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NEVADA COMMISSION FOR
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

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BEFORE THE COMMISSION FOR COMMON-INTEREST COMMUNITIES AND CONDOMINIUM HOTELS

SHARATH CHANDRA, Administrator, REAL ESTATE DIVISION, DEPARTMENT OF BUSINESS AND INDUSTRY, STATE OF NEVADA, Petitioner, vs. EL PARQUE HOMEOWNERS ASSOCIATION, (Entity Number C3144-1991), Respondent.	CASE NO.: 2025-217 **RESPONDENT EL PARQUE HOMEOWNERS ASSOCIATION'S ANSWER TO COMPLAINT FOR DISCIPLINARY ACTION**

Respondent El Parque Homeowners Association ("Respondent") answers the Complaint for Disciplinary Action and Notice of Hearing ("Complaint") of the Real Estate Division of the Department of Business and Industry, State of Nevada ("Division") as follows:

JURISDICTION AND NOTICE

Respondent does not contest that the Division and the Commission for Common-Interest Communities and Condominium Hotels has jurisdiction of this matter.

FACTUAL ALLEGATIONS

A. Failure to Conduct a Reserves Study Once Every Five Years

1. Respondent admits the allegations in Paragraph 1.

2. Respondent admits the allegations in Paragraph 2.

3. Answering Paragraph 3, Respondent admits that the Division opened an investigation on or about March 27, 2025, after no Reserve Study Summary had been received by its requested deadline. Respondent denies that this failure reflected unwillingness to comply, and affirmatively states that notices were misdirected during an office move despite an address-change filing in February 2025, and that a new reserve study was already in process at that time.

4. Answering Paragraph 4, Respondent admits that on April 9, 2025, its community manager reported to the Division that the Association's reserve study had been in progress since late 2024 and that the Board had just adopted that study. Respondent asserts that the reserve study was formally contracted in May 2024, was delayed pending a component decision regarding the spa, and was ultimately adopted in early 2025.

B. Failure to Audit and Review Financials

5. Respondent admits the allegations in Paragraph 5.

6. Answering Paragraph 6, Respondent admits that its December 2023 and December 2024 financial statements reflect $0 posted to the audit/tax services line despite budgeted amounts. Respondent states that the Association sought CPA proposals and initiated engagements, but progress was delayed due to incomplete 2022 records inherited from prior management, as further addressed in Respondent's proposed resolution.

7. Answering Paragraph 7, Respondent admits that it did not provide completed audit reports or CPA engagement letters by the Division's investigative deadlines. Respondent denies any inference of unwillingness to cooperate and affirmatively states that independent CPA work is underway (a 2022 review followed by a 2023 audit), which will be produced on the timetable set forth in Respondent's proposed resolution.

C. Failure to Ensure Adequately Funded Reserves

8. Answering Paragraph 8, Respondent admits that its financial statements reflected a reserve balance of approximately $111,582 as of December 31, 2023, $63,158 as of December 31, 2024, and $53,890 as of February 28, 2025, and that those statements also reflected a "Due to Reserves from Operating" of approximately $81,051 at those times. Respondent denies that it has made "no attempts" to reduce that balance. Respondent states that since early 2025, the Association has resumed budgeted monthly transfers to reserves and has adopted a repayment plan to restore the reserve account, with repayment efforts already underway and additional surcharges scheduled to begin with the 2026 budget.

9. Answering Paragraph 9, Respondent admits that its January 2023 general ledger reflects reserve-coded entries totaling approximately $8,595 across categories including tree pruning, lighting, irrigation, general repairs, landscaping, janitorial, and pedestrian gates. Respondent further admits that one line item was annotated as "Reclass Jan 2023 Oper Exp posted to Rsv Exp." Respondent states that some of the referenced expenses related to emergent infrastructure repairs that are properly attributable to the reserve account, and that other entries were bookkeeping misclassifications that were subsequently corrected. However, Respondent admits that some proportion of the entries in question were necessary operating expenses, such as insurance payments and water utility payments. Respondent further states that it has since implemented enhanced accounting controls and policies to ensure reserve and operating expenses are coded and reported accurately.

D. Failing its Fiduciary Duties[1]

10. Respondent admits the allegations in Paragraph 10.

[1] Respondent asserts that whether El Parque or any of its board members failed to meet fiduciary duties is a legal conclusion. If a response to this framing is required, Respondent denies.

11. Respondent admits the allegations in Paragraph 11.

12. Respondent admits the allegations in Paragraph 12.

13. Answering Paragraph 13, Respondent admits that the December 2023 financial records reflect payments to Mayorganic Maintenance and Repair and to Center Cut Landscape Services. Respondent denies any implication of duplicative billing and affirmatively states that Center Cut was engaged to address a slope and drainage condition outside of Mayorganic's contract after heavy rains over Labor Day weekend in August 2023 caused water to pond and flood Unit #132. Center Cut re-graded the affected area to divert stormwater away from the unit and prevent ponding, while Mayorganic continued to perform routine grounds and handyman-level maintenance under its regular scope.

14. Answering Paragraph 14, Respondent admits that the Nevada Secretary of State's website reflected a default status for Mayorganic's business license during a portion of 2025 due to a missed annual fee. Respondent denies any allegation that Mayorganic was in default in prior years and states that the annual activity since 2022 shows no revocation; the 2025 default was administrative and has been or is being cured. Respondent further states that current proof of insurance for Mayorganic is on file and will be produced with Respondent's supplemental disclosures. Respondent continues to review vendor records to ensure all documentation remains current.

15. Answering Paragraph 15, Respondent denies that the payee description is unknown and states that Carter Aramas is the Association's community-standards compliance inspector, scheduled Wednesday through Saturday, who conducts nightly inspections and walks the community. He reports through the Association's compliance-inspection application, identifies potential violations, and reports trespassers/squatters to LVMPD and management as a deterrent to unlawful occupancy and homelessness. He is not security and is not engaged to provide

law-enforcement or protective services. Respondent will produce available documentation in its supplemental document disclosures.

16. Answering Paragraph 16, Respondent admits that its February 2025 general ledger reflects payments to Mayorganic Maintenance across several expense codes, some of which were under $1,000. Respondent otherwise asserts that Paragraph 16 consists of legal arguments and conclusions to which no response is required. To the extent a response is required, Respondent denies that any transactions were structured to "skate under" the handyman exemption and denies the remaining allegations in Paragraph 16.

E. Failure to Have the Signatures Required for Withdrawals of Certain Association Funds

17. Answering Paragraph 17, Respondent admits that in late 2023 certain checks were issued with fewer than two signatures, and in some instances a single signature was printed twice due to a system configuration error. Respondent denies that this reflected intentional disregard of NRS 116.31153. Respondent states that the issue arose from an accounts payable processing failure and a check-printing software flaw, both of which have been corrected. The employee responsible was terminated, and as of early 2025 all checks require two distinct signatories. The Association is also implementing an electronic payables platform that enforces dual approvals and maintains an audit trail.

18. Answering Paragraph 18, Respondent admits that in early 2024 some checks were issued without two distinct signatures before the problem was identified and remediated. Respondent denies that this practice continued after corrective action was taken. Respondent affirmatively states that, with new accounting staff in place and system safeguards implemented, the Association has fully complied with NRS 116.31153 since early 2025 and continues to do so.

19. Answering Paragraph 19, Respondent admits that on or about May 12, 2025, the Division notified the Association that it was proceeding formally. Respondent denies the allegation that the Association was unwilling to cooperate. Respondent affirmatively states that prior communications were delayed due to an office move and address-change paperwork submitted in February 2025 that was not yet updated in the Division's records. Once notices were received, the Association retained counsel and has since been cooperating fully with the Division and working diligently to assemble and produce responsive documents.

VIOLATIONS OF LAW

20. Respondent asserts that Paragraph 20 consists of legal arguments or conclusions to which no response is required. If a response is required, Respondent admits that it failed to perform a 2023 reserve study.

21. Respondent asserts that Paragraph 21 consists of legal arguments or conclusions to which no response is required. If a response is required, Respondent admits that it used reserve funds for necessary operating expenses. Respondent denies misappropriating any funds for personal gain.

22. Respondent asserts that Paragraph 22 consists of legal arguments or conclusions to which no response is required. If a response is required, Respondent admits that it did not provide the Division with completed audited financial statements for fiscal years 2022, 2023, and 2024 by the deadlines requested during the investigation. Respondent otherwise denies the allegations in Paragraph 23 to the extent they assert characterizations of noncompliance beyond the foregoing. Respondent affirmatively states that it engaged an independent CPA to review the 2022 financials but that the work was delayed due to incomplete records inherited from prior management, and that the engagement was subsequently continued by Genesis CPA Solutions. Respondent further affirms that the 2022 review will be produced as set forth below in the Proposed Resolution/Settlement.

23. Respondent asserts that Paragraph 23 consists of legal arguments or conclusions to which no response is required. If a response is required, Respondent admits that it did not provide the Division with completed audited financial statements for fiscal years 2022, 2023, and 2024 by the investigative deadlines. Respondent otherwise denies the allegations in Paragraph 23 to the extent they assert legal conclusions or characterizations of noncompliance beyond the foregoing. Respondent states that it engaged a CPA firm to review the 2022 financials but that the work was delayed because records from prior management for the first half of 2022 were incomplete. That engagement was subsequently transferred to Genesis CPA Solutions, which is continuing the work. Respondent further states that the 2022 review will be delivered as set forth below in the Proposed Resolution/Settlement.

24. Respondent asserts that Paragraph 24 consists of legal arguments or conclusions to which no response is required. If a response is required, Respondent admits it did not produce completed audits by the Division's deadlines. Respondent otherwise denies the remaining allegations in Paragraph 24 and states that CPA engagements are in process, with the 2022 review to be produced as set forth below in the Proposed Resolution/Settlement.

25. Respondent asserts that Paragraph 24 consists of legal arguments or conclusions to which no response is required. If a response is required, Respondent admits that its financial statements for certain periods in 2022–2023 did not consistently reflect transfers between operating and reserves in a manner that clearly separated the funds as contemplated by NAC 116.453. Respondent otherwise denies the allegations in Paragraph 25 to the extent they assert legal conclusions or characterizations of noncompliance beyond the foregoing. Respondent affirmatively states that beginning in 2025, its financial statements are prepared on an accrual basis with separate reporting of operating and reserve funds, and that budgeted reserve transfers are now being made monthly and reported accordingly. Respondent has also

engaged an independent CPA to review and audit its financials, and those reports will present fund activity in full compliance with NAC 116.453.

26. Respondent asserts that Paragraph 26 consists of legal arguments or conclusions to which no response is required. If a response is required, Respondent admits that during portions of 2023 and early 2024 certain checks were issued with fewer than two distinct signatories, and that in isolated instances a single signature was duplicated on the check form. Respondent otherwise denies the allegations in Paragraph 26 to the extent they assert legal conclusions or characterizations of intentional noncompliance. Respondent affirmatively states that these occurrences resulted from an accounts payable processing failure and a check-printing system configuration error, both of which have since been corrected. The employee responsible for processing those checks has been terminated, new accounting staff are in place, and as of early 2025 all checks require two distinct authorizations.

27. Respondent asserts that Paragraph 27 consists of legal arguments or conclusions to which no response is required. If a response is required, Respondent admits that under NRS 116.3103 members of the Association's executive board owe fiduciary duties to the Association and its membership. Respondent otherwise denies the allegations in Paragraph 27 to the extent they assert that the board has breached those duties. Respondent affirmatively states that decisions made regarding the Association's finances and vendors during 2022–2024 were undertaken in good faith to preserve essential services and property, often in the face of severe underfunding and incomplete records inherited from prior management. Respondent further states that the Association has since stabilized its operating budget, resumed regular reserve contributions, adopted a repayment plan to eliminate the "due to reserves" balance, and corrected its check-signing and accounting controls, all of which demonstrate that the board continues to act in the best interests of the Association and its members.

DISCIPLINE AUTHORIZED

Respondent acknowledges that the Commission has the authority to impose the sanctions set forth in the Complaint.

PROPOSED RESOLUTION/SETTLEMENT

Reserve Study: The Association acknowledges that its last reserve study of record was dated November 2018, and that a new study was overdue by 2023. In 2024, the Board contracted with Complex Solutions to perform the updated study. That study was prepared and formally adopted in early 2025 after the membership voted to restore the spa component. According to the Association's Annual Registration, Kathy Morrill conducted the last reserve-study site inspection on November 25, 2018. The Association has already submitted the Reserve Study Summary (Form 609) to the Division; it was emailed to Vanessa Ward on April 10, 2025, and the transmittal will be attached to Respondent's supplemental disclosures. Respondent further recognizes that approximately $81,051 is shown on its books as "due to reserves from operating." Now that the Association's operating budget is stabilized, the Board has adopted a repayment schedule that dedicates surpluses and incremental assessment increases beginning with the 2026 budget to fully eliminate that balance.

Audits/Reviews: With respect to audits and reviews, the Association acknowledges that it did not provide completed reports for 2022–2024 by the Division's investigative deadlines. The Board initially engaged a CPA who withdrew due to incomplete 2022 records from the prior management company, and subsequently transferred the work to Genesis CPA Solutions. Genesis is in the process of finalizing a 2022 review, which will be produced within forty-five days after the September hearing. A 2023 audit is scheduled for completion and delivery by **November 30, 2025**, and the 2024 audit will be engaged immediately and delivered by **January 31, 2026**. Engagement letters and current financial packets, including

the August 2022, 2023, and 2024 statements, will be provided with the Association's supplemental disclosures.

Single-Signatory Checks: The Association recognizes that in 2023 and early 2024, certain checks were issued without two distinct signatures due to an accounts payable error and a system configuration problem. That deficiency has since been corrected. As of early 2025, all checks require two separate authorizations. The Board has adopted a dual-signature policy and is in the process of implementing an electronic accounts-payable platform that will enforce dual approvals and retain an audit trail. This policy will be fully implemented by **November 1, 2025.**

Vendor Licensing: The Association acknowledges that the Division has raised concerns about vendor licensing and duplicative billings. The Board has directed management to reconcile vendor payments, particularly those involving Mayorganic, and will produce that reconciliation prior to the hearing. The Association will also adopt a vendor policy by **November 1, 2025**, requiring license and insurance verification for all contractors whose scope requires licensing, obtaining three bids for contracts over $2,500, and limiting handyman work to allowable scopes under $1,000 per order. Major and specialty work will be contracted only to licensed vendors.

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Governance Practices: In addition, the Board will strengthen its governance practices. By **November 1, 2025**, it will adopt written policies on reserve use and repayment, dual-signature and accounts-payable controls, quarterly financial reviews, and vendor contracting. Board members will also complete at least three hours of training in HOA financial management and fiduciary duties and 1.5 hours in reserve studies by **December 1, 2025**, with proof of completion submitted to the Division.

DATED: August 25, 2025

LITCHFIELD CAVO LLP

By: */s/ Ryan T. O'Malley*

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 25th day of August, 2025, that I caused to be served a true and accurate copy of the foregoing **ANSWER TO COMPLAINT FOR DISCIPLINARY ACTION AND NOTICE OF HEARING** by sending a copy of the same via email as follows:

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