



DEPARTMENT OF BUSINESS AND INDUSTRY

REAL ESTATE DIVISION

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MEMORANDUM

DATE: February 9, 2006; revised February 15, 2006 (Last statement added)
RE: Real Estate Division Position Concerning Enforcement of Section 44 of Senate Bill 325 (2005 Legislative Session)
FROM: Gail J. Anderson, Administrator

Section 44 of Senate Bill 325 (2005 Legislative Session) requires an executive board of a homeowner's association to cause the financial statement of the association to be audited or reviewed by an independent certified public accountant upon a schedule determined by the amount of the association's annual budget.

Section 44 of Senate Bill 325 requires the Commission for Common-Interest Communities to adopt regulations prescribing the requirements for the audit or review of financial statements, including the qualifications of the person performing the audit or review and the standards and format to be followed in the audit or review.

The Real Estate Division considers that this law is not enforceable until the specified regulations are adopted by the Commission and filed with the Secretary of State.

Additionally, the Commission for Common-Interest Communities intends to clarify by regulation the effective date of the required audit or review required by Section 44 of Senate Bill 325.

This delayed enforcement does not apply to associations which already have the requirement for an annual audit or review in their governing documents.