

BEFORE THE COMMISSION FOR COMMON-INTEREST
COMMUNITIES AND CONDOMINIUM HOTELS
STATE OF NEVADA

Sharath Chandra, Administrator,
Real Estate Division, Department of
Business & Industry, State of Nevada,

Case No. 2018-892

Petitioner,

vs.

Terra Linda Townhouse Homeowners
Association,

Respondent.

FILED

OCT 03 2019

NEVADA COMMISSION OF
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

STIPULATION AND ORDER

FOR SETTLEMENT OF DISCIPLINARY ACTION

Petitioner, Real Estate Division, Department of Business & Industry, State of Nevada (the "Division") through its Administrator, Sharath Chandra, and RESPONDENT, TERRA LINDA TOWNHOUSE HOMEOWNERS ASSOCIATION ("Association" or "Respondent") enters into this STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION ("Stipulation and Order") as follows.

JURISDICTION AND NOTICE

1. RESPONDENT TERRA LINDA TOWNHOUSE HOMEOWNERS ASSOCIATION is a common interest community located in Las Vegas, Nevada.

2. RESPONDENT is subject to the provisions of Chapter 116 of each the Nevada Revised Statutes ("NRS") and the Nevada Administrative Code ("NAC") (hereinafter collectively referred to as "NRS 116") and are subject to the jurisdiction of the Division, and the Commission for Common Interest Communities pursuant to the provisions of NRS 116.750.

FACTS ALLEGED IN THE COMPLAINT

3. RESPONDENT TERRA LINDA TOWNHOUSE HOMEOWNERS ASSOCIATION (the "Association") consists of 144 townhomes built in 1971 with an annual budget of \$233,280.

1 4. The Association has been managed by Cary DeGrosa since 1984.

2 5. Mr. DeGrosa does not have a management contract.

3 6. The Association's board consisted of three members until sometime in 2018
4 when two of them resigned, leaving Shirley Bellaflores.

5 7. Mr. DeGrosa informed the Division that Ms. Bellaflores is 84 years old and
6 has dementia.

7 8. The Division has a separate disciplinary case against Mr. DeGrosa.

8 9. Mr. DeGrosa provided unsigned executive session meeting minutes to the
9 Division reflecting the Association modified contracts, approved financials, approved
10 insurance coverages, and hired an auditor in executive session.

11 10. The Association's reserve study dated April 21, 2018 states that the
12 Association is 22.5% funded based on a projected starting reserve balance of \$85,905.

13 11. The reserve study recommended monthly reserve funding for 2018 in the
14 amount of \$6,400.

15 12. The bank records provided by the Association do not show any reserve
16 contributions in 2017 or 2018.

17 13. The Association's reserve funds stayed approximately \$53,000 for 2017 and
18 2018.

19 14. The Association pays excessive amounts of money to Mr. DeGrosa and
20 "Isaac Thorns" (purportedly doing landscaping) without contracts.

21 **VIOLATIONS OF LAW ALLEGED IN THE COMPLAINT**

22 15. RESPONDENT is in violation of NRS 116.3115 by failing to fund reserves
23 and failing to establish adequate reserves.

24 16. RESPONDENT violated NRS 116.31085 by its board taking action in
25 executive session to modify and renew contracts, approve financials, approve insurance
26 coverages, and hire an auditor.

27 **DISCIPLINE AUTHORIZED**

28 Pursuant to the provisions of NRS 116.615; NRS 116.755; NRS 116.785; and NRS

1 116.790 the Commission has discretion to take any or all of the following actions:

2 1. Issue an order directing RESPONDENT to cease and desist from
3 continuing to engage in the unlawful conduct that resulted in the violation.

4 2. Issue an order directing RESPONDENT to take affirmative action to
5 correct any conditions resulting from the violation.

6 3. Impose an administrative fine of up to \$1,000 for each violation by
7 RESPONDENT.

8 4. IF RESPONDENTS ARE FOUND TO HAVE KNOWINGLY AND
9 WILLFULLY COMMITTED A VIOLATION of NRS or NAC 116 AND it is in the best
10 interest of the Association, such RESPONDENTS may be removed from his/her position
11 as a director and/or officer.

12 5. Order an audit of the ASSOCIATION, at the expense of the
13 ASSOCIATION.

14 6. Require the BOARD MEMBERS to hire a community manager who holds a
15 certificate.

16 7. Require RESPONDENTS to pay the costs of the proceedings incurred by
17 the Division, including, without limitation, the cost of the investigation and reasonable
18 attorney's fees.

19 8. Take whatever further disciplinary action as the Commission deems
20 appropriate.

21 The Commission may order one or any combination of the discipline described
22 above. If the Commission finds that the RESPONDENTS knowingly and willfully
23 violated the provisions of NRS or NAC 116, the Commission may order that
24 RESPONDENTS be personally liable for all fines and costs imposed.

25 SETTLEMENT

26 1. The Association shall hire a community manager until the Association is at
27 least 75% funded in its reserves and current on all maintenance obligations, but in no
28 event less than 5 years from the date this Stipulation and Order is signed by the

1 Commission.

2 2. The Association shall report annually to the Division's chief investigator
3 regarding compliance with its reserve funding plan and maintenance obligations for no
4 less than 5 years. The first reporting date shall be January 15, 2020.

5 3. All board members and any future board members for the next year after
6 this Stipulation and Order is signed by the Commission, shall take 6 hours of classes
7 offered by the Division within 6 months of their being elected or appointed.

8 4. The restitution paid by Cary DeGrosa pursuant to Case no. 2018-1246
9 shall be put in the Association's reserve account.

10 5. RESPONDENT and the Division agree that by entering into this
11 Stipulation and Order, the Division does not concede any defense or mitigation
12 RESPONDENT may assert and that once this Stipulation and Order is approved and
13 fully performed, the Division will close its file in this matter.

14 6. RESPONDENT agrees that if the terms and conditions of this Stipulation
15 and Order are not met, the Division may, at its option, rescind this Stipulation and
16 Order and proceed with prosecuting the Complaint before the Commission.

17 7. RESPONDENT agrees and understands that by entering into this
18 Stipulation and Order, RESPONDENT is waiving its right to a hearing at which
19 RESPONDENT may present evidence in its defense, its right to a written decision on
20 the merits of the Complaint, its right to reconsideration and/or rehearing, appeal and/or
21 judicial review, and all other rights which may be accorded by the Nevada
22 Administrative Procedure Act, the Nevada Uniform Common-Interest Ownership Act
23 and accompanying regulations, and the federal and state constitutions. RESPONDENT
24 understands that this Stipulation and Order and other documentation may be subject to
25 public records laws. The Commission members who review this matter for approval of
26 this Stipulation and Order may be the same members who ultimately hear, consider
27 and decide the Complaint if this Stipulation and Order is either not approved by the
28 Commission or is not timely performed by RESPONDENT. RESPONDENT fully

1 understands that it has the right to be represented by legal counsel in this matter at its
2 own expense.

3 8. Each party shall bear its own attorney's fees and costs.

4 9. Stipulation and Order is Not Evidence. Neither this Stipulation and Order
5 nor any statements made concerning this Stipulation and Order may be discussed or
6 introduced into evidence at any hearing on the Complaint, if the Division must
7 ultimately present its case based on the Complaint filed in this matter.

8 10. Release. In consideration of execution of this Stipulation and Order,
9 RESPONDENT for itself, its heirs, executors, administrators, successors, and assigns,
10 hereby releases, remises, and forever discharges the State of Nevada, the Department of
11 Business and Industry and the Division, and each of their respective members, agents,
12 employees and counsel in their individual and representative capacities, from any and
13 all manner of actions, causes of action, suits, debts, judgments, executions, claims, and
14 demands whatsoever, known and unknown, in law or equity, that the RESPONDENT
15 ever had, now has, may have, or claim to have, against any or all of the persons or
16 entities named in this section, arising out of or by reason of the Division's investigation,
17 this disciplinary action, and all other matters relating thereto.

18 11. Indemnification. RESPONDENT hereby indemnifies and holds harmless
19 the State of Nevada, the Department of Business and Industry, the Division, and each
20 of their respective members, agents, employees and counsel in their individual and
21 representative capacities against any and all claims, suits, and actions brought against
22 said persons and/or entities by reason of the Division's investigation, this disciplinary
23 action and all other matters relating thereto, and against any and all expenses,
24 damages, and costs, including court costs and attorney fees, which may be sustained by
25 the persons and/or entities named in this section as a result of said claims, suits, and
26 actions.

27 ...

28 ...

1 12. RESPONDENT has signed and dated this Stipulation and Order only after
2 reading and understanding all terms herein.

3 DATED: _____, 2019.

Real Estate Division,
Department of Business & Industry,
State of Nevada

4
5
6 By: _____
Sharath Chandra, Administrator

7
8 DATED: _____, 2019.

Terra Linda Townhouse Homeowners
Association

9
10 By: _____

11 Name: _____

12 Title: _____

13 **ORDER**

14 **IT IS ORDERED** that the foregoing Stipulation and Order for Settlement of
15 Disciplinary Action is approved in full.


16 Dated: September ____, 2019.

17 Commission for Common-Interest
18 Communities and Condominium Hotels,
Department of Business & Industry,
19 State of Nevada

20
21 By: _____
Michael Burke, Chairman

22 Submitted by:

23 AARON D. FORD, Attorney General

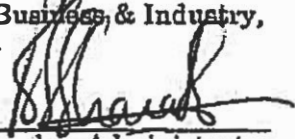
24 By:  _____
25 Michelle D. Briggs
Senior Deputy Attorney General
26 555 E. Washington Ave. Ste 3900
Las Vegas, Nevada 89101
27 Attorneys for Real Estate Division

28 By: _____
Carolyn Broussard
Law Offices of S. Denise McCurry
Farmers Insurance Exchange
7455 Arroyo Crossing Parkway, Ste 200
Las Vegas, NV 89113
Attorney for Respondent

1 12. RESPONDENT has signed and dated this Stipulation and Order only after
2 reading and understanding all terms herein.

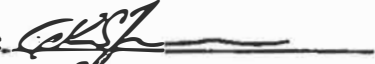
3 DATED: 9/25/ 2019.

Real Estate Division
Department of Business & Industry,
State of Nevada

By: 
Sharath Chandra, Administrator

7 DATED: 9.9. 2019.

Terra Linda Townhouse Homeowners
Association

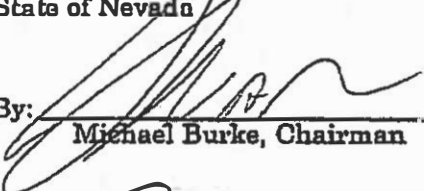
By: 
Name: CRANVALE K. SPEER
Title: PRESIDENT

13 ORDER

14 IT IS ORDERED that the foregoing Stipulation and Order for Settlement of
15 Disciplinary Action is approved in full.


16 Dated: September 26th, 2019.

Commission for Common-Interest
Communities and Condominium Hotels,
Department of Business & Industry,
State of Nevada

By: 
Michael Burke, Chairman

22 Submitted by:
23 AARON D. FORD, Attorney General

24 By: _____
25 Michelle D. Briggs
26 Senior Deputy Attorney General
26 555 E. Washington Ave. Ste 3900
27 Las Vegas, Nevada 89101
28 Attorneys for Real Estate Division

By: 
Carolyn Broussard
Law Offices of S. Denise McCurry
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Attorney for Respondent