

## MASTER ASSOCIATION VS. THE SUB-ASSOCIATION WITHIN

By: Sara E. Barry, CMCA PCAM – UNLV Certified Paralegal  
Nevada Licensed Insurance Producer

There is a tremendous amount of confusion about the relationship between the Master Community Association and the varying number of communities within its boundaries. As each separate entity is a unique State of Nevada Corporation (very few associations in Nevada are not corporations), it is critical that each resident in a community read their own Sub-association documents and those of the Master association carefully. If you did not read them before you purchased your home, now would be a great time to pull both sets of documents out of that “important paper box” to help keep you out of trouble with either entity.

What am I talking about? Many times a developer will have a vision for a very large parcel of property, but does not want to develop all of it him or herself. They will then sell off parcels to other developers who will create communities that are subject to the original documents, but also to a special set of documents to relate to this new parcel. Many times they are more restrictive, but they can't be less restrictive as both sets of documents apply.

Each owner should have received a copy of both individual sets of documents before signing the sales agreement in escrow. Purchasers should be told that they are signing two separate agreements or contracts with fellow purchasers within these 2 separate legal entity communities. For example, I am giving up my right to park my RV in front of my home except for 4 hour of loading and unloading and you are giving up your right of allowing your dog to bark endlessly whether you are at home or at work.

Below is a very brief checklist to help purchasers to identify the relationships and of what to be aware:

- 1) What references do the Master documents make to any or all of the sub-associations?
- 2) What references do the Sub-Association documents make to the Master association documents or entity?
- 3) Are the same provisions regarding use restrictions in both sets of documents or just one?
- 4) Are there any loopholes in one set of documents that may have been closed in the other set?
- 5) If the Master association changes their documents will your Sub-association be left with any loopholes?

Remembering that each entity is a separate Nevada Corporation that has its own governance and enforcement provisions will help the two entities cooperate to the benefit of the community as a whole. The Master must enforce its own documents and restrictions within the Sub-association boundaries regardless of any lack of enforcement by that underlying sub-association. Telling the Master that they have no responsibilities or authority within the sub-association boundaries is a lie. They would not be fulfilling their fiduciary duties if they ignored any of the homes regardless of where they are located, whether within a gated community or non-gated community.

Setting up meetings between the Master association and at least the Presidents or Officers of the Sub-associations on *at least* an annual basis will eliminate any confusion and foster cooperation. Quarterly would be ideal, but annually is better than not at all. After all, it should be the ultimate goal of each of the entities to **protect, preserve** and **enhance** the assets within each community and its boundaries to ultimately protect the property values of all owners within their sphere of influence and responsibility.