

ROBERT M. DYKEMA, individually; and
RONALD TURNER, individually,

V.

DEL WEBB COMMUNITIES, INC., an Arizona corporation,

Respondent.

Eighth Judicial District Case
No. A-15-714632-D

Duane E. Shinnick, Esq.
Nevada Bar No. 7176
Courtney K. Lee, Esq.
Nevada Bar No. 8154
SHINNICK & RYAN NV P.C.
4001 Meadows Lane
Las Vegas, Nevada 89107
Tel: 702-631-8014
Fax: 702-631-8024

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NRAP 26.1 DISCLOSURE

The undersigned counsel of record hereby certifies that the following are persons and entities as described in NRAP 26.1(a), and must be disclosed. These representations are made in order that the judges of this Court may evaluate possible disqualification or recusal:

The law firm of Shinnick & Ryan NV P.C., and two attorneys thereof (Duane E. Shinnick and Courtney K. Lee), who represent Appellants Robert M. Dykema and Ronald Turner in the district court and in this proceeding.

DATED this 4th day of April, 2016.



COURTNEY K. LEE, ESQ.

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JURISDICTIONAL STATEMENT AND STANDARD OF REVIEW

On November 25, 2015, the district court entered an order dismissing the claims of Robert M. Dykema (“Dykema”) and Ronald Turner (“Turner”) as barred by the statute of repose. (Vol. 2, JA00219-00231, JA00232-00247) The district court considered matters outside of the pleadings when considering Del Webb Communities, Inc. (“Del Webb”) motion to dismiss, so that the motion became one for summary judgment as to Dykema’s and Turner’s claims. *See* NEV. R. CIV. P. 12(b)(5) (or “NRCP”) and NEV. R. CIV. P. 56. The district court entered final judgment as to Dykema and Turner on December 23, 2015. (Vol. 2, JA00328-00330) The notice of appeal was filed on December 2, 2015, and the amended notice of appeal was filed on December 28, 2015. (Vol. 2, JA00248-00309, JA00331-00334) This Court reviews the district court’s grant of summary judgment *de novo*. *See Wood v. Safeway, Inc.*, 121 Nev. 724, 729, 121 P.3d 1026, 1029 (2005). Summary judgment is proper when, viewing the evidence in the light most favorable to the nonmoving party, there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. *See id.* This appeal also involves the interpretation of statutory provisions or state law, therefore the Court may review the matter *de novo*. *See Salve Regina College v. Russell*, 499

U.S. 225, 231, 111 S.Ct. 1217, 113 L.Ed.2d 190 (1991); *Matter of McLinn*, 739 F.2d 1395, 1397 (9th Cir. 1984); *I. Cox Const. Co. v. CH2 Investments, LLC*, 129 Nev. __, __, 296 P.3d 1202, 1204 (2013); *Leven v. Frey*, 123 Nev. __, __, 168 P.3d 712, 714 (2007). Furthermore, the application of the statute of repose/limitations is a question of law that this Court reviews *de novo*. *Citizens for Cold Springs v. City of Reno*, 125 Nev. 625, 629, 218 P.3d 847, 850 (2009); *Day v. Zube*, 112 Nev. 972, 977, 922 P.2d 536, 539 (1996). This Court has jurisdiction to hear the appeal pursuant to NEV. R. APP. P. 3A(B)(1).

ROUTING STATEMENT

The Nevada Supreme Court should retain jurisdiction in matters of statewide public importance. NRAP 17(a)(14). NRS Chapter 40 was formulated to protect homeowners from construction defects. This construction defect matter constitutes statewide public importance because the start date for a statute of repose or limitation requires clarification for bar dates.

STATEMENT OF ISSUES PRESENTED FOR REVIEW

1. Whether the district court erred in determining that Dykema's and Turner's claims were barred by application of the statute of repose pursuant to NEV. REV. STAT. § 11.203 (1999) (or "NRS").

Specifically:

a. whether the district court erred in defining "issuance" of the notice of completion date as the date indicated by Del Webb when the home was completed instead of the recorded date of the notice of completion.

b. whether the district court therefore erred in determining the substantial completion date from which the statute of repose would begin to run pursuant to NRS 11.2055 (1999) as the date written by Del Webb on the notice of completion, instead of the recorded date of the notice of completion.

2. Whether it is inequitable to bar Dykema's and Turner's claims in light of the original NRS 40.645 notices, and Dykema's repairs in the 10th year pursuant to NRS 11.203(2) (1999).

STATEMENT OF THE CASE AND FACTS

Appellants' Opening Brief is being filed pursuant to NEV. R. APP. P. 28. The Joint Appendix ("JA") filed concurrently on April 4, 2016 will be referenced. The Nevada state district court case concerns a construction defect action involving fifty-nine (59) homes of claimants ("Subject Homes") located in the Anthem Highlands subdivision of North Las Vegas, Nevada. Del Webb was the developer and/or general contractor of the Anthem Highlands subdivision. Residential

construction defect claims are governed under NRS Chapter 40, or NEV. REV. STAT. §§ 40.600-40.695 (2003) (“NRS 40.600-40.695”). Homeowners served their Chapter 40 notices pursuant to NRS 40.645 beginning in January 2014 (although the specific Chapter 40 notices attached as exhibits in the district court are dated only as early as July 8, 2014). (Vol. 1, JA00054-00071, JA00109)

On or about February 27, 2015, homeowners filed the original construction defect lawsuit against Del Webb. (Vol. 1, JA00001-00013) On March 6, 2015, homeowners, including Appellants, filed a First Amended Construction Defect Complaint. (Vol. 1, JA00014-00029) On May 19, 2015, Del Webb filed a Motion to Dismiss (“MTD”) six (6) sets of homeowner claimants, including the two (2) Appellants. (Vol. 1, JA00033-00105) Dykema is the owner of 2818 Craigton Drive, and Turner is the owner of 2844 Blythwood Square (“subject homes”), facts not disputed by Del Webb. (Vol. 1, JA00038, JA00115)

On June 5, 2015, homeowners, including Appellants, filed a Limited Opposition to Del Webb’s MTD. (Vol. 1, JA00106-00185)

Del Webb filed a Reply in support of their MTD on June 17, 2015. (Vol. 1, JA00186-00197)

On June 23, 2015, the Honorable Susan H. Johnson, District Court Judge

for the Eighth Judicial District (“Judge Johnson”), heard oral arguments on Del Webb’s MTD. (Vol. 1, JA00198-00218). Judge Johnson issued her Order regarding Del Webb’s MTD (“Order”) on November 16, 2015. (Vol. 2, JA00219-00231) Such Order was entered on November 25, 2015. (Vol. 2, JA00232-00247) In the Order, Judge Johnson found that the claims of Appellants Dykema and Turner were barred by the statute of repose/limitations. (Vol. 2, JA00243-00244, JA00246)

On December 2, 2015, Appellants Dykema and Turner filed their Notice of Appeal of the Order entered November 25, 2015. (Vol. 2, JA00248-00309)

On December 23, 2015, the district court entered final judgment as to Dykema and Turner. (Vol. 2, JA00328-00330)

On December 28, 2015, Appellants filed an amended Notice of Appeal because of the final judgment entered on December 23, 2015. (Vol. 2, JA00331-00334)

It is requested that this Court overturn the ruling of the Honorable Judge Susan H. Johnson of the Eighth Judicial District Court, who found that the construction defect claims of Dykema and Turner were barred by the statute of repose, and reinstate the claims of Appellants Dykema and Turner.

SUMMARY OF ARGUMENTS

I. DYKEMA'S AND TURNER'S CLAIMS SHOULD NOT BE BARRED CONSIDERING THE RECORDED NOTICES OF COMPLETION DATES

The claims of Dykema and Turner are not barred by the statute of repose. The applicable statute of repose is ten (10) years. *See* NRS 11.203(1) (1999). Dykema and Turner served their Chapter 40 notices, which tolled the statute of repose. Dykema and Turner's claims are therefore timely considering the recorded dates of the Notices of Completion, or substantial completion dates.

II. IT IS INEQUITABLE TO BAR THE CLAIMS OF DYKEMA AND TURNER

Dykema and Turner gave Del Webb notice of their claims through service of their Chapter 40 notices. Del Webb should not be able to escape liability for construction defects, even if Del Webb's argument is accepted that completion dates noted on the notices of completion by Del Webb. Del Webb had notice of deficiencies as early as January 31, 2014 (or July 2014 for Chapter 40 notices in the district court record), when the first Chapter 40 notices were served on Del Webb on behalf of other homeowners within the Anthem Highlands community. Further, Dykema had repair invoices submitted for the 10th year, which should extend the time for Dykema to submit his claims.

ARGUMENTS

I. DYKEMA AND TURNER'S CLAIMS WERE NOT BARRED BY THE STATUTE OF REPOSE/LIMITATION

Dykema is the owner of 2818 Craigton Drive, and Turner is the owner of 2844 Blythswood Square, or the subject homes. The ten (10) year statute of repose/limitation applies to Dykema's and Turner's construction defect claims for their subject homes on appeal. *See* NRS 11.203 (1999). Dykema's and Turner's claims were timely submitted considering the tolling of the statute of repose/limitation by service of their Chapter 40 notices, and the recorded notices of completion as the substantial completion dates.

A. Dykema and Turner's Claims were Tolloed by Service of their Chapter 40 Notices

Pursuant to NRS 40.668(2) (2003), "All statutes of limitation or repose applicable to a claim governed by this section are tolled from the time the claimant notifies a contractor hired by the subdivider or master developer of the claim" Further, NRS 40.695 (2003) provides for tolling of any applicable statute of limitations or repose "from the time notice of the claim is given, until 30 days after mediation is concluded or waived in writing pursuant to NRS 40.680." NRS 40.695(1) (2003).

Dykema sent his Chapter 40 notice to Del Webb on December 2, 2014. (Vol. 1, JA00065-00067) Turner sent his Chapter 40 notice to Del Webb on December 22, 2014. (Vol. 1, JA00060-00063)

B. The Statute of Repose did not Begin to Run until after the Date of Substantial Completion

The start date for the running of the statute of repose is the date of substantial completion of the improvement or home. NRS 11.2055 (1999) provides that “the date of substantial completion of an improvement to real property shall be deemed to be the date on which: (a) *The final building inspection* of the improvement is conducted; (b) A *notice of completion* is issued¹ for the improvement; *or* (c) A *certificate of occupancy* is issued for the improvement, *whichever occurs later.*” (Emphasis added).

1. The Legislative Intent was for the Latest Date to be Utilized for Substantial Completion to begin the Statute of Repose/Limitation

The important question in all cases of statutory construction is legislative intent and the reasons that prompted the legislature to enact the law. *See In re Whitaker Const. Co., Inc.*, 411 F.3d 197, 204-205 (5th Cir. 2005) *citing In re*

¹ BLACK’S LAW DICTIONARY 964 (4th ed. 1968) defines “issue” as follows: “To send forth; to emit; to promulgate. . . To put into circulation . . . To send out . . .”

Succession of Boyter, 756 So.2d 1122, 1128 (La. 2000). It is clear that the Nevada legislative intent was to utilize the latest possible date to start the running of the statute of repose for a construction defect claim from the later of the three possible substantial completion dates – final building inspection, notice of completion, or certificate of occupancy. *See* S.B. 32, Chapter 353, at 1444 (1999) (enacted); NRS 11.2055 (1999). The rationale appeared to offer the homeowner as much time as possible to bring their claims.

In the present matter, the substantial completion dates for Dykema’s and Turner’s subject homes were the recorded notices of completion, on December 8, 2004 (Vol. 1, JA000141-144) and December 23, 2004 (Vol. 1, JA000136-000139), respectively.

2. Nevada’s Statute Defines Completion and Mandates the Recording of a Notice of Completion, which Supports the Recordation Date as the Substantial Completion Date

NRS 108.22116 (2003) defines “Completion of the work of improvement” as “1. The occupation or use by the owner, an agent of the owner or a representative of the owner of the work of improvement, accompanied by the cessation of all work on the work of improvement; 2. The acceptance by the owner, an agent of the owner or a representative of the owner of the work of

improvement, accompanied by the cessation of all work on the work of improvement; or 3. The cessation of all work on a work of improvement for 30 consecutive days, **provided a notice of completion is timely recorded** and served and the work is not resumed under the same contract.” (Emphasis added). The statute appears clear that a notice of completion does not have to be issued in order for an improvement to be considered completed, as the occupation or use by the owner or acceptance by the owner of the work of improvement may also be evidence of completion. However, if a notice of completion is provided, then it must be recorded. *See* NRS 108.228 (2003). Recording statutes provide “constructive notice” of the existence of an outstanding interest in land. *Allison Steel Mfg. Co. v. Bentonite, Inc.*, 86 Nev. 494, 497, 471 P.2d 666, 668 (1970); *Allen v. Webb*, 87 Nev. 261, 270, 485 P.2d 677, 682 (1971). Accordingly, the recorded notice of completion places all on constructive notice of the date of substantial completion of the particular improvement or home.

Furthermore, the notices of completion indicate that they are noticed pursuant to NRS 108.288 (2003) [*sic* NRS 108.228], which requires such notices of completion to be recorded. (Vol. 1, JA000141-000144, JA000136-000139)

NRS 108.228 provides in relevant part:

2. The notice of completion *must be recorded in the office of the county recorder of the county where the property is located and must set forth:*

(a) The date of completion of the work of improvement.

...

4. Upon recording the notice pursuant to this section, the owner shall, within 10 days after the notice is recorded, deliver a copy of the notice by certified mail, to:

(a) Each prime contractor with whom the owner contracted for all or part of the work of improvement.

(b) Each potential lien claimant who, before the notice was recorded pursuant to this section, either submitted a request to the owner to receive the notice or delivered a preliminary notice of right to lien pursuant to NRS 108.245.

5. The failure of the owner to deliver a copy of the notice of completion in the time and manner provided in this section *renders the notice of completion ineffective* with respect to each prime contractor and lien claimant to whom a copy was required to be delivered pursuant to subsection 4. (Emphasis added).

Although NRS 108.228 (2003) was established for construction lien rights, and required a notice of completion to be recorded and delivered in order to be effective, the legislative intent was to utilize the recorded date of the notice of completion to establish the substantial completion date, or begin the running of the statute of repose/limitations. *See* S.B. 32, Chapter 353, at 1444 (1999)

(enacted). Statutes should be construed to give effect to the legislature's intent. *Cleghorn v. Hess*, 109 Nev. 544, 548, 853 P.2d 1260, 1262 (1993). If a notice of completion is not valid unless recorded, then the recorded date of the notice of completion is necessarily the date from which the statutes of repose/limitations begin to run. *See* NRS 108.228(2) (2003).

Correspondingly, if the recorded dates of the notice of completions for Dykema and Turner are utilized, December 8, 2004 and December 23, 2004, respectively, then Dykema's and Turner's claims were timely and not barred by the statute of repose. (Vol. 1, JA000141-000144, JA000136-000139) Dykema and Turner served their Chapter 40 notices, which tolled the statute of repose, on December 2, 2014 and December 22, 2014, respectively, which were within the ten (10) year statute of repose. (Vol. 1, JA00065-00067, JA00060-00063)

3. Sister States' Definition of "substantial completion" Didactic

Other states have similarly defined "substantial completion". California defines "substantial completion" as "(1) The date of final inspection by the applicable public agency. (2) The **date of recordation of a valid notice of completion.** (3) The date of use or occupation of the improvement. (4) One year after termination or cessation of work on the improvement." (Emphasis added).

CAL. CIV. PROC. CODE § 337.15(g). The Arizona statute defines “substantial completion” as the date the owner or occupant first uses the improvement, the improvement is first available for use after completion, or upon final inspection if required. ARIZ. REV. STAT. ANN. § 12-552(E) (2003).

4. Case Law Supports the Recorded Date of a Notice of Completion as the Substantial Completion Date

Many cases reference the recorded date of a notice of completion, not the date the improvement is stated to have been completed by the developer on the notice itself, as the established substantial completion date. *See Gayle Mfg. Co., Inc. v. Federal Sav. and Loan Ins. Corp.*, 910 F.2d 574, 576 (9th Cir. 1990); *Glen Falls Ins. Co. v. Murray Plumbing & Heating Corp.*, 330 F.2d 800, 802 (9th Cir. 1964); *Erickson Const. Co. v. Nevada Nat. Bank*, 89 Nev. 350, 351, 513 P.2d 1236, 1237 (1973); *Fox v. First Western Sav. & Loan Ass’n*, 86 Nev. 469, 471-72, 470 P.2d 424, 426 (1970); *Irving v. Lennar Corp.*, 2:12-CV-0290 KJM EFB, at *12 n. 2 (E.D. Cal. Jan. 6, 2014); *Nordby Constr., Inc. v. Am. Safety Indem. Co.*, 14-CV-04074-LHK, at *2 (N.D. Cal. March 19, 2015). This Court referenced the recorded date of an American West Homes, Inc.’s notice of completion, February 14, 1997, not the date indicated on the notice when the home was completed by American West Homes, Inc. of February 13, 1997 (which was previously attached

as an exhibit), as the “substantial completion” date of a home in *Evelyn Feliciano, et al. v. American West Homes, Inc.*, Case No. 56012, at *2 n. 2 (Nev. July 27, 2012).

In the present matter, the notice of completion for Dykema’s subject home was recorded on December 8, 2004. (Vol. 1, JA000141-000144) However, the date noted on the face of the notice of completion by Del Webb as the date Dykema’s home was completed was November 30, 2004. This date was argued by Del Webb’s counsel at the district court as the substantial completion date, and accepted by the district court judge. (Vol. 1, JA00191; Vol. 2, JA00244) The district court erred in utilizing the date indicated by Del Webb as the completed date of Dykema’s subject home of November 30, 2004, instead of the recorded date of the notice of completion, December 8, 2004, as the date of substantial completion of Dykema’s home. (Vol. 2, JA00244) The district court, respectfully, but erroneously, stated that the “recording of the Notice of Completion, which, in Plaintiff DYKEMA’S case, was December 8, 2004, is not a defining event. . .[and] declines to consider the recording date as another date of substantial completion, or when the Statute of Repose period begins.” (Vol. 2, JA00244)

The notice of completion for Turner's property was recorded on December 23, 2004. (Vol. 1, JA000136-000139) However, the date noted by Del Webb as the date Turner's home was completed was December 14, 2004, and the date argued by Del Webb's counsel at the district court as the substantial completion date. (Vol. 1, JA00192-00193) The district court erred in holding that the date noted as the completed date by Del Webb of Turner's subject home, December 14, 2004, instead of the recorded date of the notice of completion, December 23, 2004, as the substantial completion date. (Vol. 2, JA00243-00244) The district court stated that it declines "to interpret or expand the statute to include another and different definition for 'substantially completed.'" (Vol. 2, JA00243-00244)

II. IT IS UNFAIR TO BAR THE CLAIMS OF DYKEMA AND TURNER

The statute of repose is in contrast to a statute of limitation, which forecloses suit after a fixed period of time following the occurrence or discovery of an injury; whereas a statute of repose "bar[s] causes of action after a certain period of time, regardless of whether damage or an injury has been discovered." *Allstate Ins. Co. v. Furgerson*, 104 Nev. 772, 775 n. 2, 766 P.2d 904, 906 n. 2 (1988). However, statutes of limitations (and presumably statutes of repose) have been established to promote justice by "preventing surprises through the revival

of claims that have been allowed to slumber until evidence has been lost, memories have faded, and witnesses have disappeared. The theory is that even if one has a just claim it is unjust not to put the adversary on notice to defend within the period of limitation . . .” *Order of Railroad Telegraphers v. Railway Express Agency, Inc.*, 321 U.S. 342, 348-49, 64 S.Ct. 582, 586, 88 L.Ed. 788 (1944).

In the present matter, Del Webb was given timely notice of constructional defects in the original Chapter 40 notices and were placed on notice as early as January 31, 2014 (or July 2014 as reflected in exhibits in the district court record), to preserve any related evidence – contracts for scope of work performed, photographs, repair records, *etc.* within the same community of homes in Anthem Highlands. (Vol. 1, JA00054-00071) The claims of Dykema and Turner concern the same evidence, memories, and witnesses as the subject matter of the original Chapter 40 notices. (Vol. 1, JA00065-00067, JA00060-00063) Del Webb was not prejudiced by the tolling of any applicable statute of repose/limitation by the subsequent service of Dykema’s and Turner’s Chapter 40 notices as Del Webb was already on notice of similar claims within the same community of homes.

Furthermore, Dykema presented repair invoices that may evidence discovery of defects in the 10th year, which would arguably extend the statute of limitations for another 2 years or until December 9, 2016, or December 1, 2016 (if the date given for notice of completion by Del Webb is accepted). (Vol. 1, JA00127-00129) *See Copper Sands Homeowners Ass'n, Inc. v. Flamingo 94 Ltd.*, Case Nos. 59934, 60483, 61039, 61286 (Nev. Mar. 4, 2015); NRS 11.203. Therefore, given the date of Dykema's Chapter 40 notice of December 2, 2014, which tolled the statute of limitation, Dykema's claims should be deemed timely.

If the district court order/final judgment is not overruled by this Court, then the meritorious claims of Dykema and Turner would be unfairly barred.

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CONCLUSION

For the foregoing reasons, this Court is requested to overrule the Order of Dismissals/Final Judgments of Robert M. Dykema and Ronald Turner, and direct the honorable district court judge to reinstate their claims.

Respectfully submitted this 4th day of April, 2016.

SHINNICK & RYAN NV P.C.

By: 
DUANE E. SHINNICK, ESQ.
Bar No. 7176
COURTNEY K. LEE, ESQ.
Bar No. 8154
4001 Meadows Lane
Las Vegas, Nevada 89107
Tel: 702-631-8014
Fax: 702-631-8024

Attorneys for Appellants

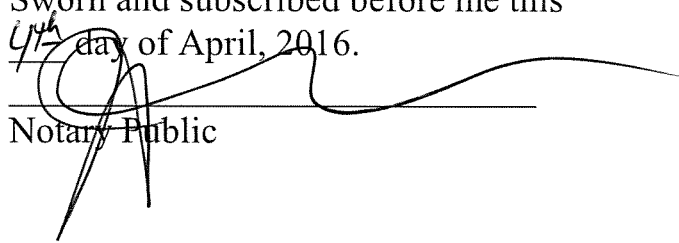
AFFIDAVIT OF COURTNEY K. LEE

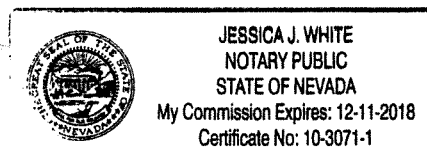
1. I am over the age of 21 years, am of sound mind, and have personal knowledge of all matters attested to herein.
2. I am counsel of record for Plaintiffs in *Phillips, et al. v. Del Webb Communities, Inc*, Case No. A-15-714632-D, pending in the Eighth Judicial District Court, and for Appellants Robert M. Dykema and Ronald Turner in the current Appeal, Case No. 69335.
3. The matters stated in homeowner Appellants' Opening Brief are accurate to the best of my knowledge, information and belief.
4. The documents attached in the concurrently filed Joint Appendix ("JA") on April 4, 2016 are true copies of documents on file with the district court in the foregoing action.

FURTHER AFFIANT SAYETH NAUGHT.


COURTNEY K. LEE

Sworn and subscribed before me this
4th day of April, 2016.


Notary Public



CERTIFICATE OF COMPLIANCE

1. I hereby certify that this Opening Brief complies with the formatting requirements of NRAP 32(a)(4), the typeface requirements of NRAP 32(a)(5) and the type style requirements of NRAP 32(a)(6) because this Opening Brief has been prepared in a proportionally spaced typeface (14-point Times New Roman) using MS Word and contains 3602 words (less than the 14,000 word limit).

2. I further certify that I have read this Opening Brief, and to the best of my knowledge, information, and belief, it is not frivolous or interposed for any improper purpose. I further certify that this Opening Brief complies with all applicable Nevada Rules of Appellate Procedure, in particular NRAP 28(e)(1), which requires that every assertion in the Opening Brief regarding matters in the record be supported by a reference to those portions of the record, if any, where the matter relied upon is to be found. I understand that I may be subject to sanctions if this Opening Brief does not comply with the requirements of the Nevada Rules of Appellate Procedure.

DATED this 4th day of April, 2016.



COURTNEY K. LEE

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Appellants' Opening Brief were electronically served this 4th day of April, 2016, upon all counsel of record in *Phillips, et al. v. Del Webb Communities, Inc.*, Case No. A-15-714632-D (Eighth Judicial District Court), and Appeal Case No. 69335 through the Court's electronic filing program and by first-class U.S. Mail, postage prepaid, upon:

Honorable Susan H. Johnson
District Judge, Eighth Judicial District Court
Regional Justice Center, Department 22
200 Lewis Avenue
Las Vegas, NV 89155

/s/ Jessica White
Jessica White
An Employee of SHINNICK & RYAN NV P.C.