
SENATE BILL NO. 175—SENATOR SPEARMAN

FEBRUARY 16, 2023

JOINT SPONSORS: ASSEMBLYMEN THOMAS, D’SILVA,
BROWN-MAY, GRAY AND O’NEILL

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing common-interest communities. (BDR 10-7)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
Effect on the State: Yes.

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

AN ACT relating to common-interest communities; revising requirements for the foreclosure of a lien against a unit in a common-interest community owned by a person who is or who has a household member who is a veteran, a senior citizen or a person with a disability; revising requirements for the repair of certain areas within a common-interest community; revising provisions relating to the termination of a common-interest community; revising the information that is required to be provided to a purchaser of a unit in a common-interest community; authorizing certain damages to be awarded against unit-owners’ associations in certain civil actions; requiring the adoption of certain regulations concerning the suspension or revocation of certificates for certain community managers; imposing certain requirements on a collection agency relating to the collection of a debt on behalf of a unit-owners’ association; providing penalties; and providing other matters properly relating thereto.



Legislative Counsel's Digest:

1 Under existing law, a unit-owners' association has a lien on a unit for certain
2 amounts due to the association and may foreclose its lien through a nonjudicial
3 foreclosure sale. (NRS 116.3116-116.31168) **Section 2** of this bill prohibits an
4 association from foreclosing a lien through a nonjudicial foreclosure sale if the
5 unit's owner or his or her successor in interest, or a household member of such
6 person, is a veteran, senior citizen or person with a disability. If an association
7 wishes to foreclose a lien against such a person, **section 2** requires the association
8 to foreclose the lien through the judicial foreclosure process. **Section 2** also
9 requires an association to take certain actions to: (1) inform a unit's owner or his or
10 her successor in interest of the protections set forth in **section 2**; and (2) verify
11 whether a unit's owner or his or her successor in interest is entitled to those
12 protections. Under **section 2**, any person who knowingly initiates the foreclosure of
13 a lien through a nonjudicial foreclosure sale in violation of the provisions of **section**
14 **2** is guilty of a misdemeanor and is liable for actual damages, reasonable attorney's
15 fees and costs incurred by the injured party. Finally, **section 2** requires an
16 association to file with the Real Estate Division of the Department of Business and
17 Industry an annual report containing the number of judicial foreclosure actions in
18 the immediately preceding year that the association commenced against a unit's
19 owner or his or her successor in interest who is a veteran, senior citizen or person
20 with a disability or who has a household member who is such a person. **Section 7**
21 of this bill makes a conforming change to indicate the proper placement of **section**
22 **2** in the Nevada Revised Statutes.

23 **Section 8** of this bill adds to the information statement required to be provided
24 as part of a purchase of a unit in a common-interest community a statement
25 regarding the protections set forth in **section 2**. (NRS 116.41095)

26 With one exception, a person is prohibited from conducting a collection agency
27 or engaging in certain related activities in this State unless the person has been
28 issued a license by the Commissioner of Financial Institutions. (NRS 649.075)
29 **Section 11** of this bill requires a licensed collection agency to: (1) when collecting
30 a debt on behalf of an association, ask the debtor to voluntarily disclose whether the
31 debtor or any household member of the debtor is a veteran, senior citizen or person
32 with a disability; and (2) submit to the Real Estate Division an annual report
33 containing the number of cases in the immediately preceding year in which the
34 collection agency collected a debt for an association and the debtor disclosed that
35 the debtor or a household member of the debtor is a veteran, senior citizen or
36 person with a disability. **Section 12** of this bill makes a conforming change to
37 indicate the proper placement of **section 11** in the Nevada Revised Statutes.

38 Existing law requires the Commission for Common-Interest Communities and
39 Condominium Hotels to adopt regulations establishing the grounds for suspension
40 or revocation of the certificate of a community manager. (NRS 116A.410) **Section**
41 **10** of this bill requires the regulations to provide that knowingly participating in the
42 foreclosure of a lien that does not comply with the provisions of **section 2**
43 constitutes grounds for the suspension or revocation of a certificate.

44 With certain exceptions, existing law assigns the responsibility for the repair of
45 common elements or any security wall in a common-interest community to the
46 association. (NRS 116.3107, 116.31073) Existing law requires any repair to a
47 security wall to be made within a reasonable length of time. (NRS 116.31073)
48 **Sections 3 and 6** of this bill require an association to make all repairs to common
49 elements and security walls as soon as possible after the association becomes aware
50 that the repair is necessary. **Section 3** authorizes the Attorney General to seek an
51 injunction or other relief necessary to compel compliance against an association
52 who fails to comply with that requirement. **Section 4** of this bill makes a
53 conforming change to indicate the proper placement of **section 3** in the Nevada
54 Revised Statutes.



55 **Section 5** of this bill reduces the percentage of votes required to terminate a
56 common-interest community from 80 percent to 60 percent.
57 Existing law authorizes certain persons to bring an action against an association
58 or certain other persons for a failure or refusal to comply with the provisions of
59 existing law governing common-interest ownership or the governing documents of
60 an association. However, existing law prohibits punitive damages from being
61 awarded against an association in such an action. (NRS 116.4117) **Section 9** of this
62 bill creates an exception from this prohibition to allow a unit's owner who suffered
63 a personal injury, death or damage to his or her property caused by the failure or
64 refusal of an association to comply with the provisions of existing law governing
65 common-interest ownership or the governing documents of an association to
66 recover: (1) treble damages; (2) special damages; and (3) punitive damages.

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

1 **Section 1.** Chapter 116 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 and 3 of this act.
3 **Sec. 2. 1. *Notwithstanding any other provision of law, if a***
4 ***unit's owner or his or her successor in interest, or a household***
5 ***member of such a person, is a veteran, a senior citizen or a person***
6 ***with a disability:***
7 ***(a) An association shall not initiate the foreclosure of a lien by***
8 ***sale.***
9 ***(b) And if the association wishes to foreclose on a lien in favor***
10 ***of the association pursuant to NRS 116.3116, the lien must be***
11 ***foreclosed pursuant to NRS 40.430 to 40.463, inclusive, in like***
12 ***manner as a mortgage or other lien on real property.***
13 **2. An association shall:**
14 ***(a) Inform each person who is a unit's owner or his or her***
15 ***successor in interest that if the person or a household member of***
16 ***the person is a veteran, a senior citizen or a person with a***
17 ***disability, he or she may be entitled to certain protections pursuant***
18 ***to this section;***
19 ***(b) Ask the person to voluntarily disclose whether the person***
20 ***or a household member of the person is a veteran, a senior citizen***
21 ***or a person with a disability; and***
22 ***(c) Give the person the opportunity to provide any information***
23 ***required to enable the association to verify whether he or she is***
24 ***entitled to the protections set forth in this section.***
25 **3. Before an association takes any action pursuant to**
26 ***paragraph (a) of subsection 4 of NRS 116.31162, if information***
27 ***required to verify whether a unit's owner or his or her successor***
28 ***in interest is entitled to the protections set forth in this section:***



1 (a) Has been provided to the association pursuant to
2 subsection 2, the association must verify whether the person is
3 entitled to the protections set forth in this section.

4 (b) Has not been provided to the association pursuant to
5 subsection 2, the association must make a good faith effort to
6 verify whether the person is entitled to the protections set forth in
7 this section.

8 4. Any person who knowingly initiates the foreclosure of a
9 lien by sale in violation of this section:

10 (a) Is guilty of a misdemeanor; and

11 (b) May be liable for actual damages, reasonable attorney's
12 fees and costs incurred by the injured party.

13 5. In imposing liability pursuant to paragraph (b) of
14 subsection 4, a court shall, when determining whether to reduce
15 such liability, take into consideration any due diligence used by
16 the person before he or she initiated the foreclosure of the lien by
17 sale.

18 6. On or before January 31 of each year, each association
19 shall submit to the Division a report containing the number of
20 civil actions to foreclose a lien pursuant to NRS 40.430 to 40.463,
21 inclusive, that the association commenced against a unit's owner
22 or his or her successor in interest who is a veteran, a senior citizen
23 or a person with a disability, or who has a household member who
24 is such a person, as authorized by paragraph (b) of subsection 1,
25 in the immediately preceding year.

26 7. As used in this section:

27 (a) "Good faith effort" means that an association acts honestly
28 and fairly when trying to verify whether a unit's owner or his or
29 her successor in interest is entitled to the protections set forth in
30 this section, as evidenced by the association:

31 (1) Informing the unit's owner or his or her successor in
32 interest of the information required pursuant to paragraph (a) of
33 subsection 2;

34 (2) Asking the unit's owner or his or her successor in
35 interest to voluntarily disclose whether he or she is a veteran, a
36 senior citizen or a person with a disability or has a household
37 member who is such a person, as required pursuant to paragraph
38 (b) of subsection 2;

39 (3) Making reasonable efforts to give the unit's owner or
40 his or her successor in interest the opportunity to provide any
41 information required to enable the association to verify whether
42 the person is entitled to the protections set forth in this section
43 pursuant to paragraph (c) of subsection 2; and

44 (4) Making reasonable efforts to utilize all resources
45 available to the association to verify whether the unit's owner or



1 *his or her successor in interest is a veteran, a senior citizen or a*
2 *person with disability or has a household member who is such a*
3 *person.*

4 (b) *“Household member” means any person who is related to*
5 *the unit’s owner or his or her successor in interest by blood,*
6 *marriage, adoption or other legal process and is currently residing*
7 *with the unit’s owner or his or her successor in interest.*

8 (c) *“Initiate the foreclosure of a lien by sale” means to take*
9 *any action in furtherance of foreclosure of a lien by sale after*
10 *taking the actions set forth in paragraph (a) of subsection 4 of*
11 *NRS 116.31162. The term does not include the commencement of*
12 *a civil action to foreclose a lien pursuant to NRS 40.430 to 40.463,*
13 *inclusive, as authorized by paragraph (b) of subsection 1.*

14 (d) *“Person with a disability” has the meaning ascribed to it in*
15 *NRS 433.5473.*

16 (e) *“Senior citizen” has the meaning ascribed to it in*
17 *NRS 377A.018.*

18 (f) *“Veteran” has the meaning ascribed to it in NRS 176A.090.*

19 **Sec. 3. 1.** *An association shall make all repairs for which*
20 *the association is responsible pursuant to NRS 116.3107 and*
21 *116.31073 as soon as possible after the association becomes aware*
22 *that the repair is necessary.*

23 **2.** *If the Attorney General has reason to believe that an*
24 *association has failed to comply with the provisions of subsection*
25 *1, the Attorney General may institute an appropriate legal*
26 *proceeding against the association. The district court, upon a*
27 *showing that the association has failed to comply with the*
28 *provisions of subsection 1, may issue an injunction or grant such*
29 *other relief necessary to compel compliance by the association.*

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

31 116.1203 1. Except as otherwise provided in subsections 2
32 and 3, if a planned community contains no more than 12 units and is
33 not subject to any developmental rights, it is subject only to NRS
34 116.1106 and 116.1107 unless the declaration provides that this
35 entire chapter is applicable.

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

40 3. Except for NRS 116.3104, 116.31043, 116.31046 and
41 116.31138, the provisions of NRS 116.3101 to 116.350, inclusive,
42 *and section 3 of this act* and the definitions set forth in NRS
43 116.005 to 116.095, inclusive, to the extent that such definitions are
44 necessary in construing any of those provisions, apply to a
45 residential planned community containing more than 6 units.



1 **Sec. 5.** NRS 116.2118 is hereby amended to read as follows:

2 116.2118 1. Except in the case of a taking of all the units by
3 eminent domain, in the case of foreclosure against an entire
4 cooperative of a security interest that has priority over the
5 declaration, or in the circumstances described in NRS 116.2124, a
6 common-interest community may be terminated only by agreement
7 of units' owners to whom at least ~~80~~ 60 percent of the votes in the
8 association are allocated, or any larger percentage the declaration
9 specifies, and with any other approvals required by the declaration.
10 The declaration may specify a smaller percentage only if all of the
11 units are restricted exclusively to nonresidential uses.

12 2. An agreement to terminate must be evidenced by the
13 execution of an agreement to terminate, or ratifications thereof, in
14 the same manner as a deed, by the requisite number of units'
15 owners. The agreement must specify a date after which the
16 agreement will be void unless it is recorded before that date. An
17 agreement to terminate and all ratifications thereof must be recorded
18 in every county in which a portion of the common-interest
19 community is situated and is effective only upon recordation.

20 3. In the case of a condominium or planned community
21 containing only units having horizontal boundaries described in the
22 declaration, an agreement to terminate may provide that all of the
23 common elements and units of the common-interest community
24 must be sold following termination. If, pursuant to the agreement,
25 any real estate in the common-interest community is to be sold
26 following termination, the agreement must set forth the minimum
27 terms of the sale.

28 4. In the case of a condominium or planned community
29 containing any units not having horizontal boundaries described in
30 the declaration, an agreement to terminate may provide for sale of
31 the common elements, but it may not require that the units be sold
32 following termination, unless the declaration as originally recorded
33 provided otherwise or all the units' owners consent to the sale.

34 5. The association, on behalf of the units' owners, may contract
35 for the sale of real estate in a common-interest community, but the
36 contract is not binding on the units' owners until approved pursuant
37 to subsections 1 and 2. If any real estate is to be sold following
38 termination, title to that real estate, upon termination, vests in the
39 association as trustee for the holders of all interests in the units.
40 Thereafter, the association has all powers necessary and appropriate
41 to effect the sale. Until the sale has been concluded and the proceeds
42 thereof distributed, the association continues in existence with all
43 powers it had before termination. Proceeds of the sale must be
44 distributed to units' owners and lienholders as their interests may
45 appear, in accordance with NRS 116.21183 and 116.21185. Unless



1 otherwise specified in the agreement to terminate, as long as the
2 association holds title to the real estate, each unit's owner and his or
3 her successors in interest have an exclusive right to occupancy of
4 the portion of the real estate that formerly constituted the unit.
5 During the period of that occupancy, each unit's owner and his or
6 her successors in interest remain liable for all assessments and other
7 obligations imposed on units' owners by this chapter or the
8 declaration.

9 6. In a condominium or planned community, if the real estate
10 constituting the common-interest community is not to be sold
11 following termination, title to the common elements and, in a
12 common-interest community containing only units having
13 horizontal boundaries described in the declaration, title to all the real
14 estate in the common-interest community, vests in the units' owners
15 upon termination as tenants in common in proportion to their
16 respective interests as provided in NRS 116.21185, and liens on the
17 units shift accordingly. While the tenancy in common exists, each
18 unit's owner and his or her successors in interest have an exclusive
19 right to occupancy of the portion of the real estate that formerly
20 constituted the unit.

21 7. Following termination of the common-interest community,
22 the proceeds of a sale of real estate, together with the assets of the
23 association, are held by the association as trustee for units' owners
24 and holders of liens on the units as their interests may appear.

25 **Sec. 6.** NRS 116.31073 is hereby amended to read as follows:

26 116.31073 1. Except as otherwise provided in subsection 2
27 and NRS 116.31135, the association is responsible for the
28 maintenance, repair, restoration and replacement of any security
29 wall which is located within the common-interest community.

30 2. The provisions of this section do not apply if the governing
31 documents provide that a unit's owner or an entity other than the
32 association is responsible for the maintenance, repair, restoration
33 and replacement of the security wall.

34 3. For the purpose of carrying out the maintenance, repair,
35 restoration and replacement of a security wall pursuant to this
36 section:

37 (a) The association, the members of its executive board and its
38 officers, employees, agents and community manager may enter the
39 grounds of a unit after providing written notice and, notwithstanding
40 any other provision of law, are not liable for trespass.

41 (b) Any such maintenance, repair, restoration and replacement
42 of a security wall must be performed:

43 (1) During normal business hours; *and*

44 (2) ~~Within a reasonable length of time; and~~



1 ~~— (3)~~ In a manner that does not adversely affect access to a
2 unit or the legal rights of a unit's owner to enjoy the use of his or
3 her unit.

4 (c) Notwithstanding any other provision of law, the executive
5 board is prohibited from imposing an assessment without obtaining
6 prior approval of the units' owners unless the total amount of the
7 assessment is less than 5 percent of the annual budget of the
8 association.

9 4. As used in this section, "security wall" means any wall
10 composed of stone, brick, concrete, concrete blocks, masonry or
11 similar building material, including, without limitation, ornamental
12 iron or other fencing material, together with footings, pilasters,
13 outriggers, grillwork, gates and other appurtenances, constructed
14 around the perimeter of a residential subdivision with respect to
15 which a final map has been recorded pursuant to NRS 278.360 to
16 278.460, inclusive, to protect the several tracts in the subdivision
17 and their occupants from vandalism.

18 **Sec. 7.** NRS 116.31162 is hereby amended to read as follows:

19 116.31162 1. Except as otherwise provided in subsection 5, 6
20 or 7, in a condominium, in a planned community, in a cooperative
21 where the owner's interest in a unit is real estate under NRS
22 116.1105, or in a cooperative where the owner's interest in a unit is
23 personal property under NRS 116.1105 and the declaration provides
24 that a lien may be foreclosed under NRS 116.31162 to 116.31168,
25 inclusive, *and section 2 of this act*, the association may foreclose its
26 lien by sale after all of the following occur:

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

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

45 (1) Describe the deficiency in payment.



1 (2) State the total amount of the deficiency in payment, with
2 a separate statement of:

3 (I) The amount of the association's lien that is prior to the
4 first security interest on the unit pursuant to subsection 3 of NRS
5 116.3116 as of the date of the notice;

6 (II) The amount of the lien described in sub-subparagraph
7 (I) that is attributable to assessments based on the periodic budget
8 adopted by the association pursuant to NRS 116.3115 as of the date
9 of the notice;

10 (III) The amount of the lien described in sub-
11 subparagraph (I) that is attributable to amounts described in NRS
12 116.310312 as of the date of the notice; and

13 (IV) The amount of the lien described in sub-
14 subparagraph (I) that is attributable to the costs of enforcing the
15 association's lien as of the date of the notice.

16 (3) State that:

17 (I) If the holder of the first security interest on the unit
18 does not satisfy the amount of the association's lien that is prior to
19 that first security interest pursuant to subsection 3 of NRS 116.3116,
20 the association may foreclose its lien by sale and that the sale may
21 extinguish the first security interest as to the unit; and

22 (II) If, not later than 5 days before the date of the sale, the
23 holder of the first security interest on the unit satisfies the amount of
24 the association's lien that is prior to that first security interest
25 pursuant to subsection 3 of NRS 116.3116 and, not later than 2 days
26 before the date of the sale, a record of such satisfaction is recorded
27 in the office of the recorder of the county in which the unit is
28 located, the association may foreclose its lien by sale but the sale
29 may not extinguish the first security interest as to the unit.

30 (4) State the name and address of the person authorized by
31 the association to enforce the lien by sale.

32 (5) Contain, in 14-point bold type, the following warning:

33
34 **WARNING! IF YOU FAIL TO PAY THE AMOUNT**
35 **SPECIFIED IN THIS NOTICE, YOU COULD LOSE YOUR**
36 **HOME, EVEN IF THE AMOUNT IS IN DISPUTE!**
37

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

42 (d) The unit's owner or his or her successor in interest, or the
43 holder of a recorded security interest on the unit, has, for a period
44 which commences in the manner and subject to the requirements
45 described in subsection 3 and which expires 5 days before the date



1 of sale, failed to pay the assessments and other sums that are due to
2 the association in accordance with subsection 1 of NRS 116.3116.

3 (e) The association or other person conducting the sale has
4 executed and caused to be recorded, with the county recorder of the
5 county in which the common-interest community or any part of it is
6 situated, an affidavit which states, based on the direct, personal
7 knowledge of the affiant, the personal knowledge which the affiant
8 acquired by a review of a trustee sale guarantee or a similar product
9 or the personal knowledge which the affiant acquired by a review of
10 the business records of the association or other person conducting
11 the sale, which business records must meet the standards set forth in
12 NRS 51.135, the following:

13 (1) The name of each holder of a security interest on the unit
14 to which the notice of default and election to sell and the notice of
15 sale was mailed, as required by subsection 2 of NRS 116.31163 and
16 paragraph (d) of subsection 1 of NRS 116.311635; and

17 (2) The address at which the notices were mailed to each
18 such holder of a security interest.

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

23 3. The period of 90 days described in paragraph (c) of
24 subsection 1 begins on the first day following:

25 (a) The date on which the notice of default and election to sell is
26 recorded; or

27 (b) The date on which a copy of the notice of default and
28 election to sell is mailed by certified or registered mail, return
29 receipt requested or delivered by electronic transmission, as
30 applicable, to the unit's owner or his or her successor in interest at
31 his or her address, if known, and at the address of the unit,

32 ↪ whichever date occurs later.

33 4. An association may not mail or deliver by electronic
34 transmission to a unit's owner or his or her successor in interest a
35 letter of its intent to mail or deliver by electronic transmission a
36 notice of delinquent assessment pursuant to paragraph (a) of
37 subsection 1, mail or deliver by electronic transmission the notice of
38 delinquent assessment or take any other action to collect a past due
39 obligation from a unit's owner or his or her successor in interest
40 unless the association has complied with the provisions of
41 subsections 4 and 5 of NRS 116.311625, ~~and~~ subsections 4 and 5
42 of NRS 116.311627 *and subsections 2 and 3 of section 2 of this act*
43 and:



1 (a) Not earlier than 60 days after the obligation becomes past
2 due, the association mails to the address on file for the unit's owner
3 or, if authorized by the parties, delivers by electronic transmission:

4 (1) A schedule of the fees that may be charged if the unit's
5 owner fails to pay the past due obligation;

6 (2) A proposed repayment plan; and

7 (3) A notice of the right to contest the past due obligation at a
8 hearing before the executive board and the procedures for requesting
9 such a hearing; and

10 (b) Within 30 days after the date on which the information
11 described in paragraph (a) is mailed or delivered by electronic
12 transmission, as applicable, the past due obligation has not been
13 paid in full or the unit's owner or his or her successor in interest has
14 not entered into a repayment plan or requested a hearing before the
15 executive board. If the unit's owner or his or her successor in
16 interest requests a hearing or enters into a repayment plan within 30

17 days after the date on which the information described in paragraph
18 (a) is mailed or delivered by electronic transmission, as applicable,
19 and is unsuccessful at the hearing or fails to make a payment under
20 the repayment plan within 10 days after the due date, the association
21 may take any lawful action pursuant to subsection 1 to enforce its
22 lien.

23 5. The association may not foreclose a lien by sale if the
24 association has not mailed a copy of the notice of default and
25 election to sell and a copy of the notice of sale to each holder of a
26 security interest on the unit in the manner and subject to the
27 requirements set forth in subsection 2 of NRS 116.31163 and
28 paragraph (d) of subsection 1 of NRS 116.311635.

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

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

35 (b) The penalty is imposed for failure to adhere to a schedule
36 required pursuant to NRS 116.310305.

37 7. The association may not foreclose a lien by sale if the
38 association has received notice pursuant to NRS 107.086 that the
39 unit is subject to foreclosure mediation pursuant to that section,
40 unless:

41 (a) The trustee of record has recorded the certificate provided to
42 the trustee pursuant to subparagraph (1) or (2) of paragraph (e) of
43 subsection 2 of NRS 107.086; or

44 (b) The unit's owner has failed to pay to the association any
45 amounts enforceable as assessments pursuant to subsection 1 of



1 NRS 116.3116 that become due during the pendency of foreclosure
2 mediation pursuant to NRS 107.086, other than past due obligations
3 as described in subsection 11 of NRS 107.086.

4 **Sec. 8.** NRS 116.41095 is hereby amended to read as follows:
5 116.41095 The information statement required by NRS
6 116.4103 and 116.4109 must be in substantially the following form:

7
8 **BEFORE YOU PURCHASE PROPERTY IN A**
9 **COMMON-INTEREST COMMUNITY**
10 **DID YOU KNOW . . .**

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

13 When you enter into a purchase agreement to buy a home or
14 unit in a common-interest community, in most cases you
15 should receive either a public offering statement, if you are
16 the original purchaser of the home or unit, or a resale
17 package, if you are not the original purchaser. The law
18 generally provides for a 5-day period in which you have the
19 right to cancel the purchase agreement. The 5-day period
20 begins on different starting dates, depending on whether you
21 receive a public offering statement or a resale package. Upon
22 receiving a public offering statement or a resale package, you
23 should make sure you are informed of the deadline for
24 exercising your right to cancel. In order to exercise your right
25 to cancel, the law generally requires that you hand deliver the
26 notice of cancellation to the seller within the 5-day period, or
27 mail the notice of cancellation to the seller by prepaid United
28 States mail within the 5-day period. Alternatively, if you are
29 not the original purchaser and received a resale package, you
30 may deliver the notice of cancellation by electronic
31 transmission to the seller within the 5-day period in order to
32 exercise your right to cancel. For more information regarding
33 your right to cancel, see Nevada Revised Statutes 116.4108, if
34 you received a public offering statement, or Nevada Revised
35 Statutes 116.4109, if you received a resale package.

36 **2. YOU ARE AGREEING TO RESTRICTIONS ON**
37 **HOW YOU CAN USE YOUR PROPERTY?**

38 These restrictions are contained in a document known as the
39 Declaration of Covenants, Conditions and Restrictions. The
40 CC&Rs become a part of the title to your property. They bind
41 you and every future owner of the property whether or not
42 you have read them or had them explained to you. The
43 CC&Rs, together with other "governing documents" (such as
44 association bylaws and rules and regulations), are intended to
45 preserve the character and value of properties in the



1 community, but may also restrict what you can do to improve
2 or change your property and limit how you use and enjoy
3 your property. By purchasing a property encumbered by
4 CC&Rs, you are agreeing to limitations that could affect your
5 lifestyle and freedom of choice. You should review the
6 CC&Rs, and other governing documents before purchasing to
7 make sure that these limitations and controls are acceptable to
8 you. Certain provisions in the CC&Rs and other governing
9 documents may be superseded by contrary provisions of
10 chapter 116 of the Nevada Revised Statutes. The Nevada
11 Revised Statutes are available at the Internet address
12 **<http://www.leg.state.nv.us/nrs/>**.

13 3. YOU WILL HAVE TO PAY OWNERS'
14 ASSESSMENTS FOR AS LONG AS YOU OWN YOUR
15 PROPERTY?

16 As an owner in a common-interest community, you are
17 responsible for paying your share of expenses relating to the
18 common elements, such as landscaping, shared amenities and
19 the operation of any homeowners' association. The obligation
20 to pay these assessments binds you and every future owner of
21 the property. Owners' fees are usually assessed by the
22 homeowners' association and due monthly. You have to pay
23 dues whether or not you agree with the way the association is
24 managing the property or spending the assessments. The
25 executive board of the association may have the power to
26 change and increase the amount of the assessment and to levy
27 special assessments against your property to meet
28 extraordinary expenses. In some communities, major
29 components of the common elements of the community such
30 as roofs and private roads must be maintained and replaced
31 by the association. If the association is not well managed or
32 fails to provide adequate funding for reserves to repair,
33 replace and restore common elements, you may be required to
34 pay large, special assessments to accomplish these tasks.

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

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



1 5. ***YOU HAVE CERTAIN PROTECTIONS AGAINST***
2 ***CERTAIN NONJUDICIAL FORECLOSURE SALES OF***
3 ***YOUR PROPERTY IF YOU OR CERTAIN MEMBERS***
4 ***OF YOUR HOUSEHOLD ARE A VETERAN, A SENIOR***
5 ***CITIZEN OR A PERSON WITH A DISABILITY?***

6 *Though the association usually has the power to collect*
7 *delinquent owners' assessments by selling your property in*
8 *a nonjudicial foreclosure sale, the law prohibits the*
9 *association from knowingly initiating such a nonjudicial*
10 *foreclosure sale if you or certain members of your*
11 *household are a veteran, a senior citizen or a person with a*
12 *disability. If you or certain members of your household are*
13 *such a person, the law generally requires the association to*
14 *instead file a lawsuit and ask a court to order a foreclosure*
15 *sale of your property to collect a delinquent assessment. The*
16 *association is required to inform you of the protections*
17 *concerning veterans, senior citizens and persons with*
18 *a disability, ask you to voluntarily disclose whether you or a*
19 *member of your household is a veteran, a senior citizen or a*
20 *person with a disability and give you an opportunity to*
21 *provide any information required to enable the association*
22 *to verify whether you are entitled to the protections*
23 *concerning such persons.*

24 6. **YOU MAY BECOME A MEMBER OF A**
25 **HOMEOWNERS' ASSOCIATION THAT HAS THE**
26 **POWER TO AFFECT HOW YOU USE AND ENJOY**
27 **YOUR PROPERTY?**

28 Many common-interest communities have a homeowners'
29 association. In a new development, the association will
30 usually be controlled by the developer until a certain number
31 of units have been sold. After the period of developer control,
32 the association may be controlled by property owners like
33 yourself who are elected by homeowners to sit on an
34 executive board and other boards and committees formed by
35 the association. The association, and its executive board, are
36 responsible for assessing homeowners for the cost of
37 operating the association and the common or shared elements
38 of the community and for the day to day operation and
39 management of the community. Because homeowners sitting
40 on the executive board and other boards and committees of
41 the association may not have the experience or professional
42 background required to understand and carry out the
43 responsibilities of the association properly, the association
44 may hire professional community managers to carry out these
45 responsibilities.



1 Homeowners' associations operate on democratic principles.
2 Some decisions require all homeowners to vote, some
3 decisions are made by the executive board or other boards or
4 committees established by the association or governing
5 documents. Although the actions of the association and its
6 executive board are governed by state laws, the CC&Rs and
7 other documents that govern the common-interest
8 community, decisions made by these persons will affect your
9 use and enjoyment of your property, your lifestyle and
10 freedom of choice, and your cost of living in the community.
11 You may not agree with decisions made by the association or
12 its governing bodies even though the decisions are ones
13 which the association is authorized to make. Decisions may
14 be made by a few persons on the executive board or
15 governing bodies that do not necessarily reflect the view of
16 the majority of homeowners in the community. If you do not
17 agree with decisions made by the association, its executive
18 board or other governing bodies, your remedy is typically to
19 attempt to use the democratic processes of the association to
20 seek the election of members of the executive board or other
21 governing bodies that are more responsive to your needs. If
22 you have a dispute with the association, its executive board or
23 other governing bodies, you may be able to resolve the
24 dispute through the complaint, investigation and intervention
25 process administered by the Office of the Ombudsman for
26 Owners in Common-Interest Communities and Condominium
27 Hotels, the Nevada Real Estate Division and the Commission
28 for Common-Interest Communities and Condominium
29 Hotels. However, to resolve some disputes, you may have to
30 mediate or arbitrate the dispute and, if mediation or
31 arbitration is unsuccessful, you may have to file a lawsuit and
32 ask a court to resolve the dispute. In addition to your personal
33 cost in mediation or arbitration, or to prosecute a lawsuit, you
34 may be responsible for paying your share of the association's
35 cost in defending against your claim.

36 ~~[6.]~~ 7. YOU ARE REQUIRED TO PROVIDE
37 PROSPECTIVE PURCHASERS OF YOUR PROPERTY
38 WITH INFORMATION ABOUT LIVING IN YOUR
39 COMMON-INTEREST COMMUNITY?

40 The law requires you to provide a prospective purchaser of
41 your property with a copy of the community's governing
42 documents, including the CC&Rs, association bylaws, and
43 rules and regulations, as well as a copy of this document. You
44 are also required to provide a copy of the association's
45 current year-to-date financial statement, including, without



1 limitation, the most recent audited or reviewed financial
2 statement, a copy of the association's operating budget and
3 information regarding the amount of the monthly assessment
4 for common expenses, including the amount set aside as
5 reserves for the repair, replacement and restoration of
6 common elements. You are also required to inform
7 prospective purchasers of any outstanding judgments or
8 lawsuits pending against the association of which you are
9 aware. For more information regarding these requirements,
10 see Nevada Revised Statutes 116.4109.

11 ~~7-1~~ 8. YOU HAVE CERTAIN RIGHTS REGARDING
12 OWNERSHIP IN A COMMON-INTEREST COMMUNITY
13 THAT ARE GUARANTEED YOU BY THE STATE?

14 Pursuant to provisions of chapter 116 of Nevada Revised
15 Statutes, you have the right:

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

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

22 (c) To request a special meeting of the association upon
23 petition of at least 10 percent of the homeowners.

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

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

29 ~~8-1~~ 9. QUESTIONS?

30 Although they may be voluminous, you should take the time
31 to read and understand the documents that will control your
32 ownership of a property in a common-interest community.
33 You may wish to ask your real estate professional, lawyer or
34 other person with experience to explain anything you do not
35 understand. You may also request assistance from the Office
36 of the Ombudsman for Owners in Common-Interest
37 Communities and Condominium Hotels, Nevada Real Estate
38 Division, at (telephone number).

39
40 Buyer or prospective buyer's initials: _____

41 Date: _____

42 **Sec. 9.** NRS 116.4117 is hereby amended to read as follows:

43 116.4117 1. Subject to the requirements set forth in
44 subsection 2, if a declarant, community manager or any other person
45 subject to this chapter fails to comply with any of its provisions or



1 any provision of the declaration or bylaws, any person or class of
2 persons suffering actual damages from the failure to comply may
3 bring a civil action for damages or other appropriate relief.

4 2. Subject to the requirements set forth in NRS 38.310 and
5 except as otherwise provided in NRS 116.3111, a civil action for
6 damages or other appropriate relief for a failure or refusal to comply
7 with any provision of this chapter or the governing documents of an
8 association may be brought:

9 (a) By the association against:

- 10 (1) A declarant;
11 (2) A community manager; or
12 (3) A unit's owner.

13 (b) By a unit's owner against:

- 14 (1) The association;
15 (2) A declarant; or
16 (3) Another unit's owner of the association.

17 (c) By a class of units' owners constituting at least 10 percent of
18 the total number of voting members of the association against a
19 community manager.

20 3. Members of the executive board are not personally liable to
21 the victims of crimes occurring on the property.

22 4. Except as otherwise provided in subsection 5, punitive
23 damages may be awarded for a willful and material failure to
24 comply with any provision of this chapter if the failure is established
25 by clear and convincing evidence.

26 5. ~~Punitive~~ *Except as otherwise provided in subsection 7,*
27 *punitive* damages may not be awarded against:

28 (a) The association;

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

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

34 6. The court may award reasonable attorney's fees to the
35 prevailing party.

36 7. *In an action brought by a unit's owner against an*
37 *association pursuant to this section, where the failure or refusal of*
38 *the association to comply with any provision of this chapter or the*
39 *governing documents of the association caused the unit's owner to*
40 *suffer a personal injury, death or damage to property, the unit's*
41 *owner may recover from the association:*

42 (a) *Treble damages;*

43 (b) *Special damages, including, without limitation, the total*
44 *amount of all assessments paid by the unit's owner to the*
45 *association; and*



1 (c) *Punitive damages.*

2 8. The civil remedy provided by this section is in addition to,
3 and not exclusive of, any other available remedy or penalty.

4 ~~8.~~ 9. The provisions of this section do not prohibit the
5 Commission from taking any disciplinary action against a member
6 of an executive board pursuant to NRS 116.745 to 116.795,
7 inclusive.

8 **Sec. 10.** NRS 116A.410 is hereby amended to read as follows:
9 116A.410 1. The Commission shall by regulation provide for
10 the issuance by the Division of certificates. The regulations:

11 (a) Must establish the qualifications for the issuance of such a
12 certificate, including, without limitation, the education and
13 experience required to obtain such a certificate. The regulations
14 must include, without limitation, provisions that:

15 (1) Provide for the issuance of a temporary certificate for a 1-
16 year period to a person who:

17 (I) Holds a professional designation in the field of
18 management of a common-interest community from a nationally
19 recognized organization;

20 (II) Provides evidence that the person has been engaged
21 in the management of a common-interest community for at least 5
22 years; and

23 (III) Has not been the subject of any disciplinary action in
24 another state in connection with the management of a common-
25 interest community.

26 (2) Except as otherwise provided in subparagraph (3),
27 provide for the issuance of a temporary certificate for a 1-year
28 period to a person who:

29 (I) Receives an offer of employment as a community
30 manager from an association or its agent; and

31 (II) Has management experience determined to be
32 sufficient by the executive board of the association or its agent
33 making the offer in sub-subparagraph (I). The executive board or its
34 agent must have sole discretion to make the determination required
35 in this sub-subparagraph.

36 (3) Require a temporary certificate described in subparagraph
37 (2) to expire before the end of the 1-year period if the certificate
38 holder ceases to be employed by the association, or its agent, which
39 offered the person employment as described in subparagraph (2).

40 (4) Require a person who is issued a temporary certificate as
41 described in subparagraph (1) or (2) to successfully complete not
42 less than 18 hours of instruction relating to the Uniform Common-
43 Interest Ownership Act within the 1-year period.

44 (5) Provide for the issuance of a certificate at the conclusion
45 of the 1-year period if the person:



1 (I) Has successfully completed not less than 18 hours of
2 instruction relating to the Uniform Common-Interest Ownership
3 Act; and

4 (II) Has not been the subject of any disciplinary action
5 pursuant to this chapter or chapter 116 of NRS or any regulations
6 adopted pursuant thereto.

7 (6) Provide that a temporary certificate described in
8 subparagraph (1) or (2) and a certificate described in
9 subparagraph (5):

10 (I) Must authorize the person who is issued a temporary
11 certificate described in subparagraph (1) or (2) or certificate
12 described in subparagraph (5) to act in all respects as a community
13 manager and exercise all powers available to any other community
14 manager without regard to experience; and

15 (II) Must not be treated as a limited, restricted or
16 provisional form of a certificate.

17 (b) May require applicants to pass an examination in order to
18 obtain a certificate other than a temporary certificate described in
19 paragraph (a). If the regulations require such an examination, the
20 Commission shall by regulation establish fees to pay the costs of
21 the examination, including any costs which are necessary for the
22 administration of the examination.

23 (c) Must establish a procedure for a person who was previously
24 issued a certificate and who no longer holds a certificate to reapply
25 for and obtain a new certificate without undergoing any period of
26 supervision under another community manager, regardless of the
27 length of time that has passed since the person last acted as a
28 community manager.

29 (d) Must establish the grounds for initiating disciplinary action
30 against a person to whom a certificate has been issued, including,
31 without limitation, the grounds for placing conditions, limitations or
32 restrictions on a certificate and for the suspension or revocation of a
33 certificate. *The regulations must provide that grounds for the*
34 *suspension or revocation of a certificate include, without*
35 *limitation, knowingly participating in the foreclosure of a lien that*
36 *does not comply with the provisions of section 2 of this act.*

37 (e) Must establish rules of practice and procedure for conducting
38 disciplinary hearings.

39 (f) Must establish the qualifications for the renewal of a
40 certificate, including, without limitation, the hours of continuing
41 education required to obtain such a renewal. The regulations must
42 include, without limitation, provisions that:

43 (1) Require the certificate to be renewed biennially.

44 (2) Authorize the satisfaction of not more than 5 of the
45 required hours of continuing education, which must be designated as



1 instruction relating to the provisions of this chapter and chapter 116
2 of NRS and any regulations adopted pursuant thereto, in increments
3 of 1 hour, within the 2 years immediately preceding the date on
4 which the certificate expires by:

5 (I) Observation of a disciplinary hearing conducted by the
6 Commission, the hours of attendance at which may be used to fulfill
7 any hours of instruction relating to federal, state or local laws and
8 regulations applicable to the management of a common-interest
9 community the Commission may require; or

10 (II) With the permission of the parties involved,
11 attendance as an observer at any mediation, arbitration or other
12 process of alternative dispute resolution arising from a claim which
13 is within the jurisdiction of the Division.

14 2. The Division may collect a fee for the issuance of a
15 certificate in an amount not to exceed the administrative costs of
16 issuing the certificate.

17 3. As used in this section, "management experience" means
18 experience in a position in business or government, including,
19 without limitation, in the military:

20 (a) In which the person holding the position was required, as
21 part of holding the position, to engage in one or more management
22 activities, including, without limitation, supervision of personnel,
23 development of budgets or financial plans, protection of assets,
24 logistics, management of human resources, development or training
25 of personnel, public relations, or protection or maintenance of
26 facilities; and

27 (b) Without regard to whether the person holding the position
28 has any experience managing or otherwise working for an
29 association.

30 **Sec. 11.** Chapter 649 of NRS is hereby amended by adding
31 thereto a new section to read as follows:

32 *1. A licensed collection agency shall, when collecting a debt*
33 *on behalf of a unit-owners' association, ask the debtor to*
34 *voluntarily disclose whether the debtor or any household member*
35 *of the debtor, is a veteran, a senior citizen or a person with a*
36 *disability.*

37 *2. Each licensed collection agency shall file with the Real*
38 *Estate Division of the Department of Business and Industry, on or*
39 *before January 31 of each year, a written report containing the*
40 *number of cases in the immediately preceding year in which the*
41 *collection agency collected a debt for a unit-owners' association*
42 *and the debtor disclosed that the debtor or a household member of*
43 *the debtor is a veteran, a senior citizen or a person with a*
44 *disability.*

45 *3. As used in this section:*



1 (a) *“Debtor” means a unit’s owner or his or her successor in*
2 *interest who owes a debt to a unit-owners’ association.*

3 (b) *“Household member” means any person who is related to*
4 *the debtor or his or her successor in interest by blood, marriage,*
5 *adoption or other legal process and is currently residing with the*
6 *debtor.*

7 (c) *“Person with a disability” has the meaning ascribed to it in*
8 *NRS 433.5473.*

9 (d) *“Senior citizen” has the meaning ascribed to it in*
10 *NRS 377A.018.*

11 (e) *“Unit-owners’ association” has the meaning ascribed to it*
12 *in NRS 116.011.*

13 (f) *“Unit’s owner” has the meaning ascribed to it in*
14 *NRS 116.095.*

15 (g) *“Veteran” has the meaning ascribed to it in*
16 *NRS 176A.090.*

17 **Sec. 12.** NRS 649.171 is hereby amended to read as follows:

18 649.171 1. A person who is not licensed in this State as a
19 collection agency may apply to the Commissioner for a certificate of
20 registration as a foreign collection agency.

21 2. To be issued and to hold a certificate of registration as a
22 foreign collection agency, a person:

23 (a) Must meet the qualifications to do business as a collection
24 agency in this State;

25 (b) Must not have any employees or agents present in this State
26 who engage in the collection of claims and must not maintain any
27 business locations in this State as a collection agency;

28 (c) Must submit proof to the Commissioner, upon application
29 and upon each annual renewal of the certificate of registration, that
30 the person and his or her employees and agents will not, in this
31 State:

32 (1) Engage in the business of soliciting the right to collect or
33 receive payment for another of any claim;

34 (2) Respond to a bid, proposal or invitation for the right to
35 collect or receive payment for another of any claim, unless the bid,
36 proposal or invitation is for the collection of claims owed by
37 residents of another state; or

38 (3) Advertise or solicit, either in print, by letter, in person or
39 otherwise, the right to collect or receive payment for another of any
40 claim;

41 (d) When collecting claims against debtors who are present in
42 this State, must:

43 (1) Limit his or her activities and those of his or her
44 employees and agents to interstate communications by telephone,
45 mail or facsimile;



1 (2) Limit his or her activities and those of his or her
2 employees and agents to the collection of claims from residents of
3 this State on behalf of residents of another state; and

4 (3) Comply with the requirements of NRS 649.305 to
5 649.375, inclusive, *and section 11 of this act* with regard to his or
6 her activities and those of his or her employees and agents;

7 (e) Must pay:

8 (1) A fee to apply for a certificate of registration of not less
9 than \$200 prorated on the basis of the registration year as
10 determined by the Commissioner; and

11 (2) An annual renewal fee of not more than \$200;

12 (f) Must deposit and maintain a bond or an appropriate
13 substitute for the bond in the same manner as an applicant or
14 licensee pursuant to NRS 649.105, 649.115 and 649.119;

15 (g) Must maintain the accounts, books and records of the
16 collection agency in accordance with generally accepted accounting
17 principles and in accordance with the requirements of subsection 1
18 of NRS 649.335; and

19 (h) Must pay any fees related to any examination of the
20 accounts, books and records of the collection agency conducted by
21 the Commissioner pursuant to subsection 5.

22 3. A certificate of registration issued pursuant to this section
23 expires on December 31 of each year, unless it is renewed. To
24 renew a certificate of registration, a foreign collection agency must
25 submit to the Commissioner:

26 (a) An application for renewal which contains, without
27 limitation, the information specified in paragraph (c) of subsection
28 2; and

29 (b) The renewal fee specified in subparagraph (2) of paragraph
30 (e) of subsection 2.

31 4. If a foreign collection agency fails to submit any item
32 required pursuant to subsection 3 to the Commissioner on or after
33 November 1 and on or before December 31 of any year, the
34 certificate of registration of the foreign collection agency is
35 cancelled as of December 31 of that year. The Commissioner shall
36 not reinstate a certificate of registration that has been cancelled
37 pursuant to this subsection.

38 5. The Commissioner may conduct an annual examination and
39 any additional examinations pursuant to NRS 649.335 of the
40 accounts, books and records of each person who holds a certificate
41 of registration as a foreign collection agency.

42 6. The Commissioner may take disciplinary action pursuant to
43 NRS 649.385, 649.390 and 649.395 against a person who holds a
44 certificate of registration as a foreign collection agency for any act



1 or omission that would be grounds for taking such disciplinary
2 action under those sections.

3 7. The Commissioner shall adopt:

4 (a) Regulations establishing the amount of the fees required
5 pursuant to this section; and

6 (b) Any other regulations as may be necessary to carry out the
7 provisions of this section.

⑩



