

SMALL BUSINESS IMPACT STATEMENT
CHANGES TO NAC 116
LCB File: R091-25

March 10, 2026

1. LCB File: R091-25 Changes to NAC 116 and NAC 116A Small Business Impact Statement pursuant to NRS 233B.0608:

(a) A description of the manner in which comment was solicited from affected small business, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Real Estate Division (the ‘Division’) posted the notice of proposed changes to NAC 116 and 116A on the Division’s website and sent the proposed changes to interested parties on November 24, 2025. Along with the proposed changes to NAC 116 and 116A, a survey was posted for small businesses to complete regarding how the proposed changes will affect their business.

The Division received comments with a request for clarification on whether the \$10,000.00 maximum fine for a health and safety violation is cumulative or per occurrence.

The Division received comments regarding the consideration of threatening language and/or behavior as it relates to the imposition of a health and safety violation. There was also a recommendation that the proposed language consider property damage as a potential health and safety violation. There were additional comments regarding the increased number of attacks on a person’s race, ethnicity, religion and sometimes gender. The recommendation was to broaden the proposed language to ensure the board of directors has sufficient authority to impose such violations.

The Division received comments that the proposed regulation does not clearly define a health and safety violation. There was also a question of whether a board of directors has the ability to distinguish a health and safety violation from other statutory language already in existence. There were comments made regarding a review of civil and municipal codes that may be more applicable than health and safety violations imposed by board members. There was also a comment as to whether it is appropriate for a board of volunteers to impose fines up to \$10,000.00, which could potentially lead to the foreclosure of a unit. There was also a comment made regarding the passage of SB72 from the 2021 legislature, which directed the Commission to establish the criteria to determine whether a violation rises to the level of a health and safety violation.

The Division received a comment seeking clarification on the proposed language regarding the filing of an affidavit by an aggrieved person, against a member of the executive board.

There were several comments made objecting to the workshop proceedings with an opinion that the process does not comply with NRS 233B. There was a comment made that the proposed language does not provide instructions or direction on the rules of the workshop.

The Division received a comment and request made to increase the required response time of a community manager against allegations of misconduct.

The Division received a recommendation to add language related to the transfer of association records between community managers, which was not currently in the proposed language changes. There was reference made to AB309 passed in the 2023 legislature directing the Commission to establish language. There was a comment made that the current language can be problematic for communities as the 30-day transfer requirement can be difficult to meet, especially when reconciling financial records.

The Division received additional comments asking for the language to clearly define health and safety.

The Small Business Impact Statement and Small Business Questionnaire are available on the Division's website at www.red.nv.gov.

Interested persons may obtain a copy of the small business impact statement or submit statements of impact to:

Shareece Bates, Administration Section Manager
Nevada Real Estate Division
3300 West Sahara Avenue, Suite 350
Las Vegas, NV 89102
PublicComments@red.nv.gov

(b) The manner in which the small business analysis was conducted changes to NAC 116 and NAC 116A.

The Division took all comments received to the proposed changes to NAC 116 and NAC 116A for a period of fifteen (15) days. The Division made changes to the proposed regulation when appropriate, taking all comments into consideration.

(c) The estimated economic effect of the proposed regulation on the small businesses which it is to regulate, including, without limitation:

(1) Both adverse and beneficial effects:

(I) Adverse effects:

NAC 116.405; NAC 116.520 - The potential for increased legal fees may be associated with the Health and Safety provisions should an association seek legal advice before imposing such fees on homeowners. The potential for a health and safety violation not being cured by a homeowner can result in foreclosure

proceedings, ultimately Increasing the amount of subsidy offered for mediations will increase costs to the Division. The definition of Classroom is being expanded to include digital platforms. The definition of Live Instruction is also being expanded to include digital platforms and hybrid teaching modes. There should be no adverse effect on small businesses as there is no additional cost to the business or a requirement to change their current practices.

(II) Beneficial effects:

NAC 116.405; NAC 116.435; NAC 116.520; NAC 116A.325; NAC 116A.350 – The amount that a unit owner may be charged for a Health and Safety violation may be a deterrent to negligent and/or reckless activities within the homeowner association. Providing consistency and a framework around Health and Safety will allow more consistent application of the standard across HOA's. Regulations provide guidance on petitioning the Division for regulatory changes. The mediation reimbursement costs will allow the Division to attract and retain more mediators in the program. The requirement of an executive board to adopt a reserve study within 210 days will benefit the board and homeowners as the information needed to draft a budget and ensure appropriate funding throughout the year. The regulation establishes requirements related to the transfer of association records and property between community managers; this language will provide expectations for tracking and receipt of association records. The regulation also clarifies the requirement that a community manager acknowledge receipt of allegations of misconduct. Regulations requiring temporary community managers to have completed 60 hours of instruction in the management of common-interest communities, will ensure that the certificate holder has a basic level of education to support their experience while working for a community.

(2) Both direct and indirect effects.

(I) Direct effect:

NAC 116.405; NAC 116.520; NAC 116A.138 - A health and safety violation not being cured by a homeowner may result in foreclosure proceedings. Increasing the amount of subsidy offered for mediation will increase costs to the Division. The classroom definition has been expanded to include digital platforms. Definition of Live Instruction has also been expanded to include digital platforms and hybrid teaching modes. No adverse effect on small businesses, as there is no additional cost or requirement to change current practices. Establishes consistency and a framework for the application of Health and Safety standards across HOAs. These regulations provide clear guidance on petitioning the Division for regulatory changes. Mediation reimbursement costs allow the Division to attract and retain more mediators. Requirement for an executive board to adopt a reserve study within 210 days will help the Association better understand the reserve study and plan the budget. These regulations establish requirements for the transfer of association records and property between community managers.

(II) Indirect effect:

NAC 116.405; NAC 116.520 – Consistent application of Health and Safety standards may reduce disputes and inconsistent enforcement across HOAs. There may be potential for increased legal fees if an association seeks legal advice before imposing Health and Safety fees on homeowners. Timely reserve studies may support better financial planning and budget stability for associations. Clear record-transfer requirements may reduce disputes, delays, and data loss during management transitions.

(d) A description of the methods that the Real Estate Division considered to reduce the impact of Changes to NAC 116 and NAC 116A on small businesses and a statement whether the Real Estate Division actually used any part of those methods.

The Commission will consider methods to reduce the impact of the proposed regulation on small businesses based on comments, survey results and statements received after the 30-day comment period.

(e) The estimated cost to the agency for enforcement of the proposed regulation.

There will be no additional cost to the agency for enforcement of the proposed regulations.

(f) If Changes to NAC 116 and NAC 116A provides a new fee or increases an existing fee, the total annual amount the Real Estate Division expects to collect and the manner in which the money will be used.

There are no fee increases or changes within this proposed regulation.

(g) If Changes to NAC 116 and NAC 116 includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

The proposed regulation does not include any provisions which duplicate or are more stringent than federal, state or local standards.

(h) The reasons for the conclusions of the Real Estate Division regarding the impact of Changes to NAC 116 and NAC 116A on small businesses.

The Commission for Common-Interest Communities and staff from the Real Estate Division after attending public meetings of the Commission for Common-Interest Communities and Condominium Hotels and reviewing surveys, listening to and observing public comments by industry professionals will come to a proper conclusion regarding the impact of the changes to NAC 116 and NAC 116A. The final Small Business Impact Statement will reflect all the input received. This impact statement will be updated as additional comments are received and determinations are made by the Commission.

I certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that the information contained in this statement is accurate. (NRS 233B.0608(3))

A handwritten signature in blue ink, appearing to read "Sharath Chandra".

SHARATH CHANDRA, Administrator
Department of Business & Industry
Real Estate Division