

A review of things that can get HOAs at a NRED hearing

Note: This is part two of my coverage of what kind of allegations of violations the Nevada Real Estate Division has held commission hearings on.

A board president participating in hearings relating to his delinquencies is a violation of Nevada Revised Statute 116.31031(9)(a). As a footnote, no board member should participate in any hearings that involve them, be it delinquencies or other violations.

An association board was found in violation of Nevada Administrative Code 116.425, failure to prove the board verified the accuracy of information within the reserve study. It is important for boards to meet with their reserve specialist to review the reserve study. Boards need to fully understand what requirements must or should be implemented. Whether you are self-managed or managed by a community manager, you need to make sure that all of the reserve items are given to the reserve specialist. Associations need to keep track of when reserve items were addressed during the year.

An association board was found in violation of NRS 116.3113, failure to obtain all insurance coverages required by law. Stay on top of the changes in the laws. Cyber insurance was added to the association's insurance requirements. Insurance expenses have overwhelmed many associations with significant increases that have resulted in higher assessments. Some associations because of their history of losses are having a difficult time in finding affordable insurance. Section 1 of this law states that associations shall maintain, to the extent reasonably available and subject to reasonable deductions. Your association attorney needs to be involved before your board makes a decision that they can not afford insurance and transfers that responsibility to the homeowners.

Petty cash and establishing policies and procedures to account for the money spent is another area where your association can be found in violation of NRS 116.3103 pursuant to NAC 116.405(8)(i).

Another association was found in violation of NRS 116.31083 and NRS 116.3103 by not properly noticing one or more board meetings held. Remember if your meetings are held by Zoom or other internet applications you need to make sure your meeting notices inform homeowners how to access the meetings.

Finally, one association violated NRS 116.3108 by failing to provide accurate and specific details regarding actions taken, topics discussed, including but not limited to approvals on association projects, petty cash and debit card transactions.

Board members need to understand their legal obligations. Multiple classes are offered every month by the Nevada Real Estate Division and by the Nevada CAI Chapter here in Las Vegas. For more information on classes for associations, contact Ayana Band, the education and information officer for the Ombudsman Office at aband@red.nv.gov or Christina Snow at info@cainevada.org.

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