

SENATE BILL NO. 389—SENATOR FORD

MARCH 17, 2015

Referred to Committee on Judiciary

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

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

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

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

Legislative Counsel’s Digest:

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

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

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

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

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



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

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

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

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

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

- 11 (a) *Hand delivery to the unit's owner;*
12 (b) *Hand delivery, United States mail, postage paid, or*
13 ***commercially reasonable delivery service to the mailing address of***
14 ***the unit of the unit's owner; or***
15 (c) *Any other method reasonably calculated to provide notice*
16 ***to the unit's owner.***

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

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



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

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

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

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

16 (a) Is located in this State;

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

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

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

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

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

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

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

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

37 116B.020 ~~116B.020~~ "Affiliate of a declarant" means any person
38 who controls, is controlled by or is under common control with a
39 declarant.

40 ~~116B.020~~ **For the purposes of this section:**

41 1. A person "controls" a declarant if the person:

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

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



1 holds with power to vote or holds proxies representing, more than
2 20 percent of the voting interest in the declarant;

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

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

7 ~~13-~~ 2. A person ~~["is"]~~ *is* controlled ~~["by"]~~ *by* a declarant if the
8 declarant:

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

11 (b) Directly or indirectly or acting in concert with one or more
12 other persons, or through one or more subsidiaries, owns, controls,
13 holds with power to vote or holds proxies representing, more than
14 20 percent of the voting interest in the person;

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

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

19 ~~14-~~ 3. Control does not exist if the powers described in this
20 section are held solely as security for an obligation and are not
21 exercised.

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

23 116B.075 "Declarant" means any person or group of persons
24 acting in concert who, as part of a common promotional plan, offers
25 to dispose of ~~["his or her or its"]~~ *the* interest *of the person or group of*
26 *persons* in a unit not previously disposed of, or reserves or succeeds
27 to any special declarant's rights.

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

29 116B.085 "Developmental rights" means any right or
30 combination of rights reserved by a declarant in the declaration to:

31 1. Add real estate to a condominium hotel;

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

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

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

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

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

44 ~~15-~~ 7. Withdraw real estate from a condominium hotel.



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

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

- 9 1. A leasehold interest, including options to renew, of less than
10 20 years ~~†, or as† ; or~~
11 2. *As* security for an obligation.

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

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

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

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

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

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

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

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

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



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

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

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

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

13 116B.330 1. The declaration for a condominium hotel must
14 contain:

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

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

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

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

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

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

28 (g) A description of any limited common elements.

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

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

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

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



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

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

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

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

16 (n) Any restrictions:

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

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

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

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

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

30 116B.335 1. Any lease the expiration or termination of which
31 may terminate the condominium hotel or reduce its size must be
32 recorded. Every lessor of such a lease in a condominium hotel shall
33 sign the declaration. The declaration must state:

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

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

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

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

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



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

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

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

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

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

23 116B.350 1. Plats are a part of the declaration and are
24 required for all condominium hotels. Each plat must be clear and
25 legible and contain a certification that the plat contains all
26 information required by this section.

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

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

31 (b) A sufficient description of the real estate;

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

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

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

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

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



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

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

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

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

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

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

16 116B.375 1. If the declaration expressly so permits, a
17 residential unit may be subdivided into two or more residential units
18 upon receipt of consent from the hotel unit owner. Subject to ~~the~~
19 ~~provisions of~~ the declaration and ~~other provisions of~~ law ~~+~~ *other*
20 *than this chapter*, upon receipt of consent from the hotel unit owner
21 to subdivide a residential unit, the association shall prepare, execute
22 and record an amendment to the declaration ~~+~~, *including the plats,*
23 *subdividing the residential unit.*

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

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

32 116B.385 1. Except in the case of a taking of the
33 condominium hotel by eminent domain, termination of the
34 condominium hotel or the declaration requires approval by:

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

37 (b) The hotel unit owner.

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

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



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

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

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

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

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

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

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



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

5 3. The association must:

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

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

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

18 (d) Comply with the provisions of chapters 78, 81, 82, 86, 87,
19 87A, 88 and 88A of NRS when filing with the Secretary of State its
20 articles of incorporation, articles of association, articles of
21 organization, certificate of registration, certificate of limited
22 partnership, certificate of trust or other documents of organization,
23 or any amendment thereof.

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

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

28 116B.420 Subject to the provisions of the declaration, the
29 association : ~~may do any or all of the following:~~

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



1 2. The executive board may not act ~~for behalf of the~~
2 ~~association~~ to ~~amend~~ :

3 (a) *Amend* the declaration . ~~to terminate~~

4 (b) *Terminate* the condominium hotel . ~~or to elect~~

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

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

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

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

21 116B.430 1. Except as otherwise provided in this section and
22 unless the declaration provides otherwise, if a residential unit owner
23 or the tenant or guest of a residential unit owner violates any
24 provision of the governing documents of an association, the
25 executive board may, if the governing documents so provide:

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

28 (1) Voting on matters related to the association.

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

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



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

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

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

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

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

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

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

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

33 ~~14~~ 5. The executive board must hold a hearing before it may
34 impose the fine, unless the person against whom the fine will be
35 imposed:

36 (a) Pays the fine;

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

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

40 ~~15~~ 6. If a fine is imposed pursuant to subsection 1 and the
41 violation is not cured within 14 days, or within any longer period
42 that may be established by the executive board, the violation shall
43 be deemed a continuing violation. Thereafter, the executive board
44 may impose an additional fine for the violation for each 7-day
45 period or portion thereof that the violation is not cured. Any



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

3 ~~16.1~~ 7. If the governing documents so provide, the executive
4 board may appoint a committee, with not less than three members,
5 to conduct hearings on violations and to impose fines pursuant to
6 this section. While acting on behalf of the executive board for those
7 limited purposes, the committee and its members are entitled to all
8 privileges and immunities and are subject to all duties and
9 requirements of the executive board and its members.

10 ~~17.1~~ 8. The provisions of this section establish the minimum
11 procedural requirements that the executive board must follow before
12 it may impose a fine. The provisions of this section do not preempt
13 any provisions of the governing documents that provide greater
14 procedural protections.

15 ~~18.1~~ 9. Any past due fine:

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

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

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

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

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

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

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

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

35 ~~19.1~~ 10. Unless the declaration provides otherwise, nothing in
36 this section shall be construed as giving the association the power to
37 sanction a unit's owner for matters related to the hotel unit or the
38 shared components.

39 ~~110.1~~ 11. As used in this section:

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



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

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

5 116B.440 1. Except as otherwise provided in this section, the
6 declaration may provide for a period of declarant's control of the
7 association, during which a declarant, or persons designated by a
8 declarant, may appoint and remove the officers of the association
9 and members of the executive board. *A declarant may voluntarily
10 surrender the right to appoint and remove officers and members of
11 the executive board before termination of that period and, in that
12 event, the declarant may require, for the duration of the period of
13 declarant's control, that specified actions of the association or
14 executive board, as described in a recorded instrument executed by
15 the declarant, be approved by the declarant before they become
16 effective.* Regardless of the period provided in the declaration, a
17 period of declarant's control terminates not later than ~~†~~ *the earliest*
18 *of:*

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

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

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

26 ~~→ whichever occurs earlier.† ; or~~

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

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

37 ~~—3.†~~ Not later than 60 days after conveyance of 25 percent of the
38 residential units that may be created to units' owners other than a
39 declarant, at least one member and not less than 25 percent of the
40 members of the executive board must be elected by residential unit
41 owners other than the declarant. Not later than 60 days after
42 conveyance of 50 percent of the residential units that may be created
43 to residential unit owners other than a declarant, not less than ~~†33~~
44 ~~†1/3 percent†~~ *one-third* of the members of the executive board must
45 be elected by residential unit owners other than the declarant.



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

2 116B.450 1. Notwithstanding any provision of the
3 declaration or bylaws to the contrary, any member of the executive
4 board, other than a member appointed by the declarant or elected by
5 the hotel unit owner, may be removed from the executive board,
6 with or without cause, if at a removal election held pursuant to this
7 section, the number of votes cast in favor of removal constitutes:

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

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

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

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

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

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

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

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

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

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



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

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

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

22 **Sec. 25.** NRS 116B.490 is hereby amended to read as follows:
23 116B.490 1. The bylaws of the association must : ~~{provide:}~~

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

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

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

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

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

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

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

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



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

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

7 2. Except as otherwise provided in *this chapter or* the
8 declaration, the bylaws may provide for any other *necessary or*
9 *appropriate* matters ~~[the association deems necessary and~~
10 ~~appropriate.]~~, *including, without limitation, matters that could be*
11 *adopted as rules.*

12 3. The bylaws must be written in plain English.

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

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

16 116B.505 1. A hotel unit owner may not prohibit use of the
17 shared components pursuant to paragraph (d) of subsection 4 of
18 NRS 116B.340 unless:

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

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

- 27 (1) Written notice specifying the details of the violation; and
28 (2) A reasonable opportunity to contest the violation.

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

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

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

35 3. A meeting requested by a residential unit owner pursuant to
36 subsection 2 must be held as soon as practicable, but not later than
37 30 days after the date on which the request for a meeting is received
38 by the hotel unit owner. The meeting may be held in person, by
39 telephone or by videoconferencing.

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



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

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

4 116B.520 1. A meeting of the units' owners must be held:

5 (a) As required by the declaration; and

6 (b) At least once each year.

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

22 ~~If the petition calls for a removal election, the~~
23 ~~secret written ballots for the removal election must be sent in the~~
24 ~~manner required by NRS 116B.450 not less than 15 days or more~~
25 ~~than 60 days after the date on which the petition is received, and the~~
26 ~~executive board shall set the date for the meeting to open and count~~
27 ~~the secret written ballots so that the meeting is held not more than~~
28 ~~15 days after the deadline for returning the secret written ballots.]~~

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

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



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

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

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

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

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

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

27 ~~6.1~~ The secretary or other officer specified in the bylaws shall
28 cause minutes to be recorded or otherwise taken at each meeting of
29 the units' owners. Not more than 30 days after each such meeting,
30 the secretary or other officer specified in the bylaws shall cause the
31 minutes or a summary of the minutes of the meeting to be made
32 available to the units' owners. A copy of the minutes or a summary
33 of the minutes must be provided to any unit's owner upon request
34 and, if required by the executive board, upon payment to the
35 association of the cost of providing the copy to the unit's owner.

36 ~~7.1~~ 6. Except as otherwise provided in subsection ~~8.1~~ 7, the
37 minutes of each meeting of the units' owners must include:

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

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

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



1 ~~18-1~~ 7. The executive board may establish reasonable
2 limitations on materials, remarks or other information to be included
3 in the minutes of a meeting of the units' owners.

4 ~~19-1~~ 8. The association shall maintain the minutes of each
5 meeting of the units' owners until the condominium hotel is
6 terminated.

7 ~~10-1~~ 9. A unit's owner may record on audiotape or any other
8 means of sound reproduction a meeting of the units' owners if the
9 unit's owner, before recording the meeting, provides notice of his or
10 her intent to record the meeting to the other units' owners who are in
11 attendance at the meeting.

12 ~~11-1~~ 10. The units' owners may approve, at the annual
13 meeting of the units' owners, the minutes of the prior
14 annual meeting of the units' owners and the minutes of any prior
15 special meetings of the units' owners. A quorum is not required to
16 be present when the units' owners approve the minutes.

17 ~~12-1~~ 11. The hotel unit owner or his or her designated agent
18 shall attend the annual meeting of the units' owners to present a
19 written report concerning the status of the current year's budget for
20 the shared expenses and discuss any material issues that will affect
21 the preparation of the next year's budget for shared expenses.

22 ~~13-1~~ 12. As used in this section, "emergency" means any
23 occurrence or combination of occurrences that:

24 (a) Could not have been reasonably foreseen;

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

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

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

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

32 116B.525 1. A meeting of the executive board must be held
33 at least once a year.

34 2. Except in an emergency or unless the bylaws of an
35 association require a longer period of notice, the secretary or other
36 officer specified in the bylaws of the association shall, not less than
37 30 days before the date of a meeting of the executive board, cause
38 notice of the meeting to be given to the units' owners. Such notice
39 must be:

40 (a) ~~1 Sent prepaid by United States mail to the mailing address of~~
41 ~~each unit within the condominium hotel or to any other mailing~~
42 ~~address designated in writing by the unit's owner;~~ *Given to the*
43 *units' owners in the manner set forth in section 2 of this act;* or

44 (b) ~~1 If the association offers to send notice by electronic mail,~~
45 ~~sent by electronic mail at the request of the unit's owner to an~~



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

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

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

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

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

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

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

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

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

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

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

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

44 and



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

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

12 8. Except as otherwise provided in subsection 9 and NRS
13 116B.530, the minutes of each meeting of the executive board must
14 include:

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

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

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

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

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

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

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

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

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

41 (a) Could not have been reasonably foreseen;

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

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



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

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

4 116B.545 1. Except as otherwise provided in this section and
5 NRS 116B.445, and except when the governing documents provide
6 otherwise, a quorum is present throughout any meeting of the
7 ~~{association if the number of members of}~~ *units' owners if persons*
8 *entitled to cast 20 percent of the votes in* the association ~~{who are}~~ :

9 (a) *Are present in person* ~~{or}~~ ;

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

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

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

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

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

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

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

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



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

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

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

12 116B.550 1. *Unless prohibited or limited by the declaration*
13 *or bylaws and except as otherwise provided in this section, the*
14 *units' owners may vote at a meeting in person, by absentee ballot*
15 *pursuant to paragraph (d) of subsection 2, by a proxy pursuant to*
16 *subsections 3 to 8, inclusive, or, when a vote is conducted without*
17 *a meeting, by paper or electronic ballot pursuant to subsection 9.*

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

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

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

34 ~~2.~~ (c) *Unless a greater number or fraction of the votes in the*
35 *association is required by this chapter or the declaration, a*
36 *majority of the votes cast determines the outcome of any action of*
37 *the association.*

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



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

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

15 ~~13-1~~ 4. Before a vote may be cast pursuant to a proxy:

16 (a) The proxy must be dated.

17 (b) The proxy must not purport to be revocable without notice.

18 (c) The proxy must designate the meeting for which it is
19 executed ~~H~~, *and such a designation includes any recessed session*
20 *of the meeting.*

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

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

40 ~~14-1~~ 5. A proxy terminates immediately after the conclusion of
41 the meeting, *and any recessed sessions of the meeting*, for which it
42 is executed.

43 ~~15-1~~ 6. A vote may not be cast pursuant to a proxy for the
44 election or removal of a member of the executive board of an
45 association.



1 ~~16.1~~ 7. The holder of a proxy may not cast a vote on behalf of
2 the unit's owner who executed the proxy in a manner that is
3 contrary to the proxy.

4 ~~17.1~~ 8. A proxy is void if the proxy or the holder of the proxy
5 violates any provision of subsections ~~14.1~~ 3 to ~~16.1~~ 7, inclusive.

6 ~~18.1~~ 9. *Unless prohibited or limited by the declaration or*
7 *bylaws, an association may conduct a vote without a meeting.*
8 *Except as otherwise provided in NRS 116B.445 and 116B.450, if*
9 *an association conducts a vote without a meeting, the following*
10 *requirements apply:*

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

4 ~~19-1~~ **11.** If any votes are allocated to a unit that is owned by the
5 association, those votes may not be cast, by proxy or otherwise, for
6 any purpose.

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

8 116B.555 **1.** *A unit's owner is not liable, solely by reason of*
9 *being a unit's owner, for an injury or damage arising out of the*
10 *condition or use of the common elements.* Neither the association
11 nor any unit's owner except the declarant or hotel unit owner, as
12 applicable, is liable for that declarant's or hotel unit owner's torts in
13 connection with any part of the condominium hotel which that
14 declarant or hotel unit owner, as applicable, owns or has the
15 responsibility to maintain. ~~{Otherwise, an}~~

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

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

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

39 116B.565 **1.** Commencing not later than the time of the first
40 conveyance of a unit to a person other than a declarant, and unless
41 the declaration states otherwise, the association shall maintain, to
42 the extent reasonably available ~~{, both of the following:}~~ *and subject*
43 *to reasonable deductibles:*



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

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

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

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

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

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

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

38 116B.570 Insurance policies carried pursuant to this chapter
39 must provide to the extent reasonably available that:

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

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



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

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

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

10 116B.590 1. Until the association makes an assessment for
11 common expenses for the common elements, the declarant shall pay
12 all common expenses. After an assessment has been made by the
13 association, assessments must be made at least annually, based on a
14 budget adopted at least annually by the association in accordance
15 with the requirements set forth in this chapter. Unless the
16 declaration imposes more stringent standards, the budget must
17 include a budget for the daily operation of the association and a
18 budget for the reserves required by paragraph (b) of subsection 2.

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

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

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

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

39 4. To the extent required by the declaration:

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

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



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

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

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

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

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

23 116B.630 1. The association or the hotel unit owner, as
24 applicable, has a lien on a unit for any assessment or charge,
25 including assessments for common expenses and charges for shared
26 expenses or other charges of the hotel unit owner, authorized by this
27 chapter that is levied against that unit or any fines imposed against
28 the unit's owner from the time the assessment, charge or fine
29 becomes due. If an assessment is payable in installments, the full
30 amount of the assessment or charge is a lien from the time the first
31 installment thereof becomes due.

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

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

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

39 (c) Liens for real estate taxes and other governmental
40 assessments or charges against the unit. ~~†and~~

41 ~~—(d) Mechanics'†~~

42 *↪ This subsection does not affect the priority of mechanics' or*
43 *materialmen's liens †, or the priority of liens for other*
44 *assessments made by the association.*



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

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

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

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

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

18 8. The association or the hotel unit owner, as applicable, upon
19 written request, shall furnish to a residential unit owner a statement
20 setting forth the amount of unpaid assessments or charges against
21 the unit. If the interest of the unit's owner is real estate or if a lien
22 for the unpaid assessments or charges may be foreclosed under this
23 chapter, the statement must be in recordable form. The statement
24 must be furnished within 10 business days after receipt of the
25 request and is binding on the association or the declarant, as
26 applicable, and every unit's owner.

27 ***9. In an action by an association to collect assessments or by***
28 ***the hotel unit owner to collect shared expenses or to foreclose a***
29 ***lien created under this section, the court may appoint a receiver to***
30 ***collect all rents or other income from the unit alleged to be due***
31 ***and owing to a unit's owner before commencement or during***
32 ***pendency of the action. The receivership is governed by chapter 32***
33 ***of NRS. The court may order the receiver to pay any sums held by***
34 ***the receiver to the:***

35 ***(a) Association during pendency of the action to the extent of***
36 ***the association's common expense assessments based on a***
37 ***periodic budget adopted by the association pursuant to NRS***
38 ***116B.600; or***

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

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

43 116B.635 1. Except as otherwise provided in subsection 4, in
44 a condominium hotel, the association or hotel unit owner, as



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

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

11 (b) Not less than 30 days after mailing the notice of delinquent
12 assessment or charge pursuant to paragraph (a), the association or
13 hotel unit owner, as applicable, has executed and caused to be
14 recorded, with the county recorder of the county in which the
15 condominium hotel or any part of it is situated, a notice of default
16 and election to sell the residential unit to satisfy the lien which must
17 contain the same information as the notice of delinquent assessment
18 and which must also comply with the following:

- 19 (1) Describe the deficiency in payment.
20 (2) State the name and address of the person authorized by
21 the association, the declarant or hotel unit owner, as applicable, to
22 enforce the lien by sale.
23 (3) Contain, in 14-point bold type, the following warning:
24

25 **WARNING! IF YOU FAIL TO PAY THE AMOUNT**
26 **SPECIFIED IN THIS NOTICE, YOU COULD LOSE YOUR**
27 **~~HOME,} UNIT,~~ EVEN IF THE AMOUNT IS IN DISPUTE!**
28

29 (c) The residential unit owner or his or her successor in interest
30 has failed to pay the amount of the lien, including costs, fees and
31 expenses incident to its enforcement, for 90 days following the
32 recording of the notice of default and election to sell.

33 2. The notice of default and election to sell must be signed by
34 the person designated in the declaration or by the association or
35 hotel unit owner, as applicable, for that purpose.

36 3. The period of 90 days begins on the first day following:

- 37 (a) The date on which the notice of default is recorded; or
38 (b) The date on which a copy of the notice of default is mailed
39 by certified or registered mail, return receipt requested, to the
40 residential unit owner or his or her successor in interest at
41 the residential unit owner's address, if known, and at the address of
42 the residential unit,
43 ➤ whichever date occurs later.



* S B 3 8 9 *

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

4 (a) The violation poses an imminent threat of causing a
5 substantial adverse effect on the health, safety or welfare of the
6 units' owners or residents of the condominium hotel; or

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

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

10 116B.645 1. The association or hotel unit owner, as
11 applicable, shall also, after the expiration of the 90 days and before
12 selling the unit:

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

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

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

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

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

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

34 (3) The Ombudsman.

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

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

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

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



- 1 (a) The amount necessary to satisfy the lien as of the date of the
2 proposed sale; and
3 (b) The following warning in 14-point bold type:
4

5 **WARNING! A SALE OF YOUR PROPERTY IS**
6 **IMMINENT! UNLESS YOU PAY THE AMOUNT**
7 **SPECIFIED IN THIS NOTICE BEFORE THE SALE DATE,**
8 **YOU COULD LOSE YOUR ~~HOME~~ UNIT, EVEN IF**
9 **THE AMOUNT IS IN DISPUTE. YOU MUST ACT**
10 **BEFORE THE SALE DATE. IF YOU HAVE ANY**
11 **QUESTIONS, PLEASE CALL (name and telephone number**
12 **of the contact person for the association or hotel unit owner).**
13 **IF YOU NEED ASSISTANCE, PLEASE CALL THE**
14 **FORECLOSURE SECTION OF THE OMBUDSMAN'S**
15 **OFFICE, NEVADA REAL ESTATE DIVISION, AT (toll-**
16 **free telephone number designated by the Division)**
17 **IMMEDIATELY.**
18

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

- 21 (a) A certificate of mailing which evidences that the notice was
22 mailed through the United States Postal Service; or
23 (b) An affidavit of service signed by the person who served the
24 notice stating:

- 25 (1) The time of service, manner of service and location of
26 service; and
27 (2) The name of the person served or, if the notice was not
28 served on a person, a description of the location where the notice
29 was posted on the residential unit.

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

31 116B.665 1. Except as otherwise provided in subsection 2, a
32 judgment for money against the association, if a copy of the docket
33 or an abstract or copy of the judgment is recorded, is not a lien on
34 the common elements, but is a lien in favor of the judgment
35 lienholder against all of *the other real property of the association*
36 *and all of* the units in the condominium hotel at the time the
37 judgment was entered. No other property of a unit's owner or the
38 declarant is subject to the claims of creditors of the association.

39 2. If the association has granted a security interest in the
40 common elements to a creditor of the association pursuant to NRS
41 116B.560, the holder of that security interest shall exercise its right
42 against the common elements before its judgment lien on any unit
43 may be enforced.

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



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

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

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

17 116B.670 1. Except as otherwise provided in ~~this~~
18 subsection ~~4~~, the executive board of an association shall, upon
19 the written request of a unit's owner, make available the books,
20 records and other papers of the association for review during the
21 regular working hours of the association, including, without
22 limitation ~~all~~ :

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

31 ~~13-1~~ **6.** If the executive board refuses to allow a unit's owner to
32 review the books, records or other papers of the association, the
33 Ombudsman may:

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

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

41 ~~14-1~~ **7.** The books, records and other papers of an association
42 must be maintained for at least 10 years.

43 ~~15-1~~ **8.** The executive board shall not require a unit's owner to
44 pay an amount in excess of \$10 per hour to review any books,



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

3 **Sec. 40.** NRS 116B.725 is hereby amended to read as follows:
4 116B.725 1. Except as otherwise provided in ~~{this section,}~~
5 *subsection 2*, NRS 116B.725 to 116B.795, inclusive, apply to all
6 condominium hotels.

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

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

17 **Sec. 41.** NRS 116B.735 is hereby amended to read as follows:
18 116B.735 1. Except as otherwise provided in this chapter, a
19 public offering statement must set forth or fully and accurately
20 disclose each of the following:

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

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

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

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

32 (e) ~~{A current year to date} The financial {statement, including~~
33 ~~the most recent audited or reviewed financial statement, and the~~
34 *information required by subsection 2.*

35 (f) *The projected budget for the {association,} shared expenses,*
36 either within or as an exhibit to the public offering statement . ~~{, for~~
37 ~~1 year after the date of the first conveyance to a purchaser, and~~
38 ~~thereafter the current budget of the association.}~~ The budget must
39 include, without limitation:

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

43 (2) The projected monthly ~~{assessment for common} shared~~
44 expenses for each type of unit, including the amount established as
45 reserves pursuant to this chapter ~~{~~



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

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

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

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

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

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

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

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

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

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

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

45 (n) The information statements required by this chapter.



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

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

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

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

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

16 (b) A statement of any other reserves;

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

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

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

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

30 116B.760 1. Except in the case of a sale in which delivery of
31 a public offering statement is required, a unit's owner or his or her
32 authorized agent shall furnish to a purchaser a resale package
33 containing all of the following:

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

38 (b) A statement setting forth the amount of the monthly
39 assessment for common expenses and any unpaid assessment of any
40 kind currently due from the selling unit's owner;

41 (c) A copy of the current operating budget of the association and
42 current year-to-date financial statement for the association, which
43 must include a summary of the reserves of the association required
44 by this chapter;



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

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

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

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

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

21 2. The purchaser may, by written notice, cancel the contract of
22 purchase until midnight of the fifth calendar day following the date
23 of receipt of the resale package described in subsection 1, and the
24 contract for purchase must contain a provision to that effect. If the
25 purchaser elects to cancel a contract pursuant to this subsection,
26 the purchaser must hand deliver the notice of cancellation to the
27 residential unit owner or his or her authorized agent or mail
28 the notice of cancellation by prepaid United States mail to the
29 residential unit owner or his or her authorized agent. Cancellation is
30 without penalty, and all payments made by the purchaser before
31 cancellation must be refunded promptly. If the purchaser has
32 accepted a conveyance of the residential unit, the purchaser is not
33 entitled to:

34 (a) Cancel the contract pursuant to this subsection; or

35 (b) Damages, rescission or other relief based solely on the
36 ground that the residential unit owner or his or her authorized agent
37 failed to furnish the resale package, or any portion thereof, as
38 required by this section.

39 3. Within 10 days after receipt of a written request by a
40 residential unit owner or his or her authorized agent, the hotel unit
41 owner shall furnish all of the following to the residential unit owner
42 or his or her authorized agent for inclusion in the resale package:

43 (a) Copies of the documents required pursuant to paragraphs (a)
44 and (c) of subsection 1; and



1 (b) A certificate containing the information necessary to enable
2 the residential unit owner to comply with paragraphs (b) , ~~and~~ (d) ,
3 *(e) and (f)* of subsection 1.

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

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

12 (b) The hotel unit owner may charge the residential unit owner a
13 reasonable fee to cover the cost of preparing the certificate furnished
14 pursuant to subsection 3. Such a fee must be based on the actual cost
15 the association incurs to fulfill the requirements of this section in
16 preparing the certificate. The Commission shall adopt regulations
17 establishing the maximum amount of the fee that the hotel unit
18 owner may charge for preparing the certificate.

19 (c) The *other documents furnished pursuant to subsection 3*
20 *must be provided in electronic format at no charge to the unit's*
21 *owner or, if the hotel unit owner is unable to provide such*
22 *documents in electronic format, the* hotel unit owner may charge
23 the residential unit owner a reasonable fee, not to exceed 25 cents
24 per page ~~for~~ *for the first 10 pages, and 10 cents per page thereafter,*
25 *to cover the cost of copying .* ~~the other documents furnished~~
26 ~~pursuant to subsection 3.~~

27 (d) Except for the fees allowed pursuant to paragraphs (b) and
28 (c), the hotel unit owner may not charge the residential unit owner
29 any other fees for preparing or furnishing the documents and
30 certificate pursuant to subsection 3.

31 5. Neither a purchaser nor the purchaser's interest in a
32 residential unit is liable for any unpaid assessment or fee greater
33 than the amount set forth in the documents and certificate prepared
34 by the hotel unit owner. If the hotel unit owner fails to furnish the
35 documents and certificate within the 10 days allowed by this
36 section, the ~~seller~~ *purchaser* is not liable for the delinquent
37 assessment.

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



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

4 **Sec. 43.** NRS 116B.765 is hereby amended to read as follows:

5 116B.765 The information statement required by NRS
6 116B.735 and 116B.760 must be in substantially the following
7 form:

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

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

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

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

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



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

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

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

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

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

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

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



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

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



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

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

7 The law requires you to provide a prospective purchaser of
8 your property with a copy of the condominium hotel's
9 governing documents, including the CC&Rs, association
10 bylaws, and rules and regulations, as well as a copy of this
11 document. You are also required to provide a copy of the
12 association's current year-to-date financial statement,
13 including, without limitation, the most recent audited or
14 reviewed financial statement, a copy of the association's
15 operating budget and information regarding the amount of the
16 monthly assessment for common expenses, including the
17 amount set aside as reserves for the repair, replacement and
18 restoration of common elements. You are also required to
19 provide a copy of the current year-to-date statement of the
20 shared expenses charged to your unit by the declarant or hotel
21 unit owner, as applicable. 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 NRS 116B.725 to 116B.795, inclusive.

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

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

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

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

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

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

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

42 8. QUESTIONS?

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



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

7
8 Buyer or prospective buyer's initials: _____

9 Date: _____

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

11 116B.770 1. Except as otherwise provided in subsections 2
12 and 3, a deposit made in connection with the purchase or reservation
13 of a unit from a person required to deliver a public offering
14 statement pursuant to subsection 3 of NRS 116B.730 must be placed
15 in escrow and held either in this State or in the state where the unit
16 is located in an account designated solely for that purpose by a
17 licensed title insurance company, an independent bonded escrow
18 company, or an institution whose accounts are insured by a
19 governmental agency or instrumentality until:

20 (a) Delivered to the declarant at closing;

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

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

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

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

30 (d) Refunded to the purchaser.

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

35 3. In lieu of placing a deposit in escrow pursuant to subsection
36 1, the declarant may furnish a bond executed by the declarant as
37 principal and by a corporation qualified under the laws of this State
38 as surety, payable to the State of Nevada, and conditioned upon the
39 performance of the declarant's duties concerning the purchase or
40 reservation of a unit. Each bond must be in a principal sum equal to
41 the amount of the deposit. The bond must be held until:

42 (a) Delivered to the declarant at closing;

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



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

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

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

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

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

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

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

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

21 116B.790 1. If a declarant, hotel unit owner or any other
22 person subject to this chapter fails to comply with any of its
23 provisions or any provision of the declaration or bylaws, any person
24 or class of persons suffering actual damages from the failure to
25 comply has a claim for appropriate relief.

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

31 (a) By the association against:

32 (1) A declarant; or

33 (2) A unit's owner.

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

35 (1) The association;

36 (2) A declarant; or

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

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

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

43 (a) *The association;*



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

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

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

9 ~~4~~ **6.** The court may award reasonable attorney's fees to the
10 prevailing party.

11 ~~5~~ **7.** The civil remedy provided by this section is in addition
12 to, and not exclusive of, any other available remedy or penalty.

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

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

18 116B.815 The Office of the Ombudsman for Owners in
19 Common-Interest Communities and Condominium Hotels created
20 by NRS 116.625 shall:

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

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

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

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

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

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

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

40 (c) The name of the declarant;

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

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

43 ~~6~~ (f) The total annual assessment made by the association;

44 and



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

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