



## Neighborhood Associations Expected to Pay Fees

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**Q:** I live in a large master association that has several neighborhood associations within it. The master association insists that the neighborhood associations collect all of the master association's assessments and send the entire payment to the master association. Unfortunately, we have many owners who are not paying the neighborhood association. It's bad enough that the paying owners in our neighborhood association have to carry the non-paying owners, but it seems ridiculous to me that the master association cannot work with us and let us withhold any amounts we have not yet collected. Are there any laws that would help us to not pay the master association until we collect from our members? When approached about this, the master association suggested they might even sue our neighborhood association if we fail to pay. **A.V. (via e-mail)**

**A:** As with many questions in community association law, the answer lies in the governing documents of the master association and the neighborhood associations. When the developer first drafted the governing documents for your community, it made a choice as to how assessments would be collected between the various associations. In large master planned communities, it is not unusual for the master declaration of covenants, which is recorded before any of the neighborhood declarations, to require

the neighborhoods to collect the master association assessments.

The reasons for this structure are usually obvious. The logistics of a master association collecting several hundred, or even more than a thousand assessment payments from its members can be expensive and extremely time consuming. Since the neighborhood associations are already collecting money from members, it makes some practical sense to have the neighborhoods collect for the master association.

In some master associations, the initial governing documents clearly state that the neighborhoods are legally obligated to collect the master assessments and pay that neighborhood's "per door" fee, whether they collect from their individual members or not. If so, the neighborhood's obligation is no different than any other contractual obligation, and the master assessment becomes a valid common expense of the neighborhood. In such cases the master association can insist that the neighborhood pay.

In other cases, documents are written in a manner that gives the master association the choice whether to require a neighborhood to collect on behalf of the master, or reserves the right for the master association to collect the assessments itself. In these cases, or where the language of the

documents so suggests, the neighborhood simply acts as a collection agent for the master association. In such cases, the neighborhood is not obligated for “making good” on the defaults of its individual members.

Finally, some master association documents do not address this issue and simply leave the master association to collect its own assessments. All of these approaches are permissible by law.

**Q:** We live in a master-planned community. There are six condominium associations. There are also single family sections with their own deed restrictions and associations. There is also a master association for the whole project.

All six declarations of condominium, written by the same developer, are identical. They permit owners to have two pets, but prohibit tenants in leased units from having pets. The documents for the homeowners’ associations also limit pets to two per home, but do not prohibit renters from having pets.

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One of our condominium associations wants to amend their declaration so that renters can have pets in their section. Is this permissible? **B.H. (via e-mail)**

**A:** Yes. Typically, the master declaration of covenants would control both the condo and HOA segments. The individual condominium and homeowners’ associations can amend their internal documents to impose restrictions stricter than those found in the master declaration, but not more liberal.

I assume that your master declaration does not prohibit tenants from keeping pets, otherwise it would not be permissible in the single family section.

Each of the neighborhood associations (both condo and HOA) have a right of internal self-determination under their own declarations of condominium or covenants, through proper amendments, as long as their changes do not run afoul of the master covenants for the community.