

SENATE BILL NO. 185—SENATOR SCHNEIDER

FEBRUARY 22, 2011

Referred to Committee on Judiciary

SUMMARY—Makes various changes relating to real property.
(BDR 10-23)

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

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

AN ACT relating to real property; providing for the regulation of private transfer fee obligations affecting real property; revising the disclosures that a seller of real property must make to a buyer to include certain information concerning private transfer fee obligations; revising provisions governing fees charged for products or services provided to owners of units in a common-interest community; prohibiting the use of information from radar guns as a basis for a fine or penalty in a common-interest community; requiring certain additional information to be included in the declaration of a common-interest community; amending provisions governing the composition of the executive board of an association of a common-interest community; revising provisions relating to hearings on alleged violations of the governing documents of a common-interest community; revising provisions governing civil actions commenced to protect health, safety and welfare within a common-interest community; amending provisions governing fees imposed by an association upon the sale of real property within a common-interest community; making various other changes relating to common-interest communities; and providing other matters properly relating thereto.



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Legislative Counsel's Digest:

Sections 1-14 of this bill regulate obligations created by a conveyance or other instrument affecting the title to real property that require the payment of a fee to a payee upon a subsequent transfer of an interest in the real property. **Section 10** provides that certain transfer fee obligations created or recorded in this State on or after July 1, 2011, are void and unenforceable. **Sections 11 and 12** impose certain requirements on the payee under a private transfer fee obligation created before July 1, 2011. If a payee does not comply with these requirements, the private transfer fee obligation becomes void and unenforceable and, under **section 13**, the payee is subject to civil liability. **Section 14** revises the disclosures that a seller of real property must make to a buyer by requiring a seller of real property that is subject to a private transfer fee obligation to furnish to the buyer a written statement disclosing certain information concerning the private transfer fee obligation.

Existing law authorizes homeowners' associations to impose and receive various fees for services provided to units' owners. (NRS 116.3102, 116.3108, 116.31083, 116.31175, 116.4109) **Sections 16, 19, 20, 22, 23, 26-33 and 35** of this bill revise the provisions governing fees charged by homeowners' associations. According to these sections, from July 1, 2011, through September 30, 2012, an association is prohibited from charging a fee for a good or service provided to a unit's owner, tenant or invitee in an amount which exceeds: (1) the actual cost incurred by the association to provide the good or service; or (2) the maximum amount of the fee authorized by statute or by a regulation adopted by the Commission for Common-Interest Communities and Condominium Hotels. On and after October 1, 2012, a homeowners' association is prohibited from charging a fee for a good or service provided to a unit's owner, tenant or invitee unless: (1) the fee is specifically authorized by statute or by a regulation adopted by the Commission; and (2) the maximum amount of the fee is established by statute or by a regulation adopted by the Commission. The amounts of certain existing fees which have been prescribed by statute remain effective until October 1, 2012, or the effective date of a regulation adopted by the Commission which prescribes the maximum amount of the fee, whichever is later.

Section 17 of this bill prohibits a common-interest community from using information from radar guns as the basis for a fine or penalty.

Section 18 of this bill requires the declaration creating the common-interest community to contain information concerning: (1) any restrictions on the ability of a unit's owner to rent or lease his or her unit; and (2) the specific obligations, duties and responsibilities of the association with respect to the maintenance, repair and replacement of specific common elements, specific limited common elements and other specific areas within the common-interest community.

Section 21 of this bill replaces the requirement that all members of the executive board of an association be units' owners with a requirement that at least a majority of the members of the executive board be units' owners unless the declaration provides otherwise.

Existing law requires the executive board to meet in executive session to hold a hearing on an alleged violation of the governing documents unless the person who may be sanctioned requests an open hearing. Under existing law, if the person who may be sanctioned requests an open hearing, that person has certain rights with respect to the hearing. (NRS 116.31085) **Section 24** of this bill requires that the person who may be sanctioned be provided these rights whether or not the person requests an open hearing.

Existing law requires a homeowner's association to obtain the approval of units' owners before commencing certain civil actions. However, existing law authorizes an association to commence a civil action without such approval if the civil action is commenced to protect the health, safety and welfare of the members



of the association. (NRS 116.31088) **Section 25** of this bill requires an association which has commenced such a civil action without the preapproval of its members to apply for and obtain court approval to proceed with the civil action. Under **section 25**, if the court makes certain findings, the association may proceed with the civil action and the civil action must be ratified by the units' owners within 90 days after the court's approval.

Existing law authorizes an association to charge certain fees for furnishing certain documents and certificates in connection with the resale of a unit. (NRS 116.4109) **Sections 30 and 31** of this bill prohibit an agreement entered into by the association for the furnishing of such documents or certificates from allowing a unit's owner to be charged a fee exceeding the amount which the association is authorized to charge. In addition, under **sections 30 and 35** of this bill, from July 1, 2011, through September 30, 2012, an association is prohibited from charging a unit's owner any fee related to the resale of a unit that is not specifically authorized, except that the association may charge a fee to cover the actual cost of transferring the unit to a new owner in the books and records of the association. Under **sections 31, 33 and 35**, on and after October 1, 2012, the association is prohibited from charging any fee related to the resale of a unit, unless the fee is authorized, and the maximum amount of the fee established, by statute or regulation.

Section 32 of this bill revises provisions governing the nonbinding arbitration of certain claims relating to residential property subject to covenants, conditions and restrictions to: (1) prohibit the award of costs and attorney's fees to the parties to the arbitration unless, during a proceeding to confirm an award, a court finds that a party has asserted a frivolous or vexatious claim or engaged in conduct for the purpose of harassment or delay; (2) require the parties to pay an equal share of the arbitrator's fees and expenses in certain circumstances; and (3) allow a party to apply to vacate the arbitration award if another party has applied to confirm the award.

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

Section 1. Chapter 111 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 13, inclusive, of this act.

Sec. 2. *As used in sections 2 to 13, inclusive, of this act, the words and terms defined in sections 3 to 8, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *"Buyer" includes, without limitation, a grantee or other transferee of an interest in real property.*

Sec. 4. *"Payee" means the natural person to whom or the entity to which a private transfer fee is to be paid and the successors or assigns of the natural person or entity.*

Sec. 5. 1. *"Private transfer fee" means a fee or charge required by a private transfer fee obligation and payable upon the transfer of an interest in real property, or payable for the right to make or accept such a transfer, regardless of whether the fee or charge is a fixed amount or is determined as a percentage of the*



1 *value of the interest in real property or the purchase price or other*
2 *consideration paid for the transfer of the interest in real property.*

3 2. *The term does not include any:*

4 (a) *Consideration payable by the buyer to the seller for the*
5 *interest in real property being transferred, including any*
6 *subsequent additional consideration payable by the buyer based*
7 *upon any subsequent appreciation, development or sale of the*
8 *property if the additional consideration is payable on a one-time*
9 *basis only and the obligation to make the payment does not bind*
10 *successors in title to the property;*

11 (b) *Commission payable to a licensed real estate broker for the*
12 *transfer of real property pursuant to an agreement between the*
13 *broker and the seller or buyer, including any subsequent*
14 *additional commission payable by the seller or buyer based upon*
15 *any subsequent appreciation, development or sale of the property;*

16 (c) *Interest, charge, fee or other amount payable by a borrower*
17 *to a lender pursuant to a loan secured by a mortgage on real*
18 *property, including, without limitation, any fee payable to the*
19 *lender for consenting to an assumption of the loan or a transfer of*
20 *the real property, any amount paid to the lender pursuant to an*
21 *agreement which gives the lender the right to share in any*
22 *subsequent appreciation in the value of the property and any other*
23 *consideration payable to the lender in connection with the loan;*

24 (d) *Rent, reimbursement, charge, fee or other amount payable*
25 *by a lessee to a lessor under a lease, including, without limitation,*
26 *any fee payable to the lessor for consenting to any assignment,*
27 *subletting, encumbrance or transfer of the lease;*

28 (e) *Consideration payable to the holder of an option to*
29 *purchase an interest in real property or to the holder of a right of*
30 *first refusal to purchase an interest in real property for waiving,*
31 *releasing or not exercising the option or right upon the transfer of*
32 *the real property to another person;*

33 (f) *Tax, fee, charge, assessment, fine or other amount payable*
34 *to or imposed by a governmental entity; or*

35 (g) *Fee, charge, assessment, fine or other amount payable to*
36 *an association of property owners or any other form of*
37 *organization of property owners, including, without limitation, a*
38 *unit-owners' association or master association of a common-*
39 *interest community, a unit-owners' association of a condominium*
40 *hotel or an association of owners of a time-share plan, pursuant to*
41 *a declaration, covenant or specific statute applicable to the*
42 *association or organization.*

43 **Sec. 6.** *"Private transfer fee obligation" means an obligation*
44 *created by a conveyance or other instrument affecting the title to*
45 *real property that requires the payment of a private transfer fee to*



1 *a payee upon a subsequent transfer of an interest in the real*
2 *property.*

3 **Sec. 7.** *“Seller” includes, without limitation, a grantor or*
4 *other transferor of an interest in real property.*

5 **Sec. 8.** *“Transfer” means the sale, gift, conveyance,*
6 *assignment, inheritance or other transfer of an interest in real*
7 *property.*

8 **Sec. 9.** *The Legislature finds and declares that:*

9 *1. The public policy of this State favors the marketability of*
10 *real property and the transferability of interests in real property*
11 *free of defects in title or unreasonable restraints on the alienation*
12 *of real property; and*

13 *2. A private transfer fee obligation violates the public policy*
14 *of this State by impairing the marketability and transferability of*
15 *real property and by constituting an unreasonable restraint on the*
16 *alienation of real property regardless of the duration or amount of*
17 *the private transfer fee or the method by which the private transfer*
18 *fee obligation is created or imposed.*

19 **Sec. 10.** *1. Except as otherwise provided in section 11 of*
20 *this act:*

21 *(a) A person shall not, on or after July 1, 2011, create or*
22 *record a private transfer fee obligation in this State; and*

23 *(b) A private transfer fee obligation that is created or recorded*
24 *in this State on or after July 1, 2011, is void and unenforceable.*

25 *2. The provisions of subsection 1 do not validate or make*
26 *enforceable any private transfer fee obligation that was created or*
27 *recorded in this State before July 1, 2011.*

28 **Sec. 11.** *1. The payee under a private transfer fee*
29 *obligation that was created before July 1, 2011, shall, on or before*
30 *December 31, 2011, record in the office of the county recorder of*
31 *the county in which the real property that is subject to the private*
32 *transfer fee obligation is located a notice which includes:*

33 *(a) The title “Notice of Private Transfer Fee Obligation” in*
34 *not less than 14-point boldface type;*

35 *(b) The legal description of the real property;*

36 *(c) The amount of the private transfer fee or the method by*
37 *which the private transfer fee must be calculated;*

38 *(d) If the real property is residential property, the amount of*
39 *the private transfer fee that would be imposed on the sale of a*
40 *home for \$100,000, the sale of a home for \$250,000 and the sale of*
41 *a home for \$500,000;*

42 *(e) The date or circumstances under which the private transfer*
43 *fee obligation expires, if any;*

44 *(f) The purpose for which the money received from the*
45 *payment of the private transfer fee will be used;*



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(g) *The name, address and telephone number of the payee;
and*

(h) *If the payee is:*

(1) *A natural person, the notarized signature of the payee;
or*

(2) *An entity, the notarized signature of an authorized
officer or employee of the entity.*

2. *Upon any change in the information set forth in the notice
described in subsection 1, the payee may record an amendment to
the notice.*

3. *If the payee fails to comply with the requirements of
subsection 1:*

(a) *The private transfer fee obligation is void and
unenforceable and any interest in the real property that is subject
to the private transfer fee obligation may thereafter be conveyed
free and clear of the private transfer fee obligation; and*

(b) *The payee is subject to the liability described in section 13
of this act.*

4. *Any person with an interest in the real property that is
subject to the private transfer fee obligation may record in the
office of the county recorder of the county in which the real
property is located an affidavit which:*

(a) *States that the affiant has actual knowledge of, and is
competent to testify to, the facts set forth in the affidavit;*

(b) *Sets forth the legal description of the real property that is
subject to the private transfer fee obligation;*

(c) *Sets forth the name of the owner of the real property as
recorded in the office of the county recorder;*

(d) *States that the private transfer fee obligation was created
before July 1, 2011, and specifies the date on which the private
transfer fee obligation was created;*

(e) *States that the payee under the private transfer fee
obligation failed on or before December 31, 2011, to record in the
office of the county recorder of the county in which the real
property that is subject to the private transfer fee obligation is
located a notice which complies with the requirements of
subsection 1; and*

(f) *Is signed by the affiant under penalty of perjury.*

5. *When properly recorded, the affidavit described in
subsection 4 constitutes prima facie evidence that:*

(a) *The real property described in the affidavit was subject to a
private transfer fee obligation that was created before July 1,
2011;*

(b) *The payee under the private transfer fee obligation failed
on or before December 31, 2011, to record in the office of the*



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1 county recorder of the county in which the real property that was
2 subject to the private transfer fee obligation is located a notice
3 which complies with the requirements of subsection 1; and

4 (c) The private transfer fee obligation is void and
5 unenforceable and any interest in the real property that is subject
6 to the private transfer fee obligation may thereafter be conveyed
7 free and clear of the private transfer fee obligation.

8 **Sec. 12.** 1. If a written request for a written statement of
9 the amount of the private transfer fee due upon the sale of real
10 property is sent by certified mail, return receipt requested, to the
11 payee under a private transfer fee obligation that was created
12 before July 1, 2011, at the address appearing in the recorded
13 notice described in section 11 of this act, the payee shall provide
14 such a written statement to the person who requested the written
15 statement not later than 30 days after the date of mailing.

16 2. If the payee fails to comply with the requirements of
17 subsection 1:

18 (a) The private transfer fee obligation is void and
19 unenforceable and any interest in the real property that is subject
20 to the private transfer fee obligation may thereafter be conveyed
21 free and clear of the private transfer fee obligation; and

22 (b) The payee is subject to the liability described in section 13
23 of this act.

24 3. The person who requested the written statement may
25 record in the office of the county recorder of the county in which
26 the real property is located an affidavit which:

27 (a) States that the affiant has actual knowledge of, and is
28 competent to testify to, the facts set forth in the affidavit;

29 (b) Sets forth the legal description of the real property that is
30 subject to the private transfer fee obligation;

31 (c) Sets forth the name of the owner of the real property as
32 recorded in the office of the county recorder;

33 (d) Expressly refers to the recorded notice described in section
34 11 of this act by:

35 (1) The date on which the notice was recorded in the office
36 of the county recorder; and

37 (2) The book, page and document number, as applicable, of
38 the recorded notice;

39 (e) States that a written request for a written statement of the
40 amount of the private transfer fee due upon the sale of the real
41 property was sent by certified mail, return receipt requested, to the
42 payee at the address appearing in the recorded notice described in
43 section 11 of this act, and that the payee failed to provide such a
44 written statement to the person who requested the written
45 statement within 30 days after the date of mailing; and



(f) *Is signed by the affiant under penalty of perjury.*

4. *When properly recorded, the affidavit described in subsection 3 constitutes prima facie evidence that:*

(a) *A written request for a written statement of the amount of the private transfer fee due upon the sale of the real property was sent by certified mail, return receipt requested, to the payee at the address appearing in the recorded notice described in section 11 of this act;*

(b) *The payee failed to provide such a written statement to the person who requested the written statement within 30 days after the date of mailing; and*

(c) *The private transfer fee obligation is void and unenforceable and any interest in the real property that is subject to the private transfer fee obligation may thereafter be conveyed free and clear of the private transfer fee obligation.*

Sec. 13. 1. *Any person who fails to comply with a requirement imposed by subsection 1 of section 11 of this act or subsection 1 of section 12 of this act is liable for all:*

(a) *Damages resulting from the enforcement of the private transfer fee obligation upon the transfer of an interest in the real property, including, without limitation, the amount of any private transfer fee paid by a party to the transfer; and*

(b) *Attorney's fees, expenses and costs incurred by a party to the transfer or mortgagee of the real property to recover any private transfer fee paid or in connection with an action to quiet title.*

2. *A principal is liable pursuant to this section for the acts or omissions of an authorized agent of the principal.*

Sec. 14. Chapter 113 of NRS is hereby amended by adding thereto a new section to read as follows:

1. *A seller of real property that is subject to a private transfer fee obligation shall furnish to the buyer a written statement which discloses the existence of the private transfer fee obligation, includes a description of the private transfer fee obligation and sets forth a notice in substantially the following form:*

A private transfer fee obligation has been created with respect to this property. The private transfer fee obligation may lower the value of this property. The laws of this State prohibit the enforcement of certain private transfer fee obligations that are created or recorded on or after July 1, 2011 (section 10 of this act), and impose certain notice requirements with respect to private transfer fee obligations that were created before July 1, 2011 (section 11 of this act).



1 2. *As used in this section, "private transfer fee obligation"*
2 *has the meaning ascribed to it in section 6 of this act.*

3 **Sec. 15.** Chapter 116 of NRS is hereby amended by adding
4 thereto the provisions set forth as sections 16 and 17 of this act.

5 **Sec. 16.** 1. *Except as otherwise provided in subsection 2, an*
6 *association shall not impose or receive a fee or charge for any*
7 *good or service provided to a unit's owner, a tenant or an invitee*
8 *of a unit's owner or tenant in an amount which exceeds:*

9 (a) *The maximum amount of the fee or charge established by*
10 *statute or by a regulation adopted by the Commission; or*

11 (b) *If the maximum amount of the fee or charge has not been*
12 *established by statute or by a regulation adopted by the*
13 *Commission, the actual cost to the association or community*
14 *manager of providing the good or service.*

15 2. *The provisions of subsection 1 do not apply to any*
16 *payment, fee or charge imposed by an association for the use,*
17 *rental or operation of the common elements.*

18 3. *The Commission may adopt regulations:*

19 (a) *Authorizing an association to impose and receive a fee or*
20 *charge for providing a good or service to a unit's owner, a tenant*
21 *or an invitee of a unit's owner or tenant; and*

22 (b) *Establishing the maximum amount of a fee or charge that*
23 *an association is authorized to impose and receive for providing a*
24 *good or service. The Commission shall establish the maximum*
25 *amount of such fees or charges based on the actual cost an*
26 *association incurs to provide the good or service for which the fee*
27 *or charge is imposed.*

28 **Sec. 17.** 1. *A member of the executive board of a common-*
29 *interest community, a community manager for the common-*
30 *interest community and any other representative of the association*
31 *shall not use a radar gun or other device designed to gauge the*
32 *speed of a vehicle for the purpose of imposing any fine or other*
33 *penalty upon, or taking any other action against, a unit's owner or*
34 *other person.*

35 2. *The executive board of a common-interest community*
36 *shall not impose any fine or other penalty upon, or take any other*
37 *action against, a unit's owner or other person based on the results*
38 *of any test conducted using a radar gun or other device designed*
39 *to gauge the speed of a vehicle.*

40 3. *The governing documents of a common-interest*
41 *community must not authorize the executive board or any other*
42 *person to impose any fine or other penalty upon, or take any other*
43 *action against, a unit's owner or other person based on the results*
44 *of any test conducted using a radar gun or other device designed*
45 *to gauge the speed of a vehicle.*



Sec. 18. NRS 116.2105 is hereby amended to read as follows:
116.2105 1. The declaration must contain:

(a) The names of the common-interest community and the association and a statement that the common-interest community is either a condominium, cooperative or planned community;

(b) The name of every county in which any part of the common-interest community is situated;

(c) A sufficient description of the real estate included in the common-interest community;

(d) A statement of the maximum number of units that the declarant reserves the right to create;

(e) In a condominium or planned community, a description of the boundaries of each unit created by the declaration, including the unit's identifying number or, in a cooperative, a description, which may be by plats, of each unit created by the declaration, including the unit's identifying number, its size or number of rooms, and its location within a building if it is within a building containing more than one unit;

(f) A description of any limited common elements, other than those specified in subsections 2 and 4 of NRS 116.2102, as provided in paragraph (g) of subsection 2 of NRS 116.2109 and, in a planned community, any real estate that is or must become common elements;

(g) A description of any real estate, except real estate subject to developmental rights, that may be allocated subsequently as limited common elements, other than limited common elements specified in subsections 2 and 4 of NRS 116.2102, together with a statement that they may be so allocated;

(h) A description of any developmental rights and other special declarant's rights reserved by the declarant, together with a legally sufficient description of the real estate to which each of those rights applies, and a time within which each of those rights must be exercised;

(i) If any developmental right may be exercised with respect to different parcels of real estate at different times, a statement to that effect together with:

(1) Either a statement fixing the boundaries of those portions and regulating the order in which those portions may be subjected to the exercise of each developmental right or a statement that no assurances are made in those regards; and

(2) A statement whether, if any developmental right is exercised in any portion of the real estate subject to that developmental right, that developmental right must be exercised in all or in any other portion of the remainder of that real estate;



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

(k) An allocation to each unit of the allocated interests in the manner described in NRS 116.2107;

(l) Any restrictions:

(1) On use, occupancy and alienation of the units ~~(h)~~ , *including, without limitation, a clear and conspicuous statement written in plain English, in bold type and in a font that is easy to read indicating whether a unit's owner is prohibited from renting or leasing his or her unit and whether a unit's owner is required to secure or obtain any approval from the association in order to rent or lease his or her unit;* and

(2) On the amount for which a unit may be sold or on the amount that may be received by a unit's owner on sale, condemnation or casualty to the unit or to the common-interest community, or on termination of the common-interest community;

(m) *A statement written in plain English:*

(1) Describing the provisions of NRS 116.3107 pertaining to the responsibility of the association for maintenance, repair and replacement of the common elements and the responsibility of each unit's owner for maintenance, repair and replacement of his or her unit; and

(2) Identifying and describing the specific obligations, duties and responsibilities of the association with respect to the maintenance, repair and replacement of specific common elements, specific limited common elements and other specific areas within the common-interest community and identifying and describing any limitations or restrictions on such obligations, duties and responsibilities;

(n) The file number and book or other information to show where easements and licenses are recorded appurtenant to or included in the common-interest community or to which any portion of the common-interest community is or may become subject by virtue of a reservation in the declaration; and

~~(n)~~ (o) All matters required by NRS 116.2106 to 116.2109, inclusive, 116.2115 and 116.2116 and 116.31032.

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

Sec. 19. NRS 116.3102 is hereby amended to read as follows:

116.3102 1. Except as otherwise provided in this section, and subject to the provisions of the declaration, the association may do any or all of the following:

(a) Adopt and amend bylaws, rules and regulations.



(b) Adopt and amend budgets for revenues, expenditures and reserves and collect assessments for common expenses from the units' owners.

(c) Hire and discharge managing agents and other employees, agents and independent contractors.

(d) Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more units' owners on matters affecting the common-interest community.

(e) Make contracts and incur liabilities. Any contract between the association and a private entity for the furnishing of goods or services must not include a provision granting the private entity the right of first refusal with respect to extension or renewal of the contract.

(f) Regulate the use, maintenance, repair, replacement and modification of common elements.

(g) Cause additional improvements to be made as a part of the common elements.

(h) Acquire, hold, encumber and convey in its own name any right, title or interest to real estate or personal property, but:

(1) Common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to NRS 116.3112; and

(2) Part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to NRS 116.3112.

(i) Grant easements, leases, licenses and concessions through or over the common elements.

(j) Impose and receive any payments, fees or charges for the use, rental or operation of the common elements, other than limited common elements described in subsections 2 and 4 of NRS 116.2102, and for services provided to the units' owners, including, without limitation, any services provided pursuant to NRS 116.310312.

(k) Impose charges for late payment of assessments pursuant to NRS 116.3115.

(l) Impose construction penalties when authorized pursuant to NRS 116.310305.

(m) Impose reasonable fines for violations of the governing documents of the association only if the association complies with the requirements set forth in NRS 116.31031.

(n) Impose reasonable charges , *not to exceed the amounts authorized by section 16 of this act*, for the preparation and recordation of any amendments to the declaration or any statements of unpaid assessments, and impose reasonable fees, not to exceed



1 the amounts authorized by NRS 116.4109, for preparing and
2 furnishing the documents and certificate required by that section.

3 (o) Provide for the indemnification of its officers and executive
4 board and maintain directors' and officers' liability insurance.

5 (p) Assign its right to future income, including the right to
6 receive assessments for common expenses, but only to the extent the
7 declaration expressly so provides.

8 (q) Exercise any other powers conferred by the declaration or
9 bylaws.

10 (r) Exercise all other powers that may be exercised in this State
11 by legal entities of the same type as the association.

12 (s) Direct the removal of vehicles improperly parked on property
13 owned or leased by the association, as authorized pursuant to NRS
14 487.038, or improperly parked on any road, street, alley or other
15 thoroughfare within the common-interest community in violation of
16 the governing documents. In addition to complying with the
17 requirements of NRS 487.038 and any requirements in the
18 governing documents, if a vehicle is improperly parked as described
19 in this paragraph, the association must post written notice in a
20 conspicuous place on the vehicle or provide oral or written notice to
21 the owner or operator of the vehicle at least 48 hours before the
22 association may direct the removal of the vehicle, unless the vehicle:

23 (1) Is blocking a fire hydrant, fire lane or parking space
24 designated for the handicapped; or

25 (2) Poses an imminent threat of causing a substantial adverse
26 effect on the health, safety or welfare of the units' owners or
27 residents of the common-interest community.

28 (t) Exercise any other powers necessary and proper for the
29 governance and operation of the association.

30 2. The declaration may not impose limitations on the power of
31 the association to deal with the declarant which are more restrictive
32 than the limitations imposed on the power of the association to deal
33 with other persons.

34 3. Notwithstanding any provision of this chapter or the
35 governing documents to the contrary, an association may not impose
36 any assessment pursuant to this chapter or the governing documents
37 on the owner of any property in the common-interest community
38 that is exempt from taxation pursuant to NRS 361.125. For the
39 purposes of this subsection, "assessment" does not include any
40 charge for any utility services, including, without limitation,
41 telecommunications, broadband communications, cable television,
42 electricity, natural gas, sewer services, garbage collection, water or
43 for any other service which is delivered to and used or consumed
44 directly by the property in the common-interest community that is
45 exempt from taxation pursuant to NRS 361.125.



Sec. 20. NRS 116.3102 is hereby amended to read as follows:

116.3102 1. Except as otherwise provided in this section, and subject to the provisions of the declaration, the association may do any or all of the following:

(a) Adopt and amend bylaws, rules and regulations.

(b) Adopt and amend budgets for revenues, expenditures and reserves and collect assessments for common expenses from the units' owners.

(c) Hire and discharge managing agents and other employees, agents and independent contractors.

(d) Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more units' owners on matters affecting the common-interest community.

(e) Make contracts and incur liabilities. Any contract between the association and a private entity for the furnishing of goods or services must not include a provision granting the private entity the right of first refusal with respect to extension or renewal of the contract.

(f) Regulate the use, maintenance, repair, replacement and modification of common elements.

(g) Cause additional improvements to be made as a part of the common elements.

(h) Acquire, hold, encumber and convey in its own name any right, title or interest to real estate or personal property, but:

(1) Common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to NRS 116.3112; and

(2) Part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to NRS 116.3112.

(i) Grant easements, leases, licenses and concessions through or over the common elements.

(j) Impose and receive any payments, fees or charges for the use, rental or operation of the common elements, other than limited common elements described in subsections 2 and 4 of NRS 116.2102, and impose and receive fees or charges for services provided to the units' owners, including, without limitation, any services provided pursuant to NRS 116.310312.

(k) Impose charges for late payment of assessments pursuant to NRS 116.3115.

(l) Impose construction penalties when authorized pursuant to NRS 116.310305.

(m) Impose reasonable fines for violations of the governing documents of the association only if the association complies with the requirements set forth in NRS 116.31031.



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(n) ~~Impose reasonable charges, not to exceed the amounts authorized by section 16 of this act,]~~ *If authorized pursuant to section 33 of this act, impose:*

(1) *Charges* for the preparation and recordation of any amendments to the declaration or any statements of unpaid assessments ; ~~[;]~~ and ~~impose reasonable fees, not to exceed the amounts authorized by NRS 116.4109,]~~

(2) *Fees* for preparing and furnishing the documents and certificate required by ~~[that section.]~~ *NRS 116.4109.*

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

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

(q) Exercise any other powers conferred by the declaration or bylaws.

(r) Exercise all other powers that may be exercised in this State by legal entities of the same type as the association.

(s) Direct the removal of vehicles improperly parked on property owned or leased by the association, as authorized pursuant to NRS 487.038, or improperly parked on any road, street, alley or other thoroughfare within the common-interest community in violation of the governing documents. In addition to complying with the requirements of NRS 487.038 and any requirements in the governing documents, if a vehicle is improperly parked as described in this paragraph, the association must post written notice in a conspicuous place on the vehicle or provide oral or written notice to the owner or operator of the vehicle at least 48 hours before the association may direct the removal of the vehicle, unless the vehicle:

(1) Is blocking a fire hydrant, fire lane or parking space designated for the handicapped; or

(2) Poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the common-interest community.

(t) Exercise any other powers necessary and proper for the governance and operation of the association.

2. The declaration may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

3. Notwithstanding any provision of this chapter or the governing documents to the contrary, an association may not impose any assessment pursuant to this chapter or the governing documents on the owner of any property in the common-interest community that is exempt from taxation pursuant to NRS 361.125. For the



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1 purposes of this subsection, "assessment" does not include any
2 charge for any utility services, including, without limitation,
3 telecommunications, broadband communications, cable television,
4 electricity, natural gas, sewer services, garbage collection, water or
5 for any other service which is delivered to and used or consumed
6 directly by the property in the common-interest community that is
7 exempt from taxation pursuant to NRS 361.125.

8 **Sec. 21.** NRS 116.31034 is hereby amended to read as
9 follows:

10 116.31034 1. Except as otherwise provided in subsection 5 of
11 NRS 116.212, not later than the termination of any period of
12 declarant's control, the units' owners shall elect an executive board
13 of at least three members, ~~at least~~ *at least a majority* of whom must be
14 units' owners. *Unless the governing documents provide otherwise,*
15 *the remaining members of the executive board are not required to*
16 *be units' owners.* The executive board shall elect the officers of the
17 association. Unless the governing documents provide otherwise, the
18 officers of the association are not required to be units' owners. The
19 members of the executive board and the officers of the association
20 shall take office upon election.

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

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

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

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

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

44 5. Before the secretary or other officer specified in the bylaws
45 of the association causes notice to be given to each unit's owner of



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his or her eligibility to serve as a member of the executive board pursuant to subsection 4, the executive board may determine that if, at the closing of the prescribed period for nominations for membership on the executive board, the number of candidates nominated for membership on the executive board is equal to or less than the number of members to be elected to the executive board at the election, then the secretary or other officer specified in the bylaws of the association will cause notice to be given to each unit's owner informing each unit's owner that:

(a) The association will not prepare or mail any ballots to units' owners pursuant to this section and the nominated candidates shall be deemed to be duly elected to the executive board unless:

(1) A unit's owner who is qualified to serve on the executive board nominates himself or herself for membership on the executive board by submitting a nomination to the executive board within 30 days after the notice provided by this subsection; and

(2) The number of units' owners who submit such a nomination causes the number of candidates nominated for membership on the executive board to be greater than the number of members to be elected to the executive board.

(b) Each unit's owner who is qualified to serve as a member of the executive board may nominate himself or herself for membership on the executive board by submitting a nomination to the executive board within 30 days after the notice provided by this subsection.

6. If the notice described in subsection 5 is given and if, at the closing of the prescribed period for nominations for membership on the executive board described in subsection 5, the number of candidates nominated for membership on the executive board is equal to or less than the number of members to be elected to the executive board, then:

(a) The association will not prepare or mail any ballots to units' owners pursuant to this section;

(b) The nominated candidates shall be deemed to be duly elected to the executive board not later than 30 days after the date of the closing of the period for nominations described in subsection 5; and

(c) The association shall send to each unit's owner notification that the candidates nominated have been elected to the executive board.

7. If the notice described in subsection 5 is given and if, at the closing of the prescribed period for nominations for membership on the executive board described in subsection 5, the number of candidates nominated for membership on the executive board is greater than the number of members to be elected to the executive board, then the association shall:



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(a) Prepare and mail ballots to the units' owners pursuant to this section; and

(b) Conduct an election for membership on the executive board pursuant to this section.

8. Each person who is nominated as a candidate for a member of the executive board pursuant to subsection 4 or 5 must:

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

(b) Disclose whether the candidate is a member in good standing. For the purposes of this paragraph, a candidate shall not be deemed to be in "good standing" if the candidate has any unpaid and past due assessments or construction penalties that are required to be paid to the association.

➡ The candidate must make all disclosures required pursuant to this subsection in writing to the association with his or her candidacy information. Except as otherwise provided in this subsection, the association shall distribute the disclosures, on behalf of the candidate, to each member of the association with the ballot or, in the event ballots are not prepared and mailed pursuant to subsection 6, in the next regular mailing of the association. The association is not obligated to distribute any disclosure pursuant to this subsection if the disclosure contains information that is believed to be defamatory, libelous or profane.

9. Unless a person is appointed by the declarant:

(a) A person may not be a member of the executive board or an officer of the association if the person, the person's spouse or the person's parent or child, by blood, marriage or adoption, performs the duties of a community manager for that association.

(b) A person may not be a member of the executive board of a master association or an officer of that master association if the person, the person's spouse or the person's parent or child, by blood, marriage or adoption, performs the duties of a community manager for:

(1) That master association; or

(2) Any association that is subject to the governing documents of that master association.

10. An officer, employee, agent or director of a corporate owner of a unit, a trustee or designated beneficiary of a trust that owns a unit, a partner of a partnership that owns a unit, a member or manager of a limited-liability company that owns a unit, and a fiduciary of an estate that owns a unit may be an officer of the association or a member of the executive board. In all events where



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1 the person serving or offering to serve as an officer of the
2 association or a member of the executive board is not the record
3 owner, the person shall file proof in the records of the association
4 that:

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

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

10 11. Except as otherwise provided in subsection 6 or NRS
11 116.31105, the election of any member of the executive board must
12 be conducted by secret written ballot in the following manner:

13 (a) The secretary or other officer specified in the bylaws of the
14 association shall cause a secret ballot and a return envelope to be
15 sent, prepaid by United States mail, to the mailing address of each
16 unit within the common-interest community or to any other mailing
17 address designated in writing by the unit's owner.

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

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

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

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

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

36 12. An association shall not adopt any rule or regulation that
37 has the effect of prohibiting or unreasonably interfering with a
38 candidate in the candidate's campaign for election as a member of
39 the executive board, except that the candidate's campaign may be
40 limited to 90 days before the date that ballots are required to be
41 returned to the association. A candidate may request that the
42 secretary or other officer specified in the bylaws of the association
43 send, 30 days before the date of the election and at the association's
44 expense, to the mailing address of each unit within the common-
45 interest community or to any other mailing address designated in



1 writing by the unit's owner a candidate informational statement. The
2 candidate informational statement:

3 (a) Must be no longer than a single, typed page;

4 (b) Must not contain any defamatory, libelous or profane
5 information; and

6 (c) May be sent with the secret ballot mailed pursuant to
7 subsection 11 or in a separate mailing.

8 ➔ The association and its directors, officers, employees and agents
9 are immune from criminal or civil liability for any act or omission
10 which arises out of the publication or disclosure of any information
11 related to any person and which occurs in the course of carrying out
12 any duties required pursuant to this subsection.

13 13. Each member of the executive board shall, within 90 days
14 after his or her appointment or election, certify in writing to the
15 association, on a form prescribed by the Administrator, that the
16 member has read and understands the governing documents of
17 the association and the provisions of this chapter to the best of his or
18 her ability. The Administrator may require the association to submit
19 a copy of the certification of each member of the executive board of
20 that association at the time the association registers with the
21 Ombudsman pursuant to NRS 116.31158.

22 **Sec. 22.** NRS 116.3108 is hereby amended to read as follows:

23 116.3108 1. A meeting of the units' owners must be held at
24 least once each year. If the governing documents do not designate
25 an annual meeting date of the units' owners, a meeting of the units'
26 owners must be held 1 year after the date of the last meeting of the
27 units' owners. If the units' owners have not held a meeting for 1
28 year, a meeting of the units' owners must be held on the following
29 March 1.

30 2. Special meetings of the units' owners may be called by the
31 president, by a majority of the executive board or by units' owners
32 constituting at least 10 percent, or any lower percentage specified in
33 the bylaws, of the total number of voting members of the
34 association. The same number of units' owners may also call a
35 removal election pursuant to NRS 116.31036. To call a special
36 meeting or a removal election, the units' owners must submit a
37 written petition which is signed by the required percentage of the
38 total number of voting members of the association pursuant to this
39 section and which is mailed, return receipt requested, or served by a
40 process server to the executive board or the community manager for
41 the association. If the petition calls for a special meeting, the
42 executive board shall set the date for the special meeting so that the
43 special meeting is held not less than 15 days or more than 60 days
44 after the date on which the petition is received. If the petition calls
45 for a removal election and:



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(a) The voting rights of the owners of time shares will be exercised by delegates or representatives as set forth in NRS 116.31105, the executive board shall set the date for the removal election so that the removal election is held not less than 15 days or more than 60 days after the date on which the petition is received; or

(b) The voting rights of the units' owners will be exercised through the use of secret written ballots pursuant to NRS 116.31036, the secret written ballots for the removal election must be sent in the manner required by NRS 116.31036 not less than 15 days or more than 60 days after the date on which the petition is received, and the executive board shall set the date for the meeting to open and count the secret written ballots so that the meeting is held not more than 15 days after the deadline for returning the secret written ballots.

➔ The association shall not adopt any rule or regulation which prevents or unreasonably interferes with the collection of the required percentage of signatures for a petition pursuant to this subsection.

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

(a) Have a copy of the minutes or a summary of the minutes of the meeting provided to the unit's owner upon request, in electronic format ~~{at no charge to the unit's owner}~~ or, if the association is unable to provide the copy or summary in electronic format, in paper format. ~~{at a cost not to exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter.}~~

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

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

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



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

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

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

6. The secretary or other officer specified in the bylaws shall cause minutes to be recorded or otherwise taken at each meeting of the units' owners. Not more than 30 days after each such meeting, the secretary or other officer specified in the bylaws shall cause the minutes or a summary of the minutes of the meeting to be made available to the units' owners. Except as otherwise provided in this subsection, a copy of the minutes or a summary of the minutes must be provided to any unit's owner upon request, in electronic format ~~[at no charge to the unit's owner]~~ or, if the association is unable to provide the copy or summary in electronic format, in paper format . ~~[at a cost not to exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter.]~~

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

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

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

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

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

9. The association shall maintain the minutes of each meeting of the units' owners until the common-interest community is terminated.



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

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

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

13 (a) Could not have been reasonably foreseen;

14 (b) Affects the health, welfare and safety of the units' owners or
15 residents of the common-interest community;

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

18 (d) Makes it impracticable to comply with the provisions of
19 subsection 3 or 4.

20 **Sec. 23.** NRS 116.31083 is hereby amended to read as
21 follows:

22 116.31083 1. A meeting of the executive board must be held
23 at least once every quarter, and not less than once every 100 days
24 and must be held at a time other than during standard business hours
25 at least twice annually.

26 2. Except in an emergency or unless the bylaws of an
27 association require a longer period of notice, the secretary or other
28 officer specified in the bylaws of the association shall, not less than
29 10 days before the date of a meeting of the executive board, cause
30 notice of the meeting to be given to the units' owners. Such notice
31 must be:

32 (a) Sent prepaid by United States mail to the mailing address of
33 each unit within the common-interest community or to any other
34 mailing address designated in writing by the unit's owner;

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

38 (c) Published in a newsletter or other similar publication that is
39 circulated to each unit's owner.

40 3. In an emergency, the secretary or other officer specified in
41 the bylaws of the association shall, if practicable, cause notice of the
42 meeting to be sent prepaid by United States mail to the mailing
43 address of each unit within the common-interest community. If
44 delivery of the notice in this manner is impracticable, the notice
45 must be hand-delivered to each unit within the common-interest



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1 community or posted in a prominent place or places within the
2 common elements of the association.

3 4. The notice of a meeting of the executive board must state the
4 time and place of the meeting and include a copy of the agenda for
5 the meeting or the date on which and the locations where copies of
6 the agenda may be conveniently obtained by the units' owners. The
7 notice must include notification of the right of a unit's owner to:

8 (a) Have a copy of the audio recording, the minutes or a
9 summary of the minutes of the meeting provided to the unit's owner
10 upon request, in electronic format ~~{at no charge to the unit's owner}~~
11 or, if the association is unable to provide the copy or summary in
12 electronic format, in paper format. ~~{at a cost not to exceed 25 cents~~
13 ~~per page for the first 10 pages, and 10 cents per page thereafter.}~~

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

16 5. The agenda of the meeting of the executive board must
17 comply with the provisions of subsection 4 of NRS 116.3108. A
18 period required to be devoted to comments by the units' owners and
19 discussion of those comments must be scheduled for both the
20 beginning and the end of each meeting. During the period devoted
21 to comments by the units' owners and discussion of those comments
22 at the beginning of each meeting, comments by the units' owners
23 and discussion of those comments must be limited to items listed on
24 the agenda. In an emergency, the executive board may take action
25 on an item which is not listed on the agenda as an item on which
26 action may be taken.

27 6. At least once every quarter, and not less than once every 100
28 days, unless the declaration or bylaws of the association impose
29 more stringent standards, the executive board shall review, at a
30 minimum, the following financial information at one of its
31 meetings:

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

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

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

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

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

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



7. The secretary or other officer specified in the bylaws shall cause each meeting of the executive board to be audio recorded and the minutes to be recorded or otherwise taken at each meeting of the executive board, but if the executive board is meeting in executive session, the meeting must not be audio recorded. Not more than 30 days after each such meeting, the secretary or other officer specified in the bylaws shall cause the audio recording of the meeting, the minutes of the meeting and a summary of the minutes of the meeting to be made available to the units' owners. Except as otherwise provided in this subsection, a copy of the audio recording, the minutes or a summary of the minutes must be provided to any unit's owner upon request, in electronic format ~~[at no charge to the unit's owner]~~ or, if the association is unable to provide the copy or summary in electronic format, in paper format . ~~[at a cost not to exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter.]~~

8. Except as otherwise provided in subsection 9 and NRS 116.31085, the minutes of each meeting of the executive board must include:

- (a) The date, time and place of the meeting;
- (b) Those members of the executive board who were present and those members who were absent at the meeting;
- (c) The substance of all matters proposed, discussed or decided at the meeting;
- (d) A record of each member's vote on any matter decided by vote at the meeting; and
- (e) The substance of remarks made by any unit's owner who addresses the executive board at the meeting if the unit's owner requests that the minutes reflect his or her remarks or, if the unit's owner has prepared written remarks, a copy of his or her prepared remarks if the unit's owner submits a copy for inclusion.

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

10. The association shall maintain the minutes of each meeting of the executive board until the common-interest community is terminated.

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



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

- (a) Could not have been reasonably foreseen;
- (b) Affects the health, welfare and safety of the units' owners or residents of the common-interest community;
- (c) Requires the immediate attention of, and possible action by, the executive board; and
- (d) Makes it impracticable to comply with the provisions of subsection 2 or 5.

Sec. 24. NRS 116.31085 is hereby amended to read as follows:

116.31085 1. Except as otherwise provided in this section, a unit's owner may attend any meeting of the units' owners or of the executive board and speak at any such meeting. The executive board may establish reasonable limitations on the time a unit's owner may speak at such a meeting.

2. An executive board may not meet in executive session to open or consider bids for an association project as defined in NRS 116.31086, or to enter into, renew, modify, terminate or take any other action regarding a contract.

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

(a) Consult with the attorney for the association on matters relating to proposed or pending litigation if the contents of the discussion would otherwise be governed by the privilege set forth in NRS 49.035 to 49.115, inclusive.

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

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

(d) Discuss the alleged failure of a unit's owner to adhere to a schedule required pursuant to NRS 116.310305 if the alleged failure may subject the unit's owner to a construction penalty.

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

~~[[[~~ *At any hearing on an alleged violation of the governing documents, whether or not* the person who may be sanctioned for the alleged violation ~~{requests}~~ *has requested* in writing that an open hearing be conducted, the person ~~[[[~~ *who may be sanctioned:*

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



(b) Is entitled to due process, as set forth in the standards adopted by regulation by the Commission, which must include, without limitation, the right to counsel, the right to present witnesses and the right to present information relating to any conflict of interest of any member of the hearing panel; and

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

5. The provisions of subsection 4 establish the minimum protections that the executive board must provide before it may make a decision. The provisions of subsection 4 do not preempt any provisions of the governing documents that provide greater protections.

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

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

Sec. 25. NRS 116.31088 is hereby amended to read as follows:

116.31088 1. The association shall provide written notice to each unit's owner of a meeting at which the commencement of a civil action is to be considered at least 21 calendar days before the date of the meeting. Except as otherwise provided in this subsection, the association may commence a civil action only upon a vote or written agreement of the owners of units to which at least a majority of the votes of the members of the association are allocated. The provisions of this subsection do not apply to a civil action that is commenced:

(a) To enforce the payment of an assessment;

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

(c) To enforce a contract with a vendor;

(d) To proceed with a counterclaim; or

(e) To protect the health, safety and welfare of the members of the association ~~or~~ *or the occupants of units within the common-interest community*. If a civil action is commenced pursuant to this paragraph without the required vote or agreement, the action must be ~~ratified~~:



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1 (1) *Approved in accordance with this section by the district*
2 *court in which the action is commenced; and*

3 (2) *Ratified* within 90 days after ~~[the commencement of the~~
4 ~~action]~~ *such approval* by a vote or written agreement of the owners
5 of the units to which at least a majority of votes of the members of
6 the association are allocated. If the association, after making a good
7 faith effort, cannot obtain the required vote or agreement to
8 ~~[commence or]~~ ratify such a civil action, the association may
9 thereafter seek to dismiss the action without prejudice for that
10 reason only if a vote or written agreement of the owners of the units
11 to which at least a majority of votes of the members of the
12 association are allocated was obtained at the time the approval to
13 ~~[commence or]~~ ratify the action was sought.

14 2. *To obtain court approval for a civil action commenced*
15 *pursuant to paragraph (e) of subsection 1, the association must*
16 *file with the district court in which the action was commenced an*
17 *application seeking such approval. Upon the filing of an*
18 *application pursuant to this subsection, the court shall give*
19 *preference in setting a date for the hearing on the application. Any*
20 *member of an association which has filed an application pursuant*
21 *to this subsection and the Ombudsman may intervene in a hearing*
22 *on the application. If a member of an association or the*
23 *Ombudsman intervenes in such a hearing, the member or*
24 *Ombudsman is a party of record to that hearing.*

25 3. *At least 10 days before filing an application pursuant to*
26 *subsection 2, the association:*

27 (a) *Shall prominently post a notice of its intent to file the*
28 *application at each place within the common-interest community*
29 *where the association ordinarily posts notice of matters of interest*
30 *to members of the association;*

31 (b) *Shall send such a notice by electronic mail to each member*
32 *of the association who has requested such a notice in a written*
33 *record or electronic mail which includes the electronic mail*
34 *address of the member; and*

35 (c) *Shall send such a notice to the Ombudsman by electronic*
36 *mail and registered mail.*

37 4. *If, after a hearing on an application filed pursuant to*
38 *subsection 2, the court finds that the civil action commenced*
39 *pursuant to paragraph (e) of subsection 1 seeks to prevent or*
40 *remedy a substantial likelihood of immediate and serious harm to*
41 *the health, safety and welfare of the members of the association or*
42 *the occupants of units within the common-interest community, the*
43 *court must issue an order approving the civil action. If the court*
44 *does not make such a finding:*



1 (a) *The court must dismiss the civil action for which the*
2 *application was filed without prejudice;*

3 (b) *The association may not commence another civil action*
4 *based on the same claims unless units' owners approve the action*
5 *by a vote or written agreement of the units' owners to which at*
6 *least a majority of the votes of the members of the association are*
7 *allocated; and*

8 (c) *Any statutes of limitation or repose applicable to the civil*
9 *action are tolled from the time the action was commenced*
10 *pursuant to paragraph (e) of subsection 1 until the time the court*
11 *dismissed the action without prejudice.*

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

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

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

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

23 ~~[3.]~~ 6. No person other than a unit's owner may request the
24 dismissal of a civil action commenced by the association on the
25 ground that the association failed to comply with any provision of
26 this section.

27 ~~[4.]~~ 7. If any civil action in which the association is a party is
28 settled, the executive board shall disclose the terms and conditions
29 of the settlement at the next regularly scheduled meeting of the
30 executive board after the settlement has been reached. The executive
31 board may not approve a settlement which contains any terms and
32 conditions that would prevent the executive board from complying
33 with the provisions of this subsection.

34 **Sec. 26.** NRS 116.31175 is hereby amended to read as
35 follows:

36 116.31175 1. Except as otherwise provided in this
37 subsection, the executive board of an association shall, upon the
38 written request of a unit's owner, make available the books, records
39 and other papers of the association for review at the business office
40 of the association or a designated business location not to exceed 60
41 miles from the physical location of the common-interest community
42 and during the regular working hours of the association, including,
43 without limitation, all contracts to which the association is a party
44 and all records filed with a court relating to a civil or criminal action



1 to which the association is a party. The provisions of this subsection
2 do not apply to:

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

6 (b) The records of the association relating to another unit's
7 owner, including, without limitation, any architectural plan or
8 specification submitted by a unit's owner to the association during
9 an approval process required by the governing documents, except
10 for those records described in subsection 2; and

11 (c) Any document, including, without limitation, minutes of an
12 executive board meeting, a reserve study and a budget, if the
13 document:

14 (1) Is in the process of being developed for final
15 consideration by the executive board; and

16 (2) Has not been placed on an agenda for final approval by
17 the executive board.

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

23 (a) Must contain a general description of the nature of the
24 violation and the type of the sanction imposed. If the sanction
25 imposed was a fine or construction penalty, the general record must
26 specify the amount of the fine or construction penalty.

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

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

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

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

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



4. The books, records and other papers of an association must be maintained for at least 10 years. The provisions of this subsection do not apply to:

(a) The minutes of a meeting of the units' owners which must be maintained in accordance with NRS 116.3108; or

(b) The minutes of a meeting of the executive board which must be maintained in accordance with NRS 116.31083.

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

~~6.]~~ If an official publication contains or will contain any mention of a candidate or ballot question, the official publication must, upon request and without charge, provide equal space to the candidate or a representative of an organization which supports the passage or defeat of the ballot question.

~~[7.]~~ 6. If an official publication contains or will contain the views or opinions of the association, the executive board, a community manager or an officer, employee or agent of an association concerning an issue of official interest, the official publication must, upon request and without charge, provide equal space to opposing views and opinions of a unit's owner, tenant or resident of the common-interest community.

~~[8.]~~ 7. The association and its officers, employees and agents are immune from criminal or civil liability for any act or omission which arises out of the publication or disclosure of any information related to any person and which occurs in the course of carrying out any duties required pursuant to subsection ~~[6.]~~ 5 or ~~[7.]~~ 6.

~~[9.]~~ 8. As used in this section:

(a) "Issue of official interest" includes, without limitation:

(1) Any issue on which the executive board or the units' owners will be voting, including, without limitation, the election of members of the executive board; and

(2) The enactment or adoption of rules or regulations that will affect a common-interest community.

(b) "Official publication" means:

(1) An official website;

(2) An official newsletter or other similar publication that is circulated to each unit's owner; or

(3) An official bulletin board that is available to each unit's owner,

↳ which is published or maintained at the cost of an association and by an association, an executive board, a member of an executive board, a community manager or an officer, employee or agent of an association.



1 **Sec. 27.** NRS 116.31177 is hereby amended to read as
2 follows:

3 116.31177 1. The executive board of an association shall
4 maintain and make available for review at the business office of the
5 association or some other suitable location within the county where
6 the common-interest community is situated or, if it is situated in
7 more than one county, within one of those counties:

8 (a) The financial statement of the association;

9 (b) The budgets of the association required to be prepared
10 pursuant to NRS 116.31151; and

11 (c) The study of the reserves of the association required to be
12 conducted pursuant to NRS 116.31152.

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

19 **Sec. 28.** NRS 116.340 is hereby amended to read as follows:

20 116.340 1. Except as otherwise provided in subsection 2, a
21 person who owns, or directly or indirectly has an interest in, one or
22 more units within a planned community that are restricted to
23 residential use by the declaration may use that unit or one of those
24 units for a transient commercial use only if:

25 (a) The governing documents of the association and any master
26 association do not prohibit such use;

27 (b) The executive board of the association and any master
28 association approve the transient commercial use of the unit, except
29 that such approval is not required if the planned community and one
30 or more hotels are subject to the governing documents of a master
31 association and those governing documents do not prohibit such
32 use; and

33 (c) The unit is properly zoned for the transient commercial use
34 and any license required by the local government for the transient
35 commercial use is obtained.

36 2. A declarant who owns, or directly or indirectly has an
37 interest in, one or more units within a planned community under the
38 governing documents of the association that are restricted to
39 residential use by the declaration may use that unit or those units for
40 a transient commercial use during the period that the declarant is
41 offering units for sale within the planned community if such use
42 complies with the requirements set forth in paragraphs (a) and (c) of
43 subsection 1.

44 3. The association and any master association may establish
45 requirements for the transient commercial use of a unit pursuant to



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1 the provisions of this section . ~~[, including, without limitation, the~~
2 ~~payment of additional fees that are related to any increase in~~
3 ~~services or other costs associated with the transient commercial use~~
4 ~~of the unit.]~~

5 4. As used in this section:

6 (a) "Remuneration" means any compensation, money, rent or
7 other valuable consideration given in return for the occupancy,
8 possession or use of a unit.

9 (b) "Transient commercial use" means the use of a unit, for
10 remuneration, as a hostel, hotel, inn, motel, resort, vacation rental or
11 other form of transient lodging if the term of the occupancy,
12 possession or use of the unit is for less than 30 consecutive calendar
13 days.

14 **Sec. 29.** NRS 116.345 is hereby amended to read as follows:

15 116.345 1. An association of a planned community may not
16 restrict, prohibit or otherwise impede the lawful residential use of
17 any property that is within or encompassed by the boundaries of the
18 planned community and that is not designated as part of the planned
19 community.

20 2. Except as otherwise provided in this subsection, an
21 association may not restrict the access of a person to any of his or
22 her property. An association may restrict access to and from a unit
23 within a planned community if the right to restrict such access was
24 included in the declaration or in a separate recorded instrument at
25 the time that the owner of the unit acquired title to the unit. The
26 provisions of this subsection do not prohibit an association from
27 charging the owner of the property a reasonable and
28 nondiscriminatory fee to operate or maintain a gate or other similar
29 device designed to control access to the planned community that
30 would otherwise impede ingress or egress to the property ~~§~~ , *if*
31 *such a fee is authorized pursuant to section 33 of this act.*

32 3. An association may not expand, construct or situate a
33 building or structure that is not part of any plat of the planned
34 community if the expansion, construction or situation of the
35 building or structure was not previously disclosed to the units'
36 owners of the planned community unless the association obtains the
37 written consent of a majority of the units' owners and residents of
38 the planned community who own property or reside within 500 feet
39 of the proposed location of the building or structure.

40 4. An association may not interrupt any utility service
41 furnished to a unit's owner or a tenant of a unit's owner except for
42 the nonpayment of utility charges when due. The interruption of any
43 utility service pursuant to this subsection must be performed in a
44 manner which is consistent with all laws, regulations and governing
45 documents relating to the interruption of any utility service. An



1 association shall in every case send a written notice of its intent to
2 interrupt any utility service to the unit's owner or the tenant of the
3 unit's owner at least 10 days before the association interrupts any
4 utility service.

5 5. The provisions of this section do not abrogate any easement,
6 restrictive covenant, decision of a court, agreement of a party or any
7 contract, governing document or declaration of covenants,
8 conditions and restrictions, or any other decision, rule or regulation
9 that a local governing body or other entity that makes decisions
10 concerning land use or planning is authorized to make or enact that
11 exists before October 1, 1999, including, without limitation, a
12 zoning ordinance, permit or approval process or any other
13 requirement of a local government or other entity that makes
14 decisions concerning land use or planning.

15 **Sec. 30.** NRS 116.4109 is hereby amended to read as follows:

16 116.4109 1. Except in the case of a sale in which delivery of
17 a public offering statement is required, or unless exempt under
18 subsection 2 of NRS 116.4101, a unit's owner or his or her
19 authorized agent shall, at the expense of the unit's owner, furnish to
20 a purchaser a resale package containing all of the following:

21 (a) A copy of the declaration, other than any plats, the bylaws,
22 the rules or regulations of the association and the information
23 statement required by NRS 116.41095;

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

27 (c) A copy of the current operating budget of the association and
28 current year-to-date financial statement for the association, which
29 must include a summary of the reserves of the association required
30 by NRS 116.31152 and which must include, without limitation, a
31 summary of the information described in paragraphs (a) to (e),
32 inclusive, of subsection 3 of NRS 116.31152;

33 (d) A statement of any unsatisfied judgments or pending legal
34 actions against the association and the status of any pending legal
35 actions relating to the common-interest community of which the
36 unit's owner has actual knowledge;

37 (e) A statement of any transfer fees, transaction fees or any other
38 fees associated with the resale of a unit; and

39 (f) In addition to any other document, a statement describing all
40 current and expected fees or charges for each unit, including,
41 without limitation, association fees, fines, assessments, late charges
42 or penalties, interest rates on delinquent assessments, additional
43 costs for collecting past due fines and charges for opening or closing
44 any file for each unit.



2. The purchaser may, by written notice, cancel the contract of purchase until midnight of the fifth calendar day following the date of receipt of the resale package described in subsection 1, and the contract for purchase must contain a provision to that effect. If the purchaser elects to cancel a contract pursuant to this subsection, the purchaser must hand deliver the notice of cancellation to the unit's owner or his or her authorized agent or mail the notice of cancellation by prepaid United States mail to the unit's owner or his or her authorized agent. Cancellation is without penalty, and all payments made by the purchaser before cancellation must be refunded promptly. If the purchaser has accepted a conveyance of the unit, the purchaser is not entitled to:

(a) Cancel the contract pursuant to this subsection; or

(b) Damages, rescission or other relief based solely on the ground that the unit's owner or his or her authorized agent failed to furnish the resale package, or any portion thereof, as required by this section.

3. Within 10 days after receipt of a written request by a unit's owner or his or her authorized agent, the association shall furnish all of the following to the unit's owner or his or her authorized agent for inclusion in the resale package:

(a) Copies of the documents required pursuant to paragraphs (a) and (c) of subsection 1; and

(b) A certificate containing the information necessary to enable the unit's owner to comply with paragraphs (b), (d) and (e) of subsection 1.

4. If the association furnishes the documents and certificate pursuant to subsection 3:

(a) The unit's owner or his or her authorized agent shall include the documents and certificate in the resale package provided to the purchaser, and neither the unit's owner nor his or her authorized agent is liable to the purchaser for any erroneous information provided by the association and included in the documents and certificate.

(b) The association may charge the unit's owner a reasonable fee to cover the cost of preparing the certificate furnished pursuant to subsection 3. Such a fee must be based on the actual cost the association incurs to fulfill the requirements of this section in preparing the certificate. The Commission shall adopt regulations establishing the maximum amount of the fee that an association may charge for preparing the certificate.

(c) The association may charge the unit's owner a reasonable fee, not to exceed 25 cents per page, to cover the cost of copying the other documents furnished pursuant to subsection 3.



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(d) Except for the fees allowed pursuant to paragraphs (b) and (c), the association may not charge the unit's owner any other fees for preparing or furnishing the documents and certificate pursuant to subsection 3.

5. If the association enters into a contract or agreement with any person or entity to furnish the documents and certificate pursuant to subsection 3:

(a) The contract or agreement must not allow a unit's owner to be charged any fee that exceeds the amount of the fee that the association may charge pursuant to subsection 4; and

(b) The person or entity shall not charge or attempt to charge any such fee.

6. Neither a purchaser nor the purchaser's interest in a unit is liable for any unpaid assessment or fee greater than the amount set forth in the documents and certificate prepared by the association. If the association fails to furnish the documents and certificate within the 10 days allowed by this section, the seller is not liable for the delinquent assessment.

~~16.1~~ **7.** Upon the request of a unit's owner or his or her authorized agent, or upon the request of a purchaser to whom the unit's owner has provided a resale package pursuant to this section or his or her authorized agent, the association shall make the entire study of the reserves of the association which is required by NRS 116.31152 reasonably available for the unit's owner, purchaser or authorized agent to inspect, examine, photocopy and audit. The study must be made available at the business office of the association or some other suitable location within the county where the common-interest community is situated or, if it is situated in more than one county, within one of those counties.

8. The association may not charge a unit's owner, and may not require a unit's owner to pay, any fee related to the resale of a unit that is not specifically authorized pursuant to this section, including, without limitation, any transaction fee, transfer fee, asset enhancement fee or other similar fee, except the association may charge the unit's owner a reasonable fee to cover the cost of recording in the books and records of the association the transfer of the ownership of the unit. Such a fee must be based on the actual cost the association incurs to record the transfer of the ownership of the unit. The Commission shall adopt regulations establishing the maximum amount of the fee that an association may charge for transferring the ownership of a unit.

Sec. 31. NRS 116.4109 is hereby amended to read as follows:

116.4109 1. Except in the case of a sale in which delivery of a public offering statement is required, or unless exempt under subsection 2 of NRS 116.4101, a unit's owner or his or her



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1 authorized agent shall, at the expense of the unit's owner, furnish to
2 a purchaser a resale package containing all of the following:

3 (a) A copy of the declaration, other than any plats, the bylaws,
4 the rules or regulations of the association and the information
5 statement required by NRS 116.41095;

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

9 (c) A copy of the current operating budget of the association and
10 current year-to-date financial statement for the association, which
11 must include a summary of the reserves of the association required
12 by NRS 116.31152 and which must include, without limitation, a
13 summary of the information described in paragraphs (a) to (e),
14 inclusive, of subsection 3 of NRS 116.31152;

15 (d) A statement of any unsatisfied judgments or pending legal
16 actions against the association and the status of any pending legal
17 actions relating to the common-interest community of which the
18 unit's owner has actual knowledge;

19 (e) A statement of any transfer fees, transaction fees or any other
20 fees associated with the resale of a unit; and

21 (f) In addition to any other document, a statement describing all
22 current and expected fees or charges for each unit, including,
23 without limitation, association fees, fines, assessments, late charges
24 or penalties, interest rates on delinquent assessments, additional
25 costs for collecting past due fines and charges for opening or closing
26 any file for each unit.

27 2. The purchaser may, by written notice, cancel the contract of
28 purchase until midnight of the fifth calendar day following the date
29 of receipt of the resale package described in subsection 1, and the
30 contract for purchase must contain a provision to that effect. If the
31 purchaser elects to cancel a contract pursuant to this subsection,
32 the purchaser must hand deliver the notice of cancellation to the
33 unit's owner or his or her authorized agent or mail the notice of
34 cancellation by prepaid United States mail to the unit's owner or his
35 or her authorized agent. Cancellation is without penalty, and all
36 payments made by the purchaser before cancellation must be
37 refunded promptly. If the purchaser has accepted a conveyance of
38 the unit, the purchaser is not entitled to:

39 (a) Cancel the contract pursuant to this subsection; or

40 (b) Damages, rescission or other relief based solely on the
41 ground that the unit's owner or his or her authorized agent failed to
42 furnish the resale package, or any portion thereof, as required by this
43 section.

44 3. Within 10 days after receipt of a written request by a unit's
45 owner or his or her authorized agent, the association shall furnish all



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1 of the following to the unit's owner or his or her authorized agent
2 for inclusion in the resale package:

3 (a) Copies of the documents required pursuant to paragraphs (a)
4 and (c) of subsection 1; and

5 (b) A certificate containing the information necessary to enable
6 the unit's owner to comply with paragraphs (b), (d) and (e) of
7 subsection 1.

8 4. If the association furnishes the documents and certificate
9 pursuant to subsection 3:

10 (a) The unit's owner or his or her authorized agent shall include
11 the documents and certificate in the resale package provided to the
12 purchaser, and neither the unit's owner nor his or her authorized
13 agent is liable to the purchaser for any erroneous information
14 provided by the association and included in the documents and
15 certificate.

16 (b) ~~{The association may charge the unit's owner a reasonable~~
17 ~~fee to cover the cost of preparing the certificate furnished pursuant~~
18 ~~to subsection 3. Such a fee must be based on the actual cost the~~
19 ~~association incurs to fulfill the requirements of this section in~~
20 ~~preparing the certificate. The Commission shall adopt regulations~~
21 ~~establishing the maximum amount of the fee that an association may~~
22 ~~charge for preparing the certificate.~~

23 ~~—(c) The association may charge the unit's owner a reasonable~~
24 ~~fee, not to exceed 25 cents per page, to cover the cost of copying the~~
25 ~~other documents furnished pursuant to subsection 3.~~

26 ~~—(d) Except for {the} any fees {allowed} authorized pursuant to~~
27 ~~{paragraphs (b) and (c).} section 33 of this act,~~ the association may
28 not charge the unit's owner any ~~{other}~~ fees for preparing or
29 furnishing the documents and certificate pursuant to subsection 3.

30 5. If , *pursuant to section 33 of this act*, the association *is*
31 *authorized to charge a fee to cover the cost of preparing and*
32 *furnishing the documents and certificate required by subsection 3*
33 *and the association* enters into a contract or agreement with any
34 person or entity to furnish the documents and certificate : ~~{pursuant~~
35 ~~to subsection 3:}~~

36 (a) The contract or agreement must not allow a unit's owner to
37 be charged any fee that ~~{exceeds the amount of the fee that the~~
38 ~~association may charge}~~ *is not authorized* pursuant to ~~{subsection~~
39 ~~4:}~~ *section 33 of this act*; and

40 (b) The person or entity shall not charge or attempt to charge
41 any such fee.

42 6. Neither a purchaser nor the purchaser's interest in a unit is
43 liable for any unpaid assessment or fee greater than the amount set
44 forth in the documents and certificate prepared by the association. If
45 the association fails to furnish the documents and certificate within



1 the 10 days allowed by this section, the seller is not liable for the
2 delinquent assessment.

3 7. Upon the request of a unit's owner or his or her authorized
4 agent, or upon the request of a purchaser to whom the unit's owner
5 has provided a resale package pursuant to this section or his or her
6 authorized agent, the association shall make the entire study of the
7 reserves of the association which is required by NRS 116.31152
8 reasonably available for the unit's owner, purchaser or authorized
9 agent to inspect, examine, photocopy and audit. The study must be
10 made available at the business office of the association or some
11 other suitable location within the county where the common-interest
12 community is situated or, if it is situated in more than one county,
13 within one of those counties.

14 ~~[8. The association may not charge a unit's owner, and may not~~
15 ~~require a unit's owner to pay, any fee related to the resale of a unit~~
16 ~~that is not specifically authorized pursuant to this section, including,~~
17 ~~without limitation, any transaction fee, transfer fee, asset~~
18 ~~enhancement fee or other similar fee, except the association may~~
19 ~~charge the unit's owner a reasonable fee to cover the cost of~~
20 ~~recording in the books and records of the association the transfer of~~
21 ~~the ownership of the unit. Such a fee must be based on the actual~~
22 ~~cost the association incurs to record the transfer of the ownership of~~
23 ~~the unit. The Commission shall adopt regulations establishing the~~
24 ~~maximum amount of the fee that an association may charge for~~
25 ~~transferring the ownership of a unit.]~~

26 **Sec. 32.** NRS 38.330 is hereby amended to read as follows:

27 38.330 1. If all parties named in a written claim filed
28 pursuant to NRS 38.320 agree to have the claim submitted for
29 mediation, the parties shall reduce the agreement to writing and
30 shall select a mediator from the list of mediators maintained by the
31 Division pursuant to NRS 38.340. Any mediator selected must be
32 available within the geographic area. If the parties fail to agree upon
33 a mediator, the Division shall appoint a mediator from the list of
34 mediators maintained by the Division. Any mediator appointed must
35 be available within the geographic area. Unless otherwise provided
36 by an agreement of the parties, mediation must be completed within
37 60 days after the parties agree to mediation. Any agreement
38 obtained through mediation conducted pursuant to this section must,
39 within 20 days after the conclusion of mediation, be reduced to
40 writing by the mediator and a copy thereof provided to each party.
41 The agreement may be enforced as any other written agreement.
42 Except as otherwise provided in this section, the parties are
43 responsible for all costs of mediation conducted pursuant to this
44 section.



2. If all the parties named in the claim do not agree to mediation, the parties shall select an arbitrator from the list of arbitrators maintained by the Division pursuant to NRS 38.340. Any arbitrator selected must be available within the geographic area. If the parties fail to agree upon an arbitrator, the Division shall appoint an arbitrator from the list maintained by the Division. Any arbitrator appointed must be available within the geographic area. Upon appointing an arbitrator, the Division shall provide the name of the arbitrator to each party. An arbitrator shall, not later than 5 days after the arbitrator's selection or appointment pursuant to this subsection, provide to the parties an informational statement relating to the arbitration of a claim pursuant to this section. The written informational statement:

(a) Must be written in plain English;

(b) Must explain the procedures and applicable law relating to the arbitration of a claim conducted pursuant to this section, including, without limitation, the procedures, timelines and applicable law relating to confirmation of an award pursuant to NRS 38.239, vacation of an award pursuant to NRS 38.241, judgment on an award pursuant to NRS 38.243, and any applicable statute or court rule governing the award of attorney's fees or costs to any party; and

(c) Must be accompanied by a separate form acknowledging that the party has received and read the informational statement, which must be returned to the arbitrator by the party not later than 10 days after receipt of the informational statement.

3. The Division may provide for the payment of the fees for a mediator or an arbitrator selected or appointed pursuant to this section from the Account for Common-Interest Communities and Condominium Hotels created by NRS 116.630, to the extent that:

(a) The Commission for Common-Interest Communities and Condominium Hotels approves the payment; and

(b) There is money available in the account for this purpose.

4. Except as otherwise provided in this section and except where inconsistent with the provisions of NRS 38.300 to 38.360, inclusive, the arbitration of a claim pursuant to this section must be conducted in accordance with the provisions of NRS 38.231, 38.232, 38.233, 38.236 to ~~38.239, inclusive, 38.242 and~~ 38.243 ~~[-]~~ *, inclusive*. At any time during the arbitration of a claim relating to the interpretation, application or enforcement of any covenants, conditions or restrictions applicable to residential property or any bylaws, rules or regulations adopted by an association, the arbitrator may issue an order prohibiting the action upon which the claim is based. An award must be made within 30 days after the conclusion



1 of arbitration, unless a shorter period is agreed upon by the parties to
2 the arbitration.

3 5. If all the parties have agreed to nonbinding arbitration
4 ~~[, any]~~:

5 (a) *Except as otherwise provided in this paragraph, a party to*
6 *the nonbinding arbitration is not liable for the costs or attorney's*
7 *fees incurred by another party to the nonbinding arbitration. A*
8 *court may order a party to the nonbinding arbitration to pay all or*
9 *part of the costs and attorney's fees incurred by another party to*
10 *the nonbinding arbitration if:*

11 (1) *An application for confirmation of an award pursuant*
12 *to NRS 38.239 has been submitted to the court or a civil action*
13 *concerning the claim which was submitted for arbitration has*
14 *been commenced pursuant to paragraph (c); and*

15 (2) *After an evidentiary hearing, the court finds that,*
16 *during the course of the nonbinding arbitration, any judicial*
17 *proceeding to confirm an award pursuant to NRS 38.239 or any*
18 *judicial proceeding relating to a civil action commenced pursuant*
19 *to paragraph (c), the party asserted a frivolous or vexatious claim*
20 *or defense or engaged in any other conduct for the purpose of*
21 *harassing another party or causing unnecessary delay.*

22 (b) *Notwithstanding the provisions of subsection 3 of NRS*
23 *38.238 and except as otherwise provided in subsection 3, each*
24 *party shall pay an equal percentage of the arbitrator's fees and*
25 *expenses.*

26 (c) *Any party to the nonbinding arbitration may, within 30 days*
27 *after a decision and award have been served upon the parties,*
28 *commence a civil action in the proper court concerning the claim*
29 *which was submitted for arbitration. Any complaint filed in such an*
30 *action must contain a sworn statement indicating that the issues*
31 *addressed in the complaint have been arbitrated pursuant to the*
32 *provisions of NRS 38.300 to 38.360, inclusive. If such an action is*
33 *not commenced within that period, any party to the arbitration may,*
34 *within 1 year after the service of the award, apply to the proper*
35 *court for a confirmation of the award pursuant to NRS 38.239. If a*
36 *party to the nonbinding arbitration applies to a court for a*
37 *confirmation of the award pursuant to NRS 38.239, any other*
38 *party to the nonbinding arbitration may apply to the court to*
39 *which the application was submitted for vacation of the award*
40 *pursuant to NRS 38.241. Upon application of a party for vacation*
41 *of an award, the award may be vacated and a rehearing granted in*
42 *accordance with the provisions of NRS 38.241.*

43 6. If all the parties agree in writing to binding arbitration, the
44 arbitration must be conducted in accordance with the provisions of
45 this chapter. An award procured pursuant to such binding arbitration



1 may be vacated and a rehearing granted upon application of a party
2 pursuant to the provisions of NRS 38.241.

3 7. If, after the conclusion of binding arbitration, a party:

4 (a) Applies to have an award vacated and a rehearing granted
5 pursuant to NRS 38.241; or

6 (b) Commences a civil action based upon any claim which was
7 the subject of arbitration,

8 ➔ the party shall, if the party fails to obtain a more favorable award
9 or judgment than that which was obtained in the initial binding
10 arbitration, pay all costs and reasonable attorney's fees incurred by
11 the opposing party after the application for a rehearing was made or
12 after the complaint in the civil action was filed.

13 8. Upon request by a party, the Division shall provide a
14 statement to the party indicating the amount of the fees for a
15 mediator or an arbitrator selected or appointed pursuant to this
16 section.

17 9. As used in this section, "geographic area" means an area
18 within 150 miles from any residential property or association which
19 is the subject of a written claim submitted pursuant to NRS 38.320.

20 **Sec. 33.** Section 16 of this act is hereby amended to read as
21 follows:

22 Sec. 16. 1. Except as otherwise provided in subsection
23 2, an association shall not impose or receive a fee or charge
24 for any good or service provided to a unit's owner, a tenant or
25 an invitee of a unit's owner or tenant ~~[in an amount which~~
26 ~~exceeds:] unless:~~

27 (a) *The fee or charge is specifically authorized by statute*
28 *or by a regulation adopted by the Commission; and*

29 (b) The maximum amount of the fee or charge *has been*
30 established by statute or by a regulation adopted by the
31 Commission. ~~}; or~~

32 ~~—(b) If the maximum amount of the fee or charge has not~~
33 ~~been established by statute or by a regulation adopted by the~~
34 ~~Commission, the actual cost to the association or community~~
35 ~~manager of providing the good or service.]~~

36 2. The provisions of subsection 1 do not apply to any
37 payment, fee or charge imposed by an association for ~~[the]~~ :

38 (a) *A product or service provided pursuant to NRS*
39 *116.310312; or*

40 (b) *The use, rental or operation of the common elements.*

41 3. The Commission may adopt regulations:

42 (a) Authorizing an association to impose and receive a fee
43 or charge for providing a good or service to a unit's owner, a
44 tenant or an invitee of a unit's owner or tenant; and



(b) Establishing the maximum amount of a fee or charge that an association is authorized to impose and receive for providing a good or service. The Commission shall establish the maximum amount of such fees or charges based on the actual cost an association incurs to provide the good or service for which the fee or charge is imposed.

Sec. 34. The Commission for Common-Interest Communities and Condominium Hotels shall adopt the regulations required by section 30 of this act on or before December 31, 2011.

Sec. 35. 1. This section and sections 30 and 34 of this act become effective upon passage and approval for the purpose of adopting regulations, and on July 1, 2011, for all other purposes.

2. Sections 1 to 19, inclusive, 21, 24, 25, 28 and 32 of this act become effective on July 1, 2011.

3. Sections 20, 29, 31 and 33 of this act become effective on October 1, 2012.

4. Section 22 of this act becomes effective on October 1, 2012, or the effective date of a regulation adopted by the Commission for Common-Interest Communities and Condominium Hotels which authorizes, and establishes the maximum amount of, the fees set forth in NRS 116.3108, whichever is later.

5. Section 23 of this act becomes effective on October 1, 2012, or the effective date of a regulation adopted by the Commission for Common-Interest Communities and Condominium Hotels which authorizes, and establishes the maximum amount of, the fees set forth in NRS 116.31083, whichever is later.

6. Section 26 of this act becomes effective on October 1, 2012, or the effective date of a regulation adopted by the Commission for Common-Interest Communities and Condominium Hotels which authorizes, and establishes the maximum amount of, the fee set forth in NRS 116.31175, whichever is later.

7. Section 27 of this act becomes effective on October 1, 2012, or the effective date of a regulation adopted by the Commission for Common-Interest Communities and Condominium Hotels which authorizes, and establishes the maximum amount of, the fee set forth in NRS 116.31177, whichever is later.

