

LCB File No. R005-09

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

(This regulation was previously adopted as T011-08)

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

AUTHORITY: NRS 116.615(1-6); and NRS 116A.200(1-6)

Section 1. NAC 116.300 is hereby amended to read as follows:

NAC 116.300 1. A community manager shall:

- (a) Comply with the lawful provisions of the governing documents of each client;
- ~~(b) Maintain an inventory of all records of each client;~~
- ~~(b) (c)~~ Keep informed of new developments in the management of a common-interest community through continuing education, including, without limitation, new developments in law, insurance coverage and accounting principles;
- ~~(c) (d)~~ Advise a client to obtain advice from an expert relating to matters that are beyond the expertise of the community manager;
- ~~(d) (e)~~ Under the direction of a client, uniformly enforce the provisions of the governing documents of the association;
- ~~(e) (f)~~ At all times ensure that the financial transactions of a client 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;
- ~~(f) (g)~~ 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 an association is fairly presented in accordance with the provisions of NAC 116.451 to 116.461, inclusive;
- ~~(g) (h)~~ Make the financial records of an association available for inspection by the Division in accordance with the applicable laws of this State;
- ~~(h) (i)~~ Cooperate with the Division in resolving complaints filed with the Division;
- ~~(i) (j)~~ Upon written request, make the financial records of an association available to the units' owners during regular business hours *required* for inspection at a reasonably convenient location which must be within 60 miles from the physical location of the common-interest community and provide copies of such records in accordance with the applicable laws of this State;
- ~~(j) (k) [Deposit all money of an association that is in the possession or control of the community manager in a financial institution that is federally insured or insured by a private insurer approved pursuant to NRS 678.755;] [Maintain association funds [shall be deposited] in a financial institution whose accounts are [federally] insured by the FDIC, SIPC or [insured by] a private insurer approved pursuant to NRS 678.755[:];, or in government securities that~~

~~are backed by the full faith and credit of the United States government.] Deposit all association funds in a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC), or a private insurer approved pursuant to NRS 678.755, or in a government securities that are backed by the full faith and credit of the United States government.~~

(k) ~~[(h)]~~ Recommend in writing to each client that the association register with the Division, maintain its registration and file all papers with the Division and the Secretary of State as required by law;

(l) ~~[(m)]~~ Comply with the directions of a client, unless the directions conflict with the governing documents of the association, this chapter or other applicable laws of this State;

(m) ~~[(n)]~~ Recommend in writing to each client that the association be in compliance with all applicable federal, state and local laws and the governing documents of the association;

(n) ~~[(o)]~~ Obtain, when practicable, at least three bids for any capital improvement project for the association; and

(o) ~~[(p)]~~ Fairly enforce the collection policies of a client and comply with all applicable federal, state and local laws relating to the collection of debt.

2. As used in this section, “regular business hours” means Monday through Friday, 9 a.m. to 5 p.m., excluding state and federal holidays.

Section 2: Section 17 of LCB File No. R145-06 is hereby amended to read as follows:

A person is qualified by training and experience to obtain a permit to act as a reserve study specialist if ~~[-~~

~~—1. ~~[(1)]~~ the person has:~~

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

~~(b) The ability to evaluate the items on the component inventory with regard to normal and accelerated deterioration, deferred maintenance, remaining years of useful life and the current cost to repair, replace or restore;~~

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

~~(d) The ability to review improvement plans and specifications, maintenance histories, recorded plats and governing documents of the association in order to compile a complete component inventory and to consult with the executive board to ascertain and confirm that the component inventory is complete;~~

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

~~(f) The background and knowledge pertinent to all areas to be addressed by the reserve study ~~[- and]~~~~

~~[(g) Certification in a course of training from a nationally recognized professional organization that provides educational courses and national accreditation of reserve study specialists; or]~~

~~[2.—The person:~~

~~—(a) Has a good reputation for honesty, trustworthiness and integrity; and~~

~~—(b) Uses any consultants and other persons with expertise having the knowledge and abilities set forth in subsection to assist in preparing the reserve study.]~~