

**ADOPTED REGULATION OF THE  
STATE CONTRACTORS' BOARD**

**LCB File No. R158-03**

Effective May 14, 2004

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

AUTHORITY: §§1-17, NRS 40.6887, 624.100 and 624.160.

A REGULATION relating to real property; establishing the procedures relating to the submission of a question or dispute concerning matters which may affect or relate to constructional defects to the State Contractors' Board; establishing a fee for the review by the State Contractors' Board of a question or dispute concerning matters which may affect or relate to constructional defects to the State Contractors' Board; and providing other matters properly relating thereto.

**Section 1.** Chapter 624 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 17, inclusive, of this regulation.

**Sec. 2.** *As used in sections 2 to 17, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 13, inclusive, of this regulation have the meanings ascribed to them in those sections.*

**Sec. 3.** *“Appurtenance” has the meaning ascribed to it in NRS 40.605.*

**Sec. 4.** *“Board” means the State Contractors' Board or its designee.*

**Sec. 5.** *“Claimant” has the meaning ascribed to it in NRS 40.610.*

**Sec. 6.** *“Constructional defect” has the meaning ascribed to it in NRS 40.615.*

**Sec. 7.** *“Contractor” has the meaning ascribed to it in NRS 40.620.*

**Sec. 8.** *“Design professional” has the meaning ascribed to it in NRS 40.623.*

**Sec. 9.** *“Petitioner” means a claimant or any contractor, subcontractor, supplier or design professional who submits a request to the Board.*

**Sec. 10.** *“Request” means a question or dispute that concerns any matter which may affect or relate to a constructional defect, including, without limitation, questions concerning the need for repairs, the appropriate method for repairs, the sufficiency of any repairs that have been made and the respective rights and responsibilities of homeowners, claimants, contractors, subcontractors, suppliers and design professionals, submitted to the Board pursuant to the provisions of NRS 40.6887.*

**Sec. 11.** *“Residence” has the meaning ascribed to it in NRS 40.630.*

**Sec. 12.** *“Subcontractor” has the meaning ascribed to it in NRS 40.632.*

**Sec. 13.** *“Supplier” has the meaning ascribed to it in NRS 40.634.*

**Sec. 14.** *For the purposes of subsection 3 of NRS 40.6887, the Board will deem a request to have been submitted to the Board when:*

*1. The request and consent in writing to the submission of the request by the claimant and any contractor, subcontractor, supplier and design professional to the residence or appurtenance have been received by the Board;*

*2. All the materials and documentation required by the Board pursuant to section 15 of this regulation have been provided to the Board; and*

*3. If the Board determines pursuant to the provisions of section 16 of this regulation that an investigation into the request is required, the Board has completed the investigation.*

**Sec. 15.** *1. A petitioner shall submit a request to the Board on a form prescribed by the Board. The request must include, without limitation:*

*(a) A consent in writing by the claimant granting access to the Board to the residence or appurtenance; and*

*(b) A consent in writing to the submission of the request by the claimant and any contractor, subcontractor, supplier and design professional to the residence or appurtenance.*

*2. If a petitioner submits a request to the Board without the consents required pursuant to the provisions of subsection 1, the Board will notify the petitioner that the Board is unable to provide a response to or render a decision on the request.*

*3. In addition to the submission of the request pursuant to the provisions of subsection 1, the petitioner must submit to the Board, at the time of the submission of the request, copies of all documentation or materials related to the residence or appurtenance that is the subject of the request.*

*4. If the Board determines that additional documentation or information related to the request is required to provide a response to or render a decision on the request, the Board will notify the petitioner and any other party to the request of the additional documentation or information required by the Board.*

*5. If the Board notifies a petitioner or other party to the request pursuant to subsection 4 of additional documentation or information required by the Board, the petitioner or other party to the request shall submit the documentation or information requested to the Board.*

**Sec. 16. 1.** *Upon the submission of a request pursuant to the provisions of section 15 of this regulation, the Executive Officer of the Board will review the request to determine if an investigation is required to provide a response to or render a decision on the request.*

*2. If the Executive Officer of the Board determines that an investigation is required to provide a response to or render a decision on the request, the staff of the Board will conduct an investigation into the request.*

*3. A written report of the results of any investigation into the request conducted pursuant to the provisions of this section must be submitted to the Executive Officer of the Board.*

*4. The Board will review the written report submitted to the Executive Officer of the Board before providing a response to or rendering a decision on the request.*

**Sec. 17. 1.** *Pursuant to the provisions of NRS 40.6887, a contractor who constructed or contracted for the construction of the residence or appurtenance that is the subject of the request shall pay to the Board fees sufficient to cover the costs of providing a response to or rendering a decision on the request.*

*2. The Board will notify the contractor of the assessment of the fees by the Board.*

*3. The contractor shall pay the fees assessed to cover the costs to the Board within 15 days after receiving notice of the fees pursuant to subsection 2.*

**NOTICE OF ADOPTION OF PROPOSED REGULATION  
LCB File No. R158-03**

The State Contractors' Board adopted regulations assigned LCB File No. R158-03 which pertain to chapter 624 of the Nevada Administrative Code on April 6, 2004.

**Notice date:** 10/6/2003, 2/4/2004  
**Hearing date:** 11/7/2003, 3/11/2004

**Date of adoption by agency:** 4/6/2004  
**Filing date:** 5/14/2004

**INFORMATIONAL STATEMENT**

**1. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.**

The workshop and hearing notice to amend NAC 624 concerning the submittal of a question or dispute to the Contractors Board by a party to a construction defect proceeding was posted on February 4, 2004 for a March 11, 2004 hearing date at the following locations: Washoe County Court House; Washoe County Library; Reno City Hall; Las Vegas City Hall; Sawyer State Building; Clark County Library and Offices of the Contractors' Board in Reno and Las Vegas. In addition, the notice was posted on the agency's web site and mailed to approximately 135 interested individuals. The Board conducted two workshops and one hearing.

**2. The number of persons who:**

<b>(a) Attended each workshop</b>	<b>6 (11/7/03) 9 (3/11/04)</b>
<b>(b) Testified at each workshop:</b>	<b>5 (11/7/03) 4 (3/11/04)</b>
<b>(c) Testified at each hearing:</b>	<b>0</b>
<b>(c) Submitted to the agency written comments:</b>	<b>1</b>

**3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.**

Comments were solicited from affected businesses by the notice posting, web site and direct mail.

**4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

**5. The estimated economic effect of the adopted regulation on the business which it is to regulate and on the public. These must be stated separately, and each case must include:**

**(a) Both adverse and beneficial effects; and**

**(b) Both immediate and long-term effects**

(a) At this time it appears the economic impact could be between \$100,000 and \$500,000 per year depending upon the number and complexity of the cases. The economic effect on the industry both immediately and long-term is difficult to predict. The proposed regulation provides a means by which a question or a dispute in a Chapter 40 proceeding can be submitted to the State Contractors Board. The licensed contractor will be assessed the costs of the investigation required in order for the Board to respond to the question or dispute. The economic effect will depend upon the number and complexity of questions or disputes that the Board is required to investigate. There could be an adverse impact on those licensees who fail to follow contractor law.

(b) The estimated effect on the public both immediate and long term should be minimal since the implementation of the regulation simply sets forth the procedures to submit a request or dispute to the State Contractors Board.

**6. The estimated cost to the agency for enforcement of the adopted regulation.**

The cost to the agency for enforcement of the proposed regulation is unknown at this time. The cost to the agency will be determined based upon the number and complexity of the cases that are received. Based upon the receipt of 15 complaints under chapter 40 received in the past seven days, it appears the cost could be substantial. At this time we are estimating approximately \$125,000.

**7. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

There are no other state or government agency regulations which the proposed amendments duplicate.