

81st (2021) Session, Legislative Updates

Rev. 05/18/2021





NEVADA REAL ESTATE DIVISION

Presented by the Training Officer; Office of the Ombudsman for Common-Interest Communities and Condominium Hotels Program

Disclaimer!

- The information provided in this course is intended for informational and educational purposes only. Nothing provided in this presentation should be taken as legal advice.
- Should confusion arise requiring the interpretation and application of the law to your association's specific circumstances, a legal opinion from a qualified attorney may be necessary.
- ▶ This class is intended to provide an overview of legislative changes only. Please review the course calendar, training request form, and presentations published on the training webpage to gain a better understanding of what NRS 116 requires. See our training webpage at http://red.nv.gov/Content/CIC/Program_Training/.

Introduction

- The Nevada legislative session occurs every two (2) years and lasts 120 days.
- The 81st Session of the Nevada Legislature began on February 1st, 2021 and adjourned on June 1st, 2021.
- The Nevada Legislature's website (https://www.leg.state.nv.us) contains detailed information concerning the lifespan of many bills that have been proposed and passed.



Learning Objectives;

Overview of Relevant Legislative Bills that Passed

AB237

Expressly constrains costs of resale package & certain fees.

AB249

Impacts the regulation of construction hours during certain times of the year.

AB301

Impacts towing provisions.

SB72

Impacts executive session, fines, hearings, and applicability of NRS 116 to LMAs.

SB186

Requires certain associations to create an internet website, impacts notices, limits who may purchase foreclosed units.

AB356

Prohibition on using water for nonfunctional turf.

AB237 –116's Applicability to **Nonresidential** Condominiums & Planned Communities

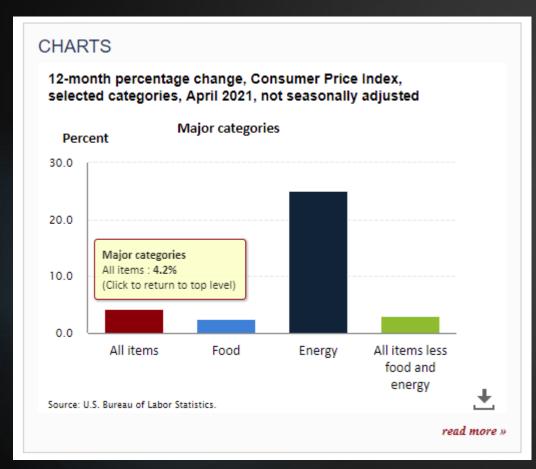
Effective January 1, 2022:

- NRS 116.12075 is amended as follows:
- The provisions of NRS 116 do not apply to a nonresidential condominium except to the extent that the declaration for the nonresidential condominium provides that:
 - a) This entire chapter applies to the condominium;
 - b) Only the provisions of NRS 116.001 to [116.2122, 116.2124, inclusive, and 116.3116 to 116.31168, inclusive, apply to the condominium; or
 - c) Only the provisions of NRS 116.3116 to 116.31168, inclusive, apply to the condominium.

- NRS 116.12077 is amended as follows:
- 1. The declaration for the **nonresidential planned community** may provide that:
 - This entire chapter applies to the planned community;
 - Only the provisions of NRS 116.001 to [116.2122,] 116.2124, inclusive, and 116.3116 to 116.31168, inclusive, apply to the planned community; or
 - c) Only the provisions of NRS 116.3116 to 116.31168, inclusive, apply to the planned community.

NRS 116.2124 addresses the termination of a CIC following catastrophic loss of all the units.

AB237 – Annual Increase of Opening or Closing of a File Fee



- Beginning January 1, 2022, NRS 116.3102(1)(o) is amended as follows:
- The opening or closing of a file fee authorized by NRS 116.3102(1)(o) **must** be increased by the percentage increase in the Consumer Price Index (All Items) published by the United States Department of Labor from December 2020 to the December preceding the calendar year for which the adjustment is calculated, but the increase must not exceed 3 percent each year.

AB237 – Increases Cap on Demand or Intent to Lien Letter



- Effective January 1, 2022, NRS 116.3116(5)(a) changes as follows:
 - Cap on the cost that can be included in an association's super priority lien for a demand or intent to lien letter increases from \$150 to \$165.

AB237 – Clean Up of NRS 116.4101, Resale Package Not Required in Certain Instances

Effective January 1, 2022, NRS 116.4101 is hereby amended to read as follows:

- Neither a public offering statement nor a [certificate of] resale package described in NRS 116.4109 need be prepared or delivered in the case of a:
 - Gratuitous disposition of a unit;
 - b) Disposition pursuant to court order;
 - c) Disposition by a government or governmental agency;
 - d) Disposition by foreclosure or deed in lieu of foreclosure;
 - e) Disposition to a dealer;
 - f) Disposition that may be cancelled at any time and for any reason by the purchaser without penalty;

AB237 – Resale Certificate Fees Now Capped by Statute (instead of regulation)



Effective immediately:

- The association may charge a reasonable fee to cover the cost of preparing the resale certificate.
- Such a fee must be based on the actual cost the association incurs in preparing the certificate pursuant to NRS 116.4109(4).
- ► The Commission is no longer required to adopt regulations establishing the amount of the fee.
 - ▶ The Legislature has capped the fee **by statute** at \$185, with the fee to expedite delivery of the resale certificate to sooner than 3 business days after the date of the request to \$100.
 - The amount of the fee may increase, on an annual basis, by a percentage equal to the percentage of increase in the Consumer Price Index (All Items) published by the United States Department of Labor for the preceding calendar year, but must **not** increase by more than 3 percent each year.

AB237 – Express Cap on Certain Fees

- Effective January 1, 2022, NRS 116.3102 is amended by adding a new subsection:
 - In providing resale packages or opening & closing of a file, an association, or entity related to or acting on behalf of an association, shall not impose a fee:
 - a) Not authorized by NRS 116.3102(1)(n)or(o); or
 - b) Which exceeds any limitation provided or set forth in NRS 116.3102(1)(n)or(o).



AB237 – Express Cap on Fees for Preparing/Providing Resale Packages

Effective immediately, NRS 116.4109 is amended by adding a new subsection to read as follows:

- In preparing, copying, furnishing or expediting or otherwise providing any document or other item pursuant to this section, an association, or entity related to or acting on behalf of an association, shall not charge a unit's owner, the authorized agent of a unit's owner, a purchaser or the holder of a security interest on a unit, any fee:
 - a) Not authorized in this section; or
 - b) In an amount which exceeds any limit set forth in this section.



AB237 – Complaints Alleging Excess Fees Filed with NRED, New Provisions



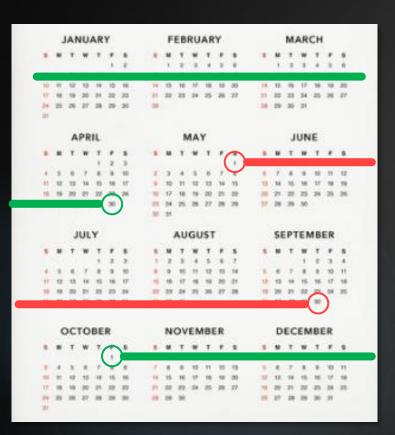
Effective immediately:

- A person who is aggrieved by an alleged violation of NRS 116.3102(6) (opening or closing of a file fee) or NRS 116.4109(8) (cap on fees for preparing resale package) may file a written complaint with the Division setting forth the facts of the alleged violation (Form 910).
- The Division shall:
 - Review the complaint in a timely manner.
 - ▶ If circumstances warrant, issue a notice to the person who is alleged to have committed the violation requesting a written response and proof of corrective action, including, without limitation, the reimbursement of any excessive fees to the aggrieved person.
- Failure to respond to the notice within 30 days after receipt:
 - Shall be deemed an admission of the violation; and
 - ▶ Is punishable by an administrative fine in the amount of \$250.

Knowledge Check

- 1. What is the new cap for an intent to lien letter?
- 2. The opening or closing of a file fee must increase by what each year?
- 3. Can the association charge fees not described by statute for preparing and furnishing a resale package?

AB249 – Limiting an Association's Ability to Limit Construction Work Hours



- Cannot restrict hours
- Can restrict hours

Effective immediately, NRS 116 is amended by adding a new section as follows:

- If the county or city in which a CIC is located adopts an ordinance restricting the hours in which construction work may begin, the executive board and governing documents must not restrict those hours during the period beginning on **May 1** and ending **September 30** to hours other than those set forth in in the ordinance.
- These provisions do not preclude the executive board or the governing documents from restricting the hours that construction work may begin:
 - a) If the county or city has not adopted such an ordinance; or
 - b) During the period beginning on October 1 and ending on April 30.
- This change applies to a CIC containing more than 6 units.

AB301 – Towing Prohibited Solely for Expired Registration



- Effective October 1, 2021, NRS 116.3102(1)(t) is amended as follows:
 - An association may not direct the removal of a vehicle parked on property owned or leased by the association solely because the registration of the vehicle is expired.
- NRS 706.4477 is now applicable to CICs by way of NRS 116.3102(1)(t) referring to NRS 487.038, which was amended to refer to NRS 706.4477.

AB301 – Towing Requirements

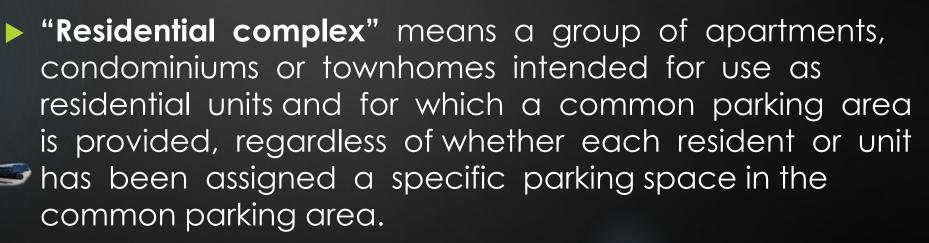


- ► Effective October 1, 2021, NRS 706.4477(1) provides:
- If towing is requested by a person other than the owner, or a law enforcement officer:
 - a) The person requesting the towing must be the owner of the real property from which the vehicle is towed or the owner's authorized agent and must sign a specific request for the towing.
 - b) The area from which the vehicle is to be towed must be appropriately posted in accordance with state or local requirements.
 - c) Notice must be given to the appropriate law enforcement agency pursuant to state and local requirements.
 - d) The operator may be directed to terminate the towing by a law enforcement officer.

AB301 – Relevant Definitions NRS 706.4477(8)



- "Parking violation" means a violation of any:
 - 1. State or local law or ordinance governing parking; or
 - 2. Parking rule promulgated by the owner or manager of the residential complex that applies to vehicles on the property of the residential complex.



AB301 – Towing Requirements in a Residential Complex





- Effective October 1, 2021, NRS 706.4477 is amended as follows:
- ▶ If the owner of real property or their authorized agent requests a vehicle to be towed from a **residential complex** at which the vehicle is located, the owner or authorized agent (could be tow car operator if entered into a contract with the owner):
 - ▶ Must meet the requirements of NRS 706.4477(1).
 - Must notify the owner or operator of the vehicle not less than 48 hours before the tow by affixing to the vehicle a sticker which provides the date and time after which the vehicle will be towed. This provision does <u>not</u> apply if notice was previously affixed:
 - ▶ For the same or a similar reason within the same **residential complex**.
 - ▶ Three or more times during the immediately preceding 6 months within the same residential complex for any reason, regardless of whether the vehicle was subsequently towed.

AB301 – Towing Criteria



- ▶ If the owner of real property or their authorized agent requests a vehicle to be towed from a residential complex at which the vehicle is located, the owner or authorized agent (could be tow car operator if entered into a contract with the owner):
 - May only have a vehicle towed:
 - ▶ Because of a parking violation;
 - ▶ If the vehicle is **NOT** registered pursuant to NRS 706 or NRS 482, or in any other state; or
 - ▶ If the vehicle is:
 - ▶ Blocking a fire hydrant, fire lane, or parking space; or
 - ▶ Posing an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the residents of the residential complex, which may include, without limitation, if the vehicle is parked in a space that is clearly marked for a specific resident or the use of a specific unit in the residential complex.

May <u>NOT</u> have a vehicle towed solely because the registration of the vehicle is <u>expired</u>.





AB301 – Towing Costs & Charges



Effective October 1, 2021, NRS 706.4477 is amended as follows:

- An operator shall not charge any fee or cost for the storage of the motor vehicle until at least 48 hours after the motor vehicle arrives and is registered at the place of storage. If the motor vehicle arrives after the regular business hours, the 48-hour period begins when the regular business hours next begin.
- ► The owner of the vehicle shall pay a hardship tariff for the cost of removal and storage of the motor vehicle if:
 - a) A vehicle has been towed because it was NOT registered.
 - b) The owner of the vehicle does not provide proof that the vehicle was registered; and
 - c) The owner, for reasons outside of his or her control as determined by the regulations adopted pursuant to this section, is incapable of paying the normal rate charged for the removal and storage of the motor vehicle.
- ▶ The Nevada Transportation Authority shall adopt regulations to carry out the provisions of this section, including, without limitation, establishing a range of hardship tariffs and setting forth what qualifies as a reason that is outside of the control of the owner.

Nevada Transportation Authority

NTA Contact Information

- Address: 3300 W. Sahara Ave, Suite 200, Las Vegas, NV 89102
- **Phone:** (702) 486-3303
- Email: nta@nta.nv.gov

Knowledge Check

- 1. Beginning October 1, 2021, the removal of a vehicle can be directed solely because the registration of a vehicle is expired.
- 2. An association may limit construction hours to those outside of an ordinance adopted by a city or county, but only during the summer.
- 3. Only an owner of real property or the owner's authorized agent can direct the removal of vehicles from their property.

SB72 – Applicability of Certain Provisions to LPAs

- Effective immediately, NRS 116.1201(2)(a) is amended as follows:
 - A limited purpose association shall now also comply with the provisions of NRS 116.3116 to 31168 (governing the nonjudicial foreclosure process), inclusive.



SB72 – Health, Safety, and Welfare Violations

Effective immediately, NRS 116.31031(1)(b)(2) is amended by requiring the Commission to adopt regulations establishing the criteria used in determining whether a violation poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the commoninterest community, the severity of such violations and limitations on the amounts of the fines.



SB72 – Health, Safety, and Welfare Violations Committed by Invitees

- **Effective immediately,** NRS 116.31031(2) is amended as follows:
- Unless the violation poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the units' owners or residents of the common-interest community as provided in the regulations adopted by the Commission, the executive board may not impose a fine against a unit's owner or tenant for a violation committed by an invitee unless the unit's owner or tenant:
 - Participated in the violation;
 - Previously received a courtesy notice pursuant to NRS 116.31031(1)(c); or
 - ► Had an opportunity to stop the violation and failed to do so.



SB72 – Continuing Violations

- ▶ Effective immediately, NRS 116.31031(7) is amended as follows:
- If a fine is imposed and the violation is not cured within 14 days, or within any longer period that may be established by the executive board, the violation shall be deemed a continuing violation. Thereafter, the executive board may impose an additional fine for the violation, in an amount that does not exceed the amount of the original fine, for each 7-day period or portion thereof that the violation is not cured. Any additional fine [may]:
 - May be imposed without providing the opportunity to cure the violation and without additional notice or hearing; and
 - ls not subject to any limitation on the amount of fines set forth in NRS 116.31031(1) or the regulation adopted pursuant thereto.

SB72 – Executive Session

- ► Effective immediately, NRS 116.31085(3) is amended as follows:
 - An executive board may meet in executive session only to:
 - ➤ Consult with the attorney for the association [on matters relating to proposed or pending litigation] if the contents of the discussion would otherwise be governed by the privilege set forth in NRS 49.035 to 49.115, inclusive.



Executive Sessions & Notice

- Pursuant to NRS 116.31083(3)(b), notwithstanding any other provision of law or the governing documents of the association to the contrary, if the executive board holds a meeting in executive session:
 - ▶ To consult with the attorney concerning privileged matters or to discuss an employee or the community manager, the secretary or other officer specified in the bylaws of the association is required to:
 - ▶ Post notice of the executive session in one or more prominent places within the common elements of the association; and
 - ▶ Provide electronic notice of the executive session to all units' owners who have provided the association with an electronic mail address.
- Any matter discussed in executive session must be generally noted in the minutes of the subsequent regular meeting of the executive board (NRS 116.31085[6]).
- Additionally, to take action on what the attorney may have advised pertaining to the community, the board must still place the matter on the agenda, discuss, and vote at the regular board meeting.

SB72 — Due Process Rights

- **Effective immediately**, NRS 116.31085(4) is amended as follows
- 4. An executive board shall meet in executive session to hold a hearing on an alleged violation of the governing documents unless the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted by the executive board [. If the], in which case the hearing must be held in a meeting of the executive board pursuant to NRS 116.31083. The person who may be sanctioned for the alleged violation: [requests in writing that an open hearing be conducted, the person.]
 - a) Is entitled to attend all portions of the hearing related to the alleged violation, including, without limitation, the presentation of evidence and the testimony of witnesses;
 - b) Is entitled to due process, as set forth in the standards adopted by regulation by the Commission, which must include, without limitation, the right to counsel, the right to present witnesses and the right to present information relating to any conflict of interest of any member of the hearing panel; [and]
 - c) Is not entitled to attend the deliberations of the executive board 📙 ; and
 - d) Is entitled to receive written notice of the decision of the executive board regarding the alleged violation within a reasonable time after the decision is made. The period to cure a violation before it becomes a continuing violation as provided in subsection 7 of NRS 116.31031 shall be deemed not to commence until the date on which the notice of the decision of the executive board is provided to the person sanctioned for the violation.

SB72 – Hearing Decision, Conforming Change

- Effective immediately, NRS 116.31085(6) is amended as follows:
 - 6. Except as otherwise provided in this subsection, any matter discussed by the executive board when it meets in executive session must be generally noted in the minutes of the meeting of the executive board. If the executive board holds a meeting limited exclusively to an executive session pursuant to paragraph (c) or (d) of subsection 3, at the next regularly scheduled meeting of the executive board, the executive board shall acknowledge that the executive board met in accordance with paragraph (c) or (d) of subsection 3, as applicable, and include such an acknowledgment in the minutes of the meeting at which the acknowledgment was made. The executive board shall maintain minutes of any decision made pursuant to subsection 4 concerning an alleged violation. Fand, upon request, provide a

SB186 – NRS Secure Internet Website

- Effective January 1, 2022, NRS 116 is amended by adding a new section as follows:
- 1. Each association of a common-interest community that contains 150 or more units shall establish and maintain a secure Internet website or electronic portal that may be accessed by any unit's owner. The association shall make available on the website or within the electronic portal any documents relating to the common-interest community or the association, including, without limitation:
 - a) The governing documents;
 - b) The most recent copy of the declaration of covenants, conditions and restrictions;
 - c) The annual budget of the association and any proposed budgets;
 - d) The notices and agendas for any upcoming meetings of the association; and
 - e) Any other documents required to be posted by law or regulation.
- 2. Each association of a common-interest community that contains fewer than 150 units may, and is encouraged to, establish and maintain a secure Internet website or electronic portal pursuant to subsection 1.

Effective January 1, 2023, the internet website must provide units' owners with the ability to pay assessments electronically.

SB186 – Delivery of Notices Now Required to be Delivered via Mail AND Email

- ▶ Effective October 1, 2021, NRS 116.31068 is amended as follows:
- ▶ 1. Except as otherwise provided in subsection 3 ♣ and unless a unit's owner opts out of receiving electronic communications or has not designated an electronic mail address, an association shall deliver any notice required to be given by the association under this chapter and any communication from or other information provided by the association to ⟨any⟩ the mailing of electronic mail ⟨address⟩ addresses a unit's owner designates. Except as otherwise provided in subsection 3, if a unit's owner has opted out of receiving electronic communications or has not designated (a mailing of an electronic mail address to which a notice [must], communication or other information can be delivered, the association may deliver notices, communications and other information by:
 - a) Hand delivery to each unit's owner;
 - b) Hand delivery, United States mail, postage paid, or commercially reasonable delivery service to the mailing address of each unit; or
 - c) [Electronic means, if the unit's owner has given the association an electronic mail address; or
 - d) (d)] Any other method reasonably calculated to provide notice to the unit's owner.
- 2. The ineffectiveness of a good faith effort to deliver notice by an authorized means does not invalidate action taken at or without a meeting.
- 3. The provisions of this section do not apply:
 - ▶ (a) To a notice required to be given pursuant to NRS 116.3116 to 116.31168, inclusive; or
 - ▶ (b) If any other provision of this chapter specifies the manner in which a notice, communication or other information must be given by an association.

SB186 – Restriction on who may Purchase Foreclosed Unit



Effective October 1, 2021, NRS 116.31164 is amended by prohibiting the following persons from purchasing a foreclosed unit:

- Any person who was involved in the process of foreclosing the association's lien, including, without limitation:
 - 1) Any person who exercised discretion in any decision relating to the foreclosure of the lien and any person employed by such a person;
 - 2) A collection agency used by the association to collect an obligation relating to the unit;
 - A community manager of the association and any of his or her assistants;
 - 4) A member of the executive board of the association; or
 - 5) An attorney who provided representation to any of the parties with regard to the foreclosure of the lien;
- Any person who is related by blood, adoption, marriage or domestic partnership within the third degree of consanguinity or affinity to a person set forth in paragraph (a); or
- c) The person conducting the sale or any entity in which that person holds an interest.

SB186 – Prohibitions on Collection Agent Relationships

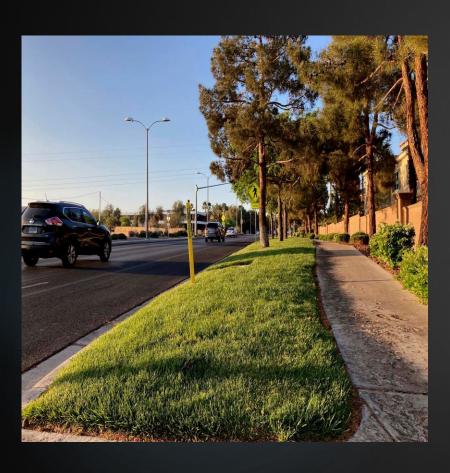
- Effective October 1, 2021, NRS 649.375 is amended to read as follows:
 - A collection agency, or its manager, agents or employees, shall not:
 - Collect a debt from a person who owes fees to:
 - ▶ A unit-owners' association, if the collection agency is:
 - Owned or operated by or is an affiliate of the community manager for the unit-owners' association; or
 - Owned or operated by a person who is related by blood, adoption, marriage or domestic partnership within the third degree of consanguinity to a person who is the community manager for the unitowners' association.

The Commissioner of Financial Institutions <u>administers and enforces</u> the provisions of NRS 649 (not the Nevada Real Estate Division).

Knowledge Check

- 1. A limited purpose association must now comply with _____ as a result of the 2021 Legislative Session.
- 2. What must the association now do pursuant to NRS 116.31085(4)(d) to say a violation has become a continuing violation?
- 3. Beginning October 1, 2021, an association's community manager may purchase units within the same association at a foreclosure auction.

AB356 – Prohibition on Using Water for Nonfunctional Turf



Except as otherwise provided in this section, on and after January 1, 2027, the waters of the Colorado River distributed by the Southern Nevada Water Authority (SNWA) or one of its member agencies may not be used to irrigate nonfunctional turf on any property that is not zoned exclusively for a singlefamily residence.

AB356 – Prohibition on Using Water for Nonfunctional Turf



- The Board of Directors of the SNWA shall:
- a) Define "functional turf" and "nonfunctional turf" and promulgate the definitions in the service rules of its member agencies; and
- b) Develop a plan to identify and facilitate the removal of existing nonfunctional turf within the SNWA's service area on property that is not zoned exclusively for a single-family residence. The plan must, without limitation:
 - Establish phases for the removal of nonfunctional turf based on categories of water users; and
 - 2) Establish deadlines within the service area of the Southern Nevada Water Authority for existing customers to remove nonfunctional turf on property that is not zoned exclusively for a single-family residence before December 31, 2026.

AB356 – Nonfunctional Turf Removal Advisory Committee

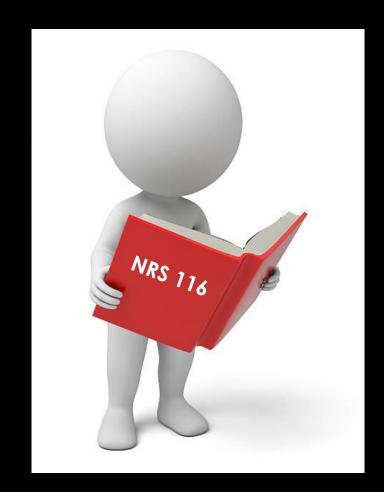
- Authorizes formation of the Nonfunctional Turf Removal Advisory Committee.
 - ▶ The committee must contain:
 - a) One member who represents an office park with existing nonfunctional turf at the time the member is appointed;
 - b) One member who represents an organization representing businesses;
 - One member who represents an industrial or commercial business with existing nonfunctional turf at the time the member is appointed;
 - d) Two members who represent a common-interest community with existing nonfunctional turf at the time the member is appointed;
 - e) One member who represents multi-family housing with existing nonfunctional turf at the time the member is appointed;
 - f) One member who represents an environmental organization;
 - g) One member who represents a local government with existing nonfunctional turf at the time the member is appointed; and
 - h) One member who represents a golf course with existing nonfunctional turf at the time the member is appointed.

AB356 – The Nonfunctional Turf Removal Advisory Committee

- The Nonfunctional Turf Removal Advisory Committee:
- Shall discuss issues related to the use and removal of nonfunctional turf by each water use sector, including, without limitation, issues relating to the plan to identify and remove nonfunctional turf; and
- 2. May provide written recommendations to the SNWA's Board of Directors regarding the plan, including, without limitation, any recommendations for waivers or exemptions.
 - Any recommendation made by the Advisory Committee must be approved by a majority vote of all of its voting members. Any dissenting opinion must be fully documented and included with the recommendation to the Board of Directors.

Conclusion

- Every two years the Nevada state legislature convenes and passes bills, which the governor then signs into law.
- ▶ It is important to keep informed of these changes as:
 - In determining whether a member of the executive board has performed his or fiduciary duty, the Commission may consider whether the member of the executive board has:
 - ▶ Kept informed of laws, regulations and developments relating to common-interest communities...



Questions?

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