

**PROPOSED REGULATION OF THE ADMINISTRATOR
OF THE REAL ESTATE DIVISION OF THE DEPARTMENT
OF BUSINESS AND INDUSTRY**

LCB File No. R114-99

February 2, 2000

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 116.31152; §3, NRS 116.1201.

Section 1. Chapter 116 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. 1. *A person is qualified by training and experience to conduct a reserve study if the person proves to the satisfaction of the executive board of the common-interest community that he has:*

(a) A good reputation for honesty, trustworthiness and integrity;

(b) The ability to evaluate components of the common elements with regard to accelerated deterioration, remaining useful life, by year, and current cost to repair or replace;

(c) The ability to perform fiscal analysis, cost estimates and 30-year projections, as applicable;

(d) The ability to review documents of the association and to create a comprehensive list of components of the common elements that may require repair or replacement in the future from such review;

(e) The ability to gather and analyze financial data, including, without limitation, monthly assessment fees per unit, current balance of reserves, interest rate anticipated on reserves, anticipated inflation and maximum fee increases allowable; and

(f) The background and knowledge pertinent to all areas to be addressed by the reserve study and to all components of the common elements to be addressed by the reserve study, which may include, without limitation:

(1) Structural components, including, without limitation, water intrusion, structural, mechanical, plumbing, electrical systems and fire assemblies;

(2) On-site components, including, without limitation, pool, club house, fences, gates, drainage, streets, sidewalks, gutter, curbs, walls, grounds and lighting; and

(3) Off-site components, including, without limitation, sidewalks, curbs, gutters and drainage.

2. A person who is selected to perform a reserve study for the executive board of an association may use consultants and other persons with expertise in the areas and components of the reserve study to assist in preparing the reserve study.

3. As used in this section,

(a) “Common elements” means the common elements of a common-interest community.

(b) “Reserve study” means a study required pursuant to NRS 116.31152 which projects the expenses of an association for the repair, replacement and restoration of the major components of the common elements and which establishes the reserves required to cover such expenses.

Sec. 3. For purposes of exemption from the provisions of chapter 116 of NRS pursuant to NRS 116.1201:

1. An association is exempt pursuant to subparagraph (1) of paragraph (a) of subsection 2 of NRS 116.1201 if the association:

(a) Has been created for the limited purpose of maintaining the landscape of uninhabited common-interest grounds within the community; and

(b) Does not enforce use restrictions on habitable living units.

2. An association is exempt pursuant to subparagraph (2) of paragraph (a) of subsection 2 of NRS 116.1201 if the association is created for the limited purpose of maintaining:

(a) Areas on an official plat that are designated as unsuitable for building;

(b) Areas designated as floodways, natural drainage or spillways; or

(c) Other areas that are used for the purpose of collecting, facilitating, retaining or channeling storm water drainage of the residential property of the common-interest community.

3. An association is exempt pursuant to subparagraph (3) of paragraph (a) of subsection 2 of NRS 116.1201 if:

(a) The association has been created as a rural agricultural residential common-interest community;

(b) The residential lots in the common-interest community are a minimum of one acre and are zoned for agricultural purposes by the county in which the community is located; and

(c) The governing documents of the association authorize the residents to farm or raise livestock on the residential lots.