



COMMUNITY SERVICES

The Master and Sub-Association Relationship

02/01/2021 12:20 PM [CAI Rocky Mountain Chapter](#) (Administrator)

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So, your home is located in both a sub-association and a master association community. What does this mean and how will it impact you? Generally, living in a community which is governed by both a master association and a sub-association means individual owners will be subject to two of everything. However, individual master association / sub-association relationships will vary based on the specific governing documents for the community. Outlined below are general categories where the governance of the two different (yet connected) associations may overlap or, possibly, clash.

What is a Master Association?

A master association is an association which oversees and governs a group of smaller associations which typically share common areas of a large planned community (the master community). Such smaller communities may be classified as single-family homes, townhomes, or condominiums. Each smaller community is bound by its own individual set of governing documents in addition to the master association governing documents.

Maintenance

When residing in a master / sub-association community, questions will inevitably arise regarding maintenance. Specifically, owners may question whether a component should be maintained by the master association or a sub-association. Common areas, which may include the main roads, pools, clubhouses, playgrounds, or other areas in the community which are available to all residents within the master association are typically maintained by the master association. Any amenity or common area which is specifically owned by and/or allocated solely to a sub-association is typically maintained by the sub-association. Again, individual documents for individual communities may contain maintenance requirements that stray from the general formula stated above. Therefore, as a board member or managing agent, it is extremely important to review both sets of governing documents before making statements regarding maintenance obligations.

In some cases, but not all, the master and sub-association documents may allow the sub-association to convey, and the master association to assume, sub-association maintenance obligations. This allows for flexibility between the associations, ease of maintenance, and may help with overall maintenance costs if the master association is able to secure one vendor to perform, for example, all landscaping work in the community. This type of conveyance should always be documented through a resolution memorializing the transfer of the maintenance obligations and, again, only if permitted in the two declarations.

Assessments

Once the maintenance obligations have been determined, the question will inevitably arise as to who pays for such maintenance in the community. The individual governing documents for both the master association and the sub-association will outline when assessments are due and how they are calculated. Individual owners may be required to pay two different assessments (one to the master and one to the sub), based on two different budgets. The amounts will fluctuate based on the maintenance, insurance, and operating costs of the communities, including whether or not the master has assumed any of the sub association maintenance obligations. In the alternative, a master association may simply assess the corporate entity of the individual sub-association the total monthly dues owed for all owners in the community. Individual sub-association owners will then pay their master association assessments as a part of their sub-association dues, eliminating the need to pay two different assessments. This type of assessment structure should be analyzed prior to implementation to confirm the sub-association has the ability to track such payments and to analyze any possible collection issues when consolidating assessments.

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Covenants

In addition to the possibility of two assessments and two different entities performing maintenance in the community, individual owners will also be subject to two sets of covenants, rules and regulations, and design guidelines. The entire community, including all single-family homes, townhomes, and condominium units must comply with the master association covenants, rules and regulations, and design guidelines. In addition to these obligations, each individual sub-association will have a separate set of covenants, rules and regulations, and design guidelines (which will likely be different than other sub-association documents in the community). These covenants, rules and regulations, and design guidelines may not contradict each other. As with maintenance obligations, sub-associations may choose to assign its enforcement authority to the master association. This will eliminate the possibility for double enforcement. In addition, enforcement by one entity will assist in avoiding contradictory rules, regulations, and design guidelines. Unlike the ability to assign maintenance obligations, the power to assign enforcement duties does not need to be stated in either declaration.

Board members on both the master and sub-association board must work together to correctly interpret and enforce the governing documents. Boards must also be aware of maintenance obligations and enforcement duties and should develop a scheme to coordinate vendors and enforcement and/or delegate such maintenance and/or enforcement to the master association. Only by working together, keeping open lines of communications between boards, and clear communication with owners will a master and sub-association community thrive.