

Community Insights

A NEWSLETTER FROM THE COMMON-
INTEREST COMMUNITIES AND
CONDOMINIUM HOTELS PROGRAM

DEPARTMENT OF BUSINESS & INDUSTRY
REAL ESTATE DIVISION

SUMMER

2022



**NEVADA
REAL
ESTATE
DIVISION**

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Chandra**
Administrator

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Deputy
Administrator

**Jason O.
Wyatt**
CICCH
Ombudsman

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MESSAGE FROM THE OMBUDSMAN

As Nevada continues to slowly and cautiously return to normalcy following Covid-19, so does the Ombudsman's office. During Covid, the Ombudsman's office strived to continue to provide services and support to our constituents and took advantage of opportunities to expand, as we did with our unit owner and board member training program. In fact, our shift from in-person to live virtual training has been so successful, we have decided to make the virtual training our primary means of providing training to board members and homeowners.

As part of our commitment to our constituents, at the end of June, Real Estate Division Deputy Administrator Foger, CIC Chief Compliance Audit Investigator Wheaton and myself were finally able to travel to Northern NV. While there, we were able to meet with numerous CIC industry professionals and I would like to personally thank each of them for taking the time to talk with us and share their ideas and concerns.

I had numerous fruitful conversations with Community Managers and members of the CAI NV Legislative Action Committee. We discussed many possibilities for the future including desired upgrades to our community management online support systems, ways the community manager licensing program might be improved, and heard suggestions for possible future amendments to NRS and NAC language.

While the majority of those conversations were positive, one troubling commonality became immediately apparent. Each management professional I spoke with raised concerns about

the increasing threat of violence and danger faced by themselves and members of their client's boards.

There has been a marked increase in verbal and, I'm sad to say, physical threats levied against management staff and board members, particularly as it relates to association compliance inspections. Two separate management companies explained that their compliance personal had been followed home to the point the employee felt it necessary to call the police.

First, let me say to those management professionals and association volunteers that you have the right to be safe in your work environments. Should you ever feel that your physical safety is in jeopardy, you should immediately take steps to remove yourself from the situation and contact your local law enforcement agency.

Second, to the owners and tenants, please remember, associations and management companies are not the enemies. There is no excuse for threats and violence in our society. Violence is never the answer.

Despite this saddening trend, I see bright things for the future of our industry. I look forward to working with unit owners, board member, community managers and other industry professionals to find new and innovative ways to serve and support our NV common-interest communities.

- OMBUDSMAN JASON O. WYATT

NEW HIRES TO THE OMBUDSMAN OFFICE



Nileshni Devi was hired as an Accounting Assistant III for the Ombudsman’s Office in May. Nileshni has a bachelor’s degree in Accounting and Finance, a Post Graduate Diploma in Accounting as well as Forensic Accounting. She brings with her several years of experience in all aspects of finance and accounting, including core business process support, forensic accounting, payroll, and budget administration across various public and private sector industries. She is excited about this new chapter of her career and looks forward to bringing her unique knowledge and skills to the Ombudsman’s office.



Vanessa Ward was hired as a Compliance/Audit Investigator II in May. In addition to her wealth of education and experience in the CIC field, Vanessa has a bachelor’s degree in Criminal Justice and extensive experience working with juvenile corrections, the Department of Homeland Security, the Las Vegas Metropolitan Police Department, Child Protective Services and NV Department of Corrections. Additionally, Venessa brings to this position skills in managing multiple government budgets, payroll, and auditing processes. Vanessa looks forward to bringing her working knowledge to our division and assisting in conducting investigations for the constituents of our state.

A graphic with a light blue background. On the left, there is an illustration of a hand holding a megaphone. To the right of the megaphone is a dark blue speech bubble containing the text "WE ARE HIRING" in white and yellow capital letters. To the right of the speech bubble is a block of text.

The Real Estate Division is Hiring! If you or someone you know is interested in working for the State, applications can be received through <https://careers.nv.gov/>. Be sure to filter by location, and then “Business and Industry” under “Agency” if interested in jobs located within the Nevada State Business Center.

WORD SEARCH

A	K	Q	F	R	D	E	C	L	A	R	A	T	I	O	N	O	X	K	R
P	U	K	M	P	O	L	O	Y	J	X	N	A	W	R	A	V	B	Q	E
O	F	F	I	C	E	R	M	G	B	A	K	Q	G	S	M	C	D	O	S
N	Y	J	N	G	F	C	M	C	Z	I	R	H	Z	S	E	N	E	U	E
P	Q	J	U	Y	O	E	O	W	S	N	V	J	P	W	N	Z	A	J	R
X	B	D	T	H	U	K	N	Q	E	H	B	O	A	R	D	Q	J	P	V
K	Y	G	E	V	S	Q	E	N	M	Y	R	M	V	A	M	C	L	Q	E
C	L	D	S	D	N	V	L	B	A	G	B	B	F	K	E	F	A	L	S
S	A	F	C	M	T	R	E	U	I	C	I	U	L	N	N	M	B	M	Y
I	W	R	S	Z	Y	E	M	Z	N	V	S	D	Z	U	T	I	C	R	Z
A	S	S	E	S	S	M	E	N	T	S	A	S	J	D	R	T	E	Q	M
B	O	W	C	I	H	J	N	S	E	K	P	M	L	E	R	J	E	M	A
P	H	S	X	M	P	R	T	E	N	F	G	A	X	R	B	J	D	R	N
M	E	E	T	I	N	G	S	F	A	L	F	N	M	F	U	R	U	Y	A
X	O	R	Z	U	D	C	W	L	N	G	S	M	D	N	Q	V	C	Q	G
V	W	H	L	D	B	E	U	Q	C	M	J	P	D	L	N	X	A	A	E
H	Q	U	O	R	U	M	T	R	E	C	O	R	D	S	Z	T	T	H	R
D	B	P	T	W	R	S	P	X	R	N	T	L	X	V	A	S	I	M	A
Q	C	T	W	L	G	K	D	O	A	B	O	W	N	E	R	S	O	P	A
C	O	M	M	I	S	S	I	O	N	U	X	V	W	K	G	W	N	E	Q

AMENDMENT	DECLARATION	OFFICER
ASSESSMENTS	EDUCATION	OMBUDSMAN
BOARD	MAINTENANCE	OWNERS
BYLAWS	MANAGER	QUORUM
COMMISSION	MEETINGS	RECORDS
COMMON ELEMENTS	MINUTES	RESERVES

*Answer key is on page 11

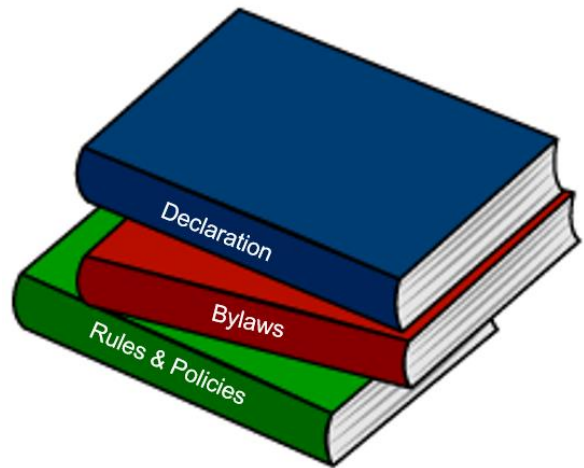
CAN THE BOARD...?

One of the most frequent questions Ombudsman staff receive from owners and board members is, “Can the board...” followed by an example of board behavior. When our office receives these questions, we almost always begin our response the same way, “It depends.”

While we understand how frustrating that is for our constituents, there are two very good reasons for our response. First, Ombudsman staff are not permitted to give legal advice and thus we must be cautious about how we answer constituent’s questions. Second, and more importantly, we simply don’t know.

Most of an association’s, and board’s, authority is derived from NV law, mainly NRS 116. As such, many homeowners believe NRS 116 has the answer to their questions. However, most of NRS 116 defers to an association’s Declaration of CC&Rs, its Bylaws, or other governing documents. In fact, there are only a few select times the law expressly prohibits or authorizes the board or association to do something. Most of the time the law stipulates “subject to the terms of the declaration” or “except as otherwise provided in...” or some other similar language. As such, when there is a question related to what can or can’t be done by a board, the answer will almost always start with the association’s governing documents.

NRS 116.31034(19) requires each member of the executive board to, within 90 days after their appointment or election,



certify in writing that they have read and understood the governing documents of the association and the provisions of NRS 116 to the best of their ability. While this requirement only applies to board members, it is highly encouraged that each unit owner do the same. So many questions related to whether or not a board may take certain action can and will be found in an association’s governing documents.

Similarly, we are often asked, “Can the manager...” and our answer is often just as frustrating because, again, we simply don’t know. The community manager’s authority is derived from the association’s bylaws and outlined in the management agreement. If a unit owner wants to know if a CAM can do a certain thing, they need to read the management agreement.

Ombudsman staff are happy to assist homeowners and board members when we can, just remember, most of the answers will be found in your governing documents.

FREQUENTLY ASKED QUESTIONS

Q: When can a board take action without a meeting?

A: [NRS 82.271\(2\)](#): An executive board must hold meetings frequently enough to properly and efficiently address the affairs of the association. A **regular meeting** of the executive board must be held at least once every quarter, and not less than once every 100 days, with unit owners being noticed not less than 10 days prior to the meeting. The agenda must reflect any actions that can be taken.

If an occurrence arises that: could not have been reasonably foreseen, affects the health, welfare and safety of residents, requires immediate action by the board, and makes it impracticable to provide sufficient notice and agenda, an **emergency meeting** can be held.

If any matter affecting the community cannot wait to be discussed at the next regularly scheduled board meeting, but does not meet the criteria for an “emergency” as stated above, a special meeting can be called by the president or majority of the executive board, with notice and agenda requirements remaining the same as for a regular meeting.

Action can be taken **without a meeting** under [NRS 82.271](#) subject to the association’s governing documents. Written consent in lieu of a meeting must be signed and kept in the records of the association. The board should disclose to unit owners any action taken by written consent at its next regular meeting. The Division discourages repeated use of action by consent in lieu of a meeting, but, when necessary, this action can be used to conduct day to day business such as calling a service provider to immediately correct an issue.

Q: If I live in a condominium or townhouse, does the association’s insurance cover the interior of my unit as well as the exterior?

A: [NRS 116.3113\(2\)](#): In the case of a building that contains units divided by horizontal boundaries described in the declaration, or vertical boundaries that comprise common walls between units, the property insurance maintained by the association must include damage to the unit itself [excluding any personal property of the unit owner], but need not include any improvements and betterments that were made to the original construction of the unit by units’ owners over time.

Q: How long does the board have to ADOPT the results of the reserve study?

A: [NAC 116.435](#): Associations are required to have reserve studies performed every five years. The clock starts five years from the date that the previous reserve study was conducted, commencing on the date on which an on-site inspection of major components is performed [[NAC 116.427](#)]. The board must adopt the reserve study and provide a summary to the Division no later than 210 days after the board receives the first draft of the reserve study. If the board adopts the reserve study earlier, a summary of the study must be provided to the Division within 45 days of adoption [[NRS 116.31152\(4\)](#)].

WHAT HAPPENED AT COMMISSION

NAME	ALLEGATIONS/ VIOLATIONS	DISCIPLINARY ACTIONS/ STIPULATIONS
<p>NRED v. J Scott Hedlind Case No. 2021-65, 2021-224, 2021-1084 <i>Type of Respondent: Community Manager</i> <i>License No: CAM.0000190-SUPR (Active)</i></p>	<p>Mr. Hedlind is accused of violating NAC 116a.140(1) by failing to timely renew his community manager certificate biennially in 2014, 2016, 2019 and 2021. Mr. Hedling is also accused of violating NAC 116a.355(1)(a)(1) and NAC 116a.355(2)(a)(3) by engaging in unprofessional conduct when he continued to provide community management services, even though he knew his certificate had expired. Mr. Hedlind is accused of violating the Administrator’s order to pay an administrative fine of \$1,000 issued pursuant to NAC 116a.350(4)(b)(1). Mr. Hedlind is accused of violating NRS 116a.630(2)(a) by failing to comply with state law to provide meeting minutes to a unit owner pursuant to NRS 116.31175(1). Mr. Hedlind is also accused of violating NAC 116a.355(1)(a)(1), (2) and (3) by engaging in unprofessional conduct, professional incompetence and negligence or gross negligence when he failed to submit annual registrations for the associations he was managing, causing them to be in default with the Division and the Secretary of State. He is also accused of violating NRS 116a.630(1)(b), (2)(a) and (9) by failing to exercise ordinary and reasonable care in the performance of his duties as a community manger by failing to provide the financial records for Wine Ridge Estates HOA for inspection to the Division. He is accused of multiple violations NAC 116a.355(1)(a)(1) and NAC 116a.355(2)(f) by engaging in unprofessional conduct, when he failed to provide the Division with requested documentation. Finally, Mr. Hedlind is accused of violating NRS 116a.640(2)(a) by impeding and interfering with an investigation by the Division when he failed to comply with the Division’s requests to provide records regarding Wine Ridge Estates HOA and failed to respond to the Division’s notices of investigation.</p>	<p>Postponement granted until September 2022 Meeting.</p>

NAME	ALLEGATIONS/ VIOLATIONS	DISCIPLINARY ACTIONS/ STIPULATIONS
<p>NRED v. Highlands Road Association, Charles A. Lane, Eric Mortara, Cathy Lynch, and Barbara Small Case No. 2021-807 <i>Type of Respondent:</i> <i>Board Member</i></p>	<p>Highlands Road Association is accused of violating NRS 116.31083(5)(a) and NRS 116.31083(8) by allegedly having never maintained audio recordings of meetings. Highlands Road Association is also accused of violating NRS 116.31151(3) for allegedly failing to establish and properly ratify an annual budget. The association is further accused of violating NRS 116.31175 for allegedly failing to maintain financial statements of the association. Respondents assert they were unaware of their obligations as they believed they were not subject to NRS 116.</p>	<p>Without admitting or denying any of the allegations and upon a successful vote by the unit owners to dissolve the CIC under NRS 116.2118, the commission accepted stipulation that the association will pay the Division an administrative fine of \$750 and the Owners will begin the formal process for establishing a Road Association per NRS 116.1209(3).</p>
<p>NRED v. Laguna Palms Homeowners Association, Denise Jugenheimer, Stephen Bock, Peter Albert, and Suzanne Suter Case No. 2020-666 <i>Type of Respondent:</i> <i>Board Member</i></p>	<p>Laguna Palms HOA is accused of violating NRS 116.3113(1)(a) and (2) by failing to carry the required insurance policy to cover unit damages; NRS 116.3103(3) by failing to provide notice of the lack of insurance to all owners; and NRS 116.3103(1)(a) through NAC 116.405(3) by failing to act in good faith and in the best interest of the Association when they committed an act or omission which amounts to incompetence, negligence, or gross negligence by failing to comply with NV law.</p>	<p>Postponement granted until September 2022 meeting pending signature of stipulation.</p>
<p>NRED v. Rancho San Juan Homeowners Association, Christopher Seckler, Sebastian Mayo, and Cesar Valdez Case No. 2021-161 <i>Type of Respondent:</i> <i>Board Member</i></p>	<p>Rancho San Juan Homeowners Association is accused of violating NRS 116.3103 (through NAC 116.405(3) by committing incompetence, negligence or gross negligence by allegedly failing to adequately fund the association's reserve account and comply with applicable state laws and regulations. Respondents are further accused of violating NRS 116.3103 by allegedly failing to comply with a request by the Division to provide information or documents. Respondents are also accused of violating NRS 116.31152 by allegedly failing to determine if the association's reserves are sufficient based on the reserve study.</p>	<p>The Commission ordered the Respondent to file an answer to the Division's January 24th, 2022 complaint on or before June 10th. Additionally, each board named board member is ordered to pay the Division a fine in the amount of \$6,000 in addition to the Division's attorney's fees and investigation costs in the amount of \$1,491.95 for a total amount of \$7,491.95 on or before September 13, 2022. Furthermore, each of the three named board members are prohibited from serving on a board of this and any other homeowner's association for at least 10 years.</p>

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NAME	ALLEGATIONS/ VIOLATIONS	DISCIPLINARY ACTIONS/ STIPULATIONS
<p>NRED v. Sierra Ranchos Property Owners Association Case No. 2018-1663 <i>Type of Respondent: Board Members</i></p>	<p>This association was brought back before the commission for failure to abide by previous stipulation orders issued by the Division in 2019. The division contends the association’s reserves are still dangerously underfunded and much of the association’s roadways have not been repaired to county standards.</p>	<p>The Commission found that the Association is in default of the Commission’s order filed September 26, 2019. The Commission ordered that prior to the next Commission meeting the Association shall a) hire a community manager; b) have its 2020 reserve study updated with information pertaining to additional work the Association must perform to adequately maintain the roads in the community, including compliance with any pending citations from Washoe County; c) obtain no less than 2 bids from an engineer to define the work necessary to correct issues with the road maintenance and repair; and d) notice the homeowners of a meeting to discuss increasing assessments and/or imposing a special assessment in accordance with the updated reserve study. The Commission further ordered the Association to report to the Commission regarding their compliance at the September 2022 meeting.</p>

Allegations/Stipulations

Stipulations occur when both the respondent and the Division have agreed to conditions reviewed and accepted by both sides and may or may not be an admission of guilt.

Actions/Decisions

Acts of the Commission for Common-Interest Communities and Condominium Hotels are not published until after the 30-day period allowed for filing under Judicial Review. If a stay on discipline is issued by the court, the matter is not published until final outcome of the review.

Upcoming Commission Meetings (dates subject to change):

September 13th – 15th

December 6th – 8th

https://red.nv.gov/Content/Meetings/CIC_Calendar/

Community Insights is an official publication of the

**STATE OF NEVADA
DEPARTMENT OF
BUSINESS AND
INDUSTRY**

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**COMMON-INTEREST
COMMUNITIES &
CONDOMINIUM HOTELS**

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Nevada Real Estate Division Mission

To protect the public and Nevada’s real estate sectors by fairly and effectively regulating real estate professionals through licensure, registration, education, and enforcement.

Office of the Ombudsman Mission

To provide a neutral and fair venue to assist homeowners, board members and community managers in handling issues that may arise while living in a common-interest community or condominium hotel.

UPCOMING HOLIDAYS

Labor Day – Monday, September 5th

NV Day – Friday, October 28th

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Word Search Answer Key

A	K	Q	F	R	D	E	C	L	A	R	A	T	I	O	N	O	X	K	R
P	U	K	M	P	O	L	O	Y	J	X	N	A	W	R	A	V	B	Q	E
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D	B	P	T	W	R	S	P	X	R	N	T	L	X	V	A	S	I	M	A
Q	C	T	W	L	G	K	D	O	A	B	O	W	N	E	R	S	O	P	A
C	O	M	M	I	S	S	I	O	N	U	X	V	W	K	G	W	N	E	Q