

SENATE BILL NO. 483—COMMITTEE ON JUDICIARY

MARCH 26, 2007

Referred to Committee on Judiciary

SUMMARY—Makes various changes to provisions relating to business. (BDR 7-868)

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

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

AN ACT relating to business; revising provisions relating to corporations; revising the provisions relating to the reinstatement, renewal or revival of certain business associations; revising provisions relating to limited-liability companies; revising the applicability of the Uniform Partnership Act (1997); revising provisions relating to professional corporations and associations; revising provisions relating to the exemption of certain property of judgment debtors from attachment or execution; requiring financing statements of a transmitting utility to be filed in the Office of the Secretary of State; revising provisions relating to a trustee's power of sale involving real property; revising provisions relating to the prohibition of certain acts by certain personnel of a common-interest community; making various other changes relating to business; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

**Section 1** of this bill expands a corporation's powers to include the specific renunciation of certain business opportunities. (NRS 78.070) **Section 2** of this bill clarifies existing law to specify that a board of directors may authorize a transaction by written consent even if the votes of common and interested directors are not counted and regardless of whether the members whose votes are not counted join or abstain from joining in such authorization. (NRS 78.140)

Existing law sets forth provisions relating to the reinstatement, renewal or revival of certain business associations. (NRS 78.180, 78.740, 80.170, 82.5237, 82.546, 84.150, 86.276, 86.5467, 86.580, 87.530, 87.5435, 88.410, 88.594,



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88A.650, 88A.737, 89.256) **Sections 3, 10-14, 17, 21, 22, 28-33 and 44** of this bill provide that a reinstatement, renewal or revival of certain business associations relate back to the date of forfeiture.

**Section 5** of this bill prohibits a corporation from issuing stock certificates in bearer form. (NRS 78.235)

Existing law requires written consent to be signed by all members of a board or committee of a corporation before taking certain actions. (NRS 78.315) **Section 6** of this bill establishes provisions exempting certain directors from signing such written consent.

Existing law requires directors of every corporation to be elected by a plurality of votes cast at the annual stockholders' meeting. (NRS 78.330) **Section 8** of this bill allows the articles of incorporation or bylaws to require more than a plurality of the vote.

**Section 15** of this bill establishes provisions allowing the dissolution of a limited-liability company before the commencement of any business. **Section 16** of this bill provides limitations on liability by providing that a limited-liability company is an entity distinct from its managers and members. (NRS 86.201)

Existing law establishes provisions relating to the operating agreement of a limited-liability company. (NRS 86.286) **Section 18** of this bill provides that an operating agreement adopted after the filing of the articles of incorporation or after the formation of the limited-liability company may be enforced against the limited-liability company whether or not it assents to the agreement.

**Section 19** of this bill limits the liability of members and managers of a company by providing that the failure of a limited-liability company to observe certain formalities does not create liability for its members or managers. (NRS 86.371) **Section 20** of this bill expands the class of members which may bring an action on behalf of a limited-liability company to include noneconomic members. (NRS 86.483) **Sections 24 and 26** of this bill revise the provisions concerning applicability of the Uniform Partnership Act (1997). (NRS 87.025, 87.4314) **Section 27** of this bill revises the filing requirements for a registered limited-liability partnership to exclude the filing of a statement of the professional service rendered by the partnership. (NRS 87.440) **Sections 34-43** of this bill revise the provisions relating to professional corporations and associations to reflect the inclusion of all professional entities and the formation of professional limited-liability companies. (NRS 89.020, 89.025, 89.030-89.110).

Existing law establishes the right of shareholders to dissent from corporate actions. (NRS 92A.380) **Section 45** of this bill prohibits a dissenting shareholder to vote his shares or to receive certain dividends or distributions after his dissent.

Existing law exempts certain property of a judgment debtor from attachment or execution. (NRS 21.075, 21.090, 31.045) **Sections 46-48** of this bill limit the exemption of payments received pursuant to the federal Social Security Act to such payments made for the individual support of the judgment debtor.

Existing law provides that a transmitting utility may file a financing statement in the Office of the Secretary of State or the county recorder of the appropriate county. (NRS 104.9501) **Section 49** of this bill no longer allows such financing statements to be filed in a county recorder's office.

Existing law sets forth certain requirements relating to a trustee's power of sale involving real property. (NRS 107.080) **Section 50** of this bill provides that a person must lack actual knowledge that the sale was not in compliance with such requirements to be a bona fide purchaser and if there is no such knowledge, the sale may not be declared void.

Existing law prohibits certain personnel of a common-interest community from soliciting or accepting gratuities under certain circumstances. (NRS 116.31185) **Section 51** of this bill requires certain gratuities or gifts, although not in violation



64 of any restriction when the gratuity or gift was provided or received, to be returned  
65 under certain circumstances.

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

1     **Section 1.** NRS 78.070 is hereby amended to read as follows:

2     78.070 Subject to such limitations, if any, as may be contained  
3 in its articles of incorporation, every corporation has the following  
4 powers:

5     1. To borrow money and contract debts when necessary for the  
6 transaction of its business, or for the exercise of its corporate rights,  
7 privileges or franchises, or for any other lawful purpose of its  
8 incorporation and to issue bonds, promissory notes, bills of  
9 exchange, debentures, and other obligations and evidences of  
10 indebtedness, payable at a specified time or times, or payable upon  
11 the happening of a specified event or events, whether secured by  
12 mortgage, pledge or other security, or unsecured, for money  
13 borrowed, or in payment for property purchased or acquired, or for  
14 any other lawful object.

15     2. To guarantee, purchase, hold, take, obtain, receive, subscribe  
16 for, own, use, dispose of, sell, exchange, lease, lend, assign,  
17 mortgage, pledge, or otherwise acquire, transfer or deal in or with  
18 bonds or obligations of, or shares, securities or interests in or issued  
19 by, any person, government, governmental agency or political  
20 subdivision of government, and to exercise all the rights, powers  
21 and privileges of ownership of such an interest, including the right  
22 to vote, if any.

23     3. To purchase, hold, sell, pledge and transfer shares of its own  
24 stock, and use therefor its property or money.

25     4. To conduct business, have one or more offices, and hold,  
26 purchase, lease, mortgage, convey and take by devise or bequest real  
27 and personal property in this State, and in any of the several states,  
28 territories, possessions and dependencies of the United States, the  
29 District of Columbia, Puerto Rico and any foreign countries.

30     5. To do everything necessary and proper for the  
31 accomplishment of the objects enumerated in its articles of  
32 incorporation or necessary or incidental to the protection and benefit  
33 of the corporation, and, in general, to carry on any lawful business  
34 necessary or incidental to the attainment of the objects of the  
35 corporation, whether or not the business is similar in nature to the  
36 objects set forth in the articles of incorporation, except that:

37     (a) A corporation created under the provisions of this chapter  
38 does not possess the power of issuing bills, notes or other evidences  
39 of debt for circulation of money; and



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(b) This chapter does not authorize the formation of banking corporations to issue or circulate money or currency within this State, or outside of this State, or at all, except the federal currency, or the notes of banks authorized under the laws of the United States.

6. To make donations for the public welfare or for charitable, scientific or educational purposes.

7. To enter into any relationship with another person in connection with any lawful activities.

*8. To renounce in its articles of incorporation or by action by the board of directors any interest or expectancy to participate in specified business opportunities or specified classes or categories of business opportunities that are presented to the corporation or one or more of its officers, directors or stockholders.*

**Sec. 2.** NRS 78.140 is hereby amended to read as follows:

78.140 1. A contract or other transaction is not void or voidable solely because:

(a) The contract or transaction is between a corporation and:

(1) One or more of its directors or officers; or

(2) Another corporation, firm or association in which one or more of its directors or officers are directors or officers or are financially interested;

(b) A common or interested director or officer:

(1) Is present at the meeting of the board of directors or a committee thereof which authorizes or approves the contract or transaction; or

(2) Joins in the signing of a written consent which authorizes or approves the contract or transaction pursuant to subsection 2 of NRS 78.315; or

(c) The vote or votes of a common or interested director are counted for the purpose of authorizing or approving the contract or transaction,

↳ if one of the circumstances specified in subsection 2 exists.

2. The circumstances in which a contract or other transaction is not void or voidable pursuant to subsection 1 are:

(a) The fact of the common directorship, office or financial interest is known to the board of directors or committee, and the board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of the common or interested director or directors.

(b) The fact of the common directorship, office or financial interest is known to the stockholders, and they approve or ratify the contract or transaction in good faith by a majority vote of stockholders holding a majority of the voting power. The votes of



1 the common or interested directors or officers must be counted in  
2 any such vote of stockholders.

3 (c) The fact of the common directorship, office or financial  
4 interest is not known to the director or officer at the time the  
5 transaction is brought before the board of directors of the  
6 corporation for action.

7 (d) The contract or transaction is fair as to the corporation at the  
8 time it is authorized or approved.

9 3. Common or interested directors may be counted in  
10 determining the presence of a quorum at a meeting of the board of  
11 directors or a committee thereof which authorizes, approves or  
12 ratifies a contract or transaction, and if the votes of the common or  
13 interested directors are not counted at the meeting, then a majority  
14 of the disinterested directors may authorize, approve or ratify a  
15 contract or transaction.

16 4. *The fact that the vote or votes of the common or interested*  
17 *director or directors are not counted for purposes of subsection 2*  
18 *does not prohibit any authorization, approval or ratification of a*  
19 *contract or transaction to be given by written consent pursuant to*  
20 *subsection 2 of NRS 78.315, regardless of whether the common or*  
21 *interested director signs such written consent or abstains in*  
22 *writing from providing consent.*

23 5. Unless otherwise provided in the articles of incorporation or  
24 the bylaws, the board of directors, without regard to personal  
25 interest, may establish the compensation of directors for services in  
26 any capacity. If the board of directors establishes the compensation  
27 of directors pursuant to this subsection, such compensation is  
28 presumed to be fair to the corporation unless proven unfair by a  
29 preponderance of the evidence.

30 **Sec. 3.** NRS 78.180 is hereby amended to read as follows:

31 78.180 1. Except as otherwise provided in subsections 3 and  
32 4, the Secretary of State shall reinstate a corporation which has  
33 forfeited or which forfeits its right to transact business pursuant to  
34 the provisions of this chapter and shall restore to the corporation its  
35 right to carry on business in this State, and to exercise its corporate  
36 privileges and immunities, if it:

37 (a) Files with the Secretary of State:

38 (1) The list required by NRS 78.150;

39 (2) The statement required by NRS 78.153, if applicable; and

40 (3) A certificate of acceptance of appointment signed by its  
41 resident agent; and

42 (b) Pays to the Secretary of State:

43 (1) The filing fee and penalty set forth in NRS 78.150 and  
44 78.170 for each year or portion thereof during which it failed to file  
45 each required annual list in a timely manner;



- 1 (2) The fee set forth in NRS 78.153, if applicable; and  
2 (3) A fee of \$300 for reinstatement.

3 2. When the Secretary of State reinstates the corporation, he  
4 shall issue to the corporation a certificate of reinstatement if the  
5 corporation:

6 (a) Requests a certificate of reinstatement; and

7 (b) Pays the required fees pursuant to subsection 8 of  
8 NRS 78.785.

9 3. The Secretary of State shall not order a reinstatement unless  
10 all delinquent fees and penalties have been paid, and the revocation  
11 of the charter occurred only by reason of failure to pay the fees and  
12 penalties.

13 4. If a corporate charter has been revoked pursuant to the  
14 provisions of this chapter and has remained revoked for a period of  
15 5 consecutive years, the charter must not be reinstated.

16 *5. Except as otherwise provided in NRS 78.185, a*  
17 *reinstatement pursuant to this section relates back to the date on*  
18 *which the corporation forfeited its right to transact business under*  
19 *the provisions of this chapter and reinstates the corporation's*  
20 *right to transact business as if such right had at all times remained*  
21 *in full force and effect.*

22 **Sec. 4.** NRS 78.185 is hereby amended to read as follows:

23 78.185 1. Except as otherwise provided in subsection 2, if a  
24 corporation applies to reinstate or revive its charter but its name has  
25 been legally reserved or acquired by another artificial person  
26 formed, organized, registered or qualified pursuant to the provisions  
27 of this title whose name is on file with the Office of the Secretary of  
28 State or reserved in the Office of the Secretary of State pursuant to  
29 the provisions of this title, the corporation shall in its application for  
30 reinstatement submit in writing to the Secretary of State some other  
31 name under which it desires its corporate existence to be reinstated  
32 or revived. If that name is distinguishable from all other names  
33 reserved or otherwise on file, the Secretary of State shall  
34 ~~reinstate~~ *reinstate* the corporation under that new name. Upon  
35 the issuance of a certificate of reinstatement or revival under that  
36 new name, the articles of incorporation of the applying corporation  
37 shall be deemed to reflect the new name without the corporation  
38 having to comply with the provisions of NRS 78.385, 78.390 or  
39 78.403.

40 2. If the applying corporation submits the written,  
41 acknowledged consent of the artificial person having a name, or the  
42 person who has reserved a name, which is not distinguishable from  
43 the old name of the applying corporation or a new name it has  
44 submitted, it may be reinstated or revived under that name.



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 of these.

4. The Secretary of State may adopt regulations that interpret the requirements of this section.

**Sec. 5.** NRS 78.235 is hereby amended to read as follows:

78.235 1. Except as otherwise provided in subsection 4, every stockholder is entitled to have a certificate, signed by officers or agents designated by the corporation for the purpose, certifying the number of shares ~~owned by him~~ in the corporation ~~owned by the stockholder~~. *A corporation has no power to issue a certificate in bearer form, and any such certificate that is issued is void and of no force or effect.*

2. Whenever any certificate is countersigned or otherwise authenticated by a transfer agent or transfer clerk, and by a registrar, then a facsimile of the signatures of the officers or agents, the transfer agent or transfer clerk or the registrar of the corporation may be printed or lithographed upon the certificate in lieu of the actual signatures. If a corporation uses facsimile signatures of its officers and agents on its stock certificates, it cannot act as registrar of its own stock, but its transfer agent and registrar may be identical if the institution acting in those dual capacities countersigns or otherwise authenticates any stock certificates in both capacities.

3. If any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any certificate or certificates for stock cease to be an officer or officers of the corporation, whether because of death, resignation or other reason, before the certificate or certificates have been delivered by the corporation, the certificate or certificates may nevertheless be adopted by the corporation and be issued and delivered as though the person or persons who signed the certificate or certificates, or whose facsimile signature or signatures have been used thereon, had not ceased to be an officer or officers of the corporation.

4. Unless otherwise provided in the articles of incorporation or bylaws, the board of directors may authorize the issuance of uncertificated shares of some or all of the shares of any or all of its classes or series. The issuance of uncertificated shares has no effect on existing certificates for shares until surrendered to the corporation, or on the respective rights and obligations of the stockholders. Unless otherwise provided by a specific statute, the rights and obligations of stockholders are identical whether or not their shares of stock are represented by certificates.

5. Within a reasonable time after the issuance or transfer of shares without certificates, the corporation shall send the



1 stockholder a written statement containing the information required  
2 on the certificates pursuant to subsection 1. At least annually  
3 thereafter, the corporation shall provide to its stockholders of record,  
4 a written statement confirming the information contained in the  
5 informational statement previously sent pursuant to this subsection.

6 6. Unless otherwise provided in the articles of incorporation or  
7 bylaws, a corporation may issue a new certificate of stock or, if  
8 authorized by the board of directors pursuant to subsection 4,  
9 uncertificated shares in place of a certificate previously issued by it  
10 and alleged to have been lost, stolen or destroyed. A corporation  
11 may require an owner or legal representative of an owner of a lost,  
12 stolen or destroyed certificate to give the corporation a bond or other  
13 security sufficient to indemnify it against any claim that may be  
14 made against it for the alleged loss, theft or destruction of a  
15 certificate, or the issuance of a new certificate or uncertificated  
16 shares.

17 **Sec. 6.** NRS 78.315 is hereby amended to read as follows:

18 78.315 1. Unless the articles of incorporation or the bylaws  
19 provide for a greater or lesser proportion, a majority of the board of  
20 directors of the corporation then in office, at a meeting duly  
21 assembled, is necessary to constitute a quorum for the transaction of  
22 business, and the act of directors holding a majority of the voting  
23 power of the directors, present at a meeting at which a quorum is  
24 present, is the act of the board of directors.

25 2. Unless otherwise restricted by the articles of incorporation  
26 or bylaws, any action required or permitted to be taken at a meeting  
27 of the board of directors or of a committee thereof may be taken  
28 without a meeting if, before or after the action, a written consent  
29 thereto is signed by all the members of the board or of the  
30 committee **[H]**, *except that such written consent is not required to*  
31 *be signed by:*

32 *(a) A common or interested director who abstains in writing*  
33 *from providing consent to the action. If a common or interested*  
34 *director abstains in writing from providing consent:*

35 *(1) The fact of the common directorship, office or financial*  
36 *interest must be known to the board of directors or committee*  
37 *before a written consent is signed by all the members of the board*  
38 *of the committee.*

39 *(2) Such fact must be described in the written consent.*

40 *(3) The board of directors or committee must approve,*  
41 *authorize or ratify the action in good faith by unanimous consent*  
42 *without counting the abstention of the common or interested*  
43 *director.*

44 *(b) A director who is a party to an action, suit or proceeding*  
45 *who abstains in writing from providing consent to the action. If a*





*director who is a party to an action, suit or proceeding abstains in writing from providing consent on the basis that he is a party to an action, suit or proceeding, the board of directors or committee must:*

*(1) Make a determination pursuant to NRS 78.751 that indemnification of the director is proper under the circumstances.*

*(2) Approve, authorize or ratify the action in good faith by unanimous consent without counting the abstention of the director who is a party to an action, suit or proceeding.*

3. Unless otherwise restricted by the articles of incorporation or bylaws, members of the board of directors or the governing body of any corporation, or of any committee designated by such board or body, may participate in a meeting of the board, body or committee by means of a telephone conference or similar methods of communication by which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection constitutes presence in person at the meeting.

**Sec. 7.** NRS 78.320 is hereby amended to read as follows:

78.320 1. Unless this chapter, the articles of incorporation or the bylaws provide for different proportions:

(a) A majority of the voting power, which includes the voting power that is present in person or by proxy, regardless of whether the proxy has authority to vote on all matters, constitutes a quorum for the transaction of business; and

(b) Action by the stockholders on a matter other than the election of directors is approved if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action.

2. Unless otherwise provided in the articles of incorporation or the bylaws, any action required or permitted to be taken at a meeting of the stockholders may be taken without a meeting if, before or after the action, a written consent thereto is signed by stockholders holding at least a majority of the voting power, except that if a different proportion of voting power is required for such an action at a meeting, then that proportion of written consents is required.

3. In no instance where action is authorized by written consent need a meeting of stockholders be called or notice given.

4. Unless otherwise restricted by the articles of incorporation or bylaws, stockholders may participate in a meeting of stockholders by means of a telephone conference or similar methods of communication by which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection constitutes presence in person at the meeting.

5. Unless ~~otherwise provided in~~ this chapter, the articles of incorporation or the bylaws ~~[-]~~ *provide for different proportions*, if



voting by a class or series of stockholders is permitted or required ~~to~~ **to**:

(a) A majority of the voting power of the class or series that is present in person or by proxy, regardless of whether the proxy has authority to vote on all matters, constitutes a quorum for the transaction of business ~~to~~; **and**

(b) An act by the stockholders of each class or series is approved if a majority of the voting power of a quorum of the class or series votes for the action.

**Sec. 8.** NRS 78.330 is hereby amended to read as follows:

78.330 1. Unless elected pursuant to NRS 78.320, ***or unless the articles of incorporation or the bylaws require more than a plurality of the votes cast,*** directors of every corporation must be elected at the annual meeting of the stockholders by a plurality of the votes cast at the election. Unless otherwise provided in this chapter or in the bylaws, the board of directors has the authority to set the date, time and place for the annual meeting of the stockholders. If for any reason directors are not elected pursuant to NRS 78.320 or at the annual meeting of the stockholders, they may be elected at any special meeting of the stockholders which is called and held for that purpose. Unless otherwise provided in the articles of incorporation or bylaws, each director holds office after the expiration of his term until his successor is elected and qualified, or until he resigns or is removed.

2. The articles of incorporation or the bylaws may provide for the classification of directors as to the duration of their respective terms of office or as to their election by one or more authorized classes or series of shares, but at least one-fourth in number of the directors of every corporation must be elected annually. If an amendment reclassifying the directors would otherwise increase the term of a director, unless the amendment is to the articles of incorporation and otherwise provides, the term of each incumbent director on the effective date of the amendment terminates on the date it would have terminated had there been no reclassification.

3. The articles of incorporation may provide that the voting power of individual directors or classes of directors may be greater than or less than that of any other individual directors or classes of directors, and the different voting powers may be stated in the articles of incorporation or may be dependent upon any fact or event that may be ascertained outside the articles of incorporation if the manner in which the fact or event may operate on those voting powers is stated in the articles of incorporation. If the articles of incorporation provide that any directors may have voting power greater than or less than other directors, every reference in this chapter to a majority or other proportion of directors shall be



1 deemed to refer to a majority or other proportion of the voting  
2 power of all of the directors or classes of directors, as may be  
3 required by the articles of incorporation.

4 **Sec. 9.** NRS 78.565 is hereby amended to read as follows:

5 78.565 1. Unless otherwise provided in the articles of  
6 incorporation, every corporation may, by action taken at any  
7 meeting of its board of directors, sell, lease or exchange all of its  
8 property and assets, including its goodwill and its corporate  
9 franchises, upon such terms and conditions as its board of directors  
10 may approve, when and as authorized by the affirmative vote of  
11 stockholders holding stock in the corporation entitling them to  
12 exercise at least a majority of the voting power . ~~[given at a~~  
13 ~~stockholders' meeting called for that purpose.]~~

14 2. Unless otherwise provided in the articles of incorporation, a  
15 vote of stockholders is not necessary:

16 (a) For a transfer of assets by way of mortgage, or in trust or in  
17 pledge to secure indebtedness of the corporation; or

18 (b) To abandon the sale, lease or exchange of assets.

19 **Sec. 10.** NRS 78.740 is hereby amended to read as follows:

20 78.740 1. Any corporation existing on or incorporated after  
21 April 1, 1925, desiring to renew or revive its corporate existence,  
22 upon complying with the provisions of this chapter, is and continues  
23 for the time stated in its certificate of renewal to be a corporation,  
24 and in addition to the rights, privileges and immunities conferred by  
25 its original charter, possesses and enjoys all the benefits of this  
26 chapter that are applicable to the nature of its business, and is  
27 subject to the restrictions and liabilities by this chapter imposed on  
28 such corporations.

29 2. *Except as otherwise provided in NRS 78.185, a renewal or*  
30 *revival pursuant to NRS 78.730 relates back to the date on which*  
31 *the corporation's charter expired or was revoked and renews or*  
32 *revives the corporation's charter and right to transact business as*  
33 *if such right had at all times remained in full force and effect.*

34 **Sec. 11.** NRS 80.170 is hereby amended to read as follows:

35 80.170 1. Except as otherwise provided in subsections 3 and  
36 4, the Secretary of State shall reinstate a corporation which has  
37 forfeited or which forfeits its right to transact business under the  
38 provisions of this chapter and shall restore to the corporation its  
39 right to transact business in this State, and to exercise its corporate  
40 privileges and immunities, if it:

41 (a) Files with the Secretary of State:

42 (1) The list as provided in NRS 80.110 and 80.140;

43 (2) The statement required by NRS 80.115, if applicable; and

44 (3) A certificate of acceptance of appointment signed by its  
45 resident agent; and



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(b) Pays to the Secretary of State:

(1) The filing fee and penalty set forth in NRS 80.110 and 80.150 for each year or portion thereof that its right to transact business was forfeited;

(2) The fee set forth in NRS 80.115, if applicable; and

(3) A fee of \$300 for reinstatement.

2. When the Secretary of State reinstates the corporation, he shall issue to the corporation a certificate of reinstatement if the corporation:

(a) Requests a certificate of reinstatement; and

(b) Pays the required fees pursuant to subsection 8 of NRS 78.785.

3. The Secretary of State shall not order a reinstatement unless all delinquent fees and penalties have been paid and the revocation of the right to transact business occurred only by reason of failure to pay the fees and penalties.

4. If the right of a corporation to transact business in this State has been forfeited pursuant to the provisions of this chapter and has remained forfeited for a period of 5 consecutive years, the right is not subject to reinstatement.

*5. Except as otherwise provided in NRS 80.175, a reinstatement pursuant to this section relates back to the date on which the corporation forfeited its right to transact business under the provisions of this chapter and reinstates the corporation's right to transact business as if such right had at all times remained in full force and effect.*

**Sec. 12.** NRS 82.5237 is hereby amended to read as follows:

82.5237 1. Except as otherwise provided in subsections 3 and 4, the Secretary of State shall reinstate a foreign nonprofit corporation which has forfeited or which forfeits its right to transact business pursuant to the provisions of NRS 82.523 to 82.5239, inclusive, and restore to the foreign nonprofit corporation its right to transact business in this State, and to exercise its corporate privileges and immunities, if it:

(a) Files with the Secretary of State a list as provided in NRS 82.523; and

(b) Pays to the Secretary of State:

(1) The filing fee and penalty set forth in NRS 82.523 and 82.5235 for each year or portion thereof that its right to transact business was forfeited; and

(2) A fee of \$100 for reinstatement.

2. When the Secretary of State reinstates the foreign nonprofit corporation, he shall issue to the foreign nonprofit corporation a certificate of reinstatement if the foreign nonprofit corporation:

(a) Requests a certificate of reinstatement; and



(b) Pays the fees as provided in subsection 8 of NRS 78.785.

3. The Secretary of State shall not order a reinstatement unless all delinquent fees and penalties have been paid and the revocation of the right to transact business occurred only by reason of failure to pay the fees and penalties.

4. If the right of a foreign nonprofit corporation to transact business in this State has been forfeited pursuant to the provisions of this chapter and has remained forfeited for a period of 5 consecutive years, the right to transact business must not be reinstated.

*5. Except as otherwise provided in NRS 82.5239, a reinstatement pursuant to this section relates back to the date on which the foreign nonprofit corporation forfeited its right to transact business under the provisions of this chapter and reinstates the foreign nonprofit corporation's right to transact business as if such right had at all times remained in full force and effect.*

**Sec. 13.** NRS 82.546 is hereby amended to read as follows:

82.546 1. Any corporation which did exist or is existing pursuant to the laws of this State may, upon complying with the provisions of NRS 78.150 and 82.193, procure a renewal or revival of its charter for any period, together with all the rights, franchises, privileges and immunities, and subject to all its existing and preexisting debts, duties and liabilities secured or imposed by its original charter and amendments thereto, or its existing charter, by filing:

(a) A certificate with the Secretary of State, which must set forth:

(1) The name of the corporation, which must be the name of the corporation at the time of the renewal or revival, or its name at the time its original charter expired.

(2) The name and street address of the lawfully designated resident agent of the filing corporation, and his mailing address if different from his street address.

(3) The date when the renewal or revival of the charter is to commence or be effective, which may be, in cases of a revival, before the date of the certificate.

(4) Whether or not the renewal or revival is to be perpetual, and, if not perpetual, the time for which the renewal or revival is to continue.

(5) That the corporation desiring to renew or revive its charter is, or has been, organized and carrying on the business authorized by its existing or original charter and amendments thereto, and desires to renew or continue through revival its existence pursuant to and subject to the provisions of this chapter.



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(b) A list of its president, secretary and treasurer and all of its directors and their mailing or street addresses, either residence or business.

2. A corporation whose charter has not expired and is being renewed shall cause the certificate to be signed by an officer of the corporation. The certificate must be approved by a majority of the last-appointed surviving directors.

3. A corporation seeking to revive its original or amended charter shall cause the certificate to be signed by its president or vice president and secretary or assistant secretary. The signing and filing of the certificate must be approved unanimously by the last-appointed surviving directors of the corporation and must contain a recital that unanimous consent was secured. The corporation shall pay to the Secretary of State the fee required to establish a new corporation pursuant to the provisions of this chapter.

4. The filed certificate, or a copy thereof which has been certified under the hand and seal of the Secretary of State, must be received in all courts and places as prima facie evidence of the facts therein stated and of the existence and incorporation of the corporation named therein.

*5. Except as otherwise provided in NRS 78.185, a renewal or revival pursuant to this section relates back to the date on which the corporation's charter expired or was revoked and renews or revives the corporation's charter and right to transact business as if such right had at all times remained in full force and effect.*

**Sec. 14.** NRS 84.150 is hereby amended to read as follows:

84.150 1. Except as otherwise provided in subsections 3 and 4, the Secretary of State shall reinstate any corporation sole which has forfeited its right to transact business under the provisions of this chapter and restore the right to carry on business in this State and exercise its corporate privileges and immunities, if it:

(a) Files with the Secretary of State a certificate of acceptance of appointment signed by the resident agent of the corporation; and

(b) Pays to the Secretary of State:

(1) The filing fees and penalties set forth in this chapter for each year or portion thereof during which its charter has been revoked; and

(2) A fee of \$25 for reinstatement.

2. When the Secretary of State reinstates the corporation to its former rights, he shall:

(a) Immediately issue and deliver to the corporation a certificate of reinstatement authorizing it to transact business, as if the fees had been paid when due; and

(b) Upon demand, issue to the corporation a certified copy of the certificate of reinstatement.



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3. The Secretary of State shall not order a reinstatement unless all delinquent fees and penalties have been paid, and the revocation of its charter occurred only by reason of its failure to pay the fees and penalties.

4. If a corporate charter has been revoked pursuant to the provisions of this chapter and has remained revoked for 10 consecutive years, the charter must not be reinstated.

*5. A reinstatement pursuant to this section relates back to the date on which the corporation forfeited its right to transact business under the provisions of this chapter and reinstates the corporation's right to transact business as if such right had at all times remained in full force and effect.*

**Sec. 15.** Chapter 86 of NRS is hereby amended by adding thereto a new section to read as follows:

*1. Before the commencement of business by any limited-liability company where management is vested in one or more managers and where no member's interest in the limited-liability company has been issued, at least two-thirds of the organizers or the managers of the limited-liability company may dissolve the limited-liability company by filing with the Secretary of State a certificate of dissolution to dissolve the limited-liability company.*

*2. A certificate of dissolution filed with the Secretary of State pursuant to subsection 1 must state that:*

*(a) The management of the limited-liability company is vested in one or more managers;*

*(b) The limited-liability company has not commenced business; and*

*(c) No member's interest in the limited-liability company has been issued.*

**Sec. 16.** NRS 86.201 is hereby amended to read as follows:

86.201 1. A limited-liability company is considered legally organized pursuant to this chapter upon:

(a) Filing the articles of organization with the Secretary of State or upon a later date specified in the articles of organization;

(b) Filing the certificate of acceptance of the resident agent with the Secretary of State; and

(c) Paying the required filing fees to the Secretary of State.

2. A limited-liability company must not transact business or incur indebtedness, except that which is incidental to its organization or to obtaining subscriptions for or payment of contributions, until the company is considered legally organized pursuant to subsection 1.

*3. A limited-liability company is an entity distinct from its managers and members.*





**Sec. 17.** NRS 86.276 is hereby amended to read as follows:

86.276 1. Except as otherwise provided in subsections 3 and 4, the Secretary of State shall reinstate any limited-liability company which has forfeited or which forfeits its right to transact business pursuant to the provisions of this chapter and shall restore to the company its right to carry on business in this State, and to exercise its privileges and immunities, if it:

(a) Files with the Secretary of State:

(1) The list required by NRS 86.263;

(2) The statement required by NRS 86.264, if applicable; and

(3) A certificate of acceptance of appointment signed by its resident agent; and

(b) Pays to the Secretary of State:

(1) The filing fee and penalty set forth in NRS 86.263 and 86.272 for each year or portion thereof during which it failed to file in a timely manner each required annual list;

(2) The fee set forth in NRS 86.264, if applicable; and

(3) A fee of \$300 for reinstatement.

2. When the Secretary of State reinstates the limited-liability company, he shall issue to the company a certificate of reinstatement if the limited-liability company:

(a) Requests a certificate of reinstatement; and

(b) Pays the required fees pursuant to NRS 86.561.

3. The Secretary of State shall not order a reinstatement unless all delinquent fees and penalties have been paid, and the revocation of the charter occurred only by reason of failure to pay the fees and penalties.

4. If a company's charter has been revoked pursuant to the provisions of this chapter and has remained revoked for a period of 5 consecutive years, the charter must not be reinstated.

*5. Except as otherwise provided in NRS 86.278, a reinstatement pursuant to this section relates back to the date on which the company forfeited its right to transact business under the provisions of this chapter and reinstates the company's right to transact business as if such right had at all times remained in full force and effect.*

**Sec. 18.** NRS 86.286 is hereby amended to read as follows:

86.286 1. A limited-liability company may, but is not required to, adopt an operating agreement. An operating agreement may be adopted only by the unanimous vote or unanimous written consent of the members, or by the sole member, and the operating agreement must be in writing. Unless otherwise provided in the operating agreement, amendments to the agreement may be adopted only by the unanimous vote or unanimous written consent of the persons who are members at the time of amendment.





2. An operating agreement may be adopted before, after or at the time of the filing of the articles of organization and, whether entered into before, after or at the time of the filing, may become effective at the formation of the limited-liability company or at a later date specified in the operating agreement. If an operating agreement is adopted ~~[before]~~ :

(a) *Before* the filing of the articles of organization or before the effective date of formation specified in the articles of organization, the operating agreement is not effective until the effective date of formation of the limited-liability company.

(b) *After the filing of the articles of organization or after the effective date of formation specified in the articles of organization, the operating agreement binds the limited-liability company and may be enforced whether or not the limited-liability company assents to the operating agreement.*

3. An operating agreement may provide that a certificate of limited-liability company interest issued by the limited-liability company may evidence a member's interest in a limited-liability company.

**Sec. 19.** NRS 86.371 is hereby amended to read as follows:

86.371 *1.* Unless otherwise provided in the articles of organization or an agreement signed by the member or manager to be charged, no member or manager of any limited-liability company formed under the laws of this State is individually liable for the debts or liabilities of the company.

*2. The failure of a limited-liability company to observe any formality relating to the exercise of its powers or management of its activities is not a ground for imposing liability on a member or manager for the debts or liabilities of the limited-liability company.*

**Sec. 20.** NRS 86.483 is hereby amended to read as follows:

86.483 A member, ~~[when permitted]~~ *including a noneconomic member unless otherwise prohibited* by the terms of the articles of organization or operating agreement, may bring an action in the right of a limited-liability company to recover a judgment in its favor if managers or members with authority to do so have refused to bring the action or if an effort to cause those managers or members to bring the action is not likely to succeed.

**Sec. 21.** NRS 86.5467 is hereby amended to read as follows:

86.5467 *1.* Except as otherwise provided in subsections 3 and 4, the Secretary of State shall reinstate a foreign limited-liability company which has forfeited or which forfeits its right to transact business under the provisions of this chapter and shall restore to the foreign limited-liability company its right to transact business in this State, and to exercise its privileges and immunities, if it:



(a) Files with the Secretary of State:

(1) The list required by NRS 86.5461;

(2) The statement required by NRS 86.5462, if applicable;

and

(3) A certificate of acceptance of appointment signed by its resident agent; and

(b) Pays to the Secretary of State:

(1) The filing fee and penalty set forth in NRS 86.5461 and 86.5465 for each year or portion thereof that its right to transact business was forfeited;

(2) The fee set forth in NRS 86.5462, if applicable; and

(3) A fee of \$300 for reinstatement.

2. When the Secretary of State reinstates the foreign limited-liability company, he shall issue to the foreign limited-liability company a certificate of reinstatement if the foreign limited-liability company:

(a) Requests a certificate of reinstatement; and

(b) Pays the required fees pursuant to NRS 86.561.

3. The Secretary of State shall not order a reinstatement unless all delinquent fees and penalties have been paid and the revocation of the right to transact business occurred only by reason of failure to pay the fees and penalties.

4. If the right of a foreign limited-liability company to transact business in this State has been forfeited pursuant to the provisions of this chapter and has remained forfeited for a period of 5 consecutive years, the right must not be reinstated.

*5. Except as otherwise provided in NRS 86.5468, a reinstatement pursuant to this section relates back to the date on which the foreign limited-liability company forfeited its right to transact business under the provisions of this chapter and reinstates the foreign limited-liability company's right to transact business as if such right had at all times remained in full force and effect.*

**Sec. 22.** NRS 86.580 is hereby amended to read as follows:

86.580 1. A limited-liability company which did exist or is existing pursuant to the laws of this State may, upon complying with the provisions of NRS 86.276, procure a renewal or revival of its charter for any period, together with all the rights, franchises, privileges and immunities, and subject to all its existing and preexisting debts, duties and liabilities secured or imposed by its original charter and amendments thereto, or existing charter, by filing:

(a) A certificate with the Secretary of State, which must set forth:



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(1) The name of the limited-liability company, which must be the name of the limited-liability company at the time of the renewal or revival, or its name at the time its original charter expired.

(2) The name of the person lawfully designated as the resident agent of the limited-liability company, his street address for the service of process, and his mailing address if different from his street address.

(3) The date when the renewal or revival of the charter is to commence or be effective, which may be, in cases of a revival, before the date of the certificate.

(4) Whether or not the renewal or revival is to be perpetual, and, if not perpetual, the time for which the renewal or revival is to continue.

(5) That the limited-liability company desiring to renew or revive its charter is, or has been, organized and carrying on the business authorized by its existing or original charter and amendments thereto, and desires to renew or continue through revival its existence pursuant to and subject to the provisions of this chapter.

(b) A list of its managers, or if there are no managers, all its managing members and their mailing or street addresses, either residence or business.

2. A limited-liability company whose charter has not expired and is being renewed shall cause the certificate to be signed by its manager, or if there is no manager, by a person designated by its members. The certificate must be approved by a majority in interest.

3. A limited-liability company seeking to revive its original or amended charter shall cause the certificate to be signed by a person or persons designated or appointed by the members. The signing and filing of the certificate must be approved by the written consent of a majority in interest and must contain a recital that this consent was secured. The limited-liability company shall pay to the Secretary of State the fee required to establish a new limited-liability company pursuant to the provisions of this chapter.

4. The filed certificate, or a copy thereof which has been certified under the hand and seal of the Secretary of State, must be received in all courts and places as prima facie evidence of the facts therein stated and of the existence of the limited-liability company therein named.

*5. Except as otherwise provided in NRS 86.278, a renewal or revival pursuant to this section relates back to the date on which the limited-liability company's charter expired or was revoked and renews or revives the limited-liability company's charter and right*



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1 *to transact business as if such right had at all times remained in*  
2 *full force and effect.*

3 **Sec. 23.** NRS 87.020 is hereby amended to read as follows:

4 87.020 As used in NRS 87.010 to 87.430, inclusive, unless the  
5 context otherwise requires:

6 1. "Bankrupt" includes bankrupt under the Federal Bankruptcy  
7 Act or insolvent under any state insolvent act.

8 2. "Conveyance" includes every assignment, lease, mortgage  
9 or encumbrance.

10 3. "Court" includes every court and judge having jurisdiction  
11 in the case.

12 4. "Real property" includes land and any interest or estate in  
13 land.

14 5. "Registered limited-liability partnership" means a  
15 partnership formed pursuant to an agreement governed by NRS  
16 87.010 to 87.430, inclusive, ~~[for the purpose of rendering a~~  
17 ~~professional service]~~ and registered pursuant to and complying with  
18 NRS 87.440 to 87.560, inclusive.

19 **Sec. 24.** NRS 87.025 is hereby amended to read as follows:

20 87.025 The provisions of NRS 87.010 to 87.430, inclusive,  
21 apply to a partnership ~~[-~~

22 ~~1. Which was formed before July 1, 2006, and which]~~ *that*  
23 does not voluntarily elect *in its statement of partnership authority*  
24 to be governed by the provisions of NRS 87.4301 to 87.4357,  
25 inclusive. ~~[-or~~

26 ~~2. Which is formed on or after July 1, 2006, and which~~  
27 ~~voluntarily elects to be governed by the provisions of NRS 87.010~~  
28 ~~to 87.430, inclusive.]~~

29 **Sec. 25.** NRS 87.4311 is hereby amended to read as follows:

30 87.4311 "Registered limited-liability partnership" means a  
31 partnership formed pursuant to an agreement governed by NRS  
32 87.4301 to 87.4357, inclusive, ~~[for the purpose of rendering a~~  
33 ~~professional service]~~ and registered pursuant to and complying with  
34 NRS 87.440 to 87.560, inclusive.

35 **Sec. 26.** NRS 87.4314 is hereby amended to read as follows:

36 87.4314 The provisions of NRS 87.4301 to 87.4357, inclusive,  
37 apply to a partnership ~~[-~~

38 ~~1. Which was formed before July 1, 2006; or~~

39 ~~2. Which is formed on or after July 1, 2006;~~

40 ~~→and which]~~ *that* voluntarily elects *in its statement of partnership*  
41 *authority* to be governed by the provisions of NRS 87.4301 to  
42 87.4357, inclusive.



**Sec. 27.** NRS 87.440 is hereby amended to read as follows:

87.440 1. To become a registered limited-liability partnership, a partnership shall file with the Secretary of State a certificate of registration stating each of the following:

(a) The name of the partnership.

(b) The street address of its principal office.

(c) The name of the person designated as the partnership's resident agent, the street address of the resident agent where process may be served upon the partnership and the mailing address of the resident agent if it is different than his street address.

(d) The name and business address of each managing partner in this State.

~~(e) [A brief statement of the professional service rendered by the partnership.]~~

~~—(f)~~ That the partnership thereafter will be a registered limited-liability partnership.

~~(g)~~ (f) Any other information that the partnership wishes to include.

2. The certificate of registration must be signed by a majority in interest of the partners or by one or more partners authorized to sign such a certificate.

3. The certificate of registration must be accompanied by a fee of \$75.

4. The Secretary of State shall register as a registered limited-liability partnership any partnership that submits a completed certificate of registration with the required fee.

5. The registration of a registered limited-liability partnership is effective at the time of the filing of the certificate of registration.

**Sec. 28.** NRS 87.530 is hereby amended to read as follows:

87.530 1. Except as otherwise provided in subsection 3, the Secretary of State shall reinstate the certificate of registration of a registered limited-liability partnership that is revoked pursuant to NRS 87.520 if the registered limited-liability partnership:

(a) Files with the Secretary of State:

(1) The information required by NRS 87.510; and

(2) A certificate of acceptance of appointment signed by its resident agent; and

(b) Pays to the Secretary of State:

(1) The fee required to be paid pursuant to NRS 87.510;

(2) Any penalty required to be paid pursuant to NRS 87.520;

and

(3) A reinstatement fee of \$300.

2. When the Secretary of State reinstates the registered limited-liability partnership, he shall issue to the registered limited-liability



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1 partnership a certificate of reinstatement if the registered limited-  
2 liability partnership:

3 (a) Requests a certificate of reinstatement; and

4 (b) Pays the required fees pursuant to NRS 87.550.

5 3. The Secretary of State shall not reinstate the certificate of  
6 registration of a registered limited-liability partnership if the  
7 certificate was revoked pursuant to the provisions of this chapter at  
8 least 5 years before the date of the proposed reinstatement.

9 *4. Except as otherwise provided in NRS 87.455, a*  
10 *reinstatement pursuant to this section relates back to the date on*  
11 *which the registered limited-liability partnership's certificate of*  
12 *registration was revoked and reinstates the registered limited-*  
13 *liability's certificate of registration as if such certificate had at all*  
14 *times remained in full force and effect.*

15 **Sec. 29.** NRS 87.5435 is hereby amended to read as follows:

16 87.5435 1. Except as otherwise provided in subsections 3 and  
17 4, the Secretary of State shall reinstate a foreign registered limited-  
18 liability partnership which has forfeited or which forfeits its right to  
19 transact business under the provisions of this chapter and shall  
20 restore to the foreign registered limited-liability partnership its right  
21 to transact business in this State, and to exercise its privileges and  
22 immunities, if it:

23 (a) Files with the Secretary of State:

24 (1) The list required by NRS 87.541; and

25 (2) A certificate of acceptance of appointment signed by its  
26 resident agent; and

27 (b) Pays to the Secretary of State:

28 (1) The filing fee and penalty set forth in NRS 87.541 and  
29 87.5425 for each year or portion thereof that its right to transact  
30 business was forfeited; and

31 (2) A fee of \$300 for reinstatement.

32 2. When the Secretary of State reinstates the foreign registered  
33 limited-liability partnership, he shall issue to the foreign registered  
34 limited-liability partnership a certificate of reinstatement if the  
35 foreign registered limited-liability partnership:

36 (a) Requests a certificate of reinstatement; and

37 (b) Pays the required fees pursuant to NRS 87.550.

38 3. The Secretary of State shall not order a reinstatement unless  
39 all delinquent fees and penalties have been paid and the revocation  
40 of the right to transact business occurred only by reason of failure to  
41 pay the fees and penalties.

42 4. If the right of a foreign registered limited-liability  
43 partnership to transact business in this State has been forfeited  
44 pursuant to the provisions of this chapter and has remained forfeited



1 for a period of 5 consecutive years, the right to transact business  
2 must not be reinstated.

3 *5. Except as otherwise provided in NRS 87.544, a*  
4 *reinstatement pursuant to this section relates back to the date on*  
5 *which the foreign registered limited-liability partnership forfeited*  
6 *its right to transact business under the provisions of this chapter*  
7 *and reinstates the foreign registered limited-liability partnership's*  
8 *right to transact business as if such right had at all times remained*  
9 *in full force and effect.*

10 **Sec. 30.** NRS 88.410 is hereby amended to read as follows:

11 88.410 1. Except as otherwise provided in subsections 3 and  
12 4, the Secretary of State shall reinstate any limited partnership  
13 which has forfeited or which forfeits its right to transact business  
14 under the provisions of this chapter and restore to the limited  
15 partnership its right to carry on business in this State, and to exercise  
16 its privileges and immunities if it:

17 (a) Files with the Secretary of State:

18 (1) The list required pursuant to NRS 88.395;

19 (2) The statement required by NRS 88.397, if applicable; and

20 (3) A certificate of acceptance of appointment signed by its  
21 resident agent; and

22 (b) Pays to the Secretary of State:

23 (1) The filing fee and penalty set forth in NRS 88.395 and  
24 88.400 for each year or portion thereof during which the certificate  
25 has been revoked;

26 (2) The fee set forth in NRS 88.397, if applicable; and

27 (3) A fee of \$300 for reinstatement.

28 2. When the Secretary of State reinstates the limited  
29 partnership, he shall issue to the limited partnership a certificate of  
30 reinstatement if the limited partnership:

31 (a) Requests a certificate of reinstatement; and

32 (b) Pays the required fees pursuant to NRS 88.415.

33 3. The Secretary of State shall not order a reinstatement unless  
34 all delinquent fees and penalties have been paid, and the revocation  
35 occurred only by reason of failure to pay the fees and penalties.

36 4. If a limited partnership's certificate has been revoked  
37 pursuant to the provisions of this chapter and has remained revoked  
38 for a period of 5 years, the certificate must not be reinstated.

39 *5. Except as otherwise provided in NRS 88.327, a*  
40 *reinstatement pursuant to this section relates back to the date on*  
41 *which the limited partnership forfeited its right to transact*  
42 *business under the provisions of this chapter and reinstates the*  
43 *limited partnership's right to transact business as if such right had*  
44 *at all times remained in full force and effect.*





**Sec. 31.** NRS 88.594 is hereby amended to read as follows:

1. Except as otherwise provided in subsections 3 and 4, the Secretary of State shall reinstate a foreign limited partnership which has forfeited or which forfeits its right to transact business under the provisions of this chapter and shall restore to the foreign limited partnership its right to transact business in this State, and to exercise its privileges and immunities, if it:

(a) Files with the Secretary of State:

(1) The list required by NRS 88.591;

(2) The statement required by NRS 88.5915, if applicable; and

(3) A certificate of acceptance of appointment signed by its resident agent; and

(b) Pays to the Secretary of State:

(1) The filing fee and penalty set forth in NRS 88.591 and 88.593 for each year or portion thereof that its right to transact business was forfeited;

(2) The fee set forth in NRS 88.5915, if applicable; and

(3) A fee of \$300 for reinstatement.

2. When the Secretary of State reinstates the foreign limited partnership, he shall issue to the foreign limited partnership a certificate of reinstatement if the foreign limited partnership:

(a) Requests a certificate of reinstatement; and

(b) Pays the required fees pursuant to NRS 88.415.

3. The Secretary of State shall not order a reinstatement unless all delinquent fees and penalties have been paid and the revocation of the right to transact business occurred only by reason of failure to pay the fees and penalties.

4. If the right of a foreign limited partnership to transact business in this State has been forfeited pursuant to the provisions of this chapter and has remained forfeited for a period of 5 consecutive years, the right is not subject to reinstatement.

*5. Except as otherwise provided in NRS 88.5945, a reinstatement pursuant to this section relates back to the date on which the foreign limited partnership forfeited its right to transact business under the provisions of this chapter and reinstates the foreign limited partnership's right to transact business as if such right had at all times remained in full force and effect.*

**Sec. 32.** NRS 88A.650 is hereby amended to read as follows:

88A.650 1. Except as otherwise provided in subsections 3 and 4, the Secretary of State shall reinstate a business trust which has forfeited or which forfeits its right to transact business pursuant to the provisions of this chapter and shall restore to the business trust its right to carry on business in this State, and to exercise its privileges and immunities, if it:





(a) Files with the Secretary of State:

(1) The list required by NRS 88A.600; and

(2) A certificate of acceptance of appointment signed by its resident agent; and

(b) Pays to the Secretary of State:

(1) The filing fee and penalty set forth in NRS 88A.600 and 88A.630 for each year or portion thereof during which its certificate of trust was revoked; and

(2) A fee of \$300 for reinstatement.

2. When the Secretary of State reinstates the business trust, he shall issue to the business trust a certificate of reinstatement if the business trust:

(a) Requests a certificate of reinstatement; and

(b) Pays the required fees pursuant to NRS 88A.900.

3. The Secretary of State shall not order a reinstatement unless all delinquent fees and penalties have been paid, and the revocation of the certificate of trust occurred only by reason of the failure to file the list or pay the fees and penalties.

4. If a certificate of business trust has been revoked pursuant to the provisions of this chapter and has remained revoked for a period of 5 consecutive years, the certificate must not be reinstated.

*5. Except as otherwise provided in NRS 88A.660, a reinstatement pursuant to this section relates back to the date on which the business trust forfeited its right to transact business under the provisions of this chapter and reinstates the business trust's right to transact business as if such right had at all times remained in full force and effect.*

**Sec. 33.** NRS 88A.737 is hereby amended to read as follows:

88A.737 1. Except as otherwise provided in subsections 3 and 4, the Secretary of State shall reinstate a foreign business trust which has forfeited or which forfeits its right to transact business under the provisions of this chapter and shall restore to the foreign business trust its right to transact business in this State, and to exercise its privileges and immunities, if it:

(a) Files with the Secretary of State:

(1) The list required by NRS 88A.732; and

(2) A certificate of acceptance of appointment signed by its resident agent; and

(b) Pays to the Secretary of State:

(1) The filing fee and penalty set forth in NRS 88A.732 and 88A.735 for each year or portion thereof that its right to transact business was forfeited; and

(2) A fee of \$300 for reinstatement.



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2. When the Secretary of State reinstates the foreign business trust, he shall issue to the foreign business trust a certificate of reinstatement if the foreign business trust:

(a) Requests a certificate of reinstatement; and

(b) Pays the required fees pursuant to NRS 88A.900.

3. The Secretary of State shall not order a reinstatement unless all delinquent fees and penalties have been paid and the revocation of the right to transact business occurred only by reason of failure to pay the fees and penalties.

4. If the right of a foreign business trust to transact business in this State has been forfeited pursuant to the provisions of this chapter and has remained forfeited for a period of 5 consecutive years, the right to transact business must not be reinstated.

*5. Except as otherwise provided in NRS 88A.738, a reinstatement pursuant to this section relates back to the date the foreign business trust forfeited its right to transact business under the provisions of this chapter and reinstates the foreign business trust's right to transact business as if such right had at all times remained in full force and effect.*

**Sec. 34.** NRS 89.020 is hereby amended to read as follows:

89.020 As used in this chapter, unless the context requires otherwise:

1. *"Articles" means either the articles of incorporation of a professional corporation or the articles of organization of a professional limited-liability company.*

2. "Employee" means a person licensed or otherwise legally authorized to render professional service within this State who renders such service through a professional ~~corporation~~ *entity* or a professional association, but does not include clerks, bookkeepers, technicians or other persons who are not usually considered by custom and practice of the profession to be rendering professional services to the public.

~~2.~~ 3. "Licensed" means legally authorized by the appropriate regulating board of this State to engage in a regulated profession in this State.

~~3.~~ 4. "Professional association" means a common-law association of two or more persons licensed or otherwise legally authorized to render professional service within this State when created by written articles of association which contain in substance the following provisions characteristic of corporate entities:

(a) The death, insanity, bankruptcy, retirement, resignation, expulsion or withdrawal of any member of the association does not cause its dissolution.



(b) The authority to manage the affairs of the association is vested in a board of directors or an executive board or committee, elected by the members of the association.

(c) The members of the association are employees of the association.

(d) Members' ownership is evidenced by certificates.

~~[4.]~~ 5. "Owner" means the owner of stock in a professional corporation or the owner of a member's interest, as defined in NRS 86.091, in a professional limited-liability company.

6. "Owner's interest" means the stock of a professional corporation or a member's interest, as defined in NRS 86.091, of a professional limited-liability company.

7. "Professional corporation" means a corporation organized under this chapter to render a professional service.

~~[5.]~~ 8. "Professional entity" means either a professional corporation or a professional limited-liability company.

9. "Professional limited-liability company" means a limited-liability company organized pursuant to this chapter to render professional service.

10. "Professional service" means any type of personal service which may legally be performed only pursuant to a license, certificate of registration or other legal authorization.

~~[6.]~~ 11. "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

~~[7.]~~ 12. "Regulating board" means the body which regulates and authorizes the admission to the profession which a professional ~~corporation~~ entity or a professional association is authorized to perform.

~~[8.]~~ 13. "Sign" means to affix a signature to a record.

~~[9.]~~ 14. "Signature" means a name, word, symbol or mark executed or otherwise adopted, or a record encrypted or similarly processed in whole or in part, by a person with the present intent to identify himself and adopt or accept a record. The term includes, without limitation, an electronic signature as defined in NRS 719.100.

Sec. 35. NRS 89.025 is hereby amended to read as follows:

89.025 Except as otherwise provided in NRS 89.200 to 89.270, inclusive, the fees set forth in NRS 78.755 to 78.785 , inclusive, apply to ~~[this chapter.]~~ professional corporations and the fees set forth in NRS 86.561 apply to professional limited-liability companies.

Sec. 36. NRS 89.030 is hereby amended to read as follows:

89.030 The laws applicable to other Nevada ~~[private]~~ corporations organized under chapter 78 of NRS and limited-



1 *liability companies organized under chapter 86 of NRS* and all  
2 rights, privileges and duties thereunder shall apply to professional  
3 corporations ~~{ }~~ *and professional limited-liability companies,*  
4 *respectively,* except where such laws are in conflict with or  
5 inconsistent with the provisions of this chapter. In case of conflict,  
6 the provisions of this chapter shall apply.

7 **Sec. 37.** NRS 89.040 is hereby amended to read as follows:

8 89.040 1. One or more persons may organize a professional  
9 ~~{corporation}~~ *entity* in the manner provided for organizing a  
10 ~~{private}~~ corporation pursuant to chapter 78 of NRS ~~{ }~~ *or a limited-*  
11 *liability company pursuant to chapter 86 of NRS.* Each person  
12 organizing the ~~{corporation}~~ *professional entity* must, except as  
13 otherwise provided in subsection 2 of NRS 89.050, be authorized to  
14 perform the professional service for which the ~~{corporation}~~  
15 *professional entity* is organized. The articles ~~{of incorporation}~~ must  
16 contain the following additional information:

17 (a) The profession to be practiced by means of the professional  
18 ~~{corporation-}~~ *entity.*

19 (b) The names and addresses, either residence or business, of the  
20 original stockholders and directors of the professional corporation  
21 ~~{ }~~ *or the original members and managers of the professional*  
22 *limited-liability company.*

23 (c) Except as otherwise provided in paragraph (d) of this  
24 subsection, a certificate from the regulating board of the profession  
25 to be practiced showing that each of the directors, ~~{and each of the}~~  
26 stockholders *, managers or members* who is a natural person, is  
27 licensed to practice the profession.

28 (d) For a professional ~~{corporation}~~ *entity* organized pursuant to  
29 this chapter and practicing pursuant to the provisions of NRS  
30 623.349, a certificate from the regulating board or boards of the  
31 profession or professions to be practiced showing that control and  
32 two-thirds ownership of the ~~{corporation}~~ *professional entity* is held  
33 by persons registered or licensed pursuant to the applicable  
34 provisions of chapter 623, 623A or 625 of NRS. As used in this  
35 paragraph, "control" has the meaning ascribed to it in NRS 623.349.

36 2. The corporate name of a professional corporation must  
37 contain the words "Professional Corporation" or the abbreviation  
38 "Prof. Corp.," "P.C.," or "PC," or the word "Chartered" or the  
39 abbreviation "Chtd.," or "Limited" or the abbreviation "Ltd." The  
40 corporate name must contain the last name of one or more of its  
41 current or former stockholders. ~~{The corporation}~~

42 3. *The name of a professional limited-liability company must*  
43 *contain the words "Professional Limited-Liability Company" or*  
44 *the abbreviations "Prof. L.L.C.," "Prof. LLC," "P.L.L.C.,"*  
45 *"PLLC," or the word "Chartered" or the abbreviation "Chtd.," or*



1 *“Limited” or the abbreviation “Ltd.” The name of a professional*  
2 *limited-liability company must contain the last name of one or*  
3 *more of its current or former members.*

4 **4. The professional entity** may render professional services  
5 and exercise its authorized powers under a fictitious name if the  
6 ~~[corporation]~~ **professional entity** has first registered the name in the  
7 manner required by chapter 602 of NRS.

8 **Sec. 38.** NRS 89.050 is hereby amended to read as follows:

9 89.050 1. Except as otherwise provided in subsection 2, a  
10 professional ~~[corporation]~~ **entity** may be organized only for the  
11 purpose of rendering one specific type of professional service and  
12 may not engage in any business other than rendering the  
13 professional service for which it was organized and services  
14 reasonably related thereto, except that a professional ~~[corporation]~~  
15 **entity** may own real and personal property appropriate to its  
16 business and may invest its money in any form of real property,  
17 securities or any other type of investment.

18 2. A professional ~~[corporation]~~ **entity** may be organized to  
19 render a professional service relating to:

20 (a) Architecture, interior design, residential design, engineering  
21 and landscape architecture, or any combination thereof, and may be  
22 composed of persons:

23 (1) Engaged in the practice of architecture as provided in  
24 chapter 623 of NRS;

25 (2) Practicing as a registered interior designer as provided in  
26 chapter 623 of NRS;

27 (3) Engaged in the practice of residential design as provided  
28 in chapter 623 of NRS;

29 (4) Engaged in the practice of landscape architecture as  
30 provided in chapter 623A of NRS; and

31 (5) Engaged in the practice of professional engineering as  
32 provided in chapter 625 of NRS.

33 (b) Medicine, homeopathy and osteopathy, and may be  
34 composed of persons engaged in the practice of medicine as  
35 provided in chapter 630 of NRS, persons engaged in the practice of  
36 homeopathic medicine as provided in chapter 630A of NRS and  
37 persons engaged in the practice of osteopathic medicine as provided  
38 in chapter 633 of NRS. Such a professional ~~[corporation]~~ **entity** may  
39 market and manage additional professional ~~[corporations]~~ **entities**  
40 which are organized to render a professional service relating to  
41 medicine, homeopathy and osteopathy.

42 (c) Mental health services, and may be composed of the  
43 following persons, in any number and in any combination:

44 (1) Any psychologist who is licensed to practice in this State;



(2) Any social worker who holds a master's degree in social work and who is licensed by this State as a clinical social worker;

(3) Any registered nurse who is licensed to practice professional nursing in this State and who holds a master's degree in the field of psychiatric nursing; and

(4) Any marriage and family therapist who is licensed by this State pursuant to chapter 641A of NRS.

➔ Such a professional ~~corporation~~ *entity* may market and manage additional professional ~~corporations~~ *entities* which are organized to render a professional service relating to mental health services pursuant to this paragraph.

3. A professional ~~corporation~~ *entity* may render a professional service only through its officers , *managers* and employees who are licensed or otherwise authorized by law to render the professional service.

**Sec. 39.** NRS 89.060 is hereby amended to read as follows:

89.060 The provisions of this chapter relating to professional ~~corporations~~ *entities* do not modify any law applicable to the relationship between a person furnishing professional service and a person receiving such service, including liability arising out of such professional service, but nothing contained in this section renders:

1. A person personally liable in tort for any act in which he has not personally participated.

2. A director, officer or employee of a professional ~~corporation~~ *entity* liable in contract for any contract which he signs on behalf of a professional ~~corporation~~ *entity* within the limits of his actual authority.

**Sec. 40.** NRS 89.070 is hereby amended to read as follows:

89.070 1. Except as otherwise provided in this section and NRS 623.349:

(a) No ~~corporation organized under the provisions of this chapter~~ *professional entity* may issue any of its ~~stock~~ *ownership* to anyone other than a natural person who is licensed to render the same specific professional services as those for which the ~~corporation~~ *professional entity* was ~~incorporated.~~ *formed.*

(b) No ~~stockholder of a corporation organized under this chapter~~ *owner* may enter into a voting trust agreement or any other type of agreement vesting another person with the authority to exercise the voting power of any or all of his ~~stock,~~ *owner's interest*, unless the other person is licensed to render the same specific professional services as those for which the ~~corporation~~ *professional entity* was ~~incorporated.~~ *formed.*

(c) No ~~shares of a corporation organized under this chapter~~ *owner's interest* may be sold or transferred except to a natural person who is eligible to be ~~a stockholder of the corporation~~ *an*



1 *owner* or to the personal representative or estate of a deceased or  
2 legally incompetent stockholder. The personal representative or  
3 estate of the ~~{stockholder}~~ *owner* may continue to own ~~{shares}~~ *the*  
4 *owner's interest* for a reasonable period, but may not participate in  
5 any decisions concerning the rendering of professional services.

6 ➔ The articles , ~~{of incorporation or}~~ bylaws *or operating*  
7 *agreement of the professional entity* may provide specifically for  
8 additional restrictions on the transfer of ~~{shares}~~ *an owner's interest*  
9 and may provide for the redemption or purchase of the ~~{shares}~~  
10 *owner's interest* by the ~~{corporation,}~~ *professional entity*, its  
11 ~~{stockholders}~~ *owners* or an eligible individual account plan  
12 complying with the requirements of subsection 2 at prices and in a  
13 manner specifically set forth. ~~{A stockholder}~~ *An owner* may  
14 transfer his ~~{shares}~~ *owner's interest* in the ~~{corporation}~~  
15 *professional entity* or any other interest in the assets of the  
16 ~~{corporation}~~ *professional entity* to a revocable trust if he acts as  
17 trustee of the revocable trust and any person who acts as cotrustee  
18 and is not licensed to perform the services for which the  
19 ~~{corporation}~~ *professional entity* was ~~{incorporated}~~ *formed* does  
20 not participate in any decisions concerning the rendering of those  
21 services.

22 2. Except as otherwise provided in NRS 623.349, a person not  
23 licensed to render the professional services for which the  
24 ~~{corporation}~~ *professional entity* was ~~{incorporated}~~ *formed* may  
25 own a beneficial interest in any of the assets, including ~~{corporate~~  
26 ~~shares,}~~ *an owner's interest*, held for his account by an eligible  
27 individual account plan sponsored by the professional ~~{corporation}~~  
28 *entity* for the benefit of its employees, which is intended to qualify  
29 under section 401 of the Internal Revenue Code, 26 U.S.C. § 401, if  
30 the terms of the trust are such that the total number of shares which  
31 may be distributed for the benefit of persons not licensed to render  
32 the professional services for which the ~~{corporation}~~ *professional*  
33 *entity* was ~~{incorporated}~~ *formed* is less than a controlling interest  
34 and:

35 (a) The trustee of the trust is licensed to render the same specific  
36 professional services as those for which the ~~{corporation}~~  
37 *professional entity* was ~~{incorporated;}~~ *formed;* or

38 (b) The trustee is not permitted to participate in any ~~{corporate}~~  
39 decisions concerning the rendering of professional services in his  
40 capacity as trustee.

41 ➔ A trustee who is individually ~~{a stockholder of the corporation}~~  
42 *an owner* may participate in his individual capacity as ~~{a~~  
43 ~~stockholder,}~~ *an owner, manager*, director or officer in any  
44 ~~{corporate}~~ decision.





3. Except as otherwise provided in subsection 4, a professional ~~{corporation}~~ *entity* in which all the ~~{stockholders}~~ *owners* who are natural persons are licensed to render the same specific professional service may acquire and hold ~~{stock}~~ *an owner's interest* in another professional ~~{corporation,}~~ *entity* or in a similar ~~{corporation}~~ *entity* organized pursuant to the corresponding law of another state, only if all the ~~{stockholders}~~ *owners* who are natural persons of the ~~{corporation}~~ *professional entity* whose stock is acquired are licensed in that ~~{corporation's}~~ *professional entity's* state of ~~{incorporation}~~ *formation* to render the same specific professional service as the ~~{stockholders}~~ *owners* who are natural persons of the professional ~~{corporation}~~ *entity* that acquires the ~~{stock,}~~ *owner's interest*.

4. A professional ~~{corporation}~~ *entity* practicing pursuant to NRS 623.349 in which all the ~~{stockholders}~~ *owners* are natural persons, regardless of whether or not the natural persons are licensed to render the same specific professional service, may acquire and hold ~~{stock}~~ *an owner's interest* in another professional ~~{corporation}~~ *entity* or in a similar ~~{corporation}~~ *entity* organized pursuant to the corresponding law of another state if control and two-thirds ownership of the business organization or association that is acquired is held by persons registered or licensed pursuant to the applicable provisions of chapter 623, 623A or 625 of NRS. As used in this subsection, "control" has the meaning ascribed to it in NRS 623.349.

5. Any act in violation of this section is void and does not pass any rights or privileges or vest any powers, except to an innocent person who is not ~~{a stockholder}~~ *an owner* and who has relied on the effectiveness of the action.

**Sec. 41.** NRS 89.080 is hereby amended to read as follows:

89.080 1. If any officer, stockholder, director, *member, manager* or employee of ~~{a corporation}~~ *a professional entity* organized under this chapter who has been rendering professional service to the public becomes legally disqualified to render such professional services within this State, he shall sever within a reasonable period all professional service with and financial interest in the ~~{corporation,}~~ *professional entity*, but this chapter does not prevent a ~~{corporation}~~ *professional entity* formed under this chapter from entering into a contract with an employee which provides for severance pay or for compensation for past services upon termination of professional service, whether by death or otherwise.

2. Except as otherwise provided in NRS 623.349, a natural person may not be an officer, ~~{or}~~ director *or manager* of a ~~{corporation organized}~~ *professional entity formed* under this





chapter unless he is licensed to render the same specific professional services as those for which the ~~[corporation]~~ *professional entity* was ~~[incorporated.]~~ *formed*.

3. Upon the death of ~~[a—stockholder]~~ *an owner* of a ~~[corporation]~~ *professional entity* who has transferred his interest in the ~~[corporation]~~ *professional entity* to a revocable trust as permitted by NRS 89.070, the trustee of the revocable trust may continue to retain any interest so transferred ~~[including corporate shares,]~~ for a reasonable period, but may not exercise any authority concerning the rendering of professional services and may not, except as otherwise provided in NRS 623.349, distribute the ~~[corporate]~~ *owner's* interest to any person not licensed to render the services for which the ~~[corporation]~~ *professional entity* was ~~[incorporated.]~~ *formed*.

4. A ~~[corporation's]~~ *professional entity's* failure to require compliance with the provisions of this section is a ground for the forfeiture of its charter.

**Sec. 42.** NRS 89.100 is hereby amended to read as follows:

89.100 The provisions of this chapter relating to professional ~~[corporations]~~ *entities* do not bar the regulating board of any profession from taking any action otherwise within its power, nor do they affect the rules of ethics or practice of any profession.

**Sec. 43.** NRS 89.110 is hereby amended to read as follows:

89.110 No professional ~~[corporation]~~ *entity* may do any act which is prohibited to be done by natural persons licensed to practice the profession which the professional ~~[corporation]~~ *entity* is organized to practice.

**Sec. 44.** NRS 89.256 is hereby amended to read as follows:

89.256 1. Except as otherwise provided in subsections 3 and 4, the Secretary of State shall reinstate any professional association which has forfeited its right to transact business under the provisions of this chapter and restore the right to carry on business in this State and exercise its privileges and immunities if it:

(a) Files with the Secretary of State:

(1) The list and certification required by NRS 89.250; and

(2) A certificate of acceptance of appointment signed by its resident agent; and

(b) Pays to the Secretary of State:

(1) The filing fee and penalty set forth in NRS 89.250 and 89.252 for each year or portion thereof during which the articles of association have been revoked; and

(2) A fee of \$300 for reinstatement.

2. When the Secretary of State reinstates the professional association, he shall issue to the professional association a certificate of reinstatement if the professional association:



- 1 (a) Requests a certificate of reinstatement; and
- 2 (b) Pays the required fees pursuant to subsection 8 of
- 3 NRS 78.785.

4 3. The Secretary of State shall not order a reinstatement unless  
5 all delinquent fees and penalties have been paid, and the revocation  
6 of the articles of association occurred only by reason of the failure  
7 to pay the fees and penalties.

8 4. If the articles of association of a professional association  
9 have been revoked pursuant to the provisions of this chapter and  
10 have remained revoked for 10 consecutive years, the articles must  
11 not be reinstated.

12 *5. A reinstatement pursuant to this section relates back to the*  
13 *date on which the professional association forfeited its right to*  
14 *transact business under the provisions of this chapter and*  
15 *reinstates the professional association's right to transact business*  
16 *as if such right had at all times remained in full force and effect.*

17 **Sec. 45.** NRS 92A.380 is hereby amended to read as follows:

18 92A.380 1. Except as otherwise provided in NRS 92A.370  
19 and 92A.390, any stockholder is entitled to dissent from, and obtain  
20 payment of the fair value of his shares in the event of any of the  
21 following corporate actions:

22 (a) Consummation of a conversion or plan of merger to which  
23 the domestic corporation is a constituent entity:

24 (1) If approval by the stockholders is required for the  
25 conversion or merger by NRS 92A.120 to 92A.160, inclusive, or the  
26 articles of incorporation, regardless of whether the stockholder is  
27 entitled to vote on the conversion or plan of merger; or

28 (2) If the domestic corporation is a subsidiary and is merged  
29 with its parent pursuant to NRS 92A.180.

30 (b) Consummation of a plan of exchange to which the domestic  
31 corporation is a constituent entity as the corporation whose subject  
32 owner's interests will be acquired, if his shares are to be acquired in  
33 the plan of exchange.

34 (c) Any corporate action taken pursuant to a vote of the  
35 stockholders to the extent that the articles of incorporation, bylaws  
36 or a resolution of the board of directors provides that voting or  
37 nonvoting stockholders are entitled to dissent and obtain payment  
38 for their shares.

39 (d) Any corporate action not described in paragraph (a), (b) or  
40 (c) that will result in the stockholder receiving money or scrip  
41 instead of fractional shares ***except where the stockholder would***  
42 ***not be entitled to receive such payment pursuant to NRS 78.205,***  
43 ***78.2055 or 78.207.***

44 2. A stockholder who is entitled to dissent and obtain payment  
45 pursuant to NRS 92A.300 to 92A.500, inclusive, may not challenge



1 the corporate action creating his entitlement unless the action is  
2 unlawful or fraudulent with respect to him or the domestic  
3 corporation.

4 *3. From and after the effective date of any corporate action*  
5 *described in subsection 1, no stockholder who has exercised his*  
6 *right to dissent pursuant to NRS 92A.300 to 92A.500, inclusive, is*  
7 *entitled to vote his shares for any purpose or to receive payment of*  
8 *dividends or any other distributions on shares. This subsection*  
9 *does not apply to dividends or other distributions payable to*  
10 *stockholders on a date before the effective date of any corporate*  
11 *action from which the stockholder has dissented.*

12 **Sec. 46.** NRS 21.075 is hereby amended to read as follows:

13 21.075 1. Execution on the writ of execution by levying on  
14 the property of the judgment debtor may occur only if the sheriff  
15 serves the judgment debtor with a notice of the writ of execution  
16 pursuant to NRS 21.076 and a copy of the writ. The notice must  
17 describe the types of property exempt from execution and explain  
18 the procedure for claiming those exemptions in the manner required  
19 in subsection 2. The clerk of the court shall attach the notice to the  
20 writ of execution at the time the writ is issued.

21 2. The notice required pursuant to subsection 1 must be  
22 substantially in the following form:

23  
24 NOTICE OF EXECUTION

25  
26 YOUR PROPERTY IS BEING ATTACHED OR  
27 YOUR WAGES ARE BEING GARNISHED  
28

29 A court has determined that you owe money to  
30 ..... (name of person), the judgment creditor. He has  
31 begun the procedure to collect that money by garnishing your  
32 wages, bank account and other personal property held by  
33 third persons or by taking money or other property in your  
34 possession.

35 Certain benefits and property owned by you may be  
36 exempt from execution and may not be taken from you. The  
37 following is a partial list of exemptions:

38 1. Payments *for your individual support* received  
39 pursuant to the federal Social Security Act, including, without  
40 limitation, retirement and survivors' benefits, supplemental  
41 security income benefits and disability insurance benefits.

42 2. Payments for benefits or the return of contributions  
43 under the Public Employees' Retirement System.

44 3. Payments for public assistance granted through the  
45 Division of Welfare and Supportive Services of the



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Department of Health and Human Services or a local governmental entity.

4. Proceeds from a policy of life insurance.

5. Payments of benefits under a program of industrial insurance.

6. Payments received as disability, illness or unemployment benefits.

7. Payments received as unemployment compensation.

8. Veteran's benefits.

9. A homestead in a dwelling or a mobile home, not to exceed \$350,000, unless:

(a) The judgment is for a medical bill, in which case all of the primary dwelling, including a mobile or manufactured home, may be exempt.

(b) Allodial title has been established and not relinquished for the dwelling or mobile home, in which case all of the dwelling or mobile home and its appurtenances are exempt, including the land on which they are located, unless a valid waiver executed pursuant to NRS 115.010 is applicable to the judgment.

10. A vehicle, if your equity in the vehicle is less than \$15,000.

11. Seventy-five percent of the take-home pay for any workweek, unless the weekly take-home pay is less than 50 times the federal minimum hourly wage, in which case the entire amount may be exempt.

12. Money, not to exceed \$500,000 in present value, held in:

(a) An individual retirement arrangement which conforms with the applicable limitations and requirements of section 408 or 408A of the Internal Revenue Code, 26 U.S.C. §§ 408 and 408A;

(b) A written simplified employee pension plan which conforms with the applicable limitations and requirements of section 408 of the Internal Revenue Code, 26 U.S.C. § 408;

(c) A cash or deferred arrangement that is a qualified plan pursuant to the Internal Revenue Code;

(d) A trust forming part of a stock bonus, pension or profit-sharing plan that is a qualified plan pursuant to sections 401 et seq. of the Internal Revenue Code, 26 U.S.C. §§ 401 et seq.; and

(e) A trust forming part of a qualified tuition program pursuant to chapter 353B of NRS, any applicable regulations adopted pursuant to chapter 353B of NRS and section 529 of the Internal Revenue Code, 26 U.S.C. § 529, unless the



1 money is deposited after the entry of a judgment against the  
2 purchaser or account owner or the money will not be used by  
3 any beneficiary to attend a college or university.

4 13. All money and other benefits paid pursuant to the  
5 order of a court of competent jurisdiction for the support,  
6 education and maintenance of a child, whether collected by  
7 the judgment debtor or the State.

8 14. All money and other benefits paid pursuant to the  
9 order of a court of competent jurisdiction for the support and  
10 maintenance of a former spouse, including the amount of any  
11 arrearages in the payment of such support and maintenance to  
12 which the former spouse may be entitled.

13 15. A vehicle for use by you or your dependent which is  
14 specially equipped or modified to provide mobility for a  
15 person with a permanent disability.

16 16. A prosthesis or any equipment prescribed by a  
17 physician or dentist for you or your dependent.

18 17. Payments, in an amount not to exceed \$16,150,  
19 received as compensation for personal injury, not including  
20 compensation for pain and suffering or actual pecuniary loss,  
21 by the judgment debtor or by a person upon whom the  
22 judgment debtor is dependent at the time the payment is  
23 received.

24 18. Payments received as compensation for the wrongful  
25 death of a person upon whom the judgment debtor was  
26 dependent at the time of the wrongful death, to the extent  
27 reasonably necessary for the support of the judgment debtor  
28 and any dependent of the judgment debtor.

29 19. Payments received as compensation for the loss of  
30 future earnings of the judgment debtor or of a person upon  
31 whom the judgment debtor is dependent at the time the  
32 payment is received, to the extent reasonably necessary for  
33 the support of the judgment debtor and any dependent of the  
34 judgment debtor.

35 20. Payments received as restitution for a criminal act.

36 ➡ These exemptions may not apply in certain cases such as a  
37 proceeding to enforce a judgment for support of a person or a  
38 judgment of foreclosure on a mechanic's lien. You should  
39 consult an attorney immediately to assist you in determining  
40 whether your property or money is exempt from execution. If  
41 you cannot afford an attorney, you may be eligible for  
42 assistance through ..... (name of organization in  
43 county providing legal services to indigent or elderly  
44 persons).



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PROCEDURE FOR CLAIMING EXEMPT PROPERTY

If you believe that the money or property taken from you is exempt, you must complete and file with the clerk of the court a notarized affidavit claiming the exemption. A copy of the affidavit must be served upon the sheriff and the judgment creditor within 8 days after the notice of execution is mailed. The property must be returned to you within 5 days after you file the affidavit unless you or the judgment creditor files a motion for a hearing to determine the issue of exemption. If this happens, a hearing will be held to determine whether the property or money is exempt. The motion for the hearing to determine the issue of exemption must be filed within 10 days after the affidavit claiming exemption is filed. The hearing to determine whether the property or money is exempt must be held within 10 days after the motion for the hearing is filed.

IF YOU DO NOT FILE THE AFFIDAVIT WITHIN THE TIME SPECIFIED, YOUR PROPERTY MAY BE SOLD AND THE MONEY GIVEN TO THE JUDGMENT CREDITOR, EVEN IF THE PROPERTY OR MONEY IS EXEMPT.

**Sec. 47.** NRS 21.090 is hereby amended to read as follows:

21.090 1. The following property is exempt from execution, except as otherwise specifically provided in this section or required by federal law:

(a) Private libraries, works of art, musical instruments and jewelry not to exceed \$5,000 in value, belonging to the judgment debtor or a dependent of the judgment debtor, to be selected by the judgment debtor, and all family pictures and keepsakes.

(b) Necessary household goods, furnishings, electronics, wearing apparel, other personal effects and yard equipment, not to exceed \$12,000 in value, belonging to the judgment debtor or a dependent of the judgment debtor, to be selected by the judgment debtor.

(c) Farm trucks, farm stock, farm tools, farm equipment, supplies and seed not to exceed \$4,500 in value, belonging to the judgment debtor to be selected by him.

(d) Professional libraries, equipment, supplies, and the tools, inventory, instruments and materials used to carry on the trade or business of the judgment debtor for the support of himself and his family not to exceed \$10,000 in value.

(e) The cabin or dwelling of a miner or prospector, his cars, implements and appliances necessary for carrying on any mining



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1 operations and his mining claim actually worked by him, not  
2 exceeding \$4,500 in total value.

3 (f) Except as otherwise provided in paragraph (o), one vehicle if  
4 the judgment debtor's equity does not exceed \$15,000 or the  
5 creditor is paid an amount equal to any excess above that equity.

6 (g) For any workweek, 75 percent of the disposable earnings of  
7 a judgment debtor during that week, or 50 times the minimum  
8 hourly wage prescribed by section 6(a)(1) of the federal Fair Labor  
9 Standards Act of 1938, 29 U.S.C. § 206(a)(1), and in effect at the  
10 time the earnings are payable, whichever is greater. Except as  
11 otherwise provided in paragraphs (n), (r) and (s), the exemption  
12 provided in this paragraph does not apply in the case of any order of  
13 a court of competent jurisdiction for the support of any person, any  
14 order of a court of bankruptcy or of any debt due for any state or  
15 federal tax. As used in this paragraph:

16 (1) "Disposable earnings" means that part of the earnings of  
17 a judgment debtor remaining after the deduction from those earnings  
18 of any amounts required by law to be withheld.

19 (2) "Earnings" means compensation paid or payable for  
20 personal services performed by a judgment debtor in the regular  
21 course of business, including, without limitation, compensation  
22 designated as income, wages, tips, a salary, a commission or a  
23 bonus. The term includes compensation received by a judgment  
24 debtor that is in the possession of the judgment debtor,  
25 compensation held in accounts maintained in a bank or any other  
26 financial institution or, in the case of a receivable, compensation  
27 that is due the judgment debtor.

28 (h) All fire engines, hooks and ladders, with the carts, trucks and  
29 carriages, hose, buckets, implements and apparatus thereunto  
30 appertaining, and all furniture and uniforms of any fire company or  
31 department organized under the laws of this State.

32 (i) All arms, uniforms and accouterments required by law to be  
33 kept by any person, and also one gun, to be selected by the debtor.

34 (j) All courthouses, jails, public offices and buildings, lots,  
35 grounds and personal property, the fixtures, furniture, books, papers  
36 and appurtenances belonging and pertaining to the courthouse, jail  
37 and public offices belonging to any county of this State, all  
38 cemeteries, public squares, parks and places, public buildings, town  
39 halls, markets, buildings for the use of fire departments and military  
40 organizations, and the lots and grounds thereto belonging and  
41 appertaining, owned or held by any town or incorporated city, or  
42 dedicated by the town or city to health, ornament or public use, or  
43 for the use of any fire or military company organized under the laws  
44 of this State and all lots, buildings and other school property owned  
45 by a school district and devoted to public school purposes.



(k) All money, benefits, privileges or immunities accruing or in any manner growing out of any life insurance, if the annual premium paid does not exceed \$15,000. If the premium exceeds that amount, a similar exemption exists which bears the same proportion to the money, benefits, privileges and immunities so accruing or growing out of the insurance that the \$15,000 bears to the whole annual premium paid.

(l) The homestead as provided for by law, including a homestead for which allodial title has been established and not relinquished and for which a waiver executed pursuant to NRS 115.010 is not applicable.

(m) The dwelling of the judgment debtor occupied as a home for himself and family, where the amount of equity held by the judgment debtor in the home does not exceed \$350,000 in value and the dwelling is situated upon lands not owned by him.

(n) All property in this State of the judgment debtor where the judgment is in favor of any state for failure to pay that state's income tax on benefits received from a pension or other retirement plan.

(o) Any vehicle owned by the judgment debtor for use by him or his dependent that is equipped or modified to provide mobility for a person with a permanent disability.

(p) Any prosthesis or equipment prescribed by a physician or dentist for the judgment debtor or a dependent of the debtor.

(q) Money, not to exceed \$500,000 in present value, held in:

(1) An individual retirement arrangement which conforms with the applicable limitations and requirements of section 408 or 408A of the Internal Revenue Code, 26 U.S.C. §§ 408 and 408A;

(2) A written simplified employee pension plan which conforms with the applicable limitations and requirements of section 408 of the Internal Revenue Code, 26 U.S.C. § 408;

(3) A cash or deferred arrangement which is a qualified plan pursuant to the Internal Revenue Code;

(4) A trust forming part of a stock bonus, pension or profit-sharing plan which is a qualified plan pursuant to sections 401 et seq. of the Internal Revenue Code, 26 U.S.C. §§ 401 et seq.; and

(5) A trust forming part of a qualified tuition program pursuant to chapter 353B of NRS, any applicable regulations adopted pursuant to chapter 353B of NRS and section 529 of the Internal Revenue Code, 26 U.S.C. § 529, unless the money is deposited after the entry of a judgment against the purchaser or account owner or the money will not be used by any beneficiary to attend a college or university.

(r) All money and other benefits paid pursuant to the order of a court of competent jurisdiction for the support, education and



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1 maintenance of a child, whether collected by the judgment debtor or  
2 the State.

3 (s) All money and other benefits paid pursuant to the order of a  
4 court of competent jurisdiction for the support and maintenance of a  
5 former spouse, including the amount of any arrearages in the  
6 payment of such support and maintenance to which the former  
7 spouse may be entitled.

8 (t) Payments, in an amount not to exceed \$16,150, received as  
9 compensation for personal injury, not including compensation for  
10 pain and suffering or actual pecuniary loss, by the judgment debtor  
11 or by a person upon whom the judgment debtor is dependent at the  
12 time the payment is received.

13 (u) Payments received as compensation for the wrongful death  
14 of a person upon whom the judgment debtor was dependent at the  
15 time of the wrongful death, to the extent reasonably necessary for  
16 the support of the judgment debtor and any dependent of the  
17 judgment debtor.

18 (v) Payments received as compensation for the loss of future  
19 earnings of the judgment debtor or of a person upon whom the  
20 judgment debtor is dependent at the time the payment is received, to  
21 the extent reasonably necessary for the support of the judgment  
22 debtor and any dependent of the judgment debtor.

23 (w) Payments received as restitution for a criminal act.

24 (x) Payments *for individual support* received pursuant to the  
25 federal Social Security Act, including, without limitation, retirement  
26 and survivors' benefits, supplemental security income benefits and  
27 disability insurance benefits.

28 2. Except as otherwise provided in NRS 115.010, no article or  
29 species of property mentioned in this section is exempt from  
30 execution issued upon a judgment to recover for its price, or upon a  
31 judgment of foreclosure of a mortgage or other lien thereon.

32 3. Any exemptions specified in subsection (d) of section 522 of  
33 the Bankruptcy Act of 1978, 11 U.S.C. § 522(d), do not apply to  
34 property owned by a resident of this State unless conferred also by  
35 subsection 1, as limited by subsection 2.

36 **Sec. 48.** NRS 31.045 is hereby amended to read as follows:

37 31.045 1. Execution on the writ of attachment by attaching  
38 property of the defendant may occur only if:

39 (a) The judgment creditor serves the defendant with notice of  
40 the execution when the notice of the hearing is served pursuant to  
41 NRS 31.013; or

42 (b) Pursuant to an ex parte hearing, the sheriff serves upon the  
43 judgment debtor notice of the execution and a copy of the writ at the  
44 same time and in the same manner as set forth in NRS 21.076.



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2. The notice required pursuant to subsection 1 must be substantially in the following form:

## NOTICE OF EXECUTION

## YOUR PROPERTY IS BEING ATTACHED OR YOUR WAGES ARE BEING GARNISHED

Plaintiff, ..... (name of person), alleges that you owe him money. He has begun the procedure to collect that money. To secure satisfaction of judgment the court has ordered the garnishment of your wages, bank account or other personal property held by third persons or the taking of money or other property in your possession.

Certain benefits and property owned by you may be exempt from execution and may not be taken from you. The following is a partial list of exemptions:

1. Payments ***for your individual support*** received pursuant to the federal Social Security Act, including, without limitation, retirement and survivors' benefits, supplemental security income benefits and disability insurance benefits.

2. Payments for benefits or the return of contributions under the Public Employees' Retirement System.

3. Payments for public assistance granted through the Division of Welfare and Supportive Services of the Department of Health and Human Services or a local governmental entity.

4. Proceeds from a policy of life insurance.

5. Payments of benefits under a program of industrial insurance.

6. Payments received as disability, illness or unemployment benefits.

7. Payments received as unemployment compensation.

8. Veteran's benefits.

9. A homestead in a dwelling or a mobile home, not to exceed \$350,000, unless:

(a) The judgment is for a medical bill, in which case all of the primary dwelling, including a mobile or manufactured home, may be exempt.

(b) Allodial title has been established and not relinquished for the dwelling or mobile home, in which case all of the dwelling or mobile home and its appurtenances are exempt,



including the land on which they are located, unless a valid waiver executed pursuant to NRS 115.010 is applicable to the judgment.

10. A vehicle, if your equity in the vehicle is less than \$15,000.

11. Seventy-five percent of the take-home pay for any workweek, unless the weekly take-home pay is less than 50 times the federal minimum hourly wage, in which case the entire amount may be exempt.

12. Money, not to exceed \$500,000 in present value, held in:

(a) An individual retirement arrangement which conforms with the applicable limitations and requirements of section 408 or 408A of the Internal Revenue Code, 26 U.S.C. §§ 408 and 408A;

(b) A written simplified employee pension plan which conforms with the applicable limitations and requirements of section 408 of the Internal Revenue Code, 26 U.S.C. § 408;

(c) A cash or deferred arrangement that is a qualified plan pursuant to the Internal Revenue Code;

(d) A trust forming part of a stock bonus, pension or profit-sharing plan that is a qualified plan pursuant to sections 401 et seq. of the Internal Revenue Code, 26 U.S.C. §§ 401 et seq.; and

(e) A trust forming part of a qualified tuition program pursuant to chapter 353B of NRS, any applicable regulations adopted pursuant to chapter 353B of NRS and section 529 of the Internal Revenue Code, 26 U.S.C. § 529, unless the money is deposited after the entry of a judgment against the purchaser or account owner or the money will not be used by any beneficiary to attend a college or university.

13. All money and other benefits paid pursuant to the order of a court of competent jurisdiction for the support, education and maintenance of a child, whether collected by the judgment debtor or the State.

14. All money and other benefits paid pursuant to the order of a court of competent jurisdiction for the support and maintenance of a former spouse, including the amount of any arrearages in the payment of such support and maintenance to which the former spouse may be entitled.

15. A vehicle for use by you or your dependent which is specially equipped or modified to provide mobility for a person with a permanent disability.

16. A prosthesis or any equipment prescribed by a physician or dentist for you or your dependent.



1           17. Payments, in an amount not to exceed \$16,150,  
2 received as compensation for personal injury, not including  
3 compensation for pain and suffering or actual pecuniary loss,  
4 by the judgment debtor or by a person upon whom the  
5 judgment debtor is dependent at the time the payment is  
6 received.

7           18. Payments received as compensation for the wrongful  
8 death of a person upon whom the judgment debtor was  
9 dependent at the time of the wrongful death, to the extent  
10 reasonably necessary for the support of the judgment debtor  
11 and any dependent of the judgment debtor.

12           19. Payments received as compensation for the loss of  
13 future earnings of the judgment debtor or of a person upon  
14 whom the judgment debtor is dependent at the time the  
15 payment is received, to the extent reasonably necessary for  
16 the support of the judgment debtor and any dependent of the  
17 judgment debtor.

18           20. Payments received as restitution for a criminal act.  
19       ↳ These exemptions may not apply in certain cases such as  
20 proceedings to enforce a judgment for support of a child or a  
21 judgment of foreclosure on a mechanic's lien. You should  
22 consult an attorney immediately to assist you in determining  
23 whether your property or money is exempt from execution. If  
24 you cannot afford an attorney, you may be eligible for  
25 assistance through ..... (name of organization in  
26 county providing legal services to the indigent or elderly  
27 persons).  
28

## 29           PROCEDURE FOR CLAIMING EXEMPT PROPERTY

30  
31           If you believe that the money or property taken from you  
32 is exempt or necessary for the support of you or your family,  
33 you must file with the clerk of the court on a form provided  
34 by the clerk a notarized affidavit claiming the exemption. A  
35 copy of the affidavit must be served upon the sheriff and the  
36 judgment creditor within 8 days after the notice of execution  
37 is mailed. The property must be returned to you within 5 days  
38 after you file the affidavit unless the judgment creditor files a  
39 motion for a hearing to determine the issue of exemption. If  
40 this happens, a hearing will be held to determine whether the  
41 property or money is exempt. The hearing must be held  
42 within 10 days after the motion for a hearing is filed.



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1 IF YOU DO NOT FILE THE AFFIDAVIT WITHIN THE  
2 TIME SPECIFIED, YOUR PROPERTY MAY BE SOLD  
3 AND THE MONEY GIVEN TO THE JUDGMENT  
4 CREDITOR, EVEN IF THE PROPERTY OR MONEY IS  
5 EXEMPT.  
6

7 If you received this notice with a notice of a hearing for  
8 attachment and you believe that the money or property which  
9 would be taken from you by a writ of attachment is exempt or  
10 necessary for the support of you or your family, you are  
11 entitled to describe to the court at the hearing why you  
12 believe your property is exempt. You may also file a motion  
13 with the court for a discharge of the writ of attachment. You  
14 may make that motion any time before trial. A hearing will be  
15 held on that motion.  
16

17 IF YOU DO NOT FILE THE MOTION BEFORE  
18 THE TRIAL, YOUR PROPERTY MAY BE SOLD AND  
19 THE MONEY GIVEN TO THE PLAINTIFF, EVEN IF THE  
20 PROPERTY OR MONEY IS EXEMPT OR NECESSARY  
21 FOR THE SUPPORT OF YOU OR YOUR FAMILY.

22 **Sec. 49.** NRS 104.9501 is hereby amended to read as follows:

23 104.9501 1. Except as otherwise provided in subsection 2, if  
24 the law of this State governs perfection of a security interest or  
25 agricultural lien, the office in which to file a financing statement to  
26 perfect the security interest or agricultural lien is:

27 (a) The office designated for the filing or recording of a  
28 mortgage on the real property, if:

29 (1) The collateral is as-extracted collateral or timber to be  
30 cut; or

31 (2) The financing statement is filed as a fixture filing and the  
32 collateral is goods that are or are to become fixtures; or

33 (b) The office of the Secretary of State in all other cases,  
34 including a case in which the collateral is goods that are or are to  
35 become fixtures and the financing statement is not filed as a fixture  
36 filing.

37 2. The office in which to file a financing statement to perfect a  
38 security interest in collateral, including fixtures, of a transmitting  
39 utility is the office of the Secretary of State . ~~for the county recorder~~  
40 ~~of the appropriate county, as determined pursuant to chapter 105 of~~  
41 ~~NRS.]~~ The financing statement also constitutes a fixture filing as to  
42 the collateral indicated in the financing statement which is or is to  
43 become fixtures.



**Sec. 50.** NRS 107.080 is hereby amended to read as follows:

107.080 1. Except as otherwise provided in NRS 107.085, if any transfer in trust of any estate in real property is made after March 29, 1927, to secure the performance of an obligation or the payment of any debt, a power of sale is hereby conferred upon the trustee to be exercised after a breach of the obligation for which the transfer is security.

2. The power of sale must not be exercised, however, until:

(a) In the case of any trust agreement coming into force:

(1) On or after July 1, 1949, and before July 1, 1957, the grantor, or his successor in interest, a beneficiary under a subordinate deed of trust or any other person who has a subordinate lien or encumbrance of record on the property, has for a period of 15 days, computed as prescribed in subsection 3, failed to make good the deficiency in performance or payment; or

(2) On or after July 1, 1957, the grantor, or his successor in interest, a beneficiary under a subordinate deed of trust or any other person who has a subordinate lien or encumbrance of record on the property, has for a period of 35 days, computed as prescribed in subsection 3, failed to make good the deficiency in performance or payment;

(b) The beneficiary, the successor in interest of the beneficiary or the trustee first executes and causes to be recorded in the office of the recorder of the county wherein the trust property, or some part thereof, is situated a notice of the breach and of his election to sell or cause to be sold the property to satisfy the obligation; and

(c) Not less than 3 months have elapsed after the recording of the notice.

3. The 15- or 35-day period provided in paragraph (a) of subsection 2 commences on the first day following the day upon which the notice of default and election to sell is recorded in the office of the county recorder of the county in which the property is located and a copy of the notice of default and election to sell is mailed by registered or certified mail, return receipt requested and with postage prepaid to the grantor, and to the person who holds the title of record on the date the notice of default and election to sell is recorded, at their respective addresses, if known, otherwise to the address of the trust property. The notice of default and election to sell must describe the deficiency in performance or payment and may contain a notice of intent to declare the entire unpaid balance due if acceleration is permitted by the obligation secured by the deed of trust, but acceleration must not occur if the deficiency in performance or payment is made good and any costs, fees and expenses incident to the preparation or recordation of the notice and



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1 incident to the making good of the deficiency in performance or  
2 payment are paid within the time specified in subsection 2.

3 4. The trustee, or other person authorized to make the sale  
4 under the terms of the trust deed or transfer in trust, shall, after  
5 expiration of the 3-month period following the recording of the  
6 notice of breach and election to sell, and before the making of the  
7 sale, give notice of the time and place thereof by recording  
8 the notice of sale and by:

9 (a) Providing the notice to each trustor and any other person  
10 entitled to notice pursuant to this section by personal service or by  
11 mailing the notice by registered or certified mail to the last known  
12 address of the trustor and any other person entitled to such notice  
13 pursuant to this section;

14 (b) Posting a similar notice particularly describing the property,  
15 for 20 days successively, in three public places of the township or  
16 city where the property is situated and where the property is to be  
17 sold; and

18 (c) Publishing a copy of the notice three times, once each week  
19 for 3 consecutive weeks, in a newspaper of general circulation in the  
20 county where the property is situated.

21 5. Every sale made under the provisions of this section and  
22 other sections of this chapter vests in the purchaser the title of the  
23 grantor and his successors in interest without equity or right of  
24 redemption. A person who purchases property pursuant to this  
25 section ~~[is not]~~ *without actual knowledge that the sale does not*  
26 *substantially comply with the provisions of this section is* a bona  
27 fide purchaser, and *, in the absence of such knowledge,* the sale  
28 may *not* be declared void if the trustee or other person authorized to  
29 make the sale ~~[does not substantially]~~ *has failed to* comply with the  
30 provisions of this section. The sale of a lease of a dwelling unit of a  
31 cooperative housing corporation vests in the purchaser title to the  
32 shares in the corporation which accompany the lease.

33 **Sec. 51.** NRS 116.31185 is hereby amended to read as  
34 follows:

35 116.31185 1. Except as otherwise provided in subsection 2, a  
36 member of an executive board, an officer of an association or a  
37 community manager shall not solicit or accept any form of  
38 compensation, gratuity or other remuneration that:

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

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

44 2. Notwithstanding the provisions of subsection 1, a member of  
45 an executive board, an officer of an association, a community



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1 manager or any person working for a community manager *who,*  
2 *either individually or in association with others, has authority to*  
3 *retain an attorney or a law firm or to contract with vendors on*  
4 *behalf of the association or community manager, as applicable,*  
5 shall not accept, directly or indirectly, any gifts, incentives,  
6 gratuities, rewards or other items of value from:

7 (a) ~~[An]~~ *Except as otherwise provided in this paragraph, an*  
8 *attorney, law firm or vendor ~~[ ]~~ then retained by or under contract*  
9 *with, as applicable, the association or community manager, or any*  
10 *person working ~~[directly or indirectly]~~ for the attorney, law firm or*  
11 *vendor, which total more than the amount established by the*  
12 *Commission by regulation, not to exceed \$100 per year per such*  
13 *attorney, law firm or vendor . ~~[ ]~~ This paragraph does not apply*  
14 *to any person working indirectly for such an attorney, law firm or*  
15 *vendor unless the work is for the association or community*  
16 *manager.*

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

22 3. ~~[An]~~ *Any gift, incentive, gratuity, reward or other item of*  
23 *value received by an attorney, law firm or vendor or any person*  
24 *working for the attorney, law firm or vendor when the attorney,*  
25 *law firm or vendor or the person working for the attorney, law*  
26 *firm or vendor was not retained by or under contract with the*  
27 *association or community manager who provided the gift, must be*  
28 *promptly returned if, within 1 year after the receipt of the gift,*  
29 *incentive, gratuity, reward or other item of value, the attorney, law*  
30 *firm or vendor or any person working for the attorney, law firm or*  
31 *vendor is retained or contracted by such association or community*  
32 *manager.*

33 4. *Except as otherwise provided in this subsection, an*  
34 *attorney, law firm or vendor ~~[ ]~~ then retained by or under contract*  
35 *with, as applicable, the association or community manager, or any*  
36 *person working ~~[directly or indirectly]~~ for the attorney, law firm or*  
37 *vendor, shall not provide, directly or indirectly, any gifts, incentives,*  
38 *gratuities, rewards or other items of value to a member of the*  
39 *executive board, an officer of the association, the community*  
40 *manager or any person working for the community manager who,*  
41 *either individually or in association with others, has authority to*  
42 *retain an attorney or a law firm or to contract with vendors on*  
43 *behalf of the association or community manager, as applicable,*  
44 which total more than the amount established by the Commission by





1 regulation, not to exceed \$100 per year per such member, officer,  
2 community manager or person.

3 ~~[4.]~~ *This subsection does not apply to any person working*  
4 *indirectly for such an attorney, law firm or vendor unless the work*  
5 *is for the association or community manager.*

6 *5. Any gift, incentive, gratuity, reward or other item of value*  
7 *provided by an attorney, law firm or vendor or any person working*  
8 *for the attorney, law firm or vendor when the attorney, law firm or*  
9 *vendor or the person working for the attorney, law firm or vendor*  
10 *was not retained by or under contract with the association or*  
11 *community manager who received the gift must be promptly*  
12 *returned if, within 1 year after the receipt of the gift, incentive,*  
13 *gratuity, reward or other item of value, the attorney, law firm or*  
14 *vendor or any person working for the attorney, law firm or vendor*  
15 *is retained or contracted by such association or community*  
16 *manager.*

17 **6.** A declarant, an affiliate of a declarant or any person  
18 responsible for the construction of a community or association, shall  
19 not provide, directly or indirectly, any gifts, incentives, gratuities,  
20 rewards or other items of value to a member of the executive board,  
21 an officer of the association, the community manager or any person  
22 working for the community manager which total more than the  
23 amount established by the Commission by regulation, not to exceed  
24 \$100 per year per such member, officer, community manager or  
25 person.

26 ~~[5.]~~ **7.** In addition to the limitations set forth in subsection 1, a  
27 community manager shall not solicit or accept any form of  
28 compensation, fee or other remuneration that is based, in whole or in  
29 part, on:

30 (a) The number or amount of fines imposed against or collected  
31 from units' owners or tenants or guests of units' owners pursuant to  
32 NRS 116.31031 for violations of the governing documents of the  
33 association; or

34 (b) Any percentage or proportion of those fines.

35 ~~[6.]~~ **8.** The provisions of this section do not prohibit a  
36 community manager from being paid compensation, a fee or other  
37 remuneration under the terms of a contract between the community  
38 manager and an association if:

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

43 (b) The compensation, fee or other remuneration is being paid to  
44 the community manager for providing management of the common-  
45 interest community; and



- 1 (c) The compensation, fee or other remuneration is not  
2 structured in a way that would violate the provisions of subsection 1  
3 or ~~[5.]~~ 7.  
4 **Sec. 52.** NRS 87.003 is hereby repealed.

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**TEXT OF REPEALED SECTION**

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**87.003 “Professional service” defined.** “Professional service” means any type of personal service that may legally be performed only pursuant to a license or certificate of registration.

