COMMISSION FOR COMMON-INTEREST COMMUNITIES TASK FORCE MEETING MINUTES APRIL 14, 2026

VIA TEAMS VIRTUAL MEETING
TUESDAY, APRIL 14, 2026
11:00 A.M.

1-A) <u>Call to Order; Introduction of Task Force Members in attendance</u>
Dr. Kristopher Sanchez, Director of the Department of Business and Industry; Donna Zanetti, attorney with Leach Kern Gruchow Song; Michael Buckley, attorney with Fennemore Law; Heidi Kasama, Assemblymember; Douglas Flowers, attorney with Holland and Hart; David Varon, homeowner; Mark Leon, homeowner; Garrett Gordon, attorney with Womble Bond Dickinson, Phil W. Su, Senior Deputy Attorney General, Nevada Attorney General's Office; Christal Park Keegan, Senior Deputy Attorney, Real Estate Division; Sonya Meriweather, Ombudsman, Real Estate Division; Sharath Chandra, Administrator, Real Estate Division.

2) <u>Public Comment</u>
Amanda Flocchini, Chief of Staff for Director Sanchez, opened floor for public comment. Director Dr. Sanchez stated that written public comments had been received from Mike Kosor, Paul De La Cruz and Judy Hendrickson.

Mike Kosor, founder of the Nevada HOA Reform Coalition, offered to speak with any task force members who are not familiar with his work. Mr. Kosor expressed concern that the task force has not made a serious, good-faith effort to obtain meaningful homeowner participation.
Mr. Kosor emphasized that providing only four days' notice, while legally sufficient, is merely the minimum and should not be treated as the standard. He stated the meeting date and expected topics were known earlier and could have been shared sooner. Mr. Kosor noted that early notice is especially important due to the significance of the agenda items, which affect homeowner rights, board authority, transparency, and future decisions. Mr. Kosor submitted four letters for the task force and assumed most members likely did not have sufficient time to review them due to the short notice window. Mr. Kosor briefly addressed agenda items:
• Agenda Item 1 – Definition of Meetings: He urged the task force to clearly define meetings and close existing loopholes, stating the current definition has been unclear for decades.
• Capital Improvement Definition: He requested a clearer, straightforward definition. Mr. Kosor recommended language consistent with Advisory Opinion 1601, phrasing from NRS 116.345, and the task force's suggested cost threshold concept.
• Owner Right to Be Placed on the Agenda: Mr. Kosor stated homeowners have a right to be added to the agenda and receive a response, calling this basic accountability and legislative intent. He argued privilege should not be used as a broad justification for withholding responses.
• ADR (Alternative Dispute Resolution): Mr. Kosor identified ADR as the most significant issue the task force can address. Mr. Kosor stated that although homeowners technically have rights, they are ineffective without timely and affordable means to resolve disputes. He urged reconsideration of arbitration and reinstating the petition process.

3) <u>Presentation, Discussion and Possible Action Item:</u>

Sharath Chandra, Administrator for the Real Estate Division, opened the discussion by acknowledging that Member Michael Buckley had coordinated the introductions for the meeting. Administrator Chandra expressed appreciation for the opportunity to welcome Bill Sklar from Florida, noting that Mr. Sklar had graciously offered his time to walk the task force through several of the steps taken in Florida following the condominium tragedy there. Administrator Chandra stated that before turning the floor over to Mr. Sklar, he would ask Mr. Buckley to provide a brief introductory overview. Administrator Chandra noted that the document Mr. Sklar shared in advance was both comprehensive and highly informative, mentioning that he had reviewed portions of it earlier that morning. Administrator Chandra added that while it contains a significant amount of material for the task force to review in more detail later, Mr. Sklar's remarks would help provide the big-picture understanding needed to frame the discussion. Administrator Chandra thanked Mr. Sklar in advance for his participation and then turned the meeting over to Member Buckley to begin the introductions.

Michael Buckley began by thanking the Chair and expressing his pleasure in introducing the guest speaker, Mr. Bill Sklar. Mr. Buckley shared that he has known Mr. Sklar for many years through their work with the American College of Real Estate Lawyers (ACREL), particularly within the Common Interest Community Subcommittee and Committee. Mr. Buckley noted that Mr. Sklar will be serving as the president-elect of ACREL in the coming year, a role that reflects his long-standing contributions to the organization and the field. Mr. Buckley went on to highlight Mr. Sklar's professional background, explaining that he is with the Law Office of Carlton Fields, where he chairs the Government Law and Consulting Practice and serves as the managing shareholder of the Tallahassee Law office. In addition to his legal practice, Mr. Sklar holds academic roles at the University of Miami School of Law, where he is an adjunct professor. Mr. Sklar also directs the university's Ralph Boyer Institute on Condominium and Cluster Development. Mr. Buckley emphasized Mr. Sklar's extensive experience representing developers and his active engagement in both state and federal regulatory matters. Mr. Buckley underscored Mr. Sklar's involvement in the recent changes to Florida law, noting his significant expertise in that area. Concluding his remarks, Mr. Buckley stated that it was his pleasure to introduce Mr. Bill Sklar to the group.

Bill Sklar began his remarks by thanking Mr. Buckley and expressing his appreciation to the task force. Mr. Sklar commended the State of Nevada, the task force, and the Department of Business and Industry for undertaking what he described as a compelling and critically important subject matter. Referring to the task force report previously forwarded, Mr. Sklar noted that he would provide a brief background before addressing the three agenda areas requested.
Mr. Sklar explained that the work of Florida's task force began in 2021 following the tragic collapse of Champlain Towers South, an event that resulted in ninety-eight fatalities. The task force was convened within days of the incident and produced its report approximately one hundred days later, delivering it to the Governor, the President of the Senate, and the Speaker of the House. One of the first and most profound challenges was grasping the enormity of the problem. At the time, Florida had 912,000 condominium units over thirty years old, housing roughly three million residents. The seriousness of aging structures was clear, but the more pressing concern was the unique nature of condominium ownership. Unlike public buildings, schools, offices, hotels, or rental residences—where trained third parties provide consistent oversight—condominium maintenance is entrusted to volunteer boards of directors. Mr. Sklar emphasized that while volunteers act with good intentions, human nature often leads to decisions to avoid raising

assessments or issuing special assessments, resulting in deferred maintenance. This dynamic contributed to long-standing issues at Champlain Towers South and throughout Florida. The task force first confronted the question of the duty to maintain. Although Florida statutes included such a duty, the absence of a uniform standard of maintenance made compliance inconsistent and subjective. Inspection practices were similarly lacking. Miami-Dade and Broward Counties required 40-year recertifications for older buildings, but these inspections generally focused only on electrical and plumbing systems. Limited staffing and budget constraints further hindered enforcement, leaving no uniform standard for inspections or clarity on the qualifications required of inspectors. This revealed major vulnerabilities in the system, including gaps in fiduciary responsibility—an obligation recognized both in Nevada and under common law in Florida.
Over the course of nineteen meetings, the task force heard testimony from numerous witnesses, legislators, staff members, and experts. This extensive review resulted in significant legislative changes being enacted from 2022 through 2024. Among these were enhanced requirements related to fiduciary duty to maintain, the requirement for mandatory milestone inspections for buildings at least thirty years old, and accelerated inspection timelines for buildings within three miles of the coastline due to environmental conditions like salinity and flooding. Milestone inspections were required to be performed by structural engineers or architects, but Florida soon discovered that only 625 licensed structural engineers were available to serve 21,000 associations—prompting legislative debate over expanding the pool of qualified professionals. Associations were tasked with completing milestone inspections and preparing Structural Integrity Reserve Studies (SIRS). Although initial deadlines proved insufficient, the requirement is now fully implemented, with the studies mandated for buildings meeting statutory criteria. Mr. Sklar detailed the breadth of milestone inspections, which include assessments of roofs, load-bearing walls, fireproofing, elevators, mechanical systems, electrical systems, plumbing, swimming pools, sea walls, parking and pavement, drainage, painting, waterproofing, and irrigation. While the task force did not investigate the cause of the Champlain Towers South collapse, he noted that multiple failures were known—such as concrete spalling, rebar deterioration, leaks, and insufficient drainage in elevated planter, all of which contributed to structural weakening. These issues were known to the board, underscoring the importance of a strengthened fiduciary duty. Recent legislative changes now hold individual board members accountable for completing and distributing SIRS reports within forty-five days of receipt and for establishing required reserves. Mr. Sklar highlighted that milestone inspections focus on building condition, while turnover reports now require developers to produce similar documentation at the point of association turnover—defined as 90% sales or seven years for phased or staged condominiums. In contrast, SIRS address funding adequacy. Historically, Florida allowed reserve waivers, with only three categories required: repaving, re-roofing, and repainting. This practice led to chronic underfunding. Full funding requirements were enacted, although Mr. Sklar indicated ongoing disagreement with the legislature regarding the financial burden placed on owners. The current approach uses estimated useful life to inform reserve funding. Mr. Sklar recommended establishing qualified reserve reports for categories likely to deteriorate, maintaining a baseline for older buildings, enforcing fiduciary responsibility, and gradually building reserves over time to support essential structural, increase waterproofing, and concrete restoration needs.

Transitioning to the specific agenda topics, Mr. Sklar addressed mandatory director training and qualifications. Florida recently enacted stringent requirements, including written certification of governing documents and a four-hour curriculum covering inspections, reserve studies, elections, records, financial literacy, transparency, levying of fines, and notice and meeting requirements. A new director must submit proof within one year of appointment or within 90 days post-election of completion of education. Directors elected prior to July 1, 2024, had one year to comply; maintain certification for good for seven years without interruptions in board service. All board members must complete a one hour legal update course annually and provide certification to their board secretary for inclusion in association records. Mr. Sklar noted that the program is robust and widely supported by association law firms. Mr. Sklar then described Florida's revised standards for older building inspections, which now apply to condominiums three habitable stories or more. Structural components must be evaluated, and any deferred maintenance or deterioration must be corrected. Milestone inspections and SIRS are separate but complementary, and both must be conducted by qualified professionals, distributed promptly, and preserved as official association records to prevent concealment of critical information—as allegedly occurred at Champlain Towers South. Mr. Sklar continued by reflecting on what has occurred since the Champlain Towers South tragedy. Mr. Sklar described mediating cases involving fifty-year-old oceanfront buildings that were in even worse condition than Champlain Towers, where aging roofs—some forty to fifty years old—were merely being patched rather than replaced. Mr. Sklar noted that in those mediations he reminded associations of the very real tragedy that had unfolded only miles from their location in an effort to emphasize the seriousness of deferred maintenance.

Mr. Sklar then turned to the issue of funding mechanisms. While associations rely on regular assessments and special assessments, each carrying its own sensitivity and financial impact, Mr. Sklar explained that banks in Florida have become more willing to offer revolving lines of credit. This option provides associations financial flexibility when major repairs arise following milestone inspections or structural assessments. By allowing debt to be amortized or spread over time, such financing helps alleviate the immediate burden placed on unit owners. These developments reflect ongoing efforts within Florida to manage the financial consequences of new inspection and reserve requirements. Mr. Sklar noted that Florida is now in the phase of fully administering these legislative changes and adopting practices for aging condominium buildings.

Mr. Sklar transitioned to the agenda's third topic: structural integrity, maintenance standards, and inspections. Mr. Sklar emphasized that a uniform maintenance standard is essential. Testimony gathered during the Florida task force's work revealed significant inconsistencies in how issues were identified and escalated. Often, building officials became involved only when a complaint or visible defect—such as a crack—was reported. In such cases, initial reviews were performed by non-engineers, amounting to little more than a drive-by inspection. Mr. Sklar explained that milestone inspections operate similarly to environmental assessments, with "phase one" consisting of a visual review and "phase two" requiring detailed testing by an engineer if any concerning visual conditions are found. To ensure accountability and prevent inconsistent practices, Mr. Sklar stated that objective standards are needed for maintenance, inspection frequency, and structural integrity evaluations—particularly for older buildings. Mr. Sklar reiterated the Florida task force's strong recommendation that reserves be established and maintained for all major components subject to deterioration. Mr. Sklar noted that enhanced fiduciary duties are now part of Florida statute to support these requirements, and those duties are currently being tested in practice as the laws have only been in effect for two to three years.

Following Mr. Sklar's remarks, Mr. Buckley thanked him and raised a question regarding funding mechanisms. Mr. Buckley noted that while listening to the discussion, he thought of Property Assessed Clean Energy (PACE) funding—programs typically used for energy-efficiency improvements and similar upgrades. Mr. Buckley asked whether Florida had explored the possibility of applying PACE-type financing models to structural integrity or building safety repairs in the context of the reforms Mr. Sklar described.

Mr. Sklar responded by explaining that the task force had indeed considered broader funding options, including federal support. Mr. Sklar noted that they recommended federal infrastructure funding and had formally applied for such assistance, but the funding did not materialize. Two separate federal bills introduced by Florida members of Congress also failed to advance.

Mr. Sklar confirmed that PACE-style funding had been explored, particularly in Miami-Dade County. Mr. Sklar shared that he had testified before the County Commission and worked closely with officials there as they developed a pilot program. Although modestly, a few million dollars, the funds were effectively utilized. Building on that experience, Florida enacted a "Condo Safety First" program last year, with a subsequent amendment, mirroring the structure of PACE financing. The program provides state funds or matching funds to support safety-related condominium improvements. Mr. Sklar added that Florida's budget surplus, independent of political considerations, made it easier for the legislature to allocate funding in response to the Surfside tragedy and the statewide need for implementation of new structural safety measures.

Mr. Sklar observed that PACE funding in some regions had suffered from misuse in energy and solar projects, creating a degree of stigma. However, Florida has addressed those concerns through stronger requirements and administrative oversight. Mr. Sklar acknowledged Mr. Buckley's suggestion as a good one and noted that similar concepts are already being applied in Florida.

Assemblymember Member Heidi Kasama thanked Mr. Sklar posed a two-part question. First, Ms. Kasama asked what happened in Florida in situations where boards failed to address deferred maintenance issues—specifically whether board members were sued for their inaction. Second, noting the new requirements for board training and legal education, she asked whether Florida has since experienced difficulty recruiting volunteers to serve on condominium boards.

Mr. Sklar responded by acknowledging Assemblymember Kasama's concerns and affirmed that her observations were accurate. Mr. Sklar explained that following the Champlain Towers South collapse, litigation was extensive and far-reaching. All parties involved, including engineers, board members, condominium owners whose insurance policies were triggered, consultants, and even the attorneys who represented the association, were sued. Mr. Sklar described the resulting settlement as one of the largest in Florida's history, totaling more than one billion dollars, structured in a manner he described as "brilliant" by the presiding judge. The settlement provided compensation to families and survivors affected by the tragedy. Addressing the second part of the question, Mr. Sklar stated that the situation has indeed discouraged individuals from serving on condominium boards. Mr. Sklar noted that he often jokingly asks friends considering board service whether they have undergone a psychiatric evaluation—highlighting the seriousness of the responsibilities and risks involved. Mr. Sklar explained that Florida law has attempted to mitigate this deterrent effect by establishing strong protections for volunteer directors. Courts have consistently held that board members cannot be held liable for breach of fiduciary duty unless their actions involve fraud, criminal conduct, self-dealing, or unjust enrichment. Mr. Sklar referenced a leading case involving hurricane damage where a board had insufficient funds for repairs. Although the board may have been somewhat negligent or overly reliant on their insurance agent, the court declined to find a breach of fiduciary duty based on Florida's high liability threshold. Mr. Sklar emphasized that these protections—combined with robust Directors and Officers (D&O) insurance—have helped maintain participation on association boards. However, Mr. Sklar acknowledged that Florida's recently enacted enhanced penalties pose additional challenges. Failure to obtain or distribute the Structural Integrity Reserve Study, failure to establish required reserves, or failure to fund those reserves can now result in automatic liability for board members. Mr. Sklar concluded by reiterating that Florida relies on two critical measures to support board service: strong legal protections and the continued availability of quality D&O insurance. Mr. Sklar described Assembly Member Kasama's questions as important and timely.

Garrett Gordon thanked Mr. Sklar for his presentation and shared that he represents the Community Association Institute (CAI). Mr. Gordon explained that CAI has been working on a draft bill for the State of Nevada and is currently in the process of gathering stakeholder feedback. Meetings have already been held with the Association of Structural Engineers, who provided initial comments, and additional feedback is being sought from other key stakeholders, including the Nevada Justice Association, realtors, and builders. Mr. Gordon stated that he would like to present the draft bill to the task force and deferred to the Chair and members regarding whether it should be placed on the next meeting agenda. Mr. Gordon noted that although the process is complex due to the number of stakeholders involved, efforts are actively underway to develop legislation that would codify certain condominium safety and structural integrity requirements within the state.

Mr. Sklar added a brief comment in response to Mr. Gordon's remarks. Mr. Sklar noted that CAI played a significant role in Florida's process and appears to be similarly engaged in Nevada. Mr. Sklar encouraged Mr. Gordon and the task force to review Florida's report, explaining that many of the stakeholder categories Mr. Gordon mentioned were also involved in Florida's deliberations, including insurance representatives, building officials, and others. Mr. Sklar highlighted that CAI was especially helpful in addressing the question of professional qualifications—specifically who should be authorized to conduct inspections. When Florida discovered its shortage of structural engineers, CAI contributed valuable recommendations regarding qualified professionals and standards for determining those qualifications. Mr. Sklar concluded by affirming that the stakeholders Mr. Gordon identified were appropriate and noted that additional groups may also need to be included as the process moves forward.

Director Kristopher Sanchez concluded the discussion by thanking Mr. Sklar for his time and expressing appreciation for the valuable information he had shared with the task force.
In response, Mr. Sklar thanked the Director and reiterated that he was happy to assist further if needed. Mr. Sklar noted that Mr. Buckley knew how to reach him, and that members of the task force were also welcome to contact him directly for any follow-up or additional discussion. Mr. Sklar commended the group for its efforts, emphasizing the essential importance of the safety issues under review. Mr. Sklar wished the task force well in developing its findings and recommendations, acknowledging the complexity of the work and expressing his appreciation that the task force was undertaking it. Mr. Sklar concluded by thanking all members for their time.

Assembly Member Heidi Kasama added that she would very much like the task force to review the draft legislation being developed. Ms. Kasama stated that it would be beneficial for the task force to have the proposed bill included as part of the agenda for a future meeting.

Director Kristopher Sanchez acknowledged Assemblymember Kasama's suggestion and stated that the draft legislation would be noted and included on the agenda for the next meeting. Dr. Sanchez thanked the participants for their contributions.

4) <u>Discussion and Possible Action Item:</u>
Administrator Sharath Chandra stated that the next four items had been discussed previously, at least in part. Administrator Chandra recalled that during the last meeting the task force attempted to develop a discussion and reach consensus on the first of these items but acknowledged that several new topics still needed to be addressed.

4-A-1) Administrator Sharath Chandra explained that the agenda item included an attachment prepared by Christal Park Keegan summarizing where the task force had left off. Administrator Chandra then asked Ms. Keegan to lead the group through the status of the item and to facilitate the discussion.

Christal Park Keegan thanked Administrator Chandra and introduced herself as Senior Deputy Attorney for the Division. Ms. Keegan reminded the task force that, at the previous meeting, the group began discussing whether statutory clarification to NRS 116.31083, pertaining to meetings of the Executive Board, was necessary. Ms. Keegan noted that the Division had compiled the points raised by members during that discussion under the "Summary of Recommendations." Ms. Keegan clarified that a public comment submitted for the current meeting had mistakenly referenced these points were recommendations from the Division. Ms. Keegan emphasized that they were not; rather, they represented the collective input of task force members from the last meeting. Ms. Keegan recalled that no clear consensus had been reached previously, which is why the item had been brought back for further discussion. To help facilitate that discussion, the Division prepared several questions under the "For Additional Discussion" section. Ms. Keegan began by recapping that the Ombudsman's office regularly receives inquiries related to this statute. The initial question for the task force, she said, was whether the existing statute is sufficient as written. Ms. Keegan referenced Advisory Opinion 11-01, which states that board members have a fiduciary duty that generally favors non-public, private voting. Ms. Keegan explained that NRS 116.31083 applies broadly to meetings of the Executive Board and does not draw a distinction between formal board meetings and informal workshops. Instead, the determining factor is whether a quorum of the board is present and whether association business is being discussed. If both conditions are met, the gathering must comply with requirements for notice, agenda, and minutes. Ms. Keegan also noted that the statute focuses on whether the board is taking action, rather than on budget percentages or dollar thresholds, a point that generated discussion at the previous meeting. In addition to NRS 116.31083, Ms. Keegan referenced Advisory Opinion 11-01, NRS Chapter 82, and existing governing documents as part of the existing framework. Ms. Keegan explained that if the task force ultimately determines that revisions are needed, the next discussion would center on what those revisions should look like. Ms. Keegan mentioned that, according to the summary from the prior meeting, several members felt defining "meeting" would not be helpful and instead suggested clarifying what constitutes actions taken outside a meeting. Ms. Keegan concluded by turning the discussion over to task force members for their input, thanking them for their attention.

Michael Buckley offered a general remark, expanding on earlier comments from Mr. Kosor. Mr. Buckley stated that the task force should focus on making policy decisions rather than drafting statutory language. Mr. Buckley noted that if regulatory changes were to be pursued, the Administrative Procedure Act already provides a structured process, including proposal, public comment, and adequate opportunity for discussion. In his view, developing policy guidance should be the task force's priority. Mr. Buckley also referenced materials provided by Mr. Kosor and pointed out that in 2003, the Division had attempted to amend NRS 116 by introducing a definition

of “meeting.” Based on his review of the minutes from that hearing, Mr. Buckley explained that the Division’s intent at the time appeared to be limiting workshops. The proposal generated significant discussion, with many emphasizing the value workshops provide to board members. Mr. Buckley observed that Nevada’s Open Meeting Law already contains a definition of “meeting,” supported by extensive commentary and guidance. That definition focuses on whether the group intends to make a decision, rather than simply receive information. Given that, Mr. Buckley stated that he did not believe the task force needed to “reinvent the wheel” by crafting new definitions.
Instead, Mr. Buckley suggested it might be more useful for the task force to consider identifying circumstances in which a board may act without holding a meeting—such as when an item is already included in the budget, a contract renewal is routine, or when time-sensitive matters arise. Mr. Buckley indicated that developing policy in those areas could be beneficial.

Donna Zanetti stated that she generally agreed with Michael Buckley’s comments. Speaking more directly to the additional discussion items, Ms. Zanetti expressed that it would be difficult for the task force to credibly identify specific examples or exemptions, or to specify which matters must be discussed in a board meeting. Ms. Zanetti noted that any attempt to create such lists would inevitably omit something important. Ms. Zanetti added that she did not believe additional definitions were necessary. In her view, the existing statutory framework—NRS 116 together with NRS 82—provides sufficient guidance for associations and for boards that wish to act in accordance with their fiduciary duties. Further definitions, Ms. Zanetti said, would not measurably improve that guidance.

Garrett Gordon indicated his agreement with Ms. Zanetti’s position on the matter.

Administrator Sharath Chandra stated that the Division’s position is grounded in the feedback it receives from homeowners and the experiences brought to the Ombudsman’s Office. He acknowledged Michael Buckley’s reference to the 2003 effort—before his time at the Division—but noted that the issue has remained an ongoing topic of concern. Administrator Chandra emphasized that the purpose of bringing this item forward was not to produce language that would be immediately enacted into law. Rather, the intent was to facilitate continued dialogue on a topic that is more complex than it may appear from the outside. He noted that while meeting requirements may seem straightforward, the practical realities are not, and that is precisely why thoughtful discussion among the task force is necessary. Administrator Chandra expressed that the goal is to cultivate a robust conversation and hear different perspectives. He agreed with Mr. Buckley’s point that the outcome might eventually take the form of a policy, an advisory opinion, or a broader consensus. He added that if the task force ultimately felt that further statutory clarification—either within NRS 116 or through referencing NRS 82—was warranted, that could be explored as a potential future option.
He reiterated that the Division did not intend to “close the loop” on the matter at this meeting but believed that continuing the discussion was both appropriate and valuable.

Sonya Meriweather added to the discussion by referencing the administrator’s comments. Ms. Meriweather explained that the Ombudsman’s office frequently receives complaints about situations in which an association’s governing documents are silent on how boards may act outside of a meeting, causing associations to rely on NRS 82. Ms. Meriweather noted that NRS 82 permits a majority of the board to agree to take action outside of a meeting, with consent given either before or after the action occurs. Ms. Meriweather stated that board members and unit owners regularly report concerns stemming from this provision. She explained that some board members describe

being excluded when a majority meets privately and makes decisions without notifying the full board. Similarly, unit owners complain that actions are taken outside of meetings without their knowledge and without proper communication or transparency.
She clarified that while NRS 82 provides language allowing boards to act outside of a meeting, it does not instruct boards on how to notify unit owners of actions taken, nor does it outline how consent should be documented—whether unanimously or by majority. She added that the statute's broad allowance also facilitates situations where certain board members can be left out of the decision-making process entirely. Ms. Meriweather concluded by stating that although NRS 82 is available as a reference, it lacks clarity and protections for both homeowners and board members who may be excluded from these actions. She thanked the group.

Michael Buckley added an observation after reviewing the statute. He noted that NRS 82.271 allows written consent for board action to be provided by a majority of the directors. He recalled that, under Chapter 78—governing certain types of corporations—the written consent of *all* directors is required for action outside of a meeting. He stated that he would verify this by reviewing NRS 78 to confirm the comparison. Mr. Buckley remarked that if Chapter 78 indeed requires unanimous consent, it may provide a useful model for addressing the concern raised by Ms. Meriweather—namely, that decisions can currently be made by a majority of the board without notifying all directors. He expressed that allowing action without full awareness or participation of every director "certainly doesn't sound right" and suggested that this discrepancy between statutes could be relevant for future discussion.

Douglas Flowers offered a consideration for the task force regarding the practical implications of any changes discussed. He noted that counterparties doing business with associations—such as contractors, vendors, and financial institutions—must rely on the association's authority when entering into agreements. He emphasized that the more difficult it becomes for outside parties to determine whether an association has taken valid action, the greater the downstream effects, including increased costs and complexity. Mr. Flowers explained that in most for-profit corporate contexts, such as those governed by Chapter 78 for corporations, Chapter 76 for LLCs, and laws governing limited partnerships, outside parties are generally allowed to presume the validity of an entity's actions. Any dispute or inconsistency regarding authorization is handled internally by the entity itself. If statutes or policies begin shifting that burden onto counterparties, he said, the result may be higher costs and additional complications for associations attempting to conduct routine business. He clarified that his comments were not intended to diminish the importance of the task force's discussion, but to highlight another factor that should be considered—ensuring that any proposed changes do not inadvertently create additional challenges for associations engaging in commercial transactions.

Donna Zanetti stated that she had been searching for the updated regulations adopted in 2023 but had not yet been able to locate them. She asked Ms. Meriweather for confirmation, explaining that she believed those regulations incorporated additional clarity into NAC 116.405 regarding what constitutes a violation of fiduciary duty. Her understanding was that the updated language included violations of governing documents, regulations, or applicable statutes as potential breaches.
Ms. Zanetti posed the question of whether NAC 116.405 already provides sufficient clarity for the Real Estate Division to pursue enforcement actions against directors who exclude fellow board members or engage in other conduct raised by the Ombudsman and reported by homeowners. She suggested that if the updated regulations are indeed in place, they may offer an enforcement pathway for addressing such behaviors. She added that locating the updated regulations would help

move the discussion forward and asked whether Ms. Meriweather might know the answer immediately. She also expressed hope that the regulations would be formally published soon.

Administrator Sharath Chandra responded by stating that the updated regulations had just been received the previous day. He explained that the Division now had access to them and that the corresponding online link should be active. He noted that the regulations had recently been codified and that the Division was in the process of reviewing them, including providing any final comments requested. He added that the update occurred only within the last day or two.

Sonya Meriweather asked for clarification, inquiring whether the discussion was referring specifically to NAC 116.405, and whether additional language had been incorporated into that regulation. She sought confirmation on whether the updated regulatory language being referenced applied to NAC 116.405 or included other related provisions as well.

Donna Zanetti confirmed that she was referring to the additional language added to NAC 116.405 in 2023, which was intended to clarify what constitutes a violation of fiduciary duty. She reiterated that this updated regulatory language was the basis of her earlier question.

Sonya Meriweather replied that nothing immediately came to mind regarding any additions to NAC 116.405. She stated that she would need to go back and review the regulation to confirm whether the language referenced by Ms. Zanetti had been included.

Christal Park Keegan added clarification regarding the regulatory updates. She stated that the Division has a deadline of April 27th to confirm that the recent regulation changes are accurate, and that the finalized versions are expected to be published by the end of the month. Addressing Attorney Zanetti's question about where the updated regulations could be found, Ms. Keegan explained that they are available on the Division's website at red.nv.gov. Under the "Administration" section, members can navigate to "Approved Regulations," select "CIC," and access regulation R-129-21, which was approved in 2022. She noted that Section 4 of this regulation includes amendments to NAC 116.405. Ms. Keegan offered to provide further assistance once Ms. Zanetti identified the specific provisions she was referring to.

Michael Buckley followed up by comparing statutory requirements in different chapters of Nevada law. He noted that under NRS 78.315(2), which applies to certain corporations, board action may be taken without a meeting only if a written consent is signed by *all* members of the board or committee, unless otherwise restricted by articles or bylaws. He contrasted this with NRS 82.271(2), which applies to nonprofit corporations. Under that statute, action may be taken without a meeting if written consent is signed by a *majority* of the board of directors, again unless restricted by governing documents. Mr. Buckley observed that this difference—majority consent versus unanimous consent—relates directly to the concerns raised earlier about board members being excluded from decision-making outside of meetings. He suggested that a straightforward approach for associations governed by NRS 116 might be to require unanimous consent for action taken outside of a meeting, similar to the requirement in NRS 78 for regular corporations.

Assemblymember Heidi Kasama remarked that, based on the discussion so far—and acknowledging that she is not an attorney—it appeared that many of the definitions or clarifications the task force was seeking might already exist in various statutes or regulations. She suggested that what may be needed is clearer guidance or improved regulatory clarification rather than completely new statutory language. Ms. Kasama stated that Mr. Buckley's earlier recommendation regarding board actions outside meetings seemed helpful and could potentially be added as part of a broader solution. She emphasized that the task force will need to produce something tangible because it was convened in response to public frustration. If the necessary definitions or standards already exist across different areas of law or regulation, she suggested the task force might consider creating an educational bulletin summarizing those provisions. She explained that such a bulletin could be distributed to all CIC board members to help ensure they are aware of their obligations and better understand the requirements governing board actions and meetings. She offered this as a potential approach to improving clarity and addressing public concerns.

Sonya Meriweather returned to the discussion of Regulation R-129-21. She noted that after reviewing page 6, although amendments were made to NAC 116.405, they did not appear applicable to the current issue involving board action taken without a meeting. She stated that while updates were included in the regulation, they did not add language addressing situations such as board members excluding other board members from decision-making. Ms. Meriweather explained that, based on the draft language—whether recently codified or not yet posted on the website—the amendments to NAC 116.405 do not impact the concerns raised in this discussion. Specifically, the changes do not clarify how action outside a meeting should be handled or how board members and unit owners should be notified when such actions occur.

Donna Zanetti stated that, with the help of the group, she had been able to locate the regulation in question. She agreed with Ms. Meriweather's assessment that the current language—though amended—is not adequate to address the issues being discussed, particularly regarding action taken outside of a meeting. Ms. Zanetti noted, however, that NAC 116.405 may provide a potential avenue for improvement. She suggested that if the task force wished to address concerns about directors excluding fellow board members from decision-making, an amendment to NAC 116.405 could be considered. Such an amendment, she explained, might include language specifying that directors may not exclude other board members from participation unless a conflict of interest exists. She observed that this approach could offer an appropriate mechanism for addressing the type of conduct that the Ombudsman's Office encounters frequently in complaints and inquiries.

David Varon raised a question regarding the suggestion that all board members sign actions taken outside of a meeting. He expressed concern about the practical implications, noting that some board members take vacations or may be out of town for extended periods. He asked whether requiring unanimous signatures would prevent associations from operating when a board member is unavailable. Mr. Varon clarified that in such situations, excluded board members are not omitted maliciously but simply because they are temporarily unreachable. He concluded by stating that this was his only question.

4-A-2) Administrator Sharath Chandra introduced the next agenda item, Capital Improvement. He noted that during the previous meeting the task force had made progress toward establishing a consensus on the issue. He reiterated that any language or recommendations agreed upon by the task force would still need to proceed through the legislative process, including review by both houses and relevant committees, as well as opportunity for public input. Administrator Chandra emphasized that the task force's objective at this stage is not to finalize or perfect statutory language, but rather to move the discussion forward, acknowledge the problem, and articulate potential solutions. These solutions could eventually take the form of legislation or another type of codification.

Christal Park Keegan acknowledged the time and suggested that agenda items 2, 3, and 4 be discussed collectively, noting that they form part of a working consensus toward drafting amended language for their respective statutes. She provided a brief recap, explaining that these topics have been under discussion since the task force was reconvened by the Director. They appeared on the December 2025 meeting agenda and were further discussed at the February meeting. She observed that the task force seems close to reaching consensus. Before turning the discussion over to the members for any final feedback, Ms. Keegan reiterated that the goal—consistent with Administrator Chandra's remarks—is to capture the essence of the task force's recommendations so they can be incorporated into the final report submitted for legislative consideration. She emphasized that any statutory changes arising from these recommendations would need to proceed through the full legislative process. Ms. Keegan expressed hope that the task force could finalize these items for inclusion in the report during the present meeting. She added that if any last-minute changes arose during discussion, the task force could incorporate them through a motion noting those amendments. She also said they could confirm this procedure with Senior Deputy Attorney General Phil Su, who was present.
She concluded by thanking the members.

Director Kristopher Sanchez provided a brief recap as the task force moved into discussion of agenda items 2, 3, 4, and 5. He noted that the group would begin with item 2, Capital Improvement.

Michael Buckley offered comments regarding the capital improvement discussion. He stated that capital improvements are already defined under generally accepted accounting principles (GAAP) and by the IRS and questioned why an additional or new definition would be necessary within NRS 116. He also addressed the proposed definition of non-capital improvements, noting that it included items involving new technologies or materials that improve efficiency. He pointed out that examples such as computer upgrades or new air conditioning systems could be costly and suggested that the language appeared overly broad, potentially allowing significant expenditures to be categorized as non-capital improvements. He concluded by sharing these concerns for the task force's consideration.

Garrett Gordon shared two comments he had heard related to the discussion on capital improvements. First, he noted confusion surrounding the statutory terms "preserve," "restore," and "maintain." He explained that under current statute, reserve funds may be used for items that preserve, restore, or maintain common elements. However, the draft language being discussed appeared to include those same terms within the definition of non-capital improvements, while reserve funding remained categorized under capital improvements. This overlap, he said, has caused uncertainty about whether an item intended to be funded through reserves must be treated as a capital improvement, or whether it could still fall under non-capital improvements even though its purpose is to preserve, restore, or maintain. He described this as a point of confusion that stakeholders have raised. Second, Mr. Gordon addressed the effort to establish a recommended cost threshold—a backstop percentage—used to determine when an expenditure qualifies as a capital improvement. He observed that the draft language currently leaves this undefined, showing only bracketed text such as "exceeds [percentage]." He noted that a 5% threshold had been discussed previously, but he pointed out practical concerns. For example, street repairs are one of the largest recurring expenses for many associations, and such repairs would almost always exceed a 5% threshold. If the definition were applied strictly, it could trigger capital-improvement requirements every year, resulting in additional meetings, increased administrative burdens, and ongoing analysis for associations. Mr. Gordon concluded by stating that these issues illustrate the complications involved in redefining capital improvements.

Donna Zanetti stated that she believes a definition of capital improvements is necessary and should be separate from definitions used in generally accepted accounting principles or by the IRS. She explained that those external definitions include items that, within the context of common-interest communities, are considered reserve expenses. She noted that reserve projects—such as asphalt replacement or roof replacement—should not trigger special meetings or additional approval requirements simply because their costs exceed a particular threshold. Ms. Zanetti clarified that the intent of the task force's effort is to address *new* items that a board or community may wish to construct or install, not existing components already covered under reserves. In this regard, she stated that subsection A of the draft definition, which focuses on new non-existent major components, is useful. She found subsections B and C less useful. She concluded by recommending that capital improvements be defined as new, non-existing items, and that the definition stop there.

Mark Leon stated that after reviewing agenda items 2, 3, and 4, he noticed that the draft materials contained legislative-style language with the typical formatting used to show statutory changes, such as blue and green text. He shared his impression that the task force's purpose was not to introduce new legislative amendments at this stage, but instead to ease the burden on legislators by addressing the issues from a policy perspective. Mr. Leon explained that, in his view, the task force should focus on developing clear policy recommendations rather than drafting specific statutory changes. He concluded by noting that this was his understanding of the group's intent.

Michael Buckley stated that he agreed with Donna Zanetti's earlier point regarding the definition of capital improvements. He said that retaining only subsection A—focusing on new, non-existing components—made sense to him. He noted that this approach would clearly distinguish capital improvements from items already covered in reserve studies.

Sharath Chandra addressed the discussion regarding subsections B and C of the proposed capital improvement definition. He explained that subsection B was included primarily to clarify what *does not* constitute a capital improvement. He noted that this contrast—identifying what falls outside the definition—can assist associations in understanding which items are already covered under reserve responsibilities. Because the Division frequently receives questions about the types of work included or excluded, calling out certain elements can be helpful, even if it is not an exhaustive list. Administrator Chandra emphasized that repairs and replacements of existing common elements are not capital improvements, and subsection B was intended to capture that distinction. Regarding subsection C, the cost threshold, he acknowledged that additional discussion is needed, echoing earlier comments from Garrett Gordon. He noted that the draft language leaves the percentage undefined intentionally so the task force can determine what an appropriate threshold might be. The purpose of including subsection C, he said, was simply to highlight that cost may be a relevant factor and could be an area for improvement within the statute.

Michael Buckley stated that it is difficult to capture every possible circumstance within statutory language. He noted that once language is added to statute, it introduces additional terms—"another 50 words," as he described—that can themselves create new questions and uncertainties.
Mr. Buckley suggested that the Real Estate Division or the Commission is better suited to provide further clarification when needed, whether through advisory opinions, rulings, or regulations. In his

view, these mechanisms allow for more flexible and practical guidance than attempting to define every scenario within statute. He concluded by acknowledging Administrator Chandra's earlier point, agreeing that drafting highly detailed statutory language may inadvertently create more complexity rather than resolve it.

Administrator Sharath Chandra offered one final comment before moving the discussion forward. He noted that from the Division's perspective, the absence of statutory language presents challenges regarding enforcement. While the task force can discuss concepts at a theoretical or policy level, in practical terms the Division must rely on statute or regulation when determining compliance or taking enforcement action. He explained that without clear statutory direction, issues brought to the Division often result only in reports or documentation, with no mechanism for enforcement—similar to the challenges described earlier in the discussion about condominium oversight. He emphasized that finding the balance between providing clarity through statute and avoiding overly prescriptive language is part of the task force's broader goal.

Donna Zanetti asked for clarification regarding the next steps the task force was expected to take. She inquired whether the Division or Chair was requesting that a member make a motion recommending an amendment to NRS 116 concerning capital improvements, and whether this was the intended action for the task force to take during the meeting.

Director Kristopher Sanchez responded that the intention for agenda items 2, 3, 4, and 5 was for the task force to vote on whether these items should be included in the final report. He explained that inclusion in the report would signify that each item warrants further consideration as the process moves toward the legislative phase. He reiterated Administrator Chandra's earlier comments that any legislative changes would later go through the normal legislative procedures—committee hearings, public input, and formal deliberation. The immediate goal, however, is to assemble a comprehensive final report reflecting the task force's discussions. Director Sanchez emphasized that the vote would determine whether the items discussed should be formally documented as issues needing continued review and possible legislative attention.

Donna Zanetti moved that the task force include in its final report a recommendation to amend NRS 116.3115 (9), by adopting the definition of "capital improvement" as set forth in subsection A of the draft language reviewed by the task force. David Varon Seconded the motion. The motion passed unanimously.

4-A-3) Administrator Sharath Chandra moved to the next agenda item; review of decisions and recommendations related to NRS 116.31087, concerning unit owners who have certain complaints. Administrator Chandra explained that subsection 1 of the existing statute was included in the draft exactly as currently written, noting that the language is unclear. He stated there had been strong consensus from previous meetings that the statute is difficult to interpret. The intent of the task force's work, he emphasized, was not to rewrite the statute extensively, but to reorganize and clarify the existing provisions to improve understanding of the steps a unit owner must take. Administrator Chandra noted that prior discussions highlighted confusion between subsections 1 and 2, and the draft reorganizes these sections to reduce overlap and improve flow. He also referenced discussions regarding complaints being placed on board agendas, indicating that the green text in the draft represents additional clarification based on those conversations. He further explained that a new provision—subsection 2(3)—was added to include standard language informing owners of their right to pursue next steps with the Ombudsman's office if the complaint remains unresolved after the board responds. This addition aims to clarify the complaint process and strengthen communication pathways for unit owners.

Michael Buckley commented on the final sentence of subsection 2 in the draft language. He noted that the provision currently states that "the association and a director shall not harass, intimidate or retaliate," but observed that this responsibility should apply mutually. He pointed out that there is also a possibility that an owner may harass or intimidate the board if the board does not make a decision—or makes a decision the owner disagrees with. Mr. Buckley suggested revising the language so that the prohibition on harassment, intimidation, or retaliation applies to both the board and the unit owner, ensuring that expectations and protections are balanced for all parties involved.

Donna Zanetti stated that she agreed with Michael Buckley's earlier comments. She stated her primary concern regarding the use of the phrase "public dialogue" in the draft language. She said she was seeking input from the committee on this point. Ms. Zanetti explained that she would not want the term "public dialogue" to be interpreted as requiring the board to engage in a back-and-forth discussion with an owner regarding alleged violations. As an attorney, she would not recommend that her clients participate in an open dialogue with an owner about alleged misconduct or violations. She clarified that it is appropriate for owners to express their position during public comment and for the board, when the matter appears on the agenda, to provide the owner with the required information—specifically, the board's determination and findings, the basis in governing documents or law for its decision, and the written notice required within the statutory timeframe. However, Ms. Zanetti emphasized that if the language is intended to require an actual conversation or extended exchange between the board and the owner, she could not support such an interpretation.

Garrett Gordon provided several comments regarding subsection 2 of the proposed revisions. He expressed concern about the requirement that an association respond within 10 calendar days. He noted that many associations would need to hire legal counsel to prepare the written response—particularly to address the board's findings, determinations, and citations to relevant statutory or governing provisions. This requirement, he said, places boards in an adjudicative role, effectively acting as judges, and may require the assistance of an attorney or even law-clerical support to produce a report resembling a legal opinion or order. Mr. Gordon stated that such obligations could significantly increase costs for associations, potentially affecting assessments. He also noted the challenge posed by homeowners who file repeated or frivolous complaints. Without limitations, an owner could file a complaint, receive a response, and then immediately file the same or another complaint the following week—creating an ongoing burden that diverts the board from its regular business operations. He summarized his concerns as follows: the short 10-day response window, the strain on association operations in the face of repeated frivolous complaints, and the financial burden associated with hiring counsel to comply with the detailed requirements in subsection 2.

David Varon stated that Garrett Gordon had covered most of the concerns he intended to raise. He added that he saw the proposed language as potentially something that could be used against the board on an ongoing basis, creating continuous challenges for board operations. Mr. Varon expressed agreement with Michael Buckley's earlier comment that the prohibition against harassment, intimidation, or retaliation should apply not only to the board and its directors, but also to owners. He stated that this reciprocal accountability was the primary point he wished to emphasize.

Sonya Meriweather acknowledged that this issue involves a significant balancing act. Ms. Meriweather stated that while it is important to consider protections for the board, it is equally important to safeguard the unit owner's right to be heard.

Ms. Meriweather explained that, based on the Ombudsman's Office experience, a portion of complaints filed by unit owners could have been avoided if the board had engaged in some form of open dialogue, written or verbal, with the owner before the complaint escalated. She noted that many unit owners report receiving no communication from their boards regarding their concerns, which leads them to believe their issues are being ignored. Ms. Meriweather stated that although boards must be cautious, particularly when discussing matters publicly that may require attorney input, there remains an obligation for boards to communicate with unit owners when there is a concern about a violation of the law or an issue occurring within the community. Ms. Meriweather emphasized that achieving the right balance between transparency and legal prudence is challenging but necessary.

Mark Leon stated that the proposed language appears to prioritize actions that do not relate directly to running the association or advancing its core business. He expressed concern that elevating these types of issues to the forefront could distract boards from their primary responsibilities. Mr. Leon added that he believes this matter is better addressed through policy rather than statute. In his view, handling these procedures through administrative guidance, rather than embedding them into law, would provide greater flexibility and avoid encumbering the association with statutory obligations that may not support efficient operations.

Administrator Sharath Chandra thanked the members for their comments and clarified the Division's intent regarding the proposed language. He emphasized that the 10-day requirement is already in statute and is not being newly introduced by the draft. The goal of the draft language, he explained, is simply to clarify the steps already required, as the current subsections (1) and (2) contain confusing and overlapping language that boards interpret inconsistently. He noted that subsection 1 requires a written complaint to be submitted to the board, and subsection 2 requires a 10-day notice. The draft does not change these obligations; rather, it reorganizes the language to make the process clearer. Under the clarified version, once notice is provided, the owner is afforded the opportunity to have the matter placed on the agenda. What the board chooses to do at the meeting remains entirely within the board's discretion, just as under current practice. Administrator Chandra also addressed Donna Zanetti's concern about "public dialogue," pointing out that subsection 2 expressly states that nothing in the section compels the board to engage in public dialogue regarding matters reserved for executive session. This language is intended to protect boards from being required to engage in back-and-forth discussions on sensitive or confidential items. He added that, based on comments raised, additional language could be included to extend protections to board members as well, ensuring the provisions regarding harassment or intimidation apply mutually between owners and directors. Administrator Chandra concluded by reiterating that the intent is not to rewrite the statute but to clarify subsections 1 and 2 so that boards and owners have a clearer understanding of the existing process.

Garrett Gordon stated that while he agrees with Administrator Chandra "99.9% of the time," this issue falls into the remaining fraction where he respectfully disagrees. He acknowledged that subsection 1 largely reshuffles existing language, but emphasized that the proposed subsection 2 introduces significant new requirements not present in the current statute. Mr. Gordon explained that under existing NRS 116.31087(2), the association's obligation is to place the complaint on a board agenda. The current statute does *not* require the board to produce a written, non-privileged response to the owner within 10 days after the meeting. In contrast, the draft language would mandate that the board provide:

1. The board's findings or determination;
2. Citations to relevant provisions of NRS or governing documents; and
3. If unresolved, notice to the owner regarding next steps with the Ombudsman's office.

He stated that this transforms the board's role into that of an adjudicator, requiring analysis, legal framing, and documentation more akin to a written order. He expressed concern that this level of formality is new, resource-intensive, and could require legal counsel for even routine complaints. Mr. Gordon added that while he agrees with the Ombudsman that complaints should absolutely be placed on the agenda for transparency and open governance, moving from agenda placement to formal adjudicatory obligations raises significant concerns, both substantively and financially for associations.

Michael Buckley asked whether simply adding the phrase "as an action item on the agenda" to the existing statutory subsection 2 might advance the discussion toward a workable solution. He suggested that this adjustment could potentially clarify the process without introducing extensive new requirements.

Christal Park Keegan responded by noting that the group could certainly discuss Michael Buckley's suggestion. Ms. Keegan did clarify an important point: subsection 1 in the draft originated as a cleanup of the existing statutory language, consolidating and simplifying what were originally subsections 1 and 2 in the statute, which she described as "clunky." She added that the draft language in subsection 2 did not originate from the Division, but rather from the task force members themselves. She noted that this was supported by the discussions reflected in the December 2025 task force meeting, where members articulated the need for additional clarity in the complaint process.

Donna Zanetti responded to Michael Buckley's question regarding whether categorizing the complaint item on the agenda as an action item would make a difference. She stated that, in her view, such a designation would not change the board's obligations or outcomes. Even if placed as an action item, the board may choose only to discuss the matter, with no resulting motion or action taken. Ms. Zanetti emphasized that, as a matter of policy and good governance, unit owners should receive a response when they allege that the board has violated governing documents or applicable statutes. She acknowledged Garrett Gordon's concern about the potential cost to associations, particularly if legal counsel is involved in preparing such responses. However, based on her experience, she believes that providing substantive, meaningful responses is an important aspect of transparency and responsible association governance. She noted that while not all owners will accept or be satisfied by the board's explanations, many find value in receiving a clear account of why the board acted, or chose not to act, in a particular manner. Ms. Zanetti concluded that although this may increase billable hours for association attorneys, she considers it an important public policy consideration.

Administrator Sharath Chandra stated that Christal Park Keegan had raised an important point, and after revisiting the draft language, he believed the task force might consider moving forward with subsection 1 independently. He explained that subsection 1 simply reorganizes and clarifies the existing statutory subsections (1) and (2), addressing long-standing confusion about whether the statute requires a two-step process. He noted that this clarification would benefit homeowners by making the process easier to understand without introducing new substantive requirements. Administrator Chandra emphasized that subsection 2, by contrast, was drafted based on extensive task force discussions in prior meetings. If members felt subsection 2 was too significant a shift to advance at this time, he suggested it could be set aside for further deliberation, while subsection 1 could still proceed as a recommendation. He reiterated that any recommendation from the task force would ultimately move into the statutory process, including legislative review and public input. His suggestion, he emphasized, was simply a way to advance clarity on a portion of the statute that has caused recurring confusion.

Michael Buckley stated that he would make a motion regarding subsection 1. He moved that the task force approve subsection 1 of the draft language, representing the clarified and reorganized version of the existing statutory process. In addition, he recommended that the task force include language requiring the board to provide an appropriate response to the unit owner's complaint, ensuring that owners receive acknowledgement and information regarding their concerns.

Garrett Gordon raised a brief point of discussion regarding the motion made by Michael Buckley. He asked whether the maker of the motion would be willing to amend it to include reciprocal language addressing harassment, intimidation, or bullying—ensuring that such prohibitions apply not only to the board, but also to the homeowner. He noted that this mutual protection would align with earlier concerns discussed by the task force.

Michael Buckley restated his motion with amendments. He moved that the task force approve subsection 1 of the proposed revisions and include appropriate language requiring the board to provide a response to a unit owner's complaint within a defined period of time. He further moved that the final sentence be amended to include reciprocal language specifying that neither party, the board nor the unit owner may harass, intimidate, or retaliate against the other. Mr. Buckley concluded by noting that the precise wording had already been captured in the discussion. Donna Zanetti seconded the motion. The motion passed unanimously.

4-A-4) Administrator Sharath Chandra introduced the next agenda item, explaining that the Division wanted to clarify its position based on recurring concerns brought to the Ombudsman's Office and the Division. He stated that while the Division supports boards in carrying out their duties, they have received complaints regarding restrictions placed on unit owners who violate governing documents. He explained that the Division's primary concern relates to situations where owners are prohibited from using common elements or from voting. The Division believes these restrictions should be specifically limited in duration. Once an owner cures the violation, by correcting the issue and paying any associated fines, the restriction should end. Administrator Chandra noted that the statute should include clear boundaries to prevent indefinite or unnecessarily prolonged penalties. He added that related discussions had touched on voting restrictions and other associated issues, but the central goal of the item was to address fairness around limitations imposed on owners' rights and access. He emphasized that establishing a fixed timeframe for such restrictions is an important issue for the task force to consider moving forward.

Michael Buckley offered several comments regarding the draft language under the new agenda item on restrictions imposed on unit owners. He stated that overall he was comfortable with the proposed direction, but noted a few specific points for consideration. First, he suggested that the word "provide" should remain in the language and not be removed. Second, he recommended adjusting

the placement of the phrase “commensurate sanction.” In his view, that phrase should apply to both subsections (1) and (2), ensuring that any penalty imposed is proportional to the violation described in either category. He emphasized that sanctions should be tied directly and clearly to the nature of the underlying violation.
Mr. Buckley also commented on subsection 3, which was not shown in the draft language being discussed. He pointed out that, under that subsection, an association must notify owners of the fine policy. He asked whether similar notice should also be required for the policy applicable to subsection 1 penalties. Likewise, he noted that subsection 4 requires a hearing before imposing a fine, but that requirement may not currently apply to penalties under subsection 1. He concluded by stating that these observations suggest some cleanup may be needed to ensure consistent policy requirements and procedural protections across all types of penalties, including notice and hearing requirements before any restriction or sanction is imposed.

Assemblymember Heidi Kasama asked for clarification regarding the phrase “per voting cycle” in the proposed language. She inquired whether the intent was that, for example, the board could restrict an owner’s use of facilities for 90 days and then, at the end of that period, vote again to impose an additional 90-day restriction if the owner continued to violate governing documents. Ms. Kasama emphasized that boards must retain some form of enforcement authority “a hammer,” as she described it—when owners engage in ongoing violations. She asked whether the proposal would permit the board to renew or extend such restrictions in successive cycles if violations persisted, and whether this was the intended meaning behind the term “voting cycle.”

Donna Zanetti responded to Assemblymember Kasama’s question. She explained that under the draft language, the board’s ability to prohibit an owner from using common elements or recreational amenities would continue automatically for as long as the violation remains uncured or any associated fines remain unpaid. For that reason, she said, the board would not need to “re-up” the restriction every 30, 60, or 90 days. The restriction would simply remain in place until the owner resolved the issue. Ms. Zanetti further clarified her interpretation of the voting-cycle provision. In her view, “one voting cycle” refers to the period in which owners participate in votes on matters requiring owner approval—such as elections, removals of board members, CC&R amendments, special assessments, or capital improvement assessments. She noted that the term was not explicitly defined but assumed it would mean at least one year, through the next annual election. She added her perspective that an owner’s ability to vote should be suspended for as long as the violation remains uncured or fines remain unpaid, regardless of the length of time involved. Once the violation is resolved, any additional voting restrictions should be limited according to whatever duration the statute ultimately provides.

Assemblymember Kasama agreed with Ms. Zanetti’s comments.

Garrett Gordon stated that he concurred with Donna Zanetti’s explanation. He agreed that the loss of voting rights or the loss of the ability to use a common element should continue until the underlying matter is resolved, specifically until the violation is cured and any associated fines or assessments are paid. He noted that it would not make sense, for example, for an owner to cease paying assessments yet remain eligible to vote after only one election cycle. He emphasized that assessments are fundamental to the operation of an association. Mr. Gordon then addressed the proposed 30, 60, or 90-day time limits. He expressed concern that those durations may be too restrictive in certain situations. He provided examples of more egregious conduct that may warrant longer suspensions, including instances of assault and battery at common-element facilities such as pools or gyms. He pointed out that if such an incident occurs at the end of a season—for example, the last day the pool is open—a 90-day suspension may effectively mean no meaningful consequence, as the owner could resume use at the start of the next season. He cited several real-world examples, including an individual striking another person with a barbell in a community gym and another incident in which a motorcycle was driven into a fitness center and caused significant damage. He acknowledged these are extreme cases but argued they demonstrate the need for flexibility. Limiting suspensions to a maximum of 90 days could be inadequate in circumstances involving serious misconduct. Mr. Gordon stated that he believes the phrase "commensurate sanction" provides helpful subjectivity, allowing boards to impose penalties proportionate to the severity of the violation. He concluded that, in some situations, sanctions longer than 90 days are both appropriate and necessary.

Mark Leon stated that he was not in favor of adjusting or expanding the legislative language for this issue. He noted that the statute already refers to restrictions lasting a "reasonable time," which provides boards with flexibility. In his view, if a dispute arises over whether a board has acted unreasonably, that concern should be addressed by the Division as a matter of policy rather than through statutory amendment.

Assemblymember Heidi Kasama stated that, after hearing the discussion, she would likely not support including fixed durations of 30, 60, or 90 days for restrictions. She expressed a preference for allowing boards to exercise discretion in determining what constitutes a reasonable period of restriction, especially given the examples of more serious violations raised during the conversation. Assemblymember Kasama also suggested that the term "voting cycle" should be more clearly defined, potentially as each annual voting period, to avoid ambiguity about how long voting rights may be suspended.

Michael Buckley stated that he would make a motion regarding the proposed revisions. He moved to approve subsection 1 of the draft language while deleting the fixed timeframes of 30, 60, and 90 days. He recommended keeping subsection A as written but adding the phrase "commensurate sanction" as an overarching guiding standard for penalties. Mr. Buckley further moved that "one voting cycle" be defined as a vote of the unit owners, however that may be structured in each association's governing documents. In addition, he stated that the notice requirements in subsection 3 and the hearing requirements in subsection 4 should also apply to actions taken under subsection 1, ensuring consistent procedural protections across all types of penalties. Assemblymember Kasama seconded the motion. The motion passed with a 4:3 vote.

4-A-5) Director Kristopher Sanchez explained that this item concerns the review of decisions and recommendations related to proposed changes to NRS 38, which governs the state's Alternative Dispute Resolution (ADR) program. Director Sanchez noted that the task force would now consider potential modifications or clarifications to the ADR statute as part of its ongoing evaluation of issues affecting common-interest communities.

Administrator Sharath Chandra provided a detailed overview concerning proposed changes to NRS 38 and the state's Alternative Dispute Resolution (ADR) program. He noted that the topic had been discussed in previous meetings and referenced a bill from the last legislative session that also sought to modify NRS 38. He added that the task force had previously heard input from representatives of the courts regarding their own ADR procedures. Administrator Chandra explained that the core purpose of ADR is to provide homeowners and associations with a venue to

resolve disputes related to governing documents and community operations. Currently, ADR consists of two programs: mediation and the referee program. He stated that mediation is the most frequently used, but in many cases, it is not as effective as intended because participation is voluntary. When one party declines to participate, the case simply moves through the process and ultimately proceeds to court without resolution. He emphasized that if the task force's goal is to help parties reach actual decisions, a different approach may be needed. He noted that public comments also raised concerns about cost. The Division recognizes these concerns, he said, and therefore any proposed adjustment must consider affordability. Administrator Chandra explained that mediation is subsidized by the Division, costing approximately $500.00 total, $250.00 per party, and includes a set time limit. He proposed that the ADR program shift to a default nonbinding arbitration model. Arbitration would not be mandatory, but it would be the standard procedural track unless a party opted out. Arbitration would result in a written decision that either party could later challenge in court, but unlike the current mediation model, both parties would at least emerge with a clear outcome.
He acknowledged that arbitration carries cost implications similar to mediation or the referee program. Therefore, if the task force recommends moving to arbitration, the Division would also plan to subsidize that program. He stressed that the subsidy and the arbitration model must move forward together; the Division would not propose statutory changes to NRS 38 without simultaneously ensuring financial support for the new ADR structure. Administrator Chandra described the draft language included in the materials as an initial proposal for statutory changes that would make arbitration the Division's default ADR process. He noted that this language would evolve throughout the legislative process. He also stated that the Division would work closely with the courts to align procedures, policies, and best practices, and may explore using the same roster of arbitrators employed by the court system to ensure effectiveness and consistency. He concluded by reiterating that the goal of the proposed change is to provide homeowners and associations with a reliable resolution process that produces actionable outcomes.

Donna Zanetti moved to approve, as a recommendation, the proposed amendments to NRS 38 as presented by the Division for inclusion in the task force's final report.

Garrett Gordon stated that he would second the motion but asked the maker of the motion to consider a slight modification to the proposed language. He referred to NRS 38.325, located on page 7 of 11 in the packet, specifically subsection 2. He noted that the last sentence currently reads, "A person may not award to either party costs or attorney's fees." Mr. Gordon suggested revising the sentence to read: "The person *may* award costs or attorney's fees to the prevailing party."

Ms. Zanetti stated she would accept that modification. Mr. Gordon seconded the motion.

Michael Buckley stated that he agreed with the motion in concept. He noted that he had several language changes he would suggest but did not intend to raise them at this time. He emphasized that he supported the policy direction reflected in the motion. Mr. Buckley also remarked that he was pleased the Real Estate Division would be looking at the short-trial program referenced by the courts. He stated that the information presented at the last meeting was very helpful and noted that the Nevada Supreme Court has ongoing rule developments related to short trials that may be beneficial to consider. He concluded by reiterating his support for the motion, though not the exact language as currently drafted.

Mark Leon offered two comments regarding the proposed amendments to NRS 38.

First, he noted that in NRS 38.320(1), the draft language contains two consecutive "or" connectors. He recommended removing the redundant "or" shown in red to improve clarity and avoid confusion in the statutory phrasing. Second, Mr. Leon raised a concern regarding NRS 38.330 and the proposed $600.00 cap on arbitration costs. He questioned whether it would be possible to secure a qualified arbitrator at that rate. He suggested that the statute should allow flexibility for the parties to hire a more experienced arbitrator if they wish, potentially at a higher cost, given that the alternative is litigation, which can cost tens of thousands of dollars. He noted that parties may be willing to pay $1,000.00 or several thousand dollars for a strong arbitrator who can provide a truly effective resolution, rather than be limited to one willing to work for $600.00.

Administrator Sharath Chandra responded to Mark Leon's comments by clarifying how the cost structure fits within the proposed ADR changes. He explained that the $600.00 statutory cap referenced in the current materials applies only to the existing mediation program—not to arbitration. He noted that the proposed arbitration model intentionally does not include specific fee language at this stage, because the Division anticipates designing the details of the arbitration program later. Administrator Chandra recalled that when representatives from the courts previously testified, they indicated that their capped arbitration cost is $2,000. He stated that arbitration costs could vary and potentially escalate, but the Division's goal is to establish a cost structure that supports the majority of users—an "80/20" approach in which 80% of homeowners would benefit from a subsidized but accessible program. Under this concept, the Division would subsidize arbitration similarly to its existing mediation subsidy. Homeowners who choose not to use the subsidy could opt out and pay for a different arbitrator if they prefer. He noted that the current ADR program already allows participants who have used their subsidy once to continue through the process without further subsidy, and a similar structure could apply to arbitration. Administrator Chandra emphasized that language in statute may eventually need to specify a dollar amount or cap, depending on legislative requirements. He stated that the Division's working concept is to adopt a $2,000 per-arbitration benchmark, aligned with the court's program, and to collaborate closely with court officials to maintain consistent best practices, procedures, and potentially share the same roster of arbitrators. He concluded by acknowledging that designing the program carefully is essential to ensure effectiveness, affordability, and alignment with existing judicial models.

Director Kristopher Sanchez noted that there was a motion on the table and a second, including the amendment proposed by Garrett Gordon. He stated that the motion, as amended, would now be moved to a vote. The motion passed unanimously.

4-B For possible action: Discussion and decision to approve minutes of February 25, 2025, Task Force Meeting.

Director Kristopher Sanchez introduced the next agenda item, for possible action. He stated that the task force would be considering approval of the **February 25th Task Force meeting minutes**. Director Sanchez asked whether any members had edits or changes to the minutes as written.

Michael Buckley stated that he had two corrections to the February 25th meeting minutes. First, on page 4, in the last full paragraph, he noted that a word was missing: the second line should read "advisory opinions she explained," with the word "she" inserted. Second, on page 5, in the paragraph that is fourth from the bottom, the minutes refer to "homeowner approval" in the context of remarks by Assemblywoman Kasama. Mr. Buckley clarified that she was referring to "board approval," not homeowner approval.

With those corrections noted, Mr. Buckley moved to approve the minutes. Garrett Gordon

Seconded the motion. Motion passed unanimously.

5) <u>TASK FORCE MEMBER GENERAL DISCUSSION:</u>
Garrett Gordon stated that he wanted to confirm the task force's consensus regarding the draft language he previously referenced. He explained that he could provide the committee clerk with the draft legislative language based on the Surfside-related statutory framework that has been adopted in other states. He asked whether it was the task force's desire for him to submit that draft for consideration as part of the task force's review for Nevada.

Director Kristopher Sanchez responded that he thought Garrett Gordon's suggestion was an excellent idea. He stated that the draft language could be added to the agenda for the next meeting. Director Sanchez invited Mr. Gordon to submit the draft to the committee clerk so it could be distributed to all task force members in advance and prepared for public review. Mr. Gordon agreed.

Michael Buckley stated that he assumed future agenda items would include discussion of the topics presented by Bill Sklar, particularly issues related to maintenance and board training. He noted that these subjects warrant further review by the task force. Mr. Buckley also referenced a recent Wall Street Journal article published on April 9th, which addressed the rapid increase in HOA fees, sometimes rising to levels exceeding mortgage payments. He suggested that the task force should consider discussing this matter as well, with an eye toward identifying areas where assistance or policy recommendations might be helpful.

Director Kristopher Sanchez acknowledged Michael Buckley's comments and confirmed that these would be added as future agenda items for the task force to discuss.

Garrett Gordon apologized for speaking a second time and asked a procedural question regarding the upcoming legislative session. He inquired whether, as Bill Draft Request (BDR) proposals begin to surface over the summer, the task force would be reviewing those bills and providing positions, such as support, non-support, or neutral with recommended amendments. He asked whether the task force's scope would include evaluating incoming legislative proposals, or whether its work would remain limited to the recommendations it develops independently.

Director Kristopher Sanchez responded that Garrett Gordon had asked an excellent question. He explained that the length of time the task force would continue meeting had not yet been determined. He noted that the BDR process has its own timeline, beginning behind the scenes at the agency level, continuing through the summer as work proceeds with the Governor's Office, and then moving into the legislative session. Director Sanchez stated that how the task force engages with BDRs would ultimately be a conversation for the members. His intent is to continue convening meetings so long as there are meaningful agenda items to discuss and members remain interested. He emphasized that each meeting thus far has been valuable, with robust and productive conversation. He clarified that he did not anticipate the task force continuing throughout the entire calendar year. However, he noted that they already have enough material for a fourth meeting's agenda. He recommended that the task force, at each meeting, look ahead to identify topic priorities, determine the desire to continue discussion, and then proceed based on member interest and workload.

Michael Buckley stated that he wished to share an update with the task force. He explained that, as

Chair of the Real Property Section, he would be making a presentation on June 16th to the Joint Interim Standing Judiciary Committee regarding real property proposals, some of which involve Chapter 116. He summarized two primary areas he planned to address. First, he would discuss the need to keep NRS 116 updated in alignment with the Uniform Common Interest Ownership Act. Second, he intended to raise a broader structural issue: that Chapter 116 is complex, and during the legislative session there is often insufficient time to fully vet proposed changes or build consensus. In such a compressed timeframe, controversial matters can become more difficult to resolve. Mr. Buckley explained that he planned to suggest establishing a committee or input group, similar in concept to the current task force, that could focus on ongoing review of uniform law changes and Chapter 116 issues. The purpose, he said, would be to encourage continuous discussion and development outside the legislative session, improving the likelihood of thoughtful, effective updates when the session arrives.

6) <u>Public Comment</u>

Mike Kosor provided public comment and began by acknowledging the quality of the task force's discussion. Mr. Kosor noted that the task force voted to move forward with an arbitration-based ADR model but reminded members that in 2013 the Legislature specifically moved away from arbitration due to cost concerns. He explained that the referee program was created at that time as a lower-cost alternative and argued that the task force did not fully discuss why the referee program could not simply be designated as the default mechanism. In his experience, most homeowner disputes involve CC&R interpretations that could be resolved quickly and inexpensively through a neutral referee, making it a practical and efficient option. He emphasized that the referee program is low-cost, fast, and effective, and questioned why it had not been part of the task force's deliberation. Mr. Kosor also commented on recurring themes heard throughout the meeting, including statements about confusion in statutes and the need for cleanup. He referenced remarks by Mark Leon and Michael Buckley, agreeing that many of these issues fall squarely within regulatory authority rather than legislative action. He suggested that the task force should consider using existing regulatory tools, such as the Common-Interest Communities Commission rulemaking authority under NRS 233, to clarify meeting definitions, discussion parameters, and other long-standing issues. He cautioned against relying solely on legislative changes, noting that the session often lacks the time needed to fully vet complex matters. Finally, Mr. Kosor raised concerns about how boards handle budget discussions. He stated that many boards conduct detailed budget workshops privately, then present a completed budget to homeowners without allowing them to observe or understand how decisions were made. He stressed that while homeowners need not participate in those detailed deliberations, they should at least be permitted to observe the discussions that lead to final budget decisions. He stated that this is one of the most common complaints he hears and encouraged the task force to consider it in future discussions. Mr. Kosor concluded by thanking the task force and encouraging continued dialogue.

Laura Canter provided public comment and began by thanking the task force for the detailed discussion regarding arbitration. She stated that she did not hear anyone address a key concern, her own experience with the arbitration process. Ms. Canter explained that she went through arbitration unsuccessfully and was very disappointed with the arbitrator assigned to her case. She shared that she spent $7,500.00 on an attorney because she had been advised that legal representation was necessary. She said that her situation stemmed from what she described as a personal vendetta by her association's board president, resulting in her having to navigate multiple procedural steps and ultimately reach arbitration. She reported that arbitration did not resolve the matter and that she is now involved in civil litigation that has already exceeded $40,000. Ms. Canter stated that she requested a transcript of her arbitration session and was informed that no transcript was available. She expressed frustration with this, noting that participants spend significant time and money and should receive something documenting what occurred. She described the arbitration session as unprofessional, stating that the arbitrator spent time talking about his dog, during the session rather than addressing the substance of the dispute. She said that she received no meaningful resolution, no explanation of accountability, and no clarity regarding what the association or management company was required to do. She summarized her experience as being told to “work it out on your own.” Ms. Canter stated that she would like to see transcripts or detailed post-arbitration summaries provided to homeowners so they understand what was discussed and why an outcome was reached. She emphasized that homeowners who trust the ADR process need substantive documentation, especially when they incur significant costs. She also commented on the quality of arbitrators and stated that compensation should not determine professionalism. Regardless of whether an arbitrator is paid $600.00 or $1,000.00, she believes they should represent homeowners competently and conduct proceedings appropriately. Ms. Canter concluded by stating that board members should receive more comprehensive training on regulations, as she believes many boards rely heavily on personal opinion rather than statutory or regulatory guidance. She indicated she had additional issues to raise and would bring them forward at the next meeting.

7) <u>For possible action: Adjournment</u>
Dr. Sanchez adjourned the meeting at 1:16 p.m.