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Master Homeowners Associations: Is Your HOA Its Own Master?

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Imagine your surprise. You buy a home in a community knowing full well that you'll become a member of your local homeowners association only to learn that your homeowners association is really a subassociation and you're bound to follow the rules of a bigger "master" association.

If you're thinking, "I've never heard such a thing," don't feel bad. Many people haven't. That's why we've created this primer on master associations and how masters and subassociations, often called "subs," interact.

Surprise, Surprise

"The easiest analogy I can make is that a master association is like state government, and the sub is like city government," says [Nancy T. Polomis](#), a partner at Hellmuth & Johnson PLLC who advises homeowners associations. "The master generally oversees on an umbrella basis a number of smaller communities. Generally, they're townhomes, condos, and sometimes single-family homes done in a grand plan. When there's a master and subs, they might all be called Sunset Ridge, but there might also be Sunset Ridge Condominiums, Sunset Ridge Townhomes, and Sunset Ridge Estates."

What does a master do? "It's the umbrella association that keeps everything looking similar, even though there might be different types of homes in a given master association," says Polomis. "Often a master association maintains entry monuments and, depending on the amenities, it might maintain a gazebo or a pool. When you see those features, a flag should go up that you need to ask how those are paid for."

Polomis has encountered owners who are surprised to learn they're members of two levels of association governance. "When I get people who are confused or surprised," Polomis explains, "it's generally when they've bought a single-family home, as opposed to a townhome or condo, and there's no overt indication there might be an association at all."

In Florida, condo owners are also less likely to be surprised than homeowners to learn they're members of a master and a sub, says [Donna DiMaggio Berger](#), managing partner at Katzman Garfinkel Rosenbaum in Ft. Lauderdale, Fla., who also advises associations. "It's more likely to happen to someone in a homeowners association than in a condo because condo owners must have a question-and-answer sheet available to all new purchasers," she explains. "One of the questions asks, 'Is there any other association to which I have to be a member? Homeowners associations don't have to do that.'"

Know Your Master

How does a master association affect the lives of its owners? The most obvious way is through the wallet. You may have to pay two assessments, one to your sub and the other to your master association. "Depending on how the project was structured and what the governing documents say," says Polomis, "your payment might be remitted directly to the master by your sub, or you might have to pay it yourself."

It may also affect who makes decisions governing your life. "You need to know how the members of that master board get selected," says Berger. "Are they elected or appointed? Sometimes there's a general community election, and sometimes the subs appoint their representatives on the master board. For example, if you're a president of a sub, you might automatically be a representative on the master board."

As you might expect, belonging to two entities might also require attending two sets of meetings. "Each association is a separate legal entity, and to abide by the corporate formalities, there has to be a membership meeting of each corporation at least once a year," says Polomis. "For many associations, they might have a picnic; the business meeting takes 15 minutes, and then they have their picnic. For others, it's a much more formal thing because there's more business to take care of."

You can also be affected when boards can delegate their authority up to the master or down to the sub. "Many subs will delegate their powers to the master association so the master runs the show," says Polomis. "But sometimes the governing documents don't allow the sub to delegate up to the master. When the documents don't allow the sub to delegate up, you'll get two bills for assessments."

Boards can also have overlapping authority, which means a master can step on its sub's toes. "The master may have the authority to say to a sub board, 'You're not doing a good job of enforcing covenants, and we're taking over the authority to enforce that among your people,'" explains Berger. "I've seen overlapping authority in some associations and not in others."

However authority is delegated between the master and subs, one thing is clear: **subs can't adopt rules that conflict with master's rules.** "If you're part of a sub," says Polomis, "there'll be a provision in your governing documents stating that that the sub's board can create rules for the sub, but those rules have to be consistent with the master rules. That's why it's sometimes nice when powers get delegated to the master."

More Room to Squabble

It's obvious that when two governing bodies oversee the same territory, there can be turf battles.

"On rare occasions, I've seen disputes between masters and subs," says Polomis. "Usually, it's because of misunderstandings. They don't understand whose responsibility it is to do one thing or another, or the sub isn't following some procedure established by the master. Resolving those disputes are usually a matter of education more than anything else."

Berger, however, has seen disputes escalate. "I've seen subs sue the master board and vice versa," she says. "Sometimes, if the master has the responsibility to maintain and it's not doing it, the sub will sue. Or maybe the sub doesn't believe the master is spending the sub's portion of its dues appropriately."

The key to conflict-free interaction between a master and subs is cooperation. "Members of sub boards tend to view the master board in the same way owners view their board—with a certain amount of suspicion and concern—and it's probably because they feel a little powerless," says Berger. "Transparency, communication, and a bit of common sense and courtesy are important. If the master board does have the authority to do something, the first thing it does shouldn't be to leapfrog over the sub and act. It's better for the master to say, 'Hey, is there some reason you're not enforcing this? Would you like us to enforce it for you?'"

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