

The Sea Ranch Association - Board Basics

June 28, 2025

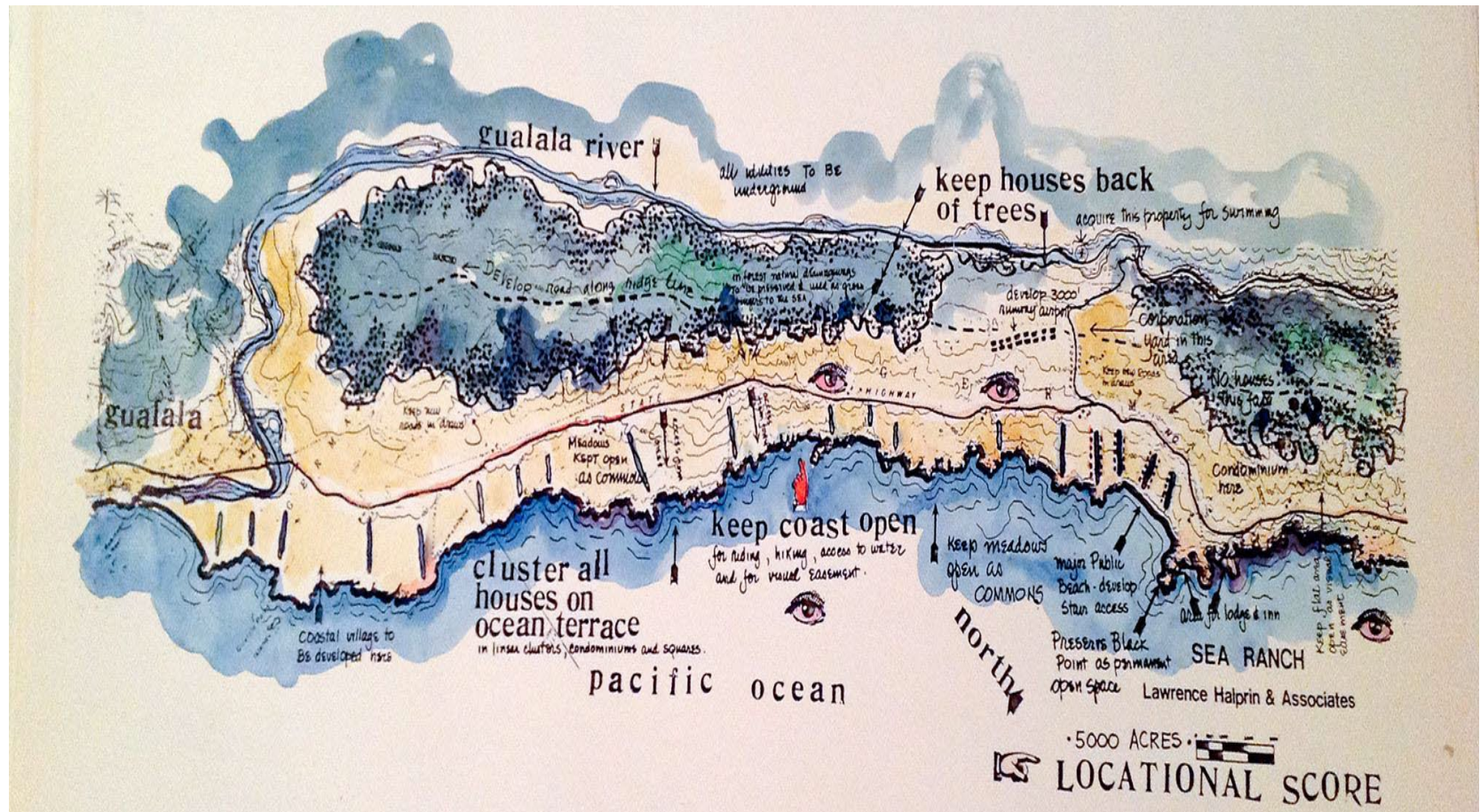


David F. Feingold
Ragghianti Freitas LLP
dfeingold@rflawllp.com

Agenda

- TSRA Mandate
- Role of Counsel
- Legal Framework
- Be A Really Good Board
- Select Issues – Davis Stirling Act
- Legal Update
- The Volunteer Director

The TSRA Mandate



The Declaration

- *“... fostering a beneficial land use which retains the unique beauty of the land and creates an atmosphere enriching the spirit of its participants.”*
- *“... assumed that all owners ... are motivated by the character of the natural environment ... and accept ... the principle that ... The Sea Ranch **must preserve that character for its present and future enjoyment by other owners.**”*
- *“... those who are entrusted with the administration of The Sea Ranch will discharge their trust in full recognition of that principle and, to the extent consistent therewith, **will foster maximum individual flexibility and freedom of individual expression.**”*

Role of Association Counsel

- **Client is the Corporation/Community.**
- **Not directors or members.**
- **Advice will not change.**
- **Important to establish clear points of contact with counsel.**

Legal Framework

- Davis Stirling Act
- Corporations Code
- Governing Documents
- Common Law – California Case Law
- Federal and State Statutory Overrides
 - DSA – special assessments, flags, discipline, dispute resolution, elections, records, board meetings, etc.
 - State Law – Solar, Fair Housing Acts, Towing, ADUs, Privacy
 - Federal Law – Satellite dishes, Fair Housing and Civil Rights

Fundamental Duties and Immunities

- **Fiduciary Duty (Corp. Code 7231, DSA)**
 - Reasonable inquiry, participation, oversight
 - Duty of Loyalty
 - Duty of Due Care
- **Qualified Immunity** - Corp Code and DSA.
- **Business Judgment Rule** - Presumption that the Board of Directors makes sound decisions.
- **Judicial Deference** – HOA's are best operated by the Board, not the courts.

A Really Good Board

- Act with proper Authority
- Act based upon Reasonable Inquiry
- Act in Good Faith
- Act in the Best Interest of the community

Select Davis Stirling Act Issues

- The DSA Open Meeting Act (2002): The board shall not take action on any item of business outside of a board meeting.
 - WHY? Open deliberations = increased transparency and Better Decision Making
- What is a board meeting? **“A congregation at the same time and place... of a quorum ... to hear, discuss, or deliberate upon any item of business that is within the authority of the board”.**

The Importance of Notice and Agenda

- The Board “... **may not discuss or take action** on any item at a nonemergency meeting **unless the item was placed on the agenda** included in the notice that was distributed”
 - *NOTE: Prohibition on “discussing” non agendized item does not mean you cannot respond, ask for clarification, provide references or facts, direct follow up actions, etc.*
 - *AND Board can act in emergency situations if not foreseeable and immediate action required.*

E-MAILS

- DSA does not (yet) prohibit director communications between meetings. (Per 2023 Case, emails are not violation of OPA) - but follow best practices:
 - Use good judgment – Emails are discoverable.
 - Limit communications to disseminating information, not deliberation
 - Best Decisions are made together IRL.
 - Life is too short.

Executive Sessions (Section 4935(a))

Law **F**acilitates **D**ynamic **P**rocess **A**lways

- **L**itigation – pending or threatened or possible
 - **F**ormation of Contracts
 - **D**iscipline
 - **P**ersonnel
 - **A**ssessment Collection
- *Note also - Attorney Client Privilege applies to communications with counsel.*

Review of Financial Records

Civil Code Section 5500

- Review Financials Monthly, not Quarterly -
Legislative Intent: “Help protect from financial mismanagement w/o overly burdensome requirements on a Board’s workload.”
 - All directors review and ratify that monthly review
 - OR - subcommittee with treasurer and one other board member reviews – Board ratifies review.
- Minutes must reflect compliance

Select Legislation and Legal Update



AB 2159. Electronic Voting for elections, but owners may opt for written ballot process.

SB 900. Repair and Maintenance of Utilities not optional – must ensure operational within 14 days.

AB 2460. Quorum for Member Election 20% if higher quorum required but cannot be met.

Bills to Watch

SB 681 (2025-26): Designed to alleviate financial burdens on renters and homeowners but also impacts CIDs. The bill is moving forward and would:

- **ADU's:** Void HOA restrictions that impose fees or financial burdens to build or use ADUs.
- **Discipline:** Limit fines to a max of \$100 per violation, owners must be given the opportunity to cure, and only Board can discipline

SB546 (2025-26): Would delete option for Board to meet monthly financial review obligation by referring to a subcommittee or having each director review outside of a Board Meeting, and ratifying results at next meeting.

AB-21 (DeMaio) HOA Accountability and Transparency Act of 2025

- HOA Kitchen Sink Bill – Died in Committee, but likely to return.
 - Individual notice for all proposed rule changes.
 - NO Director communications on Board business outside of a properly convened meeting (including emails or texts).
 - Members may receive full agenda packet.
 - All open meetings must be recorded.
 - Minutes must include specified information.
 - Right to attorney fees in enforcement action for violation of meeting requirements
 - Any action taken at meeting that does not comply is VOID.

SB 677: HOA Housing Interference Law

- Would amend SB 9 and prohibit HOAs from prohibiting or unreasonably restricting lot splits or duplexes.
- Allow larger Residential Units.
- Prohibits Impact Fees or increased assessments for added units.
- Would effectively void TSRA Declaration Section 9.04 (TSRA must approve any further subdivision or conveyance of portion of lot)“ and Section 3.01 (One Single Family Dwelling per Lot).
- Failed in Housing Committee 4/2025 (4-3 vote, needed 6), but 2 Year Bill, will be reconsidered in 2026

Florida – (HB1203 – 2024)

- Board Member Education Required
- Violations: Limits fines, requires notice and cure period, no prehearing attorney fees.
- Limits on vehicle restrictions.
- Criminal penalties for a director who knowingly violates members right to receive HOA records, or destroys, or fails to create and maintain, accounting records, and expands criminal penalties relating to voting activity.

Notable Case Law

Morris v. W. Hayden Estates. The Ninth Circuit found sufficient evidence of religious discrimination by an HOA that attempted to restrict a homeowner's Christmas event, citing improper motivations in its communications.

Woolard v. 01174210 Regent Real Estate Servs. HOA and management company prevail on summary judgment, found to have no duty to take action to prevent what turned into a violent dispute between tenants, and noted that the HOA has limited ability to enforce the governing documents against tenants.

Bear Valley Springs Condo Ass'n v. Pina (Unpub.) Court denied anti-SLAPP motion, because owner's complaint to the HOA's insurer (roofs were leaking) did not qualify as protected public interest speech.

Casa Blanca Beach Estates Owners' Assn. v. County of Santa Barbara (Unpub.) HOA failed to exhaust administrative remedies in County and Coastal Commission proceedings relating to a public beach access easement, before resorting to court action.

Volunteerism is in TSRA's DNA

- *"The best way to find yourself is to lose yourself in the service of others."* -- Gandhi
- From the 2013 TSRA CEP:
 - *Sea Ranchers share ... an extraordinary spirit of volunteerism"*
 - *"[V]olunteerism is a cornerstone of the TSR... ."*
 - *"It is the willingness of The Sea Ranch community, past and present, to engage in informed planning for its future, and to instill in its membership an enduring commitment to environmental stewardship and community service, that makes this experiment successful."*

A TSRA Director is not Just a Louder Member

- **Every Owner is a TSRA Member, who ...**
 - Is free to vote, speak, petition, and advocate in their own self-interest.
 - Has no legal duty to the community or its members, other than to comply with the governing documents,
- **In Contrast, Members Serving as Volunteer Directors ...**
 - Are not free to vote, speak, petition, and advocate in their own self-interest.
 - Have a fiduciary duty to the community that requires them to act in the best interests of TSRA, as a whole.

Q&A

