

From: [Paul De La Cruz](#)
To: [NRED Administration](#)
Subject: Subject: Submission Regarding Enforcement Gap: NRED Staff Assertion That Licensing Violations Cannot Be Reviewed Without a 514A Complaint
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Please forward for task force Feb meeting comments

To: CIC Task Force Members Nevada Real Estate Division

Dear Members of the CIC Task Force,

I respectfully submit the following information for inclusion in the Task Force's ongoing review of regulatory processes affecting common-interest communities in Nevada.

Recently, in the course of addressing documented concerns involving a licensed community manager, NRED staff stated that the Division is unable to review or act upon potential violations unless a homeowner first files a Form 514A. The issues at hand include an expired management contract, the handling of association funds without proper authority, and conduct that appears inconsistent with NRS 116A and NAC 116A. These are licensing and compliance matters, not homeowner disputes.

The assertion that the Division "cannot act without a 514A" is inconsistent with the statutory framework governing community manager licensing. Under NRS 116A and the associated regulations, the Division possesses independent authority to review credible information indicating potential violations and to initiate investigations on its own motion. Nothing in statute requires a homeowner to file a 514A as a prerequisite for the Division to exercise its enforcement responsibilities.

This interpretation by staff creates a structural gap in oversight. It places the burden of initiating enforcement on individual homeowners rather than on the regulatory body charged with protecting the public. It also results in inconsistent enforcement outcomes, as violations may go unreviewed unless a homeowner is willing and able to navigate a procedural process that was never intended to serve as a gatekeeping mechanism for licensing enforcement.

This issue aligns directly with the Task Force's mandate to identify areas where statutory or procedural clarification is needed to strengthen transparency, accountability, and homeowner protections. To address this gap, I have included a proposed statutory amendment that would explicitly affirm the Division's duty to review credible information and clarify that a 514A filing is not required for the Division to initiate enforcement action.

I respectfully request that the Task Force consider this matter as part of its recommendations to the Legislature and the Division. Ensuring that NRED's enforcement authority is exercised consistently and independently is essential to maintaining public confidence in Nevada's common-interest community regulatory system.

Thank you for your attention to this issue and for your continued work on behalf of Nevada homeowners.

Respectfully submitted, Paul S. De La Cruz

Side-by-Side Comparison: Current Law vs. Proposed Amendment

Clarifying NRED's Independent Duty to Act on Licensing Violations

SECTION: NRS 116A — Enforcement Authority Over Community Managers

CURRENT LAW (Simplified Summary of Relevant Sections)

Current Statutory Language	Practical Effect
NRS 116A.640 / 116A.650 authorize the Division to investigate violations by community managers.	The authority exists, but the statute does not explicitly state that the Division must act on information it receives without a homeowner complaint.
NRS 116.745 (Form 514A) establishes the homeowner complaint process.	Some NRED staff interpret this as a <i>prerequisite</i> for enforcement, even for licensing violations.
No explicit language stating that NRED may initiate investigations on its own motion based on credible information.	This gap allows staff to claim they “cannot act without a 514A,” even though nothing in statute prohibits independent action.

PROPOSED AMENDMENT (Short, Surgical Version)

Adds a new section to make NRED's duty explicit and remove ambiguity.

Proposed Statutory Language	Intended Effect
NEW SECTION — NRS 116A.____ 1. The Division shall review any credible information it receives indicating that a community manager or community management company may have violated this chapter or chapter 116 of NRS, regardless of whether a complaint has been filed pursuant to NRS 116.745. 2. Upon receipt of such information, the Division shall determine whether further inquiry, investigation, or	Makes clear that NRED must review credible information and cannot refuse action because a 514A was not filed. Establishes a mandatory

administrative action is warranted.

decision-making step.

3. Nothing in this section shall be construed to require a unit's owner to submit a complaint pursuant to NRS 116.745 as a prerequisite to the Division initiating a review or investigation.

Eliminates the loophole NRED staff are currently using to avoid enforcement.

SUMMARY

Issue	Current Law	Amended Law
Can NRED act without a 514A?	Ambiguous — staff claim “no.”	Yes, explicitly.
Must NRED review credible information?	Not stated.	Mandatory duty.
Can NRED initiate investigations on its own?	Implied but unclear.	Explicitly authorized.
Can staff refuse to act because a homeowner didn't file a complaint?	They currently do.	Statutorily prohibited.

Why This Amendment Matters

- It **closes a regulatory loophole** that allows staff to avoid enforcement.
- It restores the **intended purpose** of NRS 116A: protecting homeowners through professional licensing oversight.
- It prevents NRED from shifting enforcement responsibility onto homeowners.
- It aligns Nevada with standard regulatory practice in other licensed professions (real estate, contractors, medical, etc.).