

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~~ ***obligation*** of any kind ***, including, without limitation,***



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 15 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 during the period in which the*
8 *statement is effective but before the consummation of the resale,*
9 *the association must deliver a replacement statement to the unit's*
10 *owner or his or her agent and obtain an acknowledgment in*
11 *writing by the unit's owner or his or her agent before that*
12 *consummation. Unless the unit's owner or his or her agent*
13 *receives a replacement statement, the unit's owner or his or her*
14 *agent may rely upon the accuracy of the information set forth in a*
15 *statement provided by the association for the resale.*

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

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

26 (e) A statement of any transfer fees, transaction fees or any other
27 fees associated with the resale of a unit . ~~{ and }~~

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

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



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- 1 (a) Cancel the contract pursuant to this subsection; or
2 (b) Damages, rescission or other relief based solely on the
3 ground that the unit's owner or his or her authorized agent failed to
4 furnish the resale package, or any portion thereof, as required by this
5 section.

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

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

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

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

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

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

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

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

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

43 6. Upon the request of a unit's owner or his or her authorized
44 agent, or upon the request of a purchaser to whom the unit's owner
45 has provided a resale package pursuant to this section or his or her



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

