

So What is a Master Condominium Anyway?

A master condominium is a relatively new concept in condominium law. The definition of a master condominium is a condominium in which the condominium instruments permit one or more of the units to be submitted to a subcondominium.

Vertical mixed use developments are usually organized as master condominiums. So for example, let's say that a mixed use development consists of a retail, hotel and residential component. Under a master condominium structure, each component will usually be its own master condominium unit. Therefore, the three components in the development would be a master condominium.



A master condominium association will normally operate the mixed use development for the benefit of the master unit owners. Let's say that the owner of one of the master condominium units decides to submit its unit to a subcondominium regime. The owner of the master unit would file a sub-declaration of condominium dividing the master unit into a series of smaller condominium units.

So for example, let's say that the apartment master unit consists of 200 units. These apartments can be divided into 200 condominium units which can be sold individually through the filing of a sub-declaration of condominium and other condominium instruments.

What are the benefits of organizing a development as a master condominium?

The first is that it allows the developer to more easily sell off or separately finance different portions of the mixed use development. Second, it makes it easier for the owners in the sub-residential condominium to get mortgage financing since FNMA and FHLMC will not normally finance units in a condominium if more than a small percentage of units are of a non-residential use. Third, it can allow a residential condominium developer to control at least portions of a residential sub-condominium (i.e., usually the exterior portions) for longer than the normal control period set forth in the Georgia Condominium Act, by having the developer control the master condominium association and then having the master condominium association maintain all of the building structures.

A well-crafted and well-planned master condominium structure is a helpful tool in structuring and repositioning developments.

