

Assembly Bill No. 26—Committee
on Commerce and Labor

CHAPTER.....

AN ACT relating to contractors; increasing the amount of money that the State Contractors' Board or its designee may pay out of the Recovery Fund to an injured person for certain acts or omissions of a residential contractor; revising the maximum amount of money that may be recovered from the Recovery Fund against a single contractor; revising the information that a residential contractor must include in certain written statements relating to the Recovery Fund; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires: (1) a residential contractor to pay certain biennial assessments to the State Contractors' Board; and (2) the Board to account for the assessments separately in an account referred to as the "Recovery Fund." An injured person is eligible for recovery from the Recovery Fund if the Board or its designee finds that the injured person suffered actual damages for certain acts or omissions of a residential contractor. The amount of actual damages that may be paid to an injured person from the Recovery Fund must not exceed \$35,000, and the amount of claims paid against any single contractor must not exceed \$400,000. If a residential contractor enters into a contract with an owner of a residence for qualified services, the contractor must provide a written statement to the owner notifying the owner of his or her right to recover from the Recovery Fund for any financial damage caused to the owner by the contractor. The written statement must include certain specific locations in this State at which the owner may contact the Board if the owner wishes to obtain information relating to the Recovery Fund. (NRS 624.410, 624.470, 624.510, 624.520) **Section 1** of this bill increases the maximum amount of money that an injured person may recover for actual damages from \$35,000 to \$40,000. **Section 1** also revises the maximum amount that may be recovered from any single contractor from \$400,000 to \$750,000 or 20 percent of the balance of the Recovery Fund, as determined on a certain date, whichever is less. **Section 2** of this bill repeals the provisions which require the written statement to include the locations at which a person may contact the Board.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

Section 1. NRS 624.510 is hereby amended to read as follows:
624.510 1. Except as otherwise provided in NRS 624.490 and subsection 2, an injured person is eligible for recovery from the account if the Board or its designee finds that the injured person suffered actual damages as a result of an act or omission of a



residential contractor that is in violation of this chapter or the regulations adopted pursuant thereto.

2. An injured person is not eligible for recovery from the account if:

(a) The injured person is cohabitating with the licensee, is related to the licensee by marriage or by blood in the first or second degree of consanguinity, or is a personal representative of a person cohabitating with the licensee or related to the licensee by marriage or by blood in the first or second degree of consanguinity;

(b) The injured person was associated in a business relationship with the licensee other than the contract at issue;

(c) At the time of contracting with the residential contractor, the license of the residential contractor was suspended or revoked pursuant to NRS 624.300;

(d) The injured person:

(1) Applied for and obtained any building permit for the single-family residence at which the act or omission occurred and for which the injured person wishes to recover actual damages from the account; or

(2) Constructed the residence as the owner-builder of the residence;

(e) The claim submitted by the injured person for recovery from the account contains:

(1) A false or misleading statement; or

(2) A forged or altered receipt or other document which includes an improvement, upgrade or work that exceeds the scope of the contract at issue;

(f) The injured person is a lien claimant who has not filed a lien in accordance with the provisions of NRS 108.221 to 108.246, inclusive; or

(g) The single-family residence at which the act or omission occurred and for which the injured person wishes to recover actual damages from the account was constructed, remodeled, repaired or improved with the intent of renting, leasing or selling the residence within 1 year after the date of completion of the construction, remodeling, repair or improvement. The offering of the residence for rent, lease or sale within 1 year after that date creates a rebuttable presumption that the construction, remodeling, repair or improvement was performed with the intent to rent, lease or sell the residence.

3. If the Board or its designee determines that an injured person is eligible for recovery from the account pursuant to this section or NRS 624.490, the Board or its designee may pay out of the account:



(a) The amount of actual damages suffered, but not to exceed ~~[\$35,000;]~~ **\$40,000;** or

(b) If a judgment was obtained as set forth in NRS 624.490, the amount of actual damages included in the judgment and remaining unpaid, but not to exceed ~~[\$35,000;]~~ **\$40,000.**

4. The decision of the Board or its designee regarding eligibility for recovery and all related issues is final and not subject to judicial review.

5. If the injured person has recovered a portion of his or her loss from sources other than the account, the Board shall deduct the amount recovered from the other sources from the amount payable upon the claim and direct the difference to be paid from the account.

6. To the extent of payments made from the account, the Board is subrogated to the rights of the injured person, including, without limitation, the right to collect from a surety bond or a cash bond. The Board and the Attorney General shall promptly enforce all subrogation claims.

7. The amount of recovery from the account based upon claims made against any single contractor must not exceed ~~[\$400,000;]~~ ***\$750,000 or 20 percent of the account balance, as determined on the date the Board approves payment of all the claims, whichever is less.***

8. As used in this section, “actual damages” includes attorney’s fees or costs in contested cases appealed to the appellate court of competent jurisdiction. The term does not include any other attorney’s fees or costs.

Sec. 2. NRS 624.520 is hereby amended to read as follows:

624.520 1. A residential contractor shall notify an owner with whom he or she contracts of the rights of the owner pursuant to NRS 624.400 to 624.560, inclusive, including, without limitation, providing a written statement explaining those rights in any agreement or contract for qualified services. The written statement must be in substantially the following form:

RESIDENTIAL CONSTRUCTION RECOVERY FUND

Payment may be available from the Recovery Fund if you are damaged financially by a project performed on your residence pursuant to a contract, including construction, remodeling, repair or other improvements, and the damage resulted from certain specified violations of Nevada law by a contractor licensed in this State. To obtain information relating to the Recovery Fund and filing a claim for recovery from the



Recovery Fund, you may contact the State Contractors' Board. ~~at the following locations:~~

~~State Contractors' Board State Contractors' Board~~
~~9670 Gateway Drive, Suite 100 2310 Corporate Circle, Suite 200~~
~~Reno, Nevada 89521 Henderson, Nevada 89074~~
~~Telephone number: (775) 688-1141 Telephone number: (702) 486-1100~~

2. The Board may impose upon a contractor an administrative fine:

(a) Of not more than \$100 for the first violation of subsection 1; and

(b) Of not more than \$250 for a second or subsequent violation of subsection 1.

3. The Board shall deposit any money received pursuant to this section in the account established pursuant to NRS 624.470.

