

1 **BEFORE THE COMMISSION FOR COMMON-INTEREST**
2 **COMMUNITIES AND CONDOMINIUM HOTELS**

3 **STATE OF NEVADA**

4 SHARATH CHANDRA, Administrator,
5 REAL ESTATE DIVISION, DEPARTMENT
6 OF BUSINESS AND INDUSTRY, STATE
7 OF NEVADA,

8 Petitioner,

9 vs.

10 CENTERTOWNE SUBDIVISION
11 ASSOCIATION
12 (Entity Number C4164-1978)

13 Respondent.

Case No. 2024-183

FILED

DEC 20 2024

NEVADA COMMISSION FOR
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

mgalle

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

15 This matter came on for hearing before the Commission for Common-Interest
16 Communities and Condominium Hotels, State of Nevada (the "Commission") during a
17 regular agenda set on a three-day stack beginning at 9:00 a.m. on December 3, 2024 (the
18 "Hearing"). Association Attorney Eva Segerblom, with Maddox Segerblom and Canepa,
19 LLP, appeared on behalf of Centertowne Subdivision Association ("RESPONDENT"), with
20 the Supervisory Community Manager ("CAM") Julie Michelle Thompson (CAM.0009574-
21 SUPR), with Anchor Management and Consulting, LLC, and board members Terri
22 Billman and Andrea Celoni-Pera present. Christal Park Keegan, Deputy Attorney
23 General ("DAG") with the Nevada Attorney General's Office, appeared on behalf of the
24 Real Estate Division of the Department of Business and Industry, State of Nevada (the
25 "Division").

26 The RESPONDENT did not contest the Division's factual allegations and violations
27 of law in its Complaint filed August 1, 2024. The parties stipulated admission of the
28 Division's documents Exhibits 1-8, bated stamped pages NRED 000001-01758, and the
Respondent Exhibits 1-7 to their Answer filed on August 30, 2024, Exhibits 1-2 to their

1 Supplement to their Answer filed November 22, 2024, and Exhibit 1 to their Second
2 Supplement filed December 2, 2024, were all admitted. DAG Keegan informed the
3 Commission the RESPONDENT has a proposed plan of compliance for consideration by
4 the Commission.

5 **FINDINGS OF FACT**

6 Based on a preponderance of the evidence in the record, the documents admitted at
7 the Hearing, and by stipulation of the parties, the Commission voted, to find all the
8 following factual allegations were proven:

9 1. On or about September 22, 2023, the Division initiated an audit for the
10 Centertowne Subdivision Association ("RESPONDENT"). *Exhibit 1, CICC 000001.*

11 2. The RESPONDENT'S latest Annual Registration Form 562 dated
12 July 25, 2023, technically demonstrated only two executive board members. *Exhibit 6,*
13 *CICC 000045.*

14 3. The RESPONDENT'S prior Annual Registration Forms 562 demonstrate it
15 has not been operating with the statutorily required three board members for many years.
16 *Exhibit 6, CICC 000051, CICC 000053, CICC 000055, and CICC 000060.*

17 4. From about 2021 through August of 2022, the aging reports indicated
18 Board President, Terri Billman, was delinquent in paying assessments for two units.
19 *Exhibit 1, CICC 000020.*

20 5. During which time, there was no indication the Board held Executive session
21 meetings, nor were compliance violations imposed. *Exhibit 1, CICC 000009.*

22 6. Further, the September 2022 General Ledger regarding owner Billman listed
23 \$3,800 in delinquent assessments that were reversed, which was more than what was
24 outstanding (\$2,400). *Exhibit 1, CICC 000020.*

25 7. On or about January 11, 2022, Check Nos. 1001 and 1002, were signed only
26 by Board President Billman. *Exhibit 1, CICC 000021.*

27 ...

28 ...

1 8. Additionally, the Annual Association Registration Form 562 dated August
2 10, 2021, demonstrated only one board member, Billman as Vice President, available to
3 sign checks. *Exhibit 6, CICC 000060.*

4 9. For 2021, RESPONDENT provided only the meeting minutes for September
5 14, 2021. *Exhibit 1, CICC 000010.*

6 10. The September 14, 2021, Meeting Minutes indicated the sole acting Board
7 member and the community manager, approved financial statements, opened bids,
8 approved work to be performed, and/or made decisions on behalf of the Association.
9 *Exhibit 1, CICC 000010.*

10 11. While RESPONDENT'S 2022 and 2023 agendas indicated Executive Board
11 meetings, those meeting minutes were not submitted to the Division. *Exhibit 1,*
12 *CICC 000011.*

13 12. The RESPONDENT did not provide the Division with the following
14 Meeting Minutes:

- 15 a. January 25, 2022;
- 16 b. September 6, 2022;
- 17 c. December 16, 2022;
- 18 d. All 2023 meetings; and
- 19 e. The Annual and Budget Ratification meeting minutes for those years.

20 *Exhibit 1, CICC 000010.*

21 13. RESPONDENT'S latest Annual Registration Form 562, reported the
22 2023 budget as \$51,840 which did not include the Reserve assessment in place. *Exhibit 6,*
23 *CICC 000044.*

24 14. The RESPONDENT did not provide the Division with the 2020, 2021,
25 and 2022 CPA review, instead it provided the tax filing engagement letters. *Exhibit 1,*
26 *CICC 000011.*

27 15. RESPONDENT did not provide the Division with the requested 2022 and
28 2023 approved and ratified budgets. *Exhibit 1, CICC 000012.*

1 16. From the records provided, the Division's audit findings determined
2 RESPONDENT'S budgeting practices resulted in variances and net losses each year.
3 *Exhibit 1, CICC 000012.*

4 17. In 2022, the Budget-to-Actual Statements revealed the RESPONDENT
5 budgeted a net loss. *Exhibit 1, CICC 000012.*

6 18. In 2023, the Budget included the Reserve Assessment under the Operating
7 budget as total income received; however, the Reserve Assessment is not listed as a
8 planned Reserve contribution, resulting in a significant positive net balance and an
9 incorrect budget reporting. *Exhibit 1, CICC 000012.*

10 19. The net losses for 2021, 2022, and January 1, 2023, through July 31, 2023,
11 were approximately \$6,656.16, \$11,250.89, and \$6,312.82, respectively. *Exhibit 1,*
12 *CICC 000012.*

13 20. Additionally, the balance sheets revealed low Operating account balances
14 and high account payables, indicating inability to afford Operating expenses. *Exhibit 1,*
15 *CICC 000012.*

16 21. The 2023 Reserve Study Update indicated the Operating Account owed the
17 Reserve account approximately \$54,629.61. *Exhibit 1, CICC 000013.*

18 22. While the Association's Reserve fund appeared to be fully funded at 121%,
19 the account would actually be negatively funded according to the reported Reserve account
20 balance of \$54,062 as of July 31, 2023, and approximately \$86,803.12 of deferred
21 maintenance of between 2021 and 2023. *Exhibit 1, CICC 000014 – CICC 000015.*

22 23. RESPONDENT'S Certificate of Liability Insurance through Michael Miller
23 Insurance covering dates March 8, 2023, through March 8, 2024, indicated the policy
24 purchased only covered bodily injury/property damage and premises medical payments.
25 *Exhibit 1, CICC 000024.*

26 CONCLUSIONS OF LAW

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

1 24. RESPONDENT violated NRS 116.31034(1) for operating without the
2 statutorily required three board members.

3 25. RESPONDENT violated NRS 116.31031(9)(a), without proof otherwise, that
4 Board President Billman participated in Association matters or hearings relating to his
5 delinquencies in paying assessments.

6 26. RESPONDENT violated NAC 116.405(5) for failing to provide the
7 Division with proof that the assessments in 2021 to 2022 were actually paid by Board
8 President Billman.

9 27. RESPONDENT violated NRS 116.31153 for failing to demonstrate two
10 approved signers on its checks.

11 28. RESPONDENT violated NRS 116.3103 by failing its fiduciary duties
12 regarding the Association's missing or omitted documents and records.

13 29. RESPONDENT violated NRS 116.31083(9)(c) for failing to produce any or all
14 meeting minutes and/or summaries of meetings in years 2021, 2022, and/or 2023.

15 30. RESPONDENT violated NRS 116.31083(11) for failing to maintain any or all
16 meeting minutes and/or summaries of meetings in years 2021, 2022, and/or 2023.

17 31. RESPONDENT violated NRS 116.3108(8) for failing to maintain its
18 recordkeeping with regards to the requested meeting minutes.

19 32. RESPONDENT violated NRS 116.3115 by failing to adequately fund its
20 Reserves and maintain its budget in accordance with the Reserve Study.

21 33. RESPONDENT violated NRS 116.31151(1)(a) for failing to create, retain
22 and/or maintain proper record keeping.

23 34. RESPONDENT violated NAC 116.405(8), specifically subsections:

- 24 a. NAC 116.405(8)(e) for failing to consult with the appropriate
25 professionals as suggested by the 2023 Reserve study update to
26 address the Operating account obligations to the Reserve Account
27 (\$54,629.61);

