

SENATE BILL NO. 280—SENATOR KIHUEN

MARCH 15, 2013

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to common-interest communities. (BDR 10-863)

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 governing an association's lien on a unit; revising provisions governing the payment of financial obligations to an association; revising provisions governing the foreclosure of an association's lien by sale; requiring an association to provide a statement concerning certain amounts due to the association under certain circumstances; authorizing an association to charge a fee for such a statement; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, a homeowners' association has a lien on a unit for certain amounts due to the association. Generally, the association's lien is not prior to a first security interest on the unit recorded before the date on which the amount sought to be enforced became delinquent. However, the association's lien is prior to the first security interest on the unit to the extent of certain maintenance and abatement charges and a certain amount of assessments for common expenses. The portion of the association's lien that is prior to the first security interest on the unit is commonly referred to as the "super-priority lien." (NRS 116.3116) Existing law authorizes the association to foreclose its lien by sale and prescribes the procedures for such a foreclosure. (NRS 116.31162-116.31168)

This bill revises provisions governing the association's lien on a unit and the foreclosure of the association's lien. **Section 10** of this bill provides that the association does not have a priority lien over the first security interest when the association forecloses its lien and, thus, the foreclosure of the association's lien does not extinguish the first security interest on the unit. However, under **section 7** of this bill, if the holder of the first security interest forecloses on a unit, the association has a lien on the unit which is prior to the first security interest. This priority lien consists of the amounts included in the "super-priority lien" under



existing law and the costs of collecting the assessments included in the “super-priority lien,” unless the federal regulations adopted by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Department of Veterans Affairs require a shorter period of priority or prohibit the inclusion of collection costs in the “super-priority lien.” **Section 7** also limits the amount of the costs of collecting included in the lien upon the foreclosure of the first security interest.

Under **section 8** of this bill, the association may not foreclose its lien by sale based on unpaid collection costs. **Section 9** of this bill requires that certain notice of the foreclosure of the association’s lien be provided by certified or registered mail, return receipt requested, rather than by first-class mail.

Section 3 of this bill: (1) sets forth the order in which an association must apply a payment made by a unit’s owner who is delinquent in the payment of assessments, unless a contract between the association and the unit’s owner provides otherwise; and (2) prohibits the association or its agent from refusing to accept a partial payment from a unit’s owner or any holder of a first security interest encumbering the interest of the unit’s owner because the amount tendered is less than the amount owed.

Section 11 of this bill authorizes a unit’s owner or the authorized agent of a unit’s owner to request from the association a statement concerning certain amounts owed to the association. Under **section 11**, the association may charge certain fees for such a statement. **Section 11** also revises provisions governing the resale package provided to a prospective purchaser of a unit and authorizes the association to charge a fee for providing in electronic format certain documents related to the resale package.

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

Section 1. Chapter 116 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. *As used in this section and NRS 116.3116 to 116.31168, inclusive, and section 3 of this act, unless the context otherwise requires, “first security interest” means a first security interest described in paragraph (b) of subsection 2 of NRS 116.3116.*

Sec. 3. 1. *Unless the parties agree otherwise, the association shall apply any sums paid by a unit’s owner who is delinquent in paying assessments in the following order:*

- (a) Unpaid assessments;*
- (b) Charges for late payment of assessments;*
- (c) Costs of collecting past due assessments charged to the unit’s owner pursuant to NRS 116.310313; and*
- (d) All other unpaid fees, charges, fines, penalties, costs of collecting charged to a unit’s owner pursuant to NRS 116.310313, interest and late charges.*

2. *The association or its agent shall not refuse to accept a partial payment from a unit’s owner or any holder of a first*



security interest encumbering the interest of the unit's owner because the amount tendered is less than the amount owed.

Sec. 4. NRS 116.1203 is hereby amended to read as follows:

116.1203 1. Except as otherwise provided in subsections 2 and 3, if a planned community contains no more than 12 units and is not subject to any developmental rights, it is subject only to NRS 116.1106 and 116.1107 unless the declaration provides that this entire chapter is applicable.

2. The provisions of NRS 116.12065 and the definitions set forth in NRS 116.005 to 116.095, inclusive, to the extent that the definitions are necessary to construe any of those provisions, apply to a residential planned community containing more than 6 units.

3. Except for NRS 116.3104, 116.31043, 116.31046 and 116.31138, the provisions of NRS 116.3101 to 116.350, inclusive, *and sections 2 and 3 of this act* and the definitions set forth in NRS 116.005 to 116.095, inclusive, to the extent that such definitions are necessary in construing any of those provisions, apply to a residential planned community containing more than 6 units.

Sec. 5. NRS 116.12075 is hereby amended to read as follows:

116.12075 1. The provisions of this chapter do not apply to a nonresidential condominium except to the extent that the declaration for the nonresidential condominium provides that:

(a) This entire chapter applies to the condominium;

(b) Only the provisions of NRS 116.001 to 116.2122, inclusive, and 116.3116 to 116.31168, inclusive, *and sections 2 and 3 of this act* apply to the condominium; or

(c) Only the provisions of NRS 116.3116 to 116.31168, inclusive, *and sections 2 and 3 of this act* apply to the condominium.

2. If this entire chapter applies to a nonresidential condominium, the declaration may also require, subject to NRS 116.1112, that:

(a) Notwithstanding NRS 116.3105, any management, maintenance operations or employment contract, lease of recreational or parking areas or facilities and any other contract or lease between the association and a declarant or an affiliate of a declarant continues in force after the declarant turns over control of the association; and

(b) Notwithstanding NRS 116.1104 and subsection 3 of NRS 116.311, purchasers of units must execute proxies, powers of attorney or similar devices in favor of the declarant regarding particular matters enumerated in those instruments.

Sec. 6. NRS 116.31068 is hereby amended to read as follows:

116.31068 1. Except as otherwise provided in subsection 3, an association shall deliver any notice required to be given by the



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1 association under this chapter to any mailing or electronic mail
2 address a unit's owner designates. Except as otherwise provided in
3 subsection 3, if a unit's owner has not designated a mailing or
4 electronic mail address to which a notice must be delivered, the
5 association may deliver notices by:

6 (a) Hand delivery to each unit's owner;

7 (b) Hand delivery, United States mail, postage paid, or
8 commercially reasonable delivery service to the mailing address of
9 each unit;

10 (c) Electronic means, if the unit's owner has given the
11 association an electronic mail address; or

12 (d) Any other method reasonably calculated to provide notice to
13 the unit's owner.

14 2. The ineffectiveness of a good faith effort to deliver notice by
15 an authorized means does not invalidate action taken at or without a
16 meeting.

17 3. The provisions of this section do not apply:

18 (a) To a notice required to be given pursuant to NRS 116.3116
19 to 116.31168, inclusive ~~H~~, *and sections 2 and 3 of this act*; or

20 (b) If any other provision of this chapter specifies the manner in
21 which a notice must be given by an association.

22 **Sec. 7.** NRS 116.3116 is hereby amended to read as follows:

23 116.3116 1. The association has a lien on a unit for any
24 construction penalty that is imposed against the unit's owner
25 pursuant to NRS 116.310305, any assessment levied against that
26 unit or any fines imposed against the unit's owner from the time the
27 construction penalty, assessment or fine becomes due. Unless the
28 declaration otherwise provides, any penalties, fees, charges, late
29 charges, fines and interest charged pursuant to paragraphs (j) to (n),
30 inclusive, of subsection 1 of NRS 116.3102 are enforceable as
31 assessments under this section. If an assessment is payable in
32 installments, the full amount of the assessment is a lien from the
33 time the first installment thereof becomes due.

34 2. A lien under this section is prior to all other liens and
35 encumbrances on a unit except:

36 (a) Liens and encumbrances recorded before the recordation of
37 the declaration and, in a cooperative, liens and encumbrances which
38 the association creates, assumes or takes subject to;

39 (b) A first security interest on the unit recorded before the date
40 on which the assessment sought to be enforced became delinquent
41 or, in a cooperative, the first security interest encumbering only the
42 unit's owner's interest and perfected before the date on which the
43 assessment sought to be enforced became delinquent; and

44 (c) Liens for real estate taxes and other governmental
45 assessments or charges against the unit or cooperative.



1 ~~{→}~~
2 3. The *association has a* lien *which* is ~~{also}~~ prior to ~~{all~~
3 ~~security interests described in paragraph (b)}~~ *the first security*
4 *interest* to the extent of ~~{any}~~ :

5 (a) Any charges incurred by the association on a unit pursuant to
6 NRS 116.310312 ; and ~~{to the extent of}~~

7 (b) *Except as otherwise provided in this paragraph,* the
8 assessments for common expenses based on the periodic budget
9 adopted by the association pursuant to NRS 116.3115 which would
10 have become due in the absence of acceleration during the 9 months
11 immediately preceding ~~{institution of an action to enforce the lien,~~
12 ~~unless federal regulations adopted by the Federal Home Loan~~
13 ~~Mortgage Corporation or the Federal National Mortgage~~
14 ~~Association require a shorter period of priority for the lien.}~~ *a*
15 *trustee's sale or foreclosure sale of the unit to enforce the first*
16 *security interest and the costs of collecting those assessments*
17 *which are charged to a unit's owner pursuant to NRS 116.310313.*

18 If federal regulations adopted by the Federal Home Loan Mortgage
19 Corporation , ~~{or}~~ the Federal National Mortgage Association *or the*
20 *Department of Veterans Affairs* require a shorter period of priority
21 for the lien ~~{,}~~ *or prohibit the inclusion of costs of collecting in the*
22 *lien,* the ~~{period during which}~~ *amount of* the lien *which* is prior to
23 ~~{all security interests described in paragraph (b)}~~ *the first security*
24 *interest pursuant to this paragraph* must be determined in
25 accordance with those federal regulations, except that
26 notwithstanding the provisions of the federal regulations, the period
27 of priority for the lien must not be less than the 6 months
28 immediately preceding ~~{institution of an action to enforce the lien.}~~

29 ~~→ This subsection does}~~ *a trustee's sale or foreclosure sale of the*
30 *unit to enforce the first security interest. The amount of the costs*
31 *of collecting included in the lien pursuant to this paragraph must*
32 *not exceed the amounts set forth in the regulations adopted by the*
33 *Commission pursuant to NRS 116.310313, except that the amount*
34 *included in the lien to recover the actual costs charged to the*
35 *association or a person acting on behalf of the association to*
36 *collect a past due obligation by a person who is not an officer,*
37 *director, agent or affiliate of the community manager of the*
38 *association or of an agent of the association, including, without*
39 *limitation, the cost of a trustee's sale guarantee and other title*
40 *costs, recording costs, posting and publishing costs, sale costs,*
41 *mailing costs, express delivery costs and skip trace fees, must not*
42 *exceed \$500.*

43 4. *The provisions of subsections 2 and 3 do* not affect the
44 priority of mechanics' or materialmen's liens, or the priority of liens
45 for other assessments made by the association.



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~~13-1~~ 5. *The holder of the first security interest or the holder's authorized agent may establish an escrow account, loan trust account or other impound account for advance contributions for the payment of assessments for common expenses based on the periodic budget adopted by the association pursuant to NRS 116.3115 if the unit's owner and the holder of the first security interest consent to the establishment of such an account. If such an account is established, payments from the account for assessments for common expenses must be made in accordance with the same due dates as apply to payments of such assessments by a unit's owner.*

6. Unless the declaration otherwise provides, if two or more associations have liens for assessments created at any time on the same property, those liens have equal priority.

~~14-1~~ 7. Recording of the declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this section is required.

~~15-1~~ 8. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within 3 years after the full amount of the assessments becomes due.

~~16-1~~ 9. This section does not prohibit actions to recover sums for which subsection 1 creates a lien or prohibit an association from taking a deed in lieu of foreclosure.

~~17-1~~ 10. A judgment or decree in any action brought under this section must include costs and reasonable attorney's fees for the prevailing party.

~~18-1~~ 11. The association, upon written request, shall furnish to a unit's owner a statement setting forth the amount of unpaid assessments against the unit. If the interest of the unit's owner is real estate or if a lien for the unpaid assessments may be foreclosed under NRS 116.31162 to 116.31168, inclusive, the statement must be in recordable form. The statement must be furnished within 10 business days after receipt of the request and is binding on the association, the executive board and every unit's owner.

~~19-1~~ 12. In a cooperative, upon nonpayment of an assessment on a unit, the unit's owner may be evicted in the same manner as provided by law in the case of an unlawful holdover by a commercial tenant, and:

(a) In a cooperative where the owner's interest in a unit is real estate under NRS 116.1105, the association's lien may be foreclosed under NRS 116.31162 to 116.31168, inclusive.

(b) In a cooperative where the owner's interest in a unit is personal property under NRS 116.1105, the association's lien:

(1) May be foreclosed as a security interest under NRS 104.9101 to 104.9709, inclusive; or



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(2) If the declaration so provides, may be foreclosed under NRS 116.31162 to 116.31168, inclusive.

~~110.1~~ **13.** In an action by an association to collect assessments or to foreclose a lien created under this section, the court may appoint a receiver to collect all rents or other income from the unit alleged to be due and owing to a unit's owner before commencement or during pendency of the action. The receivership is governed by chapter 32 of NRS. The court may order the receiver to pay any sums held by the receiver to the association during pendency of the action to the extent of the association's common expense assessments based on a periodic budget adopted by the association pursuant to NRS 116.3115.

Sec. 8. NRS 116.31162 is hereby amended to read as follows:

116.31162 1. Except as otherwise provided in subsection 4, in a condominium, in a planned community, in a cooperative where the owner's interest in a unit is real estate under NRS 116.1105, or in a cooperative where the owner's interest in a unit is personal property under NRS 116.1105 and the declaration provides that a lien may be foreclosed under NRS 116.31162 to 116.31168, inclusive, the association may foreclose its lien by sale after all of the following occur:

(a) The association has mailed by certified or registered mail, return receipt requested, to the unit's owner or his or her successor in interest, at his or her address, if known, and at the address of the unit, a notice of delinquent assessment which states the amount of the assessments and other sums which are due in accordance with subsection 1 of NRS 116.3116, a description of the unit against which the lien is imposed and the name of the record owner of the unit.

(b) Not less than 30 days after mailing the notice of delinquent assessment pursuant to paragraph (a), the association or other person conducting the sale has executed and caused to be recorded, with the county recorder of the county in which the common-interest community or any part of it is situated, a notice of default and election to sell the unit to satisfy the lien which must contain the same information as the notice of delinquent assessment and which must also comply with the following:

- (1) Describe the deficiency in payment.
- (2) State the name and address of the person authorized by the association to enforce the lien by sale.
- (3) Contain, in 14-point bold type, the following warning:

WARNING! IF YOU FAIL TO PAY THE AMOUNT SPECIFIED IN THIS NOTICE, YOU COULD LOSE YOUR HOME, EVEN IF THE AMOUNT IS IN DISPUTE!



(c) The unit's owner or his or her successor in interest has failed to pay the amount of the lien, including costs, fees and expenses incident to its enforcement, for 90 days following the recording of the notice of default and election to sell.

2. The notice of default and election to sell must be signed by the person designated in the declaration or by the association for that purpose or, if no one is designated, by the president of the association.

3. The period of 90 days begins on the first day following:

(a) The date on which the notice of default is recorded; or

(b) The date on which a copy of the notice of default is mailed by certified or registered mail, return receipt requested, to the unit's owner or his or her successor in interest at his or her address, if known, and at the address of the unit,
➔ whichever date occurs later.

4. The association may not foreclose a lien by sale based on ~~that~~ :

(a) The costs of collecting charged to a unit's owner pursuant to NRS 116.310313.

(b) A fine or penalty for a violation of the governing documents of the association unless:

~~(a)~~ *(1) The violation poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the common-interest community; or*

~~(b)~~ *(2) The penalty is imposed for failure to adhere to a schedule required pursuant to NRS 116.310305.*

Sec. 9. NRS 116.311635 is hereby amended to read as follows:

116.311635 1. The association or other person conducting the sale shall also, after the expiration of the 90 days and before selling the unit:

(a) Give notice of the time and place of the sale in the manner and for a time not less than that required by law for the sale of real property upon execution, except that in lieu of following the procedure for service on a judgment debtor pursuant to NRS 21.130, service must be made on the unit's owner as follows:

(1) A copy of the notice of sale must be mailed, on or before the date of first publication or posting, by certified or registered mail, return receipt requested, to the unit's owner or his or her successor in interest at his or her address, if known, and to the address of the unit; and

(2) A copy of the notice of sale must be served, on or before the date of first publication or posting, in the manner set forth in subsection 2; and



(b) Mail, on or before the date of first publication or posting, a copy of the notice by ~~first-class mail~~ *certified or registered mail, return receipt requested*, to:

(1) Each person entitled to receive a copy of the notice of default and election to sell notice under NRS 116.31163;

(2) The holder of a recorded security interest or the purchaser of the unit, if either of them has notified the association, before the mailing of the notice of sale, of the existence of the security interest, lease or contract of sale, as applicable; and

(3) The Ombudsman.

2. In addition to the requirements set forth in subsection 1, a copy of the notice of sale must be served:

(a) By a person who is 18 years of age or older and who is not a party to or interested in the sale by personally delivering a copy of the notice of sale to an occupant of the unit who is of suitable age; or

(b) By posting a copy of the notice of sale in a conspicuous place on the unit.

3. Any copy of the notice of sale required to be served pursuant to this section must include:

(a) The amount necessary to satisfy the lien as of the date of the proposed sale; and

(b) The following warning in 14-point bold type:

WARNING! A SALE OF YOUR PROPERTY IS IMMINENT! UNLESS YOU PAY THE AMOUNT SPECIFIED IN THIS NOTICE BEFORE THE SALE DATE, YOU COULD LOSE YOUR HOME, EVEN IF THE AMOUNT IS IN DISPUTE. YOU MUST ACT BEFORE THE SALE DATE. IF YOU HAVE ANY QUESTIONS, PLEASE CALL (name and telephone number of the contact person for the association). IF YOU NEED ASSISTANCE, PLEASE CALL THE FORECLOSURE SECTION OF THE OMBUDSMAN'S OFFICE, NEVADA REAL ESTATE DIVISION, AT (toll-free telephone number designated by the Division) IMMEDIATELY.

4. Proof of service of any copy of the notice of sale required to be served pursuant to this section must consist of:

(a) A certificate of mailing which evidences that the notice was mailed through the United States Postal Service; or

(b) An affidavit of service signed by the person who served the notice stating:

(1) The time of service, manner of service and location of service; and



(2) The name of the person served or, if the notice was not served on a person, a description of the location where the notice was posted on the unit.

Sec. 10. NRS 116.31164 is hereby amended to read as follows:

116.31164 1. The sale must be conducted in the county in which the common-interest community or part of it is situated, and may be conducted by the association, its agent or attorney, or a title insurance company or escrow agent licensed to do business in this State, except that the sale may be made at the office of the association if the notice of the sale so provided, whether the unit is located within the same county as the office of the association or not. The association or other person conducting the sale may from time to time postpone the sale by such advertisement and notice as it considers reasonable or, without further advertisement or notice, by proclamation made to the persons assembled at the time and place previously set and advertised for the sale.

2. On the day of sale originally advertised or to which the sale is postponed, at the time and place specified in the notice or postponement, the person conducting the sale may sell the unit at public auction to the highest cash bidder. Unless otherwise provided in the declaration or by agreement, the association may purchase the unit and hold, lease, mortgage or convey it. The association may purchase by a credit bid up to the amount of the unpaid assessments and any permitted costs, fees and expenses incident to the enforcement of its lien.

3. After the sale, the person conducting the sale shall:

(a) Make, execute and, after payment is made, deliver to the purchaser, or his or her successor or assign, a deed without warranty which conveys to the grantee all title of the unit's owner to the unit;

(b) Deliver a copy of the deed to the Ombudsman within 30 days after the deed is delivered to the purchaser, or his or her successor or assign; and

(c) Apply the proceeds of the sale for the following purposes in the following order:

(1) The reasonable expenses of sale;

(2) The reasonable expenses of securing possession before sale, holding, maintaining, and preparing the unit for sale, including payment of taxes and other governmental charges, premiums on hazard and liability insurance, and, to the extent provided for by the declaration, reasonable attorney's fees and other legal expenses incurred by the association;

(3) Satisfaction of the association's lien;

(4) Satisfaction in the order of priority of any subordinate claim of record; and



(5) Remittance of any excess to the unit's owner.

4. The foreclosure by sale of the association's lien does not extinguish the rights of the holder of the first security interest.

Sec. 11. 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.}~~

(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



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1 or penalties, interest rates on delinquent assessments, additional
2 costs for collecting past due fines and charges for opening or closing
3 any file for each unit.

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

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

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

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

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

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

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

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

38 (b) The association may charge the unit's owner a reasonable
39 fee to cover the cost of preparing the certificate furnished pursuant
40 to subsection 3. Such a fee must be based on the actual cost the
41 association incurs to fulfill the requirements of this section in
42 preparing the certificate. The Commission shall adopt regulations
43 establishing the maximum amount of the fee that an association may
44 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. ~~for, if~~ *The association may charge the unit's owner a fee, not to exceed \$20, to provide such documents in electronic format. 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.

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

7. A unit's owner or the authorized agent of the unit's owner may request a statement of demand from the association. Not later than 10 days after receipt of a written request from a unit's owner or the authorized agent of the unit's owner for a statement of demand, the association shall furnish a statement of demand to the unit's owner or the authorized agent. The association may charge a fee of not more than \$150 to prepare and furnish a statement of demand pursuant to this subsection and an additional fee of not more than \$100 to furnish a statement of demand within 3 days after receipt of a written request for a statement of demand. The statement of demand:

(a) Must set 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; and



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1 (b) *Remains effective for the period specified in the statement*
2 *of demand, which must not be less than 15 business days after the*
3 *date of delivery by the association to the unit's owner or*
4 *authorized agent of the unit's owner.*

5 8. *If the association becomes aware of an error in a statement*
6 *of demand furnished pursuant to subsection 7 during the period in*
7 *which the statement of demand is effective but before the*
8 *consummation of a resale for which a resale package was*
9 *furnished pursuant to subsection 1, the association must deliver a*
10 *replacement statement of demand to the unit's owner or the*
11 *authorized agent of the unit's owner who requested the statement*
12 *of demand. Unless the unit's owner or the authorized agent of the*
13 *unit's owner who requested the statement of demand receives a*
14 *replacement statement of demand, the unit's owner or authorized*
15 *agent may rely upon the accuracy of the information set forth in*
16 *the statement of demand provided by the association for the resale.*
17 *Payment of the amount set forth in the statement of demand*
18 *constitutes full payment of the amount due from the selling unit's*
19 *owner.*

