

**515B.2-121 MASTER ASSOCIATIONS.**

(a) A master association formed after June 1, 1994, shall be organized as a Minnesota profit, nonprofit or cooperative corporation. A master association shall be incorporated prior to the delegation to it of any powers under this chapter.

(b) The members of the master association shall be any combination of (i) unit owners of one or more common interest communities, (ii) one or more associations, (iii) one or more master associations, or (iv) owners of real estate or property owners' associations not subject to this chapter in combination with any other category of member. An association or its members may be members of an entity created before June 1, 1994, which performs functions similar to those performed by a master association regardless of whether the entity is subject to this chapter.

(c) A master association shall be governed by a board of directors. Except as expressly prohibited by the master declaration, the master association's articles of incorporation or bylaws, or other provisions of this chapter, the master association board may act in all instances on behalf of the master association. The directors of a master association shall be elected or, if a nonprofit corporation, elected or appointed, in a manner consistent with the requirements of the statute under which the master association is formed and of the master association's articles of incorporation and bylaws, and subject to the following requirements:

(1) Except as set forth in subsections (2) and (3), the members of the master association shall elect the board of directors. A majority of the directors shall be members of the master association or members of a member of the master association, and shall be persons other than a declarant or affiliate of a declarant. If the member is not a natural person, it may designate a natural person to act on its behalf.

(2) The articles of incorporation or bylaws of the master association may authorize any person, whether or not the person is a member of, or otherwise subject to, the master association, including a declarant, to appoint or elect one director.

(3) A master association's articles of incorporation may suspend the members' right to elect or, in the case of a nonprofit corporation, elect or appoint, the master association's board of directors for a specified time period. During this period, the person or persons who execute the master declaration under subsection (f)(1), or their successors or assigns, may appoint the directors. The period during which the person or persons may appoint the directors begins when the master declaration is recorded and terminates upon the earliest of:

- (i) the voluntary surrender of the right to appoint directors;
- (ii) the date ten years after the date the master declaration is recorded;

(iii) the date, if any, in the articles of incorporation; or

(iv) the date when at least 75 percent of the units and other parcels of real estate which are referred to in subsection (f)(1)(vii) have been conveyed to such persons for occupancy by the persons or their tenants.

(4) The term of any director appointed under subsection (3) expires 60 days after the right to appoint directors terminates. The master association's board of directors shall call an annual or special meeting of the master association's members to elect or appoint successor directors within the 60-day period.

(5) The system for the election of directors shall be fair and equitable and shall take into account the number of members of each association any of whose powers are delegated to the master association, the needs of the members of the master association, the allocation of liability for master association common expenses, and the types of common interest communities and other real estate subject to the master association.

(d) The articles of incorporation or bylaws of the master association may authorize special classes of directors and allocations of director voting rights, as follows: (i) classes of directors that are elected by different classes of members, to address operational, physical, or administrative differences within the master association, or (ii) class voting by the classes of directors on specific issues affecting only a certain class or classes of members, units or other parcels of real estate, or to otherwise protect the legitimate interests of such class or classes. No person may utilize such special classes or allocations for the purpose of evading any limitation imposed on declarants by this chapter.

(e) The officers of a master association shall be elected, appointed, or designated in a manner consistent with the statute under which the master association is formed and consistent with the master association articles of incorporation and bylaws.

(f) The creation and authority of a master association shall be governed by the following requirements:

(1) A master declaration shall be recorded in connection with the creation of a master association. The master declaration shall be executed by the owners of the real estate subjected to the master declaration. The master declaration shall contain, at a minimum:

(i) the name of the master association;

(ii) a legally sufficient description of the real estate which is subject to the master declaration and a legally sufficient description of any other real estate which may be subjected to the master declaration pursuant to subsection (g);

(iii) a statement as to whether the real estate subject to, and which may be subjected to, the master declaration collectively is or collectively will be a separate common interest community;

(iv) a description of the members of the master association;

(v) a description of the master association's powers. To the extent described in the master declaration, a master association has the powers with respect to the master association's members and the property subject to the master declaration that section 515B.3-102 grants to an association with respect to the association's members and the property subject to the declaration. A master association also has the powers delegated to it by an association pursuant to subsection (f)(2) or by a property owners' association not subject to the chapter; provided (i) that the master declaration identifies the powers and authorizes the delegation either expressly or by a grant of authority to the board of the association or property owners' association and (ii) that the master association board has not refused the delegation pursuant to subsection (f)(4). The provisions of the declarations of the common interest communities, or the provisions of recorded instruments governing other property subject to the master declaration, that delegate powers to the master association shall be consistent with the provisions of the master declaration that govern the delegation of the powers;

(vi) a description of the formulas governing the allocation of assessments and member voting rights, including any special classes or allocations referred to in subsection (d);

(vii) a statement of the total number of units and other parcels of real estate intended for private ownership and use that are (i) subject to the master declaration as initially recorded and (ii) intended to be created by the addition of real estate or by the subdivision of units or other parcels of real estate; and

(viii) the requirements for amendment of the master declaration, other than an amendment under subsection (g).

(2) The declaration of a common interest community located on property subject to a master declaration may:

(i) delegate any of the powers described in section 515B.3-102 to the master association; provided, that a delegation of the powers described in section 515B.3-102(a)(2) is effective only if expressly stated in the declaration; and

(ii) authorize the board to delegate any of the powers described in section 515B.3-102, except for the powers described in section 515B.3-102(a)(2), to the master association.

(3) With respect to any other property subject to a master association, there need not be an instrument other than the master declaration recorded against the property to empower the master association to exercise powers with respect to the property.

(4) If a declaration or other recorded instrument authorizes the board or the board of a property owners' association to delegate powers to a master association, the master association board may refuse any delegation of powers that does not comply with (i) this chapter, (ii) the declaration or other recorded instrument, or (iii) the organizational documents of the master association.

(5) The failure of a declaration, a board or an owner of property subject to a master association to properly delegate some or all of the powers to the master association does not affect the authority of the master association to exercise those and other powers with respect to other common interest communities or owners of properties that are subject to the master association.

(g) The master declaration may authorize other real estate to be subjected to the master declaration. The other real estate shall be subjected to the master declaration by an amendment executed by the owner of the other real estate and any other person or persons required by the master declaration, and recorded.

(h) Sections 515B.3-103(a), (b), and (g), 515B.3-108, 515B.3-109, 515B.3-110, and 515B.3-112 shall apply in the conduct of the affairs of a master association. But the rights of voting, notice, and other rights enumerated in those sections apply to persons who elect or appoint the board of a master association, whether or not those persons are otherwise unit owners within the meaning of this chapter.

(i) If so provided in the master declaration, a master association may levy assessments for common expenses of the master association against the property subject to the master declaration, and have and foreclose liens securing the assessments. The liens shall have the same priority against secured parties, shall include the same fees and charges, and may be foreclosed in the same manner, as assessment liens under section 515B.3-116. The master association's lien shall have priority as against the lien of an association or property owners' association subject to the master association, regardless of when the lien arose or was perfected.

(1) Master association common expenses shall be allocated among the members of the master association in a fair and equitable manner. If the members include associations or property owners' associations, then the master assessments may be allocated among and levied against the associations or property owners' associations, or allocated among and levied against the units or other parcels of real estate owned by the members of the association or property owners' association. If so provided in the master declaration, master assessments levied against a member association or property owners' association are allocated among and levied against the units or other parcels of real estate owned by the members of the association or property owners' association. If applicable and appropriate, the formulas and principles described in

section 515B.2-108, subsections (b), (c), (d), and (e), shall be used in making the allocations. The assessment formulas and procedures described in the declarations of any common interest communities or any instruments governing other real estate subject to the master association shall not conflict with the formulas and procedures described in the master declaration.

(2) The master declaration may exempt from liability for all or a portion of master association assessments any person authorized by subsection (c)(3) to appoint the members of the master association board, or any other person, and exempt any unit or other parcel of real estate owned by the person from a lien for such assessments, until a building constituting or located within the unit or other parcel of real estate is substantially completed. Substantial completion shall be evidenced by a certificate of occupancy in a jurisdiction that issues that certificate.

(j) A master association shall not be used, directly or indirectly, to avoid or nullify any warranties or other obligations for which a declarant of a common interest community subject to the master association is responsible, or to otherwise avoid the requirements of this chapter.

**History:** 1993 c 222 art 2 s 21; 1999 c 11 art 2 s 13; 2005 c 121 s 18; 2006 c 221 s 12