

State of Nevada

Department of Business & Industry

Real Estate Division

Common-Interest Communities and
Condominium Hotels Program





Building a Relationship with a Community Manager

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Disclaimer

This is a general education class based on NRS 116 and related laws and regulations. It is not intended to provide legal advice. The instructor cannot comment on specific cases. If you feel there has been a violation of NRS116 or your associations governing documents you can file a complaint with the office of the Ombudsman



Learning Objectives

- ▶ Upon completion of this class, participants will have a basic understanding of...
 - Working Together Unit Owner & Community Manager
 - Powers of the Association
 - Responsibilities of a Unit Owner
 - Rights of a Unit Owner
 - Educational Requirements to become a Community Manager
 - Standards of Practice
 - Hiring a Community Manager
 - Disputes with Community Manager
 - Allegations of Misconduct
 - How to file a complaint regarding a Community Manager
 - Activities unlicensed staff may perform
 - The HOA's right to self-manage



An HOA is...

- ▶ A community with established standards
 - Color of houses; landscaping, parking
- ▶ A community that offers certain amenities
 - Gated, pool, clubhouse, golf course
- ▶ A complex, highly specialized business
 - Business planning, management, budgeting
- ▶ Governed by federal, state law, local codes and ordinances, governing documents



Unless you live in a self managed HOA once you moved into your association, gained a few new relationships.

1. Board

2. Community Manager

3. Neighbors

Understanding Each Other

Definition of Relationship:

“the way in which two or more concepts, objects, or people are connected, or the state of being connected.”

Living in your association has brought you together directly or indirectly!

Working together!



Titles!

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

Community manager" defined. "Community manager" means a person who provides for or otherwise engages in the management of a common-interest community or the management of an association of a condominium hotel.

Understanding Each Other

The Powers of the Association

Powers of the Association

1. May amend bylaws and may adopt and amend rules and regulations.
2. May collect assessments for common expenses
3. May hire and discharge managing agents
4. May make contracts and incur liabilities
5. May regulate the use, maintenance, repair, replacement and modification of common elements.
6. May cause additional improvements to be made as a part of the common elements
7. May impose reasonable fines for violations of the governing documents of the association

Understanding the Rights and Responsibilities of the Unit Owner



When you bought your home.

1. YOU GENERALLY HAVE 5 DAYS TO CANCEL THE PURCHASE AGREEMENT
2. YOU ARE AGREEING TO RESTRICTIONS ON HOW YOU CAN USE YOUR PROPERTY
3. YOU WILL HAVE TO PAY OWNERS' ASSESSMENTS FOR AS LONG AS YOU OWN YOUR PROPERTY
4. IF YOU FAIL TO PAY OWNERS' ASSESSMENTS, YOU COULD LOSE YOUR HOME
5. YOU MAY BECOME A MEMBER OF A HOMEOWNERS' ASSOCIATION THAT HAS THE POWER TO AFFECT HOW YOU USE AND ENJOY YOUR PROPERTY
6. YOU ARE REQUIRED TO PROVIDE PROSPECTIVE PURCHASERS OF YOUR PROPERTY WITH INFORMATION ABOUT LIVING IN YOUR COMMON-INTEREST COMMUNITY?
7. YOU HAVE CERTAIN RIGHTS REGARDING OWNERSHIP IN A COMMON-INTEREST COMMUNITY THAT ARE GUARANTEED YOU BY THE STATE

(NRS 116.41095 Required form of information statement)

Decisions Made

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

(NRS 116.41095 Required form of information statement)

Limitations on lifestyle

The CC&Rs, together with other “governing documents” (such as association bylaws and rules and regulations), are intended to preserve the 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

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

(NRS 116.41095 Required form of information statement)

Board has the power

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**

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.
(NRS 116.41095 Required form of information statement)

Pursuant to provisions of [chapter 116](#) of Nevada Revised Statutes, **you**
have the right:

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

(b) **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.

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

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

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

(NRS 116.41095 Required form of information statement)

Requesting Records

Upon the written request of a unit's owner, make available the books, records and other papers of the association for review at the business office of the association or a designated business location not to exceed 60 miles from the physical location of the common-interest community and during the regular working hours of the association, including, without limitation:

- (a) The financial statement of the association;
- (b) The budgets of the association
- (c) The study of the reserves of the
- (d) All contracts to which the association is a party and all records filed with a court relating to a civil or criminal action

Budget Information

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
- (b) The budget to provide adequate funding for the reserves

The budgets are available for review at the business office of the association

The executive board **shall** make available to each unit's owner the policy established for the association concerning the collection of any fees, fines, assessments or costs imposed against a unit's owner

The policy must include the association's rights concerning the collection of such fees, fines, assessments or costs if the unit's owner fails to pay the fees, fines, assessments or costs in a timely manner

Surplus Funds

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](#))

Disputes

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.

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 and Condominium Hotels, the Nevada Real Estate Division and the Commission for Common-Interest Communities and Condominium Hotels.

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.

(NRS 116.41095 Required form of information statement)

Complaints on Agenda

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, upon the written request of the unit's owner, place the subject of the complaint on the agenda of the next regularly scheduled meeting of the executive board.

Right to remove Board members

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.

Board Members right to terminate contract with Community Manager

Management agreement include provisions relating to the grounds and procedures for termination of the community manager

Notwithstanding any provision in a management agreement to the contrary, a management agreement may be terminated by the client without penalty upon 30 days' notice following a violation by the community manager of any provision of this chapter

Community Managers Educational Requirements

Certification

- ▶ **Provisional**
 - Education but no experience. (Must work under a Supervising CM for 2 years.)
- ▶ **Temporary**
 - Experience but not a regular (i.e. certified in another state)
- ▶ **Regular**
 - Education and experience
- ▶ **Supervisory**
 - Minimum of 4 years experience



Community Managers Education Requirements

- ▶ Pre-certification
- ▶ 60 hours of classroom instruction
 - 18 hours on NRS and NAC 116
 - 2 hours on federal laws (i.e. Fair Housing Act, HOPA, Fair Debt Collections Act, etc.)
 - 40 hours on the governance and operations of CICs
- ▶ Two school exams
- ▶ State exam
- ▶ Background check (w/fingerprints)



Community Managers Application

Each applicant must complete and submit the following:

[Community Manager Application](#);

Two fingerprint cards completed at an authorized law enforcement facility. Any fees incurred for fingerprinting are separate and apart from the application fee;

Experience;

Certificates from the courses attended;

Certificate of passing the state examination; and

Application fee of \$200.00.

Community Managers Renewal

The Community Manager Certificate is valid for a two-year period.

Renewal notices are sent approximately six weeks prior to certificate expiration.

Renewal must be accomplished within the 30 days prior to certificate expiration.

The following documentation must be submitted:

Proof of completing at least 18 hours of Community Manager designated continuing education within the 2-year certificate period.

At least 3 hours of the continuing education must be designated as relating to NRS & NAC 116.

NOTES:

- 1.No course taken to obtain the certificate may be used toward continuing education credit during the first renewal period.
- 2.Further, no course may be repeated in consecutive renewal periods.
- 3.Courses must be approved by the CIC Commission.

Community Managers Standards of Practice

Community Managers Standards

1. Act as a fiduciary
2. Exercise ordinary and reasonable care in the performance of duties
3. Comply with all applicable Federal, state, local laws
4. Keep informed of new developments in the management of a common-interest community through continuing education
5. The financial transactions of a client are **current, accurate and properly documented**
6. Proper maintenance of accounting records
7. Facilitation of fraud detection and prevention
8. Make the financial records of an association **available** for inspection by the Division
9. Upon written request, make the financial records of an association **available** to the units' owners electronically or during regular business hours required for inspection
10. Cooperate with the Division in resolving complaints filed with the Division
11. Obtain, when **practicable**, at least three qualified bids for any **capital improvement** project for the client.

Prohibited acts of the Community Manager

1. 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. Supplying false or misleading information to an investigator, auditor or any other officer or agent of the Division
3. Concealing any facts or documents relating to the business of a client.
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. 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.
7. 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
8. Collect any fees or other charges from a client not specified in the management agreement.



Hiring A Community Manager



Why do associations hire a community manager?

- ▶ Managing a CIC/HOA is challenging. It is a complex business.
- ▶ The CM is trained to–
 - Manage various administrative functions
 - Manage bookkeeping, financial reports and deposits, recordkeeping and HOA correspondence
 - Conduct elections
 - Ensure compliance (Governing Docs & NRS)
 - Manage complaints and emergencies
 - Provide advice



When hiring a Community Manager...

- ▶ Verify credentials
 - www.red.state.nv.us/licenselookup
- ▶ Check references
 - Request record of open complaints (Form 638)
- ▶ Talk to other HOAs
- ▶ Ensure a good fit with the community
- ▶ Identify specific duties/expectations
 - Some duties cannot be delegated
 - Directors retain overall responsibility for management of the Association
 - Remember the Community Manager works for the association



A Community Manager

May be...

- Independent – contracting with one or more HOAs
- An employee of a Management Company
- An employee of the CIC/HOA



MAILING LIST (CD ROSTER) REQUEST

A list or CMs can be ordered from NRED for \$25, www.red.state.nv.us (Form 647)
Information

Mailing lists (rosters) are available for purchase from the Division on CD-ROM in Excel format. When ordering, please remember the following:

The CICCH (Homeowners Association), AMC (Appraisal Management Company) and ASM (Asset Management Company) rosters will include the management company's telephone number or the telephone number provided for the association.

Email addresses will not be provided.

All other rosters will provide authorized mailing addresses only without phone numbers or email addresses.

All fees are non-refundable.

Payment by cash or money order, allow up to two weeks for processing and mailing.

Payment by check, allow four to six weeks.



Looking Up Community Managers Licenses

www.red.state.nv.us

On the home page –right hand side

Quick Links
» Forms
» Online Renewals
» License Lookup

Community Manager Disclosure

- A community manager **shall** disclose in writing to the prospective client, any matters which may affect the **community manager's ability** to comply with the provisions of this chapter or [chapter 116](#)
- Whether the community manager, or any member of his or her organization, **expects to receive any direct or indirect compensation, gifts or profits from any person** who will perform services for the client
- Any affiliation with or financial interest in any person or business who furnishes any goods or services to the client.
- Any pecuniary relationships with any unit's owner, member of the executive board or officer of the client.

Community Management Contract

1. **Be in writing and signed** by all parties
2. State the term of the management agreement
3. State the basic consideration for the services to be provided and the payment schedule
4. Include a complete schedule of all fees, costs, expenses and charges to be imposed by the community manager, whether direct or indirect
5. State the **spending limits** of the community manager
6. A requirement that the community manager or his or her employer **shall** maintain **insurance covering liability for errors or omissions, professional liability**
7. **Include provisions for dispute resolution**
8. **Management agreement may:**
 - a) Provide for mandatory binding arbitration; or
 - (b) Allow the provisions of the management agreement to apply month to month following the end of the term of the management agreement, but the management agreement **may not** contain an automatic renewal provision.

Contents of Management agreement

3. Not later than 10 days after the effective date of a management agreement, the community manager shall provide each member of the executive board evidence of the existence of the required insurance, including, without limitation:
 - (a) The names and addresses of all insurance companies;
 - (b) The total amount of coverage; and
 - (c) The amount of any deductible.

4. After signing a management agreement, the community manager shall provide a copy of the management agreement to each member of the executive board. Within 30 days after an election or appointment of a new member to the executive board, the community manager shall provide the new member with a copy of the management agreement.

Management Agreement – NAC 116A.325

- ▶ In writing
- ▶ Signed by all parties
- ▶ Include terms of agreement and scope
- ▶ Handling & return of records
- ▶ Insurance
- ▶ Can be canceled upon 30 days notice if NRS or NAC violated
- ▶ Month to month at term (*3 mos. max)
- ▶ No automatic renewal



Communication



Working with each other

- Read the associations governing documents
- Contact community manager if anything is unclear in the governing documents
- Contact community manager on proper procedure to follow per governing documents
- Benefit of the doubt
- Provide as much information as possible
- If response seems incorrect, send a note to OMBCLASSES@red.state.nv.us to see NRS116 speaks to the issue
- Get it in writing if you feel there is a violation of NRS116 NRS116A
- Ask if the board would need to be contacted or involved

Working together

- Community manager should listen to all concerns and try and resolve the situation when possible
- Provide you with the NRS116 statute
- Provide you with the section of the governing document which may speak to the issue
- Explain limitations if any due to management agreement
- NRS116 does not speak to all situations
- Remember the community manager works for the association but that does not allow either side to become combative

Disputes with a Community Manager



Common Complaints

- ▶ Poor Customer Service
- ▶ Poor Communications
- ▶ Excessive loyalty to individuals vs. the organization
- ▶ Lack of objectivity, favoritism
- ▶ Poor conflict resolution skills



Common Issues

- ▶ Meetings & Elections
 - NRS 116.31075–116.31107
 - Notice and Agenda
 - Workshops are not defined in NRS 116/116A
- ▶ Records
 - NRS 116.31175–116.3118
 - Failure to provide records as requested by owners
- ▶ Payments
 - NRS 116A.640(9)
 - Refusal to accept payment
 - Allocation of payments
- ▶ Potential Conflicts
 - Legal Counsel – NRS 116A.640(6)
 - Collection Agencies



NRS 116.31183 Retaliatory action prohibited; separate action by unit's owner.

1. An executive board, a member of an executive board, a **community manager** 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:

(a) Complained in good faith about any alleged violation of any provision of this chapter or the governing documents of the association;

(b) Recommended the selection or replacement of an attorney, community manager or vendor; or

(c) Requested in good faith to review the books, records or other papers of the association.

2. In addition to any other remedy provided by law, upon a violation of this section, a unit's owner may bring a separate action to recover:

(a) Compensatory damages; and

(b) Attorney's fees and costs of bringing the separate action.

(Added to NRS by [2003, 2218](#); A [2009, 2808, 2895](#))

NRS 116.31184 Threats, harassment and other conduct prohibited; penalty.

1. A community manager, an agent or **employee of the community manager**, a member of the executive board, an officer, employee or agent of an association, a **unit's owner** or a guest or tenant of a unit's owner **shall not willfully and without legal authority threaten, harass or otherwise engage in a course of conduct** against any other person who is the **community manager** of his or her common-interest community or an agent or employee of that community manager, a member of the executive board of his or her association, an officer, employee or agent of his or her association, another unit's owner in his or her common-interest community or a guest or tenant of a unit's owner in his or her common-interest community which:

- (a) Causes harm or serious emotional distress, or the reasonable apprehension thereof, to that person; or
- (b) Creates a hostile environment for that person.

2. A person who violates the provisions of subsection 1 is guilty of a misdemeanor.

(Added to NRS by [2013, 2529](#))

Allegations of Misconduct

If a person who alleges that a community manager is guilty of misconduct sends the allegations of misconduct in writing to the community manager in an attempt to resolve the issue without filing a complaint with the Division, the community manager shall, in good faith, acknowledge and respond in writing to the person making the allegations within 12 working days after he or she receives the allegations.

(NAC 116A.350)

Filing a complaint against a community manager

Statement of Fact

- ▶ Office of the Ombudsman Form 514a
- ▶ Violations of NRS or NAC 116, 116A
- ▶ NAC 116A.350
 - Unprofessional conduct
 - Incompetence
 - Negligence
 - Felony convictions
 - Disciplinary actions in another jurisdiction



Nature of alleged violation

The identity of the community manager who is alleged to have violated a provision of this chapter or [chapter 116](#) of NRS, and the nature of the alleged violation;

(2) All evidence supporting the allegations, including, without limitation, as appropriate, corroborating statements by other persons or specific information as to persons who may be contacted to provide such corroboration;

(3) The name, address and telephone number of the person submitting the complaint;

(4) Documents that evidence an attempt by the person submitting the complaint to resolve the issue with the executive board or the community manager, including, without limitation, any written response of the executive board or the community manager to the allegations of the person submitting the complaint; and

(5) If filed by a tenant of a unit's owner, ratification of the complaint by the unit's owner without the use of a power of attorney by the tenant.

If complaint goes to Enforcement Section

The investigator:

(a) Shall send a copy of the complaint to the community manager and the executive board of any association which relates to the subject of the complaint;

(b) Within 12 working days after the receipt of the allegations, shall attempt to obtain a response in writing from the person who is the subject of the complaint;

(c) May make such inquiries and investigation into matters relating to the allegations in the complaint as the investigator deems appropriate; and

(d) Shall submit to the Administrator a written report that summarizes the findings and conclusions of the investigator.

At this point the situation is NRED vs ??? No longer in the situation unless additional information is requested.

Power of Administrator

The Administrator may initiate an investigation, audit or inspection of the records of any community manager or any person who performs the duties of a community manager in this State.

Disciplinary Action

Upon review of the written report of the investigator, if the Administrator determines that grounds for disciplinary action against the community manager exist, the Administrator may take one or more of the following actions as he or she deems appropriate:

- (a) Issue a letter of censure to the community manager who is the subject of the complaint;
- (b) Levy an administrative fine of:
 - (1) For the first offense, not more than \$1,000; and
 - (2) For the second offense, not more than \$5,000;
- (c) Require the community manager to obtain additional education relating to the management of a common-interest community;
- (d) Refer the matter to the Commission;
- (e) Refer the matter to the Real Estate Commission; or
- (f) Refer the matter to the Attorney General of this State.



Community Managers right to appeal

Any action taken by the Administrator pursuant to subsection 4 may be appealed by the community manager upon written request to the Commission within 30 days after the Administrator takes such action.

Unlicensed Employees

**UNDER NO CIRCUMSTANCES
SHOULD ANYONE OTHER THAN A
CERTIFIED MANAGER OR
APPROPRIATE BOARD OFFICER
SIGN A CONTRACT**

Careful attention should be given by the responsible Certified Manager or board of directors to ensure only administrative support activities are performed, to properly train personnel, and to assure all activities are supervised.

Considered clerical duties which may be performed by an unlicensed employee of a certified manager or board of directors:

Association Office Business

Prepare correspondence or reports under direction of certified manager or appropriate board officer; correspondence must be signed by certified manager or appropriate board officer

- Prepare collection letters; letters must be signed by certified manager or appropriate board officer
- Purchase office supplies, within limits/restrictions approved by the board of directors
- Prepare forms pertaining to the registration of an association; forms must be signed by the certified manager, board of directors, or the declarant to certify the information provided is correct

Unlicensed Employees

- ▶ Informational Bulletin #017
- ▶ Administrative Support Activities
- ▶ Prepare documents/reports as directed
- ▶ Distribute documents/reports as directed
- ▶ Attend meetings/take minutes
- ▶ Prepare correspondence as directed
- ▶ Assist with budget/audit as directed
- ▶ Assist board/committees as directed
- ▶ File/maintain documents/records as directed
- ▶ Perform other approved administrative functions



Association Office Business

- Fill out government response forms (Secretary of State; Office of the Ombudsman);
form must be signed by certified manager or appropriate board officer
- Process paperwork for insurance claims; may not act as liaison with insurance company
- Verify insurance coverage of contractors
- Maintain files, such as insurance, owner rosters
- Prepare and maintain inventory of common elements for association
- Perform routine inspections of common elements
- Prepare list of delinquent owner accounts for review by certified manager to trustee
company after approval by board
- Compile submittals for review by Architectural Review Committee

Board / Association Meetings clerical duties

- Prepare a meeting agenda and disseminate the agenda to fulfill public notice requirements, at the direction of the board or the certified manager
- Attend board and association meetings to take meeting minutes, to be signed by the board secretary and approved by the board of directors
- Prepare and send mailings to board members and/or unit owners concerning association business

Budget/Financial clerical duties

- Review invoices, match/compile documents for invoices; no approval authority
- Assist with budget preparation
- Assist with preparation of annual financial statements and disseminate statements
- Coordinate arrangements for a financial audit or financial review
- Coordinate bidding processes

Self Management

- ▶ HOAs have a right to manage themselves
- ▶ Considerable time and energy required
- ▶ Complex business/legal environment
- ▶ Numerous State, Local and Federal Laws
 - NRS 116, 82, 38 and others
 - Federal Fair Housing Act, HOPA, Virginia Graeme Baker Pool and Spa Safety Act and others
- ▶ Business practices
 - Budgeting, bookkeeping, accounting
 - Meeting and document management
 - Contract negotiation and vendor management
 - Customer relations and many more



Recap

- ▶ Understand each others rights and responsibilities
- ▶ Moving into a HOA creates new relationships
- ▶ Unit owners have rights and responsibilities
- ▶ The community manager is a professional, prepared by education and experience to manage HOAs
- ▶ The community manager is certified by the State and must meet continuing education requirements
- ▶ NRS speaks to contents of the management agreement



Recap

- ▶ Conflicts may arise
- ▶ Unit owner, board of directors, community managers have the right to file a complaint
- ▶ Disciplinary action can be taken misconduct
- ▶ Have a clear understanding of clerical duties of Unlicensed Employees

The goal is the same, working together is plan!



QUESTIONS?

▶ Web Site

- www.red.state.nv.us

▶ Phone

- 702.486.4480/877.829.9907/775.687.4280

▶ FAX

- 702.486.4520/775.687.4868

▶ E-Mail

- CICOmbudsman@red.state.nv.us

▶ Office Locations

- 2501 East Sahara Ave, Suite 202, Las Vegas, NV 89104
- 1179 Fairview Drive, Suite E, Carson City, NV 89701



Reference slides

Unit Owners' Association

NRS 116.3102 Powers of unit-owners' association; limitations.

1. Except as otherwise provided in this chapter, and subject to the provisions of the declaration, the association:

(a) Shall adopt and, except as otherwise provided in the bylaws, may amend bylaws and may adopt and amend rules and regulations.

(b) Shall adopt and may amend budgets in accordance with the requirements set forth in [NRS 116.31151](#), may collect assessments for common expenses from the units' owners and may invest funds of the association in accordance with the requirements set forth in [NRS 116.311395](#).

(c) May hire and discharge managing agents and other employees, agents and independent contractors.

(d) May institute, defend or intervene in litigation or in arbitration, mediation or administrative proceedings in its own name on behalf of itself or two or more units' owners on matters affecting the common-interest community.

(e) May make contracts and incur liabilities. Any contract between the association and a private entity for the furnishing of goods or services must not include a provision granting the private entity the right of first refusal with respect to extension or renewal of the contract.

Unit Owners' Association

NRS 116.3102 Powers of unit-owners' association; limitations.

(f) May regulate the use, maintenance, repair, replacement and modification of common elements.

(g) May cause additional improvements to be made as a part of the common elements.

(h) May 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) May grant easements, leases, licenses and concessions through or over the common elements.

Unit Owners' Association

NRS 116.3102 Powers of unit-owners' association; limitations.

- (j) May 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, including, without limitation, any services provided pursuant to [NRS 116.310312](#).
- (k) May impose charges for late payment of assessments pursuant to [NRS 116.3115](#).
- (l) May impose construction penalties when authorized pursuant to [NRS 116.310305](#).
- (m) May 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](#).

Unit Owners' Association

NRS 116.3102 Powers of unit-owners' association; limitations.

1. Except as otherwise provided in this chapter, and subject to the provisions of the declaration, the association:

(s) **May direct the removal of vehicles improperly parked on property owned or leased by the association, as authorized pursuant to [NRS 487.038](#), or 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) May exercise any other powers necessary and proper for the governance and operation of the association.

Unit Owners' Association

NRS 116.3102 Powers of unit-owners' association; limitations.

(n) May 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) May provide for the indemnification of its officers and executive board and maintain directors and officers liability insurance.

(p) May 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) May exercise any other powers conferred by the declaration or bylaws.

(r) May exercise all other powers that may be exercised in this State by legal entities of the same type as the association.

Unit Owners' Association

NRS 116.3102 Powers of unit-owners' association; limitations.

4. The executive board's decision under subsection 3 not to pursue enforcement under one set of circumstances does not prevent the executive board from taking enforcement action under another set of circumstances, but the executive board may not be arbitrary or capricious in taking enforcement action.

5. Notwithstanding any provision of this chapter or the governing documents to the contrary, an association may not impose any assessment pursuant to this chapter or the governing documents on the owner of any property in the common-interest community that is exempt from taxation pursuant to [NRS 361.125](#). For the purposes of this subsection, "assessment" does not include any charge for any utility services, including, without limitation, telecommunications, broadband communications, cable television, electricity, natural gas, sewer services, garbage collection, water or for any other service which is delivered to and used or consumed directly by the property in the common-interest community that is exempt from taxation pursuant to [NRS 361.125](#).

(Added to NRS by [1991, 556](#); A [1999, 3000](#); [2003, 2227, 2267](#); [2005, 2590](#); [2009, 1009, 2796, 2879, 2911](#); [2011, 2427](#))

Unit Owners' Association

NRS 116.3102 Powers of unit-owners' association; limitations.

2. The declaration may not limit the power of the association to deal with the declarant if the limit is more restrictive than the limit imposed on the power of the association to deal with other persons.

3. The executive board may determine whether to take enforcement action by exercising the association's power to impose sanctions or commence an action for a violation of the declaration, bylaws or rules, including whether to compromise any claim for unpaid assessments or other claim made by or against it.

The executive board **does not have a duty to** take enforcement action if it determines that, under the facts and circumstances presented:

(a) The association's legal position does not justify taking any or further enforcement action;

(b) The covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with current law;

(c) Although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the association's resources; or

(d) It **is not** in the association's best interests to pursue an enforcement action.

Requesting records

NRS 116.31175 Maintenance and availability of books, records and other papers of association:

1. Except as otherwise provided in subsection 4, 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 at the business office of the association or a designated business location not to exceed 60 miles from the physical location of the common-interest community and during the regular working hours of the association, including, without limitation:

- (a) The financial statement of the association;
- (b) The budgets of the association required to be prepared pursuant to [NRS 116.31151](#);
- (c) The study of the reserves of the association required to be conducted pursuant to [NRS 116.31152](#); and
- (d) 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.

Unit Owners

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 until that unit has been conveyed to another person

Community Manager

NRS 116A.070 “Community manager” defined. “Community manager” means a person who provides for or otherwise engages in the management of a common-interest community or the management of an association of a condominium hotel.

(Added to NRS by [2005, 2574](#); A [2007, 2274](#))

Budget

NRS 116.31151 Annual distribution to units' owners of operating and reserve budgets or summaries of such budgets and policy for collection of fees, fines, assessments or costs; 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 and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore;

(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 and any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore;

(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 any other portion of the common-interest community that the association is obligated to maintain, repair, replace or restore 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 those counties but not to exceed 60 miles from the physical location of the common-interest community; and

(b) Copies of the budgets will be provided upon request.

Budget

NRS 116.31151 Annual distribution to units' owners of operating and reserve budgets or summaries of such budgets and policy for collection of fees, fines, assessments or costs; ratification of budget.

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.

4. The executive board **shall**, at the same time and in the same manner that the executive board **makes the budget available to a unit's owner pursuant to this section**, make available to each unit's owner the policy established for the association concerning the collection of any fees, fines, assessments or costs imposed against a unit's owner pursuant to this chapter. The policy must include, without limitation:

(a) The **responsibility of the unit's owner** to pay any such fees, fines, assessments or costs in a timely manner; and

(b) The association's rights concerning the collection of such fees, fines, assessments or costs if **the unit's owner fails to pay the fees, fines, assessments or costs in a timely manner**

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, upon the written request of the unit's owner, 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 the unit's owner submits a written request that the subject of the complaint be placed on the agenda of the next regularly scheduled meeting of 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](#); A [2009, 2892](#))

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 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 was obtained at the time the approval to commence or ratify the action was sought.

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.

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](#))

Right to start the process of removal of executive board

NRS 116.31036 Removal 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. A removal election may be called 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.

To call 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 subsection 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 a removal election is called pursuant to this subsection and:

As a **board member** you have the right to remove the community manager:

NRS 116A.620 Management agreement: Contents;

(j) Include provisions relating to the grounds and procedures for termination of the community manager;

6. Except as otherwise provided in the management agreement, upon the termination or assignment of a management agreement, the community manager shall, within 30 days after the termination or assignment, transfer possession of all books, records and other papers of the client to the succeeding community manager, or to the client if there is no succeeding community manager, regardless of any unpaid fees or charges to the community manager or management company.

7. Notwithstanding any provision in a management agreement to the contrary, a management agreement may be terminated by the client without penalty upon 30 days' notice following a violation by the community manager of any provision of this chapter or [chapter 116](#) of NRS.

(Added to NRS by [2009, 2813](#))

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.

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:

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.

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:

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.

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:

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.

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:

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.

(Added to NRS by [2009, 2814](#))

NRS 116A.610 Requirement for community manager to disclose certain information to prospective client before entering into management agreement ■

Before entering into a management agreement, a community manager shall disclose in writing to the prospective client any material and relevant information which the community manager knows, or by the exercise of reasonable care and diligence should know, relate to the performance of the management agreement, including any matters **which may affect the community manager's ability** to comply with the provisions of this chapter or [chapter 116](#) or [116B](#) of NRS. Such written disclosure must include, without limitation:

1. **Whether the community manager, or any member of his or her organization, expects to receive any direct or indirect compensation, gifts or profits from any person who will perform services for the client and, if so, the identity of the person and the nature of the services rendered.**

2. **Any affiliation with or financial interest in any person or business who furnishes any goods or services to the client.**

3. **Any pecuniary relationships with any unit's owner, member of the executive board or officer of the client.**

(Added to NRS by [2009, 2812](#))

Contents of Management agreement

NRS 116A.620 Management agreement: Contents; requirements; community manager to provide executive board with evidence of insurance; community manager to provide executive board with copy; changes; termination or assignment.

1. Any management agreement must:

(a) Be in writing and signed by all parties;

(b) Be entered into between the client and the community manager or the employer of the community manager if the community manager is acting on behalf of a corporation, partnership, limited partnership, limited-liability partnership, limited-liability company or other entity;

(c) State the term of the management agreement;

(d) State the basic consideration for the services to be provided and the payment schedule;

(e) Include a complete schedule of all fees, costs, expenses and charges to be imposed by the community manager, whether direct or indirect, including, without limitation:

(1) The costs for any new client or start-up costs;

(2) The fees for special or nonroutine services, such as the mailing of collection letters, the recording of liens and foreclosing of property;

(3) Reimbursable expenses;

(4) The fees for the sale or resale of a unit or for setting up the account of a new member; and

(5) The portion of fees that are to be retained by the client and the portion to be retained by the community manager;

(f) State the identity and the legal status of the contracting parties;

Contents of Management agreement

(h) Include a statement of the **scope of work** of the community manager;

(i) State the **spending limits** of the community manager;

(j) Include provisions relating to the grounds and procedures for termination of the community manager;

(k) **Identify the types and amounts of insurance coverage to be carried by each contracting party**, including, without limitation:

(1) A requirement that the community manager or his or her employer **shall** maintain **insurance covering liability for errors or omissions, professional liability** or a surety bond to compensate for losses actionable pursuant to this chapter in an amount of \$1,000,000 or more;

(2) An indication of which contracting party will maintain fidelity bond coverage; and

(3) A statement as to whether the client will maintain directors and officers liability coverage for the executive board;

(l) **Include provisions for dispute resolution**;

(m) Acknowledge that all records and books of the client are the property of the client, except any proprietary information and software belonging to the community manager;

Contents of Management agreement

(n) State the physical location, including the street address, of the records of the client, which must be within 60 miles from the physical location of the common-interest community;

(o) State the frequency and extent of regular inspections of the common-interest community; and

(p) State the extent, if any, of the authority of the community manager to sign checks on behalf of the client in an operating account.

2. In addition to any other requirements under this section, a management agreement may:

a) Provide for mandatory binding arbitration; or

(b) Allow the provisions of the management agreement to apply month to month following the end of the term of the management agreement, but the management agreement may not contain an automatic renewal provision.

Contents of Management agreement

5. Any changes to a management agreement must be initialed by the contracting parties. If there are any changes after the execution of a management agreement, those changes must be in writing and signed by the contracting parties.

6. Except as otherwise provided in the management agreement, upon the termination or assignment of a management agreement, the community manager shall, within 30 days after the termination or assignment, transfer possession of all books, records and other papers of the client to the succeeding community manager, or to the client if there is no succeeding community manager, regardless of any unpaid fees or charges to the community manager or management company.

7. Notwithstanding any provision in a management agreement to the contrary, a management agreement may be terminated by the client without penalty upon 30 days' notice following a violation by the community manager of any provision of this chapter or [chapter 116](#) of NRS.

(Added to NRS by [2009, 2813](#))

NRS 116.31189 Bribery of community manager or member of executive board; penalties; exceptions.

1. Except as otherwise provided in subsection 3, a community manager or member of the executive board who asks for or receives, directly or indirectly, any compensation, gratuity or reward, or any promise thereof, upon an agreement or understanding that his or her vote, opinion or action upon any matter then pending or which may be brought before him or her in his or her capacity as a community manager or member of the executive board, will be influenced thereby, is guilty of a category D felony and shall be punished as provided in [NRS 193.130](#).

2. Except as otherwise provided in subsection 3, a person who offers or gives, directly or indirectly, any compensation, gratuity or reward, or any promise thereof, upon an agreement or understanding that the vote, opinion or action of a community manager or member of the executive board upon any matter then pending or which may be brought before the community manager or member of the executive board in his or her capacity as a community manager or member of the executive board will be influenced thereby, is guilty of a category D felony and shall be punished as provided in [NRS 193.130](#).

3. The provisions of this section do not prohibit:

(a) An employee of a declarant or an affiliate of a declarant who is a member of an executive board from asking for or receiving, directly or indirectly, any compensation, gratuity or reward, or any promise thereof, from the declarant or affiliate.

(b) A declarant or an affiliate of a declarant whose employee is a member of an executive board from offering or giving, directly or indirectly, any compensation, gratuity or reward, or any promise thereof, to the employee who is a member of the executive board.

(c) A community manager from asking for or receiving, directly or indirectly, or an employer of a community manager from offering or giving, directly or indirectly, any compensation for work performed by the community manager pursuant to the laws of this State.

(Added to NRS by [2009, 2876](#))

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](#))

NAC 116A.350 Allegations of misconduct; submission of complaint; investigation and report; action by Administrator; appeal. (NRS 116A.200, 116A.400, 116A.410)

1. If a person who alleges that a community manager is guilty of misconduct sends the allegations of misconduct in writing to the community manager in an attempt to resolve the issue without filing a complaint with the Division, the community manager shall, in good faith, acknowledge and respond in writing to the person making the allegations within 12 working days after he or she receives the allegations.

2. A complaint about a community manager must:

- (a) Be submitted to the Division on a form provided by the Division;
- (b) Be signed by the person submitting the complaint; and
- (c) Include, without limitation:

(1) The identity of the community manager who is alleged to have violated a provision of this chapter or [chapter 116](#) of NRS, and the nature of the alleged violation;

(2) All evidence supporting the allegations, including, without limitation, as appropriate, corroborating statements by other persons or specific information as to persons who may be contacted to provide such corroboration;

(3) The name, address and telephone number of the person submitting the complaint;

(4) Documents that evidence an attempt by the person submitting the complaint to resolve the issue with the executive board or the community manager, including, without limitation, any written response of the executive board or the community manager to the allegations of the person submitting the complaint; and

(5) If filed by a tenant of a unit's owner, ratification of the complaint by the unit's owner without the use of a power of attorney by the tenant.

3. Upon receipt of a complaint that complies with subsection 2, the Division shall forward the complaint to an investigator. The investigator:

(a) Shall send a copy of the complaint to the community manager and the executive board of any association which relates to the subject of the complaint;

(b) Within 12 working days after the receipt of the allegations, shall attempt to obtain a response in writing from the person who is the subject of the complaint;

(c) May make such inquiries and investigation into matters relating to the allegations in the complaint as the investigator deems appropriate; and

(d) Shall submit to the Administrator a written report that summarizes the findings and conclusions of the investigator.

4. Upon review of the written report of the investigator, if the Administrator determines that grounds for disciplinary action against the community manager exist, the Administrator may take one or more of the following actions as he or she deems appropriate:

(a) Issue a letter of censure to the community manager who is the subject of the complaint;

(b) Levy an administrative fine of:

(1) For the first offense, not more than \$1,000; and

(2) For the second offense, not more than \$5,000;

(c) Require the community manager to obtain additional education relating to the management of a common-interest community;

(d) Refer the matter to the Commission;

(e) Refer the matter to the Real Estate Commission; or

(f) Refer the matter to the Attorney General of this State.

5. The Administrator may initiate an investigation, audit or inspection of the records of any community manager or any person who performs the duties of a community manager in this State.

6. Any action taken by the Administrator pursuant to subsection 4 may be appealed by the community manager upon written request to the Commission within 30 days after the Administrator takes such action.

7. As used in this section, "investigator" means a person whom the Division deems to be impartial and qualified with respect to the matter in a complaint and who is designated by the Division to investigate a complaint pursuant to this section.

(Added to NAC by Real Estate Comm'n by R136-99, eff. 4-3-2000; A by Comm'n for Common-Interest Communities by R129-04, 4-14-2005; R108-08, 4-20-2010)—(Substituted in revision for NAC 116.351)

Clip Art Resources

1. Shaking hands retrieved 02/22/15,

https://www.google.com/search?q=cartoon+characters+shaking+hands&newwindow=1&source=lnms&tbm=isch&sa=X&ei=V5fqVM3pCMzCggTphiTgBg&ved=0CAgQ_AUoAQ&biw=1629&bih=811&dpr=0.75#imgdii=9Ys8G0LCAbWL5M%3A%3BuEr1GOrGlicwsM%3B9Ys8G0LCAbWL5M%3A&imgcr=9Ys8G0LCAbWL5M%253A%3BJCbX2WL6qLcesM%3Bhttp%253A%252F%252Fimgs.tuts.dragoart.com%252Fhow-to-draw-shaking-hands_1_00000002845_5.jpg%3Bhttp%253A%252F%252Fwww.dragoart.com%252Ftuts%252F2845%252F1%252F1%252Fhow-to-draw-shaking-hands.htm%3B704%3B460

2. Cartoon Business People Shaking hands retrieved 02/22/15

<http://www.iclipart.com/download.php?iid=164092&tl=clipart&safe=1&adv=>

3. Simpson Cartoon Family retrieved 02/22/15,

https://www.google.com/search?newwindow=1&biw=1629&bih=811&tbm=isch&sa=1&q=cartoon+characters+husband+wife+moving+into+a+home&oq=cartoon+characters+husband+wife+moving+into+a+home&gs_l=img.12...209288.213809.0.215930.21.21.0.0.0.140.2238.0j19.19.0.msedr...0...1c.1.62.img..21.0.0.NWlWqsZLIF0#imgdii=_&imgcr=M49IN8vH29tqpM%253A%3B9mhMH5tG6EHlcM%3Bhttp%253A%252F%252Fmedia.salon.com%252F2014%252F08%252FThe_Simpson_s_Family_by_Simpsonix-1280x960.png%3Bhttp%253A%252F%252Fwww.salon.com%252F2014%252F08%252F21%252Fheres_your_ultimate_character_based_guide_to_marathoning_the_simpsons%252F%3B1280%3B960