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## Office of the Governor

June 17, 2011

The Honorable Ross Miller  
Secretary of State  
Capitol Building  
101 South Carson Street  
Carson City, NV 89701

**RE: Senate Bill 254 of the 76<sup>th</sup> Legislative Session**

Dear Secretary Miller:

I am herewith forwarding to you, for filing within the constitutional time limit and without my approval, Senate Bill 254, which is entitled:

**AN ACT relating to common-interest communities; revising procedures for alternative dispute resolution of certain claims relating to common-interest communities; revising provisions governing the review of certain books, papers and records of an association; revising provisions governing the confidentiality of certain documents and information obtained by the Real Estate Division of the Department of Business and Industry; revising the penalties for filing frivolous, false or fraudulent claims; and providing other matters properly relating thereto.**


This bill modifies several procedures related to common-interest communities. Some procedures include alternative dispute resolution of civil actions, conditions or restrictions applicable to residential property; and administrative proceedings which relate to a violation of existing law governing common-interest communities and condominium hotels. All written claims submitted to the Real Estate Division must be referred to a mediator and the Commission for Common-Interest Communities must adopt regulations governing the maximum amount of fees and costs of mediation. If the mediation does not result in a settlement, the bill requires the mediator to refer the claim either to arbitration or the Real Estate Division. From there the claim must proceed through another review. This bill also requires that procedures be created for those claims in which there is no resolution. Included in this bill are revisions of penalties

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imposed against a person who files a frivolous, false, or fraudulent claim, or files a claim for the purposes of delay or harassment.

Although Senate Bill 254 may have merits in concept, there are several areas of the bill that require interpretation and further analysis. For example, the mediation process as outlined is unclear as to actual costs and fees to the homeowner filing the complaint. The bill seems to create several layers of process to an already complicated system which may inadvertently result in unresolved matters, an apprehension on the part of the homeowner to file complaints, or delayed enforcement. Because of these concerns, I veto this bill and return it to you without my signature and without my approval.

Sincere regards,



BRIAN SANDOVAL  
Governor

*Enclosure*

cc: *The Honorable Brian Krolicki, President of the Senate (without enclosure)*  
*David A. Byerman, Secretary of the Senate (without enclosure)*  
*Susan Furlong, Chief Clerk of the Assembly (without enclosure)*  
*Brenda Erdoes, Esq., Legislative Counsel (without enclosure)*