

**PROPOSED REGULATION OF THE  
COMMISSION FOR COMMON-INTEREST COMMUNITIES  
AND CONDOMINIUM HOTELS**

**LCB File No. R186-07**

November 4, 2010

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

AUTHORITY: §§1-4, 37, NRS 116.615; §§5-9, 11-13, 19, 24-31 and 36, NRS 116B.805; §§10, 14, 17, 18, 20, 21 and 23, NRS 116B.580 and 116B.805; §15, NRS 116B.580, 116B.585 and 116B.805; §§16 and 22, NRS 116B.585 and 116B.805; §§32-35, NRS 116B.785 and 116B.805.

A REGULATION relating to common-interest realty; providing standards of practice for members of an executive board of an association of a condominium hotel; requiring certain information to be included in reserve budgets; establishing reporting principles and practices of financial accounting for associations of condominium hotels; establishing provisions for the audit and review of financial statements for associations of condominium hotels; establishing provisions relating to reserve studies; establishing certain fees that a hotel unit owner may charge for the preparation of certain certificates; establishing provisions governing the receipt of gifts, rewards or other items of value by certain persons; requiring certain information to be disclosed in a public offering statement and resale package; requiring associations to include certain information in annual registration forms filed with the Real Estate Division of the Department of Business and Industry; making technical corrections relating to certain publications that have been adopted by reference by the Commission for Common-Interest Communities and Condominium Hotels; and providing other matters properly relating thereto.

**Section 1.** NAC 116.0437 is hereby amended to read as follows:

116.0437 “Guide” means the ~~[Common Interest Realty Associations—AICPA Audit and Accounting Guide.]~~ *Guide to Homeowners’ Associations and Other Common Interest Realty Associations*, as adopted by reference in NAC 116.410.

**Sec. 2.** NAC 116.410 is hereby amended to read as follows:

116.410 1. For purposes of providing recommended reporting principles and practices of financial accounting for common-interest communities, the Commission hereby adopts by reference the ~~[Common Interest Realty Associations—AICPA Audit and Accounting Guide, May 2004 edition.]~~ [Guide to Homeowners' Associations and Other Common Interest Realty Associations.](#) A copy of the publication may be obtained *for the price of \$220* 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—or <https://www.epa2biz.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.]~~ [Practitioners Publishing Company, P.O. Box 966, Fort Worth, TX 76101-0966, by telephone at \(800\) 431-9025 or at the Internet address <http://ppc.thomson.com/SiteComposer2/Index.cfm?numProdClassID=201&txtFuse=dspShellProductDetail&numSiteID=2&numTaxonomyTypeID=29&numTaxonomyID=232>.](#)

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.

**Sec. 3.** NAC 116.457 is hereby amended to read as follows:

116.457 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 116.31152; 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.]~~ the Guide.

**Sec. 4.** NAC 116.461 is hereby amended to read as follows:

116.461 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 prepared pursuant to subsection 1 of NAC 116.457. 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.]~~ the Guide.

**Sec. 5.** Chapter 116B of NAC is hereby amended by adding thereto the provisions set forth as sections 6 to 36, inclusive, of this regulation.

**Sec. 6.** *As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 7 and 8 of this regulation have the meanings ascribed to them in those sections.*

**Sec. 7.** *“Guide” means the Guide to Homeowners’ Associations and Other Common Interest Realty Associations, as adopted by reference in section 10 of this regulation.*

**Sec. 8.** *“Reserve study” means:*

*1. For the major components of the common elements, the study required pursuant to paragraph (a) of subsection 1 of NRS 116B.605; or*

*2. For the major components of the shared components and the major components of the hotel unit, the study required pursuant to paragraph (a) of subsection 1 of NRS 116B.610.*

**Sec. 9.** *In determining whether a member of the executive board has performed his or her duties pursuant to NRS 116B.425, the Commission may consider whether the member has:*

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

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

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

*4. Except as otherwise required by law or court order, disclosed 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;*

*5. Impeded or otherwise interfered 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;*

*6. Read the governing documents of the association;*

*7. Kept informed of laws, regulations and developments relating to common-interest communities;*

8. *Cooperated with the Division in resolving complaints filed with the Division; and*
9. *Caused the association to:*
  - (a) *Comply with all applicable federal, state and local laws and regulations and the governing documents of the association;*
  - (b) *Uniformly enforce the governing documents of the association;*
  - (c) *Hold meetings of the executive board with such frequency as to properly and efficiently address the affairs of the association;*
  - (d) *Obtain, when practicable, at least three bids from reputable service providers who possess the proper licensing before purchasing any such service for use by the association;*
  - (e) *Consult with appropriate professionals as necessary before making any major decision affecting the association or the common elements;*
  - (f) *Deposit all funds for investment in government securities that are backed by the full faith and credit clause of the United States Constitution or in a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, the Securities Investor Protection Corporation or a private insurer approved pursuant to NRS 678.755;*
  - (g) *Maintain current, accurate and properly documented financial records;*
  - (h) *Establish policies and procedures for the disclosure of potential conflicts of interest and the appropriate manner by which to resolve such conflicts;*
  - (i) *Establish policies and procedures that are designed to provide reasonable assurances in the reliability of 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 making business decisions, facilitation of fraud*

*detection and prevention and compliance with the applicable laws and regulations governing financial records;*

*(j) Prepare interim and annual financial statements that will allow the Division, the executive board, the residential unit owners and the accountant or auditor to determine whether the financial position of the association is fairly presented in accordance with the provisions of sections 14 to 18, inclusive, of this regulation;*

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

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

*(m) Adopt and fairly enforce the collection policies of the association.*

**Sec. 10. 1.** *For purposes of providing recommended reporting principles and practices of financial accounting for associations for condominium hotels, the Commission hereby adopts by reference the Guide to Homeowners' Associations and Other Common Interest Realty Associations. A copy of the publication may be obtained for the price of \$220 from Practitioners Publishing Company, P.O. Box 966, Fort Worth, TX 76101-0966, by telephone at (800) 431-9025 or at the Internet address*

*<http://ppc.thomson.com/SiteComposer2/Index.cfm?numProdClassID=201&txtFuse=dspShellProductDetail&numSiteID=2&numTaxonomyTypeID=29&numTaxonomyID=232>.*

*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.*

**Sec. 11.** *An executive board shall, in addition to the requirements set forth in paragraph (b) of subsection 1 of NRS 116B.600, 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 of the common elements as recommended in the study of reserves conducted pursuant to NRS 116B.605; and*

*2. If there is a difference between the projected balance of the reserve account at the end of the budgeted fiscal year and the amount required to adequately fund the reserves on a reasonable basis at the end of the budgeted fiscal year, as determined by the study of reserves conducted pursuant to NRS 116B.605:*

*(a) The reason for the difference; and*

*(b) How this difference is proposed to be resolved by the executive board.*

**Sec. 12.** *As used in NRS 116B.670, “regular working hours” means a period of at least 4 consecutive hours per week.*

**Sec. 13.** *The amount of the fee that an association is required to pay pursuant to NRS 116B.620 is \$3 for each residential unit in the association.*

**Sec. 14.** *The interim financial statements of an association must be prepared quarterly using fund accounting or a single-column presentation and must:*

*1. Include, at a minimum:*



- (a) A balance sheet, including operating and reserve funds, that indicates the assets, liabilities and fund balances or members' equity if a single-column format is used;*
- (b) A statement of revenues and expenses for all operating and reserve activities, presenting information about all revenues, including assessments, expenses, expenditures and reserve transfers;*
- (c) A schedule comparing the details of the actual reserve revenues and expenses of the association with the operating budget for the association;*
- (d) A schedule comparing the details of the actual reserve revenues and expenses associated with the major components of the common elements with the reserve budget 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 the association is in compliance with paragraph (b) of subsection 2 of NRS 116B.590 and 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 at least quarterly, promptly upon completion, to the treasurer of the association, the community manager, each member of the executive board and, if requested in writing, to the hotel unit owner.*

**Sec. 15.** *The interim financial statements of an association subject to an audit or review pursuant to NRS 116B.585 must be presented using fund accounting and must include, at a minimum:*

- 1. An operating fund which reflects the accounting transactions surrounding the daily maintenance and service operations of the association; and*
- 2. A reserve fund which reflects the accounting transactions pertaining to repair, replacement and restoration of the major components of the common elements as described in paragraph (b) of subsection 2 of NRS 116B.590.*

**Sec. 16.** *1. The audited financial statement of an association must:*

*(a) Be 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 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 operating and reserve revenues and 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.*

*2. The person 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 the Guide.*

*Sec. 17. 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.*

*Sec. 18. 1. The review of the financial statements of an association must be performed in accordance with the Guide. The financial statements must include a full presentation of accrual-basis accounting prepared pursuant to subsection 1 of section 16 of this regulation. The supplementary information may be compiled or reviewed.*

*2. The person 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 the Guide.*

*Sec. 19. Any action required to be taken by the hotel unit owner may be undertaken by the hotel unit owner's agent or employee or the operator of the condominium hotel.*

*Sec. 20. 1. The financial statements of the hotel unit owner must be prepared in accordance with generally accepted accounting principles.*

*2. Any budget for the hotel unit must be prepared on a full accrual basis.*

*3. The annual financial statements of a hotel unit owner must be audited.*

*Sec. 21. The interim financial statements of the hotel unit owner must be prepared in accordance with generally accepted accounting principles and must:*

*1. Include, at a minimum:*

*(a) A balance sheet which includes operating and reserve funds and which contains the assets, liabilities and fund balances or members' equity if a single-column format is used;*

*(b) A statement of revenues and expenses for all operating and reserve activities which presents information regarding all revenue, including assessments, expenses, expenditures and reserve transfers;*

*(c) A schedule:*

*(1) Comparing the details of the actual operating revenues and expenses of the hotel unit with the operating budget for the hotel unit and shared components; and*

*(2) Presenting the current year's actual operating revenues and expenses on a comparative basis with the previous year;*

*(d) A schedule comparing the details of the actual reserve revenues and expenses with the budget; and*

*(e) Any changes in the fund balances, which must be presented on the statement of revenues and expenses if fund accounting is used.*

*2. 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.*

*3. Be made available for inspection at a reasonably convenient location within the condominium hotel or the project of which the condominium hotel is a part during regular working hours upon request by residential unit owners.*

**Sec. 22. 1. The audited financial statements of the hotel unit owner must:**

*(a) Be prepared in accordance with generally accepted accounting principles and must include, at a minimum:*

*(1) A comparative balance sheet for the operating fund and reserve fund which presents assets, liabilities and fund balances;*

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

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

*(4) A comparative statement of cash flows;*

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

*(6) The following unaudited supplementary information:*

*(I) Any disclosures regarding the reserves pursuant to NRS 116B.605 and as may be required by the Guide;*

*(II) An accompanying schedule which compares details of the actual operating revenues and expenses of the hotel unit owner against the budgeted amounts; and*

*(III) An accompanying schedule comparing the details of the actual reserve revenues and expenses of the hotel unit owner associated with the major components of the shared components or major components of the hotel unit against the budgeted expenses for the shared components or the applicable components of the hotel unit.*

*(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 a request from the Division.*

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

*(1) The amount of budgeted expenses, including both shared expenses and total expenses;*

*(2) The date on which the most recent audit of the financial statements was completed; and*

*(3) Whether the audit opinion is qualified or unqualified.*

*2. The person performing the annual audit for a hotel unit owner must:*

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

*(b) Be independent of the association as set forth in the Guide.*

**Sec. 23.** *The financial statements of a hotel unit owner may provide for such other information as the hotel unit owner deems appropriate to report the transactions of separate business activities, special assessments, contingency or other restricted funds or any other reserve or separate account used for any purpose other than the repair, replacement or restoration of the major components of the shared components or the major components of the hotel unit.*

**Sec. 24.** *For purposes of NRS 116B.590 and 116B.595, “adequate reserves” means the funds sufficient to maintain the common elements and shared components:*

*1. At the level described in the governing documents and in a reserve study; and*

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

**Sec. 25. 1.** *For purposes of NRS 116B.610, a reduction in the useful life of each major component of the shared components and each major component of the hotel unit may be determined based upon local or other applicable industry standards.*

*2. In addition to the criteria set forth in subsection 1, a reserve study specialist may also consider reasonable business or operating concerns or objectives of the hotel unit owner in determining a reduction in the useful life of the shared components and each major component of the hotel unit. A reduction in the useful life based upon such concerns or objectives must be clearly noted in the reserve study or review of the reserve study by the hotel unit owner.*

*3. A reserve study must clearly disclose the basis for or the factors used by the reserve study specialist in determining the useful life or remaining useful life of each major component of the shared components and each major component of the hotel unit.*

**Sec. 26.** *As used in NRS 116B.815, “annual assessment” means both the per-unit assessments and the total budget revenues for the association.*

**Sec. 27. 1.** *Except as otherwise provided in subsections 2 and 3, a hotel unit owner may not charge more than \$160 for preparing the certificate required by subsection 3 of NRS 116B.760.*

*2. If a unit’s owner or the authorized agent of the unit’s owner requests that the certificate described in subsection 1 be provided sooner than 3 business days after the date of the request, the hotel unit owner may, in addition to the fee set forth in subsection 1, charge a fee not to exceed \$125 to expedite the preparation of the certificate.*

*3. In addition to the fees set forth in subsections 1 and 2, the hotel unit owner may charge a reasonable fee for additional copies or any other service.*

**Sec. 28.** *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 subsection 2 of NRS 116B.695 in any calendar year which exceeds the sum of \$100.*

**Sec. 29.** *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 subsection 2 of NRS 116B.695 in any calendar year which exceeds the sum of \$500.*

**Sec. 30.** *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 or her 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.*

**Sec. 31.** *Nothing in sections 28, 29 and 30 of 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 subsection 1 of NRS 116B.695.*

**Sec. 32. 1.** *In addition to the information required by NRS 116B.735, a public offering statement must also contain the following information:*

*(a) If a contract to manage the shared components and the hotel unit exists, the name of the hotel operator or management company that is a party to the contract and the terms of the contract; and*

*(b) A statement which reads substantially as follows:*

*Chapter 116B of NRS 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, before the execution of a contract to purchase a unit, federal law severely limits the provision of any information regarding the use of your unit for transient rental purposes. In making a decision whether to use your unit for transient rental purposes after executing a contract to purchase the unit, you should carefully evaluate all information provided to you by a rental management company or the hotel operator or an agent of the hotel operator. As part of your review of such information, you should also consult with a competent professional such as an attorney or an accountant to assist you in your review and evaluation of the information provided by the rental management company or the hotel operator or his or her agent.*

*2. If the name of the hotel operator or management company and the terms of a contract are included pursuant to paragraph (a) of subsection 1, an additional statement providing that no guarantees, representations or warranties are made regarding the identity of the hotel operator or management company or the name of the condominium hotel may also be included.*

*Sec. 33. In addition to the information required by subsection 1 of NRS 116B.760, a unit's owner or the authorized agent of the unit's owner must also include with the resale package:*

*1. A statement informing the purchaser whether the unit to be sold is subject to any rental management agreement that is legally binding upon the purchaser after the purchase of the unit; and*

*2. If the unit to be sold is subject to a rental management agreement that is legally binding upon the purchaser after the purchase of the unit, a copy of the rental management agreement and any amendments or modifications.*

*Sec. 34. In addition to the information required by NRS 116B.735 and 116B.760, the public offering statement and resale package must also include, to the extent available:*

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

*2. A schedule summarizing the representative charges, expenses or assessments a prospective buyer would be required to pay each month for each type of unit and any*

*disclaimer that is appropriate to present such information in a fair and complete manner, including at least a statement indicating that the information provided:*

*(a) Is only a projected estimate and the actual charges, expenses or assessments may vary from actual expenditures or in conjunction with actual operating conditions or as necessary to accommodate changed circumstances;*

*(b) Is only a categorical presentation and does not specify each charge, expense or assessment separately; and*

*(c) Does not provide for any additional adjustments to charges, expenses or assessments that may occur due to a transient rental program;*

*3. If completed, a copy of the most recent audited or reviewed financial statements;*

*4. If completed, a copy of the most recent reserve study for the major components of the shared components or the major components of the hotel unit;*

*5. Any supplemental disclosure statement form prepared by the Division; and*

*6. The following cautions or warnings in bold type and large font:*

*1. Are you aware of all charges, expenses and assessments for which you will be responsible as a residential unit owner, both on a monthly and annual basis?*

*2. 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 (3) the budget for the hotel unit and the 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 place a lien on your unit and foreclose for unpaid shared expenses or other charges?*

*3. Do you understand the relations and interactions among you and the association, other residential unit owners, the hotel unit owner, hotel operator or management company? Are you aware that the majority of the condominium hotel may be owned or controlled by the hotel unit owner and that you will be subject to obligations and costs which will be determined by the operation and business goals of the condominium hotel, 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?*

*Sec. 35. The Division may prepare a supplemental disclosure statement form which encourages prospective buyers to be informed and which addresses matters that the Division has determined to be important to prospective purchasers.*

*Sec. 36. An association must include on the annual registration form filed with the Division the following information:*

- 1. The total amount of budgeted revenues and expenses of the association;*
- 2. Whether the financial statements of the association were audited or reviewed and, if so, the most recent fiscal year-end for which the audit or review was completed and accepted by the executive board; and*
- 3. Whether the audit opinion is qualified or unqualified or whether the review report is modified or unmodified.*

**Sec. 37.** NAC 116.015 and 116.072 are hereby repealed.

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**TEXT OF REPEALED SECTIONS**

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**116.015 “Audited financial statement” defined. (NRS 116.615)** “Audited financial statement” has the meaning ascribed to it in the Guide.

**116.072 “Reviewed financial statement” defined. (NRS 116.615)** “Reviewed financial statement” has the meaning ascribed to it in the Guide.