



Laguna Woods Village

The Difference between Laguna Woods Village and Seal Beach Leisure World

As you may be aware, the Fourth District Court of Appeal recently issued a ruling that the Golden Rain Foundation—that is, the GRF which runs Seal Beach's Leisure World—is, in fact, a homeowners association, subject to all the legal requirements of the Davis-Stirling “Open Records” Act. The state Supreme Court denied GRF of Seal Beach’s third appeal request, which means residents of Seal Beach Leisure World will now have access to the financial records of the Golden Rain Foundation

The case was filed by Seal Beach Leisure World residents who wanted access to Golden Rain’s records, which was previously denied.

We felt that it was important at this time to share the following:

- (1) The difference between GRF at Seal Beach and GRF at Laguna Woods Village;
- (2) The role and relationship of the managing agent to GRF of Laguna Woods Village;
- (3) The requirements of the Davis-Stirling “Open Records” Act; and,
- (4) An explanation of the discrepancy between the monthly assessments in the two communities.

Number One: As noted in its Bylaws, GRF of Laguna Woods Village operates as a homeowners association, and follows the law under Davis-Stirling and other acts that govern HOAs and other Common Interest Developments (CIDs). GRF of Seal Beach, however, did not believe it was a homeowner association subject to Davis-Stirling, so unlike GRF of Laguna Woods Village, it restricted members’ access to records provided under the Davis-Stirling Act.

Number Two: The Village corporations decided many years ago to have professional management rather than be self-managed. There are several reasons that having a managing agent rather than being an employer benefits the Village:

Private management helps insulate GRF from many employee-related matters, up to and including lawsuits.

If GRF hires its general manager and staff directly— as does GRF at Seal Beach —it

would be liable for any violations of employment law. Laws pertaining to employee and labor relations, wages and hours, OSHA/safety compliance, employee benefits, etc., are complex and change frequently. Because it hires a managing agent to manage the Village, GRF can require that the general manager is trained in employment and HOA laws. A managing agent assumes the burden of hiring, terminating, training and managing the staff of almost 1,000 employees at the Village.

Number Three: GRF of Laguna Woods allows members access to the records provided under the Davis-Stirling Act and other laws governing homeowner associations. However, the Davis-Stirling Act does not require HOAs to release information on compensation of employees other than its own, and unlike GRF of Seal Beach, GRF of Laguna Woods Village does not have any of its own employees.

In regards to member demands for access to records and data on employee salaries, bonuses and incentives, GRF does not keep such records because it is not the employer.

The managing agent is the employer and a private company. It is not an HOA nor is it a CID. It is not subject to the Davis-Stirling Act. And it is not required to provide salary info to members of the community, and has declined to do so.

As a matter of fact, there is significant case law on the subject of employers releasing confidential employee information to parties outside the employment relationship without the express permission of the employee.

Number Four: Laguna Woods Village offers amenities and services distinct from Leisure World Seal Beach. Also, GRF of Laguna Woods Village is very different, they are not employers, they have a professional management company acting in an agent role, they have supplied financial information required under the Davis Stirling Act to members before the law went into effect, and they don't collect a transfer fee. Instead, they fund reserves through monthly assessments.

The State Supreme Court ruling implies that Leisure World Seal Beach will be prohibited from collecting transfer fees, given that they will be subject to the Davis-Stirling Act. This will likely result in an increase in monthly assessments if Seal Beach desires to offset the likely loss of millions of dollars in transfer fees per year.