

LCB File No. R186-07

**PROPOSED REGULATION OF THE COMMISSION
FOR COMMON-INTEREST COMMUNITIES**

NAC CHAPTER 116B – CONDOMINIUM HOTELS

GENERAL PROVISIONS

NAC 116B.____ Definitions. (NRS 116B.800) As used in this chapter, unless the context otherwise requires:

- 1. The words and terms defined in NAC 116B.____ to 116B. ___, inclusive, have the meanings ascribed to them in those sections.*
- 2. The words and terms defined in NRS 116B.015 to NRS 116B.240, inclusive, have the meanings ascribed to them in those sections.*

NAC 116B.____ “Financial Records” means the financial or transaction records necessary to support the financial statements of the Association which include, without limitation, receipts, bank statements, income tax reports, reserve studies, budgets, contracts, minutes of executive board meetings, inventories, investments, expenses, disbursements, obligations, depreciation in property or equipment, contingent liabilities and any other records deemed necessary by the Division or by the accountants or auditors of an association.

NAC 116B.____ “Financial Books and Records of the Hotel Unit” has the meaning described in NRS 116B.685.

NAC 116B.____ “Reserve study” defined. (NRS 116B.800) “Reserve study” means:

- 1. For the major components of the common elements, the study required pursuant to NRS 116B.605(1)(a) relating to the reserve required pursuant to NRS 116B.590(2)(a).*
- 2. For the major components of the shared components or the major components of hotel unit, the study required pursuant to NRS 116B.610 relating to the reserve required pursuant to NRS 116B.595(1)(a)..*

As used in this section, the term “reserve” does not apply to any other reserve or separate account established for purposes other than those set forth in NRS 116B. 590 or NRS 116B.610, including those for which costs may be assessed under NRS 116B.595(1)(c).

UNIT OWNERS’ ASSOCIATIONS

NAC 116B.____ Members of executive board: Responsibilities. (NRS 116B.425, NRS 116B.800) In performing the duties set forth in NRS 116B.425, a member of an executive board shall:

- 1. Comply with all applicable federal, state and local laws and the governing documents of the association;*
- 2. Uniformly enforce the provisions of the governing documents of the association;*

3. *Ensure that meetings of the executive board are held with such frequency as to properly and efficiently address the affairs of the association;*

4. *Keep informed of new developments in the management of an association within a condominium hotel;*

5. *Ensure that the executive board obtains, when practicable, at least three bids from reputable service providers who have fulfilled all legal requirements to provide any service used by the association;*

6. *Ensure that the executive board consults with the appropriate professionals as necessary before making major decisions affecting the association or the common elements;*

7. *Deposit all money of an association in a federally insured financial institution authorized to do business in this State;*

8. *Ensure that the Association has complied with the insurance requirements set forth in NRS 116B.565; and*

9. *Ensure that the Board has adopted a policy relating to disclosure of potential conflicts of interests and appropriate procedures for response thereto.*

10. *If the association does not employ a community manager:*

(a) *Maintain an inventory of all records of the association;*

(b) *At all times ensure that the financial transactions of the association are current, accurate and properly documented and that there are established policies and procedures surrounding the financial transactions that are designed to provide reasonable assurances in the reliability of the financial reporting, including, without limitation, proper maintenance of accounting records, documentation of the authorization for receipts and disbursements, verification of the integrity of the data used in business decisions, facilitation of fraud detection and prevention, and compliance with the applicable laws and regulations governing financial records;*

(c) *Prepare or cause to be prepared interim and annual financial statements that will allow the Division, the executive board, the units' owners and the accountant or auditor to determine whether the financial position of the association is fairly presented;*

(d) *Make the financial records of the association available for inspection by the Division in accordance with the applicable laws of this State;*

(e) *Cooperate with the Division in resolving complaints filed with the Division;*

(f) *Upon written request, make the financial records of the association available to the units' owners during regular business hours for inspection at a reasonably convenient location which must be within 60 miles from the physical location of the condominium hotel and shall provide copies of such records in accordance with the applicable laws of this State; and*

(g) *Fairly enforce the collection policies of the association and comply with all applicable federal, state and local laws relating to the collection of debt.*

NAC 116B.____ Responsibilities of executive board: Authority to Delegate by Contract. (NRS 116B.425, NRS 116B.800) In circumstances where the common elements controlled by the association: (i) are minimal such that no maintenance or repair is necessary or (ii) where it might be more cost-effective or efficient for the hotel unit owner to fulfill the obligations of the executive board, the executive board may, upon the mutual agreement of the hotel unit owner and the executive board, delegate obligations of the executive board to the

hotel unit owner. The delegation must be evidenced by a written contract which fulfill the requirements set forth in NAC 116.305. This delegation is expressly authorized as it relates to:

1. The development of reserves and the preparation of reserve studies or reserve study reviews;

2. The management of association responsibilities and the operation of the association; including the preparation or presentation of budgets;

3. The conduct of audits or the fulfillment of audit responsibilities.

Nothing in this section authorizes the executive board or any member of the executive board to delegate or fail to fulfill any other responsibility or power which they are obligated to fulfill pursuant to NRS 116B.420, NRS 116B.425, NRS 116B.430 or otherwise specified in NRS 116B or these regulations.

NAC 116B.____ Members of executive board: Prohibited acts. (NRS 116B.425, NRS 116B.800) In performing the duties set forth in NRS 116B.425, a member of an executive board shall not:

1. Act outside the scope of the authority granted in the governing documents;

2. Act for reasons of self-interest, gain, prejudice or revenge;

3. Commit an act or omission which amounts to incompetence, negligence or gross negligence;

4. Except as otherwise required by law or court order, disclose confidential information relating to a unit's owner, a member of the executive board or an officer, employee or authorized agent of the association unless the disclosure is consented to by the person to whom the information relates; or

5. Impede or otherwise interfere with an investigation of the Division by:

(a) Failing to comply with a request by the Division to provide documents;

(b) Supplying false or misleading information to an investigator, auditor or any other officer or agent of the Division; or

(c) Concealing any facts or documents relating to the business of the association.

NAC 116B.____ Adoption by reference of reporting principles and practices of financial accounting. (NRS 116B.800)

1. For purposes of providing recommended reporting principles and practices of financial accounting for associations operating within Condominium Hotels, the Commission hereby adopts by reference the Common Interest Realty Associations – AICPA Audit and Accounting Guide, May 2004 edition. A copy of the publication may be obtained from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, New York 10036-8775, by telephone at (888) 777-7077 or at the Internet address <http://www.aicpa.org/index.htm> or <https://www.cpa2biz.com/CS2000/Products/CPA2BIZ/Publications/Sub+1/Common+Interest+Realty+Associations+%97+AICPA+Audit+and+Accounting+Guide.htm>, at a price of \$47 for members and \$58.75 for nonmembers. Where used in these regulations, the term "Guide" refers to this publication.

2. If the publication adopted by reference in subsection 1 is revised, the Commission will review the revision to determine its suitability for this State. If the Commission determines that the revision is not suitable for this State, the Commission will hold a public hearing to review its determination and give notice of that hearing within 90 days after the date of the publication of the revision. If, after the hearing, the Commission does not revise its

determination, the Commission will give notice that the revision is not suitable for this State within 90 days after the hearing. If the Commission does not give such notice, the revision becomes part of the publication adopted by reference pursuant to subsection 1.

NAC 116B.____ Contents of budget to maintain reserve. (NRS 116B.600, NRS 116B.605, NRS 116B.800) An executive board shall, in addition to the requirements set forth in NRS 116B.600(1)(b) or NRS 116B.605(1)(b) as applicable, include in the budget to maintain the reserve:

1. An estimate of the amount of reserve funds necessary in the projected fiscal year, based on comparative bids or industry standards, to complete the repairs, replacement or restoration of the major components as recommended in the reserve study; and

2. Whether there is a difference between the amount of the annual contribution suggested in the reserve study and the amount of the annual contribution for the current budget year, and if so:

(a) The reason for the difference; and

(b) How this difference is proposed to be resolved.

NAC 116B.____ Availability of records of association: “Regular working hours” interpreted. (NRS 116.31175, 116.615) As used in NRS 116.31175, “regular working hours” means a period of at least 4 consecutive hours per week.

NAC 116B.____ Annual fee required from certain associations for deposit in Account for Common-Interest Communities and Condominium Hotels. (NRS 116.620) The amount of the fee that an association is required to pay pursuant to NRS 116B.620 is \$3 for each unit in the association.

NAC 116B.____ Association Interim Financial Statements. The interim financial statements of an association may be prepared using fund accounting or a single column presentation and must:

1. Include, at a minimum, a month-to-date and year-to-date presentation of:

(a) The balance sheet, including operating and reserve for future repairs and replacement assets, liabilities and fund balances or members’ equity if a single column format is used;

(b) The statement of revenues and expenses for all operating and reserve activities, presenting information about all assessments, revenues and expenses;

(c) A schedule comparing the details of the actual expenses of the association with the expenses budget for the association;

(d) A schedule comparing the details of the actual expenses associated with the major components of the common elements with the budgeted expenses for the major components of the common elements;

(e) Any changes in the fund balances to be presented on the statement of revenues and expenses if fund accounting is used; and

(f) A footnote which states that: (i) the association is in compliance with NRS 116B.590 (2)(b) and (ii) that reserve funds have not been used for daily maintenance.

2. Be prepared on a full accrual basis.

3. *Be prepared by, or the preparation of the interim financial statements must be supervised by, a person with accounting knowledge and experience in the preparation of financial statements.*

4. *Be distributed monthly, promptly upon completion, to the treasurer of the association, the community manager and each member of the executive board.*

NAC 116B.____ Annual Financial Statements. The financial statements of an association subject to an audit or review must be presented using fund accounting and must include, at a minimum:

1. An operating fund which reflects the accounting transactions surrounding the normal maintenance and service operations of the association and the common elements; and

2. A reserve fund which reflects the accounting transactions pertaining to the long-term, major repair and replacement requirements of the association and the restrictions of its use as described in NRS 116B.590(2)(b).

NAC 116B.____ Audited Financial Statements. 1. The audited financial statement of an association must:

(a) Include a full presentation of accrual-basis accounting prepared in accordance with generally accepted accounting principles which includes, at a minimum:

(1) A balance sheet for the operating fund and reserve fund, presenting assets, liabilities and fund balances;

(2) A statement of revenues and expenses for the operating fund and reserve fund which presents information about all assessments, revenues and expenses;

(3) A statement of changes in fund balances which reconciles beginning and ending fund balances with results of operations;

(4) A statement of cash flows;

(5) Any note disclosures as required by the Guide; and

(6) The following unaudited supplementary information:

(I) Any reserve disclosures as required by the Guide and NRS 116B.605; and

(II) An accompanying schedule which compares details of the actual expenses of the association to the budgeted amounts of the association.

(b) Be prepared and completed not later than 210 days after the end of the fiscal year for the association.

(c) Be made available to the Division not later than 30 days after requested by the Division.

(d) Include on the annual registration form with the Division the following information:

(1) The amount of budgeted revenues;

(2) Whether the financial statements were audited or reviewed and, if so, the date on which the audit or review of the financial statements was completed; and

(3) Whether the audit opinion is qualified or unqualified or whether the review report is modified or unmodified.

2. An auditor performing the annual audit for an association must:

(a) Be a certified public accountant licensed pursuant to chapter 628 of NRS.

(b) Be independent of the association as set forth in Section 100, "Independence, Integrity, and Objectivity," of the AICPA Code of Professional Conduct.

NAC 116B.____ Additional Financial Information. The financial statements of an association may provide for such other funds as the association deems appropriate to report the transactions of separate business activities, special assessments and contingency or other restricted funds.

NAC 116B.____ Reviewed Financial Statements. 1. The review of the financial statements of an association must be performed in accordance with the AICPA’s Statement on Standards for Accounting and Review Services as referenced in the Guide. The financial statements must include a full presentation of accrual-basis accounting. The supplementary information may be compiled or reviewed.

2. An auditor performing the annual review for an association must:

(a) Be a certified public accountant licensed pursuant to chapter 628 of NRS.

(b) Be independent of the association as set forth in Section 100, “Independence, Integrity, and Objectivity,” of the AICPA Code of Professional Conduct.

HOTEL UNIT OWNER

NAC 116B.____ Authority. Any action required to be taken by the hotel unit owner may be undertaken by the operator of the hotel unit, or the appropriate agent or employee of the hotel unit owner.

NAC 116B.____ Financial Standards and Disclosure. (NRS 116B.685) 1. As a commercial enterprise, the financial books and records of the hotel unit will be subject to Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS) and maintained in accordance with them. The hotel unit owner will also be subject to these principles and standards in complying with NRS 116B.595, NRS 116B.610, NRS 116B.685, and NRS 116B.520(12), in preparing related financial statements, reserve studies, budgets and any other obligation to disclose financial information to the unit owners.

2. Any budget for the hotel unit referred to in NRS Chapter 116B or these regulations must be prepared on a full accrual basis.

NAC 116B.____ Interim Financial Statements, Documentation. The interim financial statements of a hotel unit owner must:

1. Include, at a minimum, a month-to-date and year-to-date presentation of:

(a) The balance sheet, including operating and reserve for future repairs and replacement assets, liabilities and fund balances;

(b) The statement of revenues and expenses for all operating and reserve activities, presenting information about all assessments, revenues and expenses;

(c) A schedule comparing the details of [the] actual expenses of the hotel unit with the expenses budget for the hotel unit;

(d) A schedule comparing the details of the actual expenses of the hotel unit associated with the shared components or applicable components of the hotel unit with the budgeted expenses for the shared components or the applicable components of the hotel unit;

(e) Any changes in the fund balances to be presented on the statement of revenues and expenses; and

(f) A footnote which states that: (i) the hotel unit owner is in compliance with NRS 116B.595(4) and (ii) that reserve funds have not been used for daily maintenance and not for any purpose other than as set forth in NRS 116B.595(4).

2. Be prepared on a full accrual basis.

3. Be prepared by, or the preparation of the interim financial statements must be supervised by, a person with accounting knowledge and experience in the preparation of financial statements.

4. For a condominium hotel, made available for inspection upon request by residential unit owners, during regular business hours.

NAC 116B. Hotel Unit Owner Audited Financial Statements. 1. The audited financial statement of the owner of a hotel unit must:

(a) Include a full presentation of accrual-basis accounting prepared in accordance with generally accepted accounting principles which includes, at a minimum:

(1) A balance sheet for the operating fund and reserve fund, presenting assets, liabilities and fund balances;

(2) A statement of revenues and expenses for the operating fund and reserve fund which presents information about all assessments, revenues and expenses;

(3) A statement of changes in fund balances which reconciles beginning and ending fund balances with results of operations;

(4) A statement of cash flows;

(5) Any note disclosures as required by GAAP or GAAS; and

(6) The following unaudited supplementary information:

(I) Any reserve disclosures as required by GAAP or GAAS and NRS Chapter 116B; and

(II) An accompanying schedule which compares details of the actual expenses of the hotel unit to the budgeted amounts.

(b) Be prepared and completed not later than 210 days after the end of the fiscal year of the hotel unit.

(c) Be made available to the Division not later than 30 days after requested by the Division.

(d) Include on the annual registration form with the Division the following information:

(1) The amount of budgeted revenues;

(2) Whether the financial statements were audited or reviewed and, if so, the date on which the audit or review of the financial statements was completed; and

(3) Whether the audit opinion is qualified or unqualified or whether the review report is modified or unmodified.

2. An auditor performing the annual audit for an association or the owner of a hotel unit must:

(a) Be a certified public accountant licensed pursuant to chapter 628 of NRS.

(b) Be independent of the hotel unit as set forth in Section 100, "Independence, Integrity, and Objectivity," of the AICPA Code of Professional Conduct.

NAC 116B.____ Additional Financial Information. The financial statements of a hotel unit owner may provide for such other funds as the hotel unit owner deems appropriate to report the transactions of separate business activities, special assessments, contingency or

other restricted funds, or any additional reserve or separate account for other than repair or replacement of the major components of the shared components or of the hotel unit.

NAC 116B.____ Reviewed Financial Statements. 1. The review of the financial statements of the hotel unit owner must be performed in accordance with the AICPA's Statement on Standards for Accounting and Review Services as referenced in the Guide. The financial statements must include a full presentation of accrual-basis accounting prepared pursuant to subsection 1 of section [9] of this regulation. Reviewed financial statements are appropriate and specifically authorized for any interim financial presentations for year to date presentations. Supplementary information may be compiled or reviewed.

2. An auditor performing the annual review of the financial statements of the hotel unit must:

(a) Be a certified public accountant licensed pursuant to chapter 628 of NRS.

(b) Be independent of the hotel unit owner as set forth in Section 100, "Independence, Integrity, and Objectivity," of the AICPA Code of Professional Conduct.

NAC 116B.____ Reserves Must be Adequately Funded. 1. Any reserve subject to the study requirements of NRS 116B.610 must be an "adequately funded reserve." As used in this section, "adequately funded reserve" means that the reserve funds are sufficient to maintain the major components:

(a) At the level described in the governing documents and in a reserve study; and

(b) Without using the funds from the operating budget or without special assessments, except for occurrences that are a result of unforeseen catastrophic events.

NAC 116B.____ Determination of Useful Life. 1. For the purposes of NRS 116B.610, in determining the "Useful Life" of each major component of the shared components and major component of the hotel unit, the useful life for any major component may be reduced based on local or otherwise applicable industry standards or at the direction of the hotel unit owner based on reasonable business or operating concerns or objectives. If reduced at the direction of the hotel unit owner, such reduction must be clearly noted in the reserve study or review.

2. The reserve study preparer must clearly disclose in the reserve study the basis for or factors used in determining to the "Useful Life" or "Remaining Useful Life" for each major component of the shared components or major components of the hotel unit.

ADMINISTRATION AND ENFORCEMENT

NAC 116B.____ Duties of Ombudsman for Owners in Common-Interest Communities and Condominium Hotels: "Annual assessment" interpreted. (NRS 116B.800, NRS 116B.625) As used in NRS 116B.625, "annual assessment" means both the per unit assessments and the total budget revenues for the association.

NAC 116B.____ Fee for Certificate. 1. Except as otherwise provided in subsection 2, an association may not charge more than \$160 for preparing the certificate furnished pursuant to NRS 116B.760.

2. *If a unit's owner or his authorized agent requests that the certificate be furnished sooner than 3 business days after the date of the request, the association may charge a fee not to exceed \$125 to expedite the preparation of the certificate.*

3. *Nothing in this section is to be construed to prohibit an association from requiring a fee for any other copy, form or service.*

NAC 116B.____ Exclusion from Compensation, Gratuity or Remuneration. 1. As used in NRS 116B.695, the term "gifts, incentives, gratuities, rewards or other items of value" does not include:

(a) Any prepaid tuition for an approved class within the State for members of an executive board, officers of an association, community managers or employees of the community manager;

(b) The cost or value of an approved class that is offered free of charge; and

(c) The cost or value of any breakfast, lunch, snack or hot or cold nonalcoholic beverage provided at an approved class or during the breaks of an approved class.

2. *A member of the executive board or an officer of the association who attends or participates in an approved class must disclose his attendance or participation in the approved class to the executive board at the next meeting of the executive board after the date of the approved class.*

3. *As used in this section, "approved class" means a course which has been approved pursuant to the provisions of this chapter and which at all times satisfies the requirements of this chapter.*

NAC 116B.____ Limit on Board Compensation, Gratuity or Remuneration. 1. No member of an executive board or officer of an association shall receive, in the aggregate, any gift, incentive, gratuity, reward or other item of value pursuant to NRS 116B.695(2) in any calendar year which exceeds the sum of \$100.

2. *On or before the annual distribution to each unit's owner of the budgets of the association pursuant to NRS 116B.600(1), each member of an executive board and officer of an association shall deliver to the executive board for inclusion in the annual distribution of the budgets a statement of any gifts, incentives, gratuities, rewards or other items of value which exceed \$15 received pursuant to NRS 116B.695(2).*

NAC 116B.____ Limit on Manager or Employee Compensation, Gratuity or Remuneration. 1. No community manager or employee of the community manager shall receive, in the aggregate, any gift, incentive, gratuity, reward or other item of value pursuant to NRS 116B.695(2) in any calendar year which exceeds the sum of \$500.

2. *On or before the date of renewal of a license for a community manager, each community manager shall disclose to the Division, in the renewal form, a statement of any gifts, incentives, gratuities, rewards or other items of value which exceed \$15 received pursuant to NRS 116B.695(2) during each of the years following the last renewal.*

NAC 116B.____ Limitation on Solicitation and Acceptance. Nothing in this regulation is to be construed as permitting a member of an executive board, an officer of an association, a community manager or an employee of the community manager to solicit or accept any form

of compensation, gratuity or other remuneration in violation of the provisions of NRS 116B.695(1).

TRANSIENT RENTAL DISCLOSURES

NAC 116B.____ In addition to the information statement required by NRS 116B.735, the following disclosure must be provided to purchasers as part of the public offering statement:

EXCEPT AS EXPRESSLY PROVIDED FOR HEREIN, THIS CHAPTER DOES NOT ADDRESS OR REQUIRE THE DISCLOSURE OF INFORMATION REGARDING THE USE OF YOUR UNIT AS A TRANSIENT RENTAL. IF YOU DESIRE OR INTEND TO USE YOUR UNIT FOR TRANSIENT RENTAL PURPOSES, YOU SHOULD BE AWARE THAT, PRIOR TO THE EXECUTION OF A CONTRACT TO PURCHASE A UNIT, FEDERAL LAW SEVERELY LIMITS THE PROVISION OF ANY INFORMATION REGARDING THE USE OF YOUR UNIT AS A TRANSIENT RENTAL. AFTER EXECUTION OF SUCH CONTRACT, IN MAKING A DECISION WHETHER TO USE YOUR UNIT FOR TRANSIENT RENTAL PURPOSES, YOU SHOULD CAREFULLY EVALUATE ALL INFORMATION PROVIDED TO YOU BY A RENTAL MANAGEMENT COMPANY AND/OR THE HOTEL OPERATOR OR ITS AGENT. AS PART OF YOUR REVIEW OF SUCH INFORMATION, YOU SHOULD CONSULT WITH A COMPETENT PROFESSIONAL, SUCH AS AN ATTORNEY OR ACCOUNTANT, TO REVIEW AND EVALUATE SUCH INFORMATION.

RESALE DISCLOSURES REQUIREMENT

NAC 116B.____ In addition to the items set forth in NRS 116B.760 that must be provided to a purchaser as part of a resale package, a unit's owner or his authorized agent must include the following as part of the resale package:

- 1. a statement as to whether the unit to be sold is subject to any rental management agreement that will continue in effect and bind the purchaser after the sale; and*
- 2. If the unit to be sold is subject to such rental management agreement described in subsection (1) above, a copy of the rental management agreement, together with any amendments or modifications thereto, must be provided to the purchaser.*

OTHER DISCLOSURES REQUIRED BY PUBLIC OFFERING STATEMENT

NAC 116B.____ In addition to the items required to be set forth or fully and accurately disclosed pursuant to NRS 116B.735, the public offering statement must set forth or fully and accurately disclose the following:

- 1. If a contract to manage the shared components and the hotel unit of the condominium hotel is in place, the Declarant must provide the name of the hotel operator or management company that entered into such contract, together with the term of such contract. The public offering statement and other governing documents may contain a statement that, notwithstanding the existence of the contract, no guarantees, representations or warranties*

are made regarding the identity of the hotel operator or management company or the name of the condominium hotel.

NAC 116B.____ Public Offering Statement: Other Disclosures The offering statements specified in NRS 116B.142 and NRS 116B.147 must include the following additional disclosures or information to the extent available:

1. A narrative description of all of the shared components of the condominium hotel, together with any portions of the hotel unit, not otherwise characterized as shared components, for which the residential unit owners will be allocated a portion of the expenses associated with operation and maintenance;

2. A schedule of the representative charges, expenses or assessments a prospective purchaser would pay on a monthly basis. The schedule will summarize monthly costs for each category of unit. This schedule would include an appropriate disclaimer indicating that it is an estimate only and the actual charges, expenses or assessments as projected may vary from actual expenditures; that it is a categorical presentation only and does not specify every charge separately; that the actual charges, expenses or assessments may vary in conjunction with operating conditions or as necessary to adjust to or accommodate changed circumstances; and any other disclaimer appropriate to present these projections in a fair and complete manner. It must also include a statement that it does not include or present any adjustments or information based on any transient rental program and is presented entirely separately from any such charges, expenses or assessments which may be in addition to those presented.

3. If audited financial statements have been prepared relating to the operation of the hotel unit or shared expenses, the latest audited financial statements shall be disclosed.

4. If a reserve study or review has been prepared relating to the major components of the shared components or the major components of the hotel unit, the latest study or review shall be disclosed.

5. In addition to the information statement set forth in NRS 116B.765, the Division will prepare a supplemental statement which encourages prospective purchasers to satisfy themselves, either individually or with the assistance of appropriate professionals or other knowledgeable individuals, with respect to the following information or questions:

(a) Are you aware of all charges, expenses or assessments for which you will be responsible as a residential unit owner, and their total costs and burden both on a monthly and annual basis?

(b) Do you specifically understand your obligations with respect to (1) shared expenses; (2) reserve requirements for the major components of the shared components and the major components of the hotel unit; and (c) the budget for the hotel unit and association? Are you aware of the potential assessments or costs for which you may have to pay your proportionate share? Are you aware that the hotel unit owner has the power to lien and foreclose for unpaid shared expenses or other charges?

(c) Do you understand the relations and interaction among the association, you and other residential owners, the hotel unit owner or operator? Are you aware that the majority of the condominium hotel may be owned or controlled as the hotel unit and that you will be subject to obligations and costs which will be determined by the operation and business goals of the hotel unit, and that these obligations and costs may change in the future? Are you aware that the role of the association in the governance and operation of the condominium hotel may be extremely limited?