

SENATE BILL NO. 129—SENATORS GUSTAVSON; AND CEGAVSKE

FEBRUARY 18, 2013

JOINT SPONSOR: ASSEMBLYWOMAN FIORE

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to the resale of a unit in a common-interest community. (BDR 10-429)

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 provided in a resale transaction involving a unit in a common-interest community; revising provisions governing the payment of unpaid obligations owed by the selling unit's owner at the time of a resale transaction; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law requires the resale package provided to the purchaser of a unit in a
2 common-interest community to include a statement from the association setting
3 forth the amount of any unpaid obligation currently due from the selling unit's
4 owner. If the association becomes aware of an error in the statement during the
5 period in which the statement is effective, the association must provide a
6 replacement statement to the purchaser. Under existing law, the purchaser is not
7 liable for any unpaid assessment or fee which is not set forth in the statement
8 provided by the association. (NRS 116.4109) This bill authorizes the seller of a unit
9 or his or her authorized agent or a settlement agent to request a copy of the
10 statement provided by the association. Under this bill, payment of the full amount
11 set forth in any statement or replacement statement provided by the association
12 constitutes full satisfaction of any unpaid obligation currently due from the selling
13 unit's owner.



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

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

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

(b) A statement from the association setting forth the amount of the monthly assessment for common expenses and any unpaid obligation of any kind, including, without limitation, management fees, transfer fees, fines, penalties, interest, collection costs, foreclosure fees and attorney's fees currently due from the selling unit's owner. The statement remains effective for the period specified in the statement, which must not be less than 15 working days from the date of delivery by the association to the unit's owner or his or her agent. If the association becomes aware of an error in the statement during the period in which the statement is effective but before the consummation of the resale, the association must deliver a replacement statement to the unit's owner or his or her agent and obtain an acknowledgment in writing by the unit's owner or his or her agent before that consummation. Unless the unit's owner or his or her agent receives a replacement statement, the unit's owner or his or her agent may rely upon the accuracy of the information set forth in a statement provided by the association for the resale. *Payment of the amount set forth in a statement or replacement statement provided by the association pursuant to this paragraph constitutes full satisfaction of any unpaid obligation currently due from the selling unit's owner.*

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

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



(e) A statement of any transfer fees, transaction fees or any other fees associated with the resale of a unit.

(f) In addition to any other document, a statement describing all current and expected fees or charges for each unit, including, without limitation, association fees, fines, assessments, late charges or penalties, interest rates on delinquent assessments, additional costs for collecting past due fines and charges for opening or closing 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), (e) and (f) of subsection 1.

4. *Within 10 days after receipt of a written request by a unit's owner or his or her authorized agent or a settlement agent, the association shall furnish a copy of the statement required to be included in the resale package pursuant to paragraph (b) of subsection 1 to the unit's owner or his or her authorized agent or the settlement agent. The association may charge a fee to cover the actual costs of preparing the copy, but not to exceed 25 cents per page. If the association has received a written request pursuant to this subsection and the association provides a replacement statement pursuant to paragraph (b) of subsection 1, the association must deliver a copy of the replacement statement to the*



unit's owner or his or her agent or the settlement agent and obtain an acknowledgment in writing by the unit's owner or his or her agent or the settlement agent. Unless the unit's owner or his or her agent or the settlement agent receives a replacement statement, the unit's owner or his or her agent and the settlement agent may rely upon the accuracy of the information set forth in a statement provided by the association for the resale. Payment of the amount set forth in a statement or replacement statement provided by the association constitutes full satisfaction of any unpaid obligation currently due from the selling unit's owner.

5. 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 other documents furnished pursuant to subsection 3 must be provided in electronic format at no charge to the unit's owner or, if the association is unable to provide such documents in electronic format, the association may charge the unit's owner a reasonable fee, not to exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter, to cover the cost of copying.

(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.

~~15-1~~ 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 purchaser 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



1 study of the reserves of the association which is required by NRS
2 116.31152 reasonably available for the unit's owner, purchaser or
3 authorized agent to inspect, examine, photocopy and audit. The
4 study must be made available 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.

