

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

**LCB File No. R094-05**

(NOTE: Certain provisions included in earlier drafts of this regulation  
have been split out and placed in LCB File No. R207-05.)

Effective December 29, 2005

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

AUTHORITY: §§1, 2, 4 and 5, NRS 624.100; §3, NRS 624.276.

A REGULATION relating to contractors; establishing procedures to implement the statutory requirement that contractors who perform work concerning a residential pool or spa must file a bond or establish a cash deposit with the State Contractors' Board solely for the protection of consumers; 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 and 3 of this regulation:

**Sec. 2.** *“Work concerning a residential swimming pool or spa” has the meaning ascribed to it in NRS 597.713.*

**Sec. 3. 1.** *An applicant for the issuance or renewal of a license to perform work concerning a residential pool or spa who is required to provide a bond or cash deposit solely for the protection of consumers pursuant to NRS 624.276 shall submit with his application an affidavit that sets forth:*

*(a) The aggregate value of all contracts for work concerning a residential swimming pool or spa that the applicant entered into during the 12 months immediately preceding the date of his application;*

*(b) The aggregate value of all contracts for work concerning a residential swimming pool or spa that the applicant expects to enter into during the 12 months immediately following the date of his application;*

*(c) The average dollar value of all contracts for work concerning a residential swimming pool or spa that the applicant entered into during the 12 months immediately preceding the date of his application; and*

*(d) The number of contracts for work concerning a residential swimming pool or spa that are pending on the date of his application.*

*2. In fixing the amount of an applicant's bond or cash deposit, the Board will consider the applicant's financial and professional responsibility and the magnitude of his operations, but ordinarily the Board will base the amount of the bond or deposit on the greater of the aggregate value of all contracts for work concerning a residential swimming pool or spa that the applicant entered into during the 12 months immediately preceding the date of his application or the aggregate value of all contracts for work concerning a residential swimming pool or spa that the applicant expects to enter into during the 12 months immediately following the date of his application and fix the amount of the bond or deposit as follows:*

<i>Aggregate value of contracts</i>	<i>Amount of bond or deposit</i>
<i>\$25,000 or less .....</i>	<i>\$10,000</i>
<i>25,001 to 50,000 .....</i>	<i>15,000</i>
<i>50,001 to 100,000 .....</i>	<i>30,000</i>
<i>100,001 to 250,000 .....</i>	<i>50,000</i>
<i>250,001 to 500,000 .....</i>	<i>100,000</i>

<i>500,001 to 1,000,000</i> .....	<i>200,000</i>
<i>1,000,001 to 5,000,000</i> .....	<i>300,000</i>
<i>more than 5,000,000</i> .....	<i>400,000</i>

*3. The Board will notify an applicant who is required to provide a bond or cash deposit of the amount the Board has fixed.*

*4. An applicant who disagrees with the amount of the bond or deposit fixed by the Board may petition the Board to reconsider the amount. The petition must:*

*(a) Be addressed to the Executive Officer of the Board and filed with the Board within 10 days after the applicant receives notification of the amount;*

*(b) Set forth specific reasons why the amount fixed by the Board should be modified; and*

*(c) Include all documentary evidence in support of the petition that the applicant wishes the Board to consider.*

*↳ Within 30 days after receiving a timely filed petition, the Board or its designee will fully consider the issues raised in the petition, fix the amount of the bond or deposit and notify the applicant of the amount. The amount of the bond or deposit fixed after reconsideration may be less than, greater than or the same as the amount originally fixed.*

*5. The Board will provide a blank form of a bond to each applicant required to provide such a bond. The bond will be in substantially the following form:*

***RESIDENTIAL POOL AND SPA LICENSE BOND  
FOR THE PROTECTION OF CONSUMERS***

*License Bond No.: .....*

***KNOW ALL MEN BY THESE PRESENTS:***

*That ....., having a principal place of business in the city of ....., in the State of ....., as principal (hereinafter “Principal”), and ....., a corporation licensed to execute surety bonds under the provisions of the Nevada Insurance Code, and whose long-term obligations are rated “A” or better by a nationally recognized rating agency, as surety (hereinafter “Surety”), are held and firmly bound to the State of Nevada in the full and just sum of ..... Dollars (\$ .....) for which payment well and truly to be made, the Principal and Surety bind themselves, their respective heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.*

***THE CONDITIONS OF THIS OBLIGATION ARE SUCH THAT:***

*Whereas, the principal has applied for or holds a contractor’s license with the Nevada State Contractors’ Board pursuant to Chapter 624 of Nevada Revised Statutes to perform work concerning residential pools and spas.*

*NOW, THEREFORE, this bond is made in favor of the State of Nevada solely for the benefit of a consumer who entered into a contract with a contractor to perform work concerning a residential pool or spa and:*

- (a) Is damaged by the failure of the contractor to perform the contract or to remove liens filed against the property; or*
- (b) Is injured by any unlawful act or omission of the contractor in the performance of a contract.*

*If an action is commenced on this bond, the Surety shall notify the Board of the action within thirty (30) days after: (a) being served with a complaint and summons; or (b) the action is commenced, whichever occurs first. The total aggregate liability of the Surety for all claims shall be limited to the face amount of the bond, irrespective of the number of years the bond is in force or the number of claims filed. The Surety shall have the right to terminate its suretyship under this obligation by serving written notice of its election so to do upon the State Contractors' Board, at its office in Reno, Nevada, by certified mail at least sixty (60) days prior to the date of termination of suretyship. Thereafter, the Surety shall be discharged from liability hereunder for any default of the Principal occurring after the date of termination. The liability of the Surety shall be confined to acts, omissions or defaults of the Principal occurring subsequent to the effective date hereof.*

*NO ACTION MAY BE COMMENCED on this bond after the expiration of two (2) years following the commission of the act upon which the action is based.*

*IN THE EVENT the Surety shall make any payments hereunder, without awaiting Court action, the bond amount shall be reduced to the extent of any payment made by the Surety in good faith under the bond, provided the Surety shall notify the Board, in writing, within ten (10) days of any payments made hereunder.*

*IN WITNESS WHEREOF, the Principal and said Surety have executed this instrument on the ..... day of ....., to be effective on the ..... day of .....*

*By: ..... By:.....*  
*(SIGNATURE OF NEVADA AGENT) (SIGNATURE OF PRINCIPAL)*

*Agent License No.:* .....

*Address:* .....

*Surety:*.....

.....

.....

*(SIGNATURE OF ATTORNEY-IN-FACT)*

***POWER OF ATTORNEY MUST BE ATTACHED***

***6. An applicant required to provide a bond or cash deposit must file the properly executed bond on the form provided by the Board or establish the deposit within 30 days after receiving the original or reconsidered notification from the Board of the amount of the bond or deposit required.***

**Sec. 4.** NAC 624.695 is hereby amended to read as follows:

624.695 As used in NAC 624.695 to 624.697, inclusive, ***and sections 2 and 3 of this regulation***, unless the context otherwise requires, the words and terms defined in NAC 624.69505 to 624.6956, inclusive, ***and section 2 of this regulation*** have the meanings ascribed to them in those sections.

**Sec. 5.** NAC 624.6954 is hereby amended to read as follows:

624.6954 “Contractor” means a person licensed pursuant to the provisions of chapter 624 of NRS ~~[whose scope of work includes the construction, repair, restoration, alteration or improvement of any]~~ ***who performs work concerning a*** residential swimming pool or spa . ~~[- regardless of use, including the repair or replacement of existing equipment or the installation of new equipment, as necessary. The scope of such work includes layout, excavation, operation of construction pumps for removal of water, steelwork, construction of floors, installation of gunite, fiberglass, tile and coping, installation of all perimeter and filter piping, installation of all filter~~

~~equipment and chemical feeders of any type, plastering of the interior, construction of decks,  
installation of housing for pool equipment and installation of packaged pool heaters.]~~

**NOTICE OF ADOPTION OF PROPOSED REGULATION  
LCB File No. R094-05**

The State Contractors' Board adopted regulations assigned LCB File No. R094-05 which pertain to chapter 624 of the Nevada Administrative Code on December 15, 2005.

**Notice date:** 10/27/2005  
**Hearing date:** 12/1/2005

**Date of adoption by agency:** 12/15/2005  
**Filing date:** 12/29/2005

**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.**

A workshop and hearing notice to amend NAC 624 to establish procedures to implement the statutory requirement that contractors who perform work concerning a residential pool or spa must file a bond or establish a cash deposit with the State Contractors Board solely for the protection of consumers was posted July 20, 2005 for an August 25, 2005 workshop and hearing 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 workshop was conducted August 25, 2005. A notice of hearing was posted October 27, 2005 and the hearing held December 1, 2005.

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

- |   |                                    |
|---|------------------------------------|
| (a) Attended each workshop & hearing:         | <b>17 (workshop); 13 (hearing)</b> |
| (b) Testified at each workshop:               | <b>11</b>                          |
| (c) Testified at hearing:                     | <b>8</b>                           |
| (c) Submitted to the agency written comments: | <b>0</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) The proposed revisions may have a beneficial economic effect on the industry both immediately and long-term by relieving certain payment and performance bond requirements. In addition, Consumer Protection Bond requirements may be waived after certain requirements are met.

(b) The estimated effect on the public both immediate and long term should be beneficial since the regulation requires certain pool and spa contractors to provide a bond or cash deposit solely for the protection of consumers.

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

The cost to the agency for enforcement of the proposed regulation should be minimal.

**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.