any proposed regulations at that meeting.

6. All regulations adopted by the Commission, or adopted by the Administrator with the approval of the Commission, must be published by the Division, posted on its website and offered for sale at a reasonable fee.

Sec. 155. 1. Except as otherwise provided in this section and within the limits of legislative appropriations, the Division may employ experts, attorneys, investigators, consultants and other personnel as are necessary to carry out the provisions of this chapter.

2. The Attorney General shall act as the attorney for the Division in all actions and proceedings brought against or by the Division pursuant to the provisions of this chapter.

3. The Attorney General shall render to the Commission and the Division opinions upon all questions of law relating to the construction or interpretation of this chapter, or arising in the administration thereof, that may be submitted to him by the Commission or the Division.

Sec. 156. The Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels created by NRS 116.625 shall:

1. Assist in processing claims arising under this chapter that are submitted to mediation or arbitration pursuant to NRS 38.300 to 38.360, inclusive;

2. Assist owners in condominium hotels to understand their rights and responsibilities as set forth in this chapter and the governing documents of their associations, including, without limitation, publishing materials related to those rights and responsibilities;

3. Assist members of executive boards and officers of associations to carry out their duties;

4. When appropriate, investigate disputes involving the provisions of this chapter or the governing documents of an association and assist in resolving such disputes; and



5. *Compile and maintain a registration of each association organized within the State which includes, without limitation, the following information:*

(a) *The name, address and telephone number of the association;*

(b) *The names, mailing addresses and telephone numbers of the members of the executive board of the association;*

(c) *The name of the declarant;*

(d) *The number of units in the condominium hotel;*

(e) *The total annual assessment made by the association; and*

(f) *The number of foreclosures which were completed on units within the condominium hotel and which were based on liens for the failure of the unit's owner to pay any assessments levied against the unit or any fines imposed against the unit's owner.*

Sec. 157. *The Commission and its members, each hearing panel and its members, the Administrator, the Ombudsman, the Division, and the experts, attorneys, investigators, consultants and other personnel of the Commission and the Division are immune from any civil liability for any decision or action taken in good faith and without malicious intent in carrying out the provisions of this chapter.*

Sec. 158. *Any notice or other information that is required to be served upon the Commission pursuant to the provisions of this chapter may be delivered to the principal office of the Division.*

Sec. 159. 1. *The Administrator may adopt regulations which establish procedures for the Division to conduct business electronically pursuant to title 59 of NRS with persons who are regulated pursuant to this chapter and with any other persons with whom the Division conducts business. The regulations may include, without limitation, the establishment of fees to pay the costs of conducting business electronically with the Division.*

2. *In addition to the process authorized by NRS 719.280, if the Division is conducting business electronically with a person and a law requires a signature or record to be notarized, acknowledged, verified or made under oath, the Division may allow the person to substitute a declaration that complies with the provisions of NRS 53.045 to satisfy the legal requirement.*

3. *The Division may refuse to conduct business electronically with a person who has failed to pay money which the person owes to the Division or the Commission.*

Sec. 160. 1. *To carry out the purposes of this chapter, the Commission, or any member thereof acting on behalf of the Commission or acting on behalf of a hearing panel, may issue*



subpoenas to compel the attendance of witnesses and the production of books, records and other papers.

2. If any person fails to comply with a subpoena issued by the Commission or any member thereof pursuant to this section within 20 days after the date of service of the subpoena, the Commission may petition the district court for an order of the court compelling compliance with the subpoena.

3. Upon such a petition, the court shall enter an order directing the person subpoenaed to appear before the court at a time and place to be fixed by the court in its order, the time to be not more than 20 days after the date of service of the order, and show cause why he has not complied with the subpoena. A certified copy must be served upon the person subpoenaed.

4. If it appears to the court that the subpoena was regularly issued by the Commission or any member thereof pursuant to this section, the court shall enter an order compelling compliance with the subpoena, and upon failure to obey the order the person shall be dealt with as for contempt of court.

Sec. 161. *1. Each witness who is subpoenaed and appears at a hearing is entitled to receive for his attendance the same fees and mileage allowed by law to a witness in a civil case.*

2. The fees and mileage for the witness:

(a) Must be paid by the party at whose request the witness is subpoenaed; or

(b) If the appearance of the witness is not requested by any party but the witness is subpoenaed at the request of the Commission or a hearing panel, must be paid by the Division.

Sec. 162. *1. The Commission shall conduct such hearings and other proceedings as are required by the provisions of this chapter.*

2. The Commission shall collect and maintain or cause to be collected and maintained accurate information relating to:

(a) The number of condominium hotels in this State;

(b) The effect of the provisions of this chapter and any regulations adopted pursuant thereto on the development and construction of condominium hotels, the residential lending market for units within condominium hotels and the operation and management of condominium hotels;

(c) Violations of the provisions of this chapter and any regulations adopted pursuant thereto;

(d) The accessibility and use of, and the costs related to, the arbitration and mediation procedures set forth in NRS 38.300 to



38.360, inclusive, and the decisions rendered and awards made pursuant to those arbitration and mediation procedures;

(e) The number of foreclosures which were completed on units within condominium hotels and which were based on liens for the failure of the unit's owner to pay any assessments levied against the unit or any fines imposed against the unit's owner; and

(f) Other issues that the Commission determines are of concern to units' owners, associations, developers and other persons affected by condominium hotels.

3. The Commission shall develop and promote:

(a) Educational guidelines for conducting the elections of the members of an executive board, the meetings of an executive board and the meetings of the units' owners of an association; and

(b) Educational guidelines for the enforcement of the governing documents of an association through liens, penalties and fines.

4. The Commission shall recommend and approve for accreditation programs of education and research relating to condominium hotels, including, without limitation:

(a) The management of condominium hotels;

(b) The sale and resale of units within condominium hotels;

(c) Alternative methods that may be used to resolve disputes relating to condominium hotels; and

(d) The enforcement, including by foreclosure, of liens on units within condominium hotels for the failure of the unit's owner to pay any assessments levied against the unit or any fines imposed against the unit's owner.

Sec. 163. The Commission may:

1. By regulation, establish standards for subsidizing proceedings for mediation and arbitration conducted pursuant to NRS 38.300 to 38.360, inclusive, to ensure that such proceedings are not lengthy and are affordable and readily accessible to all parties;

2. By regulation, establish standards for subsidizing educational programs for the benefit of units' owners, members of executive boards and officers of associations;

3. Accept any gifts, grants or donations; and

4. Enter into agreements with other entities that are required or authorized to carry out similar duties in this State or in other jurisdictions and cooperate with such entities to develop uniform procedures for carrying out the provisions of this chapter and for accumulating information needed to carry out those provisions.



Sec. 164. 1. *The Commission may appoint one or more hearing panels. Each hearing panel must consist of one or more independent hearing officers.*

2. The Commission may by regulation delegate to one or more hearing panels the power of the Commission to conduct hearings and other proceedings, determine violations, impose fines and penalties and take other disciplinary action authorized by the provisions of this chapter.

3. While acting under the authority of the Commission, a hearing panel and its members are entitled to all privileges and immunities and are subject to all duties and requirements of the Commission and its members.

4. A final order of a hearing panel:

(a) May be appealed to the Commission if, not later than 20 days after the date that the final order is issued by the hearing panel, any party aggrieved by the final order files a written notice of appeal with the Commission.

(b) Must be reviewed and approved by the Commission if, not later than 40 days after the date that the final order is issued by the hearing panel, the Division, upon the direction of the Chairman of the Commission, provides written notice to all parties of the intention of the Commission to review the final order.

Sec. 165. *The Commission or a hearing panel may conduct a hearing by means of an audio or video teleconference to one or more locations if the audio or video technology used at the hearing provides the persons present at each location with the ability to hear and communicate with the persons present at each other location.*

Sec. 166. *As used in sections 167 to 177, inclusive, of this act, unless the context otherwise requires, “violation” means a violation of any provision of this chapter, any regulation adopted pursuant thereto or any order of the Commission or a hearing panel.*

Sec. 167. 1. *In carrying out the provisions of sections 167 to 177, inclusive, of this act, the Division and the Ombudsman have jurisdiction to investigate and the Commission and each hearing panel has jurisdiction to take appropriate action against any person who commits a violation, including, without limitation:*

(a) Any association and any officer, employee or agent of an association.

(b) Any member of an executive board.

(c) Any declarant, affiliate of a declarant or hotel unit owner.

(d) Any unit’s owner.



(e) Any tenant of a unit's owner if the tenant has entered into an agreement with the unit's owner to abide by the governing documents of the association and the provisions of this chapter and any regulations adopted pursuant thereto.

2. The jurisdiction set forth in subsection 1 applies to any officer, employee or agent of an association or any member of an executive board who commits a violation and who:

(a) Currently holds his office, employment, agency or position or who held his office, employment, agency or position at the commencement of proceedings against him.

(b) Resigns his office, employment, agency or position:

(1) After the commencement of proceedings against him; or

(2) Within 1 year after the violation is discovered or reasonably should have been discovered.

Sec. 168. 1. The rights, remedies and penalties provided by sections 166 to 177, inclusive, of this act are cumulative and do not abrogate and are in addition to any other rights, remedies and penalties that may exist at law or in equity.

2. If the Commission, a hearing panel or another agency or officer elects to take a particular action or pursue a particular remedy or penalty authorized by sections 166 to 177, inclusive, of this act, or another specific statute, that election is not exclusive and does not preclude the Commission, the hearing panel or another agency or officer from taking any other actions or pursuing any other remedies or penalties authorized by sections 166 to 167, inclusive, of this act, or another specific statute.

3. In carrying out the provisions of this chapter, the Commission or a hearing panel shall not intervene in any internal activities of an association except to the extent necessary to prevent or remedy a violation.

Sec. 169. 1. Except as otherwise provided in this section, a written affidavit filed with the Division pursuant to this chapter, all documents and other information filed with the written affidavit and all documents and other information compiled as a result of an investigation conducted to determine whether to file a formal complaint with the Commission are confidential.

2. A formal complaint filed with the Commission and all documents and other information considered by the Commission or a hearing panel when determining whether to impose discipline or take other administrative action pursuant to sections 166 to 177, inclusive, of this act are public records.

Sec. 170. 1. Except as otherwise provided in this section, a person who is aggrieved by an alleged violation may, not later



than 1 year after the person discovers or reasonably should have discovered the alleged violation, file with the Division a written affidavit that sets forth the facts constituting the alleged violation. The affidavit may allege any actual damages suffered by the aggrieved person as a result of the alleged violation.

2. An aggrieved person may not file such an affidavit unless the aggrieved person has provided the respondent by certified mail, return receipt requested, with written notice of the alleged violation set forth in the affidavit. The notice must:

(a) Be mailed to the respondent's last known address.

(b) Specify, in reasonable detail, the alleged violation, any actual damages suffered by the aggrieved person as a result of the alleged violation, and any corrective action proposed by the aggrieved person.

3. A written affidavit filed with the Division pursuant to this section must be:

(a) On a form prescribed by the Division.

(b) Be accompanied by evidence that:

(1) The respondent has been given a reasonable opportunity after receiving the written notice to correct the alleged violation; and

(2) Reasonable efforts to resolve the alleged violation have failed.

4. The Commission or a hearing panel may impose an administrative fine of not more than \$1,000 against any person who knowingly files a false or fraudulent affidavit with the Division.

Sec. 171. 1. Upon receipt of an affidavit that complies with the provisions of section 170 of this act, the Division shall refer the affidavit to the Ombudsman.

2. The Ombudsman shall give such guidance to the parties as the Ombudsman deems necessary to assist the parties to resolve the alleged violation.

3. If the parties are unable to resolve the alleged violation with the assistance of the Ombudsman, the Ombudsman shall provide to the Division a report concerning the alleged violation and any information collected by the Ombudsman during his efforts to assist the parties to resolve the alleged violation.

4. Upon receipt of the report from the Ombudsman, the Division shall conduct an investigation to determine whether good cause exists to proceed with a hearing on the alleged violation.

5. If, after investigating the alleged violation, the Division determines that the allegations in the affidavit are not frivolous,



false or fraudulent and that good cause exists to proceed with a hearing on the alleged violation, the Administrator shall file a formal complaint with the Commission and schedule a hearing on the complaint before the Commission or a hearing panel.

Sec. 172. *1. Except as otherwise provided in subsection 2, if the Administrator files a formal complaint with the Commission, the Commission or a hearing panel shall hold a hearing on the complaint not later than 90 days after the date that the complaint is filed.*

2. The Commission or the hearing panel may continue the hearing upon its own motion or upon the written request of a party to the complaint, for good cause shown, including, without limitation, the existence of proceedings for mediation or arbitration or a civil action involving the facts that constitute the basis of the complaint.

3. The Division shall give the respondent written notice of the date, time and place of the hearing on the complaint at least 30 days before the date of the hearing. The notice must be:

(a) Delivered personally to the respondent or mailed to the respondent by certified mail, return receipt requested, to his last known address.

(b) Accompanied by:

(1) A copy of the complaint; and

(2) Copies of all communications, reports, affidavits and depositions in the possession of the Division that are relevant to the complaint.

4. At any hearing on the complaint, the Division may not present evidence that was obtained after the notice was given to the respondent pursuant to this section, unless the Division proves to the satisfaction of the Commission or the hearing panel that:

(a) The evidence was not available, after diligent investigation by the Division, before such notice was given to the respondent; and

(b) The evidence was given or communicated to the respondent immediately after it was obtained by the Division.

5. The respondent must file an answer not later than 30 days after the date that notice of the complaint is delivered or mailed by the Division. The answer must:

(a) Contain an admission or a denial of the allegations contained in the complaint and any defenses upon which the respondent will rely; and

(b) Be delivered personally to the Division or mailed to the Division by certified mail, return receipt requested.



6. If the respondent does not file an answer within the time required by subsection 5, the Division may, after giving the respondent written notice of the default, request the Commission or the hearing panel to enter a finding of default against the respondent. The notice of the default must be delivered personally to the respondent or mailed to the respondent by certified mail, return receipt requested, to his last known address.

Sec. 173. Any party to the complaint may be represented by an attorney at any hearing on the complaint.

Sec. 174. 1. After conducting its hearings on the complaint, the Commission or the hearing panel shall render a final decision on the merits of the complaint not later than 20 days after the date of the final hearing.

2. The Commission or the hearing panel shall notify all parties to the complaint of its decision in writing by certified mail, return receipt requested, not later than 60 days after the date of the final hearing. The written decision must include findings of fact and conclusions of law.

Sec. 175. 1. If the Commission or the hearing panel, after notice and hearing, finds that the respondent has committed a violation, the Commission or the hearing panel may take any or all of the following actions:

(a) Issue an order directing the respondent to cease and desist from continuing to engage in the unlawful conduct that resulted in the violation.

(b) Issue an order directing the respondent to take affirmative action to correct any conditions resulting from the violation.

(c) Impose an administrative fine of not more than \$1,000 for each violation.

2. If the respondent is a member of an executive board or an officer of an association, the Commission or the hearing panel may order the respondent removed from his office or position if the Commission or the hearing panel, after notice and hearing, finds that:

(a) The respondent has knowingly and willfully committed a violation; and

(b) The removal is in the best interest of the association.

3. If the respondent violates any order issued by the Commission or the hearing panel pursuant to this section, the Commission or the hearing panel, after notice and hearing, may impose an administrative fine of not more than \$1,000 for each violation.



4. If the Commission or the hearing panel takes any disciplinary action pursuant to this section, the Commission or the hearing panel may order the respondent to pay the costs of the proceedings incurred by the Division, including, without limitation, the cost of the investigation and reasonable attorney's fees.

5. Notwithstanding any other provision of this section, unless the respondent has knowingly and willfully committed a violation, if the respondent is a member of an executive board or an officer of an association:

(a) The association is liable for all fines and costs imposed against the respondent pursuant to this section; and

(b) The respondent may not be held personally liable for those fines and costs.

Sec. 176. 1. If the Commission or a hearing panel, after notice and hearing, finds that the executive board or any person acting on behalf of the association has committed a violation, the Commission or the hearing panel may order an audit of the association.

2. The Commission, or the Division with the approval of the Commission, may apply to a court of competent jurisdiction for the appointment of a receiver for an association if, after notice and a hearing, the Commission or a hearing officer finds that any of the following violations occurred:

(a) The executive board, or any member thereof, has been guilty of fraud or collusion or gross mismanagement in the conduct or control of its affairs;

(b) The executive board, or any member thereof, has been guilty of misfeasance, malfeasance or nonfeasance; or

(c) The assets of the association are in danger of waste or loss through attachment, foreclosure, litigation or otherwise.

3. In any application for the appointment of a receiver pursuant to this section, notice of a temporary appointment of a receiver may be given to the association alone, by process as in the case of an application for a temporary restraining order or injunction. The hearing thereon may be had after 5 days' notice unless the court directs a longer or different notice and different parties.

4. The court may, if good cause exists, appoint one or more receivers pursuant to this section to carry out the business of the association. The members of the executive board who have not been guilty of negligence or active breach of duty must be preferred in making the appointment.



5. The powers of any receiver appointed pursuant to this section may be continued as long as the court deems necessary and proper. At any time, for sufficient cause, the court may order the receivership terminated.

6. Any receiver appointed pursuant to this section has, among the usual powers, all the functions, powers, tenure and duties to be exercised under the direction of the court as are conferred on receivers and as provided in NRS 78.635, 78.640 and 78.645, whether or not the association is insolvent. Such powers include, without limitation, the powers to:

- (a) Take charge of the estate and effects of the association;
- (b) Appoint an agent or agents;
- (c) Collect any debts and property due and belonging to the association and prosecute and defend, in the name of the association, or otherwise, any civil action as may be necessary or proper for the purposes of collecting debts and property;
- (d) Perform any other act in accordance with the governing documents of the association and this chapter that may be necessary for the association to carry out its obligations; and
- (e) By injunction, restrain the association from exercising any of its powers or doing business in any way except by and through a receiver appointed by the court.

Sec. 177. 1. If the Commission or the Division has reasonable cause to believe, based on evidence satisfactory to it, that any person violated or is about to violate any provision of this chapter, any regulation adopted pursuant thereto or any order, decision, demand or requirement of the Commission or Division or a hearing panel, the Commission or the Division may bring an action in the district court for the county in which the person resides or, if the person does not reside in this State, in any court of competent jurisdiction within or outside this State, to restrain or enjoin that person from engaging in or continuing to commit the violations or from doing any act in furtherance of the violations.

2. The action must be brought in the name of the State of Nevada. If the action is brought in a court of this State, an order or judgment may be entered, when proper, issuing a temporary restraining order, preliminary injunction or final injunction. A temporary restraining order or preliminary injunction must not be issued without at least 5 days' notice to the opposite party.

3. The court may issue the temporary restraining order, preliminary injunction or final injunction without:

- (a) Proof of actual damages sustained by any person.
- (b) The filing of any bond.



Sec. 178. NRS 116.013 is hereby amended to read as follows:

116.013 “Certificate” means a certificate for the management of a common-interest community *or the management of an association of a condominium hotel* issued by the Division pursuant to chapter 116A of NRS.

Sec. 179. NRS 116.015 is hereby amended to read as follows:

116.015 “Commission” means the Commission for Common-Interest Communities *and Condominium Hotels* created by NRS 116.600.

Sec. 180. NRS 116.023 is hereby amended to read as follows:

116.023 “Community manager” means a person who provides for or otherwise engages in the management of a common-interest community ~~H~~ *or the management of an association of a condominium hotel.*

Sec. 181. NRS 116.067 is hereby amended to read as follows:

116.067 “Ombudsman” means the Ombudsman for Owners in Common-Interest Communities ~~H~~ *and Condominium Hotels.*

Sec. 182. NRS 116.31155 is hereby amended to read as follows:

116.31155 1. Except as otherwise provided in subsection 2, an association shall:

(a) If the association is required to pay the fee imposed by NRS 78.150, 82.193, 86.263, 87.541 or 88.591, pay to the Administrator a fee established by regulation of the Administrator for every unit in the association used for residential use.

(b) If the association is organized as a trust or partnership, or as any other authorized business entity, pay to the Administrator a fee established by regulation of the Administrator for each unit in the association.

2. If an association is subject to the governing documents of a master association, the master association shall pay the fees required pursuant to this section for each unit in the association that is subject to the governing documents of the master association, unless the governing documents of the master association provide otherwise. The provisions of this subsection do not relieve any association that is subject to the governing documents of a master association from its ultimate responsibility to pay the fees required pursuant to this section to the Administrator if they are not paid by the master association.

3. The fees required to be paid pursuant to this section must be:

(a) Paid at such times as are established by the Division.



(b) Deposited with the State Treasurer for credit to the Account for Common-Interest Communities *and Condominium Hotels* created by NRS 116.630.

(c) Established on the basis of the actual costs of administering the Office of the Ombudsman and the Commission and not on a basis which includes any subsidy beyond those actual costs. In no event may the fees required to be paid pursuant to this section exceed \$3 per unit.

4. The Division shall impose an administrative penalty against an association or master association that violates the provisions of this section by failing to pay the fees owed by the association or master association within the times established by the Division. The administrative penalty that is imposed for each violation must equal 10 percent of the amount of the fees owed by the association or master association or \$500, whichever amount is less. The amount of the unpaid fees owed by the association or master association bears interest at the rate set forth in NRS 99.040 from the date the fees are due until the date the fees are paid in full.

5. A unit's owner may not be required to pay any portion of the fees or any administrative penalties or interest required to be paid pursuant to this section to both an association and a master association.

6. An association that is subject to the governing documents of a master association may not be required to pay any portion of the fees or any administrative penalties or interest required to be paid pursuant to this section to the extent they have already been paid by the master association.

7. A master association may not be required to pay any portion of the fees or any administrative penalties or interest required to be paid pursuant to this section to the extent they have already been paid by an association that is subject to the governing documents of the master association.

8. Upon the payment of the fees and any administrative penalties and interest required by this section, the Administrator shall provide to the association or master association evidence that it paid the fees and the administrative penalties and interest in compliance with this section.

Sec. 183. NRS 116.41095 is hereby amended to read as follows:

116.41095 The information statement required by NRS 116.4103 and 116.4109 must be in substantially the following form:



**BEFORE YOU PURCHASE PROPERTY IN A
COMMON-INTEREST COMMUNITY
DID YOU KNOW . . .**

**1. YOU GENERALLY HAVE 5 DAYS TO CANCEL THE
PURCHASE AGREEMENT?**

When you enter into a purchase agreement to buy a home or unit in a common-interest community, in most cases you should receive either a public offering statement, if you are the original purchaser of the home or unit, or a resale package, if you are not the original purchaser. The law generally provides for a 5-day period in which you have the right to cancel the purchase agreement. The 5-day period begins on different starting dates, depending on whether you receive a public offering statement or a resale package. Upon receiving a public offering statement or a resale package, you should make sure you are informed of the deadline for exercising your right to cancel. In order to exercise your right to cancel, the law generally requires that you hand deliver the notice of cancellation to the seller within the 5-day period, or mail the notice of cancellation to the seller by prepaid United States mail within the 5-day period. For more information regarding your right to cancel, see Nevada Revised Statutes 116.4108, if you received a public offering statement, or Nevada Revised Statutes 116.4109, if you received a resale package.

**2. YOU ARE AGREEING TO RESTRICTIONS ON HOW
YOU CAN USE YOUR PROPERTY?**

These restrictions are contained in a document known as the Declaration of Covenants, Conditions and Restrictions. The CC&Rs become a part of the title to your property. They bind you and every future owner of the property whether or not you have read them or had them explained to you. The CC&Rs, together with other “governing documents” (such as association bylaws and rules and regulations), are intended to preserve the character and value of properties in the community, but may also restrict what you can do to improve or change your property and limit how you use and enjoy your property. By purchasing a property encumbered by CC&Rs, you are agreeing to limitations that could affect your lifestyle and freedom of choice. You should review the CC&Rs, and other governing documents before purchasing to make sure that these limitations and controls are acceptable to you.

**3. YOU WILL HAVE TO PAY OWNERS’ ASSESSMENTS
FOR AS LONG AS YOU OWN YOUR PROPERTY?**

As an owner in a common-interest community, you are responsible for paying your share of expenses relating to the common elements,



such as landscaping, shared amenities and the operation of any homeowners' association. The obligation to pay these assessments binds you and every future owner of the property. Owners' fees are usually assessed by the homeowners' association and due monthly. You have to pay dues whether or not you agree with the way the association is managing the property or spending the assessments. The executive board of the association may have the power to change and increase the amount of the assessment and to levy special assessments against your property to meet extraordinary expenses. In some communities, major components of the common elements of the community such as roofs and private roads must be maintained and replaced by the association. If the association is not well managed or fails to provide adequate funding for reserves to repair, replace and restore common elements, you may be required to pay large, special assessments to accomplish these tasks.

4. IF YOU FAIL TO PAY OWNERS' ASSESSMENTS, YOU COULD LOSE YOUR HOME?

If you do not pay these assessments when due, the association usually has the power to collect them by selling your property in a nonjudicial foreclosure sale. If fees become delinquent, you may also be required to pay penalties and the association's costs and attorney's fees to become current. If you dispute the obligation or its amount, your only remedy to avoid the loss of your home may be to file a lawsuit and ask a court to intervene in the dispute.

5. YOU MAY BECOME A MEMBER OF A HOMEOWNERS' ASSOCIATION THAT HAS THE POWER TO AFFECT HOW YOU USE AND ENJOY YOUR PROPERTY?

Many common-interest communities have a homeowners' association. In a new development, the association will usually be controlled by the developer until a certain number of units have been sold. After the period of developer control, the association may be controlled by property owners like yourself who are elected by homeowners to sit on an executive board and other boards and committees formed by the association. The association, and its executive board, are responsible for assessing homeowners for the cost of operating the association and the common or shared elements of the community and for the day to day operation and management of the community. Because homeowners sitting on the executive board and other boards and committees of the association may not have the experience or professional background required to understand and carry out the responsibilities of the association properly, the association may hire professional community managers to carry out these responsibilities.



Homeowners' associations operate on democratic principles. Some decisions require all homeowners to vote, some decisions are made by the executive board or other boards or committees established by the association or governing documents. Although the actions of the association and its executive board are governed by state laws, the CC&Rs and other documents that govern the common-interest community, decisions made by these persons will affect your use and enjoyment of your property, your lifestyle and freedom of choice, and your cost of living in the community. You may not agree with decisions made by the association or its governing bodies even though the decisions are ones which the association is authorized to make. Decisions may be made by a few persons on the executive board or governing bodies that do not necessarily reflect the view of the majority of homeowners in the community. If you do not agree with decisions made by the association, its executive board or other governing bodies, your remedy is typically to attempt to use the democratic processes of the association to seek the election of members of the executive board or other governing bodies that are more responsive to your needs. If you have a dispute with the association, its executive board or other governing bodies, you may be able to resolve the dispute through the complaint, investigation and intervention process administered by the Office of the Ombudsman for Owners in Common-Interest Communities **H** and **Condominium Hotels**, the Nevada Real Estate Division and the Commission for Common-Interest Communities **H** and **Condominium Hotels**. However, to resolve some disputes, you may have to mediate or arbitrate the dispute and, if mediation or arbitration is unsuccessful, you may have to file a lawsuit and ask a court to resolve the dispute. In addition to your personal cost in mediation or arbitration, or to prosecute a lawsuit, you may be responsible for paying your share of the association's cost in defending against your claim.

6. YOU ARE REQUIRED TO PROVIDE PROSPECTIVE PURCHASERS OF YOUR PROPERTY WITH INFORMATION ABOUT LIVING IN YOUR COMMON-INTEREST COMMUNITY?

The law requires you to provide a prospective purchaser of your property with a copy of the community's governing documents, including the CC&Rs, association bylaws, and rules and regulations, as well as a copy of this document. You are also required to provide a copy of the association's current year-to-date financial statement, including, without limitation, the most recent audited or reviewed financial statement, a copy of the association's operating budget and



information regarding the amount of the monthly assessment for common expenses, including the amount set aside as reserves for the repair, replacement and restoration of common elements. You are also required to inform prospective purchasers of any outstanding judgments or lawsuits pending against the association of which you are aware. For more information regarding these requirements, see Nevada Revised Statutes 116.4109.

7. YOU HAVE CERTAIN RIGHTS REGARDING OWNERSHIP IN A COMMON-INTEREST COMMUNITY THAT ARE GUARANTEED YOU BY THE STATE?

Pursuant to provisions of chapter 116 of Nevada Revised Statutes, you have the right:

(a) To be notified of all meetings of the association and its executive board, except in cases of emergency.

(b) To attend and speak at all meetings of the association and its executive board, except in some cases where the executive board is authorized to meet in closed, executive session.

(c) To request a special meeting of the association upon petition of at least 10 percent of the homeowners.

(d) To inspect, examine, photocopy and audit financial and other records of the association.

(e) To be notified of all changes in the community's rules and regulations and other actions by the association or board that affect you.

8. QUESTIONS?

Although they may be voluminous, you should take the time to read and understand the documents that will control your ownership of a property in a common-interest community. You may wish to ask your real estate professional, lawyer or other person with experience to explain anything you do not understand. You may also request assistance from the Office of the Ombudsman for Owners in Common-Interest Communities  **and Condominium Hotels** Nevada Real Estate Division, at (telephone number).

Buyer or prospective buyer's initials: _____

Date: _____

Sec. 184. NRS 116.600 is hereby amended to read as follows:

116.600 1. The Commission for Common-Interest Communities **and Condominium Hotels** is hereby created.

2. The Commission consists of five members appointed by the Governor. The Governor shall appoint to the Commission:

(a) One member who is a unit's owner residing in this State and who has served as a member of an executive board in this State;



(b) One member who is in the business of developing common-interest communities in this State;

(c) One member who holds a certificate;

(d) One member who is a certified public accountant licensed to practice in this State pursuant to the provisions of chapter 628 of NRS; and

(e) One member who is an attorney licensed to practice in this State.

3. Each member of the Commission must be a resident of this State. At least three members of the Commission must be residents of a county whose population is 400,000 or more.

4. Each member of the Commission must have resided in a common-interest community or have been actively engaged in a business or profession related to common-interest communities for not less than 3 years immediately preceding the date of his appointment.

5. After the initial terms, each member of the Commission serves a term of 3 years. Each member may serve not more than two consecutive full terms. If a vacancy occurs during a member's term, the Governor shall appoint a person qualified under this section to replace the member for the remainder of the unexpired term.

6. While engaged in the business of the Commission, each member is entitled to receive:

(a) A salary of not more than \$80 per day, as established by the Commission; and

(b) The per diem allowance and travel expenses provided for state officers and employees generally.

Sec. 185. NRS 116.625 is hereby amended to read as follows:

116.625 1. The Office of the Ombudsman for Owners in Common-Interest Communities *and Condominium Hotels* is hereby created within the Division.

2. The Administrator shall appoint the Ombudsman. The Ombudsman is in the unclassified service of the State.

3. The Ombudsman must be qualified by training and experience to perform the duties and functions of his office.

4. In addition to any other duties set forth in this chapter, the Ombudsman shall:

(a) Assist in processing claims submitted to mediation or arbitration pursuant to NRS 38.300 to 38.360, inclusive;

(b) Assist owners in common-interest communities *and condominium hotels* to understand their rights and responsibilities as set forth in this chapter *and sections 2 to 177, inclusive, of this act* and the governing documents of their associations, including,



without limitation, publishing materials related to those rights and responsibilities;

(c) Assist members of executive boards and officers of associations to carry out their duties;

(d) When appropriate, investigate disputes involving the provisions of this chapter *or sections 2 to 177, inclusive, of this act* or the governing documents of an association and assist in resolving such disputes; and

(e) Compile and maintain a registration of each association organized within the State which includes, without limitation, the following information:

(1) The name, address and telephone number of the association;

(2) The name of each community manager for the common-interest community *or the association of a condominium hotel* and the name of any other person who is authorized to manage the property at the site of the common-interest community *or condominium hotel*;

(3) The names, mailing addresses and telephone numbers of the members of the executive board of the association;

(4) The name of the declarant;

(5) The number of units in the common-interest community *or condominium hotel*;

(6) The total annual assessment made by the association;

(7) The number of foreclosures which were completed on units within the common-interest community *or condominium hotel* and which were based on liens for the failure of the unit's owner to pay any assessments levied against the unit or any fines imposed against the unit's owner; and

(8) Whether the study of the reserves of the association has been conducted pursuant to NRS 116.31152 *or section 117 of this act* and, if so, the date on which it was completed.

Sec. 186. NRS 116.630 is hereby amended to read as follows:

116.630 1. There is hereby created the Account for Common-Interest Communities *and Condominium Hotels* in the State General Fund. The Account must be administered by the Administrator.

2. Except as otherwise provided in subsection 3, all money received by the Commission, a hearing panel or the Division pursuant to this chapter *or sections 2 to 177, inclusive, of this act*, including, without limitation, the fees collected pursuant to NRS 116.31155 *and section 120 of this act*, must be deposited into the Account.



3. If the Commission imposes a fine or penalty, the Commission shall deposit the money collected from the imposition of the fine or penalty with the State Treasurer for credit to the State General Fund. If the money is so deposited, the Commission may present a claim to the State Board of Examiners for recommendation to the Interim Finance Committee if money is required to pay attorney's fees or the costs of an investigation, or both.

4. The interest and income earned on the money in the Account, after deducting any applicable charges, must be credited to the Account.

5. The money in the Account must be used solely to defray:

(a) The costs and expenses of the Commission and the Office of the Ombudsman; and

(b) If authorized by the Commission or any regulations adopted by the Commission, the costs and expenses of subsidizing proceedings for mediation and arbitration conducted pursuant to NRS 38.300 to 38.360, inclusive.

Sec. 187. NRS 116A.030 is hereby amended to read as follows:

116A.030 "Association" has the meaning ascribed to it in NRS 116.011 *or section 7 of this act.*

Sec. 188. NRS 116A.040 is hereby amended to read as follows:

116A.040 "Certificate" means a certificate for the management of a common-interest community *or the management of an association of a condominium hotel* issued by the Division pursuant to this chapter.

Sec. 189. NRS 116A.050 is hereby amended to read as follows:

116A.050 "Commission" means the Commission for Common-Interest Communities *and Condominium Hotels* created by NRS 116.600.

Sec. 190. NRS 116A.070 is hereby amended to read as follows:

116A.070 "Community manager" means a person who provides for or otherwise engages in the management of a common-interest community *or the management of an association of a condominium hotel.*

Sec. 191. NRS 116A.090 is hereby amended to read as follows:

116A.090 "Executive board" has the meaning ascribed to it in NRS 116.045 *or section 20 of this act.*



Sec. 192. NRS 116A.120 is hereby amended to read as follows:

116A.120 “Permit” means a permit to conduct a study of the reserves of an association pursuant to NRS 116.31152 **or section 117 of this act** issued by the Division pursuant to this chapter.

Sec. 193. NRS 116A.130 is hereby amended to read as follows:

116A.130 “Reserve study specialist” means a person who conducts a study of the reserves of an association pursuant to NRS 116.31152 **or section 117 of this act**.

Sec. 194. NRS 116A.220 is hereby amended to read as follows:

116A.220 1. Except as otherwise provided in subsection 2, all money received by the Commission, a hearing panel or the Division pursuant to this chapter must be deposited into the Account for Common-Interest Communities **and Condominium Hotels** created pursuant to NRS 116.630.

2. If the Commission imposes a fine or penalty, the Commission shall deposit the money collected from the imposition of the fine or penalty with the State Treasurer for credit to the State General Fund. If the money is so deposited, the Commission may present a claim to the State Board of Examiners for recommendation to the Interim Finance Committee if money is required to pay attorney’s fees or the costs of an investigation, or both.

3. Money for the support of the Commission and Division in carrying out the provisions of this chapter must be provided by direct legislative appropriation and be paid out on claims as other claims against the State are paid.

Sec. 195. NRS 116A.270 is hereby amended to read as follows:

116A.270 1. Except as otherwise provided in this section, a complaint filed with the Division alleging a violation of this chapter or chapter 116 of NRS, **or sections 2 to 177, inclusive, of this act**, all documents and other information filed with the complaint and all documents and other information compiled as a result of an investigation conducted to determine whether to initiate disciplinary action are confidential.

2. The complaint or other charging documents filed with the Commission to initiate disciplinary action and all documents and other information considered by the Commission or a hearing panel when determining whether to impose discipline are public records.



Sec. 196. NRS 116A.400 is hereby amended to read as follows:

116A.400 1. Except as otherwise provided in this section, a person shall not act as a community manager unless the person holds a certificate.

2. The Commission shall by regulation provide for the standards of practice for community managers who hold certificates.

3. The Division may investigate any community manager who holds a certificate to ensure that the community manager is complying with the provisions of this chapter and chapter 116 of NRS *and sections 2 to 177, inclusive, of this act* and the standards of practice adopted by the Commission.

4. In addition to any other remedy or penalty, if the Commission or a hearing panel, after notice and hearing, finds that a community manager who holds a certificate has violated any provision of this chapter or chapter 116 of NRS *or sections 2 to 177, inclusive, of this act* or any of the standards of practice adopted by the Commission, the Commission or the hearing panel may take appropriate disciplinary action against the community manager.

5. In addition to any other remedy or penalty, the Commission may:

(a) Refuse to issue a certificate to a person who has failed to pay money which the person owes to the Commission or the Division.

(b) Suspend, revoke or refuse to renew the certificate of a person who has failed to pay money which the person owes to the Commission or the Division.

6. The provisions of this section do not apply to:

(a) A financial institution that is engaging in an activity permitted by law.

(b) An attorney who is licensed to practice in this State and who is acting in that capacity.

(c) A trustee with respect to the property of the trust.

(d) A receiver with respect to property subject to the receivership.

(e) A member of an executive board or an officer of an association who is acting solely within the scope of his duties as a member of the executive board or an officer of the association.

Sec. 197. NRS 116A.420 is hereby amended to read as follows:

116A.420 1. Except as otherwise provided in this section, a person shall not act as a reserve study specialist unless the person holds a permit.



2. The Commission shall by regulation provide for the standards of practice for reserve study specialists who hold permits.

3. The Division may investigate any reserve study specialist who holds a permit to ensure that the reserve study specialist is complying with the provisions of this chapter and chapter 116 of NRS **and sections 2 to 177, inclusive, of this act** and the standards of practice adopted by the Commission.

4. In addition to any other remedy or penalty, if the Commission or a hearing panel, after notice and hearing, finds that a reserve study specialist who holds a permit has violated any provision of this chapter or chapter 116 of NRS **or sections 2 to 177, inclusive, of this act** or any of the standards of practice adopted by the Commission, the Commission or the hearing panel may take appropriate disciplinary action against the reserve study specialist.

5. In addition to any other remedy or penalty, the Commission may:

(a) Refuse to issue a permit to a person who has failed to pay money which the person owes to the Commission or the Division.

(b) Suspend, revoke or refuse to renew the permit of a person who has failed to pay money which the person owes to the Commission or the Division.

6. The provisions of this section do not apply to a member of an executive board or an officer of an association who is acting solely within the scope of his duties as a member of the executive board or an officer of the association.

Sec. 198. NRS 116A.460 is hereby amended to read as follows:

116A.460 The expiration or revocation of a certificate or permit by operation of law or by order or decision of any agency or court of competent jurisdiction, or the voluntary surrender of such a certificate or permit by the holder of the certificate or permit does not:

1. Prohibit the Commission or the Division from initiating or continuing an investigation of, or action or disciplinary proceeding against, the holder of the certificate or permit as authorized pursuant to the provisions of this chapter or chapter 116 of NRS **or sections 2 to 177, inclusive, of this act** or the regulations adopted pursuant thereto; or

2. Prevent the imposition or collection of any fine or penalty authorized pursuant to the provisions of this chapter or chapter 116 of NRS **or sections 2 to 177, inclusive, of this act** or the regulations adopted pursuant thereto against the holder of the certificate or permit.



Sec. 199. NRS 116A.900 is hereby amended to read as follows:

116A.900 1. In addition to any other remedy or penalty, the Commission may impose an administrative fine against any person who knowingly:

(a) Engages or offers to engage in any activity for which a certificate or permit is required pursuant to this chapter or chapter 116 of NRS, *or sections 2 to 177, inclusive, of this act*, or any regulation adopted pursuant thereto, if the person does not hold the required certificate or permit or has not been given the required authorization; or

(b) Assists or offers to assist another person to commit a violation described in paragraph (a).

2. If the Commission imposes an administrative fine against a person pursuant to this section, the amount of the administrative fine may not exceed the amount of any gain or economic benefit that the person derived from the violation or \$5,000, whichever amount is greater.

3. In determining the appropriate amount of the administrative fine, the Commission shall consider:

(a) The severity of the violation and the degree of any harm that the violation caused to other persons;

(b) The nature and amount of any gain or economic benefit that the person derived from the violation;

(c) The person's history or record of other violations; and

(d) Any other facts or circumstances that the Commission deems to be relevant.

4. Before the Commission may impose the administrative fine, the Commission must provide the person with notice and an opportunity to be heard.

5. The person is entitled to judicial review of the decision of the Commission in the manner provided by chapter 233B of NRS.

6. The provisions of this section do not apply to a person who engages or offers to engage in activities within the purview of this chapter or chapter 116 of NRS *or sections 2 to 177, inclusive, of this act* if:

(a) A specific statute exempts the person from complying with the provisions of this chapter or chapter 116 of NRS *or sections 2 to 177, inclusive, of this act* with regard to those activities; and

(b) The person is acting in accordance with the exemption while engaging or offering to engage in those activities.



Sec. 200. NRS 37.0097 is hereby amended to read as follows:

37.0097 1. A unit-owners' association may not exercise the power of eminent domain pursuant to the provisions of this chapter.

2. As used in this section, "unit-owners' association" has the meaning ascribed to it in NRS 116.011 ***H or section 7 of this act.***

Sec. 201. NRS 38.300 is hereby amended to read as follows:

38.300 As used in NRS 38.300 to 38.360, inclusive, unless the context otherwise requires:

1. "Assessments" means:

(a) Any charge which an association may impose against an owner of residential property pursuant to a declaration of covenants, conditions and restrictions, including any late charges, interest and costs of collecting the charges; and

(b) Any penalties, fines, fees and other charges which may be imposed by an association pursuant to paragraphs (j) to (n), inclusive, of subsection 1 of NRS 116.3102 ***H or subsections 10, 11 and 12 of section 83 of this act.***

2. "Association" has the meaning ascribed to it in NRS 116.011 ***H or section 7 of this act.***

3. "Civil action" includes an action for money damages or equitable relief. The term does not include an action in equity for injunctive relief in which there is an immediate threat of irreparable harm, or an action relating to the title to residential property.

4. "Division" means the Real Estate Division of the Department of Business and Industry.

5. "Residential property" includes, but is not limited to, real estate within a planned community subject to the provisions of chapter 116 of NRS ***H or real estate within a condominium hotel subject to the provisions of sections 2 to 177, inclusive, of this act.*** The term does not include commercial property if no portion thereof contains property which is used for residential purposes.

Sec. 202. NRS 38.310 is hereby amended to read as follows:

38.310 1. No civil action based upon a claim relating to:

(a) The interpretation, application or enforcement of any covenants, conditions or restrictions applicable to residential property or any bylaws, rules or regulations adopted by an association; or

(b) The procedures used for increasing, decreasing or imposing additional assessments upon residential property,

➔ may be commenced in any court in this state unless the action has been submitted to mediation or arbitration pursuant to the provisions of NRS 38.300 to 38.360, inclusive, and, if the civil action concerns real estate within a planned community subject to the provisions of



chapter 116 of NRS ~~H~~ *or real estate within a condominium hotel subject to the provisions of sections 2 to 177, inclusive, of this act*, all administrative procedures specified in any covenants, conditions or restrictions applicable to the property or in any bylaws, rules and regulations of an association have been exhausted.

2. A court shall dismiss any civil action which is commenced in violation of the provisions of subsection 1.

Sec. 203. NRS 38.330 is hereby amended to read as follows:

38.330 1. If all parties named in a written claim filed pursuant to NRS 38.320 agree to have the claim submitted for mediation, the parties shall reduce the agreement to writing and shall select a mediator from the list of mediators maintained by the Division pursuant to NRS 38.340. Any mediator selected must be available within the geographic area. If the parties fail to agree upon a mediator, the Division shall appoint a mediator from the list of mediators maintained by the Division. Any mediator appointed must be available within the geographic area. Unless otherwise provided by an agreement of the parties, mediation must be completed within 60 days after the parties agree to mediation. Any agreement obtained through mediation conducted pursuant to this section must, within 20 days after the conclusion of mediation, be reduced to writing by the mediator and a copy thereof provided to each party. The agreement may be enforced as any other written agreement. Except as otherwise provided in this section, the parties are responsible for all costs of mediation conducted pursuant to this section.

2. If all the parties named in the claim do not agree to mediation, the parties shall select an arbitrator from the list of arbitrators maintained by the Division pursuant to NRS 38.340. Any arbitrator selected must be available within the geographic area. If the parties fail to agree upon an arbitrator, the Division shall appoint an arbitrator from the list maintained by the Division. Any arbitrator appointed must be available within the geographic area. Upon appointing an arbitrator, the Division shall provide the name of the arbitrator to each party.

3. The Division may provide for the payment of the fees for a mediator or an arbitrator selected or appointed pursuant to this section from the Account for Common-Interest Communities *and Condominium Hotels* created by NRS 116.630, to the extent that:

- (a) The Commission for Common-Interest Communities *and Condominium Hotels* approves the payment; and
- (b) There is money available in the account for this purpose.



4. Except as otherwise provided in this section and except where inconsistent with the provisions of NRS 38.300 to 38.360, inclusive, the arbitration of a claim pursuant to this section must be conducted in accordance with the provisions of NRS 38.231, 38.232, 38.233, 38.236 to 38.239, inclusive, 38.242 and 38.243. At any time during the arbitration of a claim relating to the interpretation, application or enforcement of any covenants, conditions or restrictions applicable to residential property or any bylaws, rules or regulations adopted by an association, the arbitrator may issue an order prohibiting the action upon which the claim is based. An award must be made within 30 days after the conclusion of arbitration, unless a shorter period is agreed upon by the parties to the arbitration.

5. If all the parties have agreed to nonbinding arbitration, any party to the arbitration may, within 30 days after a decision and award have been served upon the parties, commence a civil action in the proper court concerning the claim which was submitted for arbitration. Any complaint filed in such an action must contain a sworn statement indicating that the issues addressed in the complaint have been arbitrated pursuant to the provisions of NRS 38.300 to 38.360, inclusive. If such an action is not commenced within that period, any party to the arbitration may, within 1 year after the service of the award, apply to the proper court for a confirmation of the award pursuant to NRS 38.239.

6. If all the parties agree in writing to binding arbitration, the arbitration must be conducted in accordance with the provisions of this chapter. An award procured pursuant to such arbitration may be vacated and a rehearing granted upon application of a party pursuant to the provisions of NRS 38.241.

7. If, after the conclusion of arbitration, a party:

(a) Applies to have an award vacated and a rehearing granted pursuant to NRS 38.241; or

(b) Commences a civil action based upon any claim which was the subject of arbitration,

→ the party shall, if he fails to obtain a more favorable award or judgment than that which was obtained in the initial arbitration, pay all costs and reasonable attorney's fees incurred by the opposing party after the application for a rehearing was made or after the complaint in the civil action was filed.

8. Upon request by a party, the Division shall provide a statement to the party indicating the amount of the fees for a mediator or an arbitrator selected or appointed pursuant to this section.



9. As used in this section, “geographic area” means an area within 150 miles from any residential property or association which is the subject of a written claim submitted pursuant to NRS 38.320.

Sec. 204. NRS 78.045 is hereby amended to read as follows:

78.045 1. The Secretary of State shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed pursuant to the laws of this State which provides that the name of the corporation contains the word “bank” or “trust,” unless:

(a) It appears from the articles or the certificate of amendment that the corporation proposes to carry on business as a banking or trust company, exclusively or in connection with its business as a bank, savings and loan association or thrift company; and

(b) The articles or certificate of amendment is first approved by the Commissioner of Financial Institutions.

2. The Secretary of State shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed pursuant to the provisions of this chapter if it appears from the articles or the certificate of amendment that the business to be carried on by the corporation is subject to supervision by the Commissioner of Insurance or by the Commissioner of Financial Institutions, unless the articles or certificate of amendment is approved by the Commissioner who will supervise the business of the corporation.

3. Except as otherwise provided in subsection 6, the Secretary of State shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed pursuant to the laws of this State if the name of the corporation contains the words “engineer,” “engineered,” “engineering,” “professional engineer,” “registered engineer” or “licensed engineer” unless:

(a) The State Board of Professional Engineers and Land Surveyors certifies that the principals of the corporation are licensed to practice engineering pursuant to the laws of this State; or

(b) The State Board of Professional Engineers and Land Surveyors certifies that the corporation is exempt from the prohibitions of NRS 625.520.

4. The Secretary of State shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed pursuant to the laws of this State which provides that the name of the corporation contains the word “accountant,” “accounting,” “accountancy,” “auditor” or



“auditing” unless the Nevada State Board of Accountancy certifies that the corporation:

(a) Is registered pursuant to the provisions of chapter 628 of NRS; or

(b) Has filed with the Nevada State Board of Accountancy under penalty of perjury a written statement that the corporation is not engaged in the practice of accounting and is not offering to practice accounting in this State.

5. The Secretary of State shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed or existing pursuant to the laws of this State which provides that the name of the corporation contains the words “common-interest community,” “community association,” “master association,” “unit-owners’ association” or “homeowners’ association” or if it appears in the articles of incorporation or certificate of amendment that the purpose of the corporation is to operate as a unit-owners’ association pursuant to chapter 116 of NRS **or sections 2 to 177, inclusive, of this act** unless the Administrator of the Real Estate Division of the Department of Business and Industry certifies that the corporation has:

(a) Registered with the Ombudsman for Owners in Common-Interest Communities **and Condominium Hotels** pursuant to NRS 116.31158 **or section 121 of this act**; and

(b) Paid to the Administrator of the Real Estate Division the fees required pursuant to NRS 116.31155 **or section 120 of this act**.

6. The provisions of subsection 3 do not apply to any corporation, whose securities are publicly traded and regulated by the Securities Exchange Act of 1934, which does not engage in the practice of professional engineering.

7. The Commissioner of Financial Institutions and the Commissioner of Insurance may approve or disapprove the articles or amendments referred to them pursuant to the provisions of this section.

Sec. 205. NRS 78.170 is hereby amended to read as follows:

78.170 1. Each corporation which is required to make a filing and pay the fee prescribed in NRS 78.150 to 78.185, inclusive, and which refuses or neglects to do so within the time provided shall be deemed in default.

2. Upon notification from the Administrator of the Real Estate Division of the Department of Business and Industry that a corporation which is a unit-owners’ association as defined in NRS 116.011 **or section 7 of this act** has failed to register pursuant to



NRS 116.31158 *or section 121 of this act* or failed to pay the fees pursuant to NRS 116.31155 ~~H~~ *or section 120 of this act*, the Secretary of State shall deem the corporation to be in default. If, after the corporation is deemed to be in default, the Administrator notifies the Secretary of State that the corporation has registered pursuant to NRS 116.31158 *or section 121 of this act* and paid the fees pursuant to NRS 116.31155 ~~H~~ *or section 120 of this act*, the Secretary of State shall reinstate the corporation if the corporation complies with the requirements for reinstatement as provided in this section and NRS 78.180 and 78.185.

3. For default there must be added to the amount of the fee a penalty of \$75. The fee and penalty must be collected as provided in this chapter.

Sec. 206. NRS 81.055 is hereby amended to read as follows:

81.055 1. The Secretary of State shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed under the provisions of NRS 81.010 to 81.160, inclusive, which provides that the name of the corporation contains the words “common-interest community,” “community association,” “master association,” “unit-owners’ association” or “homeowners’ association” or if it appears in the articles of incorporation or certificate of amendment of articles of incorporation that the purpose of the corporation is to operate as a unit-owners’ association pursuant to chapter 116 of NRS *or sections 2 to 177, inclusive, of this act* unless the Administrator of the Real Estate Division of the Department of Business and Industry certifies that the corporation has:

(a) Registered with the Ombudsman for Owners in Common-Interest Communities *and Condominium Hotels* pursuant to NRS 116.31158 ~~H~~ *or section 121 of this act*; and

(b) Paid to the Administrator of the Real Estate Division the fees required pursuant to NRS 116.31155 ~~H~~ *and section 120 of this act*.

2. Upon notification from the Administrator of the Real Estate Division of the Department of Business and Industry that a corporation which is a unit-owners’ association as defined in NRS 116.011 *or section 7 of this act* has failed to register pursuant to NRS 116.31158 *or section 121 of this act* or failed to pay the fees pursuant to NRS 116.31155 ~~H~~ *or section 120 of this act*, the Secretary of State shall deem the corporation to be in default. If, after the corporation is deemed to be in default, the Administrator notifies the Secretary of State that the corporation has registered pursuant to NRS 116.31158 *or section 121 of this act* and paid the fees pursuant to NRS 116.31155 ~~H~~ *or section 120 of this act*, the



Secretary of State shall reinstate the corporation if the corporation complies with the requirements for reinstatement as provided in this section and NRS 78.180 and 78.185.

Sec. 207. NRS 81.205 is hereby amended to read as follows:

81.205 1. The Secretary of State shall not accept for filing any articles of association or any certificate of amendment of articles of association of any association formed under the provisions of NRS 81.170 to 81.270, inclusive, which provides that the name of the association contains the words “common-interest community,” “community association,” “master association,” “unit-owners’ association” or “homeowners’ association” or if it appears in the articles of association or certificate of amendment of articles of association that the purpose of the association is to operate as a unit-owners’ association pursuant to chapter 116 of NRS *or sections 2 to 177, inclusive, of this act* unless the Administrator of the Real Estate Division of the Department of Business and Industry certifies that the association has:

(a) Registered with the Ombudsman for Owners in Common-Interest Communities *and Condominium Hotels* pursuant to NRS 116.31158 *or section 121 of this act*; and

(b) Paid to the Administrator of the Real Estate Division the fees required pursuant to NRS 116.31155 *or section 120 of this act*.

2. Upon notification from the Administrator of the Real Estate Division of the Department of Business and Industry that an association which is a unit-owners’ association as defined in NRS 116.011 *or section 7 of this act* has failed to register pursuant to NRS 116.31158 *or section 121 of this act* or failed to pay the fees pursuant to NRS 116.31155 *or section 120 of this act*, the Secretary of State shall deem the association to be in default. If, after the association is deemed to be in default, the Administrator notifies the Secretary of State that the association has registered pursuant to NRS 116.31158 *or section 121 of this act* and paid the fees pursuant to NRS 116.31155 *or section 120 of this act*, the Secretary of State shall reinstate the association if the association complies with the requirements for reinstatement as provided in this section and NRS 78.180 and 78.185 and pays the fees required pursuant to NRS 82.193.

Sec. 208. NRS 81.445 is hereby amended to read as follows:

81.445 1. The Secretary of State shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed under the provisions of NRS 81.410 to 81.540, inclusive, which provides that the name of the corporation contains the words “common-interest



community,” “community association,” “master association,” “unit-owners’ association” or “homeowners’ association” or if it appears in the articles of incorporation or certificate of amendment of articles of incorporation that the purpose of the corporation is to operate as a unit-owners’ association pursuant to chapter 116 of NRS **or sections 2 to 177, inclusive, of this act** unless the Administrator of the Real Estate Division of the Department of Business and Industry certifies that the corporation has:

(a) Registered with the Ombudsman for Owners in Common-Interest Communities **and Condominium Hotels** pursuant to NRS 116.31158 **or section 121 of this act**; and

(b) Paid to the Administrator of the Real Estate Division the fees required pursuant to NRS 116.31155 **or section 120 of this act**.

2. Upon notification from the Administrator of the Real Estate Division of the Department of Business and Industry that a corporation which is a unit-owners’ association as defined in NRS 116.011 **or section 7 of this act** has failed to register pursuant to NRS 116.31158 **or section 121 of this act** or failed to pay the fees pursuant to NRS 116.31155 **or section 120 of this act**, the Secretary of State shall deem the corporation to be in default. If, after the corporation is deemed to be in default, the Administrator notifies the Secretary of State that the corporation has registered pursuant to NRS 116.31158 **or section 121 of this act** and paid the fees pursuant to NRS 116.31155 **or section 120 of this act**, the Secretary of State shall reinstate the corporation if the corporation complies with the requirements for reinstatement as provided in this section and NRS 78.180 and 78.185 and pays the fees required pursuant to NRS 82.193.

Sec. 209. NRS 82.106 is hereby amended to read as follows:

82.106 1. The Secretary of State shall not accept for filing pursuant to this chapter any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed or existing pursuant to this chapter if the name of the corporation contains the words “trust,” “engineer,” “engineered,” “engineering,” “professional engineer” or “licensed engineer.”

2. The Secretary of State shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed or existing under this chapter when it appears from the articles or the certificate of amendment that the business to be carried on by the corporation is subject to supervision by the Commissioner of Insurance.



3. The Secretary of State shall not accept for filing pursuant to this chapter any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed or existing pursuant to this chapter if the name of the corporation contains the word “accountant,” “accounting,” “accountancy,” “auditor” or “auditing.”

4. The Secretary of State shall not accept for filing any articles of incorporation or any certificate of amendment of articles of incorporation of any corporation formed or existing pursuant to the laws of this State which provides that the name of the corporation contains the words “common-interest community,” “community association,” “master association,” “unit-owners’ association” or “homeowners’ association” or if it appears in the articles of incorporation or certificate of amendment that the purpose of the corporation is to operate as a unit-owners’ association pursuant to chapter 116 of NRS *or sections 2 to 177, inclusive, of this act* unless the Administrator of the Real Estate Division of the Department of Business and Industry certifies that the corporation has:

(a) Registered with the Ombudsman for Owners in Common-Interest Communities *and Condominium Hotels* pursuant to NRS 116.31158 *or section 121 of this act*; and

(b) Paid to the Administrator of the Real Estate Division the fees required pursuant to NRS 116.31155 *or section 120 of this act*.

Sec. 210. NRS 82.193 is hereby amended to read as follows:

82.193 1. A corporation shall have a resident agent in the manner provided in NRS 78.090, 78.095, 78.097 and 78.110. The resident agent and the corporation shall comply with the provisions of those sections.

2. Upon notification from the Administrator of the Real Estate Division of the Department of Business and Industry that a corporation which is a unit-owners’ association as defined in NRS 116.011 *or section 7 of this act* has failed to register pursuant to NRS 116.31158 *or section 121 of this act* or failed to pay the fees pursuant to NRS 116.31155 *or section 120 of this act*, the Secretary of State shall deem the corporation to be in default. If, after the corporation is deemed to be in default, the Administrator notifies the Secretary of State that the corporation has registered pursuant to NRS 116.31158 *or section 121 of this act* and paid the fees pursuant to NRS 116.31155 *or section 120 of this act*, the Secretary of State shall reinstate the corporation if the corporation complies with the requirements for reinstatement as provided in this section and NRS 78.180 and 78.185.



3. A corporation is subject to the provisions of NRS 78.150 to 78.185, inclusive, except that:

- (a) The fee for filing a list is \$25;
- (b) The penalty added for default is \$50; and
- (c) The fee for reinstatement is \$100.

Sec. 211. NRS 86.171 is hereby amended to read as follows:

86.171 1. The name of a limited-liability company formed under the provisions of this chapter must contain the words “Limited-Liability Company,” “Limited Liability Company,” “Limited Company,” or “Limited” or the abbreviations “Ltd.,” “L.L.C.,” “L.C.,” “LLC” or “LC.” The word “Company” may be abbreviated as “Co.”

2. The name proposed for a limited-liability company must be distinguishable on the records of the Secretary of State from the names of all other artificial persons formed, organized, registered or qualified pursuant to the provisions of this title that are on file in the Office of the Secretary of State and all names that are reserved in the Office of the Secretary of State pursuant to the provisions of this title. If a proposed name is not so distinguishable, the Secretary of State shall return the articles of organization to the organizer, unless the written, acknowledged consent of the holder of the name on file or reserved name to use the same name or the requested similar name accompanies the articles of organization.

3. For the purposes of this section and NRS 86.176, a proposed name is not distinguishable from a name on file or reserved name solely because one or the other contains distinctive lettering, a distinctive mark, a trademark or a trade name, or any combination thereof.

4. The name of a limited-liability company whose charter has been revoked, which has merged and is not the surviving entity or whose existence has otherwise terminated is available for use by any other artificial person.

5. The Secretary of State shall not accept for filing any articles of organization for any limited-liability company if the name of the limited-liability company contains the word “accountant,” “accounting,” “accountancy,” “auditor” or “auditing” unless the Nevada State Board of Accountancy certifies that the limited-liability company:

- (a) Is registered pursuant to the provisions of chapter 628 of NRS; or
- (b) Has filed with the Nevada State Board of Accountancy under penalty of perjury a written statement that the limited-liability



company is not engaged in the practice of accounting and is not offering to practice accounting in this State.

6. The Secretary of State shall not accept for filing any articles of organization or certificate of amendment of articles of organization of any limited-liability company formed or existing pursuant to the laws of this State which provides that the name of the limited-liability company contains the word “bank” or “trust” unless:

(a) It appears from the articles of organization or the certificate of amendment that the limited-liability company proposes to carry on business as a banking or trust company, exclusively or in connection with its business as a bank, savings and loan association or thrift company; and

(b) The articles of organization or certificate of amendment is first approved by the Commissioner of Financial Institutions.

7. The Secretary of State shall not accept for filing any articles of organization or certificate of amendment of articles of organization of any limited-liability company formed or existing pursuant to the provisions of this chapter if it appears from the articles or the certificate of amendment that the business to be carried on by the limited-liability company is subject to supervision by the Commissioner of Insurance or by the Commissioner of Financial Institutions unless the articles or certificate of amendment is approved by the Commissioner who will supervise the business of the limited-liability company.

8. Except as otherwise provided in subsection 7, the Secretary of State shall not accept for filing any articles of organization or certificate of amendment of articles of organization of any limited-liability company formed or existing pursuant to the laws of this State which provides that the name of the limited-liability company contains the words “engineer,” “engineered,” “engineering,” “professional engineer,” “registered engineer” or “licensed engineer” unless:

(a) The State Board of Professional Engineers and Land Surveyors certifies that the principals of the limited-liability company are licensed to practice engineering pursuant to the laws of this State; or

(b) The State Board of Professional Engineers and Land Surveyors certifies that the limited-liability company is exempt from the prohibitions of NRS 625.520.

9. The Secretary of State shall not accept for filing any articles of organization or certificate of amendment of articles of organization of any limited-liability company formed or existing



pursuant to the laws of this State which provides that the name of the limited-liability company contains the words “common-interest community,” “community association,” “master association,” “unit-owners’ association” or “homeowners’ association” or if it appears in the articles of organization or certificate of amendment of articles of organization that the purpose of the limited-liability company is to operate as a unit-owners’ association pursuant to chapter 116 of NRS **or sections 2 to 177, inclusive, of this act** unless the Administrator of the Real Estate Division of the Department of Business and Industry certifies that the limited-liability company has:

(a) Registered with the Ombudsman for Owners in Common-Interest Communities **and Condominium Hotels** pursuant to NRS 116.31158 **or section 121 of this act**; and

(b) Paid to the Administrator of the Real Estate Division the fees required pursuant to NRS 116.31155 **or section 120 of this act**.

10. The Secretary of State may adopt regulations that interpret the requirements of this section.

Sec. 212. NRS 86.272 is hereby amended to read as follows:

86.272 1. Each limited-liability company which is required to make a filing and pay the fee prescribed in NRS 86.263 and 86.264 and which refuses or neglects to do so within the time provided is in default.

2. Upon notification from the Administrator of the Real Estate Division of the Department of Business and Industry that a limited-liability company which is a unit-owners’ association as defined in NRS 116.011 **or section 7 of this act** has failed to register pursuant to NRS 116.31158 **or section 121 of this act** or failed to pay the fees pursuant to NRS 116.31155 **or section 120 of this act**, the Secretary of State shall deem the limited-liability company to be in default. If, after the limited-liability company is deemed to be in default, the Administrator notifies the Secretary of State that the limited-liability company has registered pursuant to NRS 116.31158 **or section 121 of this act** and paid the fees pursuant to NRS 116.31155 **or section 120 of this act**, the Secretary of State shall reinstate the limited-liability company if the limited-liability company complies with the requirements for reinstatement as provided in this section and NRS 86.276.

3. For default there must be added to the amount of the fee a penalty of \$75. The fee and penalty must be collected as provided in this chapter.



Sec. 213. NRS 87.450 is hereby amended to read as follows:

87.450 1. The name proposed for a registered limited-liability partnership must contain the words “Limited-Liability Partnership” or “Registered Limited-Liability Partnership” or the abbreviation “L.L.P.” or “LLP” as the last words or letters of the name and must be distinguishable on the records of the Secretary of State from the names of all other artificial persons formed, organized, registered or qualified pursuant to the provisions of this title that are on file in the Office of the Secretary of State and all names that are reserved in the Office of the Secretary of State pursuant to the provisions of this title. If the name of the registered limited-liability partnership on a certificate of registration of limited-liability partnership submitted to the Secretary of State is not distinguishable from a name on file or reserved name, the Secretary of State shall return the certificate to the person who signed it unless the written, acknowledged consent of the holder of the name on file or reserved name to use the name accompanies the certificate.

2. For the purposes of this section, a proposed name is not distinguishable from a name on file or reserved name solely because one or the other contains distinctive lettering, a distinctive mark, a trademark or a trade name, or any combination thereof.

3. The Secretary of State shall not accept for filing any certificate of registration or certificate of amendment of a certificate of registration of any registered limited-liability partnership formed or existing pursuant to the laws of this State which provides that the name of the registered limited-liability partnership contains the word “accountant,” “accounting,” “accountancy,” “auditor” or “auditing” unless the Nevada State Board of Accountancy certifies that the registered limited-liability partnership:

(a) Is registered pursuant to the provisions of chapter 628 of NRS; or

(b) Has filed with the Nevada State Board of Accountancy under penalty of perjury a written statement that the registered limited-liability partnership is not engaged in the practice of accounting and is not offering to practice accounting in this State.

4. The Secretary of State shall not accept for filing any certificate of registration or certificate of amendment of a certificate of registration of any registered limited-liability partnership formed or existing pursuant to the laws of this State which provides that the name of the registered limited-liability partnership contains the word “bank” or “trust” unless:

(a) It appears from the certificate of registration or the certificate of amendment that the registered limited-liability partnership



proposes to carry on business as a banking or trust company, exclusively or in connection with its business as a bank, savings and loan association or thrift company; and

(b) The certificate of registration or certificate of amendment is first approved by the Commissioner of Financial Institutions.

5. The Secretary of State shall not accept for filing any certificate of registration or certificate of amendment of a certificate of registration of any registered limited-liability partnership formed or existing pursuant to the provisions of this chapter if it appears from the certificate of registration or the certificate of amendment that the business to be carried on by the registered limited-liability partnership is subject to supervision by the Commissioner of Insurance or by the Commissioner of Financial Institutions, unless the certificate of registration or certificate of amendment is approved by the Commissioner who will supervise the business of the registered limited-liability partnership.

6. Except as otherwise provided in subsection 5, the Secretary of State shall not accept for filing any certificate of registration or certificate of amendment of a certificate of registration of any registered limited-liability partnership formed or existing pursuant to the laws of this State which provides that the name of the registered limited-liability partnership contains the words “engineer,” “engineered,” “engineering,” “professional engineer,” “registered engineer” or “licensed engineer” unless:

(a) The State Board of Professional Engineers and Land Surveyors certifies that the principals of the registered limited-liability partnership are licensed to practice engineering pursuant to the laws of this State; or

(b) The State Board of Professional Engineers and Land Surveyors certifies that the registered limited-liability partnership is exempt from the prohibitions of NRS 625.520.

7. The Secretary of State shall not accept for filing any certificate of registration or certificate of amendment of a certificate of registration of any registered limited-liability partnership formed or existing pursuant to the laws of this State which provides that the name of the registered limited-liability partnership contains the words “common-interest community,” “community association,” “master association,” “unit-owners’ association” or “homeowners’ association” or if it appears in the certificate of registration or certificate of amendment that the purpose of the registered limited-liability partnership is to operate as a unit-owners’ association pursuant to chapter 116 of NRS **or sections 2 to 177, inclusive, of this act** unless the Administrator of the Real Estate Division of the



Department of Business and Industry certifies that the registered limited-liability partnership has:

(a) Registered with the Ombudsman for Owners in Common-Interest Communities *and Condominium Hotels* pursuant to NRS 116.31158 ~~H~~ *or section 121 of this act*; and

(b) Paid to the Administrator of the Real Estate Division the fees required pursuant to NRS 116.31155 ~~H~~ *or section 120 of this act*.

8. The name of a registered limited-liability partnership whose right to transact business has been forfeited, which has merged and is not the surviving entity or whose existence has otherwise terminated is available for use by any other artificial person.

9. The Secretary of State may adopt regulations that interpret the requirements of this section.

Sec. 214. NRS 87.520 is hereby amended to read as follows:

87.520 1. A registered limited-liability partnership that fails to comply with the provisions of NRS 87.510 is in default.

2. Upon notification from the Administrator of the Real Estate Division of the Department of Business and Industry that a registered limited-liability partnership which is a unit-owners' association as defined in NRS 116.011 *or section 7 of this act* has failed to register pursuant to NRS 116.31158 *or section 121 of this act* or failed to pay the fees pursuant to NRS 116.31155 ~~H~~ *or section 120 of this act*, the Secretary of State shall deem the registered limited-liability partnership to be in default. If, after the registered limited-liability partnership is deemed to be in default, the Administrator notifies the Secretary of State that the registered limited-liability partnership has registered pursuant to NRS 116.31158 *or section 121 of this act* and paid the fees pursuant to NRS 116.31155 ~~H~~ *or section 120 of this act*, the Secretary of State shall reinstate the registered limited-liability partnership if the registered limited-liability partnership complies with the requirements for reinstatement as provided in this section and NRS 87.530.

3. Any registered limited-liability partnership that is in default pursuant to this section must, in addition to the fee required to be paid pursuant to NRS 87.510, pay a penalty of \$75.

4. The Secretary of State shall provide written notice to the resident agent of any registered limited-liability partnership that is in default. The written notice:

(a) Must include the amount of any payment that is due from the registered limited-liability partnership.

(b) At the request of the resident agent, may be provided electronically.



5. If a registered limited-liability partnership fails to pay the amount that is due, the certificate of registration of the registered limited-liability partnership shall be deemed revoked immediately after the last day of the month in which the anniversary date of the filing of the certificate of registration occurs, and the Secretary of State shall notify the registered limited-liability partnership, by providing written notice to its resident agent or, if the registered limited-liability partnership does not have a resident agent, to a managing partner, that its certificate of registration is revoked. The written notice:

(a) Must include the amount of any fees and penalties incurred that are due.

(b) At the request of the resident agent or managing partner, may be provided electronically.

Sec. 215. NRS 88.320 is hereby amended to read as follows:

88.320 1. Except as otherwise provided in NRS 88.6065, the name proposed for a limited partnership as set forth in its certificate of limited partnership:

(a) Must contain the words “Limited Partnership,” or the abbreviation “LP” or “L.P.”;

(b) May not contain the name of a limited partner unless:

(1) It is also the name of a general partner or the corporate name of a corporate general partner; or

(2) The business of the limited partnership had been carried on under that name before the admission of that limited partner; and

(c) Must be distinguishable on the records of the Secretary of State from the names of all other artificial persons formed, organized, registered or qualified pursuant to the provisions of this title that are on file in the Office of the Secretary of State and all names that are reserved in the Office of the Secretary of State pursuant to the provisions of this title. If the name on the certificate of limited partnership submitted to the Secretary of State is not distinguishable from any name on file or reserved name, the Secretary of State shall return the certificate to the filer, unless the written, acknowledged consent to the use of the same or the requested similar name of the holder of the name on file or reserved name accompanies the certificate of limited partnership.

2. For the purposes of this section, a proposed name is not distinguished from a name on file or reserved name solely because one or the other contains distinctive lettering, a distinctive mark, a trademark or a trade name, or any combination thereof.

3. The Secretary of State shall not accept for filing any certificate of limited partnership for any limited partnership formed



or existing pursuant to the laws of this State which provides that the name of the limited partnership contains the word “accountant,” “accounting,” “accountancy,” “auditor” or “auditing” unless the Nevada State Board of Accountancy certifies that the limited partnership:

(a) Is registered pursuant to the provisions of chapter 628 of NRS; or

(b) Has filed with the Nevada State Board of Accountancy under penalty of perjury a written statement that the limited partnership is not engaged in the practice of accounting and is not offering to practice accounting in this State.

4. The Secretary of State shall not accept for filing any certificate of limited partnership for any limited partnership formed or existing pursuant to the laws of this State which provides that the name of the limited partnership contains the word “bank” or “trust” unless:

(a) It appears from the certificate of limited partnership that the limited partnership proposes to carry on business as a banking or trust company, exclusively or in connection with its business as a bank, savings and loan association or thrift company; and

(b) The certificate of limited partnership is first approved by the Commissioner of Financial Institutions.

5. The Secretary of State shall not accept for filing any certificate of limited partnership for any limited partnership formed or existing pursuant to the provisions of this chapter if it appears from the certificate of limited partnership that the business to be carried on by the limited partnership is subject to supervision by the Commissioner of Insurance or by the Commissioner of Financial Institutions, unless the certificate of limited partnership is approved by the Commissioner who will supervise the business of the limited partnership.

6. Except as otherwise provided in subsection 5, the Secretary of State shall not accept for filing any certificate of limited partnership for any limited partnership formed or existing pursuant to the laws of this State which provides that the name of the limited partnership contains the words “engineer,” “engineered,” “engineering,” “professional engineer,” “registered engineer” or “licensed engineer” unless:

(a) The State Board of Professional Engineers and Land Surveyors certifies that the principals of the limited partnership are licensed to practice engineering pursuant to the laws of this State; or



(b) The State Board of Professional Engineers and Land Surveyors certifies that the limited partnership is exempt from the prohibitions of NRS 625.520.

7. The Secretary of State shall not accept for filing any certificate of limited partnership for any limited partnership formed or existing pursuant to the laws of this State which provides that the name of the limited partnership contains the words “common-interest community,” “community association,” “master association,” “unit-owners’ association” or “homeowners’ association” or if it appears in the certificate of limited partnership that the purpose of the limited partnership is to operate as a unit-owners’ association pursuant to chapter 116 of NRS **or sections 2 to 177, inclusive, of this act** unless the Administrator of the Real Estate Division of the Department of Business and Industry certifies that the limited partnership has:

(a) Registered with the Ombudsman for Owners in Common-Interest Communities **and Condominium Hotels** pursuant to NRS 116.31158 **H or section 121 of this act;** and

(b) Paid to the Administrator of the Real Estate Division the fees required pursuant to NRS 116.31155 **H or section 120 of this act.**

8. The name of a limited partnership whose right to transact business has been forfeited, which has merged and is not the surviving entity or whose existence has otherwise terminated is available for use by any other artificial person.

9. The Secretary of State may adopt regulations that interpret the requirements of this section.

Sec. 216. NRS 88.400 is hereby amended to read as follows:

88.400 1. If a limited partnership has filed the list in compliance with NRS 88.395 and has paid the appropriate fee for the filing, the cancelled check or other proof of payment received by the limited partnership constitutes a certificate authorizing it to transact its business within this State until the anniversary date of the filing of its certificate of limited partnership in the next succeeding calendar year.

2. Each limited partnership which is required to make a filing and pay the fee prescribed in NRS 88.395 and 88.397 and which refuses or neglects to do so within the time provided is in default.

3. Upon notification from the Administrator of the Real Estate Division of the Department of Business and Industry that a limited partnership which is a unit-owners’ association as defined in NRS 116.011 **or section 7 of this act** has failed to register pursuant to NRS 116.31158 **or section 121 of this act** or failed to pay the fees pursuant to NRS 116.31155 **H or section 120 of this act,** the



Secretary of State shall deem the limited partnership to be in default. If, after the limited partnership is deemed to be in default, the Administrator notifies the Secretary of State that the limited partnership has registered pursuant to NRS 116.31158 **or section 121 of this act** and paid the fees pursuant to NRS 116.31155 **H or section 120 of this act**, the Secretary of State shall reinstate the limited partnership if the limited partnership complies with the requirements for reinstatement as provided in this section and NRS 88.410.

4. For default there must be added to the amount of the fee a penalty of \$75, and unless the filings are made and the fee and penalty are paid on or before the first day of the first anniversary of the month following the month in which filing was required, the defaulting limited partnership, by reason of its default, forfeits its right to transact any business within this State.

Sec. 217. NRS 88.6065 is hereby amended to read as follows:

88.6065 1. The name proposed for a registered limited-liability limited partnership must contain the words “Limited-Liability Limited Partnership” or “Registered Limited-Liability Limited Partnership” or the abbreviation “L.L.L.P.” or “LLLP” as the last words or letters of the name and must be distinguishable on the records of the Secretary of State from the names of all other artificial persons formed, organized, registered or qualified pursuant to the provisions of this title that are on file in the Office of the Secretary of State and all names that are reserved in the Office of the Secretary of State pursuant to the provisions of this title. If the name of the registered limited-liability limited partnership on a certificate of registration of limited-liability limited partnership submitted to the Secretary of State is not distinguishable from any name on file or reserved name, the Secretary of State shall return the certificate to the person who signed it, unless the written, acknowledged consent to the same name of the holder of the name on file or reserved name to use the name accompanies the certificate.

2. The Secretary of State shall not accept for filing any certificate of registration or any certificate of amendment of a certificate of registration of any registered limited-liability limited partnership formed or existing pursuant to the laws of this State which provides that the name of the registered limited-liability limited partnership contains the words “common-interest community,” “community association,” “master association,” “unit-owners’ association” or “homeowners’ association” or if it appears in the certificate of registration or certificate of amendment that the



purpose of the registered limited-liability limited partnership is to operate as a unit-owners’ association pursuant to chapter 116 of NRS **or sections 2 to 177, inclusive, of this act** unless the Administrator of the Real Estate Division of the Department of Business and Industry certifies that the registered limited-liability limited partnership has:

(a) Registered with the Ombudsman for Owners in Common-Interest Communities **and Condominium Hotels** pursuant to NRS 116.31158 **or section 121 of this act;** and

(b) Paid to the Administrator of the Real Estate Division the fees required pursuant to NRS 116.31155 **or section 120 of this act.**

3. For the purposes of this section, a proposed name is not distinguishable from a name on file or reserved name solely because one or the other contains distinctive lettering, a distinctive mark, a trademark or a trade name, or any combination thereof.

4. The name of a registered limited-liability limited partnership whose right to transact business has been forfeited, which has merged and is not the surviving entity or whose existence has otherwise terminated is available for use by any other artificial person.

5. The Secretary of State may adopt regulations that interpret the requirements of this section.

Sec. 217.5. NRS 361.233 is hereby amended to read as follows:

361.233 1. Notwithstanding any other provision of law:

(a) Any ad valorem taxes or special assessments assessed upon any real property within a common-interest community:

(1) Must be assessed upon the community units and not upon the common-interest community as a whole; and

(2) Must not be assessed upon any common elements of the common-interest community.

(b) Each community unit must be assessed separately for the purposes of ad valorem taxes and special assessments.

(c) Any lien created by the levy of an ad valorem tax or special assessment upon a community unit applies only to the community unit assessed and does not apply to any other portion of the common-interest community.

2. For the purposes of this section:

(a) “Ad valorem tax” means an ad valorem tax levied by any governmental entity or political subdivision in this State on or after July 1, 2006.



(b) “Common elements” means all real property within a common-interest community other than the community units, which is owned:

- (1) By the community association;
- (2) By any person on behalf or for the benefit of the owners of the community units; or
- (3) Jointly by the owners of the community units.

(c) “Common-interest community” means real property with respect to which a person, by virtue of his ownership of a community unit, is obligated to pay for any real property other than that unit. The term includes a common-interest community governed by the provisions of chapter 116 of NRS, *a condominium hotel governed by the provisions of sections 2 to 177, inclusive, of this act*, a condominium project governed by the provisions of chapter 117 of NRS and any time-share project, planned unit development or other real property which is organized as a common-interest community in this State.

(d) “Community association” means an association whose membership:

- (1) Consists exclusively of the owners of the community units or their elected or appointed representatives; and
- (2) Is a required condition of the ownership of a community unit.

(e) “Community unit” means a physical portion of a common-interest community designated for separate ownership or occupancy.

(f) “Special assessment” means a special assessment levied by any governmental entity or political subdivision in this State on or after July 1, 2006.

Sec. 218. NRS 645.240 is hereby amended to read as follows:

645.240 1. The provisions of this chapter do not apply to, and the terms “real estate broker” and “real estate salesman” do not include, any:

(a) Owner or lessor of property, or any regular employee of such a person, who performs any of the acts mentioned in NRS 645.030, 645.040, 645.230 and 645.260, with respect to the property in the regular course of or as an incident to the management of or investment in the property. For the purposes of this paragraph, “management” means activities which tend to preserve or increase the income from the property by preserving the physical desirability of the property or maintaining high standards of service to tenants. The term does not include sales activities.



(b) Employee of a real estate broker while engaged in the collection of rent for or on behalf of the broker.

(c) Person while performing the duties of a property manager for a property, if the person maintains an office on the property and does not engage in property management with regard to any other property.

(d) Person while performing the duties of a property manager for a common-interest community governed by the provisions of chapter 116 of NRS, *an association of a condominium hotel governed by the provisions of sections 2 to 177, inclusive, of this act*, a condominium project governed by the provisions of chapter 117 of NRS, a time share governed by the provisions of chapter 119A of NRS, or a planned unit development governed by the provisions of chapter 278A of NRS, if the person is a member in good standing of, and, if applicable, holds a current certificate, registration or other similar form of recognition from, a nationally recognized organization or association for persons managing such properties that has been approved by the Real Estate Division by regulation.

(e) Person while performing the duties of a property manager for property used for residential housing that is subsidized either directly or indirectly by this State, an agency or political subdivision of this State, or the Federal Government or an agency of the Federal Government.

2. Except as otherwise provided in NRS 645.606 to 645.6085, inclusive, the provisions of this chapter do not apply to:

(a) Any bank, thrift company, credit union, trust company, savings and loan association or any mortgage or farm loan association licensed under the laws of this State or of the United States, with reference to property it has acquired for development, for the convenient transaction of its business, or as a result of foreclosure of property encumbered in good faith as security for a loan or other obligation it has originated or holds.

(b) A corporation which, through its regular officers who receive no special compensation for it, performs any of those acts with reference to the property of the corporation.

(c) The services rendered by an attorney at law in the performance of his duties as an attorney at law.

(d) A receiver, trustee in bankruptcy, administrator or executor, or any other person doing any of the acts specified in NRS 645.030 under the jurisdiction of any court.

(e) A trustee acting under a trust agreement, deed of trust or will, or the regular salaried employees thereof.



(f) The purchase, sale or locating of mining claims or options thereon or interests therein.

(g) The State of Nevada or a political subdivision thereof.

Sec. 219. NRS 649.020 is hereby amended to read as follows:

649.020 1. “Collection agency” means all persons engaging, directly or indirectly, and as a primary or a secondary object, business or pursuit, in the collection of or in soliciting or obtaining in any manner the payment of a claim owed or due or asserted to be owed or due to another.

2. “Collection agency” does not include any of the following unless they are conducting collection agencies:

(a) Individuals regularly employed on a regular wage or salary, in the capacity of credit men or in other similar capacity upon the staff of employees of any person not engaged in the business of a collection agency or making or attempting to make collections as an incident to the usual practices of their primary business or profession.

(b) Banks.

(c) Nonprofit cooperative associations.

(d) Unit-owners’ associations and the board members, officers, employees and units’ owners of those associations when acting under the authority of and in accordance with chapter 116 of NRS *or sections 2 to 177, inclusive, of this act* and the governing documents of the association, except for those community managers included within the term “collection agency” pursuant to subsection 3.

(e) Abstract companies doing an escrow business.

(f) Duly licensed real estate brokers, except for those real estate brokers who are community managers included within the term “collection agency” pursuant to subsection 3.

(g) Attorneys and counselors at law licensed to practice in this State, so long as they are retained by their clients to collect or to solicit or obtain payment of such clients’ claims in the usual course of the practice of their profession and the collection, solicitation or obtainment is incidental to the usual course of the practice of their profession.

3. “Collection agency”:

(a) Includes a community manager while engaged in the management of a common-interest community *or the management of an association of a condominium hotel* if the community manager, or any employee, agent or affiliate of the community manager, performs or offers to perform any act associated with the



foreclosure of a lien pursuant to NRS 116.31162 to 116.31168, inclusive ~~H~~ *or sections 123 to 128, inclusive, of this act;* and

(b) Does not include any other community manager while engaged in the management of a common-interest community ~~H~~ *or the management of an association of a condominium hotel.*

4. As used in this section:

(a) “Community manager” has the meaning ascribed to it in NRS 116.023 ~~H~~ *or section 11 of this act.*

(b) “Unit-owners’ association” has the meaning ascribed to it in NRS 116.011 ~~H~~ *or section 7 of this act.*

Sec. 220. This act becomes effective:

1. Upon passage and approval for the purpose of adopting regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and

2. On January 1, 2008, for all other purposes.

