

SENATE BILL NO. 389—SENATOR FORD

MARCH 17, 2015

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to condominium hotels.
(BDR 10-76)

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 condominium hotels; incorporating certain amendments to the Uniform Common-Interest Ownership Act into the Condominium Hotel Act; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law relating to condominium hotels is based on the Uniform Common-Interest Ownership Act (UCIOA), which was proposed by the Uniform Law Commission (ULC). (Chapter 116B of NRS) This bill incorporates into the provisions of existing law relating to condominium hotels certain amendments to the UCIOA which have been proposed by the ULC.

Sections 2, 27 and 28 of this bill prescribe the manner in which a unit-owners' association must provide notice of meetings of the units' owners and of the executive board and any other notice required to be given by an association other than notices relating to the foreclosure of a lien on a unit held by the association.

Existing law provides that other principles of law, including, without limitation, the law of corporations and the law of unincorporated associations, supplement the existing law relating to condominium hotels. (NRS 116B.260) **Section 11** of this bill provides that the laws governing any other forms of organization authorized in this State supplement the existing laws relating to condominium hotels.

Sections 13-18 of this bill adopt the language of certain amendments to the UCIOA relating to the creation, alteration and termination of condominium hotels. **Section 14** sets forth the required contents of a declaration for a condominium hotel. **Section 16** provides that a plat is a part of the declaration and sets out the requirements for a plat. **Section 18** amends the requirements for the termination of a condominium hotel.

Sections 19-39 of this bill enact certain amendments to the UCIOA which relate to the governance of condominium hotels. **Section 21** provides that officers of the association and members of the executive board are subject to the conflict of interest rules which govern officers and directors of nonprofit corporations organized under the laws of this State. **Section 23** authorizes a declarant to end the



period of declarant's control by: (1) giving notice to the units' owners; and (2) recording an instrument stating that the declarant surrenders all rights to control activities of the association. **Section 24** amends provisions relating to the removal of members of the executive board. **Section 29** amends requirements for determining whether a quorum is present at a meeting of the units' owners or a meeting of the executive board to provide that a majority of the voters on the executive board must be present at the time a vote is taken rather than at the beginning of the meeting. **Section 30** authorizes the units' owners to vote by absentee ballot at a meeting of the units' owners and authorizes an association to conduct a vote without a meeting. **Section 31** provides that a unit's owner is not liable, by reason of being a unit's owner, for injuries or damages arising out of the condition or use of the common elements. **Section 32** requires an association to obtain crime insurance and also requires the association to maintain property, liability and crime insurance subject to reasonable deductibles. **Section 34** amends provisions relating to common expenses caused by a unit's owner, a tenant or an invitee of a unit's owner or tenant. **Section 35** authorizes a court to appoint a receiver when an association brings an action to foreclose a lien or collect assessments. **Section 39** amends provisions relating to the books and records of an association and the inspection of such books and records by the units' owners.

Sections 41-44 of this bill enact certain amendments to provisions which relate to the disclosures provided to purchasers of real estate located in a condominium hotel. **Section 41** amends the information required to be included in the public offering statement provided to an initial purchaser of a unit.

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

Section 1. Chapter 116B of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this act.

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

(a) Hand delivery to the unit's owner;

(b) Hand delivery, United States mail, postage paid, or commercially reasonable delivery service to the mailing address of the unit of the unit's owner; or

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

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

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



(a) To a notice required to be given pursuant to NRS 116B.630 to 116B.665, inclusive; or

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

Sec. 3. This chapter modifies, limits and supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §§ 7001 et seq., but does not modify, limit or supersede section 101(c) of that Act, 15 U.S.C. § 7001(c), or authorize electronic delivery of any of the notices described in section 103(b) of that Act, 15 U.S.C. § 7003(b).

Sec. 4. 1. Except as otherwise provided in subsection 2, an association, a member of the executive board or a community manager shall deposit or invest all funds of the association at a financial institution which:

(a) Is located in this State;

(b) Is qualified to conduct business in this State; or

(c) Has consented to be subject to the jurisdiction, including the power to subpoena, of the courts of this State and the Division.

2. Except as otherwise provided by the governing documents, in addition to the requirements of subsection 1, an association shall deposit, maintain and invest all funds of the association:

(a) In a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or the Securities Investor Protection Corporation;

(b) With a private insurer approved pursuant to NRS 678.755; or

(c) In a government security backed by the full faith and credit of the Government of the United States.

3. The Commission shall adopt regulations prescribing the contents of the declaration to be executed and signed by a financial institution located outside of this State to submit to consent to the jurisdiction of the courts of this State and the Division.

Sec. 5. NRS 116B.020 is hereby amended to read as follows:

116B.020 ~~[1-1]~~ “Affiliate of a declarant” means any person who controls, is controlled by or is under common control with a declarant.

~~[2-1]~~ **For the purposes of this section:**

1. A person “controls” a declarant if the person:

(a) Is a general partner, officer, director or employer of the declarant;

(b) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls,



holds with power to vote or holds proxies representing, more than 20 percent of the voting interest in the declarant;

(c) Controls in any manner the election of a majority of the directors of the declarant; or

(d) Has contributed more than 20 percent of the capital of the declarant.

~~{3-}~~ 2. A person ~~{“is”}~~ **is** controlled ~~{by”}~~ **by** a declarant if the declarant:

(a) Is a general partner, officer, director or employer of the person;

(b) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote or holds proxies representing, more than 20 percent of the voting interest in the person;

(c) Controls in any manner the election of a majority of the directors of the person; or

(d) Has contributed more than 20 percent of the capital of the person.

~~{4-}~~ 3. Control does not exist if the powers described in this section are held solely as security for an obligation and are not exercised.

Sec. 6. NRS 116B.075 is hereby amended to read as follows:

116B.075 “Declarant” means any person or group of persons acting in concert who, as part of a common promotional plan, offers to dispose of ~~{his or her or its}~~ **the** interest **of the person or group of persons** in a unit not previously disposed of, or reserves or succeeds to any special declarant’s rights.

Sec. 7. NRS 116B.085 is hereby amended to read as follows:

116B.085 “Developmental rights” means any right or combination of rights reserved by a declarant in the declaration to:

1. Add real estate to a condominium hotel;

2. Create **residential** units, common elements, limited common elements, shared components or a hotel unit within a condominium hotel;

3. Subdivide **residential** units or convert **residential** units into common elements, shared components or part of a hotel unit;

4. **Subdivide a hotel unit or convert a hotel unit into residential units, common elements or shared components;**

5. **Subdivide shared components or convert shared components into residential units, common elements or part of a hotel unit;**

6. Subdivide or convert common elements into **residential units**, shared components or part of a hotel unit; or

~~{5-}~~ 7. Withdraw real estate from a condominium hotel.



1 **Sec. 8.** NRS 116B.100 is hereby amended to read as follows:
2 116B.100 “Executive board” means the body, regardless of
3 name, designated in the declaration *or bylaws* to act on behalf of the
4 association.

5 **Sec. 9.** NRS 116B.190 is hereby amended to read as follows:
6 116B.190 “Purchaser” means a person, other than a declarant,
7 who by means of a voluntary transfer acquires a legal or equitable
8 interest in a unit other than ~~§~~ :

9 1. A leasehold interest, including options to renew, of less than
10 20 years ~~§, or as~~ ; or

11 2. As security for an obligation.

12 **Sec. 10.** NRS 116B.195 is hereby amended to read as follows:

13 116B.195 “Real estate” means any leasehold or other estate or
14 interest in, over or under land, including structures, fixtures and
15 other improvements and interests that by custom, usage or law pass
16 with a conveyance of land though not described in the contract of
17 sale or instrument of conveyance. ~~["Real estate"]~~ *The term* includes
18 parcels with or without upper or lower boundaries, and spaces that
19 may be filled with air or water.

20 **Sec. 11.** NRS 116B.260 is hereby amended to read as follows:

21 116B.260 The principles of law and equity, including the law
22 of corporations ~~§~~ *and any other form of organization authorized*
23 *by the laws of this State*, the law of unincorporated associations, the
24 law of real property, and the law relative to capacity to contract,
25 principal and agent, eminent domain, estoppel, fraud,
26 misrepresentation, duress, coercion, mistake, receivership,
27 substantial performance, or other validating or invalidating cause
28 supplement the provisions of this chapter, except to the extent
29 inconsistent with this chapter.

30 **Sec. 12.** NRS 116B.285 is hereby amended to read as follows:

31 116B.285 ~~§~~ The remedies provided by this chapter must be
32 liberally administered to the end that the aggrieved party is put in as
33 good a position as if the other party had fully performed.
34 Consequential, special or punitive damages may not be awarded
35 except as specifically provided in this chapter or by other rule of
36 law.

37 ~~§2. Any right or obligation declared by this chapter is~~
38 ~~enforceable by judicial proceeding.~~

39 **Sec. 13.** NRS 116B.320 is hereby amended to read as follows:

40 116B.320 1. The inclusion in a governing document of a
41 provision that violates any provision of this chapter does not render
42 any other provisions of the governing document invalid or otherwise
43 unenforceable if the other provisions can be given effect in
44 accordance with their original intent and the provisions of this
45 chapter.



2. The rule against perpetuities and NRS 111.103 to 111.1039, inclusive, do not apply to defeat any provision of the declaration, bylaws, rules or regulations adopted pursuant to NRS 116B.420.

3. ~~In the event of~~ If a conflict ~~exists~~ between ~~the provisions of~~ the declaration and the bylaws, the declaration prevails except to the extent the declaration is inconsistent with this chapter.

4. Title to any portion of a condominium hotel is not rendered unmarketable or otherwise affected by reason of an insubstantial failure of the declaration to comply with this chapter. Whether a substantial failure impairs marketability is not affected by this chapter.

Sec. 14. NRS 116B.330 is hereby amended to read as follows:

116B.330 1. The declaration for a condominium hotel must contain:

(a) The names of the condominium hotel and the association.

(b) The name of every county in which any part of the condominium hotel is situated.

(c) A **legally** sufficient description of the real estate included in the condominium hotel.

(d) A statement of the maximum number of units that the declarant reserves the right to create.

(e) A description of the boundaries of each residential unit created by the declaration, including the unit's identifying number, its size or number of rooms, and its location within a building if it is within a building containing more than one unit.

(f) A description of the shared components, hotel unit and the common elements.

(g) A description of any limited common elements.

(h) A description of any developmental rights and other special declarant's rights reserved by the declarant, together with a legally sufficient description of the real estate to which each of those rights applies, and a time **limit** within which each of those rights must be exercised.

(i) If any developmental right may be exercised with respect to different parcels of real estate at different times, a statement to that effect together with:

(1) Either a statement fixing the boundaries of those portions and regulating the order in which those portions may be subjected to the exercise of each developmental right or a statement that no assurances are made in those regards; and

(2) A statement whether, if any developmental right is exercised in any portion of the real estate subject to that developmental right, that developmental right must be exercised in all or in any other portion of the remainder of that real estate.



(j) Any other conditions or limitations under which the rights described in paragraph (h) may be exercised or will lapse.

(k) A description of any easements benefiting or burdening the units, including easements providing the residential unit owners with rights of ingress or egress through the common elements, hotel unit or shared components for the purpose of accessing their respective units.

(l) An allocation to the units of the allocated interests as described in this chapter, and an allocation to the residential units of their respective liability for shared expenses and other charges of the hotel unit owner.

(m) A description of any other payments, fees and charges that may be charged by the hotel unit owner in order to offset the increased burden placed on the shared components as the result of use of residential units as transient rentals.

(n) Any restrictions:

(1) On use, occupancy and alienation of the units; and

(2) On the amount for which a unit may be sold or on the amount that may be received by a unit's owner on sale, condemnation or casualty to the unit or to the condominium hotel, or on termination of the condominium hotel.

(o) The file number and book or other information ~~{to show where}~~ **for recorded** easements and licenses ~~{are recorded}~~ appurtenant to or included in the condominium hotel or to which any portion of the condominium hotel is or may become subject by virtue of a reservation in the declaration.

2. The declaration may contain any other matters the declarant considers appropriate.

Sec. 15. NRS 116B.335 is hereby amended to read as follows:

116B.335 1. Any lease the expiration or termination of which may terminate the condominium hotel or reduce its size must be recorded. Every lessor of such a lease in a condominium hotel shall sign the declaration. The declaration must state:

(a) The recording ~~{date where}~~ **data for** the lease ~~{is}~~ **or a statement where the** recorded ~~{lease may be inspected}~~.

(b) The date on which the lease is scheduled to expire.

(c) A legally sufficient description of the real estate subject to the lease.

(d) Any right of the units' owners to redeem the reversion and the manner whereby those rights may be exercised, or a statement that they do not have those rights.

(e) Any right of the units' owners to remove any improvements within a reasonable time after the expiration or termination of the lease, or a statement that they do not have those rights.



(f) Any rights of the units' owners to renew the lease and the conditions of any renewal, or a statement that such rights do not exist.

2. After the declaration for a leasehold condominium hotel is recorded, neither the lessor nor the lessor's successor in interest may terminate the leasehold interest of a unit's owner who makes timely payment of his or her share of the rent and otherwise complies with all covenants which, if violated, would entitle the lessor to terminate the lease. The leasehold interest of a unit's owner in a condominium hotel is not affected by failure of any other person to pay rent or fulfill any other covenant.

3. Acquisition of the leasehold interest of any unit's owner by the owner of the reversion or remainder does not merge the leasehold and freehold interests unless the leasehold interests of all units' owners subject to that reversion or remainder are acquired.

4. If the expiration or termination of a lease decreases the number of units in a condominium hotel, the allocated interests must be reallocated in accordance with subsection 1 of NRS 116B.255 as if those units had been taken by eminent domain. Reallocations must be confirmed by an amendment to the declaration prepared, executed and recorded by the association.

Sec. 16. NRS 116B.350 is hereby amended to read as follows:

116B.350 1. Plats are a part of the declaration and are required for all condominium hotels. Each plat must be clear and legible and contain a certification that the plat contains all information required by this section.

2. Each plat must comply with the provisions of chapter 278 of NRS and show:

(a) The name and a survey of the area which is the subject of the plat;

(b) A sufficient description of the real estate;

(c) The extent of any encroachments by or upon any portion of the property which is the subject of the plat;

(d) The location and dimensions of all easements having a specific location and dimension which serve or burden any portion of the condominium hotel;

(e) The location and dimensions with reference to an established datum of any vertical residential unit boundaries and that unit's identifying number;

(f) The location with reference to an established datum of any horizontal unit boundaries not shown or projected on plats recorded pursuant to subsection 4 and that unit's identifying number;

(g) The location and dimensions of the units, shared components and common elements; and



(h) The location and dimensions of limited common elements, if any, including porches, balconies and patios.

3. Each plat must be certified by a professional land surveyor.

4. The plats must show or project any units in which the declarant has reserved the right to create additional units or common elements, or portions of the shared components or hotel unit, identified appropriately.

5. Unless the declaration provides otherwise, when the horizontal boundaries of part of a unit located outside a building have the same elevation as the horizontal boundaries of the inside part, the elevations need not be depicted on the plats.

6. Upon exercising any developmental right, the declarant shall ~~prepare, execute and~~ record new or amended plats necessary to conform to the requirements of ~~this section.~~ **subsection 2.**

Sec. 17. NRS 116B.375 is hereby amended to read as follows:

116B.375 1. If the declaration expressly so permits, a residential unit may be subdivided into two or more residential units upon receipt of consent from the hotel unit owner. Subject to ~~the provisions of~~ the declaration and ~~other provisions of~~ law **~~or~~ other than this chapter**, upon receipt of consent from the hotel unit owner to subdivide a residential unit, the association shall prepare, execute and record an amendment to the declaration **~~or~~, including the plats, subdividing the residential unit.**

2. The amendment to the declaration must be executed by the owner of the unit to be subdivided, assign an identifying number to each residential unit created, and reallocate the allocated interests and allocated liability for shared expenses formerly allocated to the subdivided residential unit to the new residential units in any reasonable manner prescribed by the owner of the subdivided unit **~~or~~ or on any other basis the declaration requires.**

Sec. 18. NRS 116B.385 is hereby amended to read as follows:

116B.385 1. Except in the case of a taking of the condominium hotel by eminent domain, termination of the condominium hotel or the declaration requires approval by:

(a) The owners representing at least 80 percent of the votes in the association allocated to the residential unit owners; and

(b) The hotel unit owner.

2. An agreement to terminate the condominium hotel or the declaration must be evidenced by the execution of an agreement to terminate in the same manner as a deed by the hotel unit owner and the requisite number of units' owners. The agreement to terminate must specify a date after which the agreement will be void unless it is recorded before that date.

3. An agreement to terminate may provide that all of the common elements, shared components or units must be sold



1 following termination. If, pursuant to the agreement, any real estate
2 in the condominium hotel is to be sold following termination, the
3 agreement must set forth the minimum terms of the sale.

4 4. The hotel unit owner, on behalf of the units' owners, may
5 contract for the sale of real estate owned by the units' owners in a
6 condominium hotel, but the contract is not binding on the units'
7 owners and the declarant or hotel unit owner, as applicable, until
8 approved pursuant to subsections 1 and 2. If any real estate owned
9 by the units' owners is to be sold following termination, title to that
10 real estate, upon termination, vests in the hotel unit owner as trustee
11 for the holders of all interests in the units. Thereafter, the hotel unit
12 owner has all powers necessary and appropriate to effect the sale.
13 Until the sale has been concluded and the proceeds thereof
14 distributed, the hotel unit owner continues in existence with all
15 powers it had before termination. Proceeds of the sale must be
16 distributed to units' owners and lienholders as their interests may
17 appear, in accordance with NRS 116B.390 and 116B.395. Unless
18 otherwise specified in the agreement to terminate, as long as the
19 unit's owner holds title to the real estate, each unit's owner and his
20 or her successors in interest have an exclusive right to occupancy of
21 the portion of the real estate that formerly constituted such unit's
22 owner's unit. During the period of that occupancy, each unit's
23 owner and his or her successors in interest remain liable for all
24 assessments, shared expenses and other obligations imposed on
25 units' owners by this chapter or the declaration.

26 5. If the real estate is not to be sold following termination, title
27 to the common elements and residential units vests in the units'
28 owners upon termination as tenants in common in proportion to
29 their respective interests in the association as provided in NRS
30 116B.395, and liens on the units shift accordingly. While the
31 tenancy in common exists, each unit's owner and his or her
32 successors in interest have an exclusive right to occupancy of the
33 portion of the real estate that formerly constituted such unit's
34 owner's unit.

35 6. Following termination of the condominium hotel, the
36 proceeds of ~~any~~ a sale of real estate, together with the assets of the
37 association, are held by the hotel unit owner as trustee for units'
38 owners and holders of liens on the units as their interests may
39 appear.

40 **Sec. 19.** NRS 116B.415 is hereby amended to read as follows:

41 116B.415 1. A unit-owners' association must be organized
42 not later than the date the first residential unit in the condominium
43 hotel is conveyed.

44 2. The membership of the association at all times consists
45 exclusively of all units' owners, including the hotel unit and any



other units owned by the declarant or, following termination of the condominium hotel, of all owners of former units entitled to distributions of proceeds under the declaration, or their heirs, successors or assigns.

3. The association must:

(a) Be organized as a profit or nonprofit corporation, association, limited-liability company, trust, ~~for~~ partnership ~~or~~ *any other form of organization authorized by the laws of this State;*

(b) Include in its articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents of organization, or any amendment thereof, that the purpose of the corporation, association, limited-liability company, trust or partnership is to operate as an association pursuant to this chapter;

(c) Contain in its name the words "community association," "homeowners' association" or "unit-owners' association"; and

(d) Comply with the provisions of chapters 78, 81, 82, 86, 87, 87A, 88 and 88A of NRS when filing with the Secretary of State its articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents of organization, or any amendment thereof.

4. Unless otherwise provided in the declaration, the association shall not have any ownership or control over the hotel unit or the shared components.

Sec. 20. NRS 116B.420 is hereby amended to read as follows:

116B.420 Subject to the provisions of the declaration, the association : ~~may do any or all of the following:~~

1. ~~Adopt~~ *Shall adopt* and *, except as otherwise provided in the bylaws, may* amend bylaws ~~or~~ *and may adopt and amend* rules and regulations pertaining to the common elements. Unless otherwise provided in the declaration, bylaws, rules or regulations adopted by the association must not attempt to exercise any control over the hotel unit or the shared components.

2. ~~Adopt~~ *Shall adopt* and *may* amend budgets ~~for revenues, expenditures and reserves relating to the common elements and~~ *in accordance with the requirements set forth in NRS 116B.600, may* collect assessments for common expenses from the units' owners ~~or~~ *and may invest funds of the association in accordance with the requirements set forth in section 4 of this act.*

3. ~~Hire~~ *May hire* and discharge managing agents and other employees, agents and independent contractors of the association.

4. ~~Institute~~ *May institute*, defend or intervene in litigation *or in arbitration, mediation* or administrative proceedings in its own



1 name on behalf of itself or two or more units' owners on matters
2 affecting the condominium hotel.

3 5. ~~{Make}~~ *May make* contracts and incur liabilities with regard
4 to the common elements.

5 6. ~~{Regulate}~~ *May regulate* the use, maintenance, repair,
6 replacement and modification of common elements.

7 7. ~~{Cause}~~ *May cause* additional improvements to be made as a
8 part of the common elements.

9 8. ~~{Acquire,}~~ *May acquire,* hold, encumber and convey in its
10 own name any right, title or interest to real estate or personal
11 property, but common elements may be conveyed or subjected to a
12 security interest only pursuant to NRS 116B.560.

13 9. ~~{Grant}~~ *May grant* easements, leases, licenses and
14 concessions through or over the common elements.

15 10. ~~{Impose}~~ *May impose* and receive any payments, fees or
16 charges for the use, rental or operation of the common elements.

17 11. ~~{Impose}~~ *May impose* charges for late payment of
18 assessments on common elements.

19 12. ~~{Impose}~~ *May impose* reasonable fines for violations of the
20 governing documents of the association only if the association
21 complies with the requirements set forth in NRS 116B.430.

22 13. ~~{Provide}~~ *May provide* for the indemnification of its
23 officers and executive board and maintain directors' and officers'
24 liability insurance.

25 14. ~~{Assign}~~ *May assign* its right to future income, including
26 the right to receive assessments for common expenses, but only to
27 the extent the declaration expressly so provides.

28 15. ~~{Exercise}~~ *May exercise* any other powers conferred by the
29 declaration or bylaws.

30 16. ~~{Exercise}~~ *May exercise* any other powers necessary and
31 proper for the governance and operation of the association.

32 **Sec. 21.** NRS 116B.425 is hereby amended to read as follows:

33 116B.425 1. Except as otherwise provided in the declaration,
34 the bylaws, this section or other provisions of this chapter, the
35 executive board ~~{may act}~~ *acts* in all instances on behalf of the
36 association. In the performance of their duties, the officers and
37 members of the executive board are fiduciaries. ~~{The}~~ *Officers and*
38 members of the executive board ~~{are}~~ :

39 (a) *Are* required to exercise the ordinary and reasonable care of
40 *officers and* directors of a *nonprofit* corporation, subject to the
41 business-judgment rule ~~{}~~ ; and

42 (b) *Are subject to conflict of interest rules governing the*
43 *officers and directors of a nonprofit corporation organized under*
44 *the laws of this State.*



2. The executive board may not act ~~{on behalf of the association}~~ to ~~{amend}~~ :

(a) Amend the declaration . ~~{, to terminate}~~

(b) Terminate the condominium hotel . ~~{, or to elect}~~

(c) Elect members of the executive board ~~{or determine their}~~ ,
but unless the governing documents provide that a vacancy on the executive board must be filled by a vote of the membership of the association, the executive board may fill vacancies in its membership for the unexpired portion of any term or until the next regularly scheduled election of executive board members, whichever is earlier. Any executive board member elected to a previously vacant position which was temporarily filled by board appointment may only be elected to fulfill the remainder of the unexpired portion of the term.

(d) Determine the qualifications, powers and duties or terms of office ~~{, but the}~~ of members of the executive board . ~~{may fill vacancies in its membership for the unexpired portion of any term.}~~

3. The executive board shall adopt budgets as provided in NRS 116B.600.

Sec. 22. NRS 116B.430 is hereby amended to read as follows:

116B.430 1. Except as otherwise provided in this section and unless the declaration provides otherwise, if a residential unit owner or the tenant or guest of a residential unit owner violates any provision of the governing documents of an association, the executive board may, if the governing documents so provide:

(a) Prohibit, for a reasonable time, the residential unit owner or the tenant or guest of the residential unit owner from:

(1) Voting on matters related to the association.

(2) Using the common elements. The provisions of this subparagraph do not prohibit the residential unit owner or the tenant or guest of the residential unit owner from using any portion of the common elements, if any, as is necessary for vehicular or pedestrian ingress or egress to or from the residential unit.

(b) Impose a fine against the residential unit owner or the tenant or guest of the residential unit owner for each violation. If the violation poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the residential unit owners or residents of the condominium hotel, the amount of the fine must be commensurate with the severity of the violation and must be determined by the executive board in accordance with the governing documents. If the violation does not pose an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the residential unit owners or residents or guests of the condominium hotel, the amount of the fine must be commensurate with the severity of the violation and must be determined by the



executive board in accordance with the governing documents, but the amount of the fine must not exceed \$100 for each violation or a total amount of \$1,000, whichever is less. The limitations on the amount of the fine do not apply to any interest, charges or costs that may be collected by the association pursuant to this section if the fine becomes past due.

2. The executive board may not impose a fine pursuant to subsection 1 unless:

(a) Not less than 30 days before the violation, the person against whom the fine will be imposed had been provided with written notice of the applicable provisions of the governing documents that form the basis of the violation; and

(b) Within a reasonable time after the discovery of the violation, the person against whom the fine will be imposed has been provided with:

(1) Written notice specifying the details of the violation, the amount of the fine, and the date, time and location for a hearing on the violation; and

(2) A reasonable opportunity to contest the violation at the hearing.

3. *If the association adopts a policy imposing fines for any violations of the governing documents of the association, the secretary or other officer specified in the bylaws shall prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner, a schedule of the fines that may be imposed for those violations.*

4. The executive board must schedule the date, time and location for the hearing on the violation so that the person against whom the fine will be imposed is provided with a reasonable opportunity to prepare for the hearing and to be present at the hearing.

~~14.1~~ 5. The executive board must hold a hearing before it may impose the fine, unless the person against whom the fine will be imposed:

(a) Pays the fine;

(b) Executes a written waiver of the right to the hearing; or

(c) Fails to appear at the hearing after being provided with proper notice of the hearing.

~~15.1~~ 6. If a fine is imposed pursuant to subsection 1 and the violation is not cured within 14 days, or within any longer period that may be established by the executive board, the violation shall be deemed a continuing violation. Thereafter, the executive board may impose an additional fine for the violation for each 7-day period or portion thereof that the violation is not cured. Any



1 additional fine may be imposed without notice and an opportunity to
2 be heard.

3 ~~16-1~~ 7. If the governing documents so provide, the executive
4 board may appoint a committee, with not less than three members,
5 to conduct hearings on violations and to impose fines pursuant to
6 this section. While acting on behalf of the executive board for those
7 limited purposes, the committee and its members are entitled to all
8 privileges and immunities and are subject to all duties and
9 requirements of the executive board and its members.

10 ~~17-1~~ 8. The provisions of this section establish the minimum
11 procedural requirements that the executive board must follow before
12 it may impose a fine. The provisions of this section do not preempt
13 any provisions of the governing documents that provide greater
14 procedural protections.

15 ~~18-1~~ 9. Any past due fine:

16 (a) Bears interest at the rate established by the association, not to
17 exceed the legal rate per annum.

18 (b) May include any costs of collecting the past due fine at a rate
19 established by the association. If the past due fine is for a violation
20 that does not threaten the health, safety or welfare of the residents of
21 the condominium hotel, the rate established by the association for
22 the costs of collecting the past due fine:

23 (1) May not exceed \$20, if the outstanding balance is less
24 than \$200.

25 (2) May not exceed \$50, if the outstanding balance is \$200 or
26 more, but is less than \$500.

27 (3) May not exceed \$100, if the outstanding balance is \$500
28 or more, but is less than \$1,000.

29 (4) May not exceed \$250, if the outstanding balance is
30 \$1,000 or more, but is less than \$5,000.

31 (5) May not exceed \$500, if the outstanding balance is
32 \$5,000 or more.

33 (c) May include any costs incurred by the association during a
34 civil action to enforce the payment of the past due fine.

35 ~~19-1~~ 10. Unless the declaration provides otherwise, nothing in
36 this section shall be construed as giving the association the power to
37 sanction a unit's owner for matters related to the hotel unit or the
38 shared components.

39 ~~110-1~~ 11. As used in this section:

40 (a) "Costs of collecting" includes, without limitation, any
41 collection fee, filing fee, recording fee, referral fee, fee for postage
42 or delivery, and any other fee or cost that an association may
43 reasonably charge to the unit's owner for the collection of a past due
44 fine. The term does not include any costs incurred by an association
45 during a civil action to enforce the payment of a past due fine.



(b) “Outstanding balance” means the amount of a past due fine that remains unpaid before any interest, charges for late payment or costs of collecting the past due fine are added.

Sec. 23. NRS 116B.440 is hereby amended to read as follows:

116B.440 1. Except as otherwise provided in this section, the declaration may provide for a period of declarant’s control of the association, during which a declarant, or persons designated by a declarant, may appoint and remove the officers of the association and members of the executive board. *A declarant may voluntarily surrender the right to appoint and remove officers and members of the executive board before termination of that period and, in that event, the declarant may require, for the duration of the period of declarant’s control, that specified actions of the association or executive board, as described in a recorded instrument executed by the declarant, be approved by the declarant before they become effective.* Regardless of the period provided in the declaration, a period of declarant’s control terminates not later than ~~the~~ *the earliest of:*

(a) Sixty days after conveyance of 75 percent of the residential units that may be created to residential unit owners other than a declarant;

(b) Five years after all declarants have ceased to offer residential units for sale in the ordinary course of business; ~~for~~

(c) Five years after any right to add new residential units was last exercised ~~for~~

~~→ whichever occurs earlier; or~~

(d) The day any declarant, after giving notice to units’ owners, records an instrument voluntarily surrendering all rights to control activities of the association.

2. ~~[A declarant may voluntarily surrender the right to appoint and remove officers and members of the executive board before termination of that period, but in that event the declarant may require, for the duration of the period of declarant’s control, that specified actions of the association or executive board, as described in a recorded instrument executed by the declarant, be approved by the declarant before they become effective.~~

~~—3.]~~ Not later than 60 days after conveyance of 25 percent of the residential units that may be created to units’ owners other than a declarant, at least one member and not less than 25 percent of the members of the executive board must be elected by residential unit owners other than the declarant. Not later than 60 days after conveyance of 50 percent of the residential units that may be created to residential unit owners other than a declarant, not less than ~~33 1/3 percent~~ *one-third* of the members of the executive board must be elected by residential unit owners other than the declarant.



Sec. 24. NRS 116B.450 is hereby amended to read as follows:

116B.450 1. Notwithstanding any provision of the declaration or bylaws to the contrary, any member of the executive board, other than a member appointed by the declarant or elected by the hotel unit owner, may be removed from the executive board, with or without cause, if at a removal election held pursuant to this section, the number of votes cast in favor of removal constitutes:

(a) At least 35 percent of the total number of voting members of the association; and

(b) At least a majority of all votes cast in that removal election.

2. *A removal election may be called by units' owners constituting at least 10 percent, or any lower percentage specified in the bylaws, of the total number of voting members of the association. To call a removal election, the units' owners must submit a written petition which is signed by the required percentage of the total number of voting members of the association pursuant to this subsection and which is mailed, return receipt requested, or served by a process server to the executive board or the community manager for the association. If a removal election is called pursuant to this subsection and the voting rights of the units' owners will be exercised through the use of secret written ballots pursuant to this section:*

(a) The secret written ballots for the removal election must be sent in the manner required by this section not less than 15 days or more than 60 days after the date on which the petition is received; and

(b) The executive board shall set the date for the meeting to open and count the secret written ballots so that the meeting is held not more than 15 days after the deadline for returning the secret written ballots and not later than 90 days after the date on which the petition was received.

3. The removal of any member of the executive board must be conducted by secret written ballot as follows:

(a) The secretary or other officer specified in the bylaws of the association shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each unit within the condominium hotel or to any other mailing address designated in writing by the unit's owner.

(b) Each unit's owner must be provided with at least 15 days after the date the secret written ballot is mailed to the unit's owner to return the secret written ballot to the association.

(c) Only the secret written ballots that are returned to the association may be counted to determine the outcome.

(d) The secret written ballots must be opened and counted at a meeting of the association. A quorum is not required to be present



1 when the secret written ballots are opened and counted at the
2 meeting.

3 (e) The incumbent members of the executive board, including,
4 without limitation, the member who is subject to the removal, may
5 not possess, be given access to or participate in the opening or
6 counting of the secret written ballots that are returned to the
7 association before those secret written ballots have been opened and
8 counted at a meeting of the association.

9 ~~{3.— If a member of an executive board is named as a respondent~~
10 ~~or sued for liability for actions undertaken in his or her role as a~~
11 ~~member of the board, the association shall indemnify the member~~
12 ~~for his or her losses or claims, and undertake all costs of defense,~~
13 ~~unless it is proven that the member acted with willful or wanton~~
14 ~~misfeasance or with gross negligence. After such proof, the~~
15 ~~association is no longer liable for the cost of defense, and may~~
16 ~~recover costs already expended from the member of the executive~~
17 ~~board who so acted. Members of the executive board are not~~
18 ~~personally liable to the victims of crimes occurring on the property.~~
19 ~~Punitive damages may not be recovered against the association, but~~
20 ~~may be recovered from persons whose activity gave rise to the~~
21 ~~damages.]~~

22 **Sec. 25.** NRS 116B.490 is hereby amended to read as follows:

23 116B.490 1. The bylaws of the association must : ~~{provide:}~~

24 (a) ~~{The}~~ **Provide the** number of members of the executive
25 board and the titles of the officers of the association;

26 (b) ~~{For}~~ **Provide for** election by the executive board of a
27 president, treasurer, secretary and any other officers of the
28 association the bylaws specify;

29 (c) ~~{The}~~ **Specify the** qualifications, powers and duties, terms of
30 office and manner of electing and removing officers of the
31 association and members of the executive board and filling
32 vacancies;

33 (d) ~~{Which}~~ **Specify the** powers ~~{, if any, that}~~ the executive
34 board or the officers of the association may delegate to other
35 persons, including a community manager;

36 (e) ~~{Which of its}~~ **Specify the** officers **who** may prepare,
37 execute, certify and record amendments to the declaration on behalf
38 of the association;

39 (f) ~~{Procedural}~~ **Provide procedural** rules for conducting
40 meetings of the association;

41 (g) ~~{A}~~ **Specify a** method for ~~{amending}~~ **the units' owners to**
42 **amend** the bylaws; ~~{and}~~

43 (h) ~~{Procedural}~~ **Provide procedural** rules for conducting
44 elections ~~{;}~~;



(i) Contain any provision necessary to satisfy the requirements of this chapter or the declaration concerning meetings, voting, quorums and other activities of the association; and

(j) Provide for any matter required by the laws of this State, other than this chapter, to appear in the bylaws of organizations of the same type as the association.

2. Except as otherwise provided in this chapter or the declaration, the bylaws may provide for any other necessary or appropriate matters ~~{the association deems necessary and appropriate.}~~, including, without limitation, matters that could be adopted as rules.

3. The bylaws must be written in plain English.

4. The bylaws must not attempt to exercise any control over the shared components or the hotel unit.

Sec. 26. NRS 116B.505 is hereby amended to read as follows:

116B.505 1. A hotel unit owner may not prohibit use of the shared components pursuant to paragraph (d) of subsection 4 of NRS 116B.340 unless:

(a) Not less than 30 days before the violation, the residential unit owner against whom the prohibition will be imposed has been provided with written notice of the applicable provisions of the rules and regulations established by the hotel unit owner that form the basis of the violation; and

(b) Within 10 days after the hotel unit owner's discovery of the violation, the residential unit owner against whom the prohibition will be imposed has been provided with:

(1) Written notice specifying the details of the violation; and

(2) A reasonable opportunity to contest the violation.

2. Within 10 days after receiving the written notice specifying the details of the violation, the residential unit owner may:

(a) Provide to the hotel unit owner any written information or any explanation relating to the violation; or

(b) Request a meeting with the hotel unit owner to present the information or explanation relating to the violation.

3. A meeting requested by a residential unit owner pursuant to subsection 2 must be held as soon as practicable, but not later than 30 days after the date on which the request for a meeting is received by the hotel unit owner. The meeting may be held in person, by telephone or by videoconferencing.

4. The provisions of this section establish the minimum procedural requirements that the hotel unit owner must follow before the hotel unit owner may prohibit use of the shared components by a residential unit owner. The provisions of this section do not preempt any provisions of the rules and regulations



established by the hotel unit owner that provide greater procedural protections.

Sec. 27. NRS 116B.520 is hereby amended to read as follows:

116B.520 1. A meeting of the units' owners must be held:

(a) As required by the declaration; and

(b) At least once each year.

2. Special meetings of the units' owners may be called by the president, by a majority of the executive board or by units' owners constituting at least 10 percent, or any lower percentage specified in the bylaws, of the total number of voting members of the association. The same number of units' owners may also call a removal election pursuant to NRS 116B.450. To call a special meeting or a removal election, the units' owners must submit a written petition which is signed by the required percentage of the total number of voting members of the association pursuant to this section and which is mailed, return receipt requested, or served by a process server to the executive board for the association. If the petition calls for a special meeting, the executive board shall set the date for the special meeting so that the special meeting is held not less than 15 days or more than 60 days after the date on which the petition is received. ~~If the petition calls for a removal election, the secret written ballots for the removal election must be sent in the manner required by NRS 116B.450 not less than 15 days or more than 60 days after the date on which the petition is received, and the executive board shall set the date for the meeting to open and count the secret written ballots so that the meeting is held not more than 15 days after the deadline for returning the secret written ballots.~~

3. Not less than 15 days or more than 60 days in advance of any meeting of the units' owners, the secretary or other officer specified in the bylaws shall cause notice of the meeting to be ~~hand delivered, sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner or, if the association offers to send notice by electronic mail, sent by electronic mail at the request of the unit's owner to an electronic mail address designated in writing by the unit's owner.~~ *given to the units' owners in the manner set forth in section 2 of this act.* The notice of the meeting must state the time and place of the meeting and include a copy of the agenda for the meeting. The notice must include notification of the right of a unit's owner to:

(a) Have a copy of the minutes or a summary of the minutes of the meeting provided to the unit's owner upon request and, if required by the executive board, upon payment to the association of the cost of providing the copy to the unit's owner.



(b) Speak to the association or executive board, unless the executive board is meeting in executive session.

4. The agenda for a meeting of the units' owners must consist of:

(a) A clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the declaration or bylaws, any fees or assessments to be imposed or increased by the association, any budgetary changes and any proposal to remove an officer of the association or member of the executive board.

(b) A list describing the items on which action may be taken and clearly denoting that action may be taken on those items. In an emergency, the units' owners may take action on an item which is not listed on the agenda as an item on which action may be taken.

(c) A period devoted to comments by units' owners and discussion of those comments. Except in emergencies, no action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken pursuant to paragraph (b).

~~5. If the association adopts a policy imposing fines for any violations of the governing documents of the association, the secretary or other officer specified in the bylaws shall prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner, a schedule of the fines that may be imposed for those violations.~~

~~—6.1~~ The secretary or other officer specified in the bylaws shall cause minutes to be recorded or otherwise taken at each meeting of the units' owners. Not more than 30 days after each such meeting, the secretary or other officer specified in the bylaws shall cause the minutes or a summary of the minutes of the meeting to be made available to the units' owners. A copy of the minutes or a summary of the minutes must be provided to any unit's owner upon request and, if required by the executive board, upon payment to the association of the cost of providing the copy to the unit's owner.

~~[7.1]~~ **6.** Except as otherwise provided in subsection ~~[8.1]~~ **7**, the minutes of each meeting of the units' owners must include:

(a) The date, time and place of the meeting;

(b) The substance of all matters proposed, discussed or decided at the meeting; and

(c) The substance of remarks made by any unit's owner at the meeting if the unit's owner requests that the minutes reflect his or her remarks or, if the unit's owner has prepared written remarks, a copy of his or her prepared remarks if the unit's owner submits a copy for inclusion.



~~§8.1~~ 7. The executive board may establish reasonable limitations on materials, remarks or other information to be included in the minutes of a meeting of the units' owners.

~~§9.1~~ 8. The association shall maintain the minutes of each meeting of the units' owners until the condominium hotel is terminated.

~~§10.1~~ 9. A unit's owner may record on audiotape or any other means of sound reproduction a meeting of the units' owners if the unit's owner, before recording the meeting, provides notice of his or her intent to record the meeting to the other units' owners who are in attendance at the meeting.

~~§11.1~~ 10. The units' owners may approve, at the annual meeting of the units' owners, the minutes of the prior annual meeting of the units' owners and the minutes of any prior special meetings of the units' owners. A quorum is not required to be present when the units' owners approve the minutes.

~~§12.1~~ 11. The hotel unit owner or his or her designated agent shall attend the annual meeting of the units' owners to present a written report concerning the status of the current year's budget for the shared expenses and discuss any material issues that will affect the preparation of the next year's budget for shared expenses.

~~§13.1~~ 12. As used in this section, "emergency" means any occurrence or combination of occurrences that:

(a) Could not have been reasonably foreseen;

(b) Affects the health, welfare and safety of the units' owners or residents of the condominium hotel;

(c) Requires the immediate attention of, and possible action by, the executive board; and

(d) Makes it impracticable to comply with the provisions of subsection 3 or 4.

Sec. 28. NRS 116B.525 is hereby amended to read as follows:

116B.525 1. A meeting of the executive board must be held at least once a year.

2. Except in an emergency or unless the bylaws of an association require a longer period of notice, the secretary or other officer specified in the bylaws of the association shall, not less than 30 days before the date of a meeting of the executive board, cause notice of the meeting to be given to the units' owners. Such notice must be:

(a) ~~§Sent prepaid by United States mail to the mailing address of each unit within the condominium hotel or to any other mailing address designated in writing by the unit's owner; §~~ **Given to the units' owners in the manner set forth in section 2 of this act;** or

(b) ~~§If the association offers to send notice by electronic mail, sent by electronic mail at the request of the unit's owner to an~~



~~electronic mail address designated in writing by the~~ ***Published in a newsletter or other similar publication that is circulated to each unit's owner.***

3. In an emergency, the secretary or other officer specified in the bylaws of the association shall, if practicable, cause notice of the meeting to be sent prepaid by United States mail to the mailing address of each unit within the condominium hotel. If delivery of the notice in this manner is impracticable, the notice must be hand-delivered to each unit within the condominium hotel or posted in a prominent place or places within the common elements of the association.

4. The notice of a meeting of the executive board must state the time and place of the meeting and include a copy of the agenda for the meeting or the date on which and the locations where copies of the agenda may be conveniently obtained by the units' owners. The notice must include notification of the right of a unit's owner to:

(a) Have a copy of the minutes or a summary of the minutes of the meeting provided to the unit's owner upon request and, if required by the executive board, upon payment to the association of the cost of providing the copy to the unit's owner.

(b) Speak to the association or executive board, unless the executive board is meeting in executive session.

5. The agenda of the meeting of the executive board must comply with the provisions of subsection 4 of NRS 116B.520. The period required to be devoted to comments by the units' owners and discussion of those comments must be scheduled for the beginning of each meeting. In an emergency, the executive board may take action on an item which is not listed on the agenda as an item on which action may be taken.

6. At least once every year, unless the declaration or bylaws of the association impose more stringent standards, the executive board shall review, at a minimum, the following financial information at one of its meetings:

(a) A current year-to-date financial statement of the association;

(b) A current year-to-date schedule of revenues and expenses for the operating account and the reserve account, compared to the budget for those accounts;

(c) A current reconciliation of the operating account of the association;

(d) A current reconciliation of the reserve account of the association;

(e) The latest account statements prepared by the financial institutions in which the accounts of the association are maintained; and



(f) The current status of any civil action or claim submitted to arbitration or mediation in which the association is a party.

7. The secretary or other officer specified in the bylaws shall cause minutes to be recorded or otherwise taken at each meeting of the executive board. Not more than 30 days after each such meeting, the secretary or other officer specified in the bylaws shall cause the minutes or a summary of the minutes of the meetings to be made available to the units' owners. A copy of the minutes or a summary of the minutes must be provided to any unit's owner upon request and, if required by the executive board, upon payment to the association of the cost of providing the copy to the unit's owner.

8. Except as otherwise provided in subsection 9 and NRS 116B.530, the minutes of each meeting of the executive board must include:

(a) The date, time and place of the meeting;

(b) The names of those members of the executive board who were present and of those members who were absent at the meeting;

(c) The substance of all matters proposed, discussed or decided at the meeting;

(d) A record of each member's vote on any matter decided by vote at the meeting; and

(e) The substance of remarks made by any unit's owner who addresses the executive board at the meeting if the unit's owner requests that the minutes reflect his or her remarks or, if the unit's owner has prepared written remarks, a copy of his or her prepared remarks if the unit's owner submits a copy for inclusion.

9. The executive board may establish reasonable limitations on materials, remarks or other information to be included in the minutes of its meetings.

10. The association shall maintain the minutes of each meeting of the executive board until the condominium hotel is terminated.

11. A unit's owner may record on audiotape or any other means of sound reproduction a meeting of the executive board, unless the executive board is meeting in executive session, if the unit's owner, before recording the meeting, provides notice of his or her intent to record the meeting to the members of the executive board and the other units' owners who are in attendance at the meeting.

12. As used in this section, "emergency" means any occurrence or combination of occurrences that:

(a) Could not have been reasonably foreseen;

(b) Affects the health, welfare and safety of the units' owners or residents of the condominium hotel;

(c) Requires the immediate attention of, and possible action by, the executive board; and



(d) Makes it impracticable to comply with the provisions of subsection 2 or 5.

Sec. 29. NRS 116B.545 is hereby amended to read as follows:

116B.545 1. Except as otherwise provided in this section and NRS 116B.445, and except when the governing documents provide otherwise, a quorum is present throughout any meeting of the ~~association if the number of members of~~ *units' owners if persons entitled to cast 20 percent of the votes in* the association ~~who are~~ :

(a) *Are present in person* ~~or~~ ;

(b) *Are present* by proxy ~~at the beginning of the meeting equals or exceeds 20 percent of the total number of voting members of the association.~~ ;

(c) *Have cast absentee ballots in accordance with paragraph (d) of subsection 2 of NRS 116B.550; or*

(d) *Are present by any combination of paragraphs (a), (b) and (c).*

2. If the governing documents of an association contain a quorum requirement for a meeting of the association that is greater than the 20 percent required by subsection 1 and, after proper notice has been given for a meeting, the members of the association who are present in person or by proxy at the meeting are unable to hold the meeting because a quorum is not present at the beginning of the meeting, the members who are present in person at the meeting may adjourn the meeting to a time that is not less than 48 hours or more than 30 days after the date of the meeting. At the subsequent meeting:

(a) A quorum shall be deemed to be present if the number of members of the association who are present in person or by proxy at the beginning of the subsequent meeting equals or exceeds 20 percent of the total number of voting members of the association; and

(b) If such a quorum is deemed to be present but the actual number of members who are present in person or by proxy at the beginning of the subsequent meeting is less than the number of members who are required for a quorum under the governing documents, the members who are present in person or by proxy at the subsequent meeting may take action only on those matters that were included as items on the agenda of the original meeting.

↪ The provisions of this subsection do not change the actual number of votes that are required under the governing documents for taking action on any particular matter.

3. Unless the governing documents specify a larger ~~percentage,~~ *number, of the executive board* is ~~deemed~~ present ~~throughout any~~ *for the purposes of determining the validity of any action taken at a* meeting of the executive board



only if ~~{persons}~~ individuals entitled to cast ~~{50-percent}~~ a majority of the votes on that board are present at the ~~{beginning-of-the meeting-}~~ time a vote regarding that action is taken. If a quorum is present when a vote is taken, the affirmative vote of a majority of the members present is the act of the executive board unless a greater vote is required by the declaration or bylaws.

4. Meetings of the association must be conducted in accordance with the most recent edition of Robert's Rules of Order Newly Revised, unless the bylaws or a resolution of the executive board adopted before the meeting provide otherwise.

Sec. 30. NRS 116B.550 is hereby amended to read as follows:

116B.550 1. Unless prohibited or limited by the declaration or bylaws and except as otherwise provided in this section, the units' owners may vote at a meeting in person, by absentee ballot pursuant to paragraph (d) of subsection 2, by a proxy pursuant to subsections 3 to 8, inclusive, or, when a vote is conducted without a meeting, by paper or electronic ballot pursuant to subsection 9.

2. At a meeting of the units' owners, the following requirements apply:

(a) Units' owners who are present in person may vote by voice vote, show of hands, standing or any other method for determining the votes of the units' owners, as designated by the person presiding at the meeting.

(b) If only one of several owners of a unit is present, ~~{at-a meeting-of-the-association-}~~ that owner is entitled to cast all the votes allocated to that unit. If more than one of the owners are present, the votes allocated to that unit may be cast only in accordance with the agreement of a majority in interest of the owners, unless the declaration expressly provides otherwise. There is majority agreement if any one of the owners cast the votes allocated to ~~{that}~~ the unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the unit.

~~{2-}~~ (c) Unless a greater number or fraction of the votes in the association is required by this chapter or the declaration, a majority of the votes cast determines the outcome of any action of the association.

(d) Subject to the provisions of subsection 1, a unit's owner may vote by absentee ballot without being present at the meeting. The association promptly shall deliver an absentee ballot to a unit's owner who requests it if the request is made at least 3 days before the scheduled meeting. Votes cast by absentee ballot must be included in the tally of a vote taken at that meeting.



(e) *When a unit's owner votes by absentee ballot, the association must be able to verify that the ballot is cast by the unit's owner having the right to do so.*

3. Except as otherwise provided in this section, votes allocated to a unit may be cast pursuant to a proxy executed by a unit's owner. A unit's owner may give a proxy only to a member of his or her immediate family, a tenant of the unit's owner who resides in the condominium hotel, the hotel unit owner or another unit's owner who resides in the condominium hotel. If a unit is owned by more than one person, each owner of the unit may vote or register protest to the casting of votes by the other owners of the unit through an executed proxy. A unit's owner may revoke a proxy given pursuant to this section only by actual notice of revocation to the person presiding over a meeting of the association.

~~13.1~~ 4. Before a vote may be cast pursuant to a proxy:

- (a) The proxy must be dated.
- (b) The proxy must not purport to be revocable without notice.
- (c) The proxy must designate the meeting for which it is executed ~~H~~, *and such a designation includes any recessed session of the meeting.*

(d) The proxy must designate each specific item on the agenda of the meeting for which the unit's owner has executed the proxy, except that the unit's owner may execute the proxy without designating any specific items on the agenda of the meeting if the proxy is to be used solely for determining whether a quorum is present for the meeting. If the proxy designates one or more specific items on the agenda of the meeting for which the unit's owner has executed the proxy, the proxy must indicate, for each specific item designated in the proxy, whether the holder of the proxy must cast a vote in the affirmative or the negative on behalf of the unit's owner. If the proxy does not indicate whether the holder of the proxy must cast a vote in the affirmative or the negative for a particular item on the agenda of the meeting, the proxy must be treated, with regard to that particular item, as if the unit's owner were present but not voting on that particular item.

(e) The holder of the proxy must disclose at the beginning of the meeting for which the proxy is executed *and any recessed session of that meeting* the number of proxies pursuant to which the holder will be casting votes.

~~14.1~~ 5. A proxy terminates immediately after the conclusion of the meeting, *and any recessed sessions of the meeting*, for which it is executed.

~~15.1~~ 6. A vote may not be cast pursuant to a proxy for the election or removal of a member of the executive board of an association.



~~16-1~~ 7. The holder of a proxy may not cast a vote on behalf of the unit's owner who executed the proxy in a manner that is contrary to the proxy.

~~17-1~~ 8. A proxy is void if the proxy or the holder of the proxy violates any provision of subsections ~~14-1~~ 3 to ~~16-1~~ 7, inclusive.

~~18-1~~ 9. *Unless prohibited or limited by the declaration or bylaws, an association may conduct a vote without a meeting. Except as otherwise provided in NRS 116B.445 and 116B.450, if an association conducts a vote without a meeting, the following requirements apply:*

(a) The association shall notify the units' owners that the vote will be taken by ballot.

(b) The association shall deliver a paper or electronic ballot to every unit's owner entitled to vote on the matter.

(c) The ballot must set forth each proposed action and provide an opportunity to vote for or against the action.

(d) When the association delivers the ballots, it shall also:

(1) Indicate the number of responses needed to meet the quorum requirements;

(2) State the percentage of votes necessary to approve each matter other than election of directors;

(3) Specify the time and date by which a ballot must be delivered to the association to be counted, which time and date may not be fewer than 3 days after the date the association delivers the ballot; and

(4) Describe the time, date and manner by which units' owners wishing to deliver information to all units' owners regarding the subject of the vote may do so.

(e) Except as otherwise provided in the declaration or bylaws, a ballot is not revoked after delivery to the association by death or disability of or attempted revocation by the person who cast that vote.

(f) Approval by ballot pursuant to this subsection is valid only if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action.

10. If the declaration requires that votes on specified matters affecting the condominium hotel must be cast by the lessees of leased units rather than the units' owners who have leased the units:

~~(a) The provisions of subsections 1 to 7, inclusive, apply.~~ *This section applies* to the lessees as if they were the units' owners;

(b) The units' owners who have leased their units to the lessees may not cast votes on those specified matters;

(c) The lessees are entitled to notice of meetings, access to records and other rights respecting those matters as if they were the units' owners; and



(d) The units' owners must be given notice, in the manner provided in this chapter, of all meetings at which the lessees are entitled to vote.

~~19.1~~ **11.** If any votes are allocated to a unit that is owned by the association, those votes may not be cast, by proxy or otherwise, for any purpose.

Sec. 31. NRS 116B.555 is hereby amended to read as follows:

116B.555 **1. A unit's owner is not liable, solely by reason of being a unit's owner, for an injury or damage arising out of the condition or use of the common elements.** Neither the association nor any unit's owner except the declarant or hotel unit owner, as applicable, is liable for that declarant's or hotel unit owner's torts in connection with any part of the condominium hotel which that declarant or hotel unit owner, as applicable, owns or has the responsibility to maintain. ~~{Otherwise, an}~~

2. An action alleging a wrong done by the association ~~{must be brought}~~, including, without limitation, an action arising out of the condition or use of the common elements, may be maintained only against the association and not against any unit's owner. If the wrong occurred during any period of declarant's control over the association and the association gives the declarant reasonable notice of and an opportunity to defend against the action, the declarant who then controlled the association is liable to the association or to any unit's owner for all tort losses not covered by insurance suffered by the association or that unit's owner, and all costs that the association would not have incurred but for a breach of contract or other wrongful act or omission. Whenever the declarant is liable to the association under this section, the declarant is also liable for all expenses of litigation, including reasonable attorney's fees, incurred by the association.

3. Any statute of limitation affecting the association's right of action under this section is tolled until the period of declarant's control terminates. A unit's owner is not precluded from maintaining an action contemplated by this section because he or she is a unit's owner or a member or officer of the association. ***Liens resulting from judgments against the association are governed by NRS 116B.665.***

Sec. 32. NRS 116B.565 is hereby amended to read as follows:

116B.565 **1.** Commencing not later than the time of the first conveyance of a unit to a person other than a declarant, and unless the declaration states otherwise, the association shall maintain, to the extent reasonably available ~~{, both of the following:}~~ **and subject to reasonable deductibles:**



(a) Property insurance on the common elements insuring against all risks of direct physical loss commonly insured against in an amount specified in the declaration.

(b) ~~[Liability]~~ *Commercial general liability* insurance on the common elements, including insurance for medical payments, in an amount determined by the executive board but not less than any amount specified in the declaration, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.

(c) Crime insurance which includes coverage for dishonest acts by members of the executive board and the officers, employees, agents, directors and volunteers of the association and which extends coverage to any business entity that acts as the community manager of the association and the employees of that entity. Such insurance may not contain a conviction requirement, and the minimum amount of the policy must be not less than an amount equal to 3 months of aggregate assessments on all units plus reserve funds or \$5,000,000, whichever is less.

2. Commencing not later than the time of the first conveyance of a residential unit to a person other than the declarant, and unless the declaration states otherwise, the hotel unit owner shall maintain, to the extent reasonably available, the following:

(a) Property and casualty insurance on the residential units, hotel unit and shared components insuring against all risks of direct physical loss commonly insured against in an amount specified in the declaration. An insurance policy issued to the hotel unit owner does not prevent a unit's owner from obtaining insurance for his or her own benefit.

(b) Liability insurance on the residential units, hotel unit and shared components, including insurance for medical payments, in an amount set forth in the declaration, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the residential units, shared components or the hotel unit.

Sec. 33. NRS 116B.570 is hereby amended to read as follows:

116B.570 Insurance policies carried pursuant to this chapter must provide to the extent reasonably available that:

1. Each unit's owner is an insured person under the policy with respect to liability arising out of his or her interest in the common elements or membership in the association;

2. The insurer waives its right to subrogation under the policy against any unit's owner or member of his or her household;



3. No act or omission by any unit's owner, unless acting within the scope of his or her authority on behalf of the association, ~~will void~~ voids the policy or ~~but~~ is a condition to recovery under the policy; and

4. If, at the time of a loss under the policy, there is other insurance in the name of a unit's owner covering the same risk covered by the policy, the association's policy or the hotel unit owners' policy, as applicable, provides primary insurance.

Sec. 34. NRS 116B.590 is hereby amended to read as follows:

116B.590 1. Until the association makes an assessment for common expenses for the common elements, the declarant shall pay all common expenses. After an assessment has been made by the association, assessments must be made at least annually, based on a budget adopted at least annually by the association in accordance with the requirements set forth in this chapter. Unless the declaration imposes more stringent standards, the budget must include a budget for the daily operation of the association and a budget for the reserves required by paragraph (b) of subsection 2.

2. Except for assessments under subsections 4 to 7, inclusive ~~it~~, *or as otherwise provided in this chapter:*

(a) All common expenses, including the reserves, must be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to NRS 116B.340.

(b) The association shall establish adequate reserves, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the common elements. The reserves may be used only for those purposes and must not be used for daily maintenance. The association may comply with the provisions of this paragraph through a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the common elements over a period of years if the funding plan is designed in an actuarially sound manner which will ensure that sufficient money is available when the repair, replacement and restoration of the major components of the common elements are necessary.

3. Any past due assessment for common expenses or installment thereof bears interest at the rate established by the association not exceeding 18 percent per year.

4. To the extent required by the declaration:

(a) Any common expense ~~for portion thereof~~ benefiting fewer than all of the units ~~must~~ *or units' owners may* be assessed exclusively against the units *or units' owners* benefited; and

(b) The costs of insurance must be assessed in proportion to risk and the costs of utilities must be assessed in proportion to usage.



5. Assessments to pay a judgment against the association may be made only against the units in the condominium hotel at the time the judgment was entered, in proportion to their liabilities for common expenses.

6. If *damage to a unit or other part of the condominium hotel or if* any *other* common expense is caused by the *willful* misconduct *or gross negligence* of any unit's owner, *tenant or invitee*, the association may assess that expense exclusively against his or her unit ~~H~~, *even if the association maintains insurance with respect to that damage or other common expense, unless the damage or other common expense is caused by a vehicle and is committed by a person who is delivering goods to, or performing services for, the unit's owner, tenant or invitee of the unit's owner or tenant.*

7. If liabilities for common expenses are reallocated, assessments for common expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated liabilities.

8. The association shall provide written notice to each unit's owner of a meeting at which an assessment for a capital improvement is to be considered or action is to be taken on such an assessment at least 21 calendar days before the date of the meeting.

Sec. 35. NRS 116B.630 is hereby amended to read as follows:

116B.630 1. The association or the hotel unit owner, as applicable, has a lien on a unit for any assessment or charge, including assessments for common expenses and charges for shared expenses or other charges of the hotel unit owner, authorized by this chapter that is levied against that unit or any fines imposed against the unit's owner from the time the assessment, charge or fine becomes due. If an assessment is payable in installments, the full amount of the assessment or charge is a lien from the time the first installment thereof becomes due.

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

(a) Liens and encumbrances recorded before the recordation of the declaration;

(b) A first security interest on the unit recorded before the date on which the assessment sought to be enforced became delinquent;

and

(c) Liens for real estate taxes and other governmental assessments or charges against the unit. ~~H; and~~

~~—(d) Mechanics' l~~

↪ This subsection does not affect the priority of mechanics' or materialmen's liens H, or the priority of liens for other assessments made by the association.



3. Unless the declaration otherwise provides, if the association and the hotel unit owner both have liens for assessments or charges created at any time on the same property, the priority of those liens is governed by Nevada law.

4. Recording of the declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment or charge under this section is required.

5. A lien for unpaid assessments or charges is extinguished unless proceedings to enforce the lien are instituted within 3 years after the full amount of the assessments or charges become due.

6. This section does not prohibit actions to recover sums for which subsection 1 creates a lien or prohibit an association or the hotel unit owner, as applicable, from taking a deed in lieu of foreclosure.

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

8. The association or the hotel unit owner, as applicable, upon written request, shall furnish to a residential unit owner a statement setting forth the amount of unpaid assessments or charges against the unit. If the interest of the unit's owner is real estate or if a lien for the unpaid assessments or charges may be foreclosed under this chapter, 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 or the declarant, as applicable, and every unit's owner.

9. In an action by an association to collect assessments or by the hotel unit owner to collect shared expenses 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:

(a) 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 116B.600; or

(b) To the hotel unit owner to the extent of the hotel unit owner's shared expenses based on a periodic budget provided by the hotel unit owner pursuant to NRS 116B.595.

Sec. 36. NRS 116B.635 is hereby amended to read as follows:

116B.635 1. Except as otherwise provided in subsection 4, in a condominium hotel, the association or hotel unit owner, as



applicable, may foreclose its lien by sale after all of the following occur:

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

(b) Not less than 30 days after mailing the notice of delinquent assessment or charge pursuant to paragraph (a), the association or hotel unit owner, as applicable, has executed and caused to be recorded, with the county recorder of the county in which the condominium hotel or any part of it is situated, a notice of default and election to sell the residential 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, the declarant or hotel unit owner, as applicable, 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,~~ UNIT, EVEN IF THE AMOUNT IS IN DISPUTE!**

(c) The residential unit 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 or hotel unit owner, as applicable, for that purpose.

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 residential unit owner or his or her successor in interest at the residential unit owner's address, if known, and at the address of the residential unit,

↳ whichever date occurs later.



4. The association may not foreclose a lien by sale based on a fine or penalty for a violation of the governing documents of the association unless:

(a) 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 condominium hotel; or

(b) The penalty is imposed for failure to adhere to a schedule required pursuant to this chapter.

Sec. 37. NRS 116B.645 is hereby amended to read as follows:

116B.645 1. The association or hotel unit owner, as applicable, 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 residential unit 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 residential unit owner or his or her successor in interest at the residential unit owner's address, if known, and to the address of the residential 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 to:

(1) Each person entitled to receive a copy of the notice of default and election to sell notice under NRS 116B.640;

(2) The holder of a recorded security interest or the purchaser of the residential 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 residential unit who is of suitable age; or

(b) By posting a copy of the notice of sale in a conspicuous place on the residential 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,~~ UNIT, 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 or hotel unit owner). 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 residential unit.

Sec. 38. NRS 116B.665 is hereby amended to read as follows:

116B.665 1. Except as otherwise provided in subsection 2, a judgment for money against the association, if a copy of the docket or an abstract or copy of the judgment is recorded, is not a lien on the common elements, but is a lien in favor of the judgment lienholder against all of *the other real property of the association and all of* the units in the condominium hotel at the time the judgment was entered. No other property of a unit's owner or the declarant is subject to the claims of creditors of the association.

2. If the association has granted a security interest in the common elements to a creditor of the association pursuant to NRS 116B.560, the holder of that security interest shall exercise its right against the common elements before its judgment lien on any unit may be enforced.

3. Whether perfected before or after the creation of the condominium hotel, if a lien, other than a deed of trust or mortgage,



including a judgment lien or lien attributable to work performed or materials supplied before creation of the condominium hotel, becomes effective against two or more units, the owner of an affected unit may pay to the lienholder the amount of the lien attributable to his or her unit, and the lienholder, upon receipt of payment, promptly shall deliver a release of the lien covering that unit. The amount of the payment must be proportionate to the ratio which that owner's liability for common expenses bears to the liabilities for common expenses of all owners whose units are subject to the lien. After payment, the association may not assess or have a lien against that owner's unit for any portion of the common expenses incurred in connection with that lien.

4. A judgment against the association must be indexed in the name of the condominium hotel and the association and, when so indexed, is notice of the lien against the units.

Sec. 39. NRS 116B.670 is hereby amended to read as follows:

116B.670 1. Except as otherwise provided in ~~[this]~~ subsection ~~[4]~~ 4, the executive board of an association shall, upon the written request of a unit's owner, make available the books, records and other papers of the association for review during the regular working hours of the association, including, without limitation ~~[all]~~:

(a) *The financial statement of the association;*

(b) *The budgets of the association required to be prepared pursuant to NRS 116B.600;*

(c) *The study of the reserves of the association required to be conducted pursuant to NRS 116B.605; and*

(d) *All contracts to which the association is a party and all records filed with a court relating to a civil or criminal action to which the association is a party. ~~[The provisions of this subsection do not apply to:~~*

~~—(a) The personnel records of the employees of the association, except for those records relating to the number of hours worked and the salaries and benefits of those employees;~~

~~—(b) The records of the association relating to another unit's owner, except for those records described in subsection 2; and~~

~~—(c) A contract between the association and an attorney.]~~

2. *The executive board shall provide a copy of any of the records described in paragraphs (a), (b) and (c) of subsection 1 to a unit's owner or the Ombudsman within 21 days after receiving a written request therefor. Such records must be provided in electronic format at no charge to the unit's owner or, if the association is unable to provide the records in electronic format, the executive board may charge a fee to cover the actual costs of*



preparing a copy, but the fee may not exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter.

3. If the executive board fails to provide a copy of any of the records pursuant to subsection 2 within 21 days, the executive board must pay a penalty of \$25 for each day the executive board fails to provide the records.

4. The provisions of subsection 1 do not apply to:

(a) The personnel records of the employees of the association, except for those records relating to the number of hours worked and the salaries and benefits of those employees;

(b) The records of the association relating to another unit's owner, except for those records described in subsection 5; and

(c) A contract between the association and an attorney.

5. The executive board of an association shall maintain a general record concerning each violation of the governing documents, other than a violation involving a failure to pay an assessment, for which the executive board has imposed a fine, or any other sanction. The general record:

(a) Must contain a general description of the nature of the violation and the type of the sanction imposed. If the sanction imposed was a fine, the general record must specify the amount of the fine.

(b) Must not contain the name or address of the person against whom the sanction was imposed or any other personal information which may be used to identify the person or the location of the unit, if any, that is associated with the violation.

(c) Must be maintained in an organized and convenient filing system or data system that allows a unit's owner to search and review the general records concerning violations of the governing documents.

~~13-1~~ *6. If the executive board refuses to allow a unit's owner to review the books, records or other papers of the association, the Ombudsman may:*

(a) On behalf of the unit's owner and upon written request, review the books, records or other papers of the association during the regular working hours of the association; and

(b) If the Ombudsman is denied access to the books, records or other papers, request the Commission, or any member thereof acting on behalf of the Commission, to issue a subpoena for their production.

~~14-1~~ *7. The books, records and other papers of an association must be maintained for at least 10 years.*

~~15-1~~ *8. The executive board shall not require a unit's owner to pay an amount in excess of \$10 per hour to review any books,*



records, contracts or other papers of the association pursuant to the provisions of this section.

Sec. 40. NRS 116B.725 is hereby amended to read as follows:

116B.725 1. Except as otherwise provided in ~~this section,~~ **subsection 2,** NRS 116B.725 to 116B.795, inclusive, apply to all condominium hotels.

2. Neither a public offering statement nor a certificate of resale need be prepared or delivered in the case of a:

- (a) Gratuitous disposition of a unit;
- (b) Disposition pursuant to court order;
- (c) Disposition by a government or governmental agency;
- (d) Disposition by foreclosure or deed in lieu of foreclosure;
- (e) Disposition to a dealer;
- (f) Disposition that may be cancelled at any time and for any reason by the purchaser without penalty; or
- (g) Disposition of a unit not used for residential use.

Sec. 41. NRS 116B.735 is hereby amended to read as follows:

116B.735 1. Except as otherwise provided in this chapter, a public offering statement must set forth or fully and accurately disclose each of the following:

(a) The name and principal address of the declarant, the hotel unit owner and of the condominium hotel.

(b) A general description of the condominium hotel, including to the extent possible, the types, number and declarant's schedule of commencement and completion of construction of buildings, and amenities that the declarant anticipates including in the condominium hotel, including the shared components.

(c) The estimated number of units in the condominium hotel.

(d) Copies of this chapter, the declaration, bylaws, and any rules or regulations of the association or hotel unit owner, but a plat is not required.

(e) ~~[A current year to date] The financial [statement, including the most recent audited or reviewed financial statement, and the information required by subsection 2.~~

(f) **The** projected budget for the ~~[association,] shared expenses,~~ either within or as an exhibit to the public offering statement . ~~[, for 1 year after the date of the first conveyance to a purchaser, and thereafter the current budget of the association.]~~ The budget must include, without limitation:

(1) A statement of the amount included in the budget as reserves for repairs, replacement and restoration pursuant to this chapter; ~~and~~

(2) The projected monthly ~~[assessment for common] shared~~ expenses for each type of unit, including the amount established as reserves pursuant to this chapter ~~;~~



~~—(f) The projected budget for the shared expenses, either within or as an exhibit to the public offering statement. The budget must include, without limitation:~~

~~———(1) A statement of the amount included in the budget as reserves for repairs, replacement and restoration pursuant to this chapter;~~

~~———(2) The projected monthly shared expenses for each type of unit, including the amount established as reserves pursuant to this chapter; and~~ ; and

(3) A description of any other payments, fees and charges that may be charged by the hotel unit owner in order to offset the increased burden placed on the shared components due to use of residential units as transient rentals.

(g) After the date of the first conveyance of a residential unit to a purchaser, a current year-to-date statement of the shared expenses charged to the units.

(h) A description of any services or subsidies being provided by the declarant or an affiliate of the declarant or the hotel unit owner not reflected in the budget ~~that~~ *that the declarant provides, or expenses which the declarant pays and which the declarant expects may become at any subsequent time a common expense of the association and the projected common expense assessment attributable to each of those services or expenses for the association and for each type of unit.*

(i) Any initial or special fee due from the purchaser at closing, *including, without limitation, any transfer fees, whether payable to the association, the community manager of the association or any third party,* together with a description of the purpose and method of calculating the fee.

(j) The terms and significant limitations of any warranties provided by the declarant, including statutory warranties and limitations on the enforcement thereof or on damages.

(k) A statement that the purchaser may cancel, by written notice, his or her contract for purchase until midnight of the fifth calendar day following the date of execution of the contract, and the contract must contain a provision to that effect.

(l) A statement of any unsatisfied ~~judgments~~ *judgment* or pending ~~suits~~ *action* against the association or the hotel unit owner, and the status of any pending ~~suits~~ *actions* material to the condominium hotel of which a declarant has actual knowledge.

(m) Any current or expected fees or charges to be paid by residential unit owners for the use of the shared components, the hotel unit or the common elements and other facilities related to the condominium hotel.

(n) The information statements required by this chapter.



(o) Any restraints on alienation of any portion of the condominium hotel and any restrictions:

(1) On the leasing or renting of units; and

(2) On the amount for which a unit may be sold or on the amount that may be received by a unit's owner on the sale or condemnation of or casualty loss to the unit or to the condominium hotel, or on termination of the condominium hotel.

2. In addition to the information required pursuant to subsection 1, a statement of the budget's assumptions concerning occupancy and inflation factors must be set forth or fully and accurately disclosed. The statement of budget assumptions must include:

(a) A statement of the amount included in the budget as a reserve for repairs, replacement and restoration pursuant to NRS 116B.590;

(b) A statement of any other reserves;

(c) The projected common expense assessment by category of expenditures for the association; and

(d) The projected monthly common expense assessment for each type of unit, including the amount established as reserves pursuant to NRS 116B.590.

3. A declarant is not required to revise a public offering statement more than once each calendar quarter, if the following warning is given prominence in the statement: "THIS PUBLIC OFFERING STATEMENT IS CURRENT AS OF (insert a specified date). RECENT DEVELOPMENTS REGARDING (here refer to particular provisions of NRS 116B.735 and 116B.740) MAY NOT BE REFLECTED IN THIS STATEMENT."

Sec. 42. NRS 116B.760 is hereby amended to read as follows:

116B.760 1. Except in the case of a sale in which delivery of a public offering statement is required, a unit's owner or his or her authorized agent shall furnish to a purchaser a resale package containing all of the following:

(a) A copy of this chapter, the declaration, other than any plats, the bylaws, the rules or regulations of the association and the hotel unit owner and the information statement required by NRS 116B.765;

(b) A statement setting forth the amount of the monthly assessment for common expenses and any unpaid assessment of any kind 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 this chapter;



(d) A current year-to-date statement of the shared expenses charged to the units and the projected budget for the shared expenses, either within or as an exhibit to the public offering statement. The budget must include, without limitation:

(1) A statement of the amount included in the budget as reserves for repairs, replacement and restoration pursuant to this chapter;

(2) The projected monthly shared expenses for each type of unit, including the amount established as reserves pursuant to this chapter;

(e) A description of any other payments, fees and charges that may be charged by the hotel unit owner, including those that may be charged in order to offset the increased burden placed on the shared components as a result of use of residential units as transient rentals; and

(f) A statement of any unsatisfied judgments or pending legal actions against the association or the hotel unit owner which affect the shared components and the status of any pending legal actions relating to the condominium hotel of which the unit's owner has actual knowledge.

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 residential unit owner or his or her authorized agent or mail the notice of cancellation by prepaid United States mail to the residential unit 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 residential 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 residential unit 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 residential unit owner or his or her authorized agent, the hotel unit owner shall furnish all of the following to the residential unit 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 residential unit owner to comply with paragraphs (b) , ~~and~~ (d) , *(e) and (f)* of subsection 1.

4. If the hotel unit owner furnishes the documents and certificate pursuant to subsection 3:

(a) The residential unit owner or his or her authorized agent shall include the documents and certificate in the resale package provided to the purchaser, and neither the residential unit owner nor his or her authorized agent is liable to the purchaser for any erroneous information provided by the hotel unit owner and included in the documents and certificate.

(b) The hotel unit owner may charge the residential unit 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 the hotel unit owner 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 hotel unit owner is unable to provide such documents in electronic format, the* hotel unit owner may charge the residential unit 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 . ~~{the other documents furnished pursuant to subsection 3.}~~

(d) Except for the fees allowed pursuant to paragraphs (b) and (c), the hotel unit owner may not charge the residential unit 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 residential unit is liable for any unpaid assessment or fee greater than the amount set forth in the documents and certificate prepared by the hotel unit owner. If the hotel unit owner fails to furnish the documents and certificate within the 10 days allowed by this section, the ~~{seller}~~ *purchaser* is not liable for the delinquent assessment.

6. Upon the request of a residential unit owner or his or her authorized agent, or upon the request of a purchaser to whom the hotel unit owner has provided a resale package pursuant to this section or his or her authorized agent, the hotel unit owner shall make the entire study of the reserves of the association or the shared components reasonably available for the residential unit owner, purchaser or authorized agent to inspect, examine, photocopy and audit. The study must be made available at the business office of the



1 association or the hotel unit owner or some other suitable location
2 within the county where the condominium hotel is situated or, if it is
3 situated in more than one county, within one of those counties.

4 **Sec. 43.** NRS 116B.765 is hereby amended to read as follows:
5 116B.765 The information statement required by NRS
6 116B.735 and 116B.760 must be in substantially the following
7 form:

8
9 BEFORE YOU PURCHASE PROPERTY IN A
10 CONDOMINIUM HOTEL
11 DID YOU KNOW...

12 1. YOU GENERALLY HAVE 5 DAYS TO CANCEL
13 THE PURCHASE AGREEMENT?

14 When you enter into a purchase agreement to buy a home or
15 unit in a condominium hotel, in most cases you should
16 receive either a public offering statement, if you are the
17 original purchaser of the home or unit, or a resale package, if
18 you are not the original purchaser. The law generally provides
19 for a 5-day period in which you have the right to cancel the
20 purchase agreement. The 5-day period begins on different
21 starting dates, depending on whether you receive a public
22 offering statement or a resale package. Upon receiving a
23 public offering statement or a resale package, you should
24 make sure you are informed of the deadline for exercising
25 your right to cancel. In order to exercise your right to cancel,
26 the law generally requires that you hand deliver the notice of
27 cancellation to the seller within the 5-day period, or mail the
28 notice of cancellation to the seller by prepaid United States
29 mail within the 5-day period. For more information regarding
30 your right to cancel, see NRS 116B.755, if you received a
31 public offering statement, or NRS 116B.760, if you received
32 a resale package.

33 2. YOU ARE AGREEING TO RESTRICTIONS ON
34 HOW YOU CAN USE YOUR PROPERTY?

35 These restrictions are contained in a document known as the
36 Declaration of Covenants, Conditions and Restrictions. The
37 CC&Rs become a part of the title to your property. They bind
38 you and every future owner of the property whether or not
39 you have read them or had them explained to you. The
40 CC&Rs, together with other “governing documents” (such as
41 association bylaws and rules and regulations), are intended to
42 preserve the character and value of properties in the
43 condominium hotel, but may also restrict what you can do to
44 improve or change your property and limit how you use and
45 enjoy your property. By purchasing a property encumbered



by CC&Rs, you are agreeing to limitations that could affect your lifestyle and freedom of choice. You should review the CC&Rs, and other governing documents before purchasing to make sure that these limitations and controls are acceptable to you. *Certain provisions in the CC&Rs and other governing documents may be superseded by contrary provisions of chapter 116B of the Nevada Revised Statutes. The Nevada Revised Statutes are available at the Internet address <http://www.leg.state.nv.us/nrs/>.*

3. YOU WILL HAVE TO PAY OWNERS' ASSESSMENTS AND CHARGES FOR AS LONG AS YOU OWN YOUR PROPERTY?

As an owner in a condominium hotel, you are responsible for paying your share of expenses relating to the common elements and shared components. The obligation to pay these expenses binds you and every future owner of the property. Owners' fees are usually assessed for these expenses monthly. You have to pay dues whether or not you agree with the way the association or the hotel unit owner is managing the property or spending the assessments or charges. The hotel unit owner executive board of the association may have the power to change and increase the amount of the assessment or charges and to levy special assessments or special charges against your property to meet extraordinary expenses.

4. IF YOU FAIL TO PAY OWNERS' ASSESSMENTS OR CHARGES, YOU COULD LOSE YOUR HOME?

If you do not pay these assessments or charges when due, the hotel unit owner or the association usually has the power to collect them by selling your property in a nonjudicial foreclosure sale. If fees become delinquent, you may also be required to pay penalties and the association's or hotel unit owner's costs, as applicable, and attorney's fees to become current. If you dispute the obligation or its amount, your only remedy to avoid the loss of your home may be to file a lawsuit and ask a court to intervene in the dispute.

5. YOU MAY BECOME A MEMBER OF A HOMEOWNERS' ASSOCIATION THAT HAS THE POWER TO AFFECT HOW YOU USE AND ENJOY YOUR PROPERTY?

Many condominium hotels have a homeowners' association. In a new development, the association will usually be controlled by the developer until a certain number of units have been sold. After the period of developer control, the association may be controlled by property owners like



yourself who are elected by homeowners to sit on an executive board and other boards and committees formed by the association. The association, and its executive board, are responsible for assessing homeowners for the cost of operating the association and the common elements of the condominium hotel. Because homeowners sitting on the executive board and other boards and committees of the association may not have the experience or professional background required to understand and carry out the responsibilities of the association properly, the association may hire professional condominium association managers to carry out these responsibilities.

Homeowners' associations operate on democratic principles. Some decisions require all homeowners to vote, some decisions are made by the executive board or other boards or committees established by the association or governing documents. Although the actions of the association and its executive board are governed by state laws, the CC&Rs and other documents that govern the condominium hotel, decisions made by these persons will affect your use and enjoyment of your property, your lifestyle and freedom of choice, and your cost of living in the condominium hotel. You may not agree with decisions made by the association or its governing bodies even though the decisions are ones which the association is authorized to make. Decisions may be made by a few persons on the executive board or governing bodies that do not necessarily reflect the view of the majority of residential unit in the condominium hotel. If you do not agree with decisions made by the association, its executive board or other governing bodies, your remedy is typically to attempt to use the democratic processes of the association to seek the election of members of the executive board or other governing bodies that are more responsive to your needs. If you have a dispute with the association, its executive board or other governing bodies, you may be able to resolve the dispute through the complaint, investigation and intervention process administered by the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, the Nevada Real Estate Division and the Commission for Common-Interest Communities and Condominium Hotels. However, to resolve some disputes, you may have to mediate or arbitrate the dispute and, if mediation or arbitration is unsuccessful, you may have to file a lawsuit and ask a court to resolve the dispute. In addition to your personal cost in mediation or arbitration, or to prosecute



a lawsuit, you may be responsible for paying your share of the association's cost in defending against your claim.

6. YOU ARE REQUIRED TO PROVIDE PROSPECTIVE PURCHASERS OF YOUR PROPERTY WITH INFORMATION ABOUT LIVING IN YOUR CONDOMINIUM HOTEL?

The law requires you to provide a prospective purchaser of your property with a copy of the condominium hotel's governing documents, including the CC&Rs, association bylaws, and rules and regulations, as well as a copy of this document. You are also required to provide a copy of the association's current year-to-date financial statement, including, without limitation, the most recent audited or reviewed financial statement, a copy of the association's operating budget and information regarding the amount of the monthly assessment for common expenses, including the amount set aside as reserves for the repair, replacement and restoration of common elements. You are also required to provide a copy of the current year-to-date statement of the shared expenses charged to your unit by the declarant or hotel unit owner, as applicable. You are also required to inform prospective purchasers of any outstanding judgments or lawsuits pending against the association of which you are aware. For more information regarding these requirements, see NRS 116B.725 to 116B.795, inclusive.

7. YOU HAVE CERTAIN RIGHTS REGARDING OWNERSHIP IN A CONDOMINIUM HOTEL THAT ARE GUARANTEED YOU BY THE STATE?

Pursuant to provisions of this chapter, you have the right:

(a) To be notified of all meetings of the association and its executive board, except in cases of emergency.

(b) To attend and speak at all meetings of the association and its executive board, except in some cases where the executive board is authorized to meet in closed, executive session.

(c) To request a special meeting of the association.

(d) To inspect, examine, photocopy and audit financial and other records of the association.

(e) To be notified of all changes in the condominium hotel's rules and regulations and other actions by the association or board that affect you.

8. QUESTIONS?

Although they may be voluminous, you should take the time to read and understand the documents that will control your ownership of a property in a condominium hotel. You may



wish to ask your real estate professional, lawyer or other person with experience to explain anything you do not understand. You may also request assistance from the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, Nevada Real Estate Division, at (telephone number).

Buyer or prospective buyer's initials: _____

Date: _____

Sec. 44. NRS 116B.770 is hereby amended to read as follows:

116B.770 1. Except as otherwise provided in subsections 2 and 3, a deposit made in connection with the purchase or reservation of a unit from a person required to deliver a public offering statement pursuant to subsection 3 of NRS 116B.730 must be placed in escrow and held either in this State or in the state where the unit is located in an account designated solely for that purpose by a licensed title insurance company, an independent bonded escrow company, or an institution whose accounts are insured by a governmental agency or instrumentality until:

(a) Delivered to the declarant at closing;

(b) Delivered to the declarant because of the purchaser's default under a contract to purchase the unit;

(c) Released to the declarant for an additional item, improvement, optional item or alteration, but the amount so released:

(1) Must not exceed the lesser of the amount due the declarant from the purchaser at the time of the release or the amount expended by the declarant for the purpose; and

(2) Must be credited upon the purchase price; or

(d) Refunded to the purchaser.

2. A deposit or advance payment made for an additional item, improvement, optional item or alteration may be deposited in escrow or delivered directly to the declarant, as the parties may contract.

3. In lieu of placing a deposit in escrow pursuant to subsection 1, the declarant may furnish a bond executed by the declarant as principal and by a corporation qualified under the laws of this State as surety, payable to the State of Nevada, and conditioned upon the performance of the declarant's duties concerning the purchase or reservation of a unit. Each bond must be in a principal sum equal to the amount of the deposit. The bond must be held until:

(a) Delivered to the declarant at closing;

(b) Delivered to the declarant because of the purchaser's default under a contract to purchase the unit; or



(c) Released to the declarant for an additional item, improvement, optional item or alteration, but the amount so released must not exceed the amount due the declarant from the purchaser at the time of the release or the amount expended by the declarant for that purpose, whichever is less.

4. Pursuant to the provisions of subsection 1, a deposit made in connection with the purchase or reservation of a unit from a person required to deliver a public offering statement pursuant to subsection 3 of NRS 116B.735 is deemed to be placed in escrow and held in this State when the escrow holder has:

(a) The legal right to conduct business in this State;

(b) A registered agent in this State pursuant to subsection 1 of NRS 14.020; and

(c) Consented to the jurisdiction of the courts of this State by:

(1) Maintaining a physical presence in this State; or

(2) Executing a written instrument containing such consent, with respect to any suit or claim, whether brought by the declarant or purchaser, relating to or arising in connection with such sale or the escrow agreement related thereto.

Sec. 45. NRS 116B.790 is hereby amended to read as follows:

116B.790 1. If a declarant, hotel unit owner or any other person subject to this chapter fails to comply with any of its provisions or any provision of the declaration or bylaws, any person or class of persons suffering actual damages from the failure to comply has a claim for appropriate relief.

2. Subject to the requirements set forth in NRS 38.310 and except as otherwise provided in NRS 116B.555, a civil action for damages caused by a failure or refusal to comply with any provision of this chapter or the governing documents of an association may be brought:

(a) By the association against:

(1) A declarant; or

(2) A unit's owner.

(b) By a unit's owner against:

(1) The association;

(2) A declarant; or

(3) Another unit's owner of the association.

3. Members of the executive board are not personally liable to the victims of crimes occurring on the premises of the condominium hotel.

4. Except as otherwise provided in subsection 5, punitive damages may not be awarded against:

(a) The association;



(b) The members of the executive board for acts or omissions that occur in their official capacity as members of the executive board; or

(c) The officers of the association for acts or omissions that occur in their capacity as officers of the association.

5. Punitive damages may be awarded for a willful and material failure to comply with this chapter if the failure is established by clear and convincing evidence.

~~[4.]~~ 6. The court may award reasonable attorney's fees to the prevailing party.

~~[5.]~~ 7. The civil remedy provided by this section is in addition to, and not exclusive of, any other available remedy or penalty.

8. The provisions of this section do not prohibit the Commission from taking any disciplinary action against a member of an executive board pursuant to NRS 116B.865 to 116B.920, inclusive.

Sec. 46. NRS 116B.815 is hereby amended to read as follows:

116B.815 The Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels created by NRS 116.625 shall:

1. Assist in processing claims arising under this chapter that are submitted to mediation or arbitration or referred to a program pursuant to NRS 38.300 to 38.360, inclusive;

2. Assist owners in condominium hotels to understand their rights and responsibilities as set forth in this chapter and the governing documents of their associations, including, without limitation, publishing materials related to those rights and responsibilities;

3. Assist members of executive boards and officers of associations to carry out their duties;

4. When appropriate, investigate disputes involving the provisions of this chapter or the governing documents of an association and assist in resolving such disputes; and

5. Compile and maintain a registration of each association organized within the State which includes, without limitation, the following information:

(a) The name, address and telephone number of the association;

(b) The names, mailing addresses and telephone numbers of the members of the executive board of the association;

(c) The name of the declarant;

(d) *The name of the hotel unit owner;*

(e) The number of units in the condominium hotel;

~~He)~~ (f) The total annual assessment made by the association; and



- 1 ~~HH~~ (g) The number of foreclosures which were completed on
- 2 units within the condominium hotel and which were based on liens
- 3 for the failure of the unit's owner to pay any assessments levied
- 4 against the unit or any fines imposed against the unit's owner.

