

TESTIMONY OF JONATHAN FRIEDRICH  
SENATE BILL 174  
IN CARSON CITY NV.

I along with several others have spent a great deal of time reviewing S B 174 and wish to present my testimony here today . I live in Las Vegas and have traveled here because I felt the need to speak to this Committee in person because of some of the draconian changes to NRS 116 that are proposed in this BILL.

Allow me to digress for a moment and give you my observations on a much bigger issue.

That of Peoples RIGHTS. Government cannot suppress peoples' rights without consequences. We are watching historic times in the Middle East & now in Wisconsin. There was a large rally by State & Municipal employees on Monday in front of the State Office Building in Las Vegas. People are ANGRY.

CNN announced a survey stating Las Vegas is the fourth angriest City in America. I don't think that will improve our image as a tourist destination. It can only hurt us and our economy.

Do we want riots & civil disobedience in our State? I don't. I am sure you don't.

Over time NRS 116 has become more & more Homeowner Unfriendly by chipping away at the very foundation of our FREEDOMS guaranteed by the US Constitution. I get calls every day by very angry homeowners asking for help with all types of issues dealing with Homeowner Associations. This Past Sunday I got a call from a North Las Vegas Police Officer who alleges that she has been turned over to a collection agency when her Assessments were not late. The Collection Agency just ignores her & adds fees on top of fees.

On Monday an elderly couple called from Sun City Anthem who fell into the Arbitration Trap over the trimming a tree. It was a neighbor issue & not an Association dispute. The Arbitrator charged each side \$ 4,000.00 in fees for his services! This did not include attorney fees as each side represented themselves. This is outrageous.

HOA Boards are allowed to hold hearings which are nothing less that Kangaroo Courts with people not allowed due process.

I could go on & on but I think you can understand why so many people are angry. There are almost 3000 Associations in this State most in the Las Vegas area, many with elderly residents on fixed incomes. The never ending tinkering and anti homeowner changes to NRS 116 are hurting people & not helping them. No wonder that people are ANGRY in Las Vegas.

I find this Bill Oppressive and expanding the powers of the boards and giving free reign to the few attorneys who practice HOA law and the Collection Companies who gouge owners with exorbitant fees.

The changes in SB 174 will cause even more anger and outrage to our citizens. You ,our legislators need to hear these abused peoples' cries for help. You folks have the power to make the much need changes. This Bill does not give justice or fairness to homeowners.

With that said I would like to point out some of what I feel is unfair to the unit owners in this Bill.

Jonathan Friedrich  
2405 Windjammer Way  
Las Vegas, NV. 89107  
702 822 4555

REVIEW & COMMENTS ON SB 174  
 FEBRUARY 24, 2011 CARSON CITY

PAGE & LINE #	COMMENT
Page 4 Lines 1-38	<p>The new section can be used as a tool by the HOA Attorneys to run up large legal bills which the Association will have to pay &amp; then attempt to re-coop the costs using NRS 116.3115.6 which forces the homeowner to pay.</p> <p>It can be used by the homeowner who wants to appeal an NRED decision to the CICC . Either way the Commission will become inundated with appeals. If these appeals are considered CIVIL ACTIONS then NRS 116.31088 requires notice to all the homeowners.</p> <p>This will prove costly in both time &amp; money to all involved.</p>
Page 5 Lines 20-21 Line 25	<p>This change should not be made. The CC&amp;Rs of many Associations provide for Cumulative voting. Cumulative voting protects "minority" interests. Cumulative voting is a procedure used in many governmental entities throughout the U.S.A. It gives a chance to the non team player to get elected.</p>
Page 6 Line 27-28 Line 35	<p>There is no reason for this change. What is the significance of adding "any" to the "adversely affects the use and enjoyment of <b>any</b> nearby unit"</p>
Page 8 Line 31-44 Page 9 Line 1-44	<p>There is no reason for this change. It eliminates the notice to owners that there are not enough candidates to cause the holding of an election. The original purpose of this section is being lost. Homeowners are being denied a second chance to offer themselves the chance to run for a Board position.</p>
Page 11 Line 10	<p>See page Page 5 Lines 20-21 and Line 25. Do not remove cumulative voting. This will adversely affect the welfare of the Units' Owners. Previously explained above.</p>
Page 12 Line 30-45  Page 13 Line 1-19	<p>These changes are not to the benefit of the Units' Owners welfare. The changes are unnecessary and delay the actual removal of a Board Member. Currently the law says, "meeting to be held 15 days after the deadline for returning ballots &amp; removal" . (See page 16, Line 8) The new language extends this deadline out to 120 days. If a removal election is to be held it should be done as soon as possible and not extend the return of ballots out to 120 days. This should be changed to 60 days to eliminate any further issues. This is what the current statute requires.</p>
Page 14 Lines 6-18	<p>There are no reasons for these changes except that the NEW wording seen on page 34 line 3 adds NO Punitive damages against Community Association Managers. These changes do not benefit Unit's Owners. Community Managers are NOT unpaid volunteers as are Board members. There is no need to change this. The actual amendment appears on page 33 and then adds the Provision that Community Managers are exempt from Punitive damages. This is of particular concern because Community Managers are not UNPAID VOLUNTEERS. They are licensed by the State of Nevada. They need to be held accountable by not only by the State but by the Units' Owners.</p>

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Page 14 Lines 19-45  Page 15 Lines 1-15	The original language was written after the legislature heard from the City of Henderson and the concern over failed walls. This must not be changed. It takes away the Units Owner's protection and removes the responsibility of the Association to maintain Security Walls. Most draconian is the provision that prohibits exorbitant and unrealistic assessments being shoved down the throats of Units' Owners. Line 1-4 Page 15.
Page 15 Lines 28-44  Page 16 Lines 1-11	There is no benefit to the Units' Owners by the proposed changes. The Units' Owners will lose the right to hold a special meeting to call for the removal of a Board member. The procedures for removal of a Board member are made more difficult and take longer to achieve. Page 16 lines 9-11 make no sense. But if there is a problem with a Board member may cost the Association unnecessary funds.
Page 16 Line 28-33	This change appears to have the intended consequence of allowing Managers to require Units' Owners to pay for any request of documents. Why the change from FORMAT to MAIL except to preclude Owners from receiving, at no charge, those documents already capable of being sent as E-mail Attachments? Current law allows for Minutes to be sent electronically. What is wrong with that? Please See page 38 Line 33 where the term "electronic format" is used in a different context.
Page 18 Lines 22  Page 18 Line 36 - 40	These changes are against every conceivable "democratic convention" known in America. Secret Meeting are never to be sanctioned in law. This is why the Provisions of NRS 241 the "NV Open Meeting Law" needs to be incorporated into NRS 116. Issues that MUST be discussed in an Open Executive Board Meeting could be now easily be discussed in a secret Executive Session without the knowledge & input of homeowners..
Page 19 Lines 8-13 Lines 14-20	This is of benefit to the Units' Owners welfare except, why not use the term Electronic Format? If a document that is requested by a homeowner is NOT considered an e mail then that individual will be denied the fast & inexpensive way of receiving the info.
Page 21 Line 32-35 Line 42-44	What is the benefit to the Health and Welfare of the Units' Owners if the Board can discuss in EXECUTIVE (secret) Sessions concerning the failure of a VENDOR to perform according to the contract. Since all the owners are paying for the goods & services of the vendor & the vendor is not living up to the contract that should be known to all the homeowners.
Page 23 Line 10-18	Why does the Unit's Owners have to pay for the cost of Crime Insurance for a Community Management Company and the Community Management Employees? This is a cost of doing business by the CAM .The amount of the coverage should NOT be based upon the formula indicated. Think about the value in the Reserves of the larger Communities. The premiums would be

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PAGE & LINE #	COMMENT
Page 23 37-45 Page 24 Line 1-24	very high based upon their funds that are in their reserves months These changes to NRS 116 do not protect the welfare of the Units' Owners. These changes allow a Board to deposit Units' Owners monies held in trust by the Association in UNINSURED ACCOUNTS. This is insane.
Page 26 Line 5-12	This is a windfall for the HOA Attorneys like John Leach who use the present NRS 116.3115.6 statute to take retaliatory action against homeowners. This section of the law classifies "misconduct" as a COMMON expense which will allow a <b>lien &amp; foreclosure</b> to be placed on a Home or Unit. This will force a Units' Owner to pay an inflated Legal bill. By adding "legal fees & costs" it will be a BLOOD BATH for a homeowner who is accused of a vague term, which is not defined in NRS 116 and unable to defend themselves from a bully board or Kangaroo Court for a possible minor issue or bogus charge. It will be used as a means of retaliation against any owner who is at odds with a Board or their CAM . <b>SEE EXHIBITS 1, 2, 3</b>
Page 27 Line 3	I submit to you that the change on Line 3 is a smoke screen to cover the change on Line 10 and 11. A SPECIAL ASSESSMENT in plain English is totally different from a RESERVE ASSESSMENT. This change diminishes the welfare of unit's owners because it takes away a safeguard. That is the right to know if there is a chance there could be a special assessment when the budget summary is distributed.
Page 28 Line 1-5	This change is to the benefit of the Units' Owners. However, all funds of the Association must be in insured accounts as is currently called for in NRS 116.311395.
Page 28 Line 33-44  Page 29 Line 1-13	The Transfer of money to the US. Government, NV State Agencies makes good sense and is to the benefit of the Units' Owner. Why is there no provision for the transfer to the Utility Companies? Why would anyone give a vendor or a Management Company the ability to access their OPERATING Account? If a vendors' work is not complete or unsatisfactory they could be paid by accessing the Associations account. Safeguards
Page 29 Lines 15-28  Page 30 Lines 5-9	This proposed change to NRS 116 is in litigation. This issue is currently in the courts, between investors and collection companies. The Collection companies are reaping in huge sums & the Associations are only getting 9 months of their assessments. This will give the HOA Attorneys and collection companies the ability to charge inflated fees, & the Associations getting crumbs.
Page 31 Lines 28-44	These changes are handled with Criminal Law. All of the offenses listed are prohibited by the criminal code. The Criminal Code does not belong in NRS 116. The Right of Free Speech to criticize our elected leaders is a fundamental right in the US. Accepting these changes will cause harm to the property values of HOAs. This can give Boards the ability to make false accusations.

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REVIEW & COMMENTS ON SB 174  
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PAGE & LINE #	COMMENT
Page 33 Line 35 Line 41-45  Page 34 Line 1-13	There no benefit to any Unit's owners by the changes proposed. The removing from one NRS section to another NRS Section does nothing except adds a SECTION that PROTECTS a paid Community Managers from Punitive Damages. Board Members are unpaid volunteers and should be protected by NRS 116. Community Managers must be accountable as they are licensed by the State & should not be exempt from punitive damages. NRS 116.745 to 116.795 Includes the Community Manager. This change excludes the Community Manager & only lists the executive board members.
Page 35 Line 23-30	In 2009 The Judiciary Committee's of both houses spent too much time on the issue of Bonding. If the Real Estate Division and the Common-interest Commission had done their job, and had done the research, this Section requiring a Bond would never have been written. Now the Judiciary Committees are being asked to require Criminal Insurance. Is it available & affordable?
Page 36 Line 41	Does this change make sense? What is the affect on the Unit's Owners. Are there any savings for the Association?
Page 37 Line 7-9  Page 37 Line 17 - 28	Why would a Non-profit Association run by a volunteer board want to indemnify the Management Company that is supposed to provide professional guidance for a fee? There is no Benefit to the Units' Owners by providing indemnification, liability, bonding, or anything else to a Management Company. I don't pay my neighbors insurance and he doesn't pay mine. I would want to have EVERY ASSOCIATION named by the MANAGEMENT COMPANY as additional insured. The Association must be notified if the Management insurance lapses for any reason.
Page 38 Line 1-3	There is no benefit to the Units' Owners to provide indemnification to the Community Manager. IT is an insult to the citizens of NV to write into law "subject to the appropriate provisions of Title 7". By Statute NRS is to be written in PLAIN ENGLISH. Citing the 18 Chapters that make up of Title 7 is sloppy and unrealistic and is a key to the jail cell door!
Page 40 Lines 15-22	There is absolutely no reason to change this section. NRS 116.311395 must not be changed. FUNDS OF ASSOCIATION must be INSURED.
Page 41 Lines 41-42	NRS 76.100 Deals with Business Licenses. These Associations are "Not for Profit". This change is favorable to homeowners.



LEACH JOHNSON  
SONG & GRUCHOW

EX1

John E. Leach, Esq.

jleach@leachjohnson.com

December 14, 2010

**VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED  
AND U.S. MAIL**

Roberta M. Reding  
8716 Red Rio Drive, #201  
Las Vegas, NV 89128-8429

Re: Red Hills Homeowners Association/CIS 10-08-02-016

Dear Ms. Reding:

As you are aware from our previous correspondence and communications, this office serves as legal counsel for the Red Hills Homeowners Association (the "Association"). The Association's Board of Directors ("Board") has authorized this office to correspond with you regarding your failure or refusal to review the Association's books, records and other papers which you requested.

You previously filed a claim with the State of Nevada, Department of Business and Industry, Real Estate Division (the "Division"), which was assigned Case No. CIS 10-08-02-016. The principle allegation of your affidavit was that the Association had failed or refused to make the Association's books, records and other papers available for your review and inspection. The Association disagreed with and adamantly denied your allegation. On numerous occasions, the Association made the records available for your review and inspection. Ultimately, on October 1, 2010, this office issued a letter to you, on behalf of the Association, advising you that "the records you previously identified and requested to examine are available for review and inspection at our office which is located at located at 5495 S. Rainbow Blvd., #202, Las Vegas, Nevada, during regular business hours (8:00 a.m. - 5:00 p.m.)."

On October 15, 2010, you contacted my assistant acknowledging receipt of the letter and indicated that you would be providing a date and time to review the records in early November. As of this date, you have made no effort to schedule a time to review the records. The Association asserts that this is indicative of the fact that you really have no desire to review the Association's books, records and other papers, but rather have made the demand and filed a claim with the Division merely for the purpose of harassing the Association.

As you may be aware, Article VI, Section 6.03(g) of the Supplemental Declaration of Covenants, Conditions & Restrictions and Reservation of Easements for Red Hills Condominiums (the "Declaration") reads, in pertinent part, as follows:

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5495 South Rainbow Boulevard, Suite 202 • Las Vegas, Nevada 89118

Phone 702-538-9071 Fax 702-538-9113 www.leachjohnson.com

Roberta M. Reding  
December 14, 2010  
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No noxious or offensive activity shall be carried on . . . nor shall anything be done in any part of the Property, which, in the judgment of the Board, may be or become an unreasonable annoyance or nuisance to the other Owners.

In addition, Nevada Revised Statutes ("NRS") 116.3115(6) reads as follows:

If any common expense is caused by the misconduct of any unit's owner, the association may assess that expense exclusively against his or her unit.

In response to your Ombudsman Intervention Affidavit and the investigation initiated by the Division, at your request, the Association incurred legal fees and costs in the amount of \$8,119.63. These fees and costs were reasonably and justifiably incurred by the Association in response to what the Association now believes was a false, frivolous or fraudulent affidavit which was filed solely for the purpose of harassing the Association.

Legal fees and costs incurred by the Association in defending the Association is a common expense. Furthermore, filing a claim with the Division for the sole purpose of harassing the Association may be reasonably characterized as "misconduct" on your part. Furthermore, the Board may conclude that your conduct is a violation of Article VI, Section 6.03 (g) of the Declaration.

Based on the foregoing, this letter is to serve as a formal demand that you immediately cease and desist harassing the Association by making false, frivolous and fraudulent requests to review the Association's books, records and other papers when you have no intent on following through. This letter is also written to serve as notice of hearing before the Board scheduled for Thursday, January 13, 2011, at 3:30 p.m., at the clubhouse, located at 8712 Red Brook Drive, Las Vegas, Nevada. At that time, you will be given an opportunity to address the aforementioned allegations that the Ombudsman Intervention Affidavit filed with the Division and your subsequent failure to review the Association's books, records and other papers is an attempt to harass the Association. You will be given a chance to show cause why these actions are not a violation of the aforementioned provision of the Association's governing documents and NRS 116.

Please be advised that after the hearing, the Board shall determine whether the above-referenced conduct is a violation of the Association's governing documents or whether this conduct is a statutory violation of NRS 116.3115(6), which will allow the Association to recover all common expenses incurred by the Association from you. Please be advised as of this date, the Association incurred legal fees and costs as result of the aforementioned Ombudsman Intervention action in the amount of \$8,119.63.

5195 South Rainbow Boulevard, Suite 202 • Las Vegas, Nevada 89118  
Phone 702-538-9074 Fax 702-538-9113 www.leachjohanson.com

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Roberta M. Reding

December 14, 2010

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You are free to have counsel present at the hearing at your expense. Please notify the Association, in writing, if you attend to have legal counsel present, so that the Association can also have its legal counsel present. You are also entitled to bring any witnesses you may have to substantiate any of your allegations or defenses.

Please be advised that should you choose not to attend the hearing, the Board will proceed in your absence and a decision will be rendered on the information and evidence at that time.

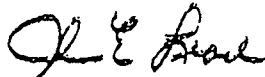
I have also been provided with a copy of your recent e-mail transmission to Mary Roy, the Association's community manager, wherein you requested the "post orders for the gate personnel." In a subsequent e-mail, you also requested "contracts with the . . . security company . . ."

Please be advised that, pursuant to your request, the Association's records with respect to the security company and the gate services are available for your review and inspection at the offices of Leach, Johnson, Song & Gruchow, which is located at 5495 South Rainbow, Suite 202, Las Vegas, Nevada. Please contact my assistant, Merilyn Callimpong, to schedule a time for your review. Please be advised that you will be charged \$10.00 an hour to review the Association's records. After reviewing the records and identifying documents you want copied, you will be charged \$.25 per page for the copies.

Please be advised that the Association will not make copies for you until you have inspected the records and specifically identified the records that you want copied.

Your time and attention to this matter are very much appreciated. If you have any questions or comments, please do not hesitate to contact this office.

Sincerely,



John E. Leach, Esq.

JEL:mc

cc: Mary Roy  
Board of Directors

5495 South Rainbow Boulevard, Suite 202 • Las Vegas, Nevada 89118

Phone 702-538-9074 Fax 702-538-9113 www.leachjohnson.com

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LEACH JOHNSON  
SONG & GRUCHOW

Ex 2

Nicole Guralny, Esq.

nguralny@leachjohnson.com

September 1, 2010

Via Email & U.S. Mail

Ryan Hamilton, Esq.  
2505 Anthem Village Drive  
Suite E-137  
Henderson, NV 89052  
[RyanAndrewHamilton@gmail.com](mailto:RyanAndrewHamilton@gmail.com)

**NOTICE OF RESULT OF HEARING**

**Re: *Norman McCullough – 2620 Peoria Avenue  
Sun City Anthem Community Association***

Dear Mr. Hamilton:

As you are aware this firm serves as legal counsel for the Sun City Anthem Community Association (the "Association"). The purpose of this letter is to provide you with the results of the August 26, 2010 hearing before the Board of Directors ("Board").

First, the Board would like to thank your client Norman McCullough for being present at the hearing along with counsel. The audio-tape, along with Mr. McCullough's testimony, your argument and the affidavits of Caren Carrero, Skyler Jewell, and Dan Forgeron were taken into account in the Board's final determination as to the alleged violations for which Mr. McCullough was called into hearing. The Board appreciates you and your client's participation in this matter. It must also be noted that at the time of the Board's deliberations regarding the subject violations, Board members, Roz Berman and Dan Forgeron, recused themselves and did not participate in the decision of this matter.

Pursuant to the Clark County Nevada Assessor's Office, The Goldman Family Trust is the owner of the property located at 2620 Peoria Ave., Henderson, Nevada, APN# 191-12-610-121 (the "Subject Property"), and Mary Belle McCullough is its trustee. The Subject Property is located within the Sun City Anthem development (the "Community") and therefore is subject to the use restrictions as set forth in the Third Amended and Restated Declaration of Covenants, Conditions and Restrictions and Reservation for Sun City Anthem (the "Declaration") and the Association Rules and Regulations ("Rules and Regulations").

The Board determined that there was no violation of Article IV, Sections 3, 5, 6, and 8 of the Rules and Regulations, as these sections of the Rules and Regulations were removed in the updated 2009 version of the Rules and Regulations.

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Ryan Hamilton, Esq.  
September 1, 2010  
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Article III, Section 3.6 of the Declaration states, in pertinent part, that:

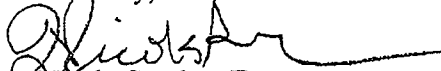
No obnoxious, illegal, or offensive activity shall be carried on upon any portion of the Properties, which in the Board's reasonable determination tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the Occupants and invitees of other Lots.

The Board determined that on May 27, 2010, Mr. McCullough inappropriately jabbed the Association's then Community Manager, Caren Carrero, in the shoulder and that such conduct amounted to an offensive activity in violation of Article III, Section 3.6 of the Declaration. Given the unwarranted and physical nature of the violation, the Board determined that it is reasonable that McCullough's usage of the Association's Common Areas be suspended for a period six (6) months commencing on September 3, 2010. Accordingly, Mr. McCullough may not utilize the Association's facilities during the time of the suspension which is from September 3, 2010 until March 3, 2010.

In addition to the foregoing, Mr. McCullough is also responsible for the attorneys' fees and costs incurred by the Association for enforcing its governing documents and obtaining compliance. Specifically, NRS 116.3115(6) provides that any common expense caused by the misconduct of a unit's owner, may be assessed exclusively against that unit's owners. Thus, Mr. McCullough is also responsible for legal fees and costs incurred for the preparation of this letter and for legal counsel's attendance at the hearing in the amount of \$564.

Your time and attention to this matter are very much appreciated. If you have any questions or comments, please do not hesitate to contact this office.

Sincerely,



Nicole Guralny, Esq.

cc: The Board of Directors

I-11



John E. Leach, Esq.

jleach@leachjohnson.com

August 4, 2010

**VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED  
AND REGULAR MAIL**

William W. Creelman  
701 Capri Drive, Unit #18C  
Boulder City, Nevada 89005-3366

**Re: July 15, 2010 Hearing Result**

Dear Mr. Creelman:

As you may recall, this office serves as legal counsel for Spanish Steps Owners' Association (the "Association"). The purpose of this letter is to provide you with the results of the July 15, 2010 hearing before the Board of Directors ("Board"). Before commenting on the outcome of the hearing, the Board would like to thank you for your attendance at the hearing and your submission of written documentation and information in support of your position. The Board considered the information and documentation you provided in reaching its decision.

According to the records of the Clark County Assessor's Office, you own the property located at 701 Capri Drive, Unit #18C, Boulder City, Nevada (the "Property"). The Property is located within Spanish Steps (the "Community") and, thus, is subject to the provisions of the Amended Declaration of Covenants, Conditions and Restriction of Spanish Steps Owners' Association (the "Declaration"). Article IX, Section 9.9 of the Declaration reads as follows:

Nuisance. No Living Unit or Limited Common Element shall be used in such manner as to **interfere with the enjoyment of other Owners or annoy** them by unreasonable noise or otherwise, nor shall any nuisance be committed or permitted to occur in any Living Unit, nor on the Common Elements.

(Emphasis added).

Based on the information and documentation you provided, as well as information gathered by the Board, the Board has concluded that on or about June 19, 2010, Mrs. Creelman and another occupant of the Property accosted with another resident of the Community. The target of this attack was threatened and assaulted by Mrs. Creelman and her accomplice. During or immediately after this incident, Mr. Creelman, appeared with a stun gun and engaged in a threatening behavior.

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Based on the foregoing, the Board has concluded that this conduct violates Article IX, Section 9.9 of the Declaration. Accordingly, the Board demands that you cease and desist attacking, harassing or assaulting other residents in the Community and refrain from brandishing a stun gun in the Community.

The Board has concluded that this conduct poses an imminent threat of causing a substantial adverse effect on the health, safety and welfare of the owners and residents of the Community. Thus, a fine in the amount of \$250.00 has been imposed for this violation. Please be advised that if this violation is not remedied within fourteen (14) days from the date of this letter, then future violations of this nature will be deemed to be a continuing violation of Article IX, Section 9.9 of the Declaration. Should this conduct re-occur, then you will be assessed an additional fine for each violation for every seven (7) days or portion thereof you fail to remedy the violation. The amount of any future fines will be consistent with the amounts previously rendered for this violation. Additional fines for a continuing violation may be imposed without notice and opportunity for a hearing. See NRS 116.31031(6).

In addition to the foregoing, you are responsible for the attorneys' fees and costs incurred by the Association for enforcing its governing documents and obtaining compliance. Specifically, NRS 116.3115(6) provides that any common expense caused by the misconduct of a unit's owner, may be assessed exclusively against that unit's owners. Thus, you are also responsible for fees and costs incurred in the amount of \$660.00. This represents the expense incurred by the Association to transmit the June 28, 2010 hearing notice letter and this letter.

The Board respectfully requests that you immediately comply with the provisions outlined above. To date you are responsible for fines totaling \$250.00 and fees and costs in the amount of \$660.00 for a total due and owing to the Association of \$910.00. Payment in this amount must be received by the Association within 30 days of the date of this letter. If payment is not forthcoming, then the Association will consider recording a lien against the Property. Please be advised that a lien recorded for fines relating to violations that pose an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the residents in the Community may be foreclosed upon. See NRS 116.31162(4). In addition, if these violations continue, or fines are not paid, then the Board of Directors may file a formal complaint with the State of Nevada, Real Estate Division.

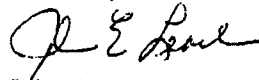
The Board of Directors would certainly like to resolve this matter amicably. However, the Board has a fiduciary duty to enforce the governing documents to the benefit of all the owners and residents.

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William Creelman  
August 4, 2010  
Page 3

Your time and attention to this matter are very much appreciated. If you have any questions or comments, please do not hesitate to contact me.

Sincerely,



John E. Leach, Esq.

JEL/mc

cc: Krista Gilmore

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