

---

SENATE BILL NO. 258—SENATORS WOODHOUSE,  
PARKS; DENIS AND MANENDO

MARCH 12, 2015

---

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to common-interest communities. (BDR 18-903)

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

~

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

---

AN ACT relating to common-interest communities; transferring the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels from the Real Estate Division of the Department of Business and Industry to the Office of the Attorney General; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law creates the Office of the Ombudsman for Owners in Common-  
2 Interest Communities and Condominium Hotels within the Real Estate Division of  
3 the Department of Business and Industry to investigate and resolve disputes  
4 between certain parties in common-interest communities and condominium hotels.  
5 (NRS 116.625, 116.765) **Sections 1 and 5** of this bill transfer the Office of the  
6 Ombudsman from the Real Estate Division to the Office of the Attorney General.  
7 **Sections 2, 3, 10 and 11** of this bill make conforming changes to certain required  
8 forms. **Section 6** of this bill provides that any costs or expenses of the Office of the  
9 Ombudsman may be paid from the Account for Common-Interest Communities and  
10 Condominium Hotels. **Sections 7, 8, 14 and 15** of this bill provide for the  
11 continuing jurisdiction and protection from liability of the transferred Office of the  
12 Ombudsman. Finally, **section 16** of this bill provides that all pending claims or  
13 complaints will transfer to the new Office of the Ombudsman on July 1, 2015.

---



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

1       **Section 1.** Chapter 228 of NRS is hereby amended by adding  
2 thereto a new section to read as follows:

3       **1. The Attorney General shall:**

4       **(a) Administer the Office of the Ombudsman for Owners in**  
5 **Common-Interest Communities and Condominium Hotels; and**

6       **(b) Appoint the Ombudsman in accordance with the provisions**  
7 **of NRS 116.625.**

8       **2. The Attorney General may submit claims to the Real Estate**  
9 **Administrator of the Real Estate Division of the Department of**  
10 **Business and Industry for the costs and expenses of the Office of**  
11 **the Ombudsman. To the extent that money is available for that**  
12 **purpose, those costs and expenses must be reimbursed from the**  
13 **Account for Common-Interest Communities and Condominium**  
14 **Hotels created by NRS 116.630.**

15       **3. The Attorney General may recommend such regulations as**  
16 **are necessary to carry out the provisions of this section for**  
17 **adoption by the Commission for Common-Interest Communities**  
18 **and Condominium Hotels pursuant to NRS 116.625.**

19       **Sec. 2.** NRS 116.311635 is hereby amended to read as  
20 follows:

21       116.311635 1. The association or other person conducting  
22 the sale shall also, after the expiration of the 90 days and before  
23 selling the unit:

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

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

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

37       (b) Mail, on or before the date of first publication or posting, a  
38 copy of the notice by certified or registered mail, return receipt  
39 requested, to:

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



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

5 (3) The Ombudsman.

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

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

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

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

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

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

19  
20 **WARNING! A SALE OF YOUR PROPERTY IS**  
21 **IMMINENT! UNLESS YOU PAY THE AMOUNT**  
22 **SPECIFIED IN THIS NOTICE BEFORE THE SALE DATE,**  
23 **YOU COULD LOSE YOUR HOME, EVEN IF THE**  
24 **AMOUNT IS IN DISPUTE. YOU MUST ACT BEFORE**  
25 **THE SALE DATE. IF YOU HAVE ANY QUESTIONS,**  
26 **PLEASE CALL (name and telephone number of the contact**  
27 **person for the association). IF YOU NEED ASSISTANCE,**  
28 **PLEASE CALL THE FORECLOSURE SECTION OF THE**  
29 **OMBUDSMAN'S OFFICE, ~~NEVADA REAL ESTATE~~**  
30 **~~DIVISION~~; OFFICE OF THE ATTORNEY GENERAL,**  
31 **AT (toll-free telephone number designated by the ~~Division~~)**  
32 ***Office of the Ombudsman*) IMMEDIATELY.**  
33

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

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

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

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

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



1     **Sec. 3.** NRS 116.41095 is hereby amended to read as follows:  
2     116.41095 The information statement required by NRS  
3     116.4103 and 116.4109 must be in substantially the following form:

4  
5                   BEFORE YOU PURCHASE PROPERTY IN A  
6                   COMMON-INTEREST COMMUNITY  
7                   DID YOU KNOW . . .

8           1. YOU GENERALLY HAVE 5 DAYS TO CANCEL  
9     THE PURCHASE AGREEMENT?

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

30    2. YOU ARE AGREEING TO RESTRICTIONS ON  
31    HOW YOU CAN USE YOUR PROPERTY?

32    These restrictions are contained in a document known as the  
33    Declaration of Covenants, Conditions and Restrictions. The  
34    CC&Rs become a part of the title to your property. They bind  
35    you and every future owner of the property whether or not  
36    you have read them or had them explained to you. The  
37    CC&Rs, together with other "governing documents" (such as  
38    association bylaws and rules and regulations), are intended to  
39    preserve the character and value of properties in the  
40    community, but may also restrict what you can do to improve  
41    or change your property and limit how you use and enjoy  
42    your property. By purchasing a property encumbered by  
43    CC&Rs, you are agreeing to limitations that could affect your  
44    lifestyle and freedom of choice. You should review the  
45    CC&Rs, and other governing documents before purchasing to



1 make sure that these limitations and controls are acceptable to  
2 you. Certain provisions in the CC&Rs and other governing  
3 documents may be superseded by contrary provisions of  
4 chapter 116 of the Nevada Revised Statutes. The Nevada  
5 Revised Statutes are available at the Internet address  
6 <http://www.leg.state.nv.us/nrs/>.

7 3. YOU WILL HAVE TO PAY OWNERS'  
8 ASSESSMENTS FOR AS LONG AS YOU OWN YOUR  
9 PROPERTY?

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

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

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

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

43 Many common-interest communities have a homeowners'  
44 association. In a new development, the association will  
45 usually be controlled by the developer until a certain number



1 of units have been sold. After the period of developer control,  
2 the association may be controlled by property owners like  
3 yourself who are elected by homeowners to sit on an  
4 executive board and other boards and committees formed by  
5 the association. The association, and its executive board, are  
6 responsible for assessing homeowners for the cost of  
7 operating the association and the common or shared elements  
8 of the community and for the day to day operation and  
9 management of the community. Because homeowners sitting  
10 on the executive board and other boards and committees of  
11 the association may not have the experience or professional  
12 background required to understand and carry out the  
13 responsibilities of the association properly, the association  
14 may hire professional community managers to carry out these  
15 responsibilities.

16 Homeowners' associations operate on democratic principles.  
17 Some decisions require all homeowners to vote, some  
18 decisions are made by the executive board or other boards or  
19 committees established by the association or governing  
20 documents. Although the actions of the association and its  
21 executive board are governed by state laws, the CC&Rs and  
22 other documents that govern the common-interest  
23 community, decisions made by these persons will affect your  
24 use and enjoyment of your property, your lifestyle and  
25 freedom of choice, and your cost of living in the community.  
26 You may not agree with decisions made by the association or  
27 its governing bodies even though the decisions are ones  
28 which the association is authorized to make. Decisions may  
29 be made by a few persons on the executive board or  
30 governing bodies that do not necessarily reflect the view of  
31 the majority of homeowners in the community. If you do not  
32 agree with decisions made by the association, its executive  
33 board or other governing bodies, your remedy is typically to  
34 attempt to use the democratic processes of the association to  
35 seek the election of members of the executive board or other  
36 governing bodies that are more responsive to your needs. If  
37 you have a dispute with the association, its executive board or  
38 other governing bodies, you may be able to resolve the  
39 dispute through the complaint, investigation and intervention  
40 process administered by the Office of the Ombudsman for  
41 Owners in Common-Interest Communities and Condominium  
42 Hotels, the Nevada Real Estate Division and the Commission  
43 for Common-Interest Communities and Condominium  
44 Hotels. However, to resolve some disputes, you may have to  
45 mediate or arbitrate the dispute and, if mediation or



1 arbitration is unsuccessful, you may have to file a lawsuit and  
2 ask a court to resolve the dispute. In addition to your personal  
3 cost in mediation or arbitration, or to prosecute a lawsuit, you  
4 may be responsible for paying your share of the association's  
5 cost in defending against your claim.

6 6. YOU ARE REQUIRED TO PROVIDE  
7 PROSPECTIVE PURCHASERS OF YOUR PROPERTY  
8 WITH INFORMATION ABOUT LIVING IN YOUR  
9 COMMON-INTEREST COMMUNITY?

10 The law requires you to provide a prospective purchaser of  
11 your property with a copy of the community's governing  
12 documents, including the CC&Rs, association bylaws, and  
13 rules and regulations, as well as a copy of this document. You  
14 are also required to provide a copy of the association's  
15 current year-to-date financial statement, including, without  
16 limitation, the most recent audited or reviewed financial  
17 statement, a copy of the association's operating budget and  
18 information regarding the amount of the monthly assessment  
19 for common expenses, including the amount set aside as  
20 reserves for the repair, replacement and restoration of  
21 common elements. You are also required to inform  
22 prospective purchasers of any outstanding judgments or  
23 lawsuits pending against the association of which you are  
24 aware. For more information regarding these requirements,  
25 see Nevada Revised Statutes 116.4109.

26 7. YOU HAVE CERTAIN RIGHTS REGARDING  
27 OWNERSHIP IN A COMMON-INTEREST COMMUNITY  
28 THAT ARE GUARANTEED YOU BY THE STATE?

29 Pursuant to provisions of chapter 116 of Nevada Revised  
30 Statutes, you have the right:

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

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

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

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

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

44 8. QUESTIONS?



1 Although they may be voluminous, you should take the time  
2 to read and understand the documents that will control your  
3 ownership of a property in a common-interest community.  
4 You may wish to ask your real estate professional, lawyer or  
5 other person with experience to explain anything you do not  
6 understand. You may also request assistance from the Office  
7 of the Ombudsman for Owners in Common-Interest  
8 Communities and Condominium Hotels, ~~the Nevada Real Estate~~  
9 ~~Division,~~ *Office of the Attorney General*, at (telephone  
10 number ~~the~~ *designated by the Office of the Ombudsman*).  
11

12 Buyer or prospective buyer's initials: \_\_\_\_\_

13 Date: \_\_\_\_\_

14 **Sec. 4.** NRS 116.615 is hereby amended to read as follows:

15 116.615 1. ~~The~~ *Except as otherwise provided in section 1*  
16 *of this act, the* provisions of this chapter must be administered by  
17 the Division, subject to the administrative supervision of the  
18 Director of the Department of Business and Industry.

19 2. The Commission and the Division may do all things  
20 necessary and convenient to carry out the provisions of this chapter,  
21 including, without limitation, prescribing such forms and adopting  
22 such procedures as are necessary to carry out the provisions of this  
23 chapter.

24 3. The Commission, or the Administrator with the approval of  
25 the Commission, may adopt such regulations as are necessary to  
26 carry out the provisions of this chapter.

27 4. The Commission may by regulation delegate any authority  
28 conferred upon it by the provisions of this chapter to the  
29 Administrator to be exercised pursuant to the regulations adopted by  
30 the Commission.

31 5. When regulations are proposed by the Administrator, in  
32 addition to other notices required by law, the Administrator shall  
33 provide copies of the proposed regulations to the Commission not  
34 later than 30 days before the next meeting of the Commission. The  
35 Commission shall approve, amend or disapprove any proposed  
36 regulations at that meeting.

37 6. All regulations adopted by the Commission, or adopted by  
38 the Administrator with the approval of the Commission, must be  
39 published by the Division, posted on its website and offered for sale  
40 at a reasonable fee.

41 **Sec. 5.** NRS 116.625 is hereby amended to read as follows:

42 116.625 1. The Office of the Ombudsman for Owners in  
43 Common-Interest Communities and Condominium Hotels is hereby  
44 created within the ~~the~~ *Office of the Attorney General*.





1 2. The ~~Administrator~~ *Attorney General* shall appoint the  
2 Ombudsman. The Ombudsman is in the unclassified service of the  
3 State.

4 3. The Ombudsman must be qualified by training and  
5 experience to perform the duties and functions of office.

6 4. In addition to any other duties set forth in this chapter, the  
7 Ombudsman shall:

8 (a) Assist in processing claims submitted to mediation or  
9 arbitration or referred to a program pursuant to NRS 38.300 to  
10 38.360, inclusive;

11 (b) Assist owners in common-interest communities and  
12 condominium hotels to understand their rights and responsibilities  
13 as set forth in this chapter and chapter 116B of NRS and the  
14 governing documents of their associations, including, without  
15 limitation, publishing materials related to those rights and  
16 responsibilities;

17 (c) Assist members of executive boards and officers of  
18 associations to carry out their duties;

19 (d) When appropriate, investigate disputes involving the  
20 provisions of this chapter or chapter 116B of NRS or the governing  
21 documents of an association and assist in resolving such disputes;  
22 and

23 (e) Compile and maintain a registration of each association  
24 organized within the State which includes, without limitation, the  
25 following information:

26 (1) The name, address and telephone number of the  
27 association;

28 (2) The name of each community manager for the common-  
29 interest community or the association of a condominium hotel and  
30 the name of any other person who is authorized to manage the  
31 property at the site of the common-interest community or  
32 condominium hotel;

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

35 (4) The name of the declarant;

36 (5) The number of units in the common-interest community  
37 or condominium hotel;

38 (6) The total annual assessment made by the association;

39 (7) The number of foreclosures which were completed on  
40 units within the common-interest community or condominium hotel  
41 and which were based on liens for the failure of the unit's owner to  
42 pay any assessments levied against the unit or any fines imposed  
43 against the unit's owner; and



1 (8) Whether the study of the reserves of the association has  
2 been conducted pursuant to NRS 116.31152 or 116B.605 and, if so,  
3 the date on which it was completed.

4 **Sec. 6.** NRS 116.630 is hereby amended to read as follows:

5 116.630 1. There is hereby created the Account for Common-  
6 Interest Communities and Condominium Hotels in the State General  
7 Fund. The Account must be administered by the Administrator.

8 2. Except as otherwise provided in subsection 3, all money  
9 received by the Commission, a hearing panel or the Division  
10 pursuant to this chapter or chapter 116B of NRS, including, without  
11 limitation, the fees collected pursuant to NRS 116.31155 and  
12 116B.620, must be deposited into the Account.

13 3. If the Commission imposes a fine or penalty, the  
14 Commission shall deposit the money collected from the imposition  
15 of the fine or penalty with the State Treasurer for credit to the State  
16 General Fund. If the money is so deposited, the Commission may  
17 present a claim to the State Board of Examiners for recommendation  
18 to the Interim Finance Committee if money is required to pay  
19 attorney's fees or the costs of an investigation, or both.

20 4. The interest and income earned on the money in the  
21 Account, after deducting any applicable charges, must be credited to  
22 the Account.

23 5. The money in the Account must be used solely to defray:

24 (a) The costs and expenses of the Commission and the Office of  
25 the Ombudsman;

26 (b) If authorized by the Commission or any regulations adopted  
27 by the Commission, the costs and expenses of subsidizing  
28 proceedings for mediation, arbitration and a program conducted  
29 pursuant to NRS 38.300 to 38.360, inclusive; and

30 (c) If authorized by the Legislature or by the Interim Finance  
31 Committee if the Legislature is not in session, the costs and  
32 expenses of administering the Division.

33 **6. *To the extent that money in the Account is available for***  
34 ***that purpose, the Administrator shall pay any claims submitted by***  
35 ***the Office of the Attorney General pursuant to section 1 of this act***  
36 ***to reimburse the costs and expenses of the Office of the***  
37 ***Ombudsman.***

38 **Sec. 7.** NRS 116.635 is hereby amended to read as follows:

39 116.635 The Commission and its members, each hearing panel  
40 and its members, the Administrator, the ***Office of the*** Ombudsman,  
41 the Division, and the experts, attorneys, investigators, consultants  
42 and other personnel of the Commission, ***the Office of the***  
43 ***Ombudsman*** and the Division are immune from any civil liability  
44 for any decision or action taken in good faith and without malicious  
45 intent in carrying out the provisions of this chapter.



1       **Sec. 8.** NRS 116.750 is hereby amended to read as follows:

2       116.750 1. In carrying out the provisions of NRS 116.745 to  
3 116.795, inclusive, the Division and the *Office of the* Ombudsman  
4 have jurisdiction to investigate and the Commission and each  
5 hearing panel has jurisdiction to take appropriate action against any  
6 person who commits a violation, including, without limitation:

7       (a) Any association and any officer, employee or agent of an  
8 association.

9       (b) Any member of an executive board.

10       (c) Any community manager who holds a certificate and any  
11 other community manager.

12       (d) Any person who is registered as a reserve study specialist, or  
13 who conducts a study of reserves, pursuant to chapter 116A of NRS.

14       (e) Any declarant or affiliate of a declarant.

15       (f) Any unit's owner.

16       (g) Any tenant of a unit's owner if the tenant has entered into an  
17 agreement with the unit's owner to abide by the governing  
18 documents of the association and the provisions of this chapter and  
19 any regulations adopted pursuant thereto.

20       2. The jurisdiction set forth in subsection 1 applies to any  
21 officer, employee or agent of an association or any member of an  
22 executive board who commits a violation and who:

23       (a) Currently holds his or her office, employment, agency or  
24 position or who held the office, employment, agency or position at  
25 the commencement of proceedings against him or her.

26       (b) Resigns his or her office, employment, agency or position:

27           (1) After the commencement of proceedings against him or  
28 her; or

29           (2) Within 1 year after the violation is discovered or  
30 reasonably should have been discovered.

31       **Sec. 9.** NRS 116.757 is hereby amended to read as follows:

32       116.757 1. Except as otherwise provided in this section and  
33 NRS 239.0115, a written affidavit filed with the Division pursuant  
34 to NRS 116.760, all documents and other information filed with the  
35 written affidavit and all documents and other information compiled  
36 as a result of an investigation conducted to determine whether to file  
37 a formal complaint with the Commission are confidential. The  
38 Division *and the Office of the Ombudsman* shall not disclose any  
39 information that is confidential pursuant to this subsection, in whole  
40 or in part, to any person, including, without limitation, a person who  
41 is the subject of an investigation or complaint, unless and until a  
42 formal complaint is filed pursuant to subsection 2 and the disclosure  
43 is required pursuant to subsection 2.

44       2. A formal complaint filed by the Administrator with the  
45 Commission and all documents and other information considered by



1 the Commission or a hearing panel when determining whether to  
2 impose discipline or take other administrative action pursuant to  
3 NRS 116.745 to 116.795, inclusive, are public records.

4 **Sec. 10.** NRS 116B.645 is hereby amended to read as follows:

5 116B.645 1. The association or hotel unit owner, as  
6 applicable, shall also, after the expiration of the 90 days and before  
7 selling the unit:

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

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

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

21 (b) Mail, on or before the date of first publication or posting, a  
22 copy of the notice by first-class mail to:

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

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

29 (3) The Ombudsman.

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

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

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

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

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

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

43  
44 **WARNING! A SALE OF YOUR PROPERTY IS**  
45 **IMMINENT! UNLESS YOU PAY THE AMOUNT**



1 SPECIFIED IN THIS NOTICE BEFORE THE SALE DATE,  
2 YOU COULD LOSE YOUR HOME, EVEN IF THE  
3 AMOUNT IS IN DISPUTE. YOU MUST ACT BEFORE  
4 THE SALE DATE. IF YOU HAVE ANY QUESTIONS,  
5 PLEASE CALL (name and telephone number of the contact  
6 person for the association or hotel unit owner). IF YOU  
7 NEED ASSISTANCE, PLEASE CALL THE  
8 FORECLOSURE SECTION OF THE OMBUDSMAN'S  
9 OFFICE, ~~NEVADA REAL ESTATE DIVISION~~ **OFFICE**  
10 **OF THE ATTORNEY GENERAL**, AT (toll-free telephone  
11 number designated by the ~~Division~~) **Office of the**  
12 **Ombudsman**) IMMEDIATELY.  
13

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

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

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

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

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

25 **Sec. 11.** NRS 116B.765 is hereby amended to read as follows:

26 116B.765 The information statement required by NRS  
27 116B.735 and 116B.760 must be in substantially the following  
28 form:  
29

30 BEFORE YOU PURCHASE PROPERTY IN A  
31 CONDOMINIUM HOTEL  
32 DID YOU KNOW...

33 1. YOU GENERALLY HAVE 5 DAYS TO CANCEL  
34 THE PURCHASE AGREEMENT?

35 When you enter into a purchase agreement to buy a home or  
36 unit in a condominium hotel, in most cases you should  
37 receive either a public offering statement, if you are the  
38 original purchaser of the home or unit, or a resale package, if  
39 you are not the original purchaser. The law generally provides  
40 for a 5-day period in which you have the right to cancel the  
41 purchase agreement. The 5-day period begins on different  
42 starting dates, depending on whether you receive a public  
43 offering statement or a resale package. Upon receiving a  
44 public offering statement or a resale package, you should  
45 make sure you are informed of the deadline for exercising



1 your right to cancel. In order to exercise your right to cancel,  
2 the law generally requires that you hand deliver the notice of  
3 cancellation to the seller within the 5-day period, or mail the  
4 notice of cancellation to the seller by prepaid United States  
5 mail within the 5-day period. For more information regarding  
6 your right to cancel, see NRS 116B.755, if you received a  
7 public offering statement, or NRS 116B.760, if you received  
8 a resale package.

9 **2. YOU ARE AGREEING TO RESTRICTIONS ON**  
10 **HOW YOU CAN USE YOUR PROPERTY?**

11 These restrictions are contained in a document known as the  
12 Declaration of Covenants, Conditions and Restrictions. The  
13 CC&Rs become a part of the title to your property. They bind  
14 you and every future owner of the property whether or not  
15 you have read them or had them explained to you. The  
16 CC&Rs, together with other "governing documents" (such as  
17 association bylaws and rules and regulations), are intended to  
18 preserve the character and value of properties in the  
19 condominium hotel, but may also restrict what you can do to  
20 improve or change your property and limit how you use and  
21 enjoy your property. By purchasing a property encumbered  
22 by CC&Rs, you are agreeing to limitations that could affect  
23 your lifestyle and freedom of choice. You should review the  
24 CC&Rs, and other governing documents before purchasing to  
25 make sure that these limitations and controls are acceptable to  
26 you.

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

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

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



\* S B 2 5 8 \*

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

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

14 Many condominium hotels have a homeowners' association.  
15 In a new development, the association will usually be  
16 controlled by the developer until a certain number of units  
17 have been sold. After the period of developer control, the  
18 association may be controlled by property owners like  
19 yourself who are elected by homeowners to sit on an  
20 executive board and other boards and committees formed by  
21 the association. The association, and its executive board, are  
22 responsible for assessing homeowners for the cost of  
23 operating the association and the common elements of  
24 the condominium hotel. Because homeowners sitting on the  
25 executive board and other boards and committees of the  
26 association may not have the experience or professional  
27 background required to understand and carry out the  
28 responsibilities of the association properly, the association  
29 may hire professional condominium association managers to  
30 carry out these responsibilities.

31 Homeowners' associations operate on democratic principles.  
32 Some decisions require all homeowners to vote, some  
33 decisions are made by the executive board or other boards or  
34 committees established by the association or governing  
35 documents. Although the actions of the association and its  
36 executive board are governed by state laws, the CC&Rs and  
37 other documents that govern the condominium hotel,  
38 decisions made by these persons will affect your use and  
39 enjoyment of your property, your lifestyle and freedom of  
40 choice, and your cost of living in the condominium hotel.  
41 You may not agree with decisions made by the association or  
42 its governing bodies even though the decisions are ones  
43 which the association is authorized to make. Decisions may  
44 be made by a few persons on the executive board or  
45 governing bodies that do not necessarily reflect the view of



1 the majority of residential unit in the condominium hotel. If  
2 you do not agree with decisions made by the association, its  
3 executive board or other governing bodies, your remedy is  
4 typically to attempt to use the democratic processes of the  
5 association to seek the election of members of the executive  
6 board or other governing bodies that are more responsive to  
7 your needs. If you have a dispute with the association, its  
8 executive board or other governing bodies, you may be able  
9 to resolve the dispute through the complaint, investigation  
10 and intervention process administered by the Office of the  
11 Ombudsman for Owners in Common-Interest Communities  
12 and Condominium Hotels, the Nevada Real Estate Division  
13 and the Commission for Common-Interest Communities and  
14 Condominium Hotels. However, to resolve some disputes,  
15 you may have to mediate or arbitrate the dispute and, if  
16 mediation or arbitration is unsuccessful, you may have to file  
17 a lawsuit and ask a court to resolve the dispute. In addition to  
18 your personal cost in mediation or arbitration, or to prosecute  
19 a lawsuit, you may be responsible for paying your share of  
20 the association's cost in defending against your claim.

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

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





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

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

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

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

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

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

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

17           8. QUESTIONS?

18 Although they may be voluminous, you should take the time  
19 to read and understand the documents that will control your  
20 ownership of a property in a condominium hotel. You may  
21 wish to ask your real estate professional, lawyer or other  
22 person with experience to explain anything you do not  
23 understand. You may also request assistance from the Office  
24 of the Ombudsman for Owners in Common-Interest  
25 Communities and Condominium Hotels, ~~Nevada Real Estate~~  
26 ~~Division,~~ *Office of the Attorney General*, at (telephone  
27 number).  
28

29 Buyer or prospective buyer's initials: \_\_\_\_\_

30 Date: \_\_\_\_\_

31 **Sec. 12.** NRS 116B.800 is hereby amended to read as follows:

32 116B.800 ~~The~~ *Except as otherwise provided in section 1 of*  
33 *this act, the* Commission for Common-Interest Communities and  
34 Condominium Hotels created by NRS 116.600, the Division and the  
35 Director of the Department of Business and Industry have  
36 jurisdiction over the enforcement of this chapter as set forth herein.

37 **Sec. 13.** NRS 116B.805 is hereby amended to read as follows:

38 116B.805 1. ~~The~~ *Except as otherwise provided in section 1*  
39 *of this act, the* provisions of this chapter must be administered by  
40 the Division, subject to the administrative supervision of the  
41 Director of the Department of Business and Industry.

42 2. The Commission and the Division may do all things  
43 necessary and convenient to carry out the provisions of this chapter,  
44 including, without limitation, prescribing such forms and adopting



1 such procedures as are necessary to carry out the provisions of this  
2 chapter.

3 3. The Commission, or the Administrator with the approval of  
4 the Commission, may adopt such regulations as are necessary to  
5 carry out the provisions of this chapter.

6 4. The Commission may by regulation delegate any authority  
7 conferred upon it by the provisions of this chapter to the  
8 Administrator to be exercised pursuant to the regulations adopted by  
9 the Commission.

10 5. When regulations are proposed by the Administrator, in  
11 addition to other notices required by law, the Administrator shall  
12 provide copies of the proposed regulations to the Commission not  
13 later than 30 days before the next meeting of the Commission. The  
14 Commission shall approve, amend or disapprove any proposed  
15 regulations at that meeting.

16 6. All regulations adopted by the Commission, or adopted by  
17 the Administrator with the approval of the Commission, must be  
18 published by the Division, posted on its website and offered for sale  
19 at a reasonable fee.

20 **Sec. 14.** NRS 116B.820 is hereby amended to read as follows:

21 116B.820 The Commission and its members, each hearing  
22 panel and its members, the Administrator, the *Office of the*  
23 Ombudsman, the Division, and the experts, attorneys, investigators,  
24 consultants and other personnel of the Commission, *the Office of*  
25 *the Ombudsman* and the Division are immune from any civil  
26 liability for any decision or action taken in good faith and without  
27 malicious intent in carrying out the provisions of this chapter.

28 **Sec. 15.** NRS 116B.870 is hereby amended to read as follows:

29 116B.870 1. In carrying out the provisions of NRS 116B.870  
30 to 116B.920, inclusive, the Division and the *Office of the*  
31 Ombudsman have jurisdiction to investigate and the Commission  
32 and each hearing panel has jurisdiction to take appropriate action  
33 against any person who commits a violation, including, without  
34 limitation:

35 (a) Any association and any officer, employee or agent of an  
36 association.

37 (b) Any member of an executive board.

38 (c) Any declarant, affiliate of a declarant or hotel unit owner.

39 (d) Any unit's owner.

40 (e) Any tenant of a unit's owner if the tenant has entered into an  
41 agreement with the unit's owner to abide by the governing  
42 documents of the association and the provisions of this chapter and  
43 any regulations adopted pursuant thereto.



1 2. The jurisdiction set forth in subsection 1 applies to any  
2 officer, employee or agent of an association or any member of an  
3 executive board who commits a violation and who:

4 (a) Currently holds his or her office, employment, agency or  
5 position or who held his or her office, employment, agency or  
6 position at the commencement of proceedings against him or her.

7 (b) Resigns his or her office, employment, agency or position:

8 (1) After the commencement of proceedings against him or  
9 her; or

10 (2) Within 1 year after the violation is discovered or  
11 reasonably should have been discovered.

12 **Sec. 16.** 1. Any claim or complaint submitted to or being  
13 processed by the Office of the Ombudsman for Owners in Common-  
14 Interest Communities and Condominium Hotels within the Real  
15 Estate Division of the Department of Business and Industry before  
16 July 1, 2015, shall be deemed to be the responsibility of the Office  
17 of the Ombudsman for Owners in Common-Interest Communities  
18 and Condominium Hotels within the Office of the Attorney General.

19 2. Any person who, on July 1, 2015, is serving as the  
20 Ombudsman for Owners in Common-Interest Communities and  
21 Condominium Hotels may, if he or she is otherwise qualified on that  
22 date, continue to serve in that capacity until his or her successor is  
23 appointed pursuant to NRS 116.625, as amended by section 5 of this  
24 act.

25 **Sec. 17.** This act becomes effective:

26 1. Upon passage and approval for the purposes of adopting any  
27 regulations and performing any preparatory administrative tasks  
28 necessary to carry out the provisions of this act; and

29 2. On July 1, 2015, for all other purposes.



