

SENATE BILL NO. 339—SENATORS PICKARD,  
SETTELMAYER; BUCK AND HARDY

MARCH 23, 2021

Referred to Committee on Judiciary

**SUMMARY**—Authorizes a unit-owners’ association of a common-interest community to lease abandoned residential property within the common-interest community in certain circumstances. (BDR 10-557)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State: No.

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

AN ACT relating to common-interest communities; authorizing a unit-owners’ association of a common-interest community to lease abandoned residential property within the common-interest community in certain circumstances; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law generally authorizes a unit-owners’ association of a common-interest community to lease property within the common-interest community after purchasing the property at a foreclosure sale. (NRS 116.31164) This bill authorizes an association to lease abandoned residential property within a common-interest community. **Section 3** of this bill defines the term “abandoned residential property.” **Section 5** of this bill provides that if an association wishes to rehabilitate and lease an abandoned residential property, the association is required to give notice of such intent to and request permission from any financial institution whose security interest in the property has priority over all other security interests. **Section 6** of this bill provides that if such a financial institution refuses to allow the association to rehabilitate and lease the property, the financial institution is required to: (1) rehabilitate the property; (2) pay to the association the amount of all unpaid and past due assessments; and (3) assume responsibility for the payment of any assessments that become due.

**Section 7** of this bill authorizes an association that leases an abandoned residential property to collect a one-time fee, not to exceed 50 percent of the monthly amount collected pursuant to the lease, for finding the lessee and covering the initial administrative costs of setting up the lease. **Section 7** provides that after such a fee is paid to the association, the monthly amount collected pursuant to the lease must first be applied to cover certain costs of and assessments imposed by the



association, and the remaining balance must be paid to the financial institution that approved the lease of the property, if applicable.

**Section 8** of this bill makes a conforming change to indicate the placement of **sections 2-7** of this bill in the Nevada Revised Statutes.

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

**Section 1.** Chapter 116 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 7, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 7, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 and 4 of this act have the meanings ascribed to them in those sections.*

**Sec. 3. 1.** *“Abandoned residential property” means residential real property within a common-interest community:*

*(a) Consisting of not more than four family dwelling units or a single-family residential unit, including, without limitation, a condominium, townhouse or home within a subdivision, if the unit is sold, leased or otherwise conveyed unit by unit, regardless of whether the unit is part of a larger building or parcel that consists of more than four units; and*

*(b) That the grantor or the successor in interest of the grantor has surrendered as evidenced by a document signed by the grantor or successor confirming the surrender or by the delivery of the keys to the property to the beneficiary or that satisfies the following conditions:*

*(1) The residential real property is not currently occupied as a principal residence by the grantor of the deed of trust, the person who holds title of record or any lawful occupant;*

*(2) Any assessments imposed by the association which are allocated to the residential real property remain unpaid and past due, despite reasonable efforts by the association to collect such assessments;*

*(3) The gas, electric and water utility services to the residential real property have been terminated;*

*(4) An owner of the residential real property is not presently serving in the Armed Forces of the United States, a reserve component thereof or the National Guard; and*

*(5) Two or more of the following conditions exist:*

*(I) Construction was initiated on the residential real property and was discontinued before completion, leaving a building unsuitable for occupancy, and no construction has taken place for at least 6 months;*



(II) Multiple windows on the residential real property are boarded up or closed off or are smashed through, broken off or unhinged, or multiple window panes are broken and unrepaired;

(III) Doors on the residential real property are smashed through, broken off, unhinged or continuously unlocked;

(IV) The residential real property has been stripped of copper or other materials, or interior fixtures to the property have been removed;

(V) Law enforcement officials have received at least one report of trespassing or vandalism or other illegal acts being committed at the residential real property within the immediately preceding 6 months;

(VI) The residential real property has been declared unfit for occupancy and ordered to remain vacant and unoccupied under an order issued by a municipal or county authority or a court of competent jurisdiction;

(VII) The local police, fire or code enforcement authority has requested that the owner or any other interested or authorized party secure the residential real property because the local authority has declared the property to be an imminent danger to the health, safety and welfare of the public; or

(VIII) The residential real property is open and unprotected and in reasonable danger of significant damage resulting from exposure to the elements or vandalism.

2. The term includes, without limitation, residential real property to which a security interest is attached.

3. The term does not include residential real property if:

(a) There is construction, renovation or rehabilitation on the residential real property that is proceeding diligently to completion, and any building being constructed, renovated or rehabilitated on the property is in substantial compliance with all applicable ordinances, codes, regulations and laws;

(b) The residential real property is occupied on a seasonal basis, but is otherwise secure;

(c) There are bona fide rental or sale signs on the residential real property, or the property is listed on a Multiple Listing Service, and the property is secure; or

(d) The residential real property is secure but is the subject of a probate action, action to quiet title or any other ownership dispute.

4. As used in this section, "beneficiary" has the meaning ascribed to it in NRS 107.015.

**Sec. 4.** "Financial institution" has the meaning ascribed to it in NRS 40.750.



**Sec. 5.** *If an association wishes to rehabilitate and lease an abandoned residential property and:*

*1. One or more financial institutions has a security interest in the property, the association shall give notice to the financial institution whose security interest has priority over all other security interests that the association intends to rehabilitate and lease the property and is requesting permission from the financial institution to take such action.*

*2. There is no financial institution that has a security interest in the property, the association may rehabilitate and lease the property.*

**Sec. 6.** *After receiving notice from an association pursuant to section 5 of this act, if a financial institution:*

*1. Agrees to allow the association to lease the abandoned residential property, the association may rehabilitate and lease the property.*

*2. Refuses to allow the association to rehabilitate and lease the abandoned residential property, the financial institution shall:*

*(a) Rehabilitate the property;*

*(b) Pay to the association the amount of all unpaid and past due assessments; and*

*(c) Assume responsibility for the payment of any assessments that become due.*

**Sec. 7.** *If an association leases an abandoned residential property:*

*1. The association may collect a one-time fee for finding the lessee and covering the initial administrative costs of setting up the lease. The fee must not exceed 50 percent of the monthly amount collected pursuant to the lease.*

*2. After the one-time fee is paid to the association pursuant to subsection 1, the monthly amount collected pursuant to the lease must be distributed in the following order of priority:*

*(a) Payment to the association for the actual ongoing costs of maintaining the property and administering the lease.*

*(b) Payment to the association for the actual costs of rehabilitating the property for lease.*

*(c) Payment to the association for unpaid and ongoing assessments.*

*(d) Payment of the balance of the proceeds to the financial institution that approved the lease of the property, if applicable.*

**Sec. 8.** NRS 116.1203 is hereby amended to read as follows:

116.1203 1. Except as otherwise provided in subsections 2 and 3, if a planned community contains no more than 12 units and is not subject to any developmental rights, it is subject only to NRS



1 116.1106 and 116.1107 unless the declaration provides that this  
2 entire chapter is applicable.

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

7 3. Except for NRS 116.3104, 116.31043, 116.31046 and  
8 116.31138, the provisions of NRS 116.3101 to 116.350, inclusive,  
9 *and sections 2 to 7, inclusive, of this act*, and the definitions set  
10 forth in NRS 116.005 to 116.095, inclusive, to the extent that such  
11 definitions are necessary in construing any of those provisions,  
12 apply to a residential planned community containing more than 6  
13 units.

