

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 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; removing certain 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 Existing law provides that before a claimant commences an action or amends a
2 complaint to add a cause of action for a constructional defect against a contractor,
3 subcontractor, supplier or design professional, the claimant: (1) is required to give
4 written notice to the contractor; and (2) if the contractor is no longer licensed or
5 acting as a contractor in this State, is authorized to give notice to any subcontractor,
6 supplier or design professional known to the claimant who may be responsible for
7 the constructional defect. Existing law also requires that a notice identify in
8 specific detail each defect, damage and injury to each residence or appurtenance
9 that is the subject of the claim. (NRS 40.645) **Section 2** of this bill instead requires



that such a notice specify in reasonable detail the defects or any damages or injuries to each residence or appurtenance that is the subject of the claim.

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

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

Existing law also provides that if a residence or appurtenance that is the subject of a claim is covered by a homeowner's warranty purchased by or on behalf of the claimant, statutes of limitation or repose are tolled from the time the claimant submits a claim under the homeowner's warranty until 30 days after the insurer rejects the claim, in whole or in part. (NRS 40.650) **Section 4** removes this provision.

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

Existing law prohibits an action for the recovery of certain damages against the owner, occupier or any person performing or furnishing the design, planning, supervision or observation of construction, or the construction of an improvement to real property, from being commenced more than 6 years after the substantial completion of such an improvement. (NRS 11.202) **Section 7** of this bill increases such a period to 10 years after the substantial completion of such an improvement. **Section 7** also: (1) authorizes such an action to be commenced at any time after the substantial completion of such an improvement if any act of fraud caused a deficiency in the design, planning, supervision or observation of construction or the construction of such an improvement; and (2) exempts lower-tiered subcontractors from such an action in certain circumstances.

Existing law prohibits a unit-owners' association from instituting, defending or intervening in litigation or in arbitration, mediation or administrative proceedings in its own name on behalf of itself or units' owners relating to an action for a constructional defect unless the action pertains exclusively to common elements. (NRS 116.3102) **Section 8** of this bill requires that such an action for a constructional defect pertain to: (1) common elements; (2) any portion of the common-interest community that the association owns; or (3) any portion of the common-interest community that the association does not own but has an obligation to maintain, repair, insure or replace because the governing documents



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of the association expressly make such an obligation the responsibility of the association.

Existing law authorizes a unit-owners' association to enter the grounds of a unit to conduct certain maintenance or remove or abate a public nuisance, or to enter the grounds or interior of a unit to abate a water or sewage leak or take certain other actions in certain circumstances. (NRS 116.310312) **Section 8.5** of this bill provides that such provisions do not give rise to any rights or standing for a claim for a constructional defect.

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

Section 1. (Deleted by amendment.)

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

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

~~1. Issued~~ **issued** or purchased by or on behalf of a contractor for the protection of a claimant. ~~for~~

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

~~→~~ The term ~~[includes]~~ :

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

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

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

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

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

(b) May give written notice by certified mail, return receipt requested, to any subcontractor, supplier or design professional known to the claimant who may be responsible for the constructional defect, if the claimant knows that the contractor is no



1 longer licensed in this State or that the contractor no longer acts as a
2 contractor in this State.

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

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

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

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

14 (d) Include a signed statement, by each named owner of a
15 residence or appurtenance in the notice, that each such owner
16 verifies that each such defect, damage and injury specified in the
17 notice exists in the residence or appurtenance owned by him or her.
18 If a notice is sent on behalf of a homeowners' association, the
19 statement required by this paragraph must be signed under penalty
20 of perjury by a member of the executive board or an officer of the
21 homeowners' association.

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

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

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

30 (b) The claimant has filed a formal complaint with a law
31 enforcement agency against the contractor, subcontractor, supplier
32 or design professional for threatening to commit or committing an
33 act of violence or a criminal offense against the claimant or the
34 property of the claimant.

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

36 40.647 1. After notice of a constructional defect is given
37 pursuant to NRS 40.645, before a claimant may commence an
38 action or amend a complaint to add a cause of action for a
39 constructional defect against a contractor, subcontractor, supplier or
40 design professional, the claimant must:

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

43 (b) Be present *or have a representative of the claimant present*
44 at an inspection conducted pursuant to NRS 40.6462 and *, to the*
45 *extent possible, reasonably* identify the ~~[exact location of each~~



~~alleged constructional defect]~~ *proximate locations of the defects, damages or injuries* specified in the notice ; ~~[and, if the notice includes an expert opinion concerning the alleged constructional defect, the expert, or a representative of the expert who has knowledge of the alleged constructional defect, must also be present at the inspection and identify the exact location of each alleged constructional defect for which the expert provided an opinion;]~~ and

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

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

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

(b) If dismissal of the action would prevent the claimant from filing another action because the action would be procedurally barred by the statute of limitations or statute of repose, the court shall stay the proceeding pending compliance with those provisions by the claimant.

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

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

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

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

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

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

(a) Comply with the provisions of NRS 40.6472;

(b) Make an offer of settlement;

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

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

(e) Participate in mediation,

➤ the limitations on damages and defenses to liability provided in NRS 40.600 to 40.695, inclusive, do not apply and the claimant may commence an action or amend a complaint to add a cause of action



1 for a constructional defect without satisfying any other requirement
2 of NRS 40.600 to 40.695, inclusive.

3 3. If a residence or appurtenance that is the subject of the claim
4 is covered by a ~~homeowner's~~ *builder's* warranty ~~[that is purchased~~
5 ~~by or on behalf of a claimant pursuant to NRS 690B.100 to~~
6 ~~690B.180, inclusive:~~

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

11 ~~—(b) A claimant may include in a notice given pursuant to NRS~~
12 ~~40.645 only claims for the constructional defects that were denied~~
13 ~~by the insurer.~~

14 ~~—(c) If coverage under a homeowner's warranty is denied by an~~
15 ~~insurer in bad faith, the homeowner and the contractor,~~
16 ~~subcontractor, supplier or design professional have a right of action~~
17 ~~for the sums that would have been paid if coverage had been~~
18 ~~provided, plus reasonable attorney's fees and costs.~~

19 ~~—(d) Statutes of limitation or repose applicable to a claim based~~
20 ~~on a constructional defect governed by NRS 40.600 to 40.695,~~
21 ~~inclusive, are tolled from the time notice of the claim under the~~
22 ~~homeowner's warranty is submitted to the insurer until 30 days after~~
23 ~~the insurer rejects the claim, in whole or in part, in writing.] , a~~
24 *claimant shall diligently pursue a claim under the builder's*
25 *warranty.*

26 4. Nothing in this section prohibits an offer of judgment
27 pursuant to Rule 68 of the Nevada Rules of Civil Procedure or
28 NRS 40.652.

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

30 40.655 1. Except as otherwise provided in NRS 40.650, in a
31 claim governed by NRS 40.600 to 40.695, inclusive, the claimant
32 may recover only the following damages to the extent proximately
33 caused by a constructional defect:

34 (a) The reasonable cost of any repairs already made that were
35 necessary and of any repairs yet to be made that are necessary to
36 cure any constructional defect that the contractor failed to cure and
37 the reasonable expenses of temporary housing reasonably necessary
38 during the repair;

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

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

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



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

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

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

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

(f) Any interest provided by statute.

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

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

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

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

40.687 Notwithstanding any other provision of law:

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

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

~~[3.]~~ 2. Except as otherwise provided in subsection ~~[4.]~~ 3, if ~~either party~~ the contractor fails to provide the information required pursuant to subsection 1 ~~or 2~~ within the time allowed, the ~~other party~~ claimant may petition the court to compel production of the information. Upon receiving such a petition, the court may order the ~~party~~ contractor to produce the required information and may award the ~~petitioning party~~ claimant reasonable attorney's fees and costs incurred in petitioning the court pursuant to this subsection.



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

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

Sec. 6. (Deleted by amendment.)

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

11.202 1. No action may be commenced against the owner, occupier or any person performing or furnishing the design, planning, supervision or observation of construction, or the construction of an improvement to real property more than ~~[6.]~~ 10 years after the substantial completion of such an improvement, for the recovery of damages for:

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

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

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

2. *Except as otherwise provided in this subsection, an action may be commenced against the owner, occupier or any person performing or furnishing the design, planning, supervision or observation of construction, or the construction of an improvement to real property at any time after the substantial completion of such an improvement, for the recovery of damages for any act of fraud in causing a deficiency in the design, planning, supervision or observation of construction or the construction of such an improvement. The provisions of this subsection do not apply to any lower-tiered subcontractor who performs work that covers up a defect or deficiency in another contractor’s trade if the lower-tiered subcontractor does not know, and should not reasonably know, of the existence of the alleged defect or deficiency at the time of performing such work. As used in this subsection, “lower-tiered subcontractor” has the meaning ascribed to it in NRS 624.608.*

3. The provisions of this section do not apply:

(a) To a claim for indemnity or contribution.

(b) In an action brought against:



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

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

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

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

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

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

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

(d) May institute, defend or intervene in litigation or in arbitration, mediation or administrative proceedings in its own name on behalf of itself or two or more units' owners on matters affecting the common-interest community. The association may not institute, defend or intervene in litigation or in arbitration, mediation or administrative proceedings in its own name on behalf of itself or units' owners with respect to an action for a constructional defect pursuant to NRS 40.600 to 40.695, inclusive, unless the action pertains ~~exclusively~~ to ~~common~~ :

(1) *Common* elements ~~[]~~;

(2) *Any portion of the common-interest community that the association owns; or*

(3) *Any portion of the common-interest community that the association does not own but has an obligation to maintain, repair, insure or replace because the governing documents of the association expressly make such an obligation the responsibility of the association.*

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

(s) May direct the removal of vehicles improperly parked on property owned or leased by the association, as authorized pursuant to NRS 487.038, or improperly parked on any road, street, alley or other thoroughfare within the common-interest community in violation of the governing documents. In addition to complying with the requirements of NRS 487.038 and any requirements in the governing documents, if a vehicle is improperly parked as described in this paragraph, the association must post written notice in a conspicuous place on the vehicle or provide oral or written notice to



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the owner or operator of the vehicle at least 48 hours before the association may direct the removal of the vehicle, unless the vehicle:

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

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

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

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

3. The executive board may determine whether to take enforcement action by exercising the association's power to impose sanctions or commence an action for a violation of the declaration, bylaws or rules, including whether to compromise any claim for unpaid assessments or other claim made by or against it. The executive board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented:

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

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

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

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

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

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



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Sec. 8.5. NRS 116.310312 is hereby amended to read as follows:

116.310312 1. A person who holds a security interest in a unit must provide the association with the person's contact information as soon as reasonably practicable, but not later than 30 days after the person:

(a) Files an action for recovery of a debt or enforcement of any right secured by the unit pursuant to NRS 40.430; or

(b) Records or has recorded on his or her behalf a notice of a breach of obligation secured by the unit and the election to sell or have the unit sold pursuant to NRS 107.080.

2. If an action or notice described in subsection 1 has been filed or recorded regarding a unit and the association has provided the unit's owner with notice and an opportunity for a hearing in the manner provided in NRS 116.31031, the association, including its employees, agents and community manager, may, but is not required to, enter the grounds of the unit, whether or not the unit is vacant, to take any of the following actions if the unit's owner refuses or fails to take any action or comply with any requirement imposed on the unit's owner within the time specified by the association as a result of the hearing:

(a) Maintain the exterior of the unit in accordance with the standards set forth in the governing documents, including, without limitation, any provisions governing maintenance, standing water or snow removal.

(b) Remove or abate a public nuisance on the exterior of the unit which:

(1) Is visible from any common area of the community or public streets;

(2) Threatens the health or safety of the residents of the common-interest community;

(3) Results in blighting or deterioration of the unit or surrounding area; and

(4) Adversely affects the use and enjoyment of nearby units.

3. If:

(a) A unit is vacant;

(b) The association has provided the unit's owner with notice and an opportunity for a hearing in the manner provided in NRS 116.31031; and

(c) The association or its employee, agent or community manager mails a notice of the intent of the association, including its employees, agents and community manager, to maintain the exterior of the unit or abate a public nuisance, as described in subsection 2, by certified mail to each holder of a recorded security interest encumbering the interest of the unit's owner, at the address of the



holder that is provided pursuant to NRS 657.110 on the Internet website maintained by the Division of Financial Institutions of the Department of Business and Industry,

the association, including its employees, agents and community manager, may enter the grounds of the unit to maintain the exterior of the unit or abate a public nuisance, as described in subsection 2, if the unit's owner refuses or fails to do so.

4. If a unit is in a building that contains units divided by horizontal boundaries described in the declaration, or vertical boundaries that comprise common walls between units, and the unit is vacant, the association, including its employees, agents and community manager, may enter the grounds and interior of the unit to:

(a) Abate a water or sewage leak in the unit and remove any water or sewage from the unit that is causing damage or, if not immediately abated, may cause damage to the common elements or another unit if the unit's owner refuses or fails to abate the water or sewage leak.

(b) After providing the unit's owner with notice but before a hearing in accordance with the provisions of NRS 116.31031:

(1) Remove any furniture, fixtures, appliances and components of the unit, including, without limitation, flooring, baseboards and drywall, that were damaged as a result of water or mold damage resulting from a water or sewage leak to the extent such removal is reasonably necessary because water or mold damage threatens the health or safety of the residents of the common-interest community, results in blighting or deterioration of the unit or the surrounding area and adversely affects the use and enjoyment of nearby units, if the unit's owner refuses or fails to remediate or remove the water or mold damage.

(2) Remediate or remove any water or mold damage in the unit resulting from the water or sewage leak to the extent such remediation or removal is reasonably necessary because the water or mold damage threatens the health or safety of the residents of the common-interest community, results in blighting or deterioration of the unit or the surrounding area and adversely affects the use and enjoyment of nearby units, if the unit's owner refuses or fails to remediate or remove the water or mold damage.

5. After the association has provided the unit's owner with notice and an opportunity for a hearing in the manner provided in NRS 116.31031, the association may order that the costs of any maintenance or abatement or the reasonable costs of remediation or removal conducted pursuant to subsection 2, 3 or 4, including, without limitation, reasonable inspection fees, notification and collection costs and interest, be charged against the unit. The



1 association shall keep a record of such costs and interest charged
2 against the unit and has a lien on the unit for any unpaid amount of
3 the charges. The lien may be foreclosed under NRS 116.31162 to
4 116.31168, inclusive.

5 6. A lien described in subsection 5 bears interest from the date
6 that the charges become due at a rate determined pursuant to NRS
7 17.130 until the charges, including all interest due, are paid.

8 7. Except as otherwise provided in this subsection, a lien
9 described in subsection 5 is prior and superior to all liens, claims,
10 encumbrances and titles other than the liens described in paragraphs
11 (a) and (c) of subsection 2 of NRS 116.3116. If the federal
12 regulations of the Federal Home Loan Mortgage Corporation or the
13 Federal National Mortgage Association require a shorter period of
14 priority for the lien, the period during which the lien is prior and
15 superior to other security interests shall be determined in accordance
16 with those federal regulations. Notwithstanding the federal
17 regulations, the period of priority of the lien must not be less than
18 the 6 months immediately preceding the institution of an action to
19 enforce the lien.

20 8. A person who purchases or acquires a unit at a foreclosure
21 sale pursuant to NRS 40.430 or a trustee's sale pursuant to NRS
22 107.080 is bound by the governing documents of the association and
23 shall maintain the exterior of the unit in accordance with the
24 governing documents of the association. Such a unit may only be
25 removed from a common-interest community in accordance with the
26 governing documents pursuant to this chapter.

27 9. Notwithstanding any other provision of law, an association,
28 its directors or members of the executive board, employees, agents
29 or community manager who enter the grounds or interior of a unit
30 pursuant to this section are not liable for trespass.

31 10. *Nothing in this section gives rise to any rights or standing*
32 *for a claim for a constructional defect made pursuant to NRS*
33 *40.600 to 40.695, inclusive.*

34 **11.** As used in this section:

35 (a) "Exterior of the unit" includes, without limitation, all
36 landscaping outside of a unit, the exterior of all property exclusively
37 owned by the unit owner and the exterior of all property that the unit
38 owner is obligated to maintain pursuant to the declaration.

39 (b) "Remediation" does not include restoration.

40 (c) "Vacant" means a unit:

41 (1) Which reasonably appears to be unoccupied;

42 (2) On which the owner has failed to maintain the exterior to
43 the standards set forth in the governing documents of the
44 association; and



(3) On which the owner has failed to pay assessments for more than 60 days.

Sec. 9. (Deleted by amendment.)

Sec. 10. (Deleted by amendment.)

Sec. 11. 1. The provisions of NRS 40.645 and 40.650, as amended by sections 2 and 4 of this act, respectively, apply to a notice of constructional defect given on or after October 1, 2019.

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

3. The provisions of NRS 40.655, as amended by section 5 of this act, apply to any claim for which a notice of constructional defect is given on or after October 1, 2019.

4. The period of limitations on actions set forth in NRS 11.202, as amended by section 7 of this act, apply retroactively to actions in which the substantial completion of the improvement to the real property occurred before October 1, 2019.



