Policy Brief Supporting Registration of Homeowners Association Management Companies in Nevada

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Executive Summary

Nevada has established one of the nation's most comprehensive regulatory frameworks for the community association industry. Individual community managers are licensed by the Nevada Real Estate Division and are held to extensive statutory and regulatory standards governing ethics, fiduciary responsibilities, disclosure requirements, financial accountability, and professional conduct under Chapters 116, 116A, and 116B of the Nevada Revised Statutes and Nevada Administrative Code.

While individual licensees are subject to this oversight, the management companies that employ those licensees are not separately registered with the Division. This creates an imbalance in accountability. The purpose of management company registration is not to create another layer of regulation or licensing, but rather to ensure that management companies share responsibility for compliance with the laws that govern the services they provide.

Current Regulatory Framework

Nevada law already establishes clear standards of performance for community managers and the management companies through the management agreements they administer. Community managers must comply with the statutory standards of practice established in NRS 116A.630, and management agreements are required to contain detailed provisions regarding services, compensation, insurance, records, fiduciary responsibilities, financial controls, and termination procedures.
The existing statutory framework recognizes that management companies play an integral role in the operation of common-interest communities. These companies maintain association records, oversee financial operations, supervise employees, implement internal controls, and provide the operational infrastructure necessary to serve associations throughout Nevada.

Why Registration is Appropriate

When a management company enters into a contract with a homeowners association, it assumes fiduciary obligations to that client. With those responsibilities should come an appropriate level of accountability.

Under the current system, complaints submitted to the Nevada Real Estate Division are frequently directed toward the licensed community manager, even when the alleged violation resulted from actions taken by administrative staff or internal company procedures over which the licensee may have had little or no knowledge or direct involvement.

In circumstances where an internal operational error is attributable to the management company rather than an individual licensee, the management company should be responsible for responding to the Division, correcting the violation, and, where appropriate, being subject to administrative sanctions or fines.

Accountability should rest with the party responsible for the conduct.

Registration Rather Than Licensing

This proposal is intentionally limited.

The recommendation is **registration**, not **licensure**, of management companies.

Management companies already operate as legally organized business entities, maintain local business licenses where required, and obtain Nevada State Business Licenses when applicable. Registration with the Real Estate Division would simply identify those companies that provide community association management services within Nevada and establish a direct regulatory relationship between the Division and the business entity.

Registration would not create an additional professional license or impose duplicative business licensing requirements.

Suggested Registration Requirements

A straightforward annual registration program could require each management company to submit basic operational information, including:

- Legal business name and contact information.
- Total number of employees.
- Number of licensed community managers employed.
- Number of provisional community managers employed.
- Primary office locations serving Nevada associations.

An annual registration fee not to exceed **$500** would be appropriate to offset the Division's administrative costs. This fee would be solely a registration fee and should not be interpreted or administered as a professional licensing fee.

Nevada already utilizes registration programs for other professionals associated with common-interest communities, such as reserve study specialists, demonstrating that registration is an established regulatory tool within Chapter 116A.

Accountability Without Additional Regulation

Management company registration should not become a mechanism for increased operational regulation.

The State should have no authority to dictate or interfere with how individual management companies conduct their internal business operations. Although nearly every management company provides substantially similar services, each organization has developed its own business model, staffing structure, technology platform, and operational processes.

So long as a management company complies with the requirements established in the Nevada Revised Statutes and Nevada Administrative Code, the State should not prescribe how the company manages its personnel, workflow, or business practices.

This proposal does **not** seek additional regulation.

Instead, it seeks to identify the responsible business entity and ensure that existing statutory requirements can be enforced against the appropriate party.

Benefits of Registration

Registration would provide several important public policy benefits:

- Increase accountability by recognizing management companies as responsible participants in Nevada's regulatory framework.
- Better align responsibility between licensed community managers and the companies that supervise and support them.
- Encourage stronger internal compliance programs and quality control.
- Improve the Division's ability to communicate with management companies regarding regulatory updates and compliance issues.
- Provide homeowners associations with greater confidence that management companies are directly accountable to the State for adherence to existing law.

Recommendation

Nevada should establish a simple annual registration program for homeowners association management companies administered by the Nevada Real Estate Division.

The program should:

- Register, but not license, management companies.
- Collect basic organizational information necessary for regulatory oversight.
- Require a reasonable annual registration fee not to exceed $500.
- Hold management companies accountable for violations arising from company policies, procedures, or employees acting within the scope of their employment.
- Preserve the existing flexibility of management companies to operate their businesses without unnecessary governmental interference.
- Leave unchanged the current licensing requirements and professional responsibilities applicable to individual community managers.

Conclusion

Nevada's community managers are already held to high professional standards and remain individually accountable for their conduct. Management companies, however, direct business operations, supervise employees, establish internal procedures, and fulfill contractual obligations on behalf of their clients.

Registration acknowledges this reality.

It provides an appropriate mechanism to ensure that responsibility is shared between the licensed professional and the company that stands behind the services provided. By focusing on accountability rather than additional regulation, management company registration would strengthen consumer protection, promote compliance with existing law, and improve confidence in Nevada's common-interest community management industry while preserving the operational independence of private businesses.