

other than for the uses set forth in Section 3.3 below, nor shall any Hangar be time shared. No Hangar shall be subdivided in any manner.

3.3 Use Restrictions. No Owner shall use his Hangar or any portion of the Project except for the storage of aircraft and machinery, parts and tools associated with the stored aircraft, office space for the stored aircraft and such other uses specifically permitted by the Ground Lease and Sublease. No Owner shall perform any salvage, rehabilitation, maintenance, construction or reconstruction, commercial, or industrial operations in his Hangar or within the Project for any aeronautical uses, vehicles and equipment except for aircraft owned by such Owner. No owner shall occupy the property as a temporary or permanent residence. No inoperative aircraft or motor vehicles, structures of a temporary character, tents, trailers or motor homes, shacks, storage sheds, or other out buildings shall be used or permitted to be kept or stored on any portion of the Common Area at any time either temporarily or permanently. No use of the Project, or any portion thereof, which is prohibited by the Ground Lease and/or the Sublease shall occur anywhere on the Property .

3.4 Use of Common Area. There shall be no obstruction of the Common Area nor shall anything, including aircraft and vehicles, be kept, parked, or stored on any part of the Common Area. Nothing shall be altered or constructed on or removed from the Common Area without the prior written approval of the Association.

3.5 Exterior Changes. Except for those Improvements erected or installed by Declarant in its construction and completion of the Project, no exterior additions to, alterations or decoration of the Hangars, including but not limited to any structural alterations to any Hangar or Common Area nor any changes in fences, walls, or other structures, nor installation of mounted air condition units or any exterior television, radio or other communication antennas of any type shall be commenced, erected, placed or maintained without the prior written approval of the Association, in accordance with this Declaration and the Architectural Committee Rules, and of the appropriate governmental authorities, if required.

3.6 Parking Restrictions. Unless otherwise permitted by the Board, no aircraft, automobile, boat, truck, trailer, camper, or recreational or commercial vehicle shall be parked or left within the Project other than within an enclosed Hangar. The Association shall have the right to direct the removal of vehicles improperly parked on the Common Area pursuant to NRS 487.038. No vehicle shall be used as a living area while located on the Project.

3.7 Nuisances. No nuisance shall be allowed on the Project, nor any use or practice which is the source of annoyance to other Owners or which interferes with the peaceful enjoyment or possession and proper use of the Project by the Owners. As used herein, the term "nuisance" shall not include any activities of Declarant in regard to the development and construction of the Project or any activity of an Owner relating to the use of the Hangar as a hangar for aircraft maintenance and parking. All parts of the Project shall be kept in a clean and sanitary condition and no rubbish, refuse or garbage shall be allowed to accumulate, nor any fire hazard to exist. Further, no immoral, improper, offensive or unlawful use shall be permitted or made of the Project or any part thereof.

3.8 Garbage Collection. Each Owner shall dispose of the garbage collected within his Hangar into containers of such dimensions and at such locations, if any, as the Association shall, from time to time, designate.

3.9 Machinery and Equipment. No machinery or equipment of any kind shall be placed; operated, or maintained outside of any Hangar. No equipment for air conditioning, heating, fuel storage or other uses shall be installed or maintained outside of or protruding through the walls, windows, or roof of any Hangar except for such equipment as is initially constructed by Declarant or thereafter as approved by the Architectural Committee.

3.10 Animals. No animals shall be allowed on or in any Hangar except for one recognized house pet per Hangar accompanied and controlled by an Owner or his guests or invitees. In no event shall any animal be permitted to dwell in any Hangar. No animal or fowl shall be allowed to make an unreasonable amount of noise or shall otherwise be allowed to become a nuisance. No animal shall be permitted outside of the Hangar of the Owner of such animal unless such animal is under the control of a responsible person by means of a leash or other reasonable restraint and such person shall immediately clean up and remove any feces or other matters left by such animal. Upon request of an Owner, the Association, in its sole discretion, shall determine for the purpose of this Section whether a particular animal shall be considered as a house pet and whether it is a nuisance. Animals belonging to Owners or their guests within the Project must be either kept within an enclosure or on a leash or other restraint being held by a person capable of controlling the animal.

3.11 Diseases and Insects. No Owner shall permit anything or condition to exist upon his Unit that shall induce, breed, or harbor infectious diseases or noxious insects. Each Owner shall be obligated to have its Hangar sprayed for insects and rodents by a certified pest extermination company no less than once per year. Each Owner shall produce evidence of its compliance with such obligations within a reasonable period of a request by the Board.

3.12 Exterior Sound Devices. No exterior speakers, or other sound devices except security devices used exclusively for security purposes shall be located, used, or placed on a Unit or Improvement without the prior written approval of the Architectural Committee.

3.13 Fences, Etc. No fences, awnings, ornamental screens, screen doors, sunshades or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the Project except those that are installed in accordance with the original construction of the Project, and their replacements, or as are authorized and approved by the Architectural Committee.

3.14 Signs. No sign of any kind shall be displayed so as to be visible from neighboring property or within public view without the approval of the Board.

3.15 Compliance with Laws: Prohibition of Certain Activities. No Owner shall permit anything to be done or kept in his Hangar that violates any law, ordinance, statute, rule, or regulation of any local, county, state, or federal body, including, without limitation Title 19 of the Carson City Municipal Code and all Federal Aviation Regulations. No Owner shall allow any

personal property belonging to such Owner to remain within any portion of the Common Area. Without prior written consent from the Board, nothing shall be done or kept in any Hangar, or any part thereof, which would result in the cancellation of the insurance on the Project or any part thereof or increase the rate of insurance on the Project or any part thereof over what the Association would pay but for such activity.

3.16 Rules and Regulations. No Owner shall violate the Rules and Regulations as adopted from time to time by the Association.

3.17 Indemnification. Each Owner shall be liable for any damage to the Common Area or any other Hangar that may be sustained by reason of the negligence of such Owner, members of his family, his contract purchasers, tenants, guests, or invitees, but only to the extent that any such damage is not covered by insurance. Each Owner, by acceptance of his deed or other instrument of conveyance or assignment, agrees for himself and for the members of his family, his contract purchasers, tenants, guests, or invitees, to indemnify each and every other Owner, and to hold him harmless from, and to defend him against, any claim of any person for personal injury or property damage occurring within the Hangar or Limited Common Element of that particular Owner.

3.18 Right of Entry. For the purposes reasonably related to the performance by the Association of their responsibilities under this Declaration, including purposes of performing construction, maintenance or repair for the benefit of the Common Area or the Owners in common, the Association's agents or employees shall have the right, after reasonable notice (not less than twenty-four (24) hours except in emergencies) to enter upon any Hangar or upon any portion of the Common Area (including any Limited Common Element) at reasonable hours. Such entry shall be made with as little inconvenience to any Owner as possible and any damage caused thereby shall be repaired by the Association at its own expense.

#### ARTICLE IV -THE ASSOCIATION

4.1 Formation. The Association shall be a nonprofit corporation formed or to be formed under the laws of the State of Nevada. Prior to the conveyance of the first Hangar to an Owner other than Declarant, Declarant shall cause the Articles of Incorporation to be filed with the Secretary of State of the State of Nevada. The Association shall be charged with the duties and invested with the powers set forth in the Articles, Bylaws, and this Declaration. The Association is not authorized to have and shall not issue any capital stock.

4.2 Association Action: Board of Directors and Officers: Members' Approval. Except as to matters requiring the approval of members as set forth in the Articles, Bylaws, this Declaration, the affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with this Declaration or the Bylaws, or their amendments. Except for the Member of the Board appointed by Declarant in accordance with this Declaration, the Articles and the Bylaws and the members of the first Board named in the Articles, the Board shall be composed of declarants only. All members of the Board must be at least eighteen (18) years of age. The members of the first Board of the Association named in the Articles shall serve until the first meeting of the Members of the Association, which is called for

the purpose of electing their successors. The first meeting of the Members of the Association shall be held not later than the earlier of (a) forty-five (45) days after the closing of the sale of the Hangar which represents the seventy-fifth percentile interest in the total number of Hangars in the Project. All matters requiring the approval of Members shall be deemed approved if Members holding a majority of the total voting power assent to them by written consent as provided in the Bylaws or if approved by a majority vote of a quorum of Members at any regular or special meeting held in accordance with the Bylaws. The Association shall hold at least one (1) meeting per each calendar year.

#### 4.3 Membership.

4.3.1 Membership Qualifications. The Members of the Association shall be the Leasehold Owners of the Hangars. The Owner(s) of each Hangar shall have one (1) membership in the Association. The number of memberships in the Association shall be equal to the number of Hangars within the Project at any given time. "Owner(s)" mentioned herein means those with leasehold interest.

4.3.2 Members' Rights and Duties. As used in this Declaration, the term "Member" shall refer to the Owner of a Hangar if there is one Owner, or collectively to all of the Leasehold Owners of a Hangar if there is more than one Owner. Each Member shall have the rights, duties, and obligations set forth in this Declaration, the Articles, Bylaws, and Rules and Regulations, as the same may from time to time be amended. Except as otherwise provided in subparagraph (b) of paragraph 4.3.3 below, the respective interests of each of the Members shall be equal.

4.3.3 Classes of Membership. The Association shall have two (2) classes of membership.

(a) General. Except as otherwise provided in subparagraphs (b) and (c) of this paragraph 4.3.3, each Member shall be entitled to one vote for each Hangar owned by such Member.

(b) Class A Members. Class A Members shall be all Owners of Hangars (including Declarant, if Declarant is the Owner of any Hangar(s)).

(c) Class B Member. The Class B Member shall be Declarant. The Class B membership shall terminate on (i) the date the Declarant no longer owns any Hangar interest; or (ii) the date Declarant advises the Association in writing that it is relinquishing its Class B membership, whichever first occurs.

4.3.4 Voting Rights. Each class of membership shall have the respective voting rights set forth in this Subsection 4.3.4:

(a) Until the Class B membership has terminated as provided in the foregoing paragraph 5.3.1(b), the Class B Member shall exercise all voting rights



with respect to any matter submitted to a vote of the membership of the Association.

(b) After the Class B membership has terminated as provided in the foregoing paragraph 4.3.3 (c), the Class A Members shall exercise all voting rights with respect to any matter submitted to a vote of the members of the Association. Such voting rights shall be allocated among the Class A Members as set forth in paragraph 4.3.3 (a).

(c) Exercise of Voting Rights. In the case of a Hangar owned by two (2) or more persons or entities, the voting power shall be exercised by only one of them. Such voting member must be designated in writing to the Board by all Owners of such Hangar, and the Association may preclude the vote for any such Hangar by any Owner other than such designated Owner. If there is no such designation then such Hangar shall have no vote until such designation is made.

4.4 Transfer of Membership. The Association membership of the Owner(s) of a Hangar shall be appurtenant to such Hangar, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer of title to such Hangar, and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title or interest to a Hangar shall operate automatically to transfer the appurtenant membership rights in the Association to the new owner(s). Prior to any transfer of title to a Hangar, either the transferring owner or the acquiring owner shall give notice to the Board of such transfer, including the name and address of the acquiring owner and the anticipated date of transfer. The Association shall have the right to charge a reasonable transfer fee payable to the Association on the date of transfer of title to the Hangar, which transfer fee shall be assessed against the Hangar as a Violation Assessment if not paid when due.

## ARTICLE V - POWERS AND DUTIES OF THE ASSOCIATION

5.1 Powers. The Association shall have all the powers of a nonprofit corporation organized under the laws of the State of Nevada and the powers conferred upon it pursuant to Chapters 82 and 116 of the Nevada Revised Statutes, subject only to such limitations on the exercise of such powers as are set forth in the Articles, the Bylaws, and this Declaration. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles, and the Bylaws, and to do and perform any act that may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including, without limitation, the following:

5.1.1 Assessments. The Association shall have the power to establish, fix, and levy assessments as set forth in paragraphs 6.4, 6.5, 6.6 and 6.7 hereof (herein collectively "Assessments") and to enforce payment of such Assessments in accordance with the provisions of this Declaration.

5.1.2 Rules and Regulations. The Board shall have the power to adopt, amend, and repeal the rules and regulations regulating the use of the Common Area and for such

other purposes as are expressly allowed by this Declaration or allowed pursuant to the Act (the "Rules and Regulations"). However, the Rules and Regulations shall not be inconsistent with or materially alter any provisions of this Declaration, the Articles, or the Bylaws. A copy of the Rules and Regulations as adopted, amended, or repealed, shall be mailed or otherwise delivered to each Member. In case of any conflict between any provision of the Rules and Regulations and any provisions of this Declaration, the Articles, or Bylaws, the conflicting provision of the Rules and Regulations shall be superseded by the provisions of this Declaration, the Articles, or the Bylaws.

### 5.1.3 Right of Enforcement.

(a) General. The Association in its own name and on its own behalf, shall have the power and authority to commence and maintain actions for damages, or to restrain and enjoin any actual or threatened breach of any provision of this Declaration, the Articles, Bylaws, Rules and Regulations, or any resolutions of the Board, to enforce by mandatory injunction, or otherwise, all of these provisions, to intervene in litigation or administrative proceedings on matters affecting the Project. The Court in any such action may award the successful party reasonable expenses in prosecuting such action, including reasonable attorneys' fees.

5.1.4 Delegation of Powers: Professional Management: Other Services. The Association, acting by and through the Board, can delegate its powers, duties, and responsibilities to committees of Members, employees, agents and independent contractors, including a professional managing agent. The Association may obtain and pay for legal, accounting, and other services necessary and desirable in connection with the operation of the Project and the enforcement of this Declaration.

5.1.5 Personal Property. The Association may acquire and hold for the use and benefit of all the Owners tangible and intangible personal property, and may dispose of the same by sale or otherwise.

5.1.6 Other Services and Properties. The Association shall have the power to obtain or pay for, as the case may be, any other property, services, taxes, or assessments which the Association or the Board is required to secure or pay for pursuant to the terms of this Declaration, the Articles, or Bylaws, including security services for the Project generally, or which, in its opinion, shall be necessary or proper for the operation of the Association, and to incur liabilities and make contracts respecting the same.

5.2 Duties of the Association. In addition to the duties delegated to it by its Articles or the Bylaws, and without limiting their generality, the Association, acting by and through the Board, or persons or entities described in paragraph 5.1.3, has the obligation to conduct all business affairs of common interest to all Members and to perform each of the following duties:

5.2.1 Professional Management. The Declarant or Association may engage the services of a professional manager to manage the Project. If Declarant or Association

enters into a professional management contract prior to turning control of the Project over to the Association, such contract shall provide that it is terminable without cause at any time without penalty, upon no more than thirty (30) days written notice.

5.2.2 Taxes and Assessments. The Declarant or Association shall pay all taxes and assessments levied against all Association Property or against the Association.

5.2.3 Insurance. The Association shall obtain and maintain, from reputable insurance companies, the insurance described in **Article VII**.

5.2.4 Enforcement of Restrictions and Rules. The Association shall perform such other acts, whether or not expressly authorized by this Declaration, that may be reasonably necessary to enforce any of the provisions of this Declaration, the Articles, Bylaws, Rules and Regulations, or Board resolutions provided such are permitted by the Act. There is hereby reserved to the Association such easements as are necessary to perform its duties and obligations or to exercise its rights as set forth in this Declaration, the Bylaws, Articles, or the Architectural Committee Rules.

5.2.5 Association Property. The Association shall accept and exercise jurisdiction over all property, real and personal, conveyed to the Association by Declarant or others or for which the Association has duties and obligations imposed upon it pursuant to this Declaration, including all Common Area, and easements for operation and maintenance purposes over any of the Project, and easements for the benefit of Association members within the Common Area.

5.2.6 Title to Property Upon Dissolution. Upon dissolution of the Association, the Association shall convey the assets of the Association to an appropriate public agency or agencies or to a nonprofit corporation, association, trust or other organization organized and operating for purposes similar to those for which the Association was created, or in such other manner as may be proper for the Association so to do under applicable State of Nevada and Federal law.

5.2.7 Operation and Maintenance of Common Area. The Association shall operate, maintain, and otherwise manage or provide for the operation, maintenance, and management of the Common Area and all its facilities, improvements, and landscaping, including any taxiways, ramps and parking areas, and any other property acquired by the Association, including personal property, but not hangar doors on each Hangar, which must be maintained and repaired by the Owner of such Hangar pursuant to Section 2.13. Such operations and management shall be conducted in a first-class manner, and the Association property shall be maintained in a good state of repair. In this connection, the Association may enter into contracts for services or materials for the benefit of the Association or the Common Area, including contracts with Declarant.

Common Expenses associated with the maintenance, repair or replacement of components and elements attached to, planted on, or a part of exterior surfaces, trim, siding, doors and windows will be assessed against the Hangar or Hangars to which the

Limited Common Element is assigned. No additional component or element may be attached without consent of the Architectural Control Committee. In the event any additional component or element becomes deteriorated or unsightly, or is inconsistent with conditions of installation, it may be removed or repaired at the Hangar Owner's expense as a Common Expense assessment after notice and an opportunity to be heard in the manner provided for in Section 2.6.2.

If any such Limited Common Element is assigned to more than one Hangar, the Common Expenses attributable to the Limited Common Element will be assessed among the Hangars to which it is assigned based upon the relative Allocated Interest of such Hangars.

Common Expenses associated with the cleaning, maintenance, repair or replacement of all other Limited Common Elements will be assessed against all Hangars in accordance with their Allocated interests in the Common Expenses as set forth in Section 6.4.2.

5.2.8 Utilities. The Association shall acquire, provide, and pay for water, sewer, garbage disposal, refuse and other necessary utility services for the Common Area, and for Hangars when the Hangars are not separately billed. The term of any contract to supply any of the listed services shall not exceed one (1) year, or if the supplier is a regulated public utility, the shortest term not to exceed one (1) year for which the supplier will contract at the applicable regulated rate.

5.2.9 Lease. The Association shall make all payments and comply (and cause the Project to comply) with all covenants and obligations of the Association.

5.2.10 Other. The Association shall carry out the other duties of the Association set forth in the Declaration, Articles, and Bylaws.

5.3 Limitations on Authority of Board. Except with the vote or written consent of Members of the Association, the Board shall not take any of the following actions:

5.3.1 Sell during any fiscal year Association Property having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or

5.3.2 Pay compensation to members of the Board, or to officers of the Association for services performed in the conduct of the Association's business. However, the Board may cause a member of the Board or an officer to be reimbursed for expenses incurred in carrying on the business of the Association.

5.4 Personal Liability. No member of the Board, or of any committee of the Association, or any officer of the Association, or any Manager, or Declarant, or any agent of Declarant shall be personally liable to any Member, or to any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act,

omission, error, or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by him or it, acted in good faith without willful or intentional misconduct.

5.5 Meetings of Members. Meetings of Members shall be noticed and held as provided in the Articles, Bylaws, and this Declaration.

5.6 Association Books and Records and Association Property .

5.6.1 Right of Inspection. All membership registers, accounting records, and minutes of meetings of the Members, the Board, and committees of the Board, and all other books, documents and records of the Association, and the physical properties of the Association, shall be made available for inspection by any Member of the Association, or his, her or its duly appointed representative, or any mortgagee, at any reasonable time and for a purpose reasonably related to membership in the Association, at the office of the Association or at such other place as the Board prescribes. The right of inspection shall include the right to make copies of documents. The Board shall establish by resolution reasonable rules with respect to (a) notice to be given to the custodian of the records of the Association by the Member representative, or mortgagee desiring to make an inspection, (b) hours and days of the week when an inspection may be made, and (c) payment of the cost of reproducing copies of documents requested by a Member or by a representative or mortgagee.

5.6.2 Declarant's Obligation to Deliver Association Property and Records to Board. Within thirty (30) days after the Declarant's Control Termination Date, the Declarant shall deliver to the Association all property of the Owners and of the Association held by or controlled by Declarant, including:

(a) The original or a certified copy of the Declaration, the Articles, the Bylaws, minute books and other books and records of the Association and any Rules and Regulations which may have been adopted;

(b) An accounting for money of the Association and financial statements from the date the Association received money to the Declarant's Control Termination Date. The financial statements shall fairly and accurately report the Association's financial condition prepared in accordance with generally accepted accounting principles;

(c) The Association's money or control thereof;

(d) All of the tangible personal property that has been represented by the Declarant to be Association Property or, all tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the Common Area, and inventories of those properties; unless Declarant has disclosed in a public offering statement that such personal property will remain the property of Declarant;

(e) A copy of any plans and specifications used in the construction of any Improvements which were completed within two (2) years before the Declaration was recorded;

(f) All insurance policies then in force, in which the Owners, the Association, or its directors or officers are named as insured persons;

(g) Copies of any certificates of occupancy that may have been issued with respect to any Improvements comprising the Project;

(h) Any other permits and approvals issued by governmental bodies applicable to the Project which are in force or which were issued within one (1) year before the Declarant's Control Termination Date;

(i) Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective;

(j) A roster of Owners and mortgagees of Hangars, if known, and their addresses and telephone numbers, if known, as shown on Declarant's records;

(k) Contracts of employment in which the Association is a contracting party; and

(l) Any contract for service in which the Association is a contracting party or in which the Association or the Owners have any obligation to pay a fee to the persons performing the services.

#### ARTICLE VI- ASSESSMENTS

6.1 Agreement to Pay. Declarant, for each Improved Hangar owned by it, and each Owner for each Hangar owned by such Owner, hereby covenants and agrees to pay to the Association such Assessments as are made pursuant to paragraphs 6.4, 6.5, 6.6 and 6.7 of this Declaration.

6.2 Personal Obligations. Each Assessment or installment thereof, together with any late charges, interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation of the person or entity who is the Owner of the Hangar at the time such Assessment (or installment) became due and payable. If more than one person or entity is the Owner of the Hangar, the personal obligation to pay such Assessment (or installment) respecting such Hangar shall be both joint and several. Subject to the provisions of paragraph 9.3 hereof, a purchaser of a Hangar shall be jointly and severally liable with the seller for all unpaid Assessments against the Hangar, up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such Assessments. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without

foreclosure or waiver of the lien securing the same. No Owner may avoid or diminish such personal obligation by non-use or abandonment of his Hangar.

6.3 Purpose and Amount of Assessments. The Assessments levied by the Association shall be the amount estimated to be required, and shall be used exclusively, to promote the health, safety, and welfare of the Members of the Association, for the performance of the duties of the Association as set forth in this Declaration, and for the repair, maintenance and upkeep of the Common Area and any other Association Property .

6.4 Annual Assessments.

6.4.1 Definitions. As used herein, "Annual Assessment" shall mean the amount of the Association budget ("Budget") for each fiscal year to pay the Common Expenses (defined below) as established pursuant to the provisions of this Article. As used herein, "Common Expenses" means the expenditures made by the Association in the performance of its obligations hereunder, and the financial liabilities of the Association during the applicable fiscal year, including an allocation to reserves, and shall include, but are not limited to, expenditures for the following purposes: (i) to operate, manage, maintain and repair the Common Area and other Association Property, to make all payment obligations under the Ground Lease and the Sublease, to administer the operation of the Association; (ii) to provide for reasonable reserves consistent with sound business practice for the repair and replacement of Improvements to the Common Area and any Association Property, and for such other purposes as are consistent with good business practice; (iii) to provide for the possibility that some Assessments may not be paid on a current basis; and (iv) to provide for the payment of the fee of a professional manager, if required by the Association. Without limiting the generality of the foregoing, Common Expenses shall include: all charges, costs, and expenses whatsoever incurred by the Association for or in connection with the Association administration, including, but not limited to, the maintenance of the Common Area; any taxes and assessments assessed against Association Property, any taxes assessed against the Association itself, insurance premiums, including fire and other casualty insurance, liability insurance, workman's compensation insurance, and other insurance obtained pursuant to this Declaration; payment of any liability of the Association whatsoever for loss or damage arising out of or in connection with the Common Area or any fire, accident, or nuisance occurring within the Common Area; the cost of repair, rebuilding and replacement of the Improvements to the Common Area; the cost of all utility services to the Common Area, including water, electricity, refuse removal, landscape maintenance services, and any other similar service attributable to the Common Area; the unpaid share of any Assessment levied during the previous fiscal year against any Owner who has defaulted in payment thereof to the extent that the same becomes uncollectible; accounting and legal fees, management fees, and cleaning, janitorial and lawn care fees, and other necessary expenses of upkeep, maintenance, management and operation incurred with respect to the Common Area and the Improvements thereon.

6.4.2 Allocation of Annual Assessments. The Annual Assessments shall be allocated to each Hangar on the date the Annual Assessment for the applicable fiscal year is deemed approved based on the Allocated Interest for each Hangar.

6.4.3 Procedure for Establishing Annual Assessments. Before the beginning of each fiscal year of the Association, the Board shall meet for the purpose of preparing the proposed Budget of the Common Expenses for the next succeeding fiscal year and establishing the Annual Assessment for such fiscal year. After adoption of the proposed Budget by the Board for such fiscal year, the Board shall provide a summary of the Budget to all Owners. Unless at that meeting sixty six and two-thirds percent (66-2/3%) of all Owners vote to reject the proposed Budget, the Budget shall be deemed ratified by the Owners, whether or not a quorum is present at such meeting.

6.5 Special Assessments. If the Board determines that the estimated total amount of funds necessary to defray the Common Expenses for a given fiscal year is or will become inadequate to meet the Common Expenses for any reason, including, but not limited to, delinquencies in the payment of Assessments, or in the event the Association has insufficient reserves to perform its obligations under this Declaration, then the Board shall determine the approximate amount of such shortfall, shall provide a summary thereof to all of the Owners with the Board's recommendation for a special assessment ("Special Assessment") to meet such shortfall. The Board may, in its discretion, provide for payment of any Special Assessment in any number of installments or provide that it is payable in one (1) installment within such time period as the Board deems reasonable.

6.6 Capital Improvement Assessments.

6.6.1 Association's Power to Levy: Definition. The Association shall have the power to levy assessments for Capital Improvements ("Capital Improvement Assessments") on the terms and conditions set forth below. As used herein "Capital Improvement" means (i) any Improvement upon the Common Area which is not a repair or replacement of an existing Improvement, or (ii) any expenditure relating to the Common Area which is outside the ordinary course of business of the Association.

6.6.2 Petition: Association Approval.

(a) The Board may, on its own motion, move for the construction, installation, or acquisition of, or expenditure for, a Capital Improvement, in which case such motion shall be treated as if it were a petition duly submitted by Owners.

(b) If the Board desires to propose a Capital Improvement, the Board shall obtain three (3) estimates from licensed contractors for the construction of the Capital Improvement.



(c) The Capital Improvement Assessment shall be deemed approved upon the affirmative vote of the Association or the Declarant unless Declarant owns no Hangars within the Property.

6.6.3 Levy of Capital Improvement Assessments. Capital Improvement Assessments shall be levied against the Owners of all of the Hangars based on their allocated interests. A Capital Improvement Assessment shall be paid in such installments and during such period or periods at the time such Assessment is approved. The Capital Improvement Assessment shall be due and payable upon terms set by the Board:

6.6.4 Expenditure for Capital Improvement. After the levy of the Capital Improvement Assessment and the collection of the entire Capital Improvement Assessment, or a sufficient portion thereof as the Board deems prudent, then the Board shall cause the Capital Improvement to be constructed, installed, or acquired, or shall contract for the extraordinary expenditure constituting the Capital Improvement.

6.7 Utilities Assessments. Any utility service delivered to the Hangars for which the Association is billed shall, in turn, be billed by the Association to each Hangar connected to such utility in a proportion equal to the Allocated Interest of such Hangar divided by the aggregate of all Allocated Interests of the Hangars connected to such utility service, on a monthly basis. Such billings shall be considered an assessment levied against each Hangar, and shall be enforced in accordance with the terms and provisions of this **Article 6**.

6.8 Rate of Assessment. Except as otherwise specifically provided in this Declaration, including **paragraphs 6.6 and 6.7** hereof, all Assessments levied by the Association must be fixed at a rate equal to the Allocated Interests for each Hangar; and the amount assessed to each Hangar shall be determined by multiplying the total amount assessed by the Allocated Interest for such Hangar.

6.9 Assessment Period. The Annual Assessment period shall coincide with the fiscal year of the Association, which shall commence on January 1 of each year and shall terminate on December 31 of such year. However, the initial Annual Assessment period shall commence on the first day of the calendar month following the date on which the sale of the first Hangar to a purchaser is closed and recorded. The first Annual Assessment and all Special Assessments shall be adjusted according to the number of months remaining in the fiscal year and shall be payable in equal monthly installments unless the Board adopts some other basis for collection.

6.10 Notices of Assessments; Delinquencies. Any Assessment installment hereunder which is not paid within fifteen (15) days following the date it is due as specified in the notice of such Assessment given in the manner specified in this paragraph 6.11 of this Declaration shall be deemed delinquent. All delinquent Assessments shall bear interest at the rate of twelve percent (12%) per annum from the date the Assessment becomes delinquent hereunder until paid, and, in addition, a late charge of \$25.00 shall be due for each delinquent installment. The Association shall give written notice of all Assessments to the Owners of all Improvements of the Hangars, which notice shall specify the amount of the Assessment and the date or dates payment of the same is due and shall be given in the manner provided in paragraph 12.5 hereof. Notice of a

Violation Assessment is required to be given only to the Owners of the Hangar against whom the Violation Assessment is made in the manner provided in paragraph 12.5 hereof. Nothing contained herein shall be construed so as to require the Association to give periodic notices of the same Assessment. One notice of an Assessment shall be sufficient to meet the requirements of this paragraph, even though the Assessment may be payable in installments. Failure of the Association to give notice of any Assessment shall not affect the liability of the Owners of the Hangar for such Assessment; provided, however, that the date when payment of the first installment of such Assessment shall become due in such a case shall be deferred to a date fifteen (15) days after such notice shall have been given, and the first installment of such Assessment shall not be deemed delinquent until fifteen (15) days after such deferred due date.

6.11 Collection of Assessments. The right to collect and enforce Assessments is vested in the Board acting for and on behalf of the Association. The Board or its authorized representative, including any Manager, can enforce the obligations of the Owners to pay Assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity; or the Board may enforce by judicial proceedings or, to the extent permitted by applicable law, through the exercise of the power of sale granted to the Board pursuant to applicable statutes and laws, and this Declaration. Suit to recover a money judgment against an Owner for unpaid assessments together with all other amounts due hereunder shall be maintainable without first foreclosing against the Hangar which is subject to the lien for such assessment or waiving the lien rights granted hereby.

6.12 Lien for Assessments: Priority. All sums assessed to any Hangar pursuant to this Declaration, and all fines imposed by the Association against the Owners of a Hangar, together with interest thereon as provided herein, shall be secured by a lien on such Hangar in favor of the Association from the date the Assessment or fine becomes due. If an Assessment or fine is payable in installments, the full amount of the Assessment or fine is a lien from the time the first installment thereof becomes due. Such lien shall be prior to all other liens and encumbrances on such Hangar, except for: (a) valid tax and special assessment liens in favor of any governmental assessing authority; (b) liens and encumbrances recorded before the recordation of the Declaration; and (c) a First Deed of Trust recorded before the date on which the Assessment or fine sought to be enforced became delinquent. The Association, Board or Declarant is obligated under these CC&R's to notify the First Security lien holder, if applicable.

6.13 Enforcement of Lien.

6.13.1 Notice of Delinquent Assessment and Notice of Default. The Association may foreclose its lien by sale pursuant to Act after:

(a) The Association has caused to be mailed in accordance with Section 116.31162 of the Act, or any successor statute, a notice of delinquent assessment (herein "Notice of Delinquent Assessment"), which states the amount of the Assessments or fines which are due together with all interest and late charges thereon in accordance with the provisions of this Declaration, a description of the Hangar against which the lien is imposed, and the name of the record Owner of the Hangar; and

(b) The Association or other person conducting the sale has executed and caused to be recorded with the County Recorder of the county in which the Property or any part thereof is situated ("the County Recorder"), a notice of default and election to sell the Hangar to satisfy the lien ("Notice of Default"), which shall contain the same information as the Notice of Delinquent Assessment, but which shall also describe the deficiency in payment and the name and address of the person authorized by the Association to enforce the lien by sale; and

(c) The Owners of the Hangar or their successors in interest have failed to pay the amount of the lien, including interest and late charges, and costs, fees and expenses incident to its enforcement for a period of sixty (60) days which commences on the first day following the later of:

(i) The day on which the Notice of Default is so recorded; and

(ii) The day on which a copy of the Notice of Default is mailed by certified or registered mail, return receipt requested, to the Owners of the Hangar or their successors in interest at their address if known, or otherwise to the address of the Hangar.

6.15.2 Notice of Sale. The Association or other person conducting the sale shall, at any time after the expiration of such sixty (60) day period and before selling the Hangar, give notice of the time and place of the sale ("Notice of Sale") in the manner and for a time not less than that required by law for the sale of real property upon execution, except that a copy of the Notice of Sale must be mailed, on or before the date of first publication or posting, by certified or registered mail, return receipt requested, to the Owners of the Hangar or their successors in interest at their address if known, or otherwise to the address of the Hangar. Such sale shall be conducted in any manner permitted by law. Each Owner who is liable for payment of the Assessment shall be required to pay the costs and expenses of such foreclosure proceeding including, but not limited to, the cost of preparation of all notices (whether or not such notice has been given to the Owners at the time payment is made), reasonable attorneys' fees, and title insurance costs.

All such costs and expenses of the foreclosure shall be secured by the lien being foreclosed. Each Owner who is liable for payment of the Assessment shall be required to pay to the Association any and all Assessments against such Owner which shall become due during the period of foreclosure. The Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use, and otherwise deal with the Improved Hangar. The Association shall be entitled to bid on credit up to and including the amount secured by the lien being foreclosed.

A further notice stating the satisfaction and release of any such lien shall be executed by the Association and recorded in the County and City of Carson City, Nevada, real estate records, upon payment of all sums secured by such lien.

Any encumbrancer holding a lien on a Hangar may, but shall not be required to, pay any amounts secured by a lien for unpaid assessments, and upon such payment, such encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including rights of priority.

6.16 Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves must be paid to the Owners in proportion to their liabilities for Common Expenses or credited to them to reduce their future assessments for Common Expenses.

6.17 Reserve Funds. The Association shall establish and maintain an adequate reserve fund for the replacement of Improvements to the Common Area and Limited Common Elements that it is obligated to maintain. The replacement fund shall be maintained out of regular assessments for common expenses.

## ARTICLE VII -INSURANCE

7.1 Insurance to be Obtained. Pursuant to Section 116.31138 of the Act, the Association shall not be obligated to comply with the insurance requirements set forth in Sections 116.31113, 116.31133 and 116.31135 of the Act. Rather, the Association shall only be obligated to obtain and maintain in full force and effect at all times insurance coverage required under the Ground Lease and the Sublease.

7.2 Other Insurance. The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Project.

7.3 Premiums and Reviews. Premiums for all of the foregoing insurance carried by the Association shall be a common expense and shall be included in the assessments or charges made by the Association. The Board shall review the limits of all insurance policies of the Association at least once a year and adjust the limits as the Board deems necessary or appropriate.

7.4 Form. All insurance policies maintained by the Association pursuant to paragraph 7.1 shall be in a form required by the Ground Lease and the Sublease. All insurance policies maintained by the Association pursuant to paragraph 7.2 shall be in a form determined by the Association.

7.5 Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to paragraphs 7.1 or 7.2. The Board is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

7.6 Owner's Insurance Responsibilities. Each respective Owner shall be responsible for the following insurance coverages to the extent not maintained by the Association pursuant to

paragraphs 7.1 and 7.2 above: insurance on furnishings initially placed in the Hangar by Declarant; insurance on items of personal property placed in the Hangar by Owner; insurance for casualty and public liability coverage within each Hangar to the extent not covered by the Association's insurance; insurance coverage for activities of the Owner, not acting for the Association, with respect to the Common Area, insurance against loss from theft on all personal property placed in the Hangar or stored in any Limited Common Element by the Owner.

ARTICLE VIII -DAMAGE, DESTRUCTION,  
CONDEMNATION OR OBSOLESCENCE

8.1 Damage or Destruction.

8.1.1 Association as Attorney-in-Fact. Each of the Owners irrevocably constitutes and appoints the Association its true and lawful attorney-in-fact in its name, place, and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed or other instrument of conveyance or assignment from the Declarant or from any Owner shall constitute such appointment.

8.1.2 General Authority of Association. As attorney-in-fact, the Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, deed, assignment or other instrument with respect to the interest of an Owner, which may be necessary or appropriate to exercise the powers herein granted. Repair and reconstruction of the Improvements as used in the succeeding subparagraphs mean restoring the Project to substantially the same vertical and horizontal boundaries as before.

8.1.3 Duty and Authority to Rebuild. Any portion of the Common Area which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

(a) The common-interest community created by this Declaration is terminated.

(b) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or The Association shall have the authority and the duty to repair or reconstruct all Improvements to the Common Area which are damaged or destroyed, which authority and duty shall be exercised in accordance with the provisions of this Article.

8.1.4 Estimate of Costs: Architectural Committee Approval. As soon as practicable after an event causing damage to, or destruction of, any Improvements to the Common Area, the Association shall obtain estimates that it deems reliable and complete of the costs of repair or reconstruction of that part of the property damaged or destroyed. No reconstruction or repair of damaged or destroyed Common Area Improvements shall commence until approval has been obtained from the Architectural Committee in accordance with its guidelines.

8.1.5 Funds for Reconstruction. The proceeds of any insurance collected shall be available to the Association for the purpose of repair or reconstruction of Association Property. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair or reconstruction, then the Board, pursuant to Article VI hereof, shall levy in advance a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair or reconstruction.

8.1.6 Repair or Reconstruction. Except as otherwise provided herein, as soon as practicable after receiving the estimates, the Board shall diligently pursue to completion the repair or reconstruction of the damaged or destroyed Common Area Improvements. The Association may take all necessary or appropriate action to effect repair or reconstruction as attorney-in-fact for the Owners; and no consent or other action by any Owner shall be necessary in connection therewith. Such repair or reconstruction shall be in substantial accordance with the original plans and specifications of the Project or may be in accordance with any other plans and specifications the Association may approve, provided that in such latter event, (i) the number of cubic feet and the number of square feet of any Hangar may not vary by more than five percent (5%) from the number of cubic feet and the number of square feet for such Hangar as originally constructed pursuant to such original plans and specifications, and the location of the buildings shall be substantially the same as prior to damage or destruction.

8.1.7 Disbursement of Funds for Repair or Reconstruction. The insurance proceeds held by the Association and the amounts received from the assessments provided for in paragraph 8.1.5 constitute a fund for the payment of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair or reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair or reconstruction, such balance shall be distributed to the Owners in proportion to the contributions by each Owner to the Association.

8.1.8 Decision Not to Rebuild. In the event of a determination not to rebuild, the damaged or destroyed facilities shall be cleared; and the land shall be landscaped in a manner ensuring the existence of adequate rights-of-way and legal access over and to the area. The cost of removal and landscaping shall be paid for with insurance proceeds; and the remaining proceeds shall be retained by the Association in its general or other funds.

## 8.2 Obsolescence.

8.2.1 Payment for Renewal and Reconstruction. The expense of renewal or reconstruction shall be payable by all of the Owners as assessments against their respective Condominiums. These assessments shall be levied in advance pursuant to **Article 6** hereof and shall be allocated and collected as provided in that Article. Further levies may be made in like manner if the amounts collected prove insufficient to complete the renewal and reconstruction.

8.2.2 Distribution of Excess. In the event amounts collected pursuant to Section 8.2.1 are in excess of the amounts required for renewal and reconstruction, the excess shall be returned to the Owners by the Association by a distribution to each Owner in an amount proportionate to the respective amount collected from each such Owner.

8.3 Condemnation. If at any time or times during the continuance of the Condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the making of awards and disbursement of the proceeds thereof shall be undertaken in accordance with the terms and provisions of NRS 116.1107.

## ARTICLE IX - PROTECTION OF LENDERS

9.1 Encumbrance of Parcels Permitted. Any Owner may encumber such Owner's Hangar with a Deed of Trust.

9.2 Subordination. Except as provided otherwise by Act or Article VI hereof, any lien created or claimed under Article VI of this Declaration is subject and subordinate to the lien of any First Deed of Trust encumbering any Hangar, unless the priority of such First Deed of Trust is expressly subordinated to such assessment lien by a written instrument duly recorded.

9.3 Non-Liability for Unpaid Assessments. Any beneficiary of a First Deed of Trust who acquires title to a Hangar pursuant to the judicial or non-judicial foreclosure remedies provided in the Deed of Trust shall take the Hangar and shall pay any claims for unpaid assessments or Association charges against the encumbered Hangar. After the foreclosure of any such Deed of Trust, such Hangar shall remain subject to the Declaration; and the amount of all regular and special assessments, to the extent they relate to expenses incurred subsequent to such foreclosure sale, shall be assessed hereunder to the grantee or purchaser thereunder.

9.4 Breach of Covenants. A breach by an Owner of any of the provisions of this Declaration, shall not defeat or render invalid the lien of any Deed of Trust made in good faith and for value as to the Project or any portion thereof; provided, however, the provisions of this Declaration shall be binding upon the Owners whose title thereto is acquired under foreclosure, trustee's sale, or otherwise.

9.5 Notice to Eligible Mortgage Holders, Insurers and Guarantors. The holder of any First Deed of Trust shall be entitled to become an "Eligible Mortgage Holder" pursuant to the provisions of this Declaration and any insurer or guarantor of a First Deed of Trust shall be entitled to become an "Eligible Insurer" hereunder by notifying the Association of its name, address and the address of the Hangar encumbered by the First Deed of Trust.

9.6 Insurance Proceeds and Condemnation Awards. No provision of this Declaration or the Articles shall give an Owner, or any other party, priority over any rights of the holders of First Deeds of Trust in the case of a distribution to Owners of insurance proceeds or condemnation awards.

9.7 Appearance at Meetings. Because of its financial interest in the Project, any beneficiary of a First Deed of Trust may appear (but cannot vote) at meetings of the Members and the Board, and may draw attention to violations of this Declaration that have not been corrected or made the subject of remedial proceedings or Assessments.

9.8 Examination of Records. The holders of First Deeds of Trust shall have the right to examine at reasonable times the books and records of the Association and can require the submission of financial data concerning the Association, including annual audit reports and operating statements as and when furnished to the Owners.

#### ARTICLE X- SPECIAL DECLARANT'S AND DEVELOPMENTS

10.1 General. Declarant and any Successor Declarant may be undertaking the work of constructing Improvements to and upon the Project. The completion of such construction and the sale or other disposition of Hangars within the Project is essential to the establishment and welfare of the Project as a planned community. The covenants contained in this **Article X** are personal to Declarant and any Successor Declarant, and may only be transferred by a written assignment duly recorded from a Declarant to a Successor Declarant, or from a Successor Declarant to another Successor Declarant.

10.2 Special Declarant's Rights. Declarant hereby reserves unto itself the rights to:

10.2.1 Complete all Improvements within the Project, including, but not limited to, those indicated on Plats or Plans or described in this Declaration;

10.2.2 Maintain at least one (1) sales office and management office within the Property which may be relocated from time to time.

10.2.3 Maintain signs advertising the Project, which signs may be maintained anywhere on the Project, excluding Hangars owned by Owners other than Declarant;

10.2.4 Use easements through the Common Area for the purpose of making Improvements within the Project; and

10.2.5 Appoint or remove any officer of the Association or any member of the Board at any time and from time to time prior to the Declarant's Control Termination Date.

Nothing in this Article shall give the Declarant the right to damage any Hangar or Improvement not owned by Declarant or interfere unreasonably with the Owners' use of the Common Areas; and Declarant's right to so use the Project shall terminate upon final completion of construction of the Project or eight (8) years from the recordation of this Declaration, whichever first occurs, except as required for maintenance and repair obligations conducted by Declarant which may continue after such date.



ARTICLE XI -ARCHITECTURAL COMMITTEE

11.1 Organization. There shall be an Architectural Committee comprised of the Board.

11.2 Duties. It shall be the duty of the Architectural Committee to consider and act upon such proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Committee Rules, to perform other duties delegated to it by the Association, and to carry out all other duties imposed upon it by this Declaration.

11.3 Meetings. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of the majority shall constitute an act by the Committee unless the unanimous decision of its members is otherwise required by this Declaration. The Architectural Committee may charge a filing fee to be used to pay an architect to review the submitted plans and specifications. The Board may reimburse members for reasonable expenses incurred by them in the performance of any Architectural Committee function.

11.4 Minimum Standards and Restrictions. The following minimum standards and restrictions shall apply to any construction work performed on the Project:

11.4.1 Compliance With Laws. All Improvements shall be constructed in full compliance with all applicable zoning laws, building codes, and other laws, ordinances, and regulations applicable to the construction, use, and occupancy of the Improvements.

11.4.2 Compliance With Ground Lease and Sublease. All Improvements shall be constructed in full compliance with the requirements of the Ground Lease and the Sublease.

11.5 Application for Approval of Plans and Specifications. Any Owner of a Hangar proposing to make any Improvements to a Limited Common Element or to perform any work that requires the prior approval of the Architectural Committee shall apply to the Architectural Committee for approval by notifying the Architectural Committee of the nature of the proposed work. Prior to the commencement of construction, the Owner shall submit to the Architectural Committee for its review and approval such information and materials as the Architectural Committee in the exercise of its reasonable discretion deems necessary for it to be adequately informed with respect to the work to be undertaken by such Owner .

11.6 Basis for Approval of Improvements. The Architectural Committee shall grant the required approval only if:

11.6.1 The Owner shall have strictly complied with the provisions of paragraph 11.5; and

11.6.2 The Architectural Committee finds that the plans and specifications conform to this Declaration, the Ground Lease and the Sublease; and

11.6.3 The Architectural Committee in its reasonable discretion determine that the proposed Improvements would be compatible with the other property in the Project and the purposes of the Declaration as to the quality of workmanship and materials, as to harmony of external design with existing structures.

11.7 Basis for Disapproval of Improvements. The Architectural Committee may disapprove any application on aesthetic grounds, and more specifically: (a) because of the reasonable dissatisfaction of the Architectural Committee with the Improvement proposed to be erected, because of the materials of which it is to be built, the harmony thereof with its surroundings, or any additional maintenance, repair or replacement burden such matter would impose upon the Association; (b) because the Improvement proposed to be erected do not comply with the Ground Lease or the Sublease, or (c) because of non-compliance with any of the specific conditions and restrictions "contained in this Declaration or with reasonable guidelines that the Architectural Committee may from time to time adopt.

11.8 Form of Approval. All approvals or disapprovals given under paragraphs 11.5 or 11.6 shall be in writing; provided, however, any request for approval which has not been rejected within sixty (60) days from the date of submission thereof to the Architectural Committee shall be deemed approved. The approval may be conditioned upon the deposit by the Owner of a performance bond, cash deposit, or other undertaking to assure completion of the approved Improvement in accordance with the terms of the approval once construction thereof is commenced.

11.9 Proceeding with Work. Upon receipt of approval from the Architectural Committee pursuant to paragraph 11.6, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing and alterations pursuant to the approval. Construction of the approved Improvements shall commence, in all cases, within one year from the date of such approval. If the Owner shall fail to comply with this paragraph, any approval given pursuant to paragraph 11.6 shall be deemed revoked unless the Architectural Committee, upon written request of the Owner made prior to the expiration of the one-year period, extends the time for such commencement. No such extension shall be granted except upon a finding by the Architectural Committee that there has been no change in the circumstances upon which the original approval was granted.

11.10 Failure to Complete Work. The Owner shall in any event complete the construction, reconstruction, refinishing, or alteration of any such Improvement within one year after commencing construction thereof, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or his agents.

11.11 Waiver. The approval by the Architectural Committee of any plans, drawings, or specifications for any work done or proposed or for any other matter requiring the approval of the Architectural Committee under this Declaration shall not be deemed to constitute a waiver of

any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval.

11.12 Liability. Provided that the Architectural Committee or a particular member of the Architectural Committee has acted in good faith on the basis of the information as may be possessed by the Architectural Committee or the member, as the case may be, then neither the Architectural Committee nor any member thereof shall be liable to the Association, to any Owner, or any other person for any damage, loss, or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective, with respect to the construction or performance of any work, whether or not such performance complied with approved plans, drawings, and specifications; (b) the development of any property subject to this Declaration. Without limiting the generality of the foregoing, the Architectural Committee and any member thereof may, but it is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Committee.

## ARTICLE XII - DECLARATION SUBJECT TO GROUND LEASE AND SUBLEASE

12.1 Owner's Rights Subject to Ground Lease and Sublease. Pursuant to N.R.S. Section 116.2106, the expiration or termination of the Ground Lease or the Sublease will terminate the common interest community established by this Declaration. Each Owner in accepting a deed or other instrument of conveyance or assignment to a Condominium, expressly acknowledges that he (i) has received and carefully read and reviewed the Ground Lease and the Sublease, (ii) understands his rights to his Condominium and other rights under this Declaration are subject and subordinate to the Ground Lease and the Sublease, and (iii) understands that the expiration or termination of the Ground Lease or the Sublease will terminate his rights to his Condominium and under this Declaration and the common interest community established by this Declaration.

### 12.2 N.R.S. Section 116.2117 Information.

12.2.1 Ground Lease. The following information with respect to the Ground Lease is provided pursuant to N.R.S. Section 116.2117:

(a) A Ground Lease is recorded in the office of the Clerk and Recorder of the City and County of Carson, Document No. 320769, and amended by Document No. 360014. A copy of the Ground Lease is on file with the Carson City Airport Authority.

(b) The date on which the Ground Lease is scheduled to expire is June 22, 2054. PATRICK DANG ENTERPRISES, LLC, owner of the master lease, has the right to renew the ground lease if possible. Otherwise, upon expiration of the ground lease mentioned herein, all ownership of hangars reverts back to the Carson City Airport Authority. There are no exceptions.

(c) The legal description of the real estate subject to the Ground Lease is described on **Exhibit "C"** attached hereto and incorporated herein.

d) The Owners' have no right to a right to redeem the reversion of the leasehold estate of the Ground Lease.

### ARTICLE XIII - MISCELLANEOUS PROVISIONS

13.1 Duration. The provisions of this Declaration shall continue and be effective for a period of fifty (50) years from May 21, 2004, or termination of the underlying Ground Lease. Should the Ground Lease be extended beyond fifty (50) years from May 21, 2004, this Declaration shall remain in effect during the term of any such extension(s).

13.2 Amendment. Except as otherwise provided in N. R.S. Section 116.2117 and below, this Declaration may be amended by vote or agreement of not less than sixty seven percent (67%) of the voting power of the Association. All such amendments must be in writing, and prepared, executed, recorded and certified on behalf of the Association by the President of the Association. Such amendment shall be recorded in the office of the County Recorder of the County in which the Property is located.

#### 13.3 Enforcement and Waiver.

13.3.1 Owner's Right of Enforcement. In addition to the rights of enforcement granted to the Association pursuant to the provisions of paragraph 5.1.2 hereof, any Owner shall have the right (but not the duty) to enforce any and all of the covenants, conditions, and restrictions now or hereafter imposed by this Declaration upon the Owners or upon any of the Property. Nothing herein shall be construed as creating a third party beneficiary contract in favor of parties who are not Owners.

13.3.2 Violations and Nuisance. Every act or omission whereby a covenant, condition or restriction of the Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action.

13.3.3 Violation of Law. Any violation of any state, municipal, or local law, ordinance, or regulation pertaining to the ownership, occupation, or use of any portion of the Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures herein set forth.

13.3.4 Remedies Cumulative. Each remedy provided by the Declaration is cumulative and not exclusive.

13.3.5 Nonwaiver. The failure to enforce the provisions of any covenant, condition, or restriction contained in the Declaration shall not constitute a waiver of any right to enforce any such provisions or any other provisions of the Declaration.

13.4 Termination of Former Owner's Liability for Assessments. Upon the conveyance, sale, assignment, or other transfer of a Hangar to a new Owner, the transferring Owner shall not be liable for any Assessments levied with respect to such Hangar after notification of the Association of such transfer in the manner provided in paragraph 4.4 hereof and the payment of a transfer fee as provided in paragraph 4.4 hereof. No person, after the termination of his status as an Owner and prior to his again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of an Owner under this Declaration.

13.5 Notices. All notices to the Association or the Board shall be sent by regular mail, or registered or certified mail, return receipt requested, addressed to the Board at the address of the Manager, or to, such other place as the Board may designate from time to time by notice in writing to the Owners of all of the Hangars. Until the Owners are notified otherwise, all notices to the Association or to the Board shall be addressed as follows:

**Heritage Hangar Owners Association  
2130 Lakeridge Drive  
Reno, NV 89509**

All notices given by the Association to any Owner shall be sent by regular mail, or by registered or certified mail, return receipt requested, to such Owner's Hangar address or to such other address as may be designated by such Owner from time to time, in writing, to the Board. All notices to Eligible Mortgage Holders shall be sent by registered or certified mail, return receipt requested, at the address to which such Eligible Mortgage Holder has last requested that notice be sent by notifying the Association in the manner provided in this paragraph 12.5. All notices shall be deemed to have been received within seventy-two (72) hours after the mailing thereof, except notices of change of address which shall be deemed to have been given when actually received.

13.6 Approvals. Any consent or approvals by the Board or Architectural Committee shall be in writing.

13.7 Construction and Severability: Singular and Plural: Titles.

13.7.1 Restrictions and Easements Construed Together. All of the covenants, conditions, restrictions and easements of this Declaration shall be liberally construed together to promote the purposes of this Declaration as set forth herein.

13.7.2 Restrictions and Easements Severable. The covenants, conditions, restrictions and easements contained in this Declaration shall be deemed independent and severable; and the invalidity or partial invalidity of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

13.7.3 Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary; and the masculine, feminine, or neuter shall each include the masculine, feminine, and neuter, as the context requires.



**H. NRS 116**

## CHAPTER 116 - COMMON-INTEREST OWNERSHIP (UNIFORM ACT)

## ARTICLE 1

## GENERAL PROVISIONS

## PART I

## DEFINITIONS AND OTHER GENERAL PROVISIONS

<u>NRS 116.001</u>	Short title.
<u>NRS 116.003</u>	Definitions.
<u>NRS 116.005</u>	"Administrator" defined.
<u>NRS 116.007</u>	"Affiliate of a declarant" defined.
<u>NRS 116.009</u>	"Allocated interests" defined.
<u>NRS 116.011</u>	"Association" and "unit-owners' association" defined.
<u>NRS 116.013</u>	"Certificate" defined.
<u>NRS 116.015</u>	"Commission" defined.
<u>NRS 116.017</u>	"Common elements" defined.
<u>NRS 116.019</u>	"Common expenses" defined.
<u>NRS 116.021</u>	"Common-interest community" defined.
<u>NRS 116.023</u>	"Community manager" defined.
<u>NRS 116.025</u>	"Complaint" defined.
<u>NRS 116.027</u>	"Condominium" defined.
<u>NRS 116.029</u>	"Converted building" defined.
<u>NRS 116.031</u>	"Cooperative" defined.
<u>NRS 116.033</u>	"Dealer" defined.
<u>NRS 116.035</u>	"Declarant" defined.
<u>NRS 116.037</u>	"Declaration" defined.
<u>NRS 116.039</u>	"Developmental rights" defined.
<u>NRS 116.041</u>	"Dispose" and "disposition" defined.
<u>NRS 116.043</u>	"Division" defined.
<u>NRS 116.045</u>	"Executive board" defined.
<u>NRS 116.047</u>	"Financial statement" defined.
<u>NRS 116.049</u>	"Governing documents" defined.
<u>NRS 116.051</u>	"Hearing panel" defined.
<u>NRS 116.053</u>	"Identifying number" defined.
<u>NRS 116.055</u>	"Leasehold common-interest community" defined.
<u>NRS 116.057</u>	"Liability for common expenses" defined.
<u>NRS 116.059</u>	"Limited common element" defined.
<u>NRS 116.0605</u>	"Major component of the common elements" defined.
<u>NRS 116.061</u>	"Management of a common-interest community" defined.
<u>NRS 116.063</u>	"Master association" defined.
<u>NRS 116.065</u>	"Offering" defined.
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<u>NRS 116.075</u>	"Planned community" defined.
<u>NRS 116.077</u>	"Proprietary lease" defined.
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## PART II

## APPLICABILITY



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- NRS 116.3111 Tort and contract liability.
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- NRS 116.3113 Insurance: General requirements.
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- NRS 116.31135 Insurance: Repair or replacement of damaged or destroyed portion of community.
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- NRS 116.31152 Study of reserves; duties of executive board regarding study; person who conducts study required to hold permit; contents of study; submission of summary of study to Division; use of money credited against residential construction tax for upkeep of park facilities and related improvements identified in study.
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- NRS 116.3116 Liens against units for assessments.
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- NRS 116.31164 Foreclosure of liens: Procedure for conducting sale; purchase of unit by association; execution and delivery of deed; use of proceeds of sale.
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- NRS 116.3119 Association as trustee.
- NRS 116.320 Right of units' owners to display flag of the United States in certain areas; conditions and limitations on exercise of right.
- NRS 116.325 Right of units' owners to exhibit political signs in certain areas; conditions and limitations on exercise of right.
- NRS 116.330 Right of units' owners to install or maintain drought tolerant landscaping; conditions and limitations on exercise of right; installation of drought tolerant landscaping within common elements.
- NRS 116.335 Association prohibited from requiring unit's owner to obtain approval to rent or lease unit; exceptions.
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## ARTICLE 4

### PROTECTION OF PURCHASERS

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 Commission for Common-Interest Communities: Courses of instruction for members.  
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 Administration of chapter; regulations of Commission and Real Estate Administrator; delegation of authority; publications.  
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 Ombudsman for Owners in Common-Interest Communities: Creation of office; appointment; qualifications; powers and duties.  
 Account for Common-Interest Communities: Creation; administration; sources; uses.  
 Immunity.  
 Service of notice and other information upon Commission.  
 Authority for Real Estate Division to conduct business electronically; regulations; fees; use of unsworn declaration; exclusions.

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 Appointment of hearing panels; delegation of powers and duties; appeals to Commission.  
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#### REGULATION OF COMMUNITY MANAGERS

Person prohibited from acting as community manager without permit or certificate; regulations governing standards of practice; investigations; disciplinary action; exceptions. [Repealed.]  
 Regulations governing certificates issued to community managers; fees. [Repealed.]  
 Payment of child support: Statement by applicant for certificate; grounds for denial of certificate; duty of Division. [Repealed.]  
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 Expiration, revocation or surrender of permit or certificate does not prohibit disciplinary action against holder of permit or certificate. [Repealed.]  
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#### INVESTIGATION OF VIOLATIONS; REMEDIAL AND DISCIPLINARY ACTION

"Violation" defined.  
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	Disciplinary action deemed public records.
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NRS 116.795	Injunctions.

## ARTICLE 1

### GENERAL PROVISIONS

#### Part I

#### Definitions and Other General Provisions

**NRS 116.001 Short title.** This chapter may be cited as the Uniform Common-Interest Ownership Act.  
(Added to NRS by 1991, 535)—(Substituted in revision for NRS 116.1101)

**NRS 116.003 Definitions.** As used in this chapter and in the declaration and bylaws of an association, unless the context otherwise requires, words and terms defined in NRS 116.005 to 116.095, inclusive, have the meanings ascribed to them in those sections.  
(Added to NRS by 1991, 535; A 2003, 1302, 2221; 2005, 2586)

**NRS 116.005 "Administrator" defined.** "Administrator" means the Real Estate Administrator.  
(Added to NRS by 1999, 2993; A 2003, 1302, 2221)—(Substituted in revision for NRS 116.110305)

**NRS 116.007 "Affiliate of a declarant" defined.**

1. "Affiliate of a declarant" means any person who controls, is controlled by or is under common control with a declarant.

2. A person "controls" a declarant if the person:

- (a) Is a general partner, officer, director or employer of the declarant;
- (b) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote or holds proxies representing, more than 20 percent of the voting interest in the declarant;
- (c) Controls in any manner the election of a majority of the directors of the declarant; or
- (d) Has contributed more than 20 percent of the capital of the declarant.

3. A person "is controlled by" a declarant if the declarant:

- (a) Is a general partner, officer, director or employer of the person;
- (b) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote or holds proxies representing, more than 20 percent of the voting interest in the person;
- (c) Controls in any manner the election of a majority of the directors of the person; or
- (d) Has contributed more than 20 percent of the capital of the person.

4. Control does not exist if the powers described in this section are held solely as security for an obligation and are not exercised.

(Added to NRS by 1991, 535)—(Substituted in revision for NRS 116.11031)

**NRS 116.009 "Allocated interests" defined.** "Allocated interests" means the following interests allocated to each unit:

1. In a condominium, the undivided interest in the common elements, the liability for common expenses, and votes in the association;
2. In a cooperative, the liability for common expenses and the ownership and votes in the association; and
3. In a planned community, the liability for common expenses and votes in the association.

(Added to NRS by 1991, 536)—(Substituted in revision for NRS 116.110313)

**NRS 116.011 "Association" and "unit-owners' association" defined.** "Association" or "unit-owners' association" means the unit-owners' association organized under NRS 116.3101.

(Added to NRS by 1991, 536)—(Substituted in revision for NRS 116.110315)

**NRS 116.013 "Certificate" defined.** "Certificate" means a certificate for the management of a common-interest community issued by the Division pursuant to chapter 116A of NRS.

(Added to NRS by 2003, 2208; A 2005, 2587)

**NRS 116.015 "Commission" defined.** "Commission" means the Commission for Common-Interest Communities created by NRS 116.600.

(Added to NRS by 2003, 2208)

**NRS 116.017 "Common elements" defined.** "Common elements" means:

1. In a condominium or cooperative, all portions of the common-interest community other than the units, including easements in favor of units or the common elements over other units; and
2. In a planned community, any real estate within the planned community owned or leased by the association, other than a unit.

(Added to NRS by 1991, 536; A 1993, 2356)—(Substituted in revision for NRS 116.110318)

**NRS 116.019 "Common expenses" defined.** "Common expenses" means expenditures made by, or financial liabilities of, the association, together with any allocations to reserves.

(Added to NRS by 1991, 536)—(Substituted in revision for NRS 116.11032)

**NRS 116.021 "Common-interest community" defined.** "Common-interest community" means real estate with respect to which a person, by virtue of his ownership of a unit, is obligated to pay for real estate other than that unit. "Ownership of a unit" does not include holding a leasehold interest of less than 20 years in a unit, including options to renew.

(Added to NRS by 1991, 536)—(Substituted in revision for NRS 116.110323)

**NRS 116.023 "Community manager" defined.** "Community manager" means a person who provides for or otherwise engages in the management of a common-interest community.

(Added to NRS by 2003, 2208)

**NRS 116.025 "Complaint" defined.** "Complaint" means a complaint filed by the Administrator pursuant to NRS 116.765.

(Added to NRS by 2003, 2208)

**NRS 116.027 "Condominium" defined.** "Condominium" means a common-interest community in which portions of the real estate are designated for separate ownership and the remainder of the real estate is designated for common ownership solely by the owners of those portions. A common-interest community is not a condominium unless the undivided interests in the common elements are vested in the units' owners.

(Added to NRS by 1991, 536)—(Substituted in revision for NRS 116.110325)

**NRS 116.029 "Converted building" defined.** "Converted building" means a building that at any time before creation of the common-interest community was occupied wholly or partially by persons other than purchasers and persons who occupy with the consent of purchasers.

(Added to NRS by 1991, 536)—(Substituted in revision for NRS 116.110328)

**NRS 116.031 "Cooperative" defined.** "Cooperative" means a common-interest community in which the real estate is owned by an association, each of whose members is entitled by virtue of his ownership in the association to exclusive possession of a unit.

(Added to NRS by 1991, 536)—(Substituted in revision for NRS 116.11033)

**NRS 116.033 "Dealer" defined.** "Dealer" means a person in the business of selling units for his own account.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.110333)

**NRS 116.035 "Declarant" defined.** "Declarant" means any person or group of persons acting in concert who:

1. As part of a common promotional plan, offers to dispose of his or its interest in a unit not previously disposed of; or
2. Reserves or succeeds to any special declarant's right.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.110335)

**NRS 116.037 "Declaration" defined.** "Declaration" means any instruments, however denominated, that create a common-interest community, including any amendments to those instruments.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.110338)

**NRS 116.039 "Developmental rights" defined.** "Developmental rights" means any right or combination of rights reserved by a declarant in the declaration to:

1. Add real estate to a common-interest community;
2. Create units, common elements or limited common elements within a common-interest community;
3. Subdivide units or convert units into common elements; or
4. Withdraw real estate from a common-interest community.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.11034)

**NRS 116.041 "Dispose" and "disposition" defined.** "Dispose" or "disposition" means a voluntary transfer to a purchaser of any legal or equitable interest in a unit, but the term does not include the transfer or release of a security interest.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.110343)

**NRS 116.043 "Division" defined.** "Division" means the Real Estate Division of the Department of Business and Industry.

(Added to NRS by 2003, 1301, 2208)

**NRS 116.045 "Executive board" defined.** "Executive board" means the body, regardless of name, designated in the declaration to act on behalf of the association.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.110345)

**NRS 116.047 "Financial statement" defined.** "Financial statement" means a financial statement of an association that is prepared and presented in accordance with the requirements established by the Commission pursuant to NRS 116.21142.

(Added to NRS by 1997, 3110; A 2005, 2587)

**NRS 116.049 "Governing documents" defined.** "Governing documents" means:

1. The declaration for the common-interest community;
2. The articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents that are used to organize the association for the common-interest community;
3. The bylaws and rules of the association; and
4. Any other documents that govern the operation of the common-interest community or the association.

(Added to NRS by 1997, 3111; A 2005, 2587)

**NRS 116.051 "Hearing panel" defined.** "Hearing panel" means a hearing panel appointed by the Commission pursuant to NRS 116.675.

(Added to NRS by 2003, 2208)

**NRS 116.053 "Identifying number" defined.** "Identifying number" means a symbol, address or legally sufficient description of real estate which identifies only one unit in a common-interest community.

(Added to NRS by 1991, 537; A 1993, 2356)—(Substituted in revision for NRS 116.110348)

**NRS 116.055 "Leasehold common-interest community" defined.** "Leasehold common-interest community" means a common-interest community in which all or a portion of the real estate is subject to a lease the expiration or termination of which will terminate the common-interest community or reduce its size.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.11035)

**NRS 116.057 "Liability for common expenses" defined.** "Liability for common expenses" means the liability for common expenses allocated to each unit pursuant to NRS 116.2107.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.110353)

**NRS 116.059 "Limited common element" defined.** "Limited common element" means a portion of the common elements allocated by the declaration or by operation of subsection 2 or 4 of NRS 116.2102 for the exclusive use of one or more but fewer than all of the units.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.110355)

**NRS 116.0605 "Major component of the common elements" defined.** "Major component of the common elements" means any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association.

(Added to NRS by 2005, 2581)

**NRS 116.061 "Management of a common-interest community" defined.** "Management of a common-interest community" means the physical, administrative or financial maintenance and management of a common-interest community, or the supervision of those activities, for a fee, commission or other valuable consideration.

(Added to NRS by 2003, 2209)

**NRS 116.063 "Master association" defined.** "Master association" means an organization described in NRS 116.212, whether or not it is also an association described in NRS 116.3101.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.110358)

**NRS 116.065 "Offering" defined.** "Offering" means any advertisement, inducement, solicitation or attempt to encourage any person to acquire any interest in a unit, other than as security for an obligation. An advertisement in a newspaper or other periodical of general circulation, in any broadcast medium to the general public, of a common-interest community not located in this State, is not an offering if the advertisement states that an offering may be made only in compliance with the law of the jurisdiction in which the common-interest community is located. The verb "offer" has a similar meaning.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.11036)

**NRS 116.067 "Ombudsman" defined.** "Ombudsman" means the Ombudsman for Owners in Common-Interest Communities.

(Added to NRS by 2003, 2209)

**NRS 116.069 "Party to the complaint" defined.** "Party to the complaint" means the Division and the respondent.

(Added to NRS by 2003, 2209)

**NRS 116.071 "Permit" defined.** Repealed. (See chapter 494, Statutes of Nevada 2005, at page 2634.)

**NRS 116.073 "Person" defined.** "Person" includes a government and governmental subdivision or agency.

(Added to NRS by 1991, 537)—(Substituted in revision for NRS 116.110363)

**NRS 116.075 "Planned community" defined.** "Planned community" means a common-interest community that is not a condominium or a cooperative. A condominium or cooperative may be part of a planned community.

(Added to NRS by 1991, 538)—(Substituted in revision for NRS 116.110368)

**NRS 116.077 "Proprietary lease" defined.** "Proprietary lease" means an agreement with the association pursuant to which a member is entitled to exclusive possession of a unit in a cooperative.

(Added to NRS by 1991, 538)—(Substituted in revision for NRS 116.110373)

**NRS 116.079 "Purchaser" defined.** "Purchaser" means a person, other than a declarant or a dealer, who by means of a voluntary transfer acquires a legal or equitable interest in a unit other than a leasehold interest (including options to renew) of less than 20 years, or as security for an obligation.

(Added to NRS by 1991, 538)—(Substituted in revision for NRS 116.110375)

**NRS 116.081 "Real estate" defined.** "Real estate" means any leasehold or other estate or interest in, over or under land, including structures, fixtures and other improvements and interests that by custom, usage or law pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. "Real estate" includes parcels with or without upper or lower boundaries, and spaces that may be filled with air or water.

(Added to NRS by 1991, 538)—(Substituted in revision for NRS 116.110378)

**NRS 116.083 "Residential use" defined.** "Residential use" means use as a dwelling or for personal, family or household purposes by ordinary customers, whether rented to particular persons or not. Such uses include marina boat slips, piers, stable or agricultural stalls or pens, campground spaces or plots, parking spaces or garage spaces, storage spaces or lockers and garden plots for individual use, but do not include



ces or units primarily used to derive commercial income from, or provide service to, the public.  
(Added to NRS by 1991, 538; A 1999, 3355)—(Substituted in revision for NRS 116.11038)

**NRS 116.085 "Respondent" defined.** "Respondent" means a person against whom:

1. An affidavit has been filed pursuant to NRS 116.760.
2. A complaint has been filed pursuant to NRS 116.765.

(Added to NRS by 2003, 2209)

**NRS 116.087 "Security interest" defined.** "Security interest" means an interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association and any other consensual lien or contract for retention of title intended as security for an obligation.

(Added to NRS by 1991, 538)—(Substituted in revision for NRS 116.110383)

**NRS 116.089 "Special declarant's rights" defined.** "Special declarant's rights" means rights reserved for the benefit of a declarant to:

1. Complete improvements indicated on plats and plans or in the declaration (NRS 116.2109) or, in a cooperative, to complete improvements described in the public offering statement pursuant to subsection 2 of NRS 116.4103;
2. Exercise any developmental right (NRS 116.2111);
3. Maintain sales offices, management offices, signs advertising the common-interest community and models (NRS 116.2115);
4. Use easements through the common elements for the purpose of making improvements within the common-interest community or within real estate which may be added to the common-interest community (NRS 116.2116);
5. Make the common-interest community subject to a master association (NRS 116.2121);
6. Merge or consolidate a common-interest community with another common-interest community of the same form of ownership (NRS 116.2121); or

7. Appoint or remove any officer of the association or any master association or any member of an executive board during any period of declarant's control (NRS 116.31032).

(Added to NRS by 1991, 538)—(Substituted in revision for NRS 116.110385)

**NRS 116.091 "Time share" defined.** "Time share" means the right to use and occupy a unit on a recurrent periodic basis according to an arrangement allocating this right among various owners of time shares whether or not there is an additional charge to the owner for occupying the unit.

(Added to NRS by 1991, 539)—(Substituted in revision for NRS 116.110388)

**NRS 116.093 "Unit" defined.** "Unit" means a physical portion of the common-interest community designated for separate ownership or occupancy, the boundaries of which are described pursuant to paragraph (e) of subsection 1 of NRS 116.2105. If a unit in a cooperative is owned by the unit's owner or is sold, conveyed, voluntarily or involuntarily encumbered, or otherwise transferred by the unit's owner, the interest in that unit which is owned, sold, conveyed, encumbered or otherwise transferred is the right to possession of that unit under a proprietary lease, coupled with the allocated interests of that unit, and the association's interest in that unit is not thereby affected.

(Added to NRS by 1991, 539)—(Substituted in revision for NRS 116.11039)

**NRS 116.095 "Unit's owner" defined.** "Unit's owner" means a declarant or other person who owns a unit, or a lessee of a unit in a leasehold common-interest community whose lease expires simultaneously with any lease the expiration or termination of which will remove the unit from the common-interest community, but does not include a person having an interest in a unit solely as security for an obligation. In a condominium or planned community, the declarant is the owner of any unit created by the declaration until that unit is conveyed to another person. In a cooperative, the declarant is treated as the owner of any unit to which allocated interests have been allocated (NRS 116.2107) until that unit has been conveyed to another person.

(Added to NRS by 1991, 539)—(Substituted in revision for NRS 116.110393)

**NRS 116.1104 Provisions of chapter may not be varied by agreement, waived or evaded; exceptions.** Except as expressly provided in this chapter, its provisions may not be varied by agreement, and rights conferred by it may not be waived. A declarant may not act under a power of attorney, or use any other device, to evade the limitations or prohibitions of this chapter or the declaration.

(Added to NRS by 1991, 539)

**NRS 116.1105 Categorization of property in certain common-interest communities.** In a cooperative, unless the declaration provides that the interest of a unit's owner in a unit and its allocated interests is real estate for all purposes, that interest is personal property.

(Added to NRS by 1991, 539; A 2005, 1231)

**NRS 116.1106 Applicability of local ordinances, regulations and building codes.**

1. A building code may not impose any requirement upon any structure in a common-interest community which it would not impose upon a physically identical development under a different form of ownership.
2. In condominiums and cooperatives, no zoning, subdivision or other law, ordinance or regulation governing the use of real estate may prohibit the condominium or cooperative as a form of ownership or impose any requirement upon a condominium or cooperative which it would not impose upon a physically identical development under a different form of ownership.
3. Except as otherwise provided in subsections 1 and 2, the provisions of this chapter do not invalidate or modify any provision of any building code or zoning, subdivision or other law, ordinance, rule or regulation governing the use of real estate.
4. The provisions of this section do not prohibit a local government from imposing different requirements and standards regarding design and construction on different types of structures in common-interest communities. For the purposes of this subsection, a townhouse in a planned community is a different type of structure from other structures in common-interest communities, including, without limitation, other structures that are or will be owned as condominiums or cooperatives.

(Added to NRS by 1991, 540; A 2005, 2587)

**NRS 116.1107 Eminent domain.**

1. If a unit is acquired by eminent domain or part of a unit is acquired by eminent domain leaving the unit's owner with a remnant that may not practically or lawfully be used for any purpose permitted by the declaration, the award must include compensation to the unit's owner for that

and its allocated interests, whether or not any common elements are acquired. Upon acquisition, unless the decree otherwise provides, that unit's allocated interests are automatically reallocated to the remaining units in proportion to the respective allocated interests of those units before the taking, and the association shall promptly prepare, execute and record an amendment to the declaration reflecting the reallocations.

2. Except as otherwise provided in subsection 1, if part of a unit is acquired by eminent domain, the award must compensate the unit's owner for the reduction in value of the unit and its interest in the common elements, whether or not any common elements are acquired. Upon acquisition, unless the decree otherwise provides:

- (a) That unit's allocated interests are reduced in proportion to the reduction in the size of the unit, or on any other basis specified in the declaration; and
- (b) The portion of the allocated interests divested from the partially acquired unit are automatically reallocated to that unit and to the remaining units in proportion to the respective allocated interests of those units before the taking, with the partially acquired unit participating in reallocation on the basis of its reduced allocated interests.

3. If part of the common elements is acquired by eminent domain, the portion of the award attributable to the common elements taken must be paid to the association. Unless the declaration provides otherwise, any portion of the award attributable to the acquisition of a limited common element must be equally divided among the owners of the units to which that limited common element was allocated at the time of acquisition.

4. The judicial decree must be recorded in every county in which any portion of the common-interest community is located.  
(Added to NRS by 1991, 540)

**NRS 116.1108 Supplemental general principles of law applicable.** The principles of law and equity, including the law of corporations, law of unincorporated associations, the law of real property, and the law relative to capacity to contract, principal and agent, eminent domain,oppel, fraud, misrepresentation, duress, coercion, mistake, receivership, substantial performance, or other validating or invalidating cause supplement the provisions of this chapter, except to the extent inconsistent with this chapter.  
(Added to NRS by 1991, 541)

**NRS 116.11085 Provisions of chapter prevail over conflicting provisions governing certain business entities generally.** If a matter governed by this chapter is also governed by chapter 78, 81, 82, 86, 87, 88 or 88A of NRS and there is a conflict between the provisions of this chapter and the provisions of those other chapters, the provisions of this chapter prevail.  
(Added to NRS by 2003, 2221; A 2005, 2587)

**NRS 116.1109 Construction against implicit repeal; uniformity of application and construction.**  
1. This chapter being a general act intended as a unified coverage of its subject matter, no part of it may be construed to be impliedly repealed by subsequent legislation if that construction can reasonably be avoided.  
2. This chapter must be applied and construed so as to effectuate its general purpose to make uniform the law with respect to the subject of this chapter among states enacting it.  
(Added to NRS by 1991, 541)

**NRS 116.1112 Unconscionable agreement or term of contract.**  
1. The court, upon finding as a matter of law that a contract or clause of a contract was unconscionable at the time the contract was made, may refuse to enforce the contract, enforce the remainder of the contract without the unconscionable clause, or limit the application of any unconscionable clause to avoid an unconscionable result.  
2. Whenever it is claimed, or appears to the court, that a contract or any clause of a contract is or may be unconscionable, the parties, to aid the court in making the determination, must be afforded a reasonable opportunity to present evidence as to:  
(a) The commercial setting of the negotiations; and  
(b) The effect and purpose of the contract or clause.  
(Added to NRS by 1991, 541)

**NRS 116.1113 Obligation of good faith.** Every contract or duty governed by this chapter imposes an obligation of good faith in its performance or enforcement.  
(Added to NRS by 1991, 541)

**NRS 116.1114 Remedies to be liberally administered.**  
1. The remedies provided by this chapter must be liberally administered to the end that the aggrieved party is put in as good a position as if the other party had fully performed. Consequential, special or punitive damages may not be awarded except as specifically provided in this chapter or by other rule of law.  
2. Any right or obligation declared by this chapter is enforceable by judicial proceeding.  
(Added to NRS by 1991, 541)

**Part II**  
**Applicability**

**NRS 116.1201 Applicability; regulations.**  
1. Except as otherwise provided in this section and NRS 116.1203, this chapter applies to all common-interest communities created within this State.  
2. This chapter does not apply to:  
(a) A limited-purpose association, except that a limited-purpose association:  
(1) Shall pay the fees required pursuant to NRS 116.31155;  
(2) Shall register with the Orabudsman pursuant to NRS 116.31158;  
(3) Shall comply with the provisions of:  
(I) NRS 116.31038, 116.31083 and 116.31152; and  
(II) NRS 116.31075, if the limited-purpose association is created for a rural agricultural residential common-interest community;  
(4) Shall comply with the provisions of NRS 116.4101 to 116.412, inclusive, as required by the regulations adopted by the Commission pursuant to paragraph (b) of subsection 5; and



(5) Shall not enforce any restrictions concerning the use of units by the units' owners, unless the limited-purpose association is created for a rural agricultural residential common-interest community.

(b) A planned community in which all units are restricted exclusively to nonresidential use unless the declaration provides that this chapter applies to that planned community. This chapter applies to a planned community containing both units that are restricted exclusively to residential use and other units that are not so restricted only if the declaration so provides or if the real estate comprising the units that may be used for residential purposes would be a planned community in the absence of the units that may not be used for residential purposes.

(c) Common-interest communities or units located outside of this State, but the provisions of NRS 116.4102 to 116.4108, inclusive, apply to contracts for the disposition thereof signed in this State by any party unless exempt under subsection 2 of NRS 116.4101.

(d) A common-interest community that was created before January 1, 1992, is located in a county whose population is less than 50,000, and has less than 50 percent of the units within the community put to residential use, unless a majority of the units' owners otherwise elect in writing.

(e) Except as otherwise provided in this chapter, time shares governed by the provisions of chapter 119A of NRS.

3. The provisions of this chapter do not:

(a) Prohibit a common-interest community created before January 1, 1992, from providing for separate classes of voting for the units' owners;

(b) Require a common-interest community created before January 1, 1992, to comply with the provisions of NRS 116.2101 to 116.2122, inclusive;

(c) Invalidate any assessments that were imposed on or before October 1, 1999, by a common-interest community created before January 1, 1992; or

(d) Prohibit a common-interest community created before January 1, 1992, or a common-interest community described in NRS 116.31105 from providing for a representative form of government.

4. The provisions of chapters 117 and 278A of NRS do not apply to common-interest communities.

5. The Commission shall establish, by regulation:

(a) The criteria for determining whether an association, a limited-purpose association or a common-interest community satisfies the requirements for an exemption or limited exemption from any provision of this chapter; and

(b) The extent to which a limited-purpose association must comply with the provisions of NRS 116.4101 to 116.412, inclusive.

6. As used in this section, "limited-purpose association" means an association that:

(a) Is created for the limited purpose of maintaining:

(1) The landscape of the common elements of a common-interest community;

(2) Facilities for flood control; or

(3) A rural agricultural residential common-interest community; and

(b) Is not authorized by its governing documents to enforce any restrictions concerning the use of units by units' owners, unless the limited-purpose association is created for a rural agricultural residential common-interest community.

(Added to NRS by 1991, 542; A 1999, 2998; 2001, 2488; 2003, 2223; 2005, 2587)

#### **NRS 116.1203 Exception for small planned communities.**

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

2. Except for NRS 116.3104, 116.31043, 116.31046 and 116.31138, the provisions of NRS 116.3101 to 116.350, inclusive, and the definitions set forth in NRS 116.005 to 116.095, inclusive, to the extent that such definitions are necessary in construing any of those provisions, apply to a residential planned community containing more than six units.

(Added to NRS by 1991, 542; A 1993, 2357; 1999, 2999; 2001, 528; 2003, 2224, 2266; 2005, 1232, 2589)

#### **NRS 116.1206 Provisions of governing documents in violation of chapter deemed to conform with chapter by operation of law; procedure for certain amendments to governing documents.**

1. Any provision contained in a declaration, bylaw or other governing document of a common-interest community that violates the provisions of this chapter shall be deemed to conform with those provisions by operation of law, and any such declaration, bylaw or other governing document is not required to be amended to conform to those provisions.

2. In the case of amendments to the declaration, bylaws or plats and plans of any common-interest community created before January 1, 1992:

(a) If the result accomplished by the amendment was permitted by law before January 1, 1992, the amendment may be made either in accordance with that law, in which case that law applies to that amendment, or it may be made under this chapter; and

(b) If the result accomplished by the amendment is permitted by this chapter, and was not permitted by law before January 1, 1992, the amendment may be made under this chapter.

3. An amendment to the declaration, bylaws or plats and plans authorized by this section to be made under this chapter must be adopted in conformity with the applicable provisions of chapter 117 or 278A of NRS and with the procedures and requirements specified by those instruments. If an amendment grants to any person any rights, powers or privileges permitted by this chapter, all correlative obligations, liabilities and restrictions in this chapter also apply to that person.

(Added to NRS by 1991, 543; A 1999, 2999; 2003, 2224)

**NRS 116.12065 Notice of changes to governing documents.** If any change is made to the governing documents of an association, the secretary or other officer specified in the bylaws of the association shall, within 30 days after the change is made, prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner, a copy of the change that was made.

(Added to NRS by 1999, 2997)

## **ARTICLE 2**

### **CREATION, ALTERATION AND TERMINATION OF COMMON-INTEREST COMMUNITIES**

**NRS 116.2101 Creation of common-interest communities.** A common-interest community may be created pursuant to this chapter only by recording a declaration executed in the same manner as a deed and, in a cooperative, by conveying the real estate subject to that declaration to the association. The declaration must be recorded in every county in which any portion of the common-interest community is located and must be indexed in the grantee's index in the name of the common-interest community and the association and in the grantor's index in the name of each person executing the declaration.

(Added to NRS by 1991, 543)

**NRS 116.2102 Unit boundaries.** Except as otherwise provided by the declaration:

1. If walls, floors or ceilings are designated as boundaries of a unit, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces thereof are a part of the unit, and all other portions of the walls, floors or ceilings are a part of the common elements.
2. If any chute, flue, duct, wire, conduit, bearing wall, bearing column or any other fixture lies partially within and partially outside the designated boundaries of a unit, any portion thereof serving only that unit is a limited common element allocated solely to that unit, and any portion thereof serving more than one unit or any portion of the common elements is a part of the common elements.
3. Subject to subsection 2, all spaces, interior partitions and other fixtures and improvements within the boundaries of a unit are a part of the unit.
4. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, pads and mounts for heating and air-conditioning systems, kios and all exterior doors and windows or other fixtures designed to serve a single unit, but located outside the unit's boundaries, are limited common elements allocated exclusively to that unit.

(Added to NRS by 1991, 543)

**NRS 116.2103 Construction and validity of declaration and bylaws.**

1. The inclusion in a governing document of an association of a provision that violates any provision of this chapter does not render any other provisions of the governing document invalid or otherwise unenforceable if the other provisions can be given effect in accordance with their original intent and the provisions of this chapter.
2. The rule against perpetuities and NRS 111.103 to 111.1039, inclusive, do not apply to defeat any provision of the declaration, bylaws, rules or regulations adopted pursuant to NRS 116.3102.
3. In the event of a conflict between the provisions of the declaration and the bylaws, the declaration prevails except to the extent the declaration is inconsistent with this chapter.
4. Title to a unit and common elements is not rendered unmarketable or otherwise affected by reason of an insubstantial failure of the declaration to comply with this chapter. Whether a substantial failure impairs marketability is not affected by this chapter.

(Added to NRS by 1991, 544; A 2003, 2225)

**NRS 116.2104 Description of units.** A description of a unit which sets forth the name of the common-interest community, the file number and book or other information to show where the declaration is recorded, the county in which the common-interest community is located and the identifying number of the unit, is a legally sufficient description of that unit and all rights, obligations and interests appurtenant to that unit which were created by the declaration or bylaws.

(Added to NRS by 1991, 544; A 1993, 2357)

**NRS 116.2105 Contents of declaration.**

1. The declaration must contain:
  - (a) The names of the common-interest community and the association and a statement that the common-interest community is either a condominium, cooperative or planned community;
  - (b) The name of every county in which any part of the common-interest community is situated;
  - (c) A sufficient description of the real estate included in the common-interest community;
  - (d) A statement of the maximum number of units that the declarant reserves the right to create;
  - (e) In a condominium or planned community, a description of the boundaries of each unit created by the declaration, including the unit's identifying number or, in a cooperative, a description, which may be by plats or plans, of each unit created by the declaration, including the unit's identifying number, its size or number of rooms, and its location within a building if it is within a building containing more than one unit;
  - (f) A description of any limited common elements, other than those specified in subsections 2 and 4 of NRS 116.2102, as provided in paragraph (g) of subsection 2 of NRS 116.2109 and, in a planned community, any real estate that is or must become common elements;
  - (g) A description of any real estate, except real estate subject to developmental rights, that may be allocated subsequently as limited common elements, other than limited common elements specified in subsections 2 and 4 of NRS 116.2102, together with a statement that they may be so allocated;
  - (h) A description of any developmental rights and other special declarant's rights reserved by the declarant, together with a legally sufficient description of the real estate to which each of those rights applies, and a time within which each of those rights must be exercised;
  - (i) If any developmental right may be exercised with respect to different parcels of real estate at different times, a statement to that effect together with:
    - (1) Either a statement fixing the boundaries of those portions and regulating the order in which those portions may be subjected to the exercise of each developmental right or a statement that no assurances are made in those regards; and
    - (2) A statement whether, if any developmental right is exercised in any portion of the real estate subject to that developmental right, that developmental right must be exercised in all or in any other portion of the remainder of that real estate;
  - (j) Any other conditions or limitations under which the rights described in paragraph (h) may be exercised or will lapse;
  - (k) An allocation to each unit of the allocated interests in the manner described in NRS 116.2107;
  - (l) Any restrictions:
    - (1) On use, occupancy and alienation of the units; and
    - (2) On the amount for which a unit may be sold or on the amount that may be received by a unit's owner on sale, condemnation or casualty to the unit or to the common-interest community, or on termination of the common-interest community;
  - (m) The file number and book or other information to show where easements and licenses are recorded appurtenant to or included in the common-interest community or to which any portion of the common-interest community is or may become subject by virtue of a reservation in the declaration; and
  - (n) All matters required by NRS 116.2106 to 116.2109, inclusive, 116.2115 and 116.2116 and 116.31032.
2. The declaration may contain any other matters the declarant considers appropriate.

(Added to NRS by 1991, 544; A 1993, 2357)

**NRS 116.2106 Leasehold common-interest communities.**

1. Any lease the expiration or termination of which may terminate the common-interest community or reduce its size must be recorded. Every lessor of those leases in a condominium or planned community shall sign the declaration. The declaration must state:
  - (a) The recording data where the lease is recorded;

- (b) The date on which the lease is scheduled to expire;
  - (c) A legally sufficient description of the real estate subject to the lease;
  - (d) Any right of the units' owners to redeem the reversion and the manner whereby those rights maybe exercised, or a statement that they do have those rights;
  - (e) Any right of the units' owners to remove any improvements within a reasonable time after the expiration or termination of the lease, or a statement that they do not have those rights; and
  - (f) Any rights of the units' owners to renew the lease and the conditions of any renewal, or a statement that they do not have those rights.
2. After the declaration for a leasehold condominium or leasehold planned community is recorded, neither the lessor nor the lessor's successor in interest may terminate the leasehold interest of a unit's owner who makes timely payment of his share of the rent and otherwise complies with all covenants which, if violated, would entitle the lessor to terminate the lease. The leasehold interest of a unit's owner in a condominium or planned community is not affected by failure of any other person to pay rent or fulfill any other covenant.
3. Acquisition of the leasehold interest of any unit's owner by the owner of the reversion or remainder does not merge the leasehold and reversion interests unless the leasehold interests of all units' owners subject to that reversion or remainder are acquired.
4. If the expiration or termination of a lease decreases the number of units in a common-interest community, the allocated interests must be reallocated in accordance with subsection 1 of NRS 116.1107 as if those units had been taken by eminent domain. Reallocations must be confirmed by an amendment to the declaration prepared, executed and recorded by the association.
- (Added to NRS by 1991, 545)

#### **NRS 116.2107 Allocation of allocated interests.**

1. The declaration must allocate to each unit:
- (a) In a condominium, a fraction or percentage of undivided interests in the common elements and in the common expenses of the association (NRS 116.3115) and a portion of the votes in the association;
  - (b) In a cooperative, a proportionate ownership in the association, a fraction or percentage of the common expenses of the association (NRS 116.3115) and a portion of the votes in the association; and
  - (c) In a planned community, a fraction or percentage of the common expenses of the association (NRS 116.3115) and a portion of the votes in the association.
2. The declaration must state the formulas used to establish allocations of interests. Those allocations may not discriminate in favor of units owned by the declarant or an affiliate of the declarant.
3. If units may be added to or withdrawn from the common-interest community, the declaration must state the formulas to be used to allocate the allocated interests among all units included in the common-interest community after the addition or withdrawal.
4. The declaration may provide:
- (a) That different allocations of votes are made to the units on particular matters specified in the declaration;
  - (b) For cumulative voting only for the purpose of electing members of the executive board; and
  - (c) For class voting on specified issues affecting the class if necessary to protect valid interests of the class.
- Except as otherwise provided in NRS 116.31032, a declarant may not utilize cumulative or class voting for the purpose of evading any limitation imposed on declarants by this chapter nor may units constitute a class because they are owned by a declarant.
5. Except for minor variations because of rounding, the sum of the liabilities for common expenses and, in a condominium, the sum of the undivided interests in the common elements allocated at any time to all the units must each equal one if stated as a fraction or 100 percent if stated as a percentage. In the event of discrepancy between an allocated interest and the result derived from application of the pertinent formula, the allocated interest prevails.
6. In a condominium, the common elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the common elements made without the unit to which that interest is allocated is void.
7. In a cooperative, any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of an ownership interest in the association made without the possessory interest in the unit to which that interest is related is void.
- (Added to NRS by 1991, 546; A 1993, 2359)

#### **NRS 116.2108 Limited common elements.**

1. Except for the limited common elements described in subsections 2 and 4 of NRS 116.2102, the declaration must specify to which unit or units each limited common element is allocated. An allocation may not be altered without the consent of the units' owners whose units are affected.
2. Except as the declaration otherwise provides, a limited common element may be reallocated by an amendment to the declaration executed by the units' owners between or among whose units the reallocation is made. The persons executing the amendment shall provide a copy thereof to the association, which shall record it. The amendment must be recorded in the names of the parties and the common-interest community.
3. A common element not previously allocated as a limited common element may be so allocated only pursuant to provisions in the declaration made in accordance with paragraph (g) of subsection 1 of NRS 116.2105. The allocations must be made by amendments to the declaration.
- (Added to NRS by 1991, 547)

#### **NRS 116.2109 Plats and plans.**

1. Plats and plans are a part of the declaration, and are required for all common-interest communities except cooperatives. Each plat and plan must be clear and legible and contain a certification that the plat or plan contains all information required by this section.
2. Each plat must comply with the provisions of chapter 278 of NRS and show:
- (a) The name and a survey of the area which is the subject of the plat;
  - (b) A sufficient description of the real estate;
  - (c) The extent of any encroachments by or upon any portion of the property which is the subject of the plat;
  - (d) The location and dimensions of all easements having a specific location and dimension which serve or burden any portion of the common-interest community;
  - (e) The location and dimensions of any vertical unit boundaries and that unit's identifying number;
  - (f) The location with reference to an established datum of any horizontal unit boundaries not shown or projected on plans recorded pursuant to subsection 4 and that unit's identifying number; and
  - (g) The location and dimensions of limited common elements, including porches, balconies and patios, other than parking spaces and the other limited common elements described in subsections 2 and 4 of NRS 116.2102.
3. To the extent not shown or projected on the plats, plans of the units must show or project any units in which the declarant has reserved the

- to create additional units or common elements (paragraph (h) of subsection 1 of NRS 116.2105), identified appropriately.
- Unless the declaration provides otherwise, the horizontal boundaries of part of a unit located outside a building have the same elevation as the horizontal boundaries of the inside part and need not be depicted on the plats and plans of the units.
5. A declarant shall also provide a plan of development for the common-interest community with its initial phase of development. The declarant shall revise the plan of development with each subsequent phase. The plan of development may show the intended location and dimensions of any contemplated improvement to be constructed anywhere within the common-interest community. Any contemplated improvement shown must be labeled either "MUST BE BUILT" or "NEED NOT BE BUILT." The plan of development must also show or
- ject:
- The location and dimensions of all real estate not subject to developmental rights, or subject only to the developmental right to withdraw, and the location and dimensions of all existing improvements within that real estate;
  - A sufficient description of any real estate subject to developmental rights, labeled to identify the rights applicable to each parcel; and
  - A sufficient description of any real estate in which the units' owners will own only an estate for years, labeled as "leasehold real estate."
6. Upon exercising any developmental right, the declarant shall record new or amended plats necessary to conform to the requirements of subsection 2 and provide new or amended plans of the units and a new or amended plan of development or new certifications of those plans if the plans otherwise conform to the requirements of subsections 3 and 5.
7. Each plat must be certified by an independent professional land surveyor. The plans of the units must be certified by an independent professional engineer or architect. If the plan of development is not certified by an independent professional land surveyor or an independent professional engineer or architect, it must be acknowledged by the declarant.
- (Added to NRS by 1991, 547; A 1993, 2360)

#### **NRS 116.211 Exercise of developmental rights.**

1. To exercise any developmental right reserved under paragraph (h) of subsection 1 of NRS 116.2105, the declarant shall prepare, execute and record an amendment to the declaration (NRS 116.2117) and in a condominium or planned community comply with NRS 116.2109. The declarant is the owner of any units thereby created. The amendment to the declaration must assign an identifying number to each new unit created, and, except in the case of subdivision or conversion of units described in subsection 2, reallocate the allocated interests among all units. The amendment must describe any common elements and any limited common elements thereby created and, in the case of limited common elements, designate the unit to which each is allocated to the extent required by NRS 116.2108.
2. Developmental rights may be reserved within any real estate added to the common-interest community if the amendment adding that real estate includes all matters required by NRS 116.2105 or 116.2106, as the case may be, and, in a condominium or planned community, the plats and plans include all matters required by NRS 116.2109. This provision does not extend the time limit on the exercise of developmental rights imposed by the declaration pursuant to paragraph (h) of subsection 1 of NRS 116.2105.
3. Whenever a declarant exercises a developmental right to subdivide or convert a unit previously created into additional units, common elements, or both:
- If the declarant converts the unit entirely to common elements, the amendment to the declaration must convey it to the association or reallocate all the allocated interests of that unit among the other units as if that unit had been taken by eminent domain (NRS 116.1107); and
  - If the declarant subdivides the unit into two or more units, whether or not any part of the unit is converted into common elements, the amendment to the declaration must reallocate all the allocated interests of the unit among the units created by the subdivision in any reasonable manner prescribed by the declarant.
4. If the declaration provides, pursuant to paragraph (h) of subsection 1 of NRS 116.2105, that all or a portion of the real estate is subject to a right of withdrawal:
- If all the real estate is subject to withdrawal, and the declaration does not describe separate portions of real estate subject to that right, none of the real estate may be withdrawn after a unit has been conveyed to a purchaser; and
  - If any portion is subject to withdrawal, it may not be withdrawn after a unit in that portion has been conveyed to a purchaser.
- (Added to NRS by 1991, 548)

#### **NRS 116.2111 Alterations of units; access to units.**

1. Except as otherwise provided in this section and subject to the provisions of the declaration and other provisions of law, a unit's owner:
- May make any improvements or alterations to his unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the common-interest community;
  - May not change the appearance of the common elements, or the exterior appearance of a unit or any other portion of the common-interest community, without permission of the association; and
  - After acquiring an adjoining unit or an adjoining part of an adjoining unit, may remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a common element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the common-interest community. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.
2. An association may not:
- Unreasonably restrict, prohibit or otherwise impede the lawful rights of a unit's owner to have reasonable access to his unit.
  - Unreasonably restrict, prohibit or withhold approval for a unit's owner to add to a unit:
    - Improvements such as ramps, railings or elevators that are necessary to improve access to the unit for any occupant of the unit who has a disability;
    - Additional locks to improve the security of the unit;
    - Shutters to improve the security of the unit or to reduce the costs of energy for the unit; or
    - A system that uses wind energy to reduce the costs of energy for the unit if the boundaries of the unit encompass 2 acres or more within the common-interest community.
  - With regard to approving or disapproving any improvement or alteration made to a unit, act in violation of any state or federal law.
3. Any improvement or alteration made pursuant to subsection 2 that is visible from any other portion of the common-interest community must be installed, constructed or added in accordance with the procedures set forth in the governing documents of the association and must be subjected or designed to the maximum extent practicable to be compatible with the style of the common-interest community.
4. A unit's owner may not add to the unit a system that uses wind energy as described in subparagraph 4 of paragraph (b) of subsection 2 unless he first obtains the written consent of each owner of property within 300 feet of any boundary of the unit.
- (Added to NRS by 1991, 549; A 2003, 2225; 2005, 1819)

#### **NRS 116.2112 Relocation of boundaries between adjoining units.**

1. Subject to the provisions of the declaration and other provisions of law, the boundaries between adjoining units may be relocated by an

amendment to the declaration upon application to the association by the owners of those units. If the owners of the adjoining units have specified reallocation between their units of their allocated interests, the application must state the proposed reallocations. Unless the executive board determines, within 30 days, that the reallocations are unreasonable, the association shall prepare an amendment that identifies the units involved states the reallocations. The amendment must be executed by those units' owners, contain words of conveyance between them, and, on recordation, be indexed in the name of the grantor and the grantee, and in the grantee's index in the name of the association.

2. The association:

- (a) In a condominium or planned community shall prepare and record plats or plans necessary to show the altered boundaries between adjoining units, and their dimensions and identifying numbers; and
- (b) In a cooperative shall prepare and record amendments to the declaration, including any plans, necessary to show or describe the altered boundaries between adjoining units, and their dimensions and identifying numbers.

(Added to NRS by 1991, 550)

**NRS 116.2113 Subdivision of units.**

1. If the declaration expressly so permits, a unit may be subdivided into 2 or more units. Subject to the provisions of the declaration and other provisions of law, upon application of the unit's owner to subdivide a unit, the association shall prepare, execute and record an amendment to the declaration, including in a condominium or planned community the plats and plans, subdividing that unit.

2. The amendment to the declaration must be executed by the owner of the unit to be subdivided, assign an identifying number to each unit created, and reallocate the allocated interests formerly allocated to the subdivided unit to the new units in any reasonable manner prescribed by the owner of the subdivided unit.

(Added to NRS by 1991, 550)

**NRS 116.2114 Monuments as boundaries.** The existing physical boundaries of a unit or the physical boundaries of a unit reconstructed in substantial accordance with the description contained in the original declaration are its legal boundaries, rather than the boundaries derived from the description contained in the original declaration, regardless of vertical or lateral movement of the building or minor variance between those boundaries and the boundaries derived from the description contained in the original declaration. This section does not relieve a unit's owner of liability in case of his willful misconduct or relieve a declarant or any other person of liability for failure to adhere to any plats and plans or, in a cooperative, to any representation in the public offering statement.

(Added to NRS by 1991, 550)

**NRS 116.2115 Use for purposes of sales.** A declarant may maintain offices for sales and management, and models in units or on common elements in the common-interest community only if the declaration so provides. Subject to any limitations in the declaration, a declarant may maintain signs on the common elements advertising the common-interest community. This section is subject to the provisions of other state law and to local ordinances.

(Added to NRS by 1991, 550; A 1993, 2361)

**NRS 116.2116 Easement rights; validity of existing restrictions.**

1. Subject to the provisions of the declaration, a declarant has an easement through the common elements as may be reasonably necessary to discharge the declarant's obligations or exercise special declarant's rights, whether arising under this chapter or reserved in the declaration.

2. In a planned community, subject to the provisions of paragraph (f) of subsection 1 of NRS 116.3102 and NRS 116.3112, the units' owners have an easement:

- (a) In the common elements for purposes of access to their units; and
- (b) To use the common elements and all real estate that must become common elements (paragraph (f) of subsection 1 of NRS 116.2105) for other purposes.

3. Unless the terms of an easement in favor of an association prohibit a residential use of a servient estate, if the owner of the servient estate has obtained all necessary approvals required by law or any covenant, condition or restriction on the property, the owner may use such property in any manner authorized by law without obtaining any additional approval from the association. Nothing in this subsection authorizes an owner of a servient estate to impede the lawful and contractual use of the easement.

4. The provisions of subsection 3 do not abrogate any easement, restrictive covenant, decision of a court, agreement of a party or any contract, governing document or declaration of covenants, conditions and restrictions, or any other decision, rule or regulation that a local governing body or other entity that makes decisions concerning land use or planning is authorized to make or enact that exists before October 1, 1999, including, without limitation, a zoning ordinance, permit or approval process or any other requirement of a local government or other entity that makes decisions concerning land use or planning.

(Added to NRS by 1991, 551; A 1999, 3355)

**NRS 116.2117 Amendment of declaration.**

1. Except as otherwise provided in NRS 116.2115, and except in cases of amendments that may be executed by a declarant under subsection 6 of NRS 116.2109 or NRS 116.2111, or by the association under NRS 116.1107, subsection 4 of NRS 116.2106, subsection 3 of NRS 116.2108, subsection 1 of NRS 116.2112 or NRS 116.2113, or by certain units' owners under subsection 2 of NRS 116.2108, subsection 1 of NRS 116.2112, subsection 2 of NRS 116.2113 or subsection 2 of NRS 116.2118, and except as otherwise limited by subsection 4, the declaration, including any plats and plans, may be amended only by vote or agreement of units' owners of units to which at least a majority of the votes in the association are allocated, or any larger majority the declaration specifies. The declaration may specify a smaller number only if all of the units are restricted exclusively to nonresidential use.

2. No action to challenge the validity of an amendment adopted by the association pursuant to this section may be brought more than 1 year after the amendment is recorded.

3. Every amendment to the declaration must be recorded in every county in which any portion of the common-interest community is located and is effective only upon recordation. An amendment, except an amendment pursuant to NRS 116.2112, must be indexed in the grantee's index in the name of the common-interest community and the association and in the grantor's index in the name of the parties executing the amendment.

4. Except to the extent expressly permitted or required by other provisions of this chapter, no amendment may change the boundaries of any unit, the allocated interests of a unit or the uses to which any unit is restricted, in the absence of unanimous consent of the units' owners affected and the consent of a majority of the owners of the remaining units.

5. Amendments to the declaration required by this chapter to be recorded by the association must be prepared, executed, recorded and certified on behalf of the association by any officer of the association designated for that purpose or, in the absence of designation, by the president of the association.



(Added to NRS by 1991, 551; A 1993, 2362; 1999, 395, 396; 2005, 2589)

**NRS 116.21175 Procedure for seeking confirmation from district court of certain amendments to declaration.**

1. Except as otherwise limited by subsection 4 of NRS 116.2117, if:
  - (a) To approve an amendment to the declaration pursuant to NRS 116.2117, the declaration requires:
    - (1) In a single-class voting structure, more than a majority of the total number of votes allocated to the single class to be cast in favor of the amendment; or
    - (2) In a multiclass voting structure, more than a majority of the total number of votes allocated to one or more of the multiple classes to be cast in favor of the amendment; and
  - (b) An amendment fails to receive the number of votes required by the declaration to be approved but:
    - (1) In a single-class voting structure, receives a majority of the total number of votes allocated to the single class; or
    - (2) In a multiclass voting structure, receives in each of the multiple classes a majority of the total number of votes allocated to that class.

the association or any unit's owner may file a petition with the district court in any county in which any portion of the common-interest community is located asking for an order waiving the supermajority requirements of the declaration and confirming the amendment as validly approved.
2. If the association or any unit's owner files a petition pursuant to subsection 1, the petition:
  - (a) Must contain sufficient information specifying:
    - (1) The actions that have been taken to obtain the number of votes required to approve the amendment under the declaration and whether those actions have conformed with the procedures set forth in the declaration;
    - (2) The amount of time that has been allowed for the units' owners to vote upon the amendment;
    - (3) The number and percentage of affirmative votes required in each voting class to approve the amendment under the declaration;
    - (4) The number and percentage of affirmative and negative votes actually received in each voting class with regard to the amendment; and
    - (5) Any other matters the petitioner considers relevant to the court's determination; and
  - (b) Must include, as exhibits to the petition, copies of:
    - (1) The governing documents;
    - (2) The complete text of the amendment and a statement explaining the need for the amendment and its purposes and objectives;
    - (3) All notices and materials used in the effort to persuade the units' owners to approve the amendment; and
    - (4) Any other documents the petitioner considers relevant to the court's determination.
3. Upon receiving the petition, the court shall:
  - (a) Set the matter for hearing; and
  - (b) Issue an ex parte order setting forth the manner in which the petitioner must give written notice of the hearing to all the units' owners in the association.
4. The court may grant the petition if it finds that the petitioner has presented evidence establishing that:
  - (a) The petitioner has given at least 15 days' written notice of the hearing to:
    - (1) All the units' owners in the association;
    - (2) Each city, if any, and each county in which any portion of the common-interest community is located; and
    - (3) All other persons or entities that are entitled to notice under the declaration;
  - (b) The voting process regarding the amendment was conducted in accordance with all applicable provisions of the governing documents and state law;
  - (c) A reasonably diligent effort was made to allow all eligible units' owners and, if required by the governing documents, all lenders to vote on the amendment;
  - (d) The amendment:
    - (1) In a single-class voting structure, received a majority of the total number of votes allocated to the single class; or
    - (2) In a multiclass voting structure, received in each of the multiple classes a majority of the total number of votes allocated to that class;
  - (e) The amendment is reasonable.
5. If the court grants the petition, the court shall enter an order waiving the supermajority requirements of the declaration and confirming the amendment as validly approved.
6. An amendment confirmed by a final court order pursuant to this section is not effective until a certified copy of the amendment and the final court order have been recorded in each county in which any portion of the common-interest community is located. The amendment must be prepared, executed, recorded and certified on behalf of the association by any officer of the association designated for that purpose or, in the absence of designation, by the president of the association, and the final court order must be recorded along with the amendment.
7. After the amendment and the final court order have been recorded pursuant to this section, the declaration, as amended, has the same force and effect as if the amendment had been approved in compliance with every requirement imposed by the governing documents.
8. Not later than 30 days after the date on which the amendment and the final court order are recorded pursuant to this section, the association shall mail to all the units' owners in the association:
  - (a) A copy of the amendment and the final court order; and
  - (b) A statement explaining that the amendment and the final court order have been recorded and that the declaration has been amended pursuant to this section.

(Added to NRS by 2005, 2581)

**NRS 116.2118 Termination of common-interest community.**

1. Except in the case of a taking of all the units by eminent domain (NRS 116.1107) or in the case of foreclosure against an entire cooperative of a security interest that has priority over the declaration, a common-interest community may be terminated only by agreement of units' owners to whom at least 80 percent of the votes in the association are allocated, or any larger percentage the declaration specifies. The declaration may specify a smaller percentage only if all of the units are restricted exclusively to nonresidential uses.
2. An agreement to terminate must be evidenced by the execution of an agreement to terminate, or ratifications thereof, in the same manner as a deed, by the requisite number of units' owners. The agreement must specify a date after which the agreement will be void unless it is recorded before that date. An agreement to terminate and all ratifications thereof must be recorded in every county in which a portion of the common-interest community is situated and is effective only upon recordation.
3. In the case of a condominium or planned community containing only units having horizontal boundaries described in the declaration, an agreement to terminate may provide that all of the common elements and units of the common-interest community must be sold following termination. If, pursuant to the agreement, any real estate in the common-interest community is to be sold following termination, the agreement

1. set forth the minimum terms of the sale.

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

5. The association, on behalf of the units' owners, may contract for the sale of real estate in a common-interest community, but the contract is not binding on the units' owners until approved pursuant to subsections 1 and 2. If any real estate is to be sold following termination, title to that real estate, upon termination, vests in the association as trustee for the holders of all interests in the units. Thereafter, the association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the association continues in existence with all powers it had before termination. Proceeds of the sale must be distributed to units' owners and lienholders as their interests may appear, in accordance with NRS 116.21183 and 116.21185. Unless otherwise specified in the agreement to terminate, as long as the association holds title to the real estate, each unit's owner and his successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the unit. During the period of that occupancy, each unit's owner and his successors in interest remain liable for all assessments and other obligations imposed on units' owners by this chapter or the declaration.

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

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

(Added to NRS by 1991, 551)

#### **NRS 116.21183 Rights of creditors following termination.**

1. Following termination of a condominium or planned community, creditors of the association holding liens on the units, which were recorded before termination, may enforce those liens in the same manner as any lienholder. All other creditors of the association are to be treated as if they had perfected liens on the units immediately before termination.

2. In a cooperative, the declaration may provide that all creditors of the association have priority over any interests of units' owners and creditors of units' owners. In that event, following termination, creditors of the association holding liens on the cooperative which were recorded before termination may enforce their liens in the same manner as any lienholder, and any other creditor of the association is to be treated as if he had perfected a lien against the cooperative immediately before termination. Unless the declaration provides that all creditors of the association have that priority:

(a) The lien of each creditor of the association which was perfected against the association before termination becomes, upon termination, a lien against each unit's owner's interest in the unit as of the date the lien was perfected;

(b) Any other creditor of the association is to be treated upon termination as if the creditor had perfected a lien against each unit's owner's interest immediately before termination;

(c) The amount of the lien of an association's creditor described in paragraphs (a) and (b) against each of the units' owners' interest must be proportionate to the ratio which each unit's liability for common expenses bears to the liability for common expenses of all of the units;

(d) The lien of each creditor of each unit's owner which was perfected before termination continues as a lien against that owner's unit as of the date the lien was perfected; and

(e) The assets of the association must be distributed to all units' owners and all lienholders as their interests may appear in the order described in this section.

Creditors of the association are not entitled to payment from any unit's owner in excess of the amount of the creditor's lien against that owner's interest.

(Added to NRS by 1991, 553)

**NRS 116.21185 Respective interests of units' owners following termination.** The respective interests of units' owners referred to in subsections 5, 6 and 7 of NRS 116.2118 and in NRS 116.21183 are as follows:

1. Except as otherwise provided in subsection 2, the respective interests of units' owners are the fair market values of their units, allocated interests, and any limited common elements immediately before the termination, as determined by one or more independent appraisers selected by the association. The decision of the independent appraisers must be distributed to the units' owners and becomes final unless disapproved within 30 days after distribution by units' owners to whom 25 percent of the votes in the association are allocated. The proportion of interest of any unit's owner to that of all units' owners is determined by dividing the fair market value of that unit and its allocated interests by the total fair market values of all the units and their allocated interests.

2. If any unit or any limited common element is destroyed to the extent that an appraisal of the fair market value thereto before destruction cannot be made, the interests of all units' owners are:

(a) In a condominium, their respective interests in the common elements immediately before the termination;

(b) In a cooperative, their respective ownerships immediately before the termination; and

(c) In a planned community, their respective liabilities for common expenses immediately before the termination.

(Added to NRS by 1991, 553)

#### **NRS 116.21188 Effect of foreclosure or enforcement of lien or encumbrance.**

1. In a condominium or planned community, except as otherwise provided in subsection 2, foreclosure or enforcement of a lien or encumbrance against the entire common-interest community does not terminate, of itself, the common-interest community, and foreclosure or enforcement of a lien or encumbrance against a portion of the common-interest community, other than withdrawable real estate, does not withdraw that portion from the common-interest community. Foreclosure or enforcement of a lien or encumbrance against withdrawable real estate does not withdraw, of itself, that real estate from the common-interest community, but the person taking title thereto may require from the association, upon request, an amendment excluding the real estate from the common-interest community.

2. In a condominium or planned community, if a lien or encumbrance against a portion of the real estate comprising the common-interest community has priority over the declaration and the lien or encumbrance has not been partially released, the parties foreclosing the lien or encumbrance, upon foreclosure, may record an instrument excluding the real estate subject to that lien or encumbrance from the common-interest community.

(Added to NRS by 1991, 554)

**NRS 116.2119 Rights of secured lenders.** The declaration may require that all or a specified number or percentage of the lenders who hold security interests encumbering the units approve specified actions of the units' owners or the association as a condition to the effectiveness of those actions, but no requirement for approval may operate to:

1. Deny or delegate control over the general administrative affairs of the association by the units' owners or the executive board;
2. Prevent the association or the executive board from commencing, intervening in or settling any litigation or proceeding; or
3. Prevent any trustee or the association from receiving and distributing any proceeds of insurance except pursuant to NRS 116.31133 and 116.31135.

(Added to NRS by 1991, 554)

**NRS 116.212 Master associations.**

1. If the declaration provides that any of the powers described in NRS 116.3102 are to be exercised by or may be delegated to a profit or non-profit corporation that exercises those or other powers on behalf of one or more common-interest communities or for the benefit of the units' owners of one or more common-interest communities, or on behalf of a common-interest community and a time-share plan created pursuant to Chapter 119A of NRS, all provisions of this chapter applicable to unit-owners' associations apply to any such corporation, except as modified by this section.

2. Unless it is acting in the capacity of an association described in NRS 116.3101, a master association may exercise the powers set forth in paragraph (b) of subsection 1 of NRS 116.3102 only to the extent expressly permitted in:

- (a) The declarations of common-interest communities which are part of the master association or expressly described in the delegations of power from those common-interest communities to the master association; or
- (b) The declaration of the common-interest community which is a part of the master association and the time-share instrument creating the time-share plan governed by the master association.

3. If the declaration of any common-interest community provides that the executive board may delegate certain powers to a master association, the members of the executive board have no liability for the acts or omissions of the master association with respect to those powers following delegation.

4. The rights and responsibilities of units' owners with respect to the unit-owners' association set forth in NRS 116.3103, 116.31032, 116.31034, 116.31036, 116.3108, 116.31085, 116.3109, 116.311, 116.31105 and 116.3112 apply in the conduct of the affairs of a master association only to persons who elect the board of a master association, whether or not those persons are otherwise units' owners within the meaning of this chapter.

5. Even if a master association is also an association described in NRS 116.3101, the certificate of incorporation or other instrument creating the master association and the declaration of each common-interest community, the powers of which are assigned by the declaration or delegated to the master association, may provide that the executive board of the master association must be elected after the period of the declarant's control in any of the following ways:

- (a) All units' owners of all common-interest communities subject to the master association may elect all members of the master association's executive board.
- (b) All members of the executive boards of all common-interest communities subject to the master association may elect all members of the master association's executive board.
- (c) All units' owners of each common-interest community subject to the master association may elect specified members of the master association's executive board.
- (d) All members of the executive board of each common-interest community subject to the master association may elect specified members of the master association's executive board.

(Added to NRS by 1991, 554; A 1993, 2362; 2001, 2489; 2003, 2226)

**NRS 116.21205 Reallocation of costs of administering common elements of certain master associations.** The executive board of a master association of any common-interest community that was created before January 1, 1975, and is located in a county whose population is 10,000 or more may record an amendment to the declaration pursuant to which the master association reallocates the costs of administering the common elements of the master association among the units of the common-interest community uniformly and based upon the actual costs associated with each unit.

(Added to NRS by 2003, 2220)

**NRS 116.2121 Merger or consolidation of common-interest communities.**

1. Any two or more common-interest communities of the same form of ownership, by agreement of the units' owners as provided in subsection 2, may be merged or consolidated into a single common-interest community. In the event of a merger or consolidation, unless the agreement otherwise provides, the resultant common-interest community is the legal successor, for all purposes, of all of the preexisting common-interest communities, and the operations and activities of all associations of the preexisting common-interest communities are merged or consolidated into a single association that holds all powers, rights, obligations, assets and liabilities of all preexisting associations.

2. An agreement of two or more common-interest communities to merge or consolidate pursuant to subsection 1 must be evidenced by an agreement prepared, executed, recorded and certified by the president of the association of each of the preexisting common-interest communities following approval by owners of units to which are allocated the percentage of votes in each common-interest community required to terminate that common-interest community. The agreement must be recorded in every county in which a portion of the common-interest community is located and is not effective until recorded.

3. Every agreement for merger or consolidation must provide for the reallocation of the allocated interests in the new association among the units of the resultant common-interest community either by stating the reallocations or the formulas upon which they are based or by stating the percentage of overall allocated interests of the new common-interest community which are allocated to all of the units comprising each of the preexisting common-interest communities, and providing that the portion of the percentages allocated to each unit formerly constituting a part of the preexisting common-interest community must be equal to the percentages of allocated interests allocated to that unit by the declaration of the preexisting common-interest community.

(Added to NRS by 1991, 555)

**NRS 116.2122 Addition of unspecified real estate.** In a planned community, if the right is originally reserved in the declaration, the declarant, in addition to any other developmental right, may amend the declaration at any time during as many years as are specified in the declaration for adding additional real estate to the planned community without describing the location of that real estate in the original declaration; but the amount of real estate added to the planned community pursuant to this section may not exceed 10 percent of the real estate described in paragraph (c) of subsection 1 of NRS 116.2105 and the declarant may not in any event increase the number of units in the planned community beyond the number stated in the original declaration pursuant to paragraph (d) of that subsection.



(Added to NRS by 1991, 556; A 1993, 2363)

## ARTICLE 3

## MANAGEMENT OF THE COMMON-INTEREST COMMUNITY

## General Provisions

**NRS 116.3101 Organization of unit-owners' association.**

1. A unit-owners' association must be organized no later than the date the first unit in the common-interest community is conveyed.
2. The membership of the association at all times consists exclusively of all units' owners or, following termination of the common-interest community, of all owners of former units entitled to distributions of proceeds under NRS 116.2118, 116.21183 and 116.21185, or their heirs, successors or assigns.
3. The association must:
  - (a) Be organized as a profit or nonprofit corporation, association, limited-liability company, trust or partnership;
  - (b) Include in its articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents of organization, or any amendment thereof, that the purpose of the corporation, association, limited-liability company, trust or partnership is to operate as an association pursuant to this chapter;
  - (c) Contain in its name the words "common-interest community," "community association," "master association," "homeowners' association" or "unit-owners' association"; and
  - (d) Comply with the provisions of chapters 78, 81, 82, 86, 87, 88 and 88A of NRS when filing with the Secretary of State its articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents of organization, or any amendment thereof.

(Added to NRS by 1991, 556; A 2003, 20th Special Session, 130; 2005, 2590)

**NRS 116.3102 Powers of unit-owners' association.**

1. Except as otherwise provided in subsection 2, and subject to the provisions of the declaration, the association may do any or all of the following:
  - (a) Adopt and amend bylaws, rules and regulations.
  - (b) Adopt and amend budgets for revenues, expenditures and reserves and collect assessments for common expenses from the units' owners.
  - (c) Hire and discharge managing agents and other employees, agents and independent contractors.
  - (d) Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more units' owners matters affecting the common-interest community.
  - (e) Make contracts and incur liabilities.
  - (f) Regulate the use, maintenance, repair, replacement and modification of common elements.
  - (g) Cause additional improvements to be made as a part of the common elements.
  - (h) Acquire, hold, encumber and convey in its own name any right, title or interest to real estate or personal property, but:
    - (1) Common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to NRS 116.3112; and
    - (2) Part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to NRS 116.3112.
  - (i) Grant easements, leases, licenses and concessions through or over the common elements.
  - (j) Impose and receive any payments, fees or charges for the use, rental or operation of the common elements, other than limited common elements described in subsections 2 and 4 of NRS 116.2102, and for services provided to the units' owners.
  - (k) Impose charges for late payment of assessments.
  - (l) Impose construction penalties when authorized pursuant to NRS 116.310305.
  - (m) Impose reasonable fines for violations of the governing documents of the association only if the association complies with the requirements set forth in NRS 116.31031.
  - (n) Impose reasonable charges for the preparation and recordation of any amendments to the declaration or any statements of unpaid assessments, and impose reasonable fees, not to exceed the amounts authorized by NRS 116.4109, for preparing and furnishing the documents and certificate required by that section.
  - (o) Provide for the indemnification of its officers and executive board and maintain directors' and officers' liability insurance.
  - (p) Assign its right to future income, including the right to receive assessments for common expenses, but only to the extent the declaration expressly so provides.
  - (q) Exercise any other powers conferred by the declaration or bylaws.
  - (r) Exercise all other powers that may be exercised in this State by legal entities of the same type as the association.
  - (s) Direct the removal of vehicles improperly parked on property owned or leased by the association, as authorized pursuant to NRS 487.038, improperly parked on any road, street, alley or other thoroughfare within the common-interest community in violation of the governing documents. In addition to complying with the requirements of NRS 487.038 and any requirements in the governing documents, if a vehicle is improperly parked as described in this paragraph, the association must post written notice in a conspicuous place on the vehicle or provide oral or written notice to the owner or operator of the vehicle at least 48 hours before the association may direct the removal of the vehicle, unless the vehicle:
    - (1) Is blocking a fire hydrant, fire lane or parking space designated for the handicapped; or
    - (2) Poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the common-interest community.
  - (t) Exercise any other powers necessary and proper for the governance and operation of the association.
2. The declaration may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

(Added to NRS by 1991, 556; A 1999, 3000; 2003, 2227, 2267; 2005, 2590)

**NRS 116.3103 Power of executive board to act on behalf of association; members and officers are fiduciaries; duty of care; application of business-judgment rule; limitations on power.**

1. Except as otherwise provided in the declaration, the bylaws, this section or other provisions of this chapter, the executive board may act in all instances on behalf of the association. In the performance of their duties, the officers and members of the executive board are fiduciaries. The

Members of the executive board are required to exercise the ordinary and reasonable care of directors of a corporation, subject to the business-judgment rule.

2. The executive board may not act on behalf of the association to amend the declaration, to terminate the common-interest community, or to elect members of the executive board or determine their qualifications, powers and duties or terms of office, but the executive board may fill vacancies in its membership for the unexpired portion of any term.

(Added to NRS by 1991, 557; A 1993, 2364; 2001, 3193; 2003, 225; 2005, 2592)

**NRS 116.310305 Power of executive board to impose construction penalties for failure of unit's owner to adhere to certain schedules relating to design, construction, occupancy or use of unit or improvement.**

1. A unit's owner shall adhere to a schedule required by the association for:

- (a) The completion of the design of a unit or the design of an improvement to a unit;
- (b) The commencement of the construction of a unit or the construction of an improvement to a unit;
- (c) The completion of the construction of a unit or the construction of an improvement to the unit; or
- (d) The issuance of a permit which is necessary for the occupancy of a unit or for the use of an improvement to a unit.

2. The association may impose and enforce a construction penalty against a unit's owner who fails to adhere to a schedule as required pursuant to subsection 1 if:

- (a) The maximum amount of the construction penalty and the schedule are set forth in:
    - (1) The declaration;
    - (2) Another document related to the common-interest community that is recorded before the date on which the unit's owner acquired title to the unit; or
    - (3) A contract between the unit's owner and the association; and
  - (b) The unit's owner receives notice of the alleged violation which informs him that he has a right to a hearing on the alleged violation.
3. For the purposes of this chapter, a construction penalty is not a fine.

(Added to NRS by 2003, 2221, 2266)

**NRS 116.31031 Power of executive board to impose fines and other sanctions for violations of governing documents; procedural requirements; continuing violations; collection of past due fines.**

1. Except as otherwise provided in this section, if a unit's owner or a tenant or guest of a unit's owner violates any provision of the governing documents of an association, the executive board may, if the governing documents so provide:

- (a) Prohibit, for a reasonable time, the unit's owner or the tenant or guest of the unit's owner from:
  - (1) Voting on matters related to the common-interest community.
  - (2) Using the common elements. The provisions of this subparagraph do not prohibit the unit's owner or the tenant or guest of the unit's owner from using any vehicular or pedestrian ingress or egress to go to or from the unit, including any area used for parking.
- (b) Impose a fine against the unit's owner or the tenant or guest of the unit's owner for each violation, except that a fine may not be imposed for a violation that is the subject of a construction penalty pursuant to NRS 116.310305. If the violation poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the common-interest community, the amount of the fine must be commensurate with the severity of the violation and must be determined by the executive board in accordance with the governing documents. If the violation does not pose an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the common-interest community, the amount of the fine must be commensurate with the severity of the violation and must be determined by the executive board in accordance with the governing documents, but the amount of the fine must not exceed \$100 for each violation or a total amount of \$1000, whichever is less. The limitations on the amount of the fine do not apply to any interest, charges or costs that may be collected by the association pursuant to this section if the fine becomes past due.

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

- (a) Not less than 30 days before the violation, the person against whom the fine will be imposed had been provided with written notice of the applicable provisions of the governing documents that form the basis of the violation; and
- (b) Within a reasonable time after the discovery of the violation, the person against whom the fine will be imposed has been provided with:
  - (1) Written notice specifying the details of the violation, the amount of the fine, and the date, time and location for a hearing on the violation; and
  - (2) A reasonable opportunity to contest the violation at the hearing.

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

4. The executive board must hold a hearing before it may impose the fine, unless the person against whom the fine will be imposed:

- (a) Pays the fine;
- (b) Executes a written waiver of the right to the hearing; or
- (c) Fails to appear at the hearing after being provided with proper notice of the hearing.

5. If a fine is imposed pursuant to subsection 1 and the violation is not cured within 14 days, or within any longer period that may be established by the executive board, the violation shall be deemed a continuing violation. Thereafter, the executive board may impose an additional fine for the violation for each 7-day period or portion thereof that the violation is not cured. Any additional fine may be imposed without notice and an opportunity to be heard.

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

7. The provisions of this section establish the minimum procedural requirements that the executive board must follow before it may impose a fine. The provisions of this section do not preempt any provisions of the governing documents that provide greater procedural protections.

8. Any past due fine:

- (a) Bears interest at the rate established by the association, not to exceed the legal rate per annum.
- (b) May include any costs of collecting the past due fine at a rate established by the association. If the past due fine is for a violation that does not threaten the health, safety or welfare of the residents of the common-interest community, the rate established by the association for the costs of collecting the past due fine:
  - (1) May not exceed \$20, if the outstanding balance is less than \$200.
  - (2) May not exceed \$50, if the outstanding balance is \$200 or more, but is less than \$500.
  - (3) May not exceed \$100, if the outstanding balance is \$500 or more, but is less than \$1,000.
  - (4) May not exceed \$250, if the outstanding balance is \$1,000 or more, but is less than \$5,000.

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

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

9. As used in this section:

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

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

(Added to NRS by 1997, 3112; A 1999, 3001; 2003, 2228, 2268; 2005, 2592)

**NRS 116.31031 Accounting for fines in books and records of association; prohibition against applying payment for assessment, fee or other charge toward payment of fine; exceptions.** If an association has imposed a fine against a unit's owner or a tenant or guest of a unit's owner pursuant to NRS 116.31031 for violations of the governing documents of the association, the association:

1. Shall, in the books and records of the association, account for the fine separately from any assessment, fee or other charge; and

2. Shall not apply, in whole or in part, any payment made by the unit's owner for any assessment, fee or other charge toward the payment of outstanding balance of the fine or any costs of collecting the fine, unless the unit's owner provides written authorization which directs the association to apply the payment made by the unit's owner in such a manner.

(Added to NRS by 1997, 3112; A 2005, 1715)—(Substituted in revision for NRS 116.31145)

**NRS 116.31032 Period of declarant's control of association; representation of units' owners on executive board.**

1. Except as otherwise provided in this section, the declaration may provide for a period of declarant's control of the association, during which a declarant, or persons designated by him, may appoint and remove the officers of the association and members of the executive board. Regardless of the period provided in the declaration, a period of declarant's control terminates no later than:

(a) Sixty days after conveyance of 75 percent of the units that may be created to units' owners other than a declarant or, if the association exercises powers over a common-interest community pursuant to this chapter and a time-share plan pursuant to chapter 119A of NRS, 120 days after conveyance of 80 percent of the units that may be created to units' owners other than a declarant;

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

(c) Five years after any right to add new units was last exercised, whichever occurs earlier.

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

3. Not later than 60 days after conveyance of 25 percent of the units that may be created to units' owners other than a declarant, at least one member and not less than 25 percent of the members of the executive board must be elected by units' owners other than the declarant. Not later than 60 days after conveyance of 50 percent of the units that may be created to units' owners other than a declarant, not less than 33 1/3 percent of the members of the executive board must be elected by units' owners other than the declarant.

(Added to NRS by 1993, 2353; A 2001, 2490)

**NRS 116.31034 Election of members of executive board and officers of association; term of office of member of executive board; staggered terms; eligibility to serve on executive board; required disclosures; procedure for conducting elections; certification by member of executive board of understanding of governing documents and provisions of chapter.**

1. Except as otherwise provided in subsection 5 of NRS 116.212, not later than the termination of any period of declarant's control, the units' owners shall elect an executive board of at least three members, at least a majority of whom must be units' owners. Unless the governing documents provide otherwise, the remaining members of the executive board do not have to be units' owners. The executive board shall elect the officers of the association. The members of the executive board and the officers of the association shall take office upon election.

2. The term of office of a member of the executive board may not exceed 2 years, except for members who are appointed by the declarant. Unless the governing documents provide otherwise, there is no limitation on the number of terms that a person may serve as a member of the executive board.

3. The governing documents of the association must provide for terms of office that are staggered in such a manner that, to the extent possible, an equal number of members of the executive board are elected at each election. The provisions of this subsection do not apply to:

(a) Members of the executive board who are appointed by the declarant; and

(b) Members of the executive board who serve a term of 1 year or less.

4. Not less than 30 days before the preparation of a ballot for the election of members of the executive board, the secretary or other officer specified in the bylaws of the association shall cause notice to be given to each unit's owner of his eligibility to serve as a member of the executive board. Each unit's owner who is qualified to serve as a member of the executive board may have his name placed on the ballot along with the names of the nominees selected by the members of the executive board or a nominating committee established by the association.

5. Each person whose name is placed on the ballot as a candidate for a member of the executive board must:

(a) Make a good faith effort to disclose any financial, business, professional or personal relationship or interest that would result or would appear to a reasonable person to result in a potential conflict of interest for the candidate if the candidate were to be elected to serve as a member of the executive board; and

(b) Disclose whether the candidate is a member in good standing. For the purposes of this paragraph, a candidate shall not be deemed to be in good standing if the candidate has any unpaid and past due assessments or construction penalties that are required to be paid to the association.

The candidate must make all disclosures required pursuant to this subsection in writing to the association with his candidacy information. The association shall distribute the disclosures to each member of the association with the ballot in the manner established in the bylaws of the association.

6. Unless a person is appointed by the declarant:

(a) A person may not be a member of the executive board or an officer of the association if the person, his spouse or his parent or child, by blood, marriage or adoption, performs the duties of a community manager for that association.

(b) A person may not be a member of the executive board of a master association or an officer of that master association if the person, his spouse or his parent or child, by blood, marriage or adoption, performs the duties of a community manager for:

(1) That master association; or

(2) Any association that is subject to the governing documents of that master association.

7. An officer, employee, agent or director of a corporate owner of a unit, a trustee or designated beneficiary of a trust that owns a unit, a

ner of a partnership that owns a unit, a member or manager of a limited-liability company that owns a unit, and a fiduciary of an estate that owns a unit may be an officer of the association or a member of the executive board. In all events where the person serving or offering to serve is an officer of the association or a member of the executive board is not the record owner, he shall file proof in the records of the association

- (a) He is associated with the corporate owner, trust, partnership, limited-liability company or estate as required by this subsection; and
- (b) Identifies the unit or units owned by the corporate owner, trust, partnership, limited-liability company or estate.

8. The election of any member of the executive board must be conducted by secret written ballot unless the declaration of the association provides that voting rights may be exercised by delegates or representatives as set forth in NRS 116.31105. If the election of any member of the executive board is conducted by secret written ballot:

- (a) The secretary or other officer specified in the bylaws of the association shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each unit within the common-interest community or to any other mailing address designated in writing by the unit's owner.
- (b) Each unit's owner must be provided with at least 15 days after the date the secret written ballot is mailed to the unit's owner to return the secret written ballot to the association.
- (c) A quorum is not required for the election of any member of the executive board.
- (d) Only the secret written ballots that are returned to the association may be counted to determine the outcome of the election.
- (e) The secret written ballots must be opened and counted at a meeting of the association. A quorum is not required to be present when the secret written ballots are opened and counted at the meeting.

(f) The incumbent members of the executive board and each person whose name is placed on the ballot as a candidate for a member of the executive board may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the association before those secret written ballots have been opened and counted at a meeting of the association.

9. Each member of the executive board shall, within 90 days after his appointment or election, certify in writing to the association, on a form prescribed by the Administrator, that he has read and understands the governing documents of the association and the provisions of this chapter to the best of his ability. The Administrator may require the association to submit a copy of the certification of each member of the executive board of that association at the time the association registers with the Ombudsman pursuant to NRS 116.31158.

(Added to NRS by 1993, 2353; A 1997, 3117; 1999, 3001; 2003, 2229; 2005, 2594)

#### **NRS 116.31036 Removal of member of executive board; indemnification and defense of member of executive board.**

1. Notwithstanding any provision of the declaration or bylaws to the contrary, any member of the executive board, other than a member appointed by the declarant, may be removed from the executive board, with or without cause, if at a removal election held pursuant to this section the number of votes cast in favor of removal constitutes:

- (a) At least 35 percent of the total number of voting members of the association; and
- (b) At least a majority of all votes cast in that removal election.

2. The removal of any member of the executive board must be conducted by secret written ballot unless the declaration of the association provides that voting rights may be exercised by delegates or representatives as set forth in NRS 116.31105. If the removal of a member of the executive board is conducted by secret written ballot:

- (a) The secretary or other officer specified in the bylaws of the association shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each unit within the common-interest community or to any other mailing address designated in writing by the unit's owner.
- (b) Each unit's owner must be provided with at least 15 days after the date the secret written ballot is mailed to the unit's owner to return the secret written ballot to the association.
- (c) Only the secret written ballots that are returned to the association may be counted to determine the outcome.
- (d) The secret written ballots must be opened and counted at a meeting of the association. A quorum is not required to be present when the secret written ballots are opened and counted at the meeting.
- (e) The incumbent members of the executive board, including, without limitation, the member who is subject to the removal, may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the association before those secret written ballots have been opened and counted at a meeting of the association.

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

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

(Added to NRS by 1993, 2354; A 2003, 2231; 2005, 2596)

**NRS 116.31038 Delivery to association of property held or controlled by declarant.** In addition to any applicable requirement set forth in NRS 116.310395, within 30 days after units' owners other than the declarant may elect a majority of the members of the executive board, the declarant shall deliver to the association all property of the units' owners and of the association held by or controlled by him, including:

1. The original or a certified copy of the recorded declaration as amended, the articles of incorporation, articles of association, articles of organization, certificate of registration, certificate of limited partnership, certificate of trust or other documents of organization for the association, the bylaws, minute books and other books and records of the association and any rules or regulations which may have been adopted.
2. An accounting for money of the association and audited financial statements for each fiscal year and any ancillary period from the date of inception of the association to the date the period of the declarant's control ends. The financial statements must fairly and accurately report the association's financial position.
3. A complete study of the reserves of the association, conducted by a person who holds a permit to conduct such a study issued pursuant to Chapter 116A of NRS. At the time the control of the declarant ends, he shall:
  - (a) Except as otherwise provided in this paragraph, deliver to the association a reserve account that contains the declarant's share of the amounts then due, and control of the account. If the declaration was recorded before October 1, 1999, and, at the time the control of the declarant ends, he has failed to pay his share of the amounts due, the executive board shall authorize the declarant to pay the deficiency in installments for a period of 3 years, unless the declarant and the executive board agree to a shorter period.
  - (b) Disclose, in writing, the amount by which he has subsidized the association's dues on a per unit or per lot basis.
4. The association's money or control thereof.

5. All of the declarant's tangible personal property that has been represented by the declarant as property of the association or, unless the declarant has disclosed in the public offering statement that all such personal property used in the common-interest community will remain the declarant's property, all of the declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the common elements, and inventories of these properties.

6. A copy of any plans and specifications used in the construction of the improvements in the common-interest community which were completed within 2 years before the declaration was recorded.

7. All insurance policies then in force, in which the units' owners, the association, or its directors and officers are named as insured persons.

8. Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the common-interest community other than units in a planned community.

9. Any renewable permits and approvals issued by governmental bodies applicable to the common-interest community which are in force and any other permits and approvals so issued and applicable which are required by law to be kept on the premises of the community.

10. Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective.

11. A roster of owners and mortgagees of units and their addresses and telephone numbers, if known, as shown on the declarant's records.

12. Contracts of employment in which the association is a contracting party.

13. Any contract for service in which the association is a contracting party or in which the association or the units' owners have any obligation to pay a fee to the persons performing the services.

(Added to NRS by 1993, 2354; A 1999, 3002; 2001, 2490; 2005, 2597)

#### **NRS 116.31039 Delivery to association of additional common elements constructed by declarant or successor declarant.**

1. If a common-interest community is developed in separate phases and any declarant or successor declarant is constructing any common elements that will be added to the association's common elements after the date on which the units' owners other than the declarant may elect a majority of the members of the executive board, the declarant or successor declarant who is constructing such additional common elements is responsible for:

(a) Paying all expenses related to the additional common elements which are incurred before the conveyance of the additional common elements to the association; and

(b) Except as otherwise provided in NRS 116.31038, delivering to the association that declarant's share of the amount specified in the study of the reserves completed pursuant to subsection 2.

2. Before conveying the additional common elements to the association, the declarant or successor declarant who constructed the additional common elements shall deliver to the association a study of the reserves for the additional common elements which satisfies the requirements of NRS 116.31152.

3. As used in this section, "successor declarant" includes, without limitation, any successor declarant who does not control the association established by the initial declarant.

(Added to NRS by 2003, 2219)

#### **NRS 116.310395 Delivery to association of converted building reserve deficit.**

1. At the time of each close of escrow of a unit in a converted building, the declarant shall deliver to the association the amount of the converted building reserve deficit allocated to that unit.

2. The allocation to a unit of the amount of any converted building reserve deficit must be made in the same manner as assessments are allocated to that unit.

3. As used in this section, "converted building reserve deficit" means the amount necessary to replace the major components of the common elements needing replacement within 10 years after the date of the first sale of a unit.

(Added to NRS by 2005, 2581)

#### **NRS 116.3104 Transfer of special declarant's right.**

1. A special declarant's right created or reserved under this chapter may be transferred only by an instrument evidencing the transfer recorded in every county in which any portion of the common-interest community is located. The instrument is not effective unless executed by the transferee.

2. Upon transfer of any special declarant's right, the liability of a transferor declarant is as follows:

(a) A transferor is not relieved of any obligation or liability arising before the transfer and remains liable for warranties imposed upon him by this chapter. Lack of privity does not deprive any unit's owner of standing to maintain an action to enforce any obligation of the transferor.

(b) If a successor to any special declarant's right is an affiliate of a declarant, the transferor is jointly and severally liable with the successor for any obligations or liabilities of the successor relating to the common-interest community.

(c) If a transferor retains any special declarant's rights, but transfers other special declarant's rights to a successor who is not an affiliate of the declarant, the transferor is liable for any obligations or liabilities imposed on a declarant by this chapter or by the declaration relating to the retained special declarant's rights and arising after the transfer.

(d) A transferor has no liability for any act or omission or any breach of a contractual obligation or warranty arising from the exercise of a special declarant's right by a successor declarant who is not an affiliate of the transferor.

3. Unless otherwise provided in a mortgage, deed of trust or other agreement creating a security interest, in case of foreclosure of a security interest, sale by a trustee under an agreement creating a security interest, tax sale, judicial sale or sale under the Bankruptcy Code or a receivership, of any units owned by a declarant or real estate in a common-interest community subject to developmental rights, a person acquiring title to all the property being foreclosed or sold, but only upon his request, succeeds to all special declarant's rights related to that property held by that declarant, or only to any rights reserved in the declaration pursuant to NRS 116.2115 and held by that declarant to maintain models, offices for sales and signs. The judgment or instrument conveying title must provide for transfer of only the special declarant's rights requested.

4. Upon foreclosure of a security interest, sale by a trustee under an agreement creating a security interest, tax sale, judicial sale or sale under the Bankruptcy Code or a receivership of all interests in a common-interest community owned by a declarant:

(a) The declarant ceases to have any special declarant's rights; and

(b) The period of declarant's control (NRS 116.31032) terminates unless the judgment or instrument conveying title provides for transfer of all special declarant's rights held by that declarant to a successor declarant.

(Added to NRS by 1991, 560; A 1993, 2366)

**NRS 116.31043 Liabilities and obligations of person who succeeds to special declarant's rights.** The liabilities and obligations of a person who succeeds to special declarant's rights are as follows:

1. A successor to any special declarant's right who is an affiliate of a declarant is subject to all obligations and liabilities imposed on the



transferor by this chapter or by the declaration.

2. A successor to any special declarant's right, other than a successor described in subsection 3 or 4 or a successor who is an affiliate of a declarant, is subject to the obligations and liabilities imposed by this chapter or the declaration:

- (a) On a declarant which relate to the successor's exercise or nonexercise of special declarant's rights; or
- (b) On his transferor, other than:

- (1) Misrepresentations by any previous declarant;
- (2) Warranties on improvements made by any previous declarant, or made before the common-interest community was created;
- (3) Breach of any fiduciary obligation by any previous declarant or his appointees to the executive board; or
- (4) Any liability or obligation imposed on the transferor as a result of the transferor's acts or omissions after the transfer.

3. A successor to only a right reserved in the declaration to maintain models, offices for sales and signs (NRS 116.2115), may not exercise any other special declarant's right, and is not subject to any liability or obligation as a declarant, except the obligation to provide a public offering statement and any liability arising as a result thereof.

4. A successor to all special declarant's rights held by a transferor who succeeded to those rights pursuant to a deed or other instrument of conveyance in lieu of foreclosure or a judgment or instrument conveying title under subsection 3 of NRS 116.3104, may declare in a recorded instrument the intention to hold those rights solely for transfer to another person. Thereafter, until transferring all special declarant's rights to any person acquiring title to any unit or real estate subject to developmental rights owned by the successor, or until recording an instrument permitting exercise of all those rights, that successor may not exercise any of those rights other than any right held by his transferor to control the executive board in accordance with NRS 116.31032 for the duration of any period of declarant's control, and any attempted exercise of those rights is void. So long as a successor declarant may not exercise special declarant's rights under this subsection, the successor declarant is not subject to any liability or obligation as a declarant other than liability for his acts and omissions under NRS 116.31032.

(Added to NRS by 1991, 561; A 1993, 2367)

**NRS 116.31046 Successor not subject to certain claims against or other obligations of transferor of special declarant's right.** NRS 116.3104 and 116.31043 do not subject any successor to a special declarant's right to any claims against or other obligations of a transferor declarant, other than claims and obligations arising under this chapter or the declaration.

(Added to NRS by 1991, 561)

**NRS 116.3105 Termination of contracts and leases of declarant.** If entered into before the executive board elected by the units' owners pursuant to NRS 116.31034 takes office, any management contract, employment contract, or lease of recreational or parking areas or facilities, or any other contract or lease between the association and a declarant or an affiliate of a declarant or any contract or lease that is not in good faith or was unconscionable to the units' owners at the time entered into under the circumstances then prevailing may be terminated without penalty by the association at any time after the executive board elected by the units' owners takes office upon not less than 90 days' notice to the other party. This section does not apply to any lease the termination of which would terminate the common-interest community or reduce its size, unless the real estate subject to that lease was included in the common-interest community for the purpose of avoiding the right of the association to terminate a lease under this section, or to a proprietary lease.

(Added to NRS by 1991, 561; A 1993, 2368)

#### **NRS 116.3106 Bylaws.**

1. The bylaws of the association must provide:

- (a) The number of members of the executive board and the titles of the officers of the association;
- (b) For election by the executive board of a president, treasurer, secretary and any other officers of the association the bylaws specify;
- (c) The qualifications, powers and duties, terms of office and manner of electing and removing officers of the association and members of the executive board and filling vacancies;
- (d) Which powers, if any, that the executive board or the officers of the association may delegate to other persons or to a community manager;
- (e) Which of its officers may prepare, execute, certify and record amendments to the declaration on behalf of the association;
- (f) Procedural rules for conducting meetings of the association;
- (g) A method for amending the bylaws; and
- (h) Procedural rules for conducting elections.

2. Except as otherwise provided in the declaration, the bylaws may provide for any other matters the association deems necessary and appropriate.

3. The bylaws must be written in plain English.

(Added to NRS by 1991, 562; A 1993, 2368; 1997, 3117; 2003, 2232)

#### **NRS 116.31065 Rules.** The rules adopted by an association:

1. Must be reasonably related to the purpose for which they are adopted.
2. Must be sufficiently explicit in their prohibition, direction or limitation to inform a person of any action or omission required for compliance.
3. Must not be adopted to evade any obligation of the association.
4. Must be consistent with the governing documents of the association and must not arbitrarily restrict conduct or require the construction of any capital improvement by a unit's owner that is not required by the governing documents of the association.
5. Must be uniformly enforced under the same or similar circumstances against all units' owners. Any rule that is not so uniformly enforced may not be enforced against any unit's owner.
6. May be enforced by the association through the imposition of a fine only if the association complies with the requirements set forth in NRS 116.31031.

(Added to NRS by 1997, 3111; A 1999, 3004; 2003, 2269)

**NRS 116.31067 Right of units' owners to display flag of the United States in certain areas; conditions and limitations on exercise of right.** [Replaced in revision by NRS 116.320.]

#### **NRS 116.3107 Upkeep of common-interest community.**

1. Except to the extent provided by the declaration, subsection 2 and NRS 116.31135, the association is responsible for maintenance, repair and replacement of the common elements, and each unit's owner is responsible for maintenance, repair and replacement of his unit. Each unit's owner shall afford to the association and the other units' owners, and to their agents or employees, access through his unit reasonably necessary

those purposes. If damage is inflicted on the common elements or on any unit through which access is taken, the unit's owner responsible for the damage, or the association if it is responsible, is liable for the prompt repair thereof.

2. In addition to the liability that a declarant as a unit's owner has under this chapter, the declarant alone is liable for all expenses in connection with real estate subject to developmental rights. No other unit's owner and no other portion of the common-interest community is subject to a claim for payment of those expenses. Unless the declaration provides otherwise, any income or proceeds from real estate subject to developmental rights inures to the declarant.

3. In a planned community, if all developmental rights have expired with respect to any real estate, the declarant remains liable for all expenses of that real estate unless, upon expiration, the declaration provides that the real estate becomes common elements or units.  
(Added to NRS by 1991, 562; A 1993, 2368)

### Meetings and Voting

**NRS 116.31075 Meetings of rural agricultural residential common-interest communities: Compliance with Open Meeting Law.** In conducting any meetings, a rural agricultural residential common-interest community must comply with the provisions set forth in chapter 241 of NRS concerning open meetings which are generally applicable to public bodies.

(Added to NRS by 2003, 2221)

**NRS 116.3108 Meetings of units' owners of association; frequency of meetings; calling special meetings or removal elections; requirements concerning notice and agendas; dissemination of schedule of fines; requirements concerning minutes of meetings; right of units' owners to make audio recordings of meetings.**

1. A meeting of the units' owners must be held at least once each year. If the governing documents do not designate an annual meeting date for the units' owners, a meeting of the units' owners must be held 1 year after the date of the last meeting of the units' owners. If the units' owners have not held a meeting for 1 year, a meeting of the units' owners must be held on the following March 1.

2. Special meetings of the units' owners may be called by the president, by a majority of the executive board or by units' owners constituting at least 10 percent, or any lower percentage specified in the bylaws, of the total number of voting members of the association. The same number of units' owners may also call a removal election pursuant to NRS 116.31036. To call a special meeting or a removal election, the units' owners must submit a written petition which is signed by the required percentage of the total number of voting members of the association pursuant to this section and which is mailed, return receipt requested, or served by a process server to the executive board or the community manager for the association. If the petition calls for a special meeting, the executive board shall set the date for the special meeting so that the special meeting is held not less than 15 days or more than 60 days after the date on which the petition is received. If the petition calls for a removal election and:

(a) The voting rights of the units' owners will be exercised by delegates or representatives as set forth in NRS 116.31105, the executive board shall set the date for the removal election so that the removal election is held not less than 15 days or more than 60 days after the date on which the petition is received; or

(b) The voting rights of the units' owners will be exercised through the use of secret written ballots pursuant to NRS 116.31036, the secret written ballots for the removal election must be sent in the manner required by NRS 116.31036 not less than 15 days or more than 60 days after the date on which the petition is received, and the executive board shall set the date for the meeting to open and count the secret written ballots so that the meeting is held not more than 15 days after the deadline for returning the secret written ballots.

3. Not less than 15 days or more than 60 days in advance of any meeting of the units' owners, the secretary or other officer specified in the bylaws shall cause notice of the meeting to be hand-delivered, sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner or, if the association offers to send notice by electronic mail, sent by electronic mail at the request of the unit's owner to an electronic mail address designated in writing by the unit's owner. The notice of the meeting must state the time and place of the meeting and include a copy of the agenda for the meeting. The notice must include notification of the right of a unit's owner to:

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

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

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

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

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

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

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

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

7. Except as otherwise provided in subsection 8, the minutes of each meeting of the units' owners must include:

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

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

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

8. The executive board may establish reasonable limitations on materials, remarks or other information to be included in the minutes of a meeting of the units' owners.

9. The association shall maintain the minutes of each meeting of the units' owners until the common-interest community is terminated.

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

11. The units' owners may approve, at the annual meeting of the units' owners, the minutes of the prior annual meeting of the units' owners

the minutes of any prior special meetings of the units' owners. A quorum is not required to be present when the units' owners approve the minutes.

- 12. As used in this section, "emergency" means any occurrence or combination of occurrences that:
  - (a) Could not have been reasonably foreseen;
  - (b) Affects the health, welfare and safety of the units' owners or residents of the common-interest community;
  - (c) Requires the immediate attention of, and possible action by, the executive board; and
  - (d) Makes it impracticable to comply with the provisions of subsection 3 or 4.
 (Added to NRS by 1991, 562; A 1995, 2230; 1997, 3118; 1999, 3004; 2001, 470; 2003, 2232, 2270; 2005, 2598)

**NRS 116.31083 Meetings of executive board; frequency of meetings; requirements concerning notice and agendas; periodic review of certain financial and legal matters at meetings; requirements concerning minutes of meetings; right of units' owners to make audio recordings of certain meetings.**

1. A meeting of the executive board must be held at least once every 90 days.  
2. Except in an emergency or unless the bylaws of an association require a longer period of notice, the secretary or other officer specified in the bylaws of the association shall, not less than 10 days before the date of a meeting of the executive board, cause notice of the meeting to be given to the units' owners. Such notice must be:

- (a) Sent prepaid by United States mail to the mailing address of each unit within the common-interest community or to any other mailing address designated in writing by the unit's owner;
- (b) If the association offers to send notice by electronic mail, sent by electronic mail at the request of the unit's owner to an electronic mail address designated in writing by the unit's owner; or
- (c) Published in a newsletter or other similar publication that is circulated to each unit's owner.

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

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

- (a) Have a copy of the minutes or a summary of the minutes of the meeting provided to the unit's owner upon request and, if required by the executive board, upon payment to the association of the cost of providing the copy to the unit's owner.
- (b) Speak to the association or executive board, unless the executive board is meeting in executive session.

5. The agenda of the meeting of the executive board must comply with the provisions of subsection 4 of NRS 116.3108. The period required to be devoted to comments by the units' owners and discussion of those comments must be scheduled for the beginning of each meeting. In an emergency, the executive board may take action on an item which is not listed on the agenda as an item on which action may be taken.

6. At least once every 90 days, unless the declaration or bylaws of the association impose more stringent standards, the executive board shall review, at a minimum, the following financial information at one of its meetings:

- (a) A current year-to-date financial statement of the association;
- (b) A current year-to-date schedule of revenues and expenses for the operating account and the reserve account, compared to the budget for those accounts;
- (c) A current reconciliation of the operating account of the association;
- (d) A current reconciliation of the reserve account of the association;
- (e) The latest account statements prepared by the financial institutions in which the accounts of the association are maintained; and
- (f) The current status of any civil action or claim submitted to arbitration or mediation in which the association is a party.

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

8. Except as otherwise provided in subsection 9 and NRS 116.31085, the minutes of each meeting of the executive board must include:

- (a) The date, time and place of the meeting;
- (b) Those members of the executive board who were present and those members who were absent at the meeting;
- (c) The substance of all matters proposed, discussed or decided at the meeting;
- (d) A record of each member's vote on any matter decided by vote at the meeting; and
- (e) The substance of remarks made by any unit's owner who addresses the executive board at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared remarks if he submits a copy for inclusion.

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

10. The association shall maintain the minutes of each meeting of the executive board until the common-interest community is terminated.

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

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

- (a) Could not have been reasonably foreseen;
  - (b) Affects the health, welfare and safety of the units' owners or residents of the common-interest community;
  - (c) Requires the immediate attention of, and possible action by, the executive board; and
  - (d) Makes it impracticable to comply with the provisions of subsection 2 or 5.
- (Added to NRS by 1999, 2995; A 2001, 472; 2003, 2234; 2005, 2600)

**NRS 116.31085 Right of units' owners to speak at certain meetings; limitations on right; limitations on power of executive board to meet in executive session; procedure governing hearings on alleged violations; requirements concerning minutes of certain meetings.**

1. Except as otherwise provided in this section, a unit's owner may attend any meeting of the units' owners or of the executive board and speak at any such meeting. The executive board may establish reasonable limitations on the time a unit's owner may speak at such a meeting.

2. An executive board may not meet in executive session to enter into, renew, modify, terminate or take any other action regarding a contract, unless it is a contract between the association and an attorney.



3. An executive board may meet in executive session only to:

- (a) Consult with the attorney for the association on matters relating to proposed or pending litigation if the contents of the discussion would otherwise be governed by the privilege set forth in NRS 49.035 to 49.115, inclusive, or to enter into, renew, modify, terminate or take any other action regarding a contract between the association and the attorney.
- (b) Discuss the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the association.
- (c) Except as otherwise provided in subsection 4, discuss a violation of the governing documents, including, without limitation, the failure to pay an assessment.
- (d) Discuss the alleged failure of a unit's owner to adhere to a schedule required pursuant to NRS 116.310305 if the alleged failure may subject the unit's owner to a construction penalty.

4. An executive board shall meet in executive session to hold a hearing on an alleged violation of the governing documents unless the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted by the executive board. If the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted, the person:

(a) Is entitled to attend all portions of the hearing related to the alleged violation, including, without limitation, the presentation of evidence and the testimony of witnesses; and

(b) Is not entitled to attend the deliberations of the executive board.

5. Except as otherwise provided in this subsection, any matter discussed by the executive board when it meets in executive session must be generally noted in the minutes of the meeting of the executive board. The executive board shall maintain minutes of any decision made pursuant to subsection 4 concerning an alleged violation and, upon request, provide a copy of the decision to the person who was subject to being sanctioned at the hearing or to his designated representative.

6. Except as otherwise provided in subsection 4, a unit's owner is not entitled to attend or speak at a meeting of the executive board held in executive session.

(Added to NRS by 1997, 3111; A 1999, 3005; 2003, 2236, 2271; 2005, 2602)

#### **NRS 116.31087 Right of units' owners to have certain complaints placed on agenda of meeting of executive board.**

1. If an executive board receives a written complaint from a unit's owner alleging that the executive board has violated any provision of this chapter or any provision of the governing documents of the association, the executive board shall, if action is required by the executive board, place the subject of the complaint on the agenda of the next regularly scheduled meeting of the executive board.

2. Not later than 10 business days after the date that the association receives such a complaint, the executive board or an authorized representative of the association shall acknowledge the receipt of the complaint and notify the unit's owner that, if action is required by the executive board, the subject of the complaint will be placed on the agenda of the next regularly scheduled meeting of the executive board.

(Added to NRS by 2003, 2218)

#### **NRS 116.31088 Meetings regarding civil actions; requirements for commencing or ratifying certain civil actions; right of units' owners to request dismissal of certain civil actions; disclosure of terms and conditions of settlements.**

1. The association shall provide written notice to each unit's owner of a meeting at which the commencement of a civil action is to be considered at least 21 calendar days before the date of the meeting. Except as otherwise provided in this subsection, the association may commence a civil action only upon a vote or written agreement of the owners of units to which at least a majority of the votes of the members of the association are allocated. The provisions of this subsection do not apply to a civil action that is commenced:

- (a) To enforce the payment of an assessment;
- (b) To enforce the declaration, bylaws or rules of the association;
- (c) To enforce a contract with a vendor;
- (d) To proceed with a counterclaim; or
- (e) To protect the health, safety and welfare of the members of the association. If a civil action is commenced pursuant to this paragraph

without the required vote or agreement, the action must be ratified within 90 days after the commencement of the action by a vote or written agreement of the owners of the units to which at least a majority of votes of the members of the association are allocated. If the association, after making a good faith effort, cannot obtain the required vote or agreement to commence or ratify such a civil action, the association may thereafter seek to dismiss the action without prejudice for that reason only if a vote of written agreement of the owners of the units to which at least a majority of votes of the members of the association are allocated was obtained at the time the approval to commence or ratify the action was sought.

2. At least 10 days before an association commences or seeks to ratify the commencement of a civil action, the association shall provide a written statement to all the units' owners that includes:

- (a) A reasonable estimate of the costs of the civil action, including reasonable attorney's fees;
- (b) An explanation of the potential benefits of the civil action and the potential adverse consequences if the association does not commence the action or if the outcome of the action is not favorable to the association; and
- (c) All disclosures that are required to be made upon the sale of the property.

3. No person other than a unit's owner may request the dismissal of a civil action commenced by the association on the ground that the association failed to comply with any provision of this section.

4. If any civil action in which the association is a party is settled, the executive board shall disclose the terms and conditions of the settlement at the next regularly scheduled meeting of the executive board after the settlement has been reached. The executive board may not approve a settlement which contains any terms and conditions that would prevent the executive board from complying with the provisions of this subsection.

(Added to NRS by 2005, 2585)

#### **NRS 116.3109 Quorum.**

1. Except as otherwise provided in this section and NRS 116.31034, and except when the governing documents provide otherwise, a quorum is present throughout any meeting of the association if the number of members of the association who are present in person or by proxy at the beginning of the meeting equals or exceeds 20 percent of the total number of voting members of the association.

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

- (a) A quorum shall be deemed to be present if the number of members of the association who are present in person or by proxy at the

- beginning of the subsequent meeting equals or exceeds 20 percent of the total number of voting members of the association; and
- (b) If such a quorum is deemed to be present but the actual number of members who are present in person or by proxy at the beginning of the subsequent meeting is less than the number of members who are required for a quorum under the governing documents, the members who are present in person or by proxy at the subsequent meeting may take action only on those matters that were included as items on the agenda of the original meeting.
- The provisions of this subsection do not change the actual number of votes that are required under the governing documents for taking action on any particular matter.
3. Unless the governing documents specify a larger percentage, a quorum is deemed present throughout any meeting of the executive board if persons entitled to cast 50 percent of the votes on that board are present at the beginning of the meeting.

(Added to NRS by 1991, 563; A 1999, 3006; 2003, 2237)

**NRS 116.311 Voting by units' owners; use of proxies; voting by lessees of leased units; association prohibited from voting as owner unit.**

1. If only one of several owners of a unit is present at a meeting of the association, that owner is entitled to cast all the votes allocated to that unit. If more than one of the owners are present, the votes allocated to that unit may be cast only in accordance with the agreement of a majority interest of the owners, unless the declaration expressly provides otherwise. There is majority agreement if any one of the owners cast the votes allocated to that unit without protest made promptly to the person presiding over the meeting by any of the other owners of the unit.
2. Except as otherwise provided in this section, votes allocated to a unit may be cast pursuant to a proxy executed by a unit's owner. A unit's owner may give a proxy only to a member of his immediate family, a tenant of the unit's owner who resides in the common-interest community, another unit's owner who resides in the common-interest community, or a delegate or representative when authorized pursuant to NRS 116.31105. If a unit is owned by more than one person, each owner of the unit may vote or register protest to the casting of votes by the other owners of the unit through an executed proxy. A unit's owner may revoke a proxy given pursuant to this section only by actual notice of revocation to the person presiding over a meeting of the association.
3. Before a vote may be cast pursuant to a proxy:
- The proxy must be dated.
  - The proxy must not purport to be revocable without notice.
  - The proxy must designate the meeting for which it is executed.
  - The proxy must designate each specific item on the agenda of the meeting for which the unit's owner has executed the proxy, except that the unit's owner may execute the proxy without designating any specific items on the agenda of the meeting if the proxy is to be used solely for determining whether a quorum is present for the meeting. If the proxy designates one or more specific items on the agenda of the meeting for which the unit's owner has executed the proxy, the proxy must indicate, for each specific item designated in the proxy, whether the holder of the proxy must cast a vote in the affirmative or the negative on behalf of the unit's owner. If the proxy does not indicate whether the holder of the proxy must cast a vote in the affirmative or the negative for a particular item on the agenda of the meeting, the proxy must be treated, with regard to that particular item, as if the unit's owner were present but not voting on that particular item.
  - The holder of the proxy must disclose at the beginning of the meeting for which the proxy is executed the number of proxies pursuant to which the holder will be casting votes.
4. A proxy terminates immediately after the conclusion of the meeting for which it is executed.
5. A vote may not be cast pursuant to a proxy for the election or removal of a member of the executive board of an association unless the proxy is exercised through a delegate or representative authorized pursuant to NRS 116.31105.
6. The holder of a proxy may not cast a vote on behalf of the unit's owner who executed the proxy in a manner that is contrary to the proxy.
7. A proxy is void if the proxy or the holder of the proxy violates any provision of subsections 1 to 6, inclusive.
8. If the declaration requires that votes on specified matters affecting the common-interest community must be cast by the lessees of leased units rather than the units' owners who have leased the units:
- The provisions of subsections 1 to 7, inclusive, apply to the lessees as if they were the units' owners;
  - The units' owners who have leased their units to the lessees may not cast votes on those specified matters;
  - The lessees are entitled to notice of meetings, access to records and other rights respecting those matters as if they were the units' owners;
  - The units' owners must be given notice, in the manner provided in NRS 116.3108, of all meetings at which the lessees are entitled to vote.
9. If any votes are allocated to a unit that is owned by the association, those votes may not be cast, by proxy or otherwise, for any purpose.

(Added to NRS by 1991, 563; A 1999, 3006; 2003, 2238)

**NRS 116.31105 Voting by delegates or representatives; procedure for electing delegates or representatives.**

1. If the declaration so provides, in a common-interest community that consists of at least 1,000 units, the voting rights of the units' owners in the association for that common-interest community may be exercised by delegates or representatives.
2. In addition to a common-interest community identified in subsection 1, if the declaration so provides, in a common-interest community created before October 1, 1999, the voting rights of the units' owners in the association for that common-interest community may be exercised by delegates or representatives.
3. For the purposes of subsection 1, each unit that a declarant has reserved the right to create pursuant to NRS 116.2105 and for which developmental rights exist must be counted in determining the number of units in a common-interest community.
4. Notwithstanding any provision in the declaration, the election of any delegate or representative must be conducted by secret written ballot.
5. When an election of a delegate or representative is conducted by secret written ballot:
- The secretary or other officer of the association specified in the bylaws of the association shall cause a secret written ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each unit within the common-interest community or to any other mailing address designated in writing by the unit's owner.
  - Each unit's owner must be provided with at least 15 days after the date the secret written ballot is mailed to the unit's owner to return the secret written ballot to the association.
  - Only the secret written ballots that are returned to the association in the manner prescribed on the ballot may be counted to determine the outcome of the election.
  - The secret written ballots must be opened and counted at a meeting called for the purpose of electing delegates or representatives. A quorum is not required to be present when the secret written ballots are opened and counted at the meeting.
  - A candidate for delegate or representative may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the association in the manner prescribed on the ballot before those secret written ballots have been opened and counted at a meeting called for that purpose.

(Added to NRS by 2003, 2220)

**Liabilities, Insurance and Fiscal Affairs**

**NRS 116.3111 Tort and contract liability.** Neither the association nor any unit's owner except the declarant is liable for that declarant's torts in connection with any part of the common-interest community which that declarant has the responsibility to maintain. Otherwise, an action alleging a wrong done by the association must be brought against the association and not against any unit's owner. If the wrong occurred during the period of declarant's control and the association gives the declarant reasonable notice of and an opportunity to defend against the action, the declarant who then controlled the association is liable to the association or to any unit's owner for all tort losses not covered by insurance suffered by the association or that unit's owner, and all costs that the association would not have incurred but for a breach of contract or other wrongful act or omission. Whenever the declarant is liable to the association under this section, the declarant is also liable for all expenses of litigation, including reasonable attorney's fees, incurred by the association. Any statute of limitation affecting the association's right of action under this section is tolled until the period of declarant's control terminates. A unit's owner is not precluded from maintaining an action contemplated by this section because he is a unit's owner or a member or officer of the association.

(Added to NRS by 1991, 563)

**NRS 116.3112 Conveyance or encumbrance of common elements.**

1. In a condominium or planned community, portions of the common elements may be conveyed or subjected to a security interest by the association if persons entitled to cast at least a majority of the votes in the association, including a majority of the votes allocated to units not owned by a declarant, or any larger percentage the declaration specifies, agree to that action; but all owners of units to which any limited common element is allocated must agree in order to convey that limited common element or subject it to a security interest. The declaration may specify a smaller percentage only if all of the units are restricted exclusively to nonresidential uses. Proceeds of the sale are an asset of the association.

2. Part of a cooperative may be conveyed and all or part of a cooperative may be subjected to a security interest by the association if persons entitled to cast at least a majority of the votes in the association, including a majority of the votes allocated to units not owned by a declarant, or any larger percentage the declaration specifies, agree to that action; but, if fewer than all of the units or limited common elements are to be conveyed or subjected to a security interest, then all units' owners of those units, or the units to which those limited common elements are allocated, must agree in order to convey those units or limited common elements or subject them to a security interest. The declaration may specify a smaller percentage only if all of the units are restricted exclusively to nonresidential uses. Proceeds of the sale are an asset of the association. Any purported conveyance or other voluntary transfer of an entire cooperative, unless made pursuant to NRS 116.2118, is void.

3. An agreement to convey common elements in a condominium or planned community, or to subject them to a security interest, or in a cooperative, an agreement to convey any part of a cooperative or subject it to a security interest, must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of units' owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in every county in which a portion of the common-interest community is situated, and is effective only upon recordation.

4. The association, on behalf of the units' owners, may contract to convey an interest in a common-interest community pursuant to subsection 1, but the contract is not enforceable against the association until approved pursuant to subsections 1, 2 and 3. Thereafter, the association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

5. Unless made pursuant to this section, any purported conveyance, encumbrance, judicial sale or other voluntary transfer of common elements or of any other part of a cooperative is void.

6. A conveyance or encumbrance of common elements or of a cooperative pursuant to this section does not deprive any unit of its rights of access and support.

7. Unless the declaration otherwise provides, a conveyance or encumbrance of common elements pursuant to this section does not affect the priority or validity of preexisting encumbrances.

8. In a cooperative, the association may acquire, hold, encumber or convey a proprietary lease without complying with this section.

(Added to NRS by 1991, 564; A 1993, 2369)

**NRS 116.31123 Transient commercial use of units within certain planned communities.** [Replaced in revision by NRS 116.340.]

**NRS 116.31125 Association of planned community prohibited from taking certain actions regarding property, buildings and structures within planned community; validity of existing restrictions.** [Replaced in revision by NRS 116.345.]

**NRS 116.3113 Insurance: General requirements.**

1. Commencing not later than the time of the first conveyance of a unit to a person other than a declarant, the association shall maintain, to the extent reasonably available, both of the following:

(a) Property insurance on the common elements and, in a planned community, also on property that must become common elements, insuring against all risks of direct physical loss commonly insured against or, in the case of a converted building, against fire and extended coverage perils. The total amount of insurance after application of any deductibles must be not less than 80 percent of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies.

(b) Liability insurance, including insurance for medical payments, in an amount determined by the executive board but not less than any amount specified in the declaration, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements and, in cooperatives, also of all units.

2. In the case of a building that is part of a cooperative or that contains units having horizontal boundaries described in the declaration, the insurance maintained under paragraph (a) of subsection 1, to the extent reasonably available, must include the units, but need not include improvements and betterments installed by units' owners.

3. If the insurance described in subsections 1 and 2 is not reasonably available, the association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all units' owners. The declaration may require the association to carry any other insurance, and the association in any event may carry any other insurance it considers appropriate to protect the association or the units' owners.

4. An insurance policy issued to the association does not prevent a unit's owner from obtaining insurance for his own benefit.

(Added to NRS by 1991, 565)

**NRS 116.31133 Insurance: Policies; use of proceeds; certificates or memoranda of insurance.**

1. Insurance policies carried pursuant to NRS 116.3113 must provide to the extent reasonably available that:

- (a) Each unit's owner is an insured person under the policy with respect to liability arising out of his interest in the common elements or membership in the association;
- (b) The insurer waives its right to subrogation under the policy against any unit's owner or member of his household;
- (c) No act or omission by any unit's owner, unless acting within the scope of his authority on behalf of the association, will void the policy or be a condition to recovery under the policy; and
- (d) If, at the time of a loss under the policy, there is other insurance in the name of a unit's owner covering the same risk covered by the policy, the association's policy provides primary insurance.

2. Any loss covered by the property policy under subsections 1 and 2 of NRS 116.3113 must be adjusted with the association, but the proceeds for that loss are payable to any trustee designated for that purpose, or otherwise to the association, and not to any holder of a security interest. The trustee or the association shall hold any proceeds in trust for the association, units' owners and lienholders as their interests may appear. Subject to the provisions of NRS 116.31135, the proceeds must be disbursed first for the repair or restoration of the damaged property, the association, units' owners, and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the common-interest community is terminated.

3. An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the association and, on written request, to any unit's owner or holder of a security interest. The insurer issuing the policy may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the association and to any person to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

(Added to NRS by 1991, 565; A 2003, 1219)

**NRS 116.31135 Insurance: Repair or replacement of damaged or destroyed portion of community.**

1. Any portion of the common-interest community for which insurance is required under NRS 116.3113 which is damaged or destroyed must be repaired or replaced promptly by the association unless:

- (a) The common-interest community is terminated, in which case NRS 116.2118, 116.21183 and 116.21185 apply;
- (b) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or
- (c) Eighty percent of the units' owners, including every owner of a unit or assigned limited common element that will not be rebuilt, vote not to rebuild.

The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense.

2. If the entire common-interest community is not repaired or replaced, the proceeds attributable to the damaged common elements, must be used to restore the damaged area to a condition compatible with the remainder of the common-interest community, and except to the extent that other persons will be distributees (subparagraph 2 of paragraph (1) of subsection 1 of NRS 116.2105):

- (a) The proceeds attributable to units and limited common elements that are not rebuilt must be distributed to the owners of those units and owners of the units to which those limited common elements were allocated, or to lienholders, as their interests may appear; and
- (b) The remainder of the proceeds must be distributed to all the units' owners or lienholders, as their interests may appear, as follows:
  - (1) In a condominium, in proportion to the interests of all the units in the common elements; and
  - (2) In a cooperative or planned community, in proportion to the liabilities of all the units for common expenses.

3. If the units' owners vote not to rebuild any unit, that unit's allocated interests are automatically reallocated upon the vote as if the unit had been condemned under subsection 1 of NRS 116.1107, and the association promptly shall prepare, execute and record an amendment to the declaration reflecting the reallocations.

(Added to NRS by 1991, 566; A 1993, 2370)

**NRS 116.31138 Insurance: Variance or waiver of provisions in community restricted to nonresidential use.** The provisions of NRS 116.3113, 116.31133 and 116.31135 may be varied or waived in the case of a common-interest community all of whose units are restricted to nonresidential use.

(Added to NRS by 1991, 567)

**NRS 116.3114 Surplus funds.** Unless otherwise provided in the declaration, any surplus funds of the association remaining after payment of or provision for common expenses and any prepayment of reserves must be paid to the units' owners in proportion to their liabilities for common expenses or credited to them to reduce their future assessments for common expenses.

(Added to NRS by 1991, 567)

**NRS 116.31142 Preparation and presentation of financial statements.**

1. The Commission shall adopt regulations prescribing the requirements for the preparation and presentation of financial statements of an association pursuant to this chapter.

2. The regulations adopted by the Commission must include, without limitation:

- (a) The qualifications necessary for a person to prepare and present financial statements of an association; and
- (b) The standards and format to be followed in preparing and presenting financial statements of an association.

(Added to NRS by 2005, 2584)

**NRS 116.31144 Audit and review of financial statements.**

1. Except as otherwise provided in subsection 2, the executive board shall:

- (a) If the annual budget of the association is less than \$75,000, cause the financial statement of the association to be audited by an independent certified public accountant at least once every 4 fiscal years.
- (b) If the annual budget of the association is \$75,000 or more but less than \$150,000, cause the financial statement of the association to be:
  - (1) Audited by an independent certified public accountant at least once every 4 fiscal years; and
  - (2) Reviewed by an independent certified public accountant every fiscal year for which an audit is not conducted.
- (c) If the annual budget of the association is \$150,000 or more, cause the financial statement of the association to be audited by an independent certified public accountant every fiscal year.

2. For any fiscal year for which an audit of the financial statement of the association will not be conducted pursuant to subsection 1, the executive board shall cause the financial statement for that fiscal year to be audited by an independent certified public accountant if, within 180 days before the end of the fiscal year, 15 percent of the total number of voting members of the association submit a written request for such an audit.

3. The Commission shall adopt regulations prescribing the requirements for the auditing or reviewing of financial statements of an association pursuant to this section. Such regulations must include, without limitation:

- (a) The qualifications necessary for a person to audit or review financial statements of an association; and
  - (b) The standards and format to be followed in auditing or reviewing financial statements of an association.
- (Added to NRS by 2005, 2584)

**NRS 116.31145 Prohibition against application of assessment, fee or other charge paid by unit's owner toward fine imposed against unit's owner.** [Replaced in revision by NRS 116.310315.]

**NRS 116.3115 Assessments for common expenses; funding of adequate reserves; collection of interest on past due assessments; calculation of assessments for particular types of common expenses; notice of meetings regarding assessments for capital improvements.**

1. Until the association makes an assessment for common expenses, the declarant shall pay all common expenses. After an assessment has been made by the association, assessments must be made at least annually, based on a budget adopted at least annually by the association in accordance with the requirements set forth in NRS 116.31151. Unless the declaration imposes more stringent standards, the budget must include a budget for the daily operation of the association and a budget for the reserves required by paragraph (b) of subsection 2.
  2. Except for assessments under subsections 4 to 7, inclusive:
    - (a) All common expenses, including the reserves, must be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to subsections 1 and 2 of NRS 116.2107.
    - (b) The association shall establish adequate reserves, funded on a reasonable basis, for the repair, replacement and restoration of the major components of the common elements. The reserves may be used only for those purposes, including, without limitation, repairing, replacing and restoring roofs, roads and sidewalks, and must not be used for daily maintenance. The association may comply with the provisions of this paragraph through a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the common elements over a period of years if the funding plan is designed in an actuarially sound manner which will ensure that sufficient money is available when the repair, replacement and restoration of the major components of the common elements are necessary.
  3. Any past due assessment for common expenses or installment thereof bears interest at the rate established by the association not exceeding 18 percent per year.
  4. To the extent required by the declaration:
    - (a) Any common expense associated with the maintenance, repair, restoration or replacement of a limited common element must be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;
    - (b) Any common expense or portion thereof benefiting fewer than all of the units must be assessed exclusively against the units benefited;
    - (c) The costs of insurance must be assessed in proportion to risk and the costs of utilities must be assessed in proportion to usage.
  5. Assessments to pay a judgment against the association may be made only against the units in the common-interest community at the time the judgment was entered, in proportion to their liabilities for common expenses.
  6. If any common expense is caused by the misconduct of any unit's owner, the association may assess that expense exclusively against his unit.
  7. The association of a common-interest community created before January 1, 1992, is not required to make an assessment against a vacant lot located within the community that is owned by the declarant.
  8. If liabilities for common expenses are reallocated, assessments for common expenses and any installment thereof not yet due must be calculated in accordance with the reallocated liabilities.
  9. The association shall provide written notice to each unit's owner of a meeting at which an assessment for a capital improvement is to be considered or action is to be taken on such an assessment at least 21 calendar days before the date of the meeting.
- (Added to NRS by 1991, 567; A 1993, 2371; 1995, 2230; 1997, 3119, 3120; 1999, 3008; 2001, 2491; 2005, 2603)

**NRS 116.31151 Annual distribution to units' owners of operating and reserve budgets or summaries of such budgets; ratification of budget.**

1. Except as otherwise provided in subsection 2 and unless the declaration of a common-interest community imposes more stringent standards, the executive board shall, not less than 30 days or more than 60 days before the beginning of the fiscal year of the association, prepare and distribute to each unit's owner a copy of:
    - (a) The budget for the daily operation of the association. The budget must include, without limitation, the estimated annual revenue and expenditures of the association and any contributions to be made to the reserve account of the association.
    - (b) The budget to provide adequate funding for the reserves required by paragraph (b) of subsection 2 of NRS 116.3115. The budget must include, without limitation:
      - (1) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the common elements;
      - (2) As of the end of the fiscal year for which the budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace or restore the major components of the common elements;
      - (3) A statement as to whether the executive board has determined or anticipates that the levy of one or more special assessments will be necessary to repair, replace or restore any major component of the common elements or to provide adequate funding for the reserves designated for that purpose; and
      - (4) A general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to subparagraph (2), including, without limitation, the qualifications of the person responsible for the preparation of the study of the reserves required by NRS 116.31152.
  2. In lieu of distributing copies of the budgets of the association required by subsection 1, the executive board may distribute to each unit's owner a summary of those budgets, accompanied by a written notice that:
    - (a) The budgets are available for review at the business office of the association or some other suitable location within the county where the common-interest community is situated or, if it is situated in more than one county, within one of these counties; and
    - (b) Copies of the budgets will be provided upon request.
  3. Within 60 days after adoption of any proposed budget for the common-interest community, the executive board shall provide a summary of the proposed budget to each unit's owner and shall set a date for a meeting of the units' owners to consider ratification of the proposed budget not less than 14 days or more than 30 days after the mailing of the summaries. Unless at that meeting a majority of all units' owners, or any larger vote specified in the declaration, reject the proposed budget, the proposed budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the units' owners must be continued until such time as the units' owners ratify a subsequent budget proposed by the executive board.
- (Added to NRS by 1999, 2993; A 2003, 1241; 2005, 2605)



**NRS 116.31152 Study of reserves; duties of executive board regarding study; person who conducts study required to hold permit; contents of study; submission of summary of study to Division; use of money credited against residential construction tax for upkeep of park facilities and related improvements identified in study.**

- 1. The executive board shall:
  - (a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;
  - (b) At least annually, review the results of that study to determine whether those reserves are sufficient; and
  - (c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

2. The study of the reserves required by subsection 1 must be conducted by a person who holds a permit issued pursuant to chapter 116A of NRS.

3. The study of the reserves must include, without limitation:

- (a) A summary of an inspection of the major components of the common elements that the association is obligated to repair, replace or restore;
- (b) An identification of the major components of the common elements that the association is obligated to repair, replace or restore which have a remaining useful life of less than 30 years;
- (c) An estimate of the remaining useful life of each major component of the common elements identified pursuant to paragraph (b);
- (d) An estimate of the cost of repair, replacement or restoration of each major component of the common elements identified pursuant to paragraph (b) during and at the end of its useful life; and
- (e) An estimate of the total annual assessment that may be necessary to cover the cost of repairing, replacement or restoration of the major components of the common elements identified pursuant to paragraph (b), after subtracting the reserves of the association as of the date of the study, and an estimate of the funding plan that may be necessary to provide adequate funding for the required reserves.

4. A summary of the study of the reserves required by subsection 1 must be submitted to the Division not later than 45 days after the date the executive board adopts the results of the study.

5. If a common-interest community was developed as part of a planned unit development pursuant to chapter 278A of NRS and is subject to an agreement with a city or county to receive credit against the amount of the residential construction tax that is imposed pursuant to NRS 278.4983 and 278.4985, the association that is organized for the common-interest community may use the money from that credit for the repair, replacement or restoration of park facilities and related improvements if:

- (a) The park facilities and related improvements are identified as major components of the common elements of the association; and
- (b) The association is obligated to repair, replace or restore the park facilities and related improvements in accordance with the study of the reserves required by subsection 1.

(Added to NRS by 1999, 2994; A 2003, 2241; 2005, 2606)

**NRS 116.31153 Signatures required for withdrawals from reserve account of association.** Money in the reserve account of an association required by paragraph (b) of subsection 2 of NRS 116.3115 may not be withdrawn without the signatures of at least two members of the executive board or the signatures of at least one member of the executive board and one officer of the association who is not a member of the executive board.

(Added to NRS by 1999, 2995)

**NRS 116.31155 Fees imposed on associations or master associations to pay for costs of administering Office of Ombudsman and Commission; administrative penalties for failure to pay; interest on unpaid fees; limitations on amount of fees and penalties.**

1. Except as otherwise provided in subsection 2, an association shall:

- (a) If the association is required to pay the fee imposed by NRS 78.150, 82.193, 86.263, 87.541 or 88.591, pay to the Administrator a fee established by regulation of the Administrator for every unit in the association used for residential use.
- (b) If the association is organized as a trust or partnership, or as any other authorized business entity, pay to the Administrator a fee established by regulation of the Administrator for each unit in the association.

2. If an association is subject to the governing documents of a master association, the master association shall pay the fees required pursuant to this section for each unit in the association that is subject to the governing documents of the master association, unless the governing documents of the master association provide otherwise. The provisions of this subsection do not relieve any association that is subject to the governing documents of a master association from its ultimate responsibility to pay the fees required pursuant to this section to the Administrator if they are not paid by the master association.

3. The fees required to be paid pursuant to this section must be:

- (a) Paid at such times as are established by the Division.
- (b) Deposited with the State Treasurer for credit to the Account for Common-Interest Communities created by NRS 116.630.
- (c) Established on the basis of the actual costs of administering the Office of the Ombudsman and the Commission and not on a basis which includes any subsidy beyond those actual costs. In no event may the fees required to be paid pursuant to this section exceed \$3 per unit.

4. The Division shall impose an administrative penalty against an association or master association that violates the provisions of this section if failing to pay the fees owed by the association or master association within the times established by the Division. The administrative penalty that is imposed for each violation must equal 10 percent of the amount of the fees owed by the association or master association or \$500, whichever amount is less. The amount of the unpaid fees owed by the association or master association bears interest at the rate set forth in NRS 99.040 from the date the fees are due until the date the fees are paid in full.

5. A unit's owner may not be required to pay any portion of the fees or any administrative penalties or interest required to be paid pursuant to this section to both an association and a master association.

6. An association that is subject to the governing documents of a master association may not be required to pay any portion of the fees or any administrative penalties or interest required to be paid pursuant to this section to the extent they have already been paid by the master association.

7. A master association may not be required to pay any portion of the fees or any administrative penalties or interest required to be paid pursuant to this section to the extent they have already been paid by an association that is subject to the governing documents of the master association.

8. Upon the payment of the fees and any administrative penalties and interest required by this section, the Administrator shall provide to the association or master association evidence that it paid the fees and the administrative penalties and interest in compliance with this section.

(Added to NRS by 1997, 3112; A 1999, 8, 639, 3010, 3011; 2003, 2242; 2005, 2607)

**NRS 116.31158 Registration of associations with Ombudsman; contents of form for registration.**

1. Each association shall, at the time it pays the fee required by NRS 116.31155, register with the Ombudsman on a form prescribed by the

2. The form for registration must include, without limitation, the information required to be maintained pursuant to paragraph (e) of section 4 of NRS 116.625.  
(Added to NRS by 1999, 2996; A 2003, 2243)

**Liens**

**NRS 116.3116 Liens against units for assessments.**  
1. The association has a lien on a unit for any construction penalty that is imposed against the unit's owner pursuant to NRS 116.310305, any assessment levied against that unit or any fines imposed against the unit's owner from the time the construction penalty, assessment or fine becomes due. Unless the declaration otherwise provides, any penalties, fees, charges, late charges, fines and interest charged pursuant to paragraphs (j) to (n), inclusive, of subsection 1 of NRS 116.3102 are enforceable as assessments under this section. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.

2. A lien under this section is prior to all other liens and encumbrances on a unit except:  
(a) Liens and encumbrances recorded before the recording of the declaration and, in a cooperative, liens and encumbrances which the association creates, assumes or takes subject to;  
(b) A first security interest on the unit recorded before the date on which the assessment sought to be enforced became delinquent or, in a cooperative, the first security interest encumbering only the unit's owner's interest and perfected before the date on which the assessment sought to be enforced became delinquent; and  
(c) Liens for real estate taxes and other governmental assessments or charges against the unit or cooperative.

The lien is also prior to all security interests described in paragraph (b) to the extent of the assessments for common expenses based on the periodic budget adopted by the association pursuant to NRS 116.3115 which would have become due in the absence of acceleration during the 6 months immediately preceding institution of an action to enforce the lien. This subsection does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other assessments made by the association.

3. Unless the declaration otherwise provides, if two or more associations have liens for assessments created at any time on the same property, those liens have equal priority.

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

5. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within 3 years after the full amount of assessments becomes due.

6. This section does not prohibit actions to recover sums for which subsection 1 creates a lien or prohibit an association from taking a deed lien of foreclosure.

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

8. The association, upon written request, shall furnish to a unit's owner a statement setting forth the amount of unpaid assessments against the unit. If the interest of the unit's owner is real estate or if a lien for the unpaid assessments may be foreclosed under NRS 116.31162 to 116.31168, inclusive, the statement must be in recordable form. The statement must be furnished within 10 business days after receipt of the request and is binding on the association, the executive board and every unit's owner.

9. In a cooperative, upon nonpayment of an assessment on a unit, the unit's owner may be evicted in the same manner as provided by law in the case of an unlawful holdover by a commercial tenant, and:

(a) In a cooperative where the owner's interest in a unit is real estate under NRS 116.1105, the association's lien may be foreclosed under NRS 116.31162 to 116.31168, inclusive.

(b) In a cooperative where the owner's interest in a unit is personal property under NRS 116.1105, the association's lien:

- (1) May be foreclosed as a security interest under NRS 104.9101 to 104.9709, inclusive; or
- (2) If the declaration so provides, may be foreclosed under NRS 116.31162 to 116.31168, inclusive.

(Added to NRS by 1991, 567; A 1999, 390; 2003, 2243, 2272)

**NRS 116.31162 Foreclosure of liens: Mailing of notice of delinquent assessment; recording of notice of default and election to sell; period during which unit's owner may pay lien to avoid foreclosure; limitations on type of lien that may be foreclosed.**  
1. Except as otherwise provided in subsection 4, in a condominium, in a planned community, in a cooperative where the owner's interest in a unit is real estate under NRS 116.1105, or in a cooperative where the owner's interest in a unit is personal property under NRS 116.1105 and the declaration provides that a lien may be foreclosed under NRS 116.31162 to 116.31168, inclusive, the association may foreclose its lien by sale after all of the following occur:

(a) The association has mailed by certified or registered mail, return receipt requested, to the unit's owner or his successor in interest, at his address if known and at the address of the unit, a notice of delinquent assessment which states the amount of the assessments and other sums which are due in accordance with subsection 1 of NRS 116.3116, a description of the unit against which the lien is imposed and the name of the record owner of the unit.

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

- (1) Describe the deficiency in payment.
- (2) State the name and address of the person authorized by the association to enforce the lien by sale.
- (3) Contain, in 14-point bold type, the following warning:

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

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

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

3. The period of 90 days begins on the first day following:  
(a) The date on which the notice of default is recorded; or  
(b) The date on which a copy of the notice of default is mailed by certified or registered mail, return receipt requested, to the unit's owner or

successor in interest at his address, if known, and at the address of the unit,  
 - whichever date occurs later.

4. The association may not foreclose a lien by sale based on a fine or penalty for a violation of the governing documents of the association unless:
- The violation poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the common-interest community; or
  - The penalty is imposed for failure to adhere to a schedule required pursuant to NRS 116.310305.
- (Added to NRS by 1991, 569; A 1993, 2371; 1997, 3121; 1999, 3011; 2003, 2244, 2273; 2005, 2608)

**NRS 116.31163 Foreclosure of liens: Mailing of notice of default and election to sell to certain interested persons.** The association or other person conducting the sale shall also mail, within 10 days after the notice of default and election to sell is recorded, a copy of the notice by first-class mail to:

- Each person who has requested notice pursuant to NRS 107.090 or 116.31168;
  - Any holder of a recorded security interest encumbering the unit's owner's interest who has notified the association, 30 days before the recordation of the notice of default, of the existence of the security interest; and
  - A purchaser of the unit, if the unit's owner has notified the association, 30 days before the recordation of the notice, that the unit is the subject of a contract of sale and the association has been requested to furnish the certificate required by NRS 116.4109.
- (Added to NRS by 1993, 2355; A 2005, 2609)

**NRS 116.311635 Foreclosure of liens: Providing notice of time and place of sale; service of notice of sale; contents of notice of sale; proof of service.**

- The association or other person conducting the sale shall also, after the expiration of the 90 days and before selling the unit:
  - Give notice of the time and place of the sale in the manner and for a time not less than that required by law for the sale of real property on execution, except that in lieu of following the procedure for service on a judgment debtor pursuant to NRS 21.130, service must be made to the unit's owner as follows:
    - A copy of the notice of sale must be mailed, on or before the date of first publication or posting, by certified or registered mail, return receipt requested, to the unit's owner or his successor in interest at his address, if known, and to the address of the unit; and
    - A copy of the notice of sale must be served, on or before the date of first publication or posting, in the manner set forth in subsection and
      - Mail, on or before the date of first publication or posting, a copy of the notice by first-class mail to:
        - Each person entitled to receive a copy of the notice of default and election to sell notice under NRS 116.31163;
        - The holder of a recorded security interest or the purchaser of the unit, if either of them has notified the association, before the mailing of the notice of sale, of the existence of the security interest, lease or contract of sale, as applicable; and
        - The Ombudsman.
    - In addition to the requirements set forth in subsection 1, a copy of the notice of sale must be served:
      - By a person who is 18 years of age or older and who is not a party to or interested in the sale by personally delivering a copy of the notice of sale to an occupant of the unit who is of suitable age; or
      - By posting a copy of the notice of sale in a conspicuous place on the unit.
    - Any copy of the notice of sale required to be served pursuant to this section must include:
      - The amount necessary to satisfy the lien as of the date of the proposed sale; and
      - The following warning in 14-point bold type:

**WARNING! A SALE OF YOUR PROPERTY IS IMMINENT! UNLESS YOU PAY THE AMOUNT SPECIFIED IN THIS NOTICE BEFORE THE SALE DATE, YOU COULD LOSE YOUR HOME, EVEN IF THE AMOUNT IS IN DISPUTE. YOU MUST ACT BEFORE THE SALE DATE. IF YOU HAVE ANY QUESTIONS, PLEASE CALL (name and telephone number of the contact person for the association). IF YOU NEED ASSISTANCE, PLEASE CALL THE FORECLOSURE SECTION OF THE OMBUDSMAN'S OFFICE, NEVADA REAL ESTATE DIVISION, AT (toll-free telephone number designated by the Division) IMMEDIATELY.**

- Proof of service of any copy of the notice of sale required to be served pursuant to this section must consist of:
  - A certificate of mailing which evidences that the notice was mailed through the United State Postal Service; or
  - An affidavit of service signed by the person who served the notice stating:
    - The time of service, manner of service and location of service; and
    - The name of the person served or, if the notice was not served on a person, a description of the location where the notice was posted to the unit.

(Added to NRS by 1993, 2355; A 2003, 2245; 2005, 2609)

**NRS 116.31164 Foreclosure of liens: Procedure for conducting sale; purchase of unit by association; execution and delivery of deed; use of proceeds of sale.**

- The sale must be conducted in the county in which the common-interest community or part of it is situated, and may be conducted by the association, its agent or attorney, or a title insurance company or escrow agent licensed to do business in this State, except that the sale may be made at the office of the association if the notice of the sale so provided, whether the unit is located within the same county as the office of the association or not. The association or other person conducting the sale may from time to time postpone the sale by such advertisement and notice as it considers reasonable or, without further advertisement or notice, by proclamation made to the persons assembled at the time and place previously set and advertised for the sale.
- On the day of sale originally advertised or to which the sale is postponed, at the time and place specified in the notice or postponement, the person conducting the sale may sell the unit at public auction to the highest cash bidder. Unless otherwise provided in the declaration or by agreement, the association may purchase the unit and hold, lease, mortgage or convey it. The association may purchase by a credit bid up to the amount of the unpaid assessments and any permitted costs, fees and expenses incident to the enforcement of its lien.
- After the sale, the person conducting the sale shall:
  - Make, execute and, after payment is made, deliver to the purchaser, or his successor or assign, a deed without warranty which conveys to the grantee all title of the unit's owner to the unit;
  - Deliver a copy of the deed to the Ombudsman within 30 days after the deed is delivered to the purchaser, or his successor or assign; and
  - Apply the proceeds of the sale for the following purposes in the following order:
    - The reasonable expenses of sale;



(2) The reasonable expenses of securing possession before sale, holding, maintaining, and preparing the unit for sale, including payment of taxes and other governmental charges, premiums on hazard and liability insurance, and, to the extent provided for by the declaration, reasonable attorney's fees and other legal expenses incurred by the association;

(3) Satisfaction of the association's lien;

(4) Satisfaction in the order of priority of any subordinate claim of record; and

(5) Remittance of any excess to the unit's owner.

(Added to NRS by 1991, 569; A 1993, 2372; 2005, 2619)

**NRS 116.31166 Foreclosure of liens: Effect of recitals in deed; purchaser not responsible for proper application of purchase money; title vested in purchaser without equity or right of redemption.**

1. The recitals in a deed made pursuant to NRS 116.31164 of:

(a) Default, the mailing of the notice of delinquent assessment, and the recording of the notice of default and election to sell;

(b) The elapsing of the 90 days; and

(c) The giving of notice of sale,

are conclusive proof of the matters recited.

2. Such a deed containing those recitals is conclusive against the unit's former owner, his heirs and assigns, and all other persons. The receipt for the purchase money contained in such a deed is sufficient to discharge the purchaser from obligation to see to the proper application of the purchase money.

3. The sale of a unit pursuant to NRS 116.31162, 116.31163 and 116.31164 vests in the purchaser the title of the unit's owner without equity right of redemption.

(Added to NRS by 1991, 570; A 1993, 2373)

**NRS 116.31168 Foreclosure of liens: Requests by interested persons for notice of default and election to sell; right of association to waive default and withdraw notice or proceeding to foreclose.**

1. The provisions of NRS 107.090 apply to the foreclosure of an association's lien as if a deed of trust were being foreclosed. The request must identify the lien by stating the names of the unit's owner and the common-interest community.

2. An association may, after recording a notice of default and election to sell, waive the default and withdraw the notice or any proceeding to foreclose. The association is thereupon restored to its former position and has the same rights as though the notice had not been recorded.

(Added to NRS by 1991, 570; A 1993, 2373)

**NRS 116.3117 Liens against association.**

1. In a condominium or planned community:

(a) Except as otherwise provided in paragraph (b), a judgment for money against the association, if a copy of the docket or an abstract or copy of the judgment is recorded, is not a lien on the common elements, but is a lien in favor of the judgment lienholder against all of the units in the common-interest community at the time the judgment was entered. No other property of a unit's owner is subject to the claims of creditors of the association.

(b) If the association has granted a security interest in the common elements to a creditor of the association pursuant to NRS 116.3112, the holder of that security interest shall exercise its right against the common elements before its judgment lien on any unit may be enforced.

(c) Whether perfected before or after the creation of the common-interest community, if a lien, other than a deed of trust or mortgage, including a judgment lien or lien attributable to work performed or materials supplied before creation of the common-interest community, becomes effective against two or more units, the owner of an affected unit may pay to the lienholder the amount of the lien attributable to his unit, and the lienholder, upon receipt of payment, promptly shall deliver a release of the lien covering that unit. The amount of the payment must be proportionate to the ratio which that owner's liability for common expenses bears to the liabilities for common expenses of all owners whose units are subject to the lien. After payment, the association may not assess or have a lien against that owner's unit for any portion of the common expenses incurred in connection with that lien.

(d) A judgment against the association must be indexed in the name of the common-interest community and the association and, when so indexed, is notice of the lien against the units.

2. In a cooperative:

(a) If the association receives notice of an impending foreclosure on all or any portion of the association's real estate, the association shall promptly transmit a copy of that notice to each owner of a unit located within the real estate to be foreclosed. Failure of the association to transmit the notice does not affect the validity of the foreclosure.

(b) Whether or not an owner's unit is subject to the claims of the association's creditors, no other property of an owner is subject to those claims.

(Added to NRS by 1993, 2355)

### Books, Records and Other Documents

**NRS 116.31175 Maintenance and availability of books, records and other papers of association: General requirements; exceptions; general records concerning certain violations; enforcement by Ombudsman; limitations on amount that may be charged to conduct review.**

1. Except as otherwise provided in this subsection, the executive board of an association shall, upon the written request of a unit's owner, make available the books, records and other papers of the association for review during the regular working hours of the association, including, without limitation, all contracts to which the association is a party and all records filed with a court relating to a civil or criminal action to which the association is a party. The provisions of this subsection do not apply to:

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

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

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

2. The executive board of an association shall maintain a general record concerning each violation of the governing documents, other than a violation involving a failure to pay an assessment, for which the executive board has imposed a fine, a construction penalty or any other sanction. The general record:

(a) Must contain a general description of the nature of the violation and the type of the sanction imposed. If the sanction imposed was a fine or construction penalty, the general record must specify the amount of the fine or construction penalty.

(b) Must not contain the name or address of the person against whom the sanction was imposed or any other personal information which may

used to identify the person or the location of the unit, if any, that is associated with the violation.

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

3. If the executive board refuses to allow a unit's owner to review the books, records or other papers of the association, the Ombudsman

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

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

4. The books, records and other papers of an association must be maintained for at least 10 years. The provisions of this subsection do not apply to:

(a) The minutes of a meeting of the units' owners which must be maintained in accordance with NRS 116.3108; or

(b) The minutes of a meeting of the executive board which must be maintained in accordance with NRS 116.31083.

5. The executive board shall not require a unit's owner to pay an amount in excess of \$10 per hour to review any books, records, contracts or other papers of the association pursuant to the provisions of this section.

(Added to NRS by 1999, 2996; A 2003, 2245)

#### **NRS 116.3117 Maintenance and availability of certain financial records of association; provision of copies to units' owners and Ombudsman.**

1. The executive board of an association shall maintain and make available for review at the business office of the association or some other suitable location within the county where the common-interest community is situated or, if it is situated in more than one county, within one of those counties:

(a) The financial statement of the association;

(b) The budgets of the association required to be prepared pursuant to NRS 116.31151; and

(c) The study of the reserves of the association required to be conducted pursuant to NRS 116.31152.

2. The executive board shall provide a copy of any of the records required to be maintained pursuant to subsection 1 to a unit's owner or the Ombudsman within 14 days after receiving a written request therefor. The executive board may charge a fee to cover the actual costs of preparing a copy, but not to exceed 25 cents per page.

(Added to NRS by 1999, 2997; A 2003, 2246)

#### **NRS 116.3118 Maintenance and availability of certain financial records necessary to provide information required for resale of units; right of units' owners to inspect, examine, photocopy and audit records of association.**

1. The association shall keep financial records sufficiently detailed to enable the association to comply with NRS 116.4109.

2. All financial and other records of the association must be:

(a) Maintained and made available for review at the business office of the association or some other suitable location within the county where the common-interest community is situated or, if it is situated in more than one county, within one of those counties; and

(b) Made reasonably available for any unit's owner and his authorized agents to inspect, examine, photocopy and audit.

(Added to NRS by 1991, 571; A 1995, 2231; 2003, 2247)

#### **Miscellaneous Rights, Duties and Restrictions**

**NRS 116.31183 Retaliatory action prohibited.** An executive board, a member of an executive board or an officer, employee or agent of an association shall not take, or direct or encourage another person to take, any retaliatory action against a unit's owner because the unit's owner has:

1. Complained in good faith about any alleged violation of any provision of this chapter or the governing documents of the association; or

2. Requested in good faith to review the books, records or other papers of the association.

(Added to NRS by 2003, 2218)

#### **NRS 116.31185 Prohibition against certain personnel soliciting or accepting compensation, gratuity or remuneration under certain circumstances.**

1. Except as otherwise provided in subsection 2, a member of an executive board, an officer of an association or a community manager shall not solicit or accept any form of compensation, gratuity or other remuneration that:

(a) Would improperly influence or would appear to a reasonable person to improperly influence the decisions made by those persons; or

(b) Would result or would appear to a reasonable person to result in a conflict of interest for those persons.

2. Notwithstanding the provisions of subsection 1, a member of an executive board, an officer of an association, a community manager or any person working for a community manager shall not accept, directly or indirectly, any gifts, incentives, gratuities, rewards or other items of value from:

(a) An attorney, law firm or vendor, or any person working directly or indirectly for the attorney, law firm or vendor, which total more than the amount established by the Commission by regulation, not to exceed \$100 per year per such attorney, law firm or vendor; or

(b) A declarant, an affiliate of a declarant or any person responsible for the construction of the applicable community or association which total more than the amount established by the Commission by regulation, not to exceed \$100 per year per such declarant, affiliate or person.

3. An attorney, law firm or vendor, or any person working directly or indirectly for the attorney, law firm or vendor, shall not provide, directly or indirectly, any gifts, incentives, gratuities, rewards or other items of value to a member of the executive board, an officer of the association, the community manager or any person working for the community manager which total more than the amount established by the Commission by regulation, not to exceed \$100 per year per such member, officer, community manager or person.

4. A declarant, an affiliate of a declarant or any person responsible for the construction of a community or association, shall not provide, directly or indirectly, any gifts, incentives, gratuities, rewards or other items of value to a member of the executive board, an officer of the association, the community manager or any person working for the community manager which total more than the amount established by the Commission by regulation, not to exceed \$100 per year per such member, officer, community manager or person.

5. In addition to the limitations set forth in subsection 1, a community manager shall not solicit or accept any form of compensation, fee or other remuneration that is based, in whole or in part on:

(a) The number or amount of fines imposed against or collected from units' owners or tenants or guests of units' owners pursuant to NRS 116.31031 for violations of the governing documents of the association; or

(b) Any percentage or proportion of those fines.

6. The provisions of this section do not prohibit a community manager from being paid compensation, a fee or other remuneration under the terms of a contract between the community manager and an association if:

- (a) The scope of the respective rights, duties and obligations of the parties under the contract comply with the standards of practice for community managers adopted by the Commission pursuant to NRS 116A.400;
  - (b) The compensation, fee or other remuneration is being paid to the community manager for providing management of the common-interest community; and
  - (c) The compensation, fee or other remuneration is not structured in a way that would violate the provisions of subsection 1 or 5.
- (Added to NRS by 2003, 2218; A 2005, 1716, 2611)

**NRS 116.31187 Prohibition against certain personnel contracting with association or accepting commission, personal profit or compensation from association; exceptions.**

1. Except as otherwise provided in this section, a member of an executive board or an officer of an association shall not:
- (a) On or after October 1, 2003, enter into a contract or renew a contract with the association to provide goods or services to the association;
  - (b) Otherwise accept any commission, personal profit or compensation of any kind from the association for providing goods or services to the association.
2. The provisions of this section do not prohibit a declarant, an affiliate of a declarant or an officer, employee or agent of a declarant or an affiliate of a declarant from:
- (a) Receiving any commission, personal profit or compensation from the association, the declarant or an affiliate of the declarant for any goods or services furnished to the association;
  - (b) Entering into contracts with the association, the declarant or affiliate of the declarant; or
  - (c) Serving as a member of the executive board or as an officer of the association.
- (Added to NRS by 2003, 2218)

**NRS 116.3119 Association as trustee.** With respect to a third person dealing with the association in the association's capacity as a trustee, the existence of trust powers and their proper exercise by the association may be assumed without inquiry. A third person is not bound to inquire whether the association has power to act as trustee or is properly exercising trust powers. A third person, without actual knowledge that the association is exceeding or improperly exercising its powers, is fully protected in dealing with the association as if it possessed and properly exercised the powers it purports to exercise. A third person is not bound to assure the proper application of trust assets paid or delivered to the association in its capacity as trustee.  
(Added to NRS by 1991, 571)

**NRS 116.320 Right of units' owners to display flag of the United States in certain areas; conditions and limitations on exercise of right.**

1. Except as otherwise provided in subsection 2, the executive board of an association shall not and the governing documents of that association must not prohibit a unit's owner from engaging in the display of the flag of the United States within such physical portion of the common-interest community as that owner has a right to occupy and use exclusively.
2. The provisions of this section do not:
- (a) Apply to the display of the flag of the United States for commercial advertising purposes.
  - (b) Preclude an association from adopting, and do not preclude the governing documents of an association from setting forth, rules that reasonably restrict the placement and manner of the display of the flag of the United States by a unit's owner.
3. In any action commenced to enforce the provisions of this section, the prevailing party is entitled to recover reasonable attorney's fees and costs.
4. As used in this section, "display of the flag of the United States" means a flag of the United States that is:
- (a) Made of cloth, fabric or paper;
  - (b) Displayed from a pole or staff or in a window; and
  - (c) Displayed in a manner that is consistent with 4 U.S.C. Chapter 1.
- The term does not include a depiction or emblem of the flag of the United States that is made of balloons, flora, lights, paint, paving materials, roofing, siding or any other similar building, decorative or landscaping component.  
(Added to NRS by 2003, 2966)---(Substituted in revision for NRS 116.31067)

**NRS 116.325 Right of units' owners to exhibit political signs in certain areas; conditions and limitations on exercise of right.**

1. The executive board shall not and the governing documents must not prohibit a unit's owner or an occupant of a unit from exhibiting a political sign within such physical portion of the common-interest community as that owner or occupant has a right to occupy and use exclusively if the political sign is not larger than 24 inches by 36 inches.
2. The provisions of this section establish the minimum rights of a unit's owner or an occupant of a unit to exhibit a political sign. The provisions of this section do not preempt any provisions of the governing documents that provide greater rights and do not require the governing documents or the executive board to impose any restrictions on the exhibition of political signs other than those established by other provisions of law.
3. As used in this section, "political sign" means a sign that expresses support for or opposition to a candidate, political party or ballot question.  
(Added to NRS by 2005, 2585)

**NRS 116.330 Right of units' owners to install or maintain drought tolerant landscaping; conditions and limitations on exercise of right; installation of drought tolerant landscaping within common elements.**

1. The executive board shall not and the governing documents must not prohibit a unit's owner from installing or maintaining drought tolerant landscaping within such physical portion of the common-interest community as that owner has a right to occupy and use exclusively, except that:
- (a) Before installing drought tolerant landscaping, the unit's owner must submit a detailed description or plans for the drought tolerant landscaping for architectural review and approval in accordance with the procedures, if any, set forth in the governing documents of the association; and
  - (b) The drought tolerant landscaping must be selected or designed to the maximum extent practicable to be compatible with the style of the common-interest community.
2. Installation of drought tolerant landscaping within any common element or conversion of traditional landscaping or cultivated vegetation,

As turf grass, to drought tolerant landscaping within any common element shall not be deemed to be a change of use of the common element unless:

- (a) The common element has been designated as a park, open play space or golf course on a recorded plat map; or
  - (b) The traditional landscaping or cultivated vegetation is required by a governing body under the terms of any applicable zoning ordinance, permit or approval or as a condition of approval of any final subdivision map.
3. As used in this section, "drought tolerant landscaping" means landscaping which conserves water, protects the environment and is adaptable to local conditions.

(Added to NRS by 2005, 2583)

**NRS 116.335 Association prohibited from requiring unit's owner to obtain approval to rent or lease unit; exceptions.**

1. Except as otherwise provided in the declaration, an association may not require a unit's owner to secure or obtain any approval from the association in order to rent or lease his unit.
2. The provisions of this section do not prohibit an association from enforcing any provisions which govern the renting or leasing of units and which are contained in this chapter or in any other applicable federal, state or local laws or regulations.

(Added to NRS by 2005, 2584)

**NRS 116.340 Transient commercial use of units within certain planned communities.**

1. Except as otherwise provided in subsection 2, in a county whose population is 400,000 or more, a person who owns, or directly or indirectly has an interest in, one or more units within a planned community that are restricted to residential use by the declaration, may use that unit or one of those units for a transient commercial use only if:

- (a) The governing documents of the association and any master association do not prohibit such use;
- (b) The executive board of the association and any master association approve the transient commercial use of the unit, except that such approval is not required if the planned community and one or more hotels are subject to the governing documents of a master association and those governing documents do not prohibit such use; and
- (c) The unit is properly zoned for the transient commercial use and any license required by the local government for the transient commercial use is obtained.

2. In a county whose population is 400,000 or more, a declarant who owns, or directly or indirectly has an interest in, one or more units within a planned community under the governing documents of the association that are restricted to residential use by the declaration, may use that unit or those units for a transient commercial use during the period that the declarant is offering units for sale within the planned community if such use complies with the requirements set forth in paragraphs (a) and (c) of subsection 1.

3. The association and any master association may establish requirements for the transient commercial use of a unit pursuant to the provisions of this section, including, without limitation, the payment of additional fees that are related to any increase in services or other costs associated with the transient commercial use of the unit.

4. As used in this section:

- (a) "Remuneration" means any compensation, money, rent or other valuable consideration given in return for the occupancy, possession or use of a unit.
- (b) "Transient commercial use" means the use of a unit, for remuneration, as a hostel, hotel, inn, motel, resort, vacation rental or other form of transient lodging if the term of the occupancy, possession or use of the unit is for less than 30 consecutive calendar days.

(Added to NRS by 2003, 2219)—(Substituted in revision for NRS 116.31123)

**NRS 116.345 Association of planned community prohibited from taking certain actions regarding property, buildings and structures within planned community; validity of existing restrictions.**

1. An association of a planned community may not restrict, prohibit or otherwise impede the lawful residential use of any property that is within or encompassed by the boundaries of the planned community and that is not designated as part of the planned community.

2. Except as otherwise provided in this subsection, an association may not restrict the access of a person to any of his property. An association may restrict access to and from a unit within a planned community if the right to restrict such access was included in the declaration or in a separate recorded instrument at the time that the owner of the unit acquired title to the unit. The provisions of this subsection do not prohibit an association from charging the owner of the property a reasonable and nondiscriminatory fee to operate or maintain a gate or other similar device designed to control access to the planned community that would otherwise impede ingress or egress to the property.

3. An association may not expand, construct or situate a building or structure that is not part of any plat or plan of the planned community if the expansion, construction or situation of the building or structure was not previously disclosed to the units' owners of the planned community unless the association obtains the written consent of a majority of the units' owners and residents of the planned community who own property or reside within 500 feet of the proposed location of the building or structure.

4. The provisions of this section do not abrogate any easement, restrictive covenant, decision of a court, agreement of a party or any contract, governing document or declaration of covenants, conditions and restrictions, or any other decision, rule or regulation that a local governing body or other entity that makes decisions concerning land use or planning is authorized to make or enact that exists before October 1, 1999, including, without limitation, a zoning ordinance, permit or approval process or any other requirement of a local government or other entity that makes decisions concerning land use or planning.

(Added to NRS by 1999, 3354)—(Substituted in revision for NRS 116.31125)

**NRS 116.350 Limitations regarding regulation of certain roads, streets, alleys or other thoroughfares; permissible regulation of parking or storage of certain vehicles.**

1. In a common-interest community which is not gated or enclosed and the access to which is not restricted or controlled by a person or device, the executive board shall not and the governing documents must not provide for the regulation of any road, street, alley or other thoroughfare the right-of-way of which is accepted by the State or a local government for dedication as a road, street, alley or other thoroughfare for public use.

2. The provisions of subsection 1 do not preclude an association from adopting, and do not preclude the governing documents of an association from setting forth, rules that reasonably restrict the parking or storage of recreational vehicles, watercraft, trailers or commercial vehicles in the common-interest community to the extent authorized by law.

(Added to NRS by 2005, 2585)

ARTICLE 4

PROTECTION OF PURCHASERS

**NRS 116.4101 Applicability; exceptions.**

1. NRS 116.4101 to 116.412, inclusive, apply to all units subject to this chapter, except as otherwise provided in this section or as modified or waived by agreement of purchasers of units in a common-interest community in which all units are restricted to nonresidential use.
2. Neither a public offering statement nor a certificate of resale need be prepared or delivered in the case of a:
  - (a) Gratuitous disposition of a unit;
  - (b) Disposition pursuant to court order;
  - (c) Disposition by a government or governmental agency;
  - (d) Disposition by foreclosure or deed in lieu of foreclosure;
  - (e) Disposition to a dealer;
  - (f) Disposition that may be cancelled at any time and for any reason by the purchaser without penalty; or
  - (g) Disposition of a unit in a planned community which contains no more than 12 units if:
    - (1) The declarant reasonably believes in good faith that the maximum assessment stated in the declaration will be sufficient to pay the expenses of the planned community; and
    - (2) The declaration cannot be amended to increase the assessment during the period of the declarant's control without the consent of all units' owners.
3. Except as otherwise provided in subsection 2, the provisions of NRS 116.4101 to 116.412, inclusive, do not apply to a planned community described in NRS 116.1203.  
(Added to NRS by 1991, 571; A 1993, 2373; 1997, 3122; 1999, 3012)

**NRS 116.4102 Liability for preparation and delivery of public offering statement.**

1. Except as otherwise provided in subsection 2, a declarant, before offering any interest in a unit to the public, shall prepare a public offering statement conforming to the requirements of NRS 116.4103 to 116.4106, inclusive.
2. A declarant may transfer responsibility for the preparation of all or a part of the public offering statement to a successor declarant pursuant to NRS 116.3104 and 116.31043, or to a dealer who intends to offer units in the common-interest community. In the event of any such transfer, transferor shall provide the transferee with any information necessary to enable the transferee to fulfill the requirements of subsection 1.
3. Any declarant or dealer who offers a unit to a purchaser shall deliver a public offering statement in the manner prescribed in subsection 1 of NRS 116.4108. The declarant or his transferee under subsection 2 is liable under NRS 116.4108 and 116.4117 for any false or misleading statement set forth therein or for any omission of a material fact therefrom with respect to that portion of the public offering statement which he prepared. If a declarant or dealer did not prepare any part of a public offering statement that he delivers, he is not liable for any false or misleading statement set forth therein or for any omission of a material fact therefrom unless he had actual knowledge of the statement or omission or, in the exercise of reasonable care, should have known of the statement or omission.
4. If a unit is part of a common-interest community and is part of any other real estate in connection with the sale of which the delivery of a public offering statement is required under the laws of this State, a single public offering statement conforming to the requirements of NRS 116.4103 to 116.4106, inclusive, as those requirements relate to the real estate in which the unit is located, and to any other requirements imposed under the laws of this State, may be prepared and delivered in lieu of providing two or more public offering statements. If the requirements of this chapter conflict with those of another law of this State, the requirements of this chapter prevail.  
(Added to NRS by 1991, 571; A 1993, 2374; 2001, 3493)

**NRS 116.4103 Public offering statement: General provisions.**

1. Except as otherwise provided in NRS 116.41035, a public offering statement must set forth or fully and accurately disclose each of the following:
  - (a) The name and principal address of the declarant and of the common-interest community, and a statement that the common-interest community is either a condominium, cooperative or planned community.
  - (b) A general description of the common-interest community, including to the extent possible, the types, number and declarant's schedule of commencement and completion of construction of buildings, and amenities that the declarant anticipates including in the common-interest community.
  - (c) The estimated number of units in the common-interest community.
  - (d) Copies of the declaration, bylaws, and any rules or regulations of the association, but a plat or plan is not required.
  - (e) A current year-to-date financial statement, including the most recent audited or reviewed financial statement, and the projected budget for the association, either within or as an exhibit to the public offering statement, for 1 year after the date of the first conveyance to a purchaser, and hereafter the current budget of the association. The budget must include, without limitation:
    - (1) A statement of the amount included in the budget as reserves for repairs, replacement and restoration pursuant to NRS 116.3115; and
    - (2) The projected monthly assessment for common expenses for each type of unit, including the amount established as reserves pursuant to NRS 116.3115.
  - (f) A description of any services or subsidies being provided by the declarant or an affiliate of the declarant, not reflected in the budget.
  - (g) Any initial or special fee due from the purchaser at closing, together with a description of the purpose and method of calculating the fee.
  - (h) The terms and significant limitations of any warranties provided by the declarant, including statutory warranties and limitations on the enforcement thereof or on damages.
  - (i) A statement that unless the purchaser or his agent has personally inspected the unit, the purchaser may cancel, by written notice, his contract for purchase until midnight of the fifth calendar day following the date of execution of the contract, and the contract must contain a provision to that effect.
  - (j) A statement of any unsatisfied judgments or pending suits against the association, and the status of any pending suits material to the common-interest community of which a declarant has actual knowledge.
  - (k) Any current or expected fees or charges to be paid by units' owners for the use of the common elements and other facilities related to the common-interest community.
  - (l) The information statement set forth in NRS 116.41095.
2. A declarant is not required to revise a public offering statement more than once each calendar quarter, if the following warning is given in prominence in the statement: "THIS PUBLIC OFFERING STATEMENT IS CURRENT AS OF (insert a specified date). RECENT DEVELOPMENTS REGARDING (here refer to particular provisions of NRS 116.4103 and 116.4105) MAY NOT BE REFLECTED IN THIS STATEMENT."  
(Added to NRS by 1991, 572; A 1993, 2375; 1997, 3122; 1999, 3012; 2005, 2612)

**NRS 116.41035 Public offering statement: Limitations for certain small offerings.** If a common-interest community composed of not more than 12 units is not subject to any developmental rights and no power is reserved to a declarant to make the common-interest community



of a larger common-interest community, group of common-interest communities or other real estate, a public offering statement may but need not include the information otherwise required by paragraphs (h) and (k) of subsection 1 of NRS 116.4103.

(Added to NRS by 1991, 573; A 1993, 553, 2376)

**NRS 116.4104 Public offering statement: Common-interest communities subject to developmental rights.** If the declaration provides that a common-interest community is subject to any developmental rights, the public offering statement must disclose, in addition to the information required by NRS 116.4103:

1. The maximum number of units that may be created;
2. A statement of how many or what percentage of the units that may be created will be restricted exclusively to residential use, or a statement that no representations are made regarding restrictions of use;
3. A statement of the extent to which any buildings or other improvements that may be erected pursuant to any developmental right in any part of the common-interest community will be compatible with existing buildings and improvements in the common-interest community in terms of architectural style, quality of construction, and size, or a statement that no assurances are made in those regards;
4. General descriptions of all other improvements that may be made and limited common elements that may be created within any part of the common-interest community pursuant to any developmental right reserved by the declarant, or a statement that no assurances are made in that regard;
5. A statement of any limitations as to the locations of any building or other improvement that may be constructed or made within any part of the common-interest community pursuant to any developmental right reserved by the declarant, or a statement that no assurances are made in that regard;
6. A statement that any limited common elements created pursuant to any developmental right reserved by the declarant will be of the same general types and sizes as the limited common elements within other parts of the common-interest community, or a statement of the types and sizes planned, or a statement that no assurances are made in that regard;
7. A statement that the proportion of limited common elements to units created pursuant to any developmental right reserved by the declarant will be approximately equal to the proportion existing within other parts of the common-interest community, or a statement of any other assurances in that regard, or a statement that no assurances are made in that regard;
8. A statement that all restrictions in the declaration affecting use, occupancy and alienation of units will apply to any units created pursuant to any developmental right reserved by the declarant, or a statement of any differentiations that may be made as to those units, or a statement that no assurances are made in that regard; and
9. A statement of the extent to which any assurances made pursuant to this section apply or do not apply if any developmental right is not exercised by the declarant.

(Added to NRS by 1991, 573)

**NRS 116.4105 Public offering statement: Time shares.** If the declaration provides that ownership or occupancy of any units, is or may be time shares, the public offering statement shall disclose, in addition to the information required by NRS 116.4103 and 116.41035:

1. The number and identity of units in which time shares may be created;
2. The total number of time shares that may be created;
3. The minimum duration of any time shares that may be created; and
4. The extent to which the creation of time shares will or may affect the enforceability of the association's lien for assessments provided in NRS 116.3116 and 116.31162.

(Added to NRS by 1991, 574)

**NRS 116.4106 Public offering statement: Common-interest community containing converted building.**

1. The public offering statement of a common-interest community containing any converted building must contain, in addition to the information required by NRS 116.4103 and 116.41035:

(a) A statement by the declarant, based on a report prepared by an independent registered architect or licensed professional engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the building;

(b) A list of any outstanding notices of uncured violations of building codes or other municipal regulations, together with the estimated cost of curing those violations; and

(c) The budget to maintain the reserves required pursuant to paragraph (b) of subsection 2 of NRS 116.3115 which must include, without limitation:

(1) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the common elements;

(2) As of the end of the fiscal year for which the budget was prepared, the current estimate of the amount of cash reserves that are necessary to repair, replace and restore the major components of the common elements and the current amount of accumulated cash reserves that are set aside for such repairs, replacements and restorations;

(3) A statement as to whether the declarant has determined or anticipates that the levy of one or more special assessments will be required within the next 10 years to repair, replace and restore any major component of the common elements or to provide adequate reserves for that purpose;

(4) A general statement describing the procedures used for the estimation and accumulation of cash reserves described in subparagraph (2), including, without limitation, the qualifications of the person responsible for the preparation of the study of reserves required pursuant to NRS 116.31152; and

(5) The funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the common elements over a period of years.

2. This section applies only to a common-interest community comprised of a converted building or buildings containing more than 12 units that may be occupied for residential use.

(Added to NRS by 1991, 574; A 1997, 1060; 2005, 2613)

**NRS 116.4107 Public offering statement: Common-interest community registered with Securities and Exchange Commission or State of Nevada.** If an interest in a common-interest community is currently registered with the Securities and Exchange Commission of the United States or with the State of Nevada pursuant to chapter 119, 119A or 119B of NRS, a declarant satisfies all requirements of this chapter relating to the preparation of a public offering statement if he delivers to the purchaser a copy of the public offering statement filed with the Securities and Exchange Commission or the appropriate Nevada regulatory authority. An interest in a common-interest community is not a security under the provisions of chapter 90 of NRS.

(Added to NRS by 1991, 574)

**NRS 116.4108 Purchaser's right to cancel.**

1. A person required to deliver a public offering statement pursuant to subsection 3 of NRS 116.4102 shall provide a purchaser with a copy of the current public offering statement not later than the date on which an offer to purchase becomes binding on the purchaser. Unless the purchaser has personally inspected the unit, the purchaser may cancel, by written notice, the contract of purchase until midnight of the fifth calendar day following the date of execution of the contract, and the contract for purchase must contain a provision to that effect.

2. If a purchaser elects to cancel a contract pursuant to subsection 1, he may do so by hand delivering notice thereof to the offeror or by mailing notice thereof by prepaid United States mail to the offeror or to his agent for service of process. Cancellation is without penalty, and all payments made by the purchaser before cancellation must be refunded promptly.

3. If a person required to deliver a public offering statement pursuant to subsection 3 of NRS 116.4102 fails to provide a purchaser to whom the unit is conveyed with a current public offering statement, the purchaser is entitled to actual damages, rescission or other relief, but if the purchaser has accepted a conveyance of the unit, he is not entitled to rescission.

(Added to NRS by 1991, 574; A 1993, 2376; 2003, 2247)

**NRS 116.4109 Resales of units.**

1. Except in the case of a sale in which delivery of a public offering statement is required, or unless exempt under subsection 2 of NRS 116.4101, a unit's owner or his authorized agent shall furnish to a purchaser a resale package containing all of the following:

(a) A copy of the declaration, other than any plats and plans, the bylaws, the rules or regulations of the association and the information statement required by NRS 116.41095;

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

(c) A copy of the current operating budget of the association and current year-to-date financial statement for the association, which must include a summary of the reserves of the association required by NRS 116.31152 and which must include, without limitation, a summary of the information described in paragraphs (a) to (e), inclusive, of subsection 3 of NRS 116.31152; and

(d) A statement of any unsatisfied judgments or pending legal actions against the association and the status of any pending legal actions relating to the common-interest community of which the unit's owner has actual knowledge.

2. The purchaser may, by written notice, cancel the contract of purchase until midnight of the fifth calendar day following the date of receipt of the resale package described in subsection 1, and the contract for purchase must contain a provision to that effect. If the purchaser elects to cancel a contract pursuant to this subsection, he must hand deliver the notice of cancellation to the unit's owner or his authorized agent or mail the notice of cancellation by prepaid United States mail to the unit's owner or his authorized agent. Cancellation is without penalty, and all payments made by the purchaser before cancellation must be refunded promptly. If the purchaser has accepted a conveyance of the unit, the purchaser is not entitled to:

(a) Cancel the contract pursuant to this subsection; or  
(b) Damages, rescission or other relief based solely on the ground that the unit's owner or his authorized agent failed to furnish the resale package, or any portion thereof, as required by this section.

3. Within 10 days after receipt of a written request by a unit's owner or his authorized agent, the association shall furnish all of the following to the unit's owner or his authorized agent for inclusion in the resale package:

(a) Copies of the documents required pursuant to paragraphs (a) and (c) of subsection 1; and  
(b) A certificate containing the information necessary to enable the unit's owner to comply with paragraphs (b) and (d) of subsection 1.

4. If the association furnishes the documents and certificate pursuant to subsection 3:

(a) The unit's owner or his authorized agent shall include the documents and certificate in the resale package provided to the purchaser, and neither the unit's owner nor his authorized agent is liable to the purchaser for any erroneous information provided by the association and included in the documents and certificate.

(b) The association may charge the unit's owner a reasonable fee to cover the cost of preparing the certificate furnished pursuant to subsection 3. Such a fee must be based on the actual cost the association incurs to fulfill the requirements of this section in preparing the certificate. The Commission shall adopt regulations establishing the maximum amount of the fee that an association may charge for preparing the certificate.

(c) The association may charge the unit's owner a reasonable fee, not to exceed 25 cents per page, to cover the cost of copying the other documents furnished pursuant to subsection 3.

(d) Except for the fees allowed pursuant to paragraphs (b) and (c), the association may not charge the unit's owner any other fees for preparing or furnishing the documents and certificate pursuant to subsection 3.

5. Neither a purchaser nor the purchaser's interest in a unit is liable for any unpaid assessment or fee greater than the amount set forth in the documents and certificate prepared by the association. If the association fails to furnish the documents and certificate within the 10 days allowed by this section, the seller is not liable for the delinquent assessment.

6. Upon the request of a unit's owner or his authorized agent, or upon the request of a purchaser to whom the unit's owner has provided a resale package pursuant to this section or his authorized agent, the association shall make the entire study of the reserves of the association which is required by NRS 116.31152 reasonably available for the unit's owner, purchaser or authorized agent to inspect, examine, photocopy and audit. The study must be made available at the business office of the association or some other suitable location within the county where the common-interest community is situated or, if it is situated in more than one county, within one of those counties.

(Added to NRS by 1991, 575; A 1993, 2376; 1997, 3124; 2001, 2494; 2003, 2247; 2005, 2614)

**NRS 116.41095 Required form of information statement.** The information statement required by NRS 116.4103 and 116.4109 must be in substantially the following form:

BEFORE YOU PURCHASE PROPERTY IN A  
COMMON-INTEREST COMMUNITY  
DID YOU KNOW . . .

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

When you enter into a purchase agreement to buy a home or unit in a common-interest community, in most cases you should receive either a public offering statement, if you are the original purchaser of the home or unit, or a resale package, if you are not the original purchaser. The law generally provides for a 5-day period in which you have the right to cancel the purchase agreement. The 5-day period begins on different starting dates, depending on whether you receive a public offering statement or a resale package. Upon receiving a public offering statement or a resale package, you should make sure you are informed of the deadline for exercising your right to cancel. In order to exercise your right to cancel, the

generally requires that you hand deliver the notice of cancellation to the seller within the 5-day period, or mail the notice of cancellation to the seller by prepaid United States mail within the 5-day period. For more information regarding your right to cancel, see Nevada Revised Statutes 116.4108, if you received a public offering statement, or Nevada Revised Statutes 116.4109, if you received a resale package.

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

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

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

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

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

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

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

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

Homeowners' associations operate on democratic principles. Some decisions require all homeowners to vote, some decisions are made by the executive board or other boards or committees established by the association or governing documents. Although the actions of the association and its executive board are governed by state laws, the CC&Rs and other documents that govern the common-interest community, decisions made by these persons will affect your use and enjoyment of your property, your lifestyle and freedom of choice, and your cost of living in the community. You may not agree with decisions made by the association or its governing bodies even though the decisions are ones which the association is authorized to make. Decisions may be made by a few persons on the executive board or governing bodies that do not necessarily reflect the view of the majority of homeowners in the community. If you do not agree with decisions made by the association, its executive board or other governing bodies, your remedy is typically to attempt to use the democratic processes of the association to seek the election of members of the executive board or other governing bodies that are more responsive to your needs. If you have a dispute with the association, its executive board or other governing bodies, you may be able to resolve the dispute through the complaint, investigation and intervention process administered by the Office of the Ombudsman for Owners in Common-Interest Communities, the Nevada Real Estate Division and the Commission for Common-Interest Communities. However, to resolve some disputes, you may have to mediate or arbitrate the dispute and, if mediation or arbitration is unsuccessful, you may have to file a lawsuit and ask a court to resolve the dispute. In addition to your personal cost in mediation or arbitration, or to prosecute a lawsuit, you may be responsible for paying your share of the association's cost in defending against your claim.

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

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

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

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

- To be notified of all meetings of the association and its executive board, except in cases of emergency.
- To attend and speak at all meetings of the association and its executive board, except in some cases where the executive board is authorized to meet in closed, executive session.
- To request a special meeting of the association upon petition of at least 10 percent of the homeowners.
- To inspect, examine, photocopy and audit financial and other records of the association.
- To be notified of all changes in the community's rules and regulations and other actions by the association or board that affect you.

## 8. QUESTIONS?

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



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

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

(Added to NRS by 1997, 3114; A 1999, 3013; 2003, 2248; 2005, 2616)

**NRS 116.411 Escrow of deposits; furnishing of bond in lieu of deposit.**

1. Except as otherwise provided in subsections 2 and 3, a deposit made in connection with the purchase or reservation of a unit from a person required to deliver a public offering statement pursuant to subsection 3 of NRS 116.4102 must be placed in escrow and held either in this State or the state where the unit is located in an account designated solely for that purpose by a licensed title insurance company, an independent bonded escrow company, or an institution whose accounts are insured by a governmental agency or instrumentality until:

(a) Delivered to the declarant at closing;

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

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

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

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

(d) Refunded to the purchaser.

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

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

(a) Delivered to the declarant at closing;

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

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

(Added to NRS by 1991, 575; A 1993, 2377; 1995, 1420)

**NRS 116.4111 Release of liens.**

1. In the case of a sale of a unit where delivery of a public offering statement is required pursuant to subsection 3 of NRS 116.4102, a seller:

(a) Before conveying a unit, shall record or furnish to the purchaser releases of all liens, except liens on real estate that a declarant has the right to withdraw from the common-interest community, that the purchaser does not expressly agree to take subject to or assume and that encumber:

(1) In a condominium, that unit and its interest in the common elements; and

(2) In a cooperative or planned community, that unit and any limited common elements assigned thereto; or

(b) Shall provide a surety bond against the lien as provided for liens on real estate in NRS 108.2415 to 108.2425, inclusive.

2. Before conveying real estate to the association, the declarant shall have that real estate released from:

(a) All liens the foreclosure of which would deprive units' owners of any right of access to or easement of support of their units; and

(b) All other liens on that real estate unless the public offering statement describes certain real estate that may be conveyed subject to liens in specified amounts.

(Added to NRS by 1991, 575; A 2003, 2618)

**NRS 116.4112 Converted buildings.**

1. A declarant of a common-interest community containing converted buildings, and any dealer who intends to offer units in such a common-interest community, shall give each of the residential tenants and any residential subtenant in possession of a portion of a converted building notice of the conversion and provide those persons with the public offering statement no later than 120 days before the tenants and any subtenant in possession are required to vacate. The notice must set forth generally the rights of tenants and subtenants under this section and must be hand-delivered to the unit or mailed by prepaid United States mail to the tenant and subtenant at the address of the unit or any other mailing address provided by a tenant. No tenant or subtenant may be required to vacate upon less than 120 days' notice, except by reason of nonpayment of rent, waste or conduct that disturbs other tenants' peaceful enjoyment of the premises, and the terms of the tenancy may not be altered during that period. Failure to give notice as required by this section is a defense to an action for possession.

2. For 60 days after delivery or mailing of the notice described in subsection 1, the person required to give the notice shall offer to convey each unit or proposed unit occupied for residential use to the tenant who leases that unit. If a tenant fails to purchase the unit during that 60-day period, the offeror may not offer to dispose of an interest in that unit during the following 180 days at a price or on terms more favorable to the offeror than the price or terms offered to the tenant. This subsection does not apply to any unit in a converted building if that unit will be restricted exclusively to nonresidential use or the boundaries of the converted unit do not substantially conform to the dimensions of the residential unit before conversion.

3. If a seller, in violation of subsection 2, conveys a unit to a purchaser for value who has no knowledge of the violation, the recordation of the deed conveying the unit or, in a cooperative, the conveyance of the unit, extinguishes any right a tenant may have under subsection 2 to purchase that unit if the deed states that the seller has complied with subsection 2, but the conveyance does not affect the right of a tenant to recover damages from the seller for a violation of subsection 2.

4. If a notice of conversion specifies a date by which a unit or proposed unit must be vacated and otherwise complies with the provisions of NRS 40.251 and 40.280, the notice also constitutes a notice to vacate specified by those sections.

5. This section does not permit termination of a lease by a declarant in violation of its terms.

(Added to NRS by 1991, 576)

**NRS 116.4113 Express warranties of quality.**

1. Express warranties made by any seller to a purchaser of a unit, if relied upon by the purchaser, are created as follows:

(a) Any affirmation of fact or promise that relates to the unit, its use or rights appurtenant thereto, improvements to the common-interest community that would directly benefit the unit or the right to use or have the benefit of facilities not located in the common-interest community creates an express warranty that the unit and related rights and uses will conform to the affirmation or promise;

(b) Any model or description of the physical characteristics of the common-interest community, including plans and specifications of or for

- Improvements, creates an express warranty that the common-interest community will reasonably conform to the model or description;
- (c) Any description of the quantity or extent of the real estate comprising the common-interest community, including plats or surveys, creates an express warranty that the common-interest community will conform to the description, subject to customary tolerances; and
- (d) A provision that a purchaser may put a unit only to a specified use is an express warranty that the specified use is lawful.
2. Neither formal words, such as "warranty" or "guarantee," nor a specific intention to make a warranty is necessary to create an express warranty of quality, but a statement purporting to be merely an opinion or commendation of the real estate or its value does not create a warranty.
3. Any conveyance of a unit transfers to the purchaser all express warranties of quality made by previous sellers.
4. A warranty created by this section may be excluded or modified by agreement of the parties.
- (Added to NRS by 1991, 577; A 1993, 2770)

#### **NRS 116.4114 Implied warranties of quality.**

1. A declarant and any dealer warrant that a unit will be in at least as good condition at the earlier of the time of the conveyance or delivery of possession as it was at the time of contracting, reasonable wear and tear excepted.
2. A declarant and any dealer impliedly warrant that a unit and the common elements in the common-interest community are suitable for the ordinary uses of real estate of its type and that any improvements made or contracted for by him, or made by any person before the creation of the common-interest community, will be:
- (a) Free from defective materials; and
- (b) Constructed in accordance with applicable law, according to sound standards of engineering and construction, and in a workmanlike manner.
3. In addition, a declarant and any dealer warrant to a purchaser of a unit that may be used for residential use that an existing use, the continuation of which is contemplated by the parties, does not violate applicable law at the earlier of the time of conveyance or delivery of possession.
4. Warranties imposed by this section may be excluded or modified as specified in NRS 116.4115.
5. For purposes of this section, improvements made or contracted for by an affiliate of a declarant are made or contracted for by the declarant.
6. Any conveyance of a unit transfers to the purchaser all of the declarant's implied warranties of quality.
- (Added to NRS by 1991, 577)

#### **NRS 116.4115 Exclusion or modification of warranties of quality.**

1. Except as limited by subsection 2 with respect to a purchaser of a unit that may be used for residential use, implied warranties of quality:
- (a) May be excluded or modified by agreement of the parties; and
- (b) Are excluded by expression of disclaimer, such as "as is," "with all faults," or other language that in common understanding calls the purchaser's attention to the exclusion of warranties.
2. With respect to a purchaser of a unit that may be occupied for residential use, no general disclaimer of implied warranties of quality is effective, but a declarant and any dealer may disclaim liability in an instrument signed by the purchaser for a specified defect or specified failure to comply with applicable law, if the defect or failure entered into and became a part of the basis of the bargain.
- (Added to NRS by 1991, 578)

#### **NRS 116.4116 Statute of limitations for warranties.**

1. A judicial proceeding for breach of any obligation arising under NRS 116.4113 or 116.4114 must be commenced within 6 years after the cause of action accrues, but the parties may agree to reduce the period of limitation to not less than 2 years. With respect to a unit that may be occupied for residential use, an agreement to reduce the period of limitation must be evidenced by a separate instrument executed by the purchaser.
2. Subject to subsection 3, a cause of action for breach of warranty of quality, regardless of the purchaser's lack of knowledge of the breach, accrues:
- (a) As to a unit, at the time the purchaser to whom the warranty is first made enters into possession if a possessory interest was conveyed or at the time of acceptance of the instrument of conveyance if a nonpossessory interest was conveyed; and
- (b) As to each common element, at the time the common element is completed or, if later, as to:
- (1) A common element that may be added to the common-interest community or portion thereof, at the time the first unit therein is conveyed to a bona fide purchaser; or
- (2) A common element within any other portion of the common-interest community, at the time the first unit is conveyed to a purchaser in good faith.
3. If a warranty of quality explicitly extends to future performance or duration of any improvement or component of the common-interest community, the cause of action accrues at the time the breach is discovered or at the end of the period for which the warranty explicitly extends, whichever is earlier.
- (Added to NRS by 1991, 578)

#### **NRS 116.4117 Effect of violations on rights of action; civil action for damages for failure or refusal to comply with provisions of chapter or governing documents; attorney's fees.**

1. If a declarant or any other person subject to this chapter fails to comply with any of its provisions or any provision of the declaration or bylaws, any person or class of persons suffering actual damages from the failure to comply has a claim for appropriate relief.
2. Subject to the requirements set forth in NRS 38.310 and except as otherwise provided in NRS 116.3111, a civil action for damages caused by a failure or refusal to comply with any provision of this chapter or the governing documents of an association may be brought:
- (a) By the association against:
- (1) A declarant; or
- (2) A unit's owner.
- (b) By a unit's owner against:
- (1) The association;
- (2) A declarant; or
- (3) Another unit's owner of the association.
3. Punitive damages may be awarded for a willful and material failure to comply with this chapter if the failure is established by clear and convincing evidence.
4. The court may award reasonable attorney's fees to the prevailing party.
5. The civil remedy provided by this section is in addition to, and not exclusive of, any other available remedy or penalty.

(Added to NRS by 1991, 578; A 1993, 2377; 1997, 3125)

**NRS 116.4118 Labeling of promotional material.** No promotional material may be displayed or delivered to prospective purchasers which describes or portrays an improvement that is not in existence unless the description or portrayal of the improvement in the promotional material is conspicuously labeled or identified either as "MUST BE BUILT" or as "NEED NOT BE BUILT."

(Added to NRS by 1991, 579)

**NRS 116.4119 Declarant's obligation to complete and restore.**

1. Except for improvements labeled "NEED NOT BE BUILT," the declarant shall complete all improvements depicted on any site plan or other graphic representation, including any plats or plans prepared pursuant to NRS 116.2109, whether or not that site plan or other graphic representation is contained in the public offering statement or in any promotional material distributed by or for the declarant.

2. The declarant is subject to liability for the prompt repair and restoration, to a condition compatible with the remainder of the common-interest community, of any portion of the common-interest community affected by the exercise of rights reserved pursuant to or created by NRS 116.211 to 116.2113, inclusive, 116.2115 or 116.2116.

(Added to NRS by 1991, 579)

**NRS 116.412 Substantial completion of units.** In the case of a sale of a unit in which delivery of a public offering statement is required, a contract of sale may be executed, but no interest in that unit may be conveyed, until the declaration is recorded and the unit is substantially completed, in accordance with local ordinances.

(Added to NRS by 1991, 579; A 1993, 2377)

## ADMINISTRATION AND ENFORCEMENT OF CHAPTER

### General Provisions

**NRS 116.600 Commission for Common-Interest Communities: Creation; appointment and qualifications of members; terms of office; compensation.**

1. The Commission for Common-Interest Communities is hereby created.

2. The Commission consists of five members appointed by the Governor. The Governor shall appoint to the Commission:

(a) One member who is a unit's owner residing in this State and who has served as a member of an executive board in this State;

(b) One member who is in the business of developing common-interest communities in this State;

(c) One member who holds a certificate;

(d) One member who is a certified public accountant licensed to practice in this State pursuant to the provisions of chapter 628 of NRS; and

(e) One member who is an attorney licensed to practice in this State.

3. Each member of the Commission must be a resident of this State. At least three members of the Commission must be residents of a county whose population is 400,000 or more.

4. Each member of the Commission must have resided in a common-interest community or have been actively engaged in a business or profession related to common-interest communities for not less than 3 years immediately preceding the date of his appointment.

5. After the initial terms, each member of the Commission serves a term of 3 years. Each member may serve not more than two consecutive full terms. If a vacancy occurs during a member's term, the Governor shall appoint a person qualified under this section to replace the member for the remainder of the unexpired term.

6. While engaged in the business of the Commission, each member is entitled to receive:

(a) A salary of not more than \$80 per day, as established by the Commission; and

(b) The per diem allowance and travel expenses provided for state officers and employees generally.

(Added to NRS by 2003, 2209; A 2005, 2619)

**NRS 116.605 Commission for Common-Interest Communities: Courses of instruction for members.**

1. The Division shall provide or arrange to have provided to each member of the Commission courses of instruction concerning rules of procedure and substantive law appropriate for members of the Commission.

2. Each member of the Commission must attend the courses of instruction not later than 6 months after the date that the member is first appointed to the Commission.

(Added to NRS by 2003, 2209)

**NRS 116.610 Commission for Common-Interest Communities: Election of officers; meetings; quorum.**

1. At the first meeting of each fiscal year, the Commission shall elect from its members a Chairman, a Vice Chairman and a Secretary.

2. The Commission shall meet at least once each calendar quarter and at other times on the call of the Chairman or a majority of its members.

3. A majority of the members of the Commission constitutes a quorum for the transaction of all business.

(Added to NRS 2003, 2210)

**NRS 116.615 Administration of chapter; regulations of Commission and Real Estate Administrator; delegation of authority; publications.**

1. The provisions of this chapter must be administered by the Division, subject to the administrative supervision of the Director of the Department of Business and Industry.

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

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

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

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

6. All regulations adopted by the Commission, or adopted by the Administrator with the approval of the Commission, must be published by

Division, posted on its website and offered for sale at a reasonable fee.  
(Added to NRS by 2003, 2210; A 2005, 2619)

**NRS 116.620 Employment of personnel by Real Estate Division; duties of Attorney General; legal opinions by Attorney General.**

1. Except as otherwise provided in this section and within the limits of legislative appropriations, the Division may employ experts, attorneys, investigators, consultants and other personnel as are necessary to carry out the provisions of this chapter.
2. The Attorney General shall act as the attorney for the Division in all actions and proceedings brought against or by the Division pursuant to the provisions of this chapter.
3. The Attorney General shall render to the Commission and the Division opinions upon all questions of law relating to the construction or interpretation of this chapter, or arising in the administration thereof, that may be submitted to him by the Commission or the Division.  
(Added to NRS by 2003, 2210)

**NRS 116.625 Ombudsman for Owners in Common-Interest Communities: Creation of office; appointment; qualifications; powers and duties.**

1. The Office of the Ombudsman for Owners in Common-Interest Communities is hereby created within the Division.
  2. The Administrator shall appoint the Ombudsman. The Ombudsman is in the unclassified service of the State.
  3. The Ombudsman must be qualified by training and experience to perform the duties and functions of his office.
  4. In addition to any other duties set forth in this chapter, the Ombudsman shall:
    - (a) Assist in processing claims submitted to mediation or arbitration pursuant to NRS 38.300 to 38.360, inclusive;
    - (b) Assist owners in common-interest communities to understand their rights and responsibilities as set forth in this chapter and the governing documents of their associations, including, without limitation, publishing materials related to those rights and responsibilities;
    - (c) Assist members of executive boards and officers of associations to carry out their duties;
    - (d) When appropriate, investigate disputes involving the provisions of this chapter or the governing documents of an association and assist in solving such disputes; and
    - (e) Compile and maintain a registration of each association organized within the State which includes, without limitation, the following information:
      - (1) The name, address and telephone number of the association;
      - (2) The name of each community manager for the common-interest community and the name of any other person who is authorized to manage the property at the site of the common-interest community;
      - (3) The names, mailing addresses and telephone numbers of the members of the executive board of the association;
      - (4) The name of the declarant;
      - (5) The number of units in the common-interest community;
      - (6) The total annual assessment made by the association;
      - (7) The number of foreclosures which were completed on units within the common-interest community and which were based on liens for the failure of the unit's owner to pay any assessments levied against the unit or any fines imposed against the unit's owner; and
      - (8) Whether the study of the reserves of the association has been conducted pursuant to NRS 116.31152 and, if so, the date on which it was completed.
- (Added to NRS by 1997, 3112; A 1999, 2997; 2003, 1302, 2222)—(Substituted in revision for NRS 116.1116)

**NRS 116.630 Account for Common-Interest Communities: Creation; administration; sources; uses.**

1. There is hereby created the Account for Common-Interest Communities in the State General Fund. The Account must be administered by the Administrator.
  2. Except as otherwise provided in subsection 3, all money received by the Commission, a hearing panel or the Division pursuant to this chapter, including, without limitation, the fees collected pursuant to NRS 116.31155, must be deposited into the Account.
  3. If the Commission imposes a fine or penalty, the Commission shall deposit the money collected from the imposition of the fine or penalty with the State Treasurer for credit to the State General Fund. If the money is so deposited, the Commission may present a claim to the State Board of Examiners for recommendation to the Interim Finance Committee if money is required to pay attorney's fees or the costs of an investigation, or both.
  4. The interest and income earned on the money in the Account, after deducting any applicable charges, must be credited to the Account.
  5. The money in the Account must be used solely to defray:
    - (a) The costs and expenses of the Commission and the Office of the Ombudsman; and
    - (b) If authorized by the Commission or any regulations adopted by the Commission, the costs and expenses of subsidizing proceedings for mediation and arbitration conducted pursuant to NRS 38.300 to 38.360, inclusive.
- (Added to NRS by 1997, 3113; A 1999, 8, 2998; 2003, 2223)—(Substituted in revision for NRS 116.1117)

**NRS 116.635 Immunity.** The Commission and its members, each hearing panel and its members, the Administrator, the Ombudsman, the Division, and the experts, attorneys, investigators, consultants and other personnel of the Commission and the Division are immune from any civil liability for any decision or action taken in good faith and without malicious intent in carrying out the provisions of this chapter.  
(Added to NRS by 2003, 2211)

**NRS 116.640 Service of notice and other information upon Commission.** Any notice or other information that is required to be served upon the Commission pursuant to the provisions of this chapter may be delivered to the principal office of the Division.  
(Added to NRS by 2003, 2210)

**NRS 116.645 Authority for Real Estate Division to conduct business electronically; regulations; fees; use of unsworn declaration; exclusions.**

1. The Administrator may adopt regulations which establish procedures for the Division to conduct business electronically pursuant to title 59 of NRS with persons who are regulated pursuant to this chapter and with any other persons with whom the Division conducts business. The regulations may include, without limitation, the establishment of fees to pay the costs of conducting business electronically with the Division.
2. In addition to the process authorized by NRS 719.280, if the Division is conducting business electronically with a person and a law requires a signature or record to be notarized, acknowledged, verified or made under oath, the Division may allow the person to substitute a declaration that complies with the provisions of NRS 53.045 to satisfy the legal requirement.
3. The Division may refuse to conduct business electronically with a person who has failed to pay money which the person owes to the

Division or the Commission.  
(Added to NRS by 2003, 1301)

**General Powers and Duties of Commission for Common-Interest Communities**

**NRS 116.660 Issuance and enforcement of subpoenas.**

1. To carry out the purposes of this chapter, the Commission, or any member thereof acting on behalf of the Commission or acting on behalf of a hearing panel, may issue subpoenas to compel the attendance of witnesses and the production of books, records and other papers.
  2. If any person fails to comply with a subpoena issued by the Commission or any member thereof pursuant to this section within 20 days after the date of service of the subpoena, the Commission may petition the district court for an order of the court compelling compliance with the subpoena.
  3. Upon such a petition, the court shall enter an order directing the person subpoenaed to appear before the court at a time and place to be fixed by the court in its order, the time to be not more than 20 days after the date of service of the order, and show cause why he has not complied with the subpoena. A certified copy must be served upon the person subpoenaed.
  4. If it appears to the court that the subpoena was regularly issued by the Commission or any member thereof pursuant to this section, the court shall enter an order compelling compliance with the subpoena, and upon failure to obey the order the person shall be dealt with as for contempt of court.
- (Added to NRS by 1999, 2996; A 2003, 2222)—(Substituted in revision for NRS 116.11145)

**NRS 116.662 Witnesses: Payment of fees and mileage.**

1. Each witness who is subpoenaed and appears at a hearing is entitled to receive for his attendance the same fees and mileage allowed by law to a witness in a civil case.
  2. The fees and mileage for the witness:
    - (a) Must be paid by the party at whose request the witness is subpoenaed; or
    - (b) If the appearance of the witness is not requested by any party but the witness is subpoenaed at the request of the Commission or a hearing panel, must be paid by the Division.
- (Added to NRS by 2005, 2586)

**NRS 116.665 Conducting hearings and other proceedings; collection of information; development and promotion of educational guidelines; accreditation of programs of education and research.**

1. The Commission shall conduct such hearings and other proceedings as are required by the provisions of this chapter.
  2. The Commission shall collect and maintain or cause to be collected and maintained accurate information relating to:
    - (a) The number and kind of common-interest communities in this State;
    - (b) The effect of the provisions of this chapter and any regulations adopted pursuant thereto on the development and construction of common-interest communities, the residential lending market for units within common-interest communities and the operation and management of common-interest communities;
    - (c) Violations of the provisions of this chapter and any regulations adopted pursuant thereto;
    - (d) The accessibility and use of, and the costs related to, the arbitration and mediation procedures set forth in NRS 38.300 to 38.360, inclusive, and the decisions rendered and awards made pursuant to those arbitration and mediation procedures;
    - (e) The number of foreclosures which were completed on units within common-interest communities and which were based on liens for the failure of the unit's owner to pay any assessments levied against the unit or any fines imposed against the unit's owner;
    - (f) The study of the reserves required by NRS 116.31152; and
    - (g) Other issues that the Commission determines are of concern to units' owners, associations, community managers, developers and other persons affected by common-interest communities.
  3. The Commission shall develop and promote:
    - (a) Educational guidelines for conducting the elections of the members of an executive board, the meetings of an executive board and the meetings of the units' owners of an association; and
    - (b) Educational guidelines for the enforcement of the governing documents of an association through liens, penalties and fines.
  4. The Commission shall recommend and approve for accreditation programs of education and research relating to common-interest communities, including, without limitation:
    - (a) The management of common-interest communities;
    - (b) The sale and resale of units within common-interest communities;
    - (c) Alternative methods that may be used to resolve disputes relating to common-interest communities; and
    - (d) The enforcement, including by foreclosure, of liens on units within common-interest communities for the failure of the unit's owner to pay any assessments levied against the unit or any fines imposed against the unit's owner.
- (Added to NRS by 2003, 2211)

**NRS 116.670 Establishment of standards for subsidizing arbitration, mediation and educational programs; acceptance of gifts, grants and donations; agreements and cooperation with other entities.** The Commission may:

1. By regulation, establish standards for subsidizing proceedings for mediation and arbitration conducted pursuant to NRS 38.300 to 38.360, inclusive, to ensure that such proceedings are not lengthy and are affordable and readily accessible to all parties;
  2. By regulation, establish standards for subsidizing educational programs for the benefit of units' owners, members of executive boards and officers of associations;
  3. Accept any gifts, grants or donations; and
  4. Enter into agreements with other entities that are required or authorized to carry out similar duties in this State or in other jurisdictions and cooperate with such entities to develop uniform procedures for carrying out the provisions of this chapter and for accumulating information needed to carry out those provisions.
- (Added to NRS by 2003, 2212)

**NRS 116.675 Appointment of hearing panels; delegation of powers and duties; appeals to Commission.**

1. The Commission may appoint one or more hearing panels. Each hearing panel must consist of one or more independent hearing officers.
2. The Commission may by regulation delegate to one or more hearing panels the power of the Commission to conduct hearings and other proceedings, determine violations, impose fines and penalties and take other disciplinary action authorized by the provisions of this chapter.
3. While acting under the authority of the Commission, a hearing panel and its members are entitled to all privileges and immunities and are



subject to all duties and requirements of the Commission and its members.

4. A final order of a hearing panel:

(a) May be appealed to the Commission if, not later than 20 days after the date that the final order is issued by the hearing panel, any party aggrieved by the final order files a written notice of appeal with the Commission.

(b) Must be reviewed and approved by the Commission if, not later than 40 days after the date that the final order is issued by the hearing panel, the Division, upon the direction of the Chairman of the Commission, provides written notice to all parties of the intention of the Commission to review the final order.

(Added to NRS by 2003, 2210)

**NRS 116.680 Use of audio or video teleconference for hearings.** The Commission or a hearing panel may conduct a hearing by means of an audio or video teleconference to one or more locations if the audio or video technology used at the hearing provides the persons present at each location with the ability to hear and communicate with the persons present at each other location.

(Added to NRS by 2003, 2211)

### Regulation of Community Managers

**NRS 116.700 Person prohibited from acting as community manager without permit or certificate; regulations governing standards of practice; investigations; disciplinary action; exceptions.** Repealed. (See chapter 494, Statutes of Nevada 2005, at page 2634.)

**NRS 116.705 Regulations governing certificates issued to community managers; fees.** Repealed. (See chapter 494, Statutes of Nevada 2005, at page 2634.)

**NRS 116.710 Payment of child support: Statement by applicant for certificate; grounds for denial of certificate; duty of Division.** Repealed. (See chapter 494, Statutes of Nevada 2005, at page 2634.)

**NRS 116.715 Suspension of certificate for failure to pay child support or comply with certain subpoenas or warrants; reinstatement of certificate.** Repealed. (See chapter 494, Statutes of Nevada 2005, at page 2634.)

**NRS 116.720 Expiration, revocation or surrender of permit or certificate does not prohibit disciplinary action against holder of permit or certificate.** Repealed. (See chapter 494, Statutes of Nevada 2005, at page 2634.)

**NRS 116.725 Administrative fine for engaging in certain conduct without permit, certificate or authorization; procedure for imposition of fine; judicial review; exceptions.** Repealed. (See chapter 494, Statutes of Nevada 2005, at page 2634.)

### Investigation of Violations; Remedial and Disciplinary Action

**NRS 116.745 "Violation" defined.** As used in NRS 116.745 to 116.795, inclusive, unless the context otherwise requires, "violation" means a violation of any provision of this chapter, any regulation adopted pursuant thereto or any order of the Commission or a hearing panel.

(Added to NRS by 2003, 2213; A 2005, 2620)

**NRS 116.750 Jurisdiction of Real Estate Division, Ombudsman, Commission and hearing panels.**

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

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

(b) Any member of an executive board.

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

(d) Any person who holds a permit to conduct a study of the reserves of an association issued pursuant to chapter 116A of NRS.

(e) Any declarant or affiliate of a declarant.

(f) Any unit's owner.

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

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

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

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

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

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

(Added to NRS by 2003, 2213; A 2005, 2620)

**NRS 116.755 Rights, remedies and penalties are cumulative and not exclusive; limitations on power of Commission and hearing panels regarding internal activities of association.**

1. The rights, remedies and penalties provided by NRS 116.745 to 116.795, inclusive, are cumulative and do not abrogate and are in addition to any other rights, remedies and penalties that may exist at law or in equity.

2. If the Commission, a hearing panel or another agency or officer elects to take a particular action or pursue a particular remedy or penalty authorized by NRS 116.745 to 116.795, inclusive, or another specific statute, that election is not exclusive and does not preclude the Commission, the hearing panel or another agency or officer from taking any other actions or pursuing any other remedies or penalties authorized by NRS 116.745 to 116.795, inclusive, or another specific statute.

3. In carrying out the provisions of NRS 116.745 to 116.795, inclusive, the Commission or a hearing panel shall not intervene in any internal activities of an association except to the extent necessary to prevent or remedy a violation.

(Added to NRS by 2003, 2214)



**NRS 116.757 Confidentiality of records: Certain records relating to complaint or investigation deemed confidential; certain records relating to disciplinary action deemed public records.**

1. Except as otherwise provided in this section, a written affidavit filed with the Division pursuant to NRS 116.760, all documents and other information filed with the written affidavit and all documents and other information compiled as a result of an investigation conducted to determine whether to file a formal complaint with the Commission are confidential.
2. A formal complaint filed with the Commission and all documents and other information considered by the Commission or a hearing panel when determining whether to impose discipline or take other administrative action pursuant to NRS 116.745 to 116.795, inclusive, are public records.

(Added to NRS by 2005, 2586)

**NRS 116.760 Right of person aggrieved by alleged violation to file affidavit with Real Estate Division; procedure for filing affidavit; administrative fine for filing false or fraudulent affidavit.**

1. Except as otherwise provided in this section, a person who is aggrieved by an alleged violation may, not later than 1 year after the person discovers or reasonably should have discovered the alleged violation, file with the Division a written affidavit that sets forth the facts constituting the alleged violation. The affidavit may allege any actual damages suffered by the aggrieved person as a result of the alleged violation.
2. An aggrieved person may not file such an affidavit unless the aggrieved person has provided the respondent by certified mail, return receipt requested, with written notice of the alleged violation set forth in the affidavit. The notice must:
  - (a) Be mailed to the respondent's last known address.
  - (b) Specify, in reasonable detail, the alleged violation, any actual damages suffered by the aggrieved person as a result of the alleged violation, and any corrective action proposed by the aggrieved person.
3. A written affidavit filed with the Division pursuant to this section must be:
  - (a) On a form prescribed by the Division.
  - (b) Be accompanied by evidence that:
    - (1) The respondent has been given a reasonable opportunity after receiving the written notice to correct the alleged violation; and
    - (2) Reasonable efforts to resolve the alleged violation have failed.
4. The Commission or a hearing panel may impose an administrative fine of not more than \$1,000 against any person who knowingly files a false or fraudulent affidavit with the Division.

(Added to NRS by 2003, 2214; A 2005, 2620)

**NRS 116.765 Referral of affidavit to Ombudsman for assistance in resolving alleged violation; report by Ombudsman; investigation by Real Estate Division; determination of whether to file complaint with Commission.**

1. Upon receipt of an affidavit that complies with the provisions of NRS 116.760, the Division shall refer the affidavit to the Ombudsman.
2. The Ombudsman shall give such guidance to the parties as the Ombudsman deems necessary to assist the parties to resolve the alleged violation.
3. If the parties are unable to resolve the alleged violation with the assistance of the Ombudsman, the Ombudsman shall provide to the Division a report concerning the alleged violation and any information collected by the Ombudsman during his efforts to assist the parties to resolve the alleged violation.
4. Upon receipt of the report from the Ombudsman, the Division shall conduct an investigation to determine whether good cause exists to proceed with a hearing on the alleged violation.
5. If, after investigating the alleged violation, the Division determines that the allegations in the affidavit are not frivolous, false or fraudulent and that good cause exists to proceed with a hearing on the alleged violation, the Administrator shall file a formal complaint with the Commission and schedule a hearing on the complaint before the Commission or a hearing panel.

(Added to NRS by 2003, 2215)

**NRS 116.770 Procedure for hearing complaints: Time for holding hearing; continuances; notices; evidence; answers; defaults.**

1. Except as otherwise provided in subsection 2, if the Administrator files a formal complaint with the Commission, the Commission or a hearing panel shall hold a hearing on the complaint not later than 90 days after the date that the complaint is filed.
2. The Commission or the hearing panel may continue the hearing upon its own motion or upon the written request of a party to the complaint, for good cause shown, including, without limitation, the existence of proceedings for mediation or arbitration or a civil action involving the facts that constitute the basis of the complaint.
3. The Division shall give the respondent written notice of the date, time and place of the hearing on the complaint at least 30 days before the date of the hearing. The notice must be:
  - (a) Delivered personally to the respondent or mailed to the respondent by certified mail, return receipt requested, to his last known address.
  - (b) Accompanied by:
    - (1) A copy of the complaint; and
    - (2) Copies of all communications, reports, affidavits and depositions in the possession of the Division that are relevant to the complaint.
4. At any hearing on the complaint, the Division may not present evidence that was obtained after the notice was given to the respondent pursuant to this section, unless the Division proves to the satisfaction of the Commission or the hearing panel that:
  - (a) The evidence was not available, after diligent investigation by the Division, before such notice was given to the respondent; and
  - (b) The evidence was given or communicated to the respondent immediately after it was obtained by the Division.
5. The respondent must file an answer not later than 30 days after the date that notice of the complaint is delivered or mailed by the Division. The answer must:
  - (a) Contain an admission or a denial of the allegations contained in the complaint and any defenses upon which the respondent will rely; and
  - (b) Be delivered personally to the Division or mailed to the Division by certified mail, return receipt requested.
6. If the respondent does not file an answer within the time required by subsection 5, the Division may, after giving the respondent written notice of the default, request the Commission or the hearing panel to enter a finding of default against the respondent. The notice of the default must be delivered personally to the respondent or mailed to the respondent by certified mail, return receipt requested, to his last known address.

(Added to NRS by 2003, 2215)

**NRS 116.775 Representation by attorney.** Any party to the complaint may be represented by an attorney at any hearing on the complaint.

(Added to NRS by 2003, 2216)

**NRS 116.780 Decisions on complaints.**

1. After conducting its hearings on the complaint, the Commission or the hearing panel shall render a final decision on the merits of the

complaint not later than 20 days after the date of the final hearing.

2. The Commission or the hearing panel shall notify all parties to the complaint of its decision in writing by certified mail, return receipt requested, not later than 60 days after the date of the final hearing. The written decision must include findings of fact and conclusions of law.

(Added to NRS by 2003, 2216)

**NRS 116.785 Remedial and disciplinary action: Orders to cease and desist and to correct violations; administrative fines; removal from office or position; payment of costs; exemptions from liability.**

1. If the Commission or the hearing panel, after notice and hearing, finds that the respondent has committed a violation, the Commission or hearing panel may take any or all of the following actions:

(a) Issue an order directing the respondent to cease and desist from continuing to engage in the unlawful conduct that resulted in the violation.

(b) Issue an order directing the respondent to take affirmative action to correct any conditions resulting from the violation.

(c) Impose an administrative fine of not more than \$1,000 for each violation.

2. If the respondent is a member of an executive board or an officer of an association, the Commission or the hearing panel may order the respondent removed from his office or position if the Commission or the hearing panel, after notice and hearing, finds that:

(a) The respondent has knowingly and willfully committed a violation; and

(b) The removal is in the best interest of the association.

3. If the respondent violates any order issued by the Commission or the hearing panel pursuant to this section, the Commission or the hearing panel, after notice and hearing, may impose an administrative fine of not more than \$1,000 for each violation.

4. If the Commission or the hearing panel takes any disciplinary action pursuant to this section, the Commission or the hearing panel may order the respondent to pay the costs of the proceedings incurred by the Division, including, without limitation, the cost of the investigation and reasonable attorney's fees.

5. Notwithstanding any other provision of this section, unless the respondent has knowingly and willfully committed a violation, if the respondent is a member of an executive board or an officer of an association:

(a) The association is liable for all fines and costs imposed against the respondent pursuant to this section; and

(b) The respondent may not be held personally liable for those fines and costs.

(Added to NRS by 2003, 2216)

**NRS 116.790 Remedial and disciplinary action: Audit of association; requiring association to hire community manager who holds certificate; appointment of receiver.**

1. If the Commission or a hearing panel, after notice and hearing, finds that the executive board or any person acting on behalf of the association has committed a violation, the Commission or the hearing panel may take any or all of the following actions:

(a) Order an audit of the association.

(b) Require the executive board to hire a community manager who holds a certificate.

2. The Commission, or the Division with the approval of the Commission, may apply to a court of competent jurisdiction for the appointment of a receiver for an association if, after notice and a hearing, the Commission or a hearing officer finds that any of the following violations occurred:

(a) The executive board, or any member thereof, has been guilty of fraud or collusion or gross mismanagement in the conduct or control of its affairs;

(b) The executive board, or any member thereof, has been guilty of misfeasance, malfeasance or nonfeasance; or

(c) The assets of the association are in danger of waste or loss through attachment, foreclosure, litigation or otherwise.

3. In any application for the appointment of a receiver pursuant to this section, notice of a temporary appointment of a receiver may be given to the association alone, by process as in the case of an application for a temporary restraining order or injunction. The hearing thereon may be had after 5 days' notice unless the court directs a longer or different notice and different parties.

4. The court may, if good cause exists, appoint one or more receivers pursuant to this section to carry out the business of the association. The members of the executive board who have not been guilty of negligence or active breach of duty must be preferred in making the appointment.

5. The powers of any receiver appointed pursuant to this section may be continued as long as the court deems necessary and proper. At any time, for sufficient cause, the court may order the receivership terminated.

6. Any receiver appointed pursuant to this section has, among the usual powers, all the functions, powers, tenure and duties to be exercised under the direction of the court as are conferred on receivers and as provided in NRS 78.635, 78.640 and 78.645, whether or not the association is insolvent. Such powers include, without limitation, the powers to:

(a) Take charge of the estate and effects of the association;

(b) Appoint an agent or agents;

(c) Collect any debts and property due and belonging to the association and prosecute and defend, in the name of the association, or otherwise, any civil action as may be necessary or proper for the purposes of collecting debts and property;

(d) Perform any other act in accordance with the governing documents of the association and this chapter that may be necessary for the association to carry out its obligations; and

(e) By injunction, restrain the association from exercising any of its powers or doing business in any way except by and through a receiver appointed by the court.

(Added to NRS by 2003, 2217; A 2005, 2621)

**NRS 116.795 Injunctions.**

1. If the Commission or the Division has reasonable cause to believe, based on evidence satisfactory to it, that any person violated or is about to violate any provision of this chapter, any regulation adopted pursuant thereto or any order, decision, demand or requirement of the Commission or Division or a hearing panel, the Commission or the Division may bring an action in the district court for the county in which the person resides or, if the person does not reside in this State, in any court of competent jurisdiction within or outside this State, to restrain or enjoin that person from engaging in or continuing to commit the violations or from doing any act in furtherance of the violations.

2. The action must be brought in the name of the State of Nevada. If the action is brought in a court of this State, an order or judgment may be entered, when proper, issuing a temporary restraining order, preliminary injunction or final injunction. A temporary restraining order or preliminary injunction must not be issued without at least 5 days' notice to the opposite party.

3. The court may issue the temporary restraining order, preliminary injunction or final injunction without:

(a) Proof of actual damages sustained by any person.

(b) The filing of any bond.

(Added to NRS by 2003, 2217; A 2005, 2622)