

# Which Rules Do I Have to Follow?

## The Relationship Between Master Associations and Sub-Associations

If you buy a home in a large, planned residential community, you may have just become a member of not one but two community associations. Similar to a state with counties, these communities are often organized such that there is one large community association that governs the entire community (a "master association"), and smaller community associations that govern portions of the community ("sub-associations"). A setup like this is especially common when a community contains multiple types of dwelling units, such as single family detached homes, townhouses, and condominium units. Each type of unit has different needs, and it might make sense for each to have its own set of governing documents and rules. This organization creates an interesting dynamic that is important for both homeowners in these communities, as well as the professionals that serve them, to understand.

### To Whom Do I Owe Assessments?

In such communities, the first question new homeowners will ask is likely "to whom do I owe assessments?" The short answer is that homeowners must pay assessments to both the master association and the sub-association. The long answer is that it depends on each association's governing documents. The governing documents for the master association and sub-association, as well as the rules and regulations adopted by each, decide to whom homeowners must pay assessments and in what amounts. Sometimes, a master association assesses homeowners for its assessments directly. Other times, it assesses these amounts to sub-associations, and then the sub-associations passes the master association assessment through to their respective homeowners. The governing documents for each association likely gives them discretion to set up a system for assessments to come up with what they believe is the best process in their community. Similarly, when a master association contains different types of units, its governing documents often give it the ability to create tiers of assessments applicable to different types of units; it may not make sense for a townhouse to pay the same assessment amount as a one bedroom condominium. A different set up is that the master association assesses each unit in the community the same amount, and then sub-associations assess their respective units different amounts based on their needs and governing documents. Understanding assessment obligations in these communities is also important for management and legal counsel.

### Maintenance Obligations

Another significant issue with master associations regards maintenance obligations. There are



likely some common areas and amenities, like roads, within a master association that are open to the use and enjoyment of all residents within the master association. Sometimes, though, some common areas and amenities are reserved for only certain residents within the master association, or those within a sub-association. For example, a sub-association may have its own pool or clubhouse that only sub-association members can use. In this case, the governing documents of both associations usually provide that the sub-association is responsible for the performance and cost of maintenance such common areas within the sub-association, but that the master association could also perform that maintenance and assess the costs of doing so back to the sub-association. The master association and sub-association usually reach an agreement as to these maintenance responsibilities.

### Covenant Enforcement

When there is a master association and a sub-association, homeowners that are members of both associations may be subject to two layers of covenant enforcement. The master association likely has its own covenants and restrictions, as well as rules and regulations and design guidelines, that apply to the entire community, and the sub-association has the same, but which only apply to those within the sub-association. Like maintenance obligations, sub-associations often may delegate the authority to enforce their covenants, restrictions, rules, and guidelines to the master association. Homeowners within these communities should stay up to date with board decisions for both associations, and pay attention to communications received from each association. Professionals serving these organizations should clearly understand which association is responsible for each covenant or rule to be enforced.

### Other Considerations

In addition to the issues discussed above, there are some other things all parties should know about. For example, when a homeowner within a master association is selling his/her home, the master association and sub-association likely each need to provide their own resale disclosure packet to the prospective buyer in the sale. In addition, for either business or ethical reasons, the master association and sub-association are not always served by the same management company, lawyers, or other professionals. Associations, homeowners, and professionals should understand all of these nuances.

### Takeaway

When a community is organized into a master association and sub-associations, there are generally two layers of everything: two layers of assessments, two layers of maintenance responsibilities, two layers of enforcement, etc. This type of organization has certain advantages because condominium units should not be treated the same as single family detached homes, but it also may be complicated to understand. All parties should carefully review the governing documents and adopted rules and regulations of each association in order to avoid confusion, and to promote efficiency.

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