

SENATE BILL NO. 403—COMMITTEE ON JUDICIARY

MARCH 28, 2011

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to the information which must be provided by a unit's owner in a resale transaction. (BDR 10-1126)

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

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

AN ACT relating to common-interest communities; revising provisions relating to the information which must be provided by a unit's owner in a resale transaction; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 This bill revises provisions relating to the information which must be provided
2 in a resale package by a unit's owner for the benefit of a purchaser in a resale
3 transaction.

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

1 **Section 1.** NRS 116.4109 is hereby amended to read as
2 follows:

3 116.4109 1. Except in the case of a sale in which delivery of
4 a public offering statement is required, or unless exempt under
5 subsection 2 of NRS 116.4101, a unit's owner or his or her
6 authorized agent shall, at the expense of the unit's owner, furnish to
7 a purchaser a resale package containing all of the following:

8 (a) A copy of the declaration, other than any plats, the bylaws,
9 the rules or regulations of the association and the information
10 statement required by NRS 116.41095. ~~§~~

11 (b) A statement *from the association* setting forth the amount of
12 the monthly assessment for common expenses and any unpaid
13 assessment of any kind , *including, without limitation,*



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1 *management fees, transfer fees, fines, penalties, interest,*
2 *collection costs, foreclosure fees and attorney's fees* currently due
3 from the selling unit's owner . ~~§~~ *The statement remains effective*
4 *for the period specified in the statement, which must not be less*
5 *than 10 working days from the date of delivery by the association*
6 *to the unit's owner or his or her agent. If the association becomes*
7 *aware of an error in the statement before the consummation of the*
8 *resale, the association must deliver a replacement statement to the*
9 *unit's owner or his or her agent and obtain an acknowledgment in*
10 *writing by the unit's owner or his or her agent before that*
11 *consummation. Unless the unit's owner or his or her agent*
12 *receives a replacement statement, the unit's owner or his or her*
13 *agent may rely upon the accuracy of the information set forth in a*
14 *statement provided by the association for the resale.*

15 (c) A copy of the current operating budget of the association and
16 current year-to-date financial statement for the association, which
17 must include a summary of the reserves of the association required
18 by NRS 116.31152 and which must include, without limitation, a
19 summary of the information described in paragraphs (a) to (e),
20 inclusive, of subsection 3 of NRS 116.31152 . ~~§~~

21 (d) A statement of any unsatisfied judgments or pending legal
22 actions against the association and the status of any pending legal
23 actions relating to the common-interest community of which the
24 unit's owner has actual knowledge . ~~§~~

25 (e) A statement of any transfer fees, transaction fees or any other
26 fees associated with the resale of a unit . ~~§-and~~

27 (f) In addition to any other document, a statement describing all
28 current and expected fees or charges for each unit, including,
29 without limitation, association fees, fines, assessments, late charges
30 or penalties, interest rates on delinquent assessments, additional
31 costs for collecting past due fines and charges for opening or closing
32 any file for each unit.

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

45 (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.

(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. 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.

6. 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



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1 reserves of the association which is required by NRS 116.31152
2 reasonably available for the unit's owner, purchaser or authorized
3 agent to inspect, examine, photocopy and audit. The study must be
4 made available at the business office of the association or some
5 other suitable location within the county where the common-interest
6 community is situated or, if it is situated in more than one county,
7 within one of those counties.

