

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,

Petitioner,

vs.

Santa Barbara Village Homeowners  
Association, Larry Denman, Janet Cook-  
Denman,

Respondents.

Case No. 2021-1139

**FILED**

OCT 26 2022

NEVADA COMMISSION FOR  
COMMON INTEREST COMMUNITIES  
AND CONDOMINIUM HOTELS

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**FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER**

This matter came on for hearing before the Commission for Common-Interest Communities and Condominium Hotels, State of Nevada (the "Commission") during a regular agenda set on a three-day stack beginning at 9:00 am on September 13, 2022 (the "Hearing.") RESPONDENTS Santa Barbara Village Homeowners Association, Larry Denman, Janet Cook-Denman appeared at the Hearing and represented themselves. Virginia T. Tomova, Esq., Deputy Attorney General with the Nevada Attorney General's Office, appeared on behalf of the Real Estate Division of the Department of Business and Industry, State of Nevada (the "Division").

Ms. Tomova presented testimony from Christina Pitch, an investigator with the Division regarding her investigation of the factual and legal allegations in the Division's Complaint against the RESPONDENTS. An additional testimony was presented by the RESPONDENTS Larry Denman and Janet-Cook Denman. At the hearing, Robert Sult, a prior member of the Santa Barbara Village Homeowners Association, also appeared and notified the Commission that he intended to re-join the Association.

The Commission, having determined that these RESPONDENTS were properly served with the complaint but that they failed to timely respond as required by NRS

1 116.770(5), voted in favor of entering a default against these RESPONDENTS and  
2 making a decision based on the allegations in the complaints pursuant to NAC 116.580.

3 The Commission, having considered the evidence introduced by the Division and  
4 being fully advised, enters the following Findings of Fact, Conclusions of Law, and Order.  
5 Under Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) Chapter  
6 116, the Commission has legal jurisdiction and authority over this matter.

### 7 FINDINGS OF FACT

8 Based on a preponderance of the evidence in the record and the documents  
9 admitted at the Hearing, the Commission unanimously voted to find the following factual  
10 allegations were proven:

11 1. SANTA BARBARA VILLAGE HOMEOWNERS ASSOCIATION consists of  
12 40 condominium units in a planned community located in North Las Vegas, Nevada.

13 2. At all relevant times, the Association was governed by three resident board  
14 members, two of whom were respondents Larry Denman and Janet Cook-Denman.

15 3. The third member was Robert Sult ("Mr. Sult"), who resigned on January 2,  
16 2022.

17 4. Based on the Annual Association Registration form, dated October 12, 2021,  
18 the last reserve study for the Association was conducted on November 25, 2018 (the  
19 "November reserve study.")

20 5. Based on the Annual Association Registration form, the required reserve  
21 account balance for the Association was \$76,325.00.

22 6. Based on the Annual Association Registration form, the projected reserve  
23 account balance for the Association as of the end of the Association's current fiscal year  
24 was \$9,625.23, a deficit of \$66,699.77.

25 7. On or about December 17, 2021 ("December correspondence"), the Division  
26 properly notified the Association, that it had opened an investigation against the  
27 RESPONDENTS, for failure:

- 28 a. To fund the reserves, as the required reserve balance was reported as  
\$76,325.00, but the projected balance was estimated at \$9,625.23, even though

1 the Association was utilizing the Full Funding Method, which was a violation  
2 of NRS 116.3115 (2) (a) and (b);

3 b. To submit the Annual Association Registration form for 2021, which is a  
4 violation of NRS 116.31158 (1) and (2);

5 c. By the Association to pay the annual unit fee to the Ombudsman for 2021,  
6 which is a violation of NRS 116.31155 (1) and (2); and

7 d. To respond to the Division's request for information to the above allegations,  
8 which is a violation of NRS 116.3103 through NAC 116.405(5).

9 8. On or about October 20, 2021, the Division received the Annual Association  
10 Registration form for 2021.

11 9. In the December correspondence, the Division requested that the  
12 Association and the board members provide a response to these allegations and any  
13 supporting documentation on or before December 27, 2021.

14 10. Neither the Association nor the board members provided the requested  
15 information or responded to the allegations.

16 11. On or about March 10, 2022, the Division sent its second request for the  
17 same information.

18 12. In the second request, the Division requested that the Association and its  
19 board members provide the additional following information:

20 a. Copies of all interim financial statements (pursuant to NAC 116.451) from  
21 January 1, 2019 through present;

22 b. Copies of bank statements for all accounts (including check copies) from  
23 January 2019 through present;

24 c. A copy of the current management contract; and

25 d. Copies of meeting minutes for ALL meetings from January 1, 2019 through  
26 present.

27 13. The Association and the board members failed to respond to the second  
28 request for documents.

14. On or about March 15, 2022, the Division sent its third request for the same  
information.

15. Again, neither the Association nor the board members, responded to the third request from the Division.

16. With the exception of the Annual Association Registration form which was received by the Division on October 20, 2021, to date, the RESPONDENTS have not provided any of the other documents requested by the Division.

17. On or about April 19, 2022, the Division properly gave notice to the RESPONDENTS, that it will file a Complaint against them regarding their failure to produce the Association's records pursuant to the Division's letters dated December 17, 2021, March 10, 2022, and March 15, 2022.

## CONCLUSIONS OF LAW

Based on the foregoing factual findings and the preponderance of the evidence, the Commission unanimously voted that the following violations of law occurred:

18. RESPONDENTS violated NRS 116.3115 (2)(a) and (b) when they failed to establish adequate reserves, funded on a reasonable basis, as the required reserve balance was reported as \$76,325.00, but the projected balance was estimated at \$9,625.23.

19. RESPONDENTS violated NRS 116.3103 through NAC 116.405(5) by failing to exercise their duties in the best interests of the Association when they failed to comply with a request by the Division to provide information and/or documents.

20. RESPONDENTS violated NRS 116.3103 through NAC 116.405(3) by failing to act in good faith and in the best interests of the Association when they committed an act or omission which amounts to incompetence, negligence, or gross negligence by failing to comply with Nevada law.

21. RESPONDENTS violated NRS 116.3103 through NAC 116.405(8)(a) by failing to act in good faith and in the best interests of the Association when they failed to cause the Association to comply with all state laws and regulations, and the governing documents of the Association.

22. RESPONDENTS violated NRS 116.31155 (4), by failing to pay the

1 Association's annual fee for 2021 to the Ombudsman's office on time and as a result  
2 incurred past due fees including interest and penalty a ~~penalty~~ of \$21.44, which is  
3 currently outstanding.

#### 4 ORDER

5 The Commission, being fully apprised in the premises and good cause appearing,  
6 ORDERS as follows:

7 23. RESPONDENTS failed below the standard of care as board members for the  
8 Association.

9 24. RESPONDENT LARRY DENMAN is ordered to complete 9 hours of  
10 continuing education classes ("CE") as provided by the Division within 45 days from the  
11 entry of this order.

12 25. Upon completion of the 9 hours of CE, the RESPONDENT LARRY  
13 DENMAN is ordered to provide proof of completion of such CE classes to the Division.

14 26. RESPONDENT JANET COOK-DENMAN is ordered to complete 9 hours of  
15 continuing education classes ("CE") as provided by the Division within 45 days from the  
16 entry of this order.

17 27. Upon completion of the 9 hours of CE's, the RESPONDENT JANET COOK-  
18 DENMAN is ordered to provide proof of completion of such CE classes to the Division.

19 28. The RESPONDENT SANTA BARBARA VILLAGE HOMEOWNERS  
20 ASSOCIATION is ordered to pay the Division's fees and costs in the amount of one  
21 thousand nine hundred eighty six dollars and sixty eight cents (\$1,986.68) within sixty  
22 (60) days from the date of this order.

23 29. The RESPONDENTS LARRY DENMAN AND JANET COOK-DENMAN  
24 must complete no less than 9 hours of continuing education as provided by the Division  
25 each year for as long as they serve as board members.

26 30. The Division may institute debt collection proceedings against these  
27 RESPONDENTS for failure to timely pay the total fines, attorney's fees and costs,  
28 including action to reduce this Order to a judgment. Further, if collection goes through

1 the State of Nevada, then RESPONDENTS shall also pay the costs associated with  
2 collection.

3 DATED this 25<sup>th</sup> day of October, 2022.

4 COMMISSION FOR COMMON-INTEREST  
5 COMMUNITIES AND CONDOMINIUM HOTELS  
6 DEPARTMENT OF BUSINESS & INDUSTRY  
7 STATE OF NEVADA

8 By:   
MICHAEL BURKE  
CHAIRMAN

9 Submitted by:

10 AARON D. FORD  
11 Attorney General

12 By: /s/ *Virginia T. Tomova*

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