

(Reprinted with amendments adopted on April 23, 2019)

FIRST REPRINT

A.B. 421

ASSEMBLY BILL NO. 421—COMMITTEE ON JUDICIARY

MARCH 25, 2019

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to construction.
(BDR 3-841)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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

AN ACT relating to construction; revising the definition of “constructional defect”; revising provisions relating to the information required to be included in a notice of a constructional defect; removing provisions requiring the presence of an expert during an inspection of an alleged constructional defect; establishing provisions relating to a claimant pursuing a claim under a builder’s warranty; revising provisions governing the tolling of statutes of limitation and repose regarding actions for constructional defects; revising provisions relating to the recovery of damages proximately caused by a constructional defect; increasing the period during which an action for the recovery of certain damages may be commenced; revising the prohibition against a unit-owners’ association pursuing an action for a constructional defect unless the action pertains exclusively to the common elements of the association; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 **Section 1** of this bill revises the existing definition of “constructional defect” to
2 provide that a constructional defect is a defect which: (1) is done in violation of law
3 and is reasonably likely to cause personal injury or property damage; (2)
4 proximately causes physical damage to the residence, appurtenance or real property
5 to which the residence or appurtenance is affixed; (3) is not completed in a good
6 and workmanlike manner in accordance with the generally accepted standard of
7 care in the industry and is reasonably likely to cause personal injury or property
8 damage; or (4) presents an unreasonable risk of injury to a person or property.



9 Existing law provides that before a claimant commences an action or amends a
10 complaint to add a cause of action for a constructional defect against a contractor,
11 subcontractor, supplier or design professional, the claimant: (1) is required to give
12 written notice to the contractor; and (2) if the contractor is no longer licensed or
13 acting as a contractor in this State, is authorized to give notice to any subcontractor,
14 supplier or design professional known to the claimant who may be responsible for
15 the constructional defect. Existing law also requires that such a notice identify in
16 specific detail each defect, damage and injury to each residence or appurtenance
17 that is the subject of the claim. (NRS 40.645) **Section 2** of this bill instead requires
18 that such a notice specify in reasonable detail the defects or any damages or injuries
19 to each residence or appurtenance that is the subject of the claim.

20 Existing law requires that after notice of a constructional defect is given by a
21 claimant to a contractor, subcontractor, supplier or design professional, the claimant
22 and, if the notice includes an expert opinion concerning the alleged constructional
23 defect, the expert or his or her representative with knowledge of the alleged defect
24 must: (1) be present when a contractor, subcontractor, supplier or design
25 professional conducts an inspection of the alleged constructional defect; and (2)
26 identify the exact location of each alleged constructional defect. (NRS 40.647)
27 **Section 3** of this bill removes the requirement that an expert who provided an
28 opinion concerning the alleged constructional defect or his or her representative be
29 present at an inspection and revises certain other requirements.

30 Existing law provides that if a residence or appurtenance that is the subject of a
31 claim is covered by a homeowner's warranty purchased by or on behalf of the
32 claimant: (1) the claimant is prohibited from sending notice of a constructional
33 defect or pursuing a claim for a constructional defect unless the claimant has
34 submitted a claim under the homeowner's warranty and the insurer has denied the
35 claim; and (2) notice of a constructional defect may only include claims that were
36 denied by the insurer. (NRS 40.650) **Section 4** of this bill removes such provisions,
37 and **section 1.5** of this bill replaces the term "homeowner's warranty" with
38 "builder's warranty" and clarifies that such a warranty is not a type of insurance.
39 **Section 4** provides that if a residence or appurtenance that is the subject of a claim
40 is covered by a builder's warranty, the claimant is required to diligently pursue a
41 claim under the builder's warranty. **Section 5.5** of this bill makes conforming
42 changes.

43 Existing law also provides that if a residence or appurtenance that is the subject
44 of a claim is covered by a homeowner's warranty purchased by or on behalf of the
45 claimant, statutes of limitation or repose are tolled from the time the claimant
46 submits a claim under the homeowner's warranty until 30 days after the insurer
47 rejects the claim, in whole or in part. (NRS 40.650) **Section 4** removes this
48 provision. Existing law additionally provides that, unless good cause is shown to a
49 court to toll the statute of limitation or repose for a longer period, statutes of
50 limitation or repose applicable to a claim based on a constructional defect are tolled
51 from the time notice of the claim is given until the earlier of: (1) 1 year after notice
52 of the claim is given; or (2) 30 days after mediation is concluded or waived in
53 writing. (NRS 40.695) **Section 6** of this bill revises such provisions and provides
54 that such statutes of limitation or repose are tolled from the time notice of claim is
55 given until 30 days after mediation is concluded or waived in writing.

56 Existing law establishes the damages proximately caused by a constructional
57 defect that a claimant is authorized to recover, including additional costs reasonably
58 incurred by the claimant for constructional defects proven by the claimant. (NRS
59 40.655) **Section 5** of this bill removes the requirement that such costs be limited to
60 constructional defects proven by the claimant.

61 Existing law prohibits an action for the recovery of certain damages against the
62 owner, occupier or any person performing or furnishing the design, planning,
63 supervision or observation of construction, or the construction of an improvement



64 to real property, from being commenced more than 6 years after the substantial
65 completion of such an improvement. (NRS 11.202) **Section 7** of this bill increases
66 such a period to 8 years after the substantial completion of such an improvement.
67 **Section 7** also authorizes such an action to be commenced at any time after the
68 substantial completion of such an improvement if any intentional act caused a
69 deficiency in the design, planning, supervision or observation of construction or the
70 construction of such an improvement that was fraudulently concealed.

71 Existing law prohibits a unit-owners' association from instituting, defending or
72 intervening in litigation or in arbitration, mediation or administrative proceedings in
73 its own name on behalf of itself or units' owners relating to an action for a
74 constructional defect unless the action pertains exclusively to common elements.
75 (NRS 116.3102) **Section 8** of this bill requires that such an action for a
76 constructional defect pertain to common elements or any portion of the common-
77 interest community that the association owns or has an obligation to maintain,
78 repair or replace.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 40.615 is hereby amended to read as follows:

2 40.615 "Constructional defect" means a defect in the design,
3 construction, manufacture, repair or landscaping of a new residence,
4 of an alteration of or addition to an existing residence, or of an
5 appurtenance and includes, without limitation, the design,
6 construction, manufacture, repair or landscaping of a new residence,
7 of an alteration of or addition to an existing residence, or of an
8 appurtenance:

9 1. Which ~~presents an unreasonable risk of injury to a person or~~
10 ~~property; or~~ *is done in violation of law, including, without*
11 *limitation, in violation of local codes or ordinances, and is*
12 *reasonably likely to cause personal injury or property damage;*

13 2. Which ~~is not completed in a good and workmanlike manner~~
14 ~~and~~ proximately causes physical damage to the residence, an
15 appurtenance or the real property to which the residence or
16 appurtenance is affixed ~~;~~;

17 3. *Which is not completed in a good and workmanlike*
18 *manner in accordance with the generally accepted standard of*
19 *care in the industry for that type of design, construction,*
20 *manufacture, repair or landscaping and is reasonably likely to*
21 *cause personal injury or property damage; or*

22 4. *Which presents an unreasonable risk of injury to a person*
23 *or property.*

24 **Sec. 1.5.** NRS 40.625 is hereby amended to read as follows:

25 40.625 ~~["Homeowner's"]~~ **"Builder's** warranty" means a
26 warranty ~~[or policy of insurance:~~

27 ~~—1. Issued]~~ *issued* by or on behalf of a contractor
28 for the protection of a claimant . ~~;~~ ~~or~~



1 ~~—2. Purchased by or on behalf of a claimant pursuant to NRS~~
2 ~~690B.100 to 690B.180, inclusive.~~

3 ~~→] The term [includes] :~~

4 *1. Includes a warranty contract issued by or on behalf of a*
5 *contractor whose liability pursuant to the warranty contract is*
6 *subsequently insured by a risk retention group that operates in*
7 *compliance with chapter 695E of NRS and insures all or any part of*
8 *the liability of a contractor for the cost to repair a constructional*
9 *defect in a residence.*

10 *2. Does not include a policy of insurance for home protection*
11 *as defined in NRS 690B.100 or a service contract as defined in*
12 *NRS 690C.080.*

13 **Sec. 2.** NRS 40.645 is hereby amended to read as follows:

14 40.645 1. Except as otherwise provided in this section and
15 NRS 40.670, before a claimant commences an action or amends a
16 complaint to add a cause of action for a constructional defect against
17 a contractor, subcontractor, supplier or design professional, the
18 claimant:

19 (a) Must give written notice by certified mail, return receipt
20 requested, to the contractor, at the contractor’s address listed in the
21 records of the State Contractors’ Board or in the records of the
22 office of the county or city clerk or at the contractor’s last known
23 address if the contractor’s address is not listed in those records; and

24 (b) May give written notice by certified mail, return receipt
25 requested, to any subcontractor, supplier or design professional
26 known to the claimant who may be responsible for the
27 constructional defect, if the claimant knows that the contractor is no
28 longer licensed in this State or that the contractor no longer acts as a
29 contractor in this State.

30 2. The notice given pursuant to subsection 1 must:

31 (a) Include a statement that the notice is being given to satisfy
32 the requirements of this section;

33 (b) ~~[Identify]~~ *Specify* in ~~[specific]~~ *reasonable* detail ~~[each~~
34 ~~defect, damage and injury]~~ *the defects or any damages or injuries*
35 *to each residence or appurtenance that is the subject of the claim* ~~;~~
36 ~~including, without limitation, the exact location of each such defect,~~
37 ~~damage and injury;];~~

38 (c) Describe in reasonable detail the cause of the defects if the
39 cause is known and the nature and extent that is known of the
40 damage or injury resulting from the defects; and

41 (d) Include a signed statement, by each named owner of a
42 residence or appurtenance in the notice, that each such owner
43 verifies that each such defect, damage and injury specified in the
44 notice exists in the residence or appurtenance owned by him or her.
45 If a notice is sent on behalf of a homeowners’ association, the



1 statement required by this paragraph must be signed under penalty
2 of perjury by a member of the executive board or an officer of the
3 homeowners' association.

4 3. A representative of a homeowners' association may send
5 notice pursuant to this section on behalf of an association if the
6 representative is acting within the scope of the representative's
7 duties pursuant to chapter 116 or 117 of NRS.

8 4. Notice is not required pursuant to this section before
9 commencing an action if:

10 (a) The contractor, subcontractor, supplier or design professional
11 has filed an action against the claimant; or

12 (b) The claimant has filed a formal complaint with a law
13 enforcement agency against the contractor, subcontractor, supplier
14 or design professional for threatening to commit or committing an
15 act of violence or a criminal offense against the claimant or the
16 property of the claimant.

17 **Sec. 3.** NRS 40.647 is hereby amended to read as follows:

18 40.647 1. After notice of a constructional defect is given
19 pursuant to NRS 40.645, before a claimant may commence an
20 action or amend a complaint to add a cause of action for a
21 constructional defect against a contractor, subcontractor, supplier or
22 design professional, the claimant must:

23 (a) Allow an inspection of the alleged constructional defect to be
24 conducted pursuant to NRS 40.6462;

25 (b) Be present *or have a representative of the claimant present*
26 at an inspection conducted pursuant to NRS 40.6462 and , *to the*
27 *extent possible, reasonably* identify the ~~[exact location of each~~
28 ~~alleged constructional defect]~~ *defects, damages or injuries* specified
29 in the notice ; ~~[and, if the notice includes an expert opinion~~
30 ~~concerning the alleged constructional defect, the expert, or a~~
31 ~~representative of the expert who has knowledge of the alleged~~
32 ~~constructional defect, must also be present at the inspection and~~
33 ~~identify the exact location of each alleged constructional defect for~~
34 ~~which the expert provided an opinion;]~~ and

35 (c) Allow the contractor, subcontractor, supplier or design
36 professional a reasonable opportunity to repair the constructional
37 defect or cause the defect to be repaired if an election to repair is
38 made pursuant to NRS 40.6472.

39 2. If a claimant commences an action without complying with
40 subsection 1 or NRS 40.645, the court shall:

41 (a) Dismiss the action without prejudice and compel the
42 claimant to comply with those provisions before filing another
43 action; or

44 (b) If dismissal of the action would prevent the claimant from
45 filing another action because the action would be procedurally



1 barred by the statute of limitations or statute of repose, the court
2 shall stay the proceeding pending compliance with those provisions
3 by the claimant.

4 **Sec. 4.** NRS 40.650 is hereby amended to read as follows:

5 40.650 1. If a claimant unreasonably rejects a reasonable
6 written offer of settlement made as part of a response pursuant to
7 paragraph (b) of subsection 2 of NRS 40.6472 and thereafter
8 commences an action governed by NRS 40.600 to 40.695, inclusive,
9 the court in which the action is commenced may:

10 (a) Deny the claimant's attorney's fees and costs; and

11 (b) Award attorney's fees and costs to the contractor.

12 ↪ Any sums paid under a ~~homeowner's~~ **builder's** warranty, other
13 than sums paid in satisfaction of claims that are collateral to any
14 coverage issued to or by the contractor, must be deducted from any
15 recovery.

16 2. If a contractor, subcontractor, supplier or design professional
17 fails to:

18 (a) Comply with the provisions of NRS 40.6472;

19 (b) Make an offer of settlement;

20 (c) Make a good faith response to the claim asserting no
21 liability;

22 (d) Agree to a mediator or accept the appointment of a mediator
23 pursuant to NRS 40.680; or

24 (e) Participate in mediation,

25 ↪ the limitations on damages and defenses to liability provided in
26 NRS 40.600 to 40.695, inclusive, do not apply and the claimant may
27 commence an action or amend a complaint to add a cause of action
28 for a constructional defect without satisfying any other requirement
29 of NRS 40.600 to 40.695, inclusive.

30 3. If a residence or appurtenance that is the subject of the claim
31 is covered by a ~~homeowner's~~ **builder's** warranty ~~[that is purchased~~
32 ~~by or on behalf of a claimant pursuant to NRS 690B.100 to~~
33 ~~690B.180, inclusive:~~

34 ~~—(a) A claimant may not send a notice pursuant to NRS 40.645 or~~
35 ~~pursue a claim pursuant to NRS 40.600 to 40.695, inclusive, unless~~
36 ~~the claimant has first submitted a claim under the homeowner's~~
37 ~~warranty and the insurer has denied the claim.~~

38 ~~—(b) A claimant may include in a notice given pursuant to NRS~~
39 ~~40.645 only claims for the constructional defects that were denied~~
40 ~~by the insurer.~~

41 ~~—(c)] , a claimant shall diligently pursue a claim under the [H~~
42 ~~coverage under a homeowner's warranty is denied by an insurer in~~
43 ~~bad faith, the homeowner and the contractor, subcontractor, supplier~~
44 ~~or design professional have a right of action for the sums that would~~



1 ~~have been paid if coverage had been provided, plus reasonable~~
2 ~~attorney's fees and costs.~~

3 ~~—(d) Statutes of limitation or repose applicable to a claim based~~
4 ~~on a constructional defect governed by NRS 40.600 to 40.695,~~
5 ~~inclusive, are tolled from the time notice of the claim under the~~
6 ~~homeowner's warranty is submitted to the insurer until 30 days after~~
7 ~~the insurer rejects the claim, in whole or in part, in writing.]~~
8 *builder's warranty.*

9 4. Nothing in this section prohibits an offer of judgment
10 pursuant to Rule 68 of the Nevada Rules of Civil Procedure or
11 NRS 40.652.

12 **Sec. 5.** NRS 40.655 is hereby amended to read as follows:

13 40.655 1. Except as otherwise provided in NRS 40.650, in a
14 claim governed by NRS 40.600 to 40.695, inclusive, the claimant
15 may recover only the following damages to the extent proximately
16 caused by a constructional defect:

17 (a) The reasonable cost of any repairs already made that were
18 necessary and of any repairs yet to be made that are necessary to
19 cure any constructional defect that the contractor failed to cure and
20 the reasonable expenses of temporary housing reasonably necessary
21 during the repair;

22 (b) The reduction in market value of the residence or accessory
23 structure, if any, to the extent the reduction is because of structural
24 failure;

25 (c) The loss of the use of all or any part of the residence;

26 (d) The reasonable value of any other property damaged by the
27 constructional defect;

28 (e) Any additional costs reasonably incurred by the claimant ,
29 ~~[for constructional defects proven by the claimant.]~~ including, but
30 not limited to, any costs and fees incurred for the retention of
31 experts to:

32 (1) Ascertain the nature and extent of the constructional
33 defects;

34 (2) Evaluate appropriate corrective measures to estimate the
35 value of loss of use; and

36 (3) Estimate the value of loss of use, the cost of temporary
37 housing and the reduction of market value of the residence; and

38 (f) Any interest provided by statute.

39 2. If a contractor complies with the provisions of NRS 40.600
40 to 40.695, inclusive, the claimant may not recover from the
41 contractor, as a result of the constructional defect, any damages
42 other than damages authorized pursuant to NRS 40.600 to 40.695,
43 inclusive.



1 3. This section must not be construed as impairing any
2 contractual rights between a contractor and a subcontractor, supplier
3 or design professional.

4 4. As used in this section, “structural failure” means physical
5 damage to the load-bearing portion of a residence or appurtenance
6 caused by a failure of the load-bearing portion of the residence or
7 appurtenance.

8 **Sec. 5.5.** NRS 40.687 is hereby amended to read as follows:

9 40.687 Notwithstanding any other provision of law:

10 1. A ~~claimant shall, within 10 days after commencing an~~
11 ~~action against a contractor, disclose to the contractor all information~~
12 ~~about any homeowner’s warranty that is applicable to the claim.~~

13 ~~2. The~~ contractor shall, no later than 10 days after a response
14 is made pursuant to this chapter, disclose to the claimant any
15 information about insurance agreements that may be obtained by
16 discovery pursuant to rule 26(b)(2) of the Nevada Rules of Civil
17 Procedure. Such disclosure does not affect the admissibility at trial
18 of the information disclosed.

19 ~~3. 2.~~ Except as otherwise provided in subsection ~~4. 3,~~ if
20 ~~either party~~ *the contractor* fails to provide the information
21 required pursuant to subsection 1 ~~or 2~~ within the time allowed, the
22 ~~other party~~ *claimant* may petition the court to compel production
23 of the information. Upon receiving such a petition, the court may
24 order the ~~party~~ *contractor* to produce the required information and
25 may award the ~~petitioning party~~ *claimant* reasonable attorney’s
26 fees and costs incurred in petitioning the court pursuant to this
27 subsection.

28 ~~4. 3.~~ The parties may agree to an extension of time *for the*
29 *contractor* to produce the information required pursuant to this
30 section.

31 ~~5. 4.~~ For the purposes of this section, “information about
32 insurance agreements” is limited to any declaration sheets,
33 endorsements and contracts of insurance issued to the contractor
34 from the commencement of construction of the residence of the
35 claimant to the date on which the request for the information is
36 made and does not include information concerning any disputes
37 between the contractor and an insurer or information concerning any
38 reservation of rights by an insurer.

39 **Sec. 6.** NRS 40.695 is hereby amended to read as follows:

40 40.695 1. Except as otherwise provided in ~~subsections~~
41 *subsection 2,* ~~and 3,~~ statutes of limitation or repose applicable to a
42 claim based on a constructional defect governed by NRS 40.600 to
43 40.695, inclusive, are tolled from the time notice of the claim is
44 given, until ~~the earlier of:~~

45 ~~(a) One year after notice of the claim is given; or~~



1 ~~—(b) Thirty~~ 30 days after mediation is concluded or waived in
2 writing pursuant to NRS 40.680.

3 2. ~~[Statutes of limitation and repose may be tolled under this~~
4 ~~section for a period longer than 1 year after notice of the claim is~~
5 ~~given only if, in an action for a construction defect brought by a~~
6 ~~claimant after the applicable statute of limitation or repose has~~
7 ~~expired, the claimant demonstrates to the satisfaction of the court~~
8 ~~that good cause exists to toll the statutes of limitation and repose~~
9 ~~under this section for a longer period.~~

10 ~~—3.]~~ Tolling under this section applies to a third party regardless
11 of whether the party is required to appear in the proceeding.

12 **Sec. 7.** NRS 11.202 is hereby amended to read as follows:

13 11.202 1. No action may be commenced against the owner,
14 occupier or any person performing or furnishing the design,
15 planning, supervision or observation of construction, or the
16 construction of an improvement to real property more than ~~[6] 8~~
17 years after the substantial completion of such an improvement, for
18 the recovery of damages for:

19 (a) ~~[Any]~~ *Except as otherwise provided in subsection 2, any*
20 deficiency in the design, planning, supervision or observation of
21 construction or the construction of such an improvement;

22 (b) Injury to real or personal property caused by any such
23 deficiency; or

24 (c) Injury to or the wrongful death of a person caused by any
25 such deficiency.

26 2. *An action may be commenced against the owner, occupier*
27 *or any person performing or furnishing the design, planning,*
28 *supervision or observation of construction, or the construction of*
29 *an improvement to real property at any time after the substantial*
30 *completion of such an improvement, for the recovery of damages*
31 *for any intentional act in causing a deficiency in the design,*
32 *planning, supervision or observation of construction or the*
33 *construction of such an improvement which he or she*
34 *fraudulently concealed.*

35 3. The provisions of this section do not apply:

36 (a) To a claim for indemnity or contribution.

37 (b) In an action brought against:

38 (1) The owner or keeper of any hotel, inn, motel, motor
39 court, boardinghouse or lodging house in this State on account of his
40 or her liability as an innkeeper.

41 (2) Any person on account of a defect in a product.

42 **Sec. 8.** NRS 116.3102 is hereby amended to read as follows:

43 116.3102 1. Except as otherwise provided in this chapter, and
44 subject to the provisions of the declaration, the association:



1 (a) Shall adopt and, except as otherwise provided in the bylaws,
2 may amend bylaws and may adopt and amend rules and regulations.

3 (b) Shall adopt and may amend budgets in accordance with the
4 requirements set forth in NRS 116.31151, may collect assessments
5 for common expenses from the units' owners and may invest funds
6 of the association in accordance with the requirements set forth in
7 NRS 116.311395.

8 (c) May hire and discharge managing agents and other
9 employees, agents and independent contractors.

10 (d) May institute, defend or intervene in litigation or in
11 arbitration, mediation or administrative proceedings in its own name
12 on behalf of itself or two or more units' owners on matters affecting
13 the common-interest community. The association may not institute,
14 defend or intervene in litigation or in arbitration, mediation or
15 administrative proceedings in its own name on behalf of itself or
16 units' owners with respect to an action for a constructional defect
17 pursuant to NRS 40.600 to 40.695, inclusive, unless the action
18 pertains ~~[exclusively]~~ to common elements ~~[]~~ *or any portion of the*
19 *common-interest community that the association owns or has an*
20 *obligation to maintain, repair or replace.*

21 (e) May make contracts and incur liabilities. Any contract
22 between the association and a private entity for the furnishing of
23 goods or services must not include a provision granting the private
24 entity the right of first refusal with respect to extension or renewal
25 of the contract.

26 (f) May regulate the use, maintenance, repair, replacement and
27 modification of common elements.

28 (g) May cause additional improvements to be made as a part of
29 the common elements.

30 (h) May acquire, hold, encumber and convey in its own name
31 any right, title or interest to real estate or personal property, but:

32 (1) Common elements in a condominium or planned
33 community may be conveyed or subjected to a security interest only
34 pursuant to NRS 116.3112; and

35 (2) Part of a cooperative may be conveyed, or all or part of a
36 cooperative may be subjected to a security interest, only pursuant to
37 NRS 116.3112.

38 (i) May grant easements, leases, licenses and concessions
39 through or over the common elements.

40 (j) May impose and receive any payments, fees or charges for
41 the use, rental or operation of the common elements, other than
42 limited common elements described in subsections 2 and 4 of
43 NRS 116.2102, and for services provided to the units' owners,
44 including, without limitation, any services provided pursuant to
45 NRS 116.310312.



1 (k) May impose charges for late payment of assessments
2 pursuant to NRS 116.3115.

3 (l) May impose construction penalties when authorized pursuant
4 to NRS 116.310305.

5 (m) May impose reasonable fines for violations of the governing
6 documents of the association only if the association complies with
7 the requirements set forth in NRS 116.31031.

8 (n) May impose reasonable charges for the preparation and
9 recordation of any amendments to the declaration or any statements
10 of unpaid assessments, and impose reasonable fees, not to exceed
11 the amounts authorized by NRS 116.4109, for preparing and
12 furnishing the documents and certificate required by that section.

13 (o) May provide for the indemnification of its officers and
14 executive board and maintain directors and officers liability
15 insurance.

16 (p) May assign its right to future income, including the right to
17 receive assessments for common expenses, but only to the extent the
18 declaration expressly so provides.

19 (q) May exercise any other powers conferred by the declaration
20 or bylaws.

21 (r) May exercise all other powers that may be exercised in this
22 State by legal entities of the same type as the association.

23 (s) May direct the removal of vehicles improperly parked on
24 property owned or leased by the association, as authorized pursuant
25 to NRS 487.038, or improperly parked on any road, street, alley or
26 other thoroughfare within the common-interest community in
27 violation of the governing documents. In addition to complying with
28 the requirements of NRS 487.038 and any requirements in the
29 governing documents, if a vehicle is improperly parked as described
30 in this paragraph, the association must post written notice in a
31 conspicuous place on the vehicle or provide oral or written notice to
32 the owner or operator of the vehicle at least 48 hours before the
33 association may direct the removal of the vehicle, unless the vehicle:

34 (1) Is blocking a fire hydrant, fire lane or parking space
35 designated for the handicapped; or

36 (2) Poses an imminent threat of causing a substantial adverse
37 effect on the health, safety or welfare of the units' owners or
38 residents of the common-interest community.

39 (t) May exercise any other powers necessary and proper for the
40 governance and operation of the association.

41 2. The declaration may not limit the power of the association to
42 deal with the declarant if the limit is more restrictive than the limit
43 imposed on the power of the association to deal with other persons.

44 3. The executive board may determine whether to take
45 enforcement action by exercising the association's power to impose



1 sanctions or commence an action for a violation of the declaration,
2 bylaws or rules, including whether to compromise any claim for
3 unpaid assessments or other claim made by or against it. The
4 executive board does not have a duty to take enforcement action if it
5 determines that, under the facts and circumstances presented:

6 (a) The association's legal position does not justify taking any or
7 further enforcement action;

8 (b) The covenant, restriction or rule being enforced is, or is
9 likely to be construed as, inconsistent with current law;

10 (c) Although a violation may exist or may have occurred, it is
11 not so material as to be objectionable to a reasonable person or to
12 justify expending the association's resources; or

13 (d) It is not in the association's best interests to pursue an
14 enforcement action.

15 4. The executive board's decision under subsection 3 not to
16 pursue enforcement under one set of circumstances does not prevent
17 the executive board from taking enforcement action under another
18 set of circumstances, but the executive board may not be arbitrary or
19 capricious in taking enforcement action.

20 5. Notwithstanding any provision of this chapter or the
21 governing documents to the contrary, an association may not impose
22 any assessment pursuant to this chapter or the governing documents
23 on the owner of any property in the common-interest community
24 that is exempt from taxation pursuant to NRS 361.125. For the
25 purposes of this subsection, "assessment" does not include any
26 charge for any utility services, including, without limitation,
27 telecommunications, broadband communications, cable television,
28 electricity, natural gas, sewer services, garbage collection, water or
29 for any other service which is delivered to and used or consumed
30 directly by the property in the common-interest community that is
31 exempt from taxation pursuant to NRS 361.125.

32 **Sec. 9.** (Deleted by amendment.)

33 **Sec. 10.** (Deleted by amendment.)

34 **Sec. 11.** 1. The provisions of NRS 40.615 and 40.655, as
35 amended by sections 1 and 5 of this act, respectively, apply to any
36 claim for which a notice of constructional defect is given on or after
37 October 1, 2019.

38 2. The provisions of NRS 40.645 and 40.650, as amended by
39 sections 2 and 4 of this act, respectively, apply to a notice of
40 constructional defect given on or after October 1, 2019.

41 3. The provisions of NRS 40.647, as amended by section 3 of
42 this act, apply to an inspection conducted pursuant to NRS 40.6462
43 on or after October 1, 2019.

44 4. The period of limitations on actions set forth in NRS 11.202,
45 as amended by section 7 of this act, apply retroactively to actions in



- 1 which the substantial completion of the improvement to the real
- 2 property occurred before October 1, 2019.

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