

**MINUTES OF THE MEETING
OF THE
ASSEMBLY SUBCOMMITTEE ON JUDICIARY**

**Seventy-Sixth Session
April 7, 2011**

The Subcommittee on Judiciary was called to order by Chairman James Ohrenschall at 4:42 p.m. on Thursday, April 7, 2011, in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman James Ohrenschall, Chairman
Assemblyman Richard Carrillo
Assemblyman Richard McArthur

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Dave Ziegler, Committee Policy Analyst
Nick Anthony, Committee Counsel
Julie Kellen, Committee Secretary
Michael Smith, Committee Assistant

OTHERS PRESENT:

Donald Schaefer, Private Citizen, North Las Vegas, Nevada
Todd Schwartz, representing Spring Mountain Ranch Association
David Stone, Owner, Nevada Association Services, Inc.
Marilyn Brainard, Private Citizen, Sparks, Nevada
Keith L. Lee, representing Lawyers Title of Nevada; and First American
Title Insurance Company
Britt Chapman, representing Southern Highlands Community Association;
and Olympia Management Services
Marisa Kagan, representing Seville Etage Homeowners Association
Ryan Bauman, representing Concerned Homeowners Association
Members PAC
Eric Haugland, Private Citizen, Las Vegas, Nevada
Yvonne Schuman, representing Concerned Homeowners Association
Members PAC
Robert Robey, Private Citizen, Las Vegas, Nevada
Jonathan Friedrich, Private Citizen, Las Vegas, Nevada

Chairman Ohrenschall:

[Roll was called.] We will reopen the hearing on Assembly Bill 448. Since we ran out of time last week, we are picking that up right now. We were on the opposition to this bill. If there is anyone in Las Vegas who is opposed to A.B. 448 who did not get the opportunity to voice his or her concerns last time, please come up to the table.

Assembly Bill 448: Revises provisions relating to real property. (BDR 10-513)

Donald Schaefer, Private Citizen, North Las Vegas, Nevada:

I live in Sun City Aliante, which is a community comprised of 2,028 homes, and I am currently on the board of directors. I am opposed to this bill for a number of reasons. I think we need to seriously consider either rewriting this bill or leaving it in the Assembly.

I will start on page 28, section 5, lines 20 through 23. I think allowing homeowners to put anything they want on the agenda would make for an agenda and board meeting that would take three or four hours. It is not the homeowners' job to put items on the agenda but the board's duty. I have no objection with homeowners asking a board member to put an item on the agenda, and this includes writing a letter.

On that same page, lines 31 and 32, where it says, "A guest of a unit's owner must be allowed to attend any meeting of the units' owners," it needs to

specify that it is a homeowners' meeting rather than a board meeting. I would have no objection to that.

Going back to page 11, lines 33 through 35, where it states, "A units' owner may attend the meeting in person or by proxy." I thought we went through the proxy issue two years ago and that the Legislature agreed that we would not do this. Now, it could come back into law. That term "proxy" should be taken out.

Chairman Ohrenschall:

Could you elaborate on your concern on proxies?

Donald Schaefer:

We have a lot of "snowbirds" who are not around most of the year and do not know all the issues. They do not have the ability to listen to the testimony, and we find that certain people get a petition going around to get people to sign a proxy when the homeowner has no idea what he or she is signing.

Page 14, section 6, lines 42 through 45 addresses a \$2,500 maximum lifetime fine. I personally do not like fines, and I would like to see them done away with completely. However, the reality is that sometimes there needs to be a monetary reprisal in order to get somebody to follow the covenants, conditions, and restrictions (CC&Rs). In our association, we had a gentleman who wanted to build a fortress around his house, and after a hearing, the board fined him \$100 plus \$100 a week until the fortress was removed. Every month he came in with a \$500 check and left his fortress up. Fortunately, the issue took care of itself when he and his wife separated, and she took down the fortress.

I will move onto page 19, section 8, lines 28 through 45. Again, this section deals with fines. I do not see how we can regulate how much a collection agency can charge for a fine. Simply saying a fine cannot exceed \$40 if the balance is less than \$200 is a dangerous position. That provision would allow homeowners to completely ignore things. We would like to see the collection agencies not to have to do these things, but the boards need to collect assessments for financial reasons.

On page 29, section 12, lines 38 through 41, it states, "A meeting of the executive board must be held at least once every quarter, and not less than once every 100 days and must be held at a time other than during standard business hours, but not before 6 p.m., at least twice annually." While I have no objection to that, down here in Las Vegas, we have board members who work crazy shifts.

Chairman Ohrenschall:
What line are you on?

Donald Schaefer:
I am looking at lines 38 through 41.

Chairman Ohrenschall:
I want to remind you that we are trying to stay under ten minutes so everybody gets the chance to talk.

Donald Schaefer:
I am going as quickly as I can through this. I have a couple more points I want to make. If you want to put something like this in, I would suggest also saying we can hold a meeting on a Saturday. Maybe that would solve some of the problems.

One of the major points I would like to hit is on page 24, beginning on line 40. It states, "Within 3 months after his or her election or appointment to the executive board, a member of the executive board shall successfully complete 2 hours of instruction" I find this rather ridiculous. As a board member, I had to sign a document stating I had read *Nevada Revised Statutes* (NRS) Chapter 116 to the best of my ability and understanding. I have attended a class for the last three years called the "ABCs of NRS Chapter 116," and that is an eight-hour class. I do not know what kind of information you could get across in a two-hour class. Also, I am a member of Community Associations Institute (CAI), and all the board members are certified. We have taken over 26 hours of classes to get this certification. We encourage our homeowners to do this, and the board pays for the homeowners to take these classes. I think we are shorting ourselves by saying only two hours per year, per board member, is appropriate.

Most of the other issues have been talked about already; so I will finish with that.

Chairman Ohrenschall:
Are there any questions? [There were none.]

Mr. Schaefer, if you have time, could you submit your comments to us in writing? That would be much appreciated.

Donald Schaefer:
Yes, I will do that.

Todd Schwartz, representing Spring Mountain Ranch Association:

I am the board president of Spring Mountain Ranch Association. We are a community of 1,620 single-family homes. The most effective representation is that closest to the people. I live and walk amongst them and was elected by my fellow homeowners. I think that is key to remember. When the economic bubble first burst, many homes went vacant and became a blight. I heard from the homeowners who were still living there and paying their dues. I was asked what the homeowners' association (HOA) could do to clean up the neighborhood. If someone is unhappy with how the board is representing the community, and he or she gets the majority support, he or she can become a board member. It is simple democracy. We also allow changes to CC&Rs by having a majority of the homeowners approve that change. There are already certain safeguards.

I did email the Subcommittee about 15 major points. I want to touch on just one or two right now. In an association the size of Summerlin, Aliante, or my association, when we talk about capital projects and needing a popular vote by secret ballot, you are talking one to two dollars per ballot to mail. For a \$35,000 project, it could cost my association as much as \$3,000 to mail, which is almost 10 percent of the overall cost of the project. We want to be responsible with the money, and I do not see how this is responsible. For Summerlin, it will probably cost them \$50,000 to mail ballots.

Chairman Ohrenschall:

I just want to make sure that you are in opposition to the bill.

Todd Schwartz:

Yes, I am in opposition.

The other thing to remember is that we need a regulatory body to take care of many of these things. You can write all the legislation you want, but we need a strong regulatory body. Things go wrong all the time.

Regarding page 53, lines 25 through 29, it says, "In a common-interest community which is not gated or enclosed and the access to which is not restricted or controlled by a person or device, the association shall display a sign in plain view on or near any property on which parking is prohibited or restricted in a certain manner." In my association, there are over 5 miles of private streets and 21 entrances, none of which are gated, but they are private streets. We have rules that go out to all of the homeowners regarding where they can and cannot park on the street. We even went ahead and put signs up because we had a bunch of homeowners wanting no parking on Tuesdays so the street sweeper could do a good job sweeping our streets. We put signs at all the

entrances so the visitors know not to park on the streets. With this bill, do I have to put a sign up every 50 feet? This is vague and expensive.

Regarding the fine cap, can I pay the state \$2,500 and not get pulled over by police for speeding? Unfortunately, it does not work that way. None of us wants to charge fines, but how do you get compliance?

Assembly Bill 448 goes beyond what is necessary, and there are too many things wrong.

Chairman Ohrenschall:

Is there anything in the bill you do like?

Todd Schwartz:

There are certain items I would like if they were written better. There is one item about construction penalties for not building. If it is outside of the homeowner's control, that is great, but having a general statement is poor language. If it is outside of someone's control because it rained for two weeks, and the builder could not do work, that makes sense.

Chairman Ohrenschall:

In the section dealing with construction penalties, if someone ran out of money before completing the project, do you think he or she should be penalized?

Todd Schwartz:

That is under the homeowner's control. I bought a house on a 30-year mortgage, and I am underwater, but I am still living there and did not walk away. The newspaper reported that 30 percent of homeowners walked away, even though they could afford the house. Buying and/or building a home is a financial privilege, not a right.

Chairman Ohrenschall:

Are there any questions? [There were none.]

David Stone, Owner, Nevada Association Services, Inc.:

Nevada Association Services, Inc. (NAS) is an HOA collection agency. I have been in this business for 17 years, and NAS has been in business for 11 years. In 2010, NAS collected over \$16 million for HOA assessments. One hundred percent of the costs to collect that money were borne by the delinquent owner. That is fair and is the way it should be. I will focus on section 8. The result of this bill will shift the burden away from a delinquent owner and place the obligation to pay collection fees and costs onto the rule-abiding homeowners. That is not fair. Assembly Bill 448 does not contemplate the services provided

at no charge such as dispute resolution, working out payment plans with homeowners, or bankruptcy resolution. This bill does not take into consideration the hard costs that are incurred to collect, which can sometimes be thousands of dollars. These are not fees used to pay for my insurance, my employees, or my payroll; these are costs paid to outside services. This is not considered in the bill.

[Read from prepared testimony ([Exhibit C](#)).]

This should clearly tell the Subcommittee that this is a complicated issue with many moving parts. It is not as easy to say you can charge \$50 for this or \$100 for that. There is much more to it. With the passage of A.B. 448, delinquencies will skyrocket. You will see associations on the brink of financial desperation. I have seen it before. If associations do not have the ability to self-sustain, the obligation to sustain these massive associations will fall back on the municipality. Local governments will not want to see blight in their communities. By restricting the ability of an association to collect, that is what you will get. The winner of A.B. 448 will not be the associations or the rule-abiding citizens. The winner will be those individuals who choose not to pay their assessments and do not follow the rules.

In my office, we pride ourselves on working with homeowners. You will probably hear some anecdotal evidence of homeowners who have been charged collection fees and costs. If you want to reduce collection fees and costs to homeowners, then I suggest you do away with many of the statutory requirements that I am bound by as a collection agency, such as posting and publishing foreclosure notices. If you have the ability to exempt me from federal law regarding collection agencies that will certainly bring down the cost. If you have the ability to allow me to hire employees at minimum wage, that will also bring down the costs. If you will instruct me not to try to assist homeowners, that will bring down the cost. Unfortunately, none of those situations are in play, and the costs for collection agencies are extremely high.

Chairman Ohrenschall:

I believe you said you collected \$16 million in delinquencies.

David Stone:

Yes, last year, our number was just over \$16 million.

Chairman Ohrenschall:

Were they all in Clark County?

David Stone:

A majority were in Clark County, and there were some from Washoe County, as well.

Chairman Ohrenschall:

Of that \$16 million, how much do you have to spend to collect that \$16 million?

David Stone:

It depends where we are in the collection process. My fee is anywhere from \$135 up to \$1,200. The costs can range anywhere from \$14, which is the cost to record a document, plus certified mail, up to \$1,500 in costs. It depends what part of the process we are in.

Chairman Ohrenschall:

Many of us have heard stories about people who fell behind on their HOA dues for five or six months and ended up being \$500 to \$600 behind. When a collection agency came in and initiated foreclosure proceedings, that cost ended up being thousands of dollars they owed. How do you think that happens? Is this something that is not ordinary for collection agencies?

David Stone:

I question the accuracy of what is being reported to you. My initial demand letter is about \$135, and depending where we are in the process, the fees can escalate. I am afraid that what is often being reported is the full level of obligation, including assessments and fines, none of which go to the collection agency. The bottom line is that if there is concern regarding runaway fees, then I ask you to defer to the regulation, which will address the issues you are concerned about. I am referring to Legislative Counsel Bureau (LCB) File No. R-199-09, which was adopted by the Commission for Common-Interest Communities and Condominium Hotels (CICCH), and now it is pending before the Legislative Commission.

Chairman Ohrenschall:

I believe in that regulation the cap was set at \$1,950.

David Stone:

The cap is \$1,950. I want to stress that the cap is a maximum. If an association has the ability to find someone who can do collections for \$300, which some of my opponents claim exists, then those collection agencies will do it for \$300 and get all the business in town. The reality is that the cost to run this type of business is extremely expensive. The cost to do that is wrapped into those fees.

Chairman Ohrenschall:

Are there any questions? [There were none.]

We will come back up to Carson City. If there are any witnesses who would like to testify in opposition, please come forward.

Marilyn Brainard, Private Citizen, Sparks, Nevada:

You have received my testimony ([Exhibit D](#)). I am not going to try to go through the bill. I believe you have had testimony submitted that breaks the bill down by section. My purpose is to give you an overall statement. Besides being a homeowner in a common-interest community (CIC), I do serve on the CICCH. However, my remarks today do not reflect the Commission, but they are my personal opinions and observations.

Governor Kenny Guinn appointed me in September 2006 to serve as the only representative of the homeowners who chose to purchase a home in a CIC.

[Continued to read from prepared testimony.]

Chairman Ohrenschall:

In regard to section 8, do you have an opinion regarding the fees for collection? Thank you for submitting your testimony, but if there is anything supplemental to your written testimony, please let us know.

Marilyn Brainard:

We held multiple public workshops and heard from many different people involved with collections, including homeowners and persons representing collection agencies. Many people testified, and the Commission carefully considered the testimony, and we were hoping to have the regulation we adopted last December in effect by now. Unfortunately, it did not meet the deadline for the December meeting of the Legislative Commission. It is now caught in the queue that is forming for regulations because of the Governor's restriction on regulations. I do think it is a fair amount. I think Mr. Stone testified as to how it would work if the cap is adopted. I would like you to be aware of the many speculators who are able to purchase properties at a reduced rate and are objecting to paying the past due assessments of the nine-month priority liens. You will be hearing a lot from them. Associations have to survive, and survival is based on the revenue from the assessments collected.

Chairman Ohrenschall:

The cap structure in A.B. 448 compared to the regulation the Commission promulgated seems to be less, correct?

Marilyn Brainard:

I am sorry, could you restate your question?

Chairman Ohrenschall:

This is a lower cap than the \$1,950 cap you promulgated on the Commission?

Marilyn Brainard:

Yes, it is. It is the same one that was proposed during the 75th Session. It was not passed during session, but the Commission was ordered to come up with a regulation, and that is why we held the public workshops.

Chairman Ohrenschall:

On the cap scheme in section 8, do you feel associations would not be able to find collection agencies that would want to take this work on?

Marilyn Brainard:

I think it would be very difficult. I cannot speak for the collection agencies. I know it would be a burden on the associations, and I do not know how they would be able to do collections on their own. The problem with legislation is that it is one-size-fits-all. Associations can be very small or very large. A large association might be able to handle its own collections. The one handling the collections must be versed in the Fair Debt Collection Practices Act in the federal statutes. If you do not cross your "T's" and dot your "I's," you could put your association in financial harm. You need professionals to collect the assessments, and the assessments are the lifeblood and only revenue source for associations.

Chairman Ohrenschall:

You mention some of the larger associations that collect delinquent assessments on their own.

Marilyn Brainard:

I said they could. If any associations did their own collections, it would be the large associations that have more resources because they have more revenue from the assessments.

Chairman Ohrenschall:

We have your testimony in the record, so we can look over it. You can say any additional comments that are not in your testimony. If not, then we will move on to the next witness.

Marilyn Brainard:

I do have something additional to say. I want to mention Assembly Bill No. 350 of the 75th Session, which was Assemblyman Munford's bill. I want to show you the original and second reprint. The bill started out at 35 pages and ended up at 6 pages because of the changes and amendments that had to be made. I can only hope that if A.B. 448 makes it out of this Subcommittee, you will reduce the content because of the testimony you have heard and read.

Assemblyman Carrillo:

I have a general question. In section 8, where it talks about the cap, if it goes to \$200, I do not see that there is any type of limit. It will not be \$200 collectively, every month, or every year. I understand the incentive from the collection agencies. If the homeowner does not pay, then he or she will incur more costs. I do not see any time limit on this or an incentive to pay.

Marilyn Brainard:

I believe one of the things Mr. Stone mentioned was the idea of a payment plan. The homeowners who are delinquent on their assessments have the ability to set up a payment plan with the collection agency. I cannot speak to all the details of that, but I am sure I could get the information if you needed it.

The concern with the cap as stated in section 8 was the reason the Commission took so much time to thoroughly understand the collection issues and look at what we felt was fair, both from the unit owners' and associations' perspectives. We feel our work product has a lot of merit, and we are hoping the regulation will be adopted.

Chairman Ohrenschall:

Is there anything in the bill you do like or you think is an improvement?

Marilyn Brainard:

I am going to be very frank with you, Mr. Chairman. I did try to read through the entire bill, and I did some comparisons with A.B. No. 350 of the 75th Session. I got so discouraged because I feel like the people who presented this bill to Assemblyman Munford presented what they felt should be in the bill. He was kind enough to accept it and write it into the bill draft. I feel as if this bill is inappropriate and will cause extreme burdens on the associations. Our *United States Constitution* talks about how we should honor contracts. When people move in, a contract is signed. No one forces anyone to move into an association. Some feel they are stuck there now because of property values, but there is nothing we can do about that other than hope the business improves in this state and the economy recovers. We have to consider the thousands of unit owners who are paying their assessments and keeping their

associations afloat. We cannot consider those who prey on our legislators to present bills that are not in favor of the majority of the residents in this state.

Chairman Ohrenschall:

I guess you do not like the bill.

Marilyn Brainard:

I tried to keep my testimony short and did not want to go over it section-by-section. I feel that the bill should not see the light of day, and that is my opinion as a resident in an association here in Nevada.

Chairman Ohrenschall:

When we appear at the Nevada Legislature, we want to look out for the interests of the majority but also for the minority.

Keith L. Lee, representing Lawyers Title of Nevada; and First American Title Insurance Company:

I will jump ahead of describing to you exactly where in the process Lawyers Title of Nevada and First American Title Insurance Company became involved and instead indicate how I read section 8, which is the section we are opposed to. As I read section 8, it essentially forbids a collection agency from collecting any of the costs that are incurred while collecting, or attempting to collect, these debts. It says that, "The governing documents may not authorize the association to charge the unit's owner for any costs of collecting other than costs relating to filing, recording, title searches, bankruptcy searches and postage." Those are relatively minor costs to be incurred in determining how one decides to collect these. The rates "may not exceed \$40, if the outstanding balance is less than \$200." These apply to those costs that are related and set forth in lines 35 through 37 and that provision prohibits the collection of the other collection costs.

Having said that, I will explain who my clients are and where we get involved in the process. They are title companies. Chapter 116 of NRS mandates that when there is a notice of default and proceeding to foreclosure sale on the priority lien, everyone in the chain of title on that piece of property, and anyone who requests notice of collection action, must be notified by mail from either the collection agency or the HOA of the intent to go forward with the foreclosure on the lien. Title companies are brought into the picture by the collection agency, but sometimes by the HOA or management company. We supply the chain of title. We issue a trustee sale guarantee, and in doing that, we not only provide the chain of title where the notices may be sent, but we also guarantee the accuracy of that to the extent of the amount of the guarantee, which is an amount determined by the collection agency.

Finally, we file our rate schedules every year with the Division of Insurance, Department of Business and Industry. You can go to the website of the Division of Insurance to see what our rates are for a trustee sale guarantee. They range from \$290 up to \$350. That minimum is generally the figure the collection agency uses because it guarantees up to \$55,000, which is more than sufficient. In the rare circumstance it is above that, the sliding scale goes forward. If my reading of section 8 is correct, I think what my client does is a collectible charge under this section. However, it is capped at \$200, and the minimum we charge is \$290. We would be in excess of that rate cap.

Finally, I will speak to the regulation that Ms. Brainard spoke of. We concur with that regulation. A lot of work went into it, and a lot of people agreed and disagreed, and to me that is a good sign. There was some common ground. It has a rate cap of \$1,950. In section 2 of that regulation, it makes an exception of the fees my client would charge to do the titles for the trustee sale guarantee and the title search. The cap is \$1,950 for the collection agency or the process of collecting and my clients' rate charge is over and above the cap. Those fees are generally in the neighborhood of \$300 to \$400.

Chairman Ohrenschall:

Under the regulation promulgated by the Commission, the \$1,950 does not include the fee by the title company?

Keith Lee:

Yes, that is correct. It does not include the trustee sale guarantee.

Chairman Ohrenschall:

You stated that according to the rate schedule, the title companies charge anywhere from \$290 to \$350?

Keith Lee:

Generally speaking. It is a competitive business, and the collection agency can select from among a number of title companies. Most title companies are within the range of \$300 to \$400 in regard to that trustee sale guarantee at the value that is necessary, given the value of the lien that is being foreclosed upon.

Chairman Ohrenschall:

Is your client opposed to section 8 because there is not an exemption for title companies, or in principle? If there were an exemption for title companies the way the regulation reads, would your client still have a concern with the cap?

Keith Lee:

If the provision made our fee not included in the cap, that would satisfy our immediate concern. The greater concern is that there is still an embedded cost in the collection. It is a cost borne by the delinquent homeowner, and it should not be a cost borne by the assessment-paying folks, which is the majority of the homeowners in these associations. We are still opposed to section 8 because it does not make sense. It punishes those who play by the rules.

Chairman Ohrenschall:

Are there any questions? [There were none.]

Britt Chapman, representing Southern Highlands Community Association; and Olympia Management Services:

Our specific comments have been submitted to you ([Exhibit E](#)), and I will not go through them. I will say that we are opposed to this bill in general, and it would be burdensome and restrictive on HOAs and boards. We have addressed concerns with the sponsor, and we will continue to work with him on these issues.

Chairman Ohrenschall:

Thank you for your brevity. Are there any questions? [There were none.]

We will move back to Las Vegas. Are there any more witnesses wishing to speak against A.B. 448?

Marisa Kagan, representing Seville Etage Homeowners Association:

I am a homeowner and newly elected board member for Seville Etage, which is located in Aliante. My husband and I moved to Nevada in April 2010. We studied the very large CC&Rs of the community during the escrow period, as we were supposed to. We had discussions about the rules we did not know how we felt about. For example, we have one dog. Did we want to live in a community that restricted it to two? We took the time to make a decision to live in the community we live in because we agreed with the rules that all the homeowners living there signed and agreed to, including the collection fees and things that may happen if you fall into arrears. What I am offended by with the bill is that it seems to reward those who did not take the time to read or chose to ignore all of the rules and regulations in the contract they signed. Instead, it has disregard for the law-abiding and dues-paying owners who are the majority of the HOA members and owners.

The other two board members I am privileged to work and volunteer with cannot be here because they work during the day. That is why we have our

meetings in the evenings. Most people who volunteer do not have the luxury of not working.

When we moved into our community, there were many problems because of the number of foreclosures. The gates were constantly being vandalized and broken by residents who were renters, renting from owners who no longer paid their mortgages and no longer paid their dues. I have a fiduciary responsibility to the homeowners in my community to make sure we are able to make the reserve study deadlines and fix things as needed. This bill is almost anti-HOA, and I do not understand why. I understand if you have lost your home and are upset, but to turn around and say you have no responsibility to the contract you signed with the HOA does not seem reasonable.

I am very happy with my community, and I do not understand where this is all coming from. It seems to be coming from disgruntled former community homeowners.

Chairman Ohrenschall:

Is there anything in the bill you think is a positive change?

Marisa Kagan:

I am not sure I saw anything positive. Most of the bill restricted the ability of the board to be able to do its duty. Regarding parking, how do you imagine the process goes when people violate the rule of parking on the streets? I get the phone call at 2 a.m. from the tow company to have me authorize and sign off on the towing. You serve on the board as a sense of responsibility. I do not know how many existing board members on HOAs were asked their opinion of this bill before it was brought to the Subcommittee. That would probably have been more helpful to you in making a bill that would help all parties. I do not see anything positive. No offense to Assemblyman Munford because I am sure his heart was in the right place. I am scared. I do not know why I am on a board if I cannot enforce any of the rules.

Chairman Ohrenschall:

If you have time, would you email us your comments?

Marisa Kagan:

Yes, I would be happy to do that.

Chairman Ohrenschall:

Is there anyone else in Las Vegas wishing to speak in opposition to the bill? [There was no one.] Is there anyone else in Carson City wishing to speak in opposition to the bill? [There was no one.] Is there anyone wishing to speak

neutral on the bill? [There was no one.] Is there anyone wishing to speak in support on the bill?

Ryan Bauman, representing Concerned Homeowners Association Members PAC:
We have a broad-based coalition of homeowners, real estate investors, real estate brokers, consumer credit counseling, and minority chambers of commerce. We have heard quite a few concerns that need to be addressed, and we do agree with those concerns. We need to move forward with a good piece of legislation. You have heard a lot of discussion on the cap, and that is the one section I would like to address. As you know, we are working on a similar piece of legislation in the Senate, which is Senate Bill 195, which also addresses the collection cap. We feel strongly that there needs to be a hard cap. Going to earlier testimony and the regulation, we do not feel the regulation is a hard cap. If you look at the regulation, it does outline \$1,950 as the cap, and then it goes on to section 2 where it allows for any costs incurred, including the trustee sale guarantee that Keith Lee referenced, recording costs, publishing, postage, et cetera. Those costs are not capped. The next section discusses management fees that can be collected as well. Another section also discusses reasonable attorney's fees that can be collected. Now we are talking about \$1,950 plus another \$500 to \$800 in costs incurred, management fees, and attorney's fees. We do not feel that is a cap. Senate Bill 195 does address the concerns of some of the other witnesses, including posting, publishing, and the trustee sale guarantee, which we do recognize as a hard cost. The vendors we have talked to can go up to \$250 to \$300, which we have included in our legislation. We appreciate the hard work everybody did on the Commission that worked tirelessly to put that regulation in place, but we do not feel it addresses the needs that will protect the homeowners.

Another section we feel is important is on page 41, section 20, subsection 4, paragraph (a). This paragraph discusses the communication process between the homeowner and HOA board. We heard a great deal of testimony on the Senate side that stated the homeowner may be out of the country or did not receive his or her bill. There may be a renter in the property, and the homeowner became delinquent on his or her assessments. We are not saying the HOA does not need to receive the dues. The HOA does need to receive the dues, but we need a communication process. If a person is late on his or her credit card, car payment, student loan, et cetera, someone will contact him or her to let him or her know he or she is late. This section of the bill is very important, and we would like it to be moved through.

We do understand the concerns of some of the other sections.

Chairman Ohrenschall:

What section were you just referring to?

Ryan Bauman:

It is page 41, section 20, lines 12 through 20, where it is stated, " . . . within 60 days after the first day of the month following the month in which notice of the assessment" There needs to be some communication between the homeowner and HOA board. There is no need for a person to be 61 days late and turned over to collections. We have seen this time and time again.

Chairman Ohrenschall:

Do you know of collection agencies that would be willing to work under this construction?

Ryan Bauman:

We have been working closely with a couple of law firms in Las Vegas that testified last week on S.B. 195. They do this same process for \$1,100, including costs incurred. They are contracted with Fannie Mae and Freddie Mac to do HOA collections and deed of trust collections. I can get that to you. We have been working closely with other collectors who say the regulation is absurd and people will be getting rich if it goes through.

Chairman Ohrenschall:

That would qualify under the fee structure in this bill?

Ryan Bauman:

No. We do agree the fee structure here needs to be changed. No one can operate under it. Senate Bill 195 has an outlined structure with a cap of \$1,475. We have been trying to work with some of the collectors on how their business models work, as well as the law firms I just referenced. We are trying to find that middle ground.

Assemblyman McArthur:

I think I missed something in the first part of your testimony. You were talking about caps around \$1,950. Were you referring to section 8 here or the Senate bill?

Ryan Bauman:

I was referring to the regulation that continues to be brought up: LCB File No. R-199-09. This is the regulation that was passed in December by the CICCH. In that same regulation, there is a section that allows for any costs incurred to be added to the \$1,950. There is another provision that allows for

management association fees and reasonable attorney's fees to also be added onto the cap. If you add that up, you are not looking at a hard cap of \$1,950.

The Senate bill we are working on mirrors this and the regulation. We have whittled it down a bit by working with other collectors who say they can operate under the cap we have proposed in S.B. 195.

Assemblyman McArthur:

When you talk about looking at the cap, you are talking about the higher cap?

Ryan Bauman:

Yes, exactly.

Chairman Ohrenschall:

Is there anyone else in Carson City wishing to testify in support of the bill? [There was no one.] We will move back down to Las Vegas.

I do want to remind you that we are trying to keep testimony to 10 minutes per person.

Eric Haugland, Private Citizen, Las Vegas, Nevada:

I am here regarding the cap on collection agencies. I would be considered the perfect victim here in Las Vegas as far as our current economic state. We moved here in 1998 and purchased our first home in Las Vegas and sold that home at a handsome profit in 2004. We took a substantial amount of money out of that sale and purchased our next home. In 2005, we purchased the home we wished to retire in, which was a \$600,000 home, which has now been appraised at \$250,000. That was an eye-opener for us.

What has transpired since then is that I lost my job in January 2010 and have been unemployed since. We fell behind on our HOA assessments. We have two associations: a master and subassociation. I have supplied you with my statements ([Exhibit F](#)). I heard the testimony from the concerned board members wanting to ensure the assessments are paid and the boards are fully funded. I have offered to pay my board in full the amount of the assessments on which I was behind. On December 13, 2010, a notice of a foreclosure sale was posted on our door. This was after several visits with our HOA board and after trying to work out a payment plan. According to our Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, it is our assessments that will force us to lose our home. I walked in with a check to my HOA office, and my payment was refused because I needed to make the payment to Mr. David Stone of NAS. According to my research, that was a violation of NRS 116A.640(9) where it clearly states, " . . . a

community manager shall not . . . Refuse to accept from a unit's owner payment of any assessment, fine, fee or other charge that is due because there is an outstanding payment due." The woman at the HOA office said she could not accept my payment when I wanted to bring my account current because I was in collections.

As you can see from these two separate statements, the \$880 in assessment fees turned into \$4,003, and the \$2,190 turned into \$7,707. After listening to the testimony from the fellow representing the title companies who said their maximum was \$390, I wondered where he got those figures, because I was charged \$400 twice for that title search. If I lived in the Painted Desert Community Association, which is the master association, the foreclosure fee would be \$900, and the foreclosure fee for Palm Canyon, which is my actual association, is \$400. When I hear them talk about hard costs, I am perplexed, because I call and email them regularly, and I have included evidence of this with my statements. I tried to get information of how it got to this point. I have tried to keep everything in writing to protect myself and my home. I was \$123 short on my \$723 payment, and I called them three days prior to making the payment to let them know I would be short. The person I talked to asked me when I would make the remainder of the payment, and I said, "Hopefully, within the week." I received a letter to confirm that, and I will email that letter to you. I received a reply stating that the sale date of my property was the 22nd of the month if the \$123 was not received in their office.

I understand the testimony of the new HOA president who is living in a perfect world, and she has a wonderful job and children to go home to. I understand upholding the contracts you signed, but sometimes life throws you a curve, as it has done to us. We moved to Texas because the company I worked for closed here. I tried to maintain two homes, and that is what forced us behind. However, I had to keep the job and benefits for my wife and children. I have given Mr. Stone carte blanche over my destiny. My entire life's savings is in that home, and he has been duplicating these bills because I live in a subassociation, so he can charge me twice. That needs to be limited, and I disagree with him when he said he has hard costs. I am facing over \$390 in postage, which is ludicrous.

I am desperate and angry, and I know there are other people like me. I am very frustrated by this system. I hear these people living perfect lives telling you how wonderful it is to live in these associations. I was in the emergency room (ER) yesterday afternoon because my blood pressure has gone out of control. Someone needs to stop what is happening here because 1 in 20 homes are in foreclosure in this city, and we have a 15 percent unemployment rate. I have been working since I was 14 years old, and I refuse to go down without a fight.

Mr. Stone tells you what miserable costs he has and yet he forces me to pay him in a cashier's check, which is hideous.

Chairman Ohrenschall:

I am sorry for what you have been going through. We did get your fax. You have dues to two associations and fell behind trying to keep up with the payments. You owe \$800 to one association.

Eric Haugland:

Yes, I have it listed in my fax. You will see the monthly assessment is \$800, and then you can see what happens to that \$800.

Chairman Ohrenschall:

What are you monthly association dues?

Eric Haugland:

The normal association fee is \$40.

Chairman Ohrenschall:

How far behind were you?

Eric Haugland:

I will quickly explain. I am in the automotive engine business, and our branch closed. The only opportunity to maintain a job was to move to Frisco, Texas. We gave everybody a 30-day notice, and we flew down to Frisco, Texas. At that point, I listed our home for sale here, and the market had already plummeted. My \$600,000 home was now appraised at \$299,000. While we were in Texas, our HOA allowed a construction company to come in on an erroneous work order. As a result, a landscape company removed my entire front yard. I was called by my neighbor asking whether I had authorized the work, and I told him I had not authorized any work to be done. The company removed all of my sod and landscaping and left me with bare dirt. The company came out the next day and started rolling out sod, and halfway through the process, realized the mistake on the work order. They then rolled up all of the sod they had put down and left me with bare dirt and moved the sod to the foreclosed property at the end of the street that was supposed to have the new sod put in. I was immediately fined for having bare dirt in the front and was in violation of my HOA rules.

At that point, I got into a dispute with them. I thought withholding payments was an obvious way to go. It has been two years, and the HOAs have been able to extract from me over \$12,000; it was actually \$13,000 because I decided to put in xeriscaping to limit my water consumption because the water

bills were outstanding. This all started with an erroneous work order, on their part, and I tried to enforce some of my rights as a homeowner. I was not the one who pulled the front yard up. I was living in Texas when it happened. This dispute started two years ago. The HOA started to get nasty with me. The company I was working for in Texas closed down altogether, and we moved back. I wanted to get the assessments current, and deal with fines and fees later. I went in to make my payment, and my payment was refused. I was told I had to meet with the board and set up some sort of payment plan. I sent you the payment plan, and it is dated January 13, 2011. I went before my Palm Canyon board of directors. I had already met with the Painted Desert board of directors. I have \$4,900 in violations due to their mistaken work order. I was fined \$100 a month over and above the rest of the fines and fees because I never sent the board the plan for my xeriscaping. I went before the board and told them that NAS was planning on taking my home. I asked them to reduce the fines. They did waive the \$4,000 in fines, but they waived them contingent on satisfaction of the payment plan, which is 12-month plan. I receive \$1,600 a month in unemployment benefits, and the board has asked me for \$900 a month in HOA fees, which does not include my mortgage. I am desperate to keep it current.

When you get a foreclosure notice, it puts the fear of God in you. The collection agency will give you three to four weeks to get everything current. I do not want to mess with them; so I do whatever I can. I have sold everything I can think of, including our family minivan. Based on what the new board president said, we are bad people for not following the rules. Sometimes, that is not the case at all. We live in a beautiful community and paid a substantial amount of money down to buy this home. The market crashed, and I lost my job. I am fearful my home will be taken. I believe Mr. Stone would be happy to take my home, and I think his company would receive their \$13,000 and I would never see a penny from that sale.

Chairman Ohrenschall:

I hope things will turn around for you.

Yvonne Schuman, representing Concerned Homeowners Association Members PAC:

I have a couple general comments, and then I want to talk about why we need Assemblyman Munford's bill. I wish there were a way these proceedings could be done with testifiers under oath. If you did, you would finally get the truth from collection agencies. You have not received the truth from them yet. If I were under oath, the facts I am going to give you would stand up. The first thing I want to address is a comment Ms. Brainard made about investors not wanting to pay the nine months of assessments. I do not know a

single investor who does not want to pay the assessments. What they do not want to pay is the thousands of dollars collection agencies charge on top of the assessment that does not go to the HOA or help them in any way. The reason why the regulations are deficient is because they have legal flaws that will make them difficult to implement. The first flaw is related to NRS 232A.020, which is the statute that forbids persons who are promulgating regulations from having a pecuniary interest in the regulations they are adopting. In the case of the CICCH, the majority of the members who voted on those regulations had direct and indirect pecuniary interest in the fees and caps it proposed. That is a very serious violation of NRS 232A.020. In addition, the adoption of the regulations violates the Nevada Administrative Procedure Act. The regulation that was adopted in December was materially and significantly different from the version that was drafted and approved by the Legislative Counsel Bureau. Therefore, the version they adopted in December needed to go back out for public comment for at least 30 days.

These are just two serious problems with the regulations before we even entertain the actual merits or demerits of that regulation. I do not want to spend time talking about the individual components of the regulation because I feel it is illegal from beginning to end, and at some point the violations of NRS Chapter 232A and the Nevada Administrative Procedure Act will need to be addressed.

Next, I would like to address some comments made by Mr. Stone. One of the first things he said today was that 100 percent of the money he collected for the HOAs was from delinquent homeowners. I doubt that. Most of the people paying these collection fees are not the delinquent homeowners but the new purchasers of those properties, whether they are individual families or investors. These are innocent people who were never delinquent and are paying these exorbitant fees. The other thing he mentioned very proudly is that he paid out \$16 million to HOAs. The question we should be asking Mr. Stone is how much money he collected from homeowners to pay that \$16 million. Having received hundreds of demands from Mr. Stone in my former position with an investor, I can tell you that each of those demands had five to six times as much in fees as the assessments. If he paid out \$16 million, he very likely collected \$100 million. If you could get him to testify under oath, we would finally get the truth. He does not want to say that because that is when you will hear the real story about what these comments are about. It is not about not paying the collection agencies or HOAs. We support providing the HOAs with the statutory nine-month super-priority lien they are entitled to, and we support the collection agencies making a reasonable fee, but that is not what we are talking about here. In previous testimony, I tried to make the comparison of someone taking a taxi cab in a strange city. He or she asks the

cabbie to take him to the Thomas & Mack Center, and the cabbie may take him there directly and another may take him on a more scenic route. You should only have to pay the cost of going the direct route if you did not ask to go the scenic route. We have collection agencies that are charging for the scenic route. We have worked with collection agencies, and we have information available about them, as well.

A comment was made earlier from Todd Schwartz about homeowners being unhappy with the blight caused by foreclosures in his community. The homeowners want to know what the HOA can do. I live in his HOA, and I see firsthand the problems left behind from those foreclosures. The best thing that can happen is for those homes to be purchased as quickly as possible because in the process the lots are cleaned up and new people are paying HOA assessments. Let us get those homes out of foreclosure.

Those are the gist of the remarks I wanted to share with you today. I could give you an endless number of demands from Mr. Stone and other collection agencies. I have never seen a demand from Mr. Stone for less than \$1,600. It was always thousands of dollars above the assessment and no demand for this "imaginary" \$135 to \$1,600 fee. It just does not happen.

Assemblyman Carrillo:

Obviously, the collection agencies seem to be a big issue for you. What would you suggest would be a good way of collections?

Yvonne Schuman:

There are a number of solutions. I think this bill attempts to reign in those costs. In all due respect, this bill's cap is a little low and unrealistic. In S.B. 195, we have proposed a higher cap that would allow collection agencies to continue to be profitable and at the same time not gouge the consumer. I do not have anything against collection agencies doing their work, making a living, and making a profit. The story you heard from Mr. Haugland is sadly not an exception. It happens more often than you think. I think it is the duty of the Legislature to help protect the citizens of this state from that type of abuse. We can only do that legislatively because the regulations are legally deficient.

Assemblyman Carrillo:

I believe you stated that HOAs wanted to make a profit. Is that what you said?

Yvonne Schuman:

No, the collection agencies should be able to make a profit. I think the HOAs should be paid their assessments. In the examples, you are seeing exorbitant

fees that the collection agencies are asking you to let them continue to collect. That money is not going to the HOA or helping them in any way. It would be grand if it were because that would take the HOAs out of the holes they are in. They are only getting their assessments, and the thousands of dollars in fees and fines will never be seen by the HOAs. We need help from the Legislature to protect people like Mr. Haugland.

Assemblyman Carrillo:

This is my honest opinion. I do not think the HOAs are trying to kick people out of their homes and foreclose on them. It obviously needs to go through the collection agency. We understand the hard economic times that have come upon us in the last three years. Being on an HOA board, I have seen people come in front of the board, and I respect the situation they are in. Without assessments, HOAs are basically dead in the water. I feel there must be something done about the collection agencies.

Chairman Ohrenschall:

We heard Mr. Haugland's story. Are you aware of many cases like this, or is his something out of the ordinary?

Yvonne Schuman:

I am aware of an infinite number of cases like this. I was responsible for attempting to negotiate some of these outrageous demands. In many cases, I had collection agencies tell me they did not negotiate fees. Your hands are tied, and the title is tied to the property. I can count on one hand the times where the collection fees were not 300 percent or higher than the actual assessment. If it was an NAS demand by Mr. David Stone, you are looking at five or six times higher than the assessment. If the assessment was \$400, you would be looking at another \$1,200 to \$1,600 minimum on top of the \$400, but that is the low end. We had a \$26,000 condo that had a \$6,000 collections demand. I can provide you the actual demands. This is not something I am making up.

Chairman Ohrenschall:

We would appreciate that. You can email us any information you have.

Are there any more questions? [There were none.]

Robert Robey, Private Citizen, Las Vegas, Nevada:

It was very difficult to get Mr. Haugland here. It is difficult to get people to come here and bare their souls and get the "little people" to realize that their legislators really do care. I have never been fined, and I served on my board at Sun City Summerlin. I know how much it costs to run an election, which is

about \$3,000 for 8,000 homes. I doubt Mr. David Stone actually did give HOAs \$16 million. He may have collected \$16 million, and when he was asked how much of that money went to the associations, he immediately went into the cost of \$14 per lien and never answered the question.

I went down to Aliante and met with new owners of a home. The previous homeowner left in 2008, and she was immediately fined from the time she left. The reason she left was because her husband died, and she had to leave. Two years later, the board had another hearing on the home, and then fined her more money. The total in fines was \$6,000. I showed this to the new owner and asked him whether he paid this \$6,000. The new owner said he did not and asked where I got that figure from. I got this information from the Internet. This \$6,000 was not paid by the new owner or association. Who paid it? The house was purchased by Federal Housing Administration, and the new owner received a veteran's loan in order to buy the house. I was fortunate he talked to me.

It is difficult to contact people who are being fined because they want to hide. I respect you and admire you, and I want you to know that I have done my civic duty. I sent information about military conduct in my letter, dated April 5, 2010, to this Subcommittee ([Exhibit G](#)). I have been reading how people want to put conduct into law. How can conduct be put into NRS Chapter 116?

Chairman Ohrenschall:

Under this collection fee structure, it has been argued that HOAs will not be able to even hire a collection agency. Do you think this is too draconian?

Robert Robey:

I used to work in collections. I worked my way through college as a bill collector. That was many years ago. I am staying away from this part of the bill. I know that Mr. Haugland having to pay fees for the subassociation and the master association is ridiculous. I am here for the rights of people. It scares me when people come up here and state their community is not gated, but they can control the streets. I am handicapped, and if I park on the street to go to my friend's house, and my car is towed because I do not give them 48 hours notice before I come to visit, that is horrendous. We have too many instances of these things happening. I know the Commission was told by the Attorney General's representative on that Commission that they should not be making the regulation at that time, since it was in litigation. It is a policy of the Attorney General not to write regulations when something is in litigation. That is all I need to know. I can tell you what I think of something, but it does not matter. When the Attorney General's representative tells someone not to

do something, but the person does it anyway, I am appalled. I can show you the documentation on that.

Chairman Ohrenschall:

We would appreciate that. Are there any questions? [There were none.]

Jonathan Friedrich, Private Citizen, Las Vegas, Nevada:

The first thing I heard that outraged me was when Mr. Stone stated that in Assemblyman Munford's A.B. No. 350 of the 75th Session a section was put in that would allow the CICCH to regulate these collection agencies. That was not in his bill. It was put in by Community Association Management Executive Organization, Inc. (CAMEO). This was in and out of the bill several times. Mr. Robey found the sequence of how many times it was taken out and put back in by a joint committee of the Assembly and Senate. That being said, what Mr. Stone said was not correct. Assemblyman Munford never put that section in the original bill. If you look at the statute, it is a completely new section.

Chairman Ohrenschall:

I appreciate your testimony, but could you please stay on this bill and not a bill from last session?

Jonathan Friedrich:

I emailed a proposed amendment ([Exhibit H](#)). That amendment deals with the towing of vehicles; oil stains; qualification of inspectors; inspection of detached homes; transfer of the Office of the Ombudsman and the Real Estate Division's compliance section to the Office of the Attorney General; fines against board members; HOA hearings; creation of a legislative oversight committee; and there are several other changes to NRS 116.3115, subsection 6, and NRS 116.31031, subsection 10. It is a two-page amendment.

As far as the collections are concerned, I believe information has been omitted from much of the testimony on the \$1,950 cap, which is not a real cap. That number can be doubled when there is a subassociation involved. There was one association that did its own collections and it cost them a whopping \$14.

I would like to read a closing statement ([Exhibit I](#)). I appear before you at the conclusion of the testimony on A.B. 448. You have heard testimony from all sides concerning this bill.

[Continued to read from prepared testimony.]

[Chairman Ohrenschall left the room and Assemblyman Carrillo assumed the Chair.]

Acting Chairman Carrillo:

When it comes to the actual number of people you have received statements from who have had issues with "Gestapo tactics" in HOAs, what would you say that percentage would be compared to the number of people who are happy with their HOAs?

Jonathan Friedrich:

I can answer that from testimony on Senate Bill 174 by Mr. Randy Watkins. Mr. Watkins is a commissioner on the CICCH, and he said that based upon a survey done by an organization, and I cannot remember its name, 71 percent of homeowners living in associations were satisfied. Doing some very simple arithmetic, that leaves 29 percent who are unsatisfied. He also stated there are 950,000 people in Nevada living in HOAs. If you multiply 29 percent by 950,000, that comes out to 275,500 homeowners who are not happy. I get dozens of calls every week. Mr. Haugland contacted Mr. Robey a couple days ago, and then he contacted me yesterday saying that he had been in the ER. He did not think he should come, but I told him that he needed to be the one to tell his story to you all at the Legislature. This is what this "big business" industry is doing to homeowners.

Today, the FBI and the Attorney General raided the Paradise Spa HOA, thanks to Darcy Spears' investigative report. A poor 85-year-old woman's home burned down within that HOA. The treasurer of the board owns 80 percent of the homes in this older HOA, and he received \$800,000 of fire insurance money, but never repaired the elderly woman's home. The money was deposited into the HOA's account and suddenly disappeared. This was brought to light by former state Senator William R. O'Donnell, who testified on Senate Bill 174 in front of the Senate Committee on Judiciary. Senators Wiener and Copening said they would look into it. The complaint was filed with the Nevada Real Estate Division (NRED) one year ago, and NRED did nothing. It took the Attorney General and the FBI to do something about it.

Acting Chairman Carrillo:

I really need you to stay on point. I do appreciate your answer.

Jonathan Friedrich:

I was answering your question about how many people are unhappy. There are many people who are unhappy, and the abuses are endless.

Acting Chairman Carrillo:

You stated that 71 percent of HOA residents are satisfied. I am a member of an HOA, and I do not like receiving letters about my weeds coming up, but that does not mean I do not appreciate living in an HOA. There is a big gray area between satisfied and unsatisfied. Do you have any statistics? Are you still living in an HOA?

Jonathan Friedrich:

I am in two HOAs. I am a glutton for punishment. I am in litigation with my HOA because it has continuously violated CC&Rs and state law. I have a writ of mandamus pending before Judge Delaney against NRED for failing to do its job. I have expended around \$100,000 in legal fees, and it was over procedural items. One of the items in this bill deals with arbitration. I call it the "arbitration trap." It puts a cap on the arbitrator of \$750 and each side pays his or her own attorneys' fees. The fees for these arbitrators were completely unregulated. It was said by NRED that they only facilitate the arbitration.

Acting Chairman Carrillo:

We know that you can dissolve your HOA if you receive enough votes from the other owners in the HOA. Has that been brought up for either one of the HOAs you belong to?

Jonathan Friedrich:

That would be almost impossible in one of them because I live in Summerlin West with approximately 5,000 homes. If and when it is ever built out, it will be between 15,000 and 20,000 homes. That HOA is managed under the declarant's control, which is the Howard Hughes Corporation. It is much more professional and knowledgeable, so there are fewer problems. The HOA I live in full-time has 116 homeowners. Several years ago, 58 out of the 116 homeowners signed a petition stating they did not want any further increases in the monthly assessments. When I moved in, in 2003, I was paying \$135 a month, and I am now paying \$205 a month.

Acting Chairman Carrillo:

Did any of those 58 homeowners ever collectively think about dissolving their HOA?

Jonathan Friedrich:

I never asked that question. I would say no because there is a false sense of security. We have a manned gatehouse, and we have had a lot of crime in there with cars being stolen and homes being broken into. These thieves come over the back wall. People think they have security, but they really do not.

Acting Chairman Carrillo:

A lot of that pertains to your neighbors because it is not always the people on the outside but those who live in your own community.

I do not want to carry on a conversation. Is there anyone else in Las Vegas who wishes to speak? We want to give everyone a fair chance to have their say.

Jonathan Friedrich:

There are only three of us left here, but no one else wishes to speak.

Acting Chairman Carrillo:

We will bring back up to the North. Is there anyone else wishing to speak?

Marilyn Brainard:

I will get you copies of the survey Mr. Friedrich mentioned. I will call the CAI national office and have copies sent to you.

Acting Chairman Carrillo:

We will close the hearing on A.B. 448.

[[Exhibit J](#), [Exhibit K](#), and [Exhibit L](#) were entered into the record.]

The meeting is adjourned [at 6:42 p.m.].

RESPECTFULLY SUBMITTED:

Julie Kellen
Committee Secretary

APPROVED BY:

Assemblyman James Ohrenschall, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Judiciary

Date: April 7, 2011

Time of Meeting: 4:42 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 448	C	David Stone	Prepared Testimony
A.B. 448	D	Marilyn Brainard	Prepared Testimony
A.B. 448	E	Britt Chapman	Comments on <u>A.B. 448</u>
A.B. 448	F	Eric Haugland	Collection Agency Fees
A.B. 448	G	Robert Robey	Response to Letters from Mr. Schulman
A.B. 448	H	Jonathan Friedrich	Proposed Amendment
A.B. 448	I	Jonathan Friedrich	Closing Statement
A.B. 448	J	Kay Dwyer	Comments
A.B. 448	K	Wade Terry	Emailed Testimony
A.B. 448	L	Barbara Holland	Comments