

**Reserve Study Specialist :**

**NAC 116A.425 Standards of practice. (NRS 116A.200, 116A.420)**

1. A reserve study specialist who prepares a reserve study shall:
  - (a) Comply with the applicable provisions of chapter 116, 116A or 116B of NRS or any regulations adopted pursuant thereto;
  - (b) Comply with the relevant lawful provisions of the governing documents of each client;
  - (c) Agree to perform only those reserve studies which the person can reasonably expect to perform with professional competence;
  - (d) Exercise due care and exhibit adequate planning and supervision of conduct relating to the performance of a reserve study;
  - (e) Disclose in writing to the client any actual, potential or perceived conflict of interest if the client has dealings with another person who:
    - (1) Has a financial interest in the business relationship between the reserve study specialist and the client; or
    - (2) Is an employee of or otherwise affiliated with the association;
  - (f) Maintain an inventory of reserve study records of each client for at least 6 years;
  - (g) Keep informed of new developments in the field of reserve studies through continuing education, including, without limitation, new developments in the law, methods of funding and other topics necessary for the proper preparation of reserve studies;
  - (h) Ensure that the information used to prepare a reserve study is complete based upon information provided by the client and from data reasonably available from industry sources; and
  - (i) Cooperate with the Division in any investigation conducted pursuant to the provisions of chapter 116, 116A or 116B of NRS or any regulations adopted pursuant thereto.
2. A reserve study specialist who prepares a reserve study shall not:
  - (a) Make inaccurate or misleading representations or statements to a prospective client; or
  - (b) Misrepresent facts for his or her own benefit.

(Added to NAC by Comm'n for Common-Interest Communities & Condo. Hotels by R145-06, eff. 4-17-2008)

## Community Manager:

**NRS 116A.630 Standards of practice for community managers.** In addition to any additional standards of practice for community managers adopted by the Commission by regulation pursuant to [NRS 116A.400](#), a community manager shall:

1. Except as otherwise provided by specific statute, at all times:
  - (a) Act as a fiduciary in any client relationship; and
  - (b) Exercise ordinary and reasonable care in the performance of duties.
2. Comply with all applicable:
  - (a) Federal, state and local laws, regulations and ordinances; and
  - (b) Lawful provisions of the governing documents of each client.
3. Keep informed of new developments in the management of a common-interest community through continuing education, including, without limitation, new developments in law, insurance coverage and accounting principles.
4. Advise a client to obtain advice from an independent expert relating to matters that are beyond the expertise of the community manager.
5. Under the direction of a client, uniformly enforce the provisions of the governing documents of the association.
6. At all times ensure that:
  - (a) The financial transactions of a client are current, accurate and properly documented; and
  - (b) There are established policies and procedures that are designed to provide reasonable assurances in the reliability of the financial reporting, including, without limitation:
    - (1) Proper maintenance of accounting records;
    - (2) Documentation of the authorization for any purchase orders, expenditures or disbursements;
    - (3) Verification of the integrity of the data used in business decisions;
    - (4) Facilitation of fraud detection and prevention; and
    - (5) Compliance with all applicable laws and regulations governing financial records.
7. Prepare or cause to be prepared interim and annual financial statements that will allow the Division, the executive board, the units' owners and the accountant or auditor to determine whether the financial position of an association is fairly presented in accordance with all applicable laws and regulations.
8. Cause to be prepared, if required by the Division, a financial audit performed by an independent certified public accountant of the records of the community manager pertaining to the common-interest community, which must be made available to the Division.
9. Make the financial records of an association available for inspection by the Division in accordance with the applicable laws and regulations.
10. Cooperate with the Division in resolving complaints filed with the Division.
11. Upon written request, make the financial records of an association available to the units' owners electronically or during regular business hours required for inspection at a reasonably convenient location, which must be within 60 miles from the physical location of the common-interest community, and provide copies of such records in accordance with the applicable laws and regulations. As used in this subsection, "regular business hours" means Monday through Friday, 9 a.m. to 5 p.m., excluding legal holidays.
12. Maintain and invest association funds in a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation, National Credit Union Share Insurance Fund, Securities Investor Protection Corporation, or a private insurer approved pursuant to [NRS 678.755](#), or in government securities that are backed by the full faith and credit of the United States Government.
13. Except as required under collection agreements, maintain the various funds of the client in separate financial accounts in the name of the client and ensure that the association is authorized to have direct access to those accounts.
14. Provide notice to each unit's owner that the executive board is aware of all legal requirements pursuant to the applicable laws and regulations.
15. Maintain internal accounting controls, including, without limitation, segregation of incompatible accounting functions.
16. Ensure that the executive board develops and approves written investment policies and procedures.

17. Recommend in writing to each client that the client register with the Division, maintain its registration and file all papers with the Division and the Secretary of State as required by law.
18. Comply with the directions of a client, unless the directions conflict with the governing documents of the client or the applicable laws or regulations of this State.
19. Recommend in writing to each client that the client be in compliance with all applicable federal, state and local laws, regulations and ordinances and the governing documents of the client.
20. Obtain, when practicable, at least three qualified bids for any capital improvement project for the client.
21. Develop written collection policies, approved by the executive board, to comply with all applicable federal, state and local laws, regulations and ordinances relating to the collection of debt. The collection policies must require:
  - (a) That the executive board approve all write-offs of debt; and
  - (b) That the community manager provide timely updates and reports as necessary.

**NRS 116A.640 Community manager prohibited from engaging in certain acts; exceptions.** In addition to the standards of practice for community managers set forth in [NRS 116A.630](#) and any additional standards of practice adopted by the Commission by regulation pursuant to [NRS 116A.400](#), a community manager shall not:

1. Except as otherwise required by law or court order, disclose confidential information relating to a client, which includes, without limitation, the business affairs and financial records of the client, unless the client agrees to the disclosure in writing.
  2. Impede or otherwise interfere with an investigation of the Division by:
    - (a) Failing to comply with a request of the Division to provide documents;
    - (b) Supplying false or misleading information to an investigator, auditor or any other officer or agent of the Division; or
    - (c) Concealing any facts or documents relating to the business of a client.
  3. Commingle money or other property of a client with the money or other property of another client, another association, the community manager or the employer of the community manager.
  4. Use money or other property of a client for his or her own personal use.
  5. Be a signer on a withdrawal from a reserve account of a client.
  6. Except as otherwise permitted by the provisions of the court rules governing the legal profession, establish an attorney-client relationship with an attorney or law firm which represents a client that employs the community manager or with whom the community manager has a management agreement.
  7. Provide or attempt to provide to a client a service concerning a type of property or service:
    - (a) That is outside the community manager's field of experience or competence without the assistance of a qualified authority unless the fact of his or her inexperience or incompetence is disclosed fully to the client and is not otherwise prohibited by law; or
    - (b) For which the community manager is not properly licensed.
  8. Intentionally apply a payment of an assessment from a unit's owner towards any fine, fee or other charge that is due.
  9. Refuse to accept from a unit's owner payment of any assessment, fine, fee or other charge that is due because there is an outstanding payment due.
  10. Collect any fees or other charges from a client not specified in the management agreement.
  11. Accept any compensation, gift or any other item of material value as payment or consideration for a referral or in the furtherance or performance of his or her normal duties unless:
    - (a) Acceptance of the compensation, gift or other item of material value complies with the provisions of [NRS 116.31185](#) or [116B.695](#) and all other applicable federal, state and local laws, regulations and ordinances; and
    - (b) Before acceptance of the compensation, gift or other item of material value, the community manager provides full disclosure to the client and the client consents, in writing, to the acceptance of the compensation, gift or other item of material value by the community manager.
- (Added to NRS by [2009, 2816](#))

Executive Board:

**NAC 116.405 Executive board: Determination by Commission of whether members have performed their duties. (NRS 116.3103, 116.615)** In determining whether a member of the executive board has performed his or her duties pursuant to [NRS 116.3103](#), the Commission may consider whether the member of the executive board has:

1. Acted outside the scope of the authority granted in the governing documents;
2. Acted for reasons of self-interest, gain, prejudice or revenge;
3. Committed an act or omission which amounts to incompetence, negligence or gross negligence;
4. Except as otherwise required by law or court order, disclosed confidential information relating to a unit's owner, a member of the executive board or an officer, employee or authorized agent of the association unless the disclosure is consented to by the person to whom the information relates;
5. Impeded or otherwise interfered with an investigation of the Division by:
  - (a) Failing to comply with a request by the Division to provide information or documents;
  - (b) Supplying false or misleading information to an investigator, auditor or any other officer or agent of the Division; or
  - (c) Concealing any facts or documents relating to the business of the association;
6. Kept informed of laws, regulations and developments relating to common-interest communities;
7. Cooperated with the Division in resolving complaints filed with the Division; and
8. Caused the association to:
  - (a) Comply with all applicable federal, state and local laws and regulations and the governing documents of the association;
  - (b) Uniformly enforce the governing documents of the association;
  - (c) Hold meetings of the executive board with such frequency as to properly and efficiently address the affairs of the association;
  - (d) Obtain, when practicable, at least three bids from reputable service providers who possess the proper licensing before purchasing any such service for use by the association;
  - (e) Consult with appropriate professionals as necessary before making any major decision affecting the association or the common elements;
  - (f) Deposit all funds of the association for investment in government securities that are backed by the full faith and credit of the United States or in a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, the Securities Investor Protection Corporation or a private insurer approved pursuant to [NRS 678.755](#);

- (g) Maintain current, accurate and properly documented financial records;
  - (h) Establish policies and procedures for the disclosure of potential conflicts of interest and the appropriate manner by which to resolve such conflicts;
  - (i) Establish policies and procedures that are designed to provide reasonable assurances in the reliability of financial reporting, including, without limitation, proper maintenance of accounting records, documentation of the authorization for receipts and disbursements, verification of the integrity of the data used in making business decisions, facilitation of fraud detection and prevention, and compliance with the applicable laws and regulations governing financial records;
  - (j) Prepare interim and annual financial statements that will allow the Division, the executive board, the units' owners and the accountant or auditor to determine whether the financial position of the association is fairly presented in accordance with the provisions of [NAC 116.451](#) to [116.461](#), inclusive;
  - (k) Make the financial records of the association available for inspection by the Division in accordance with the applicable laws and regulations of this State;
  - (l) Cooperate with the Division in resolving complaints filed with the Division; and
  - (m) Adopt and fairly enforce the collection policies of the association.
- (Added to NAC by Comm'n for Common-Interest Communities by R129-04, eff. 4-14-2005; A by Comm'n for Common-Interest Communities & Condo. Hotels by R108-08, 4-20-2010)