



When the present POA Board came into office in July 2020, the Board was immediately told that covenants had started to expire in June 2020 and would continue expiring over time. The Board's Futures Committee began to plan how to handle the expirations. At some point in time, the Futures Committee found out that, in 2010, the POA membership had voted to move the language contained in each set of covenants, without expiration dates, into the by-laws. The vote was 2,147 For and 449 Against. The Futures Committee, along with various attorneys, began to look at the procedure that was used for this vote and the implications of the positive vote. Various attorneys reviewed the process that was used and concluded that the vote in 2010 was legitimate.

The attorneys then reviewed a case in which the Mississippi Supreme Court opined that if a person buys property in an area with covenants, there's an implied covenant of necessity meaning that each property owner may be required to pay dues to support the amenities. Several other states have similar laws that are implemented to prevent amenities from going bankrupt or becoming a blight to the area which would adversely affect property values. Diamondhead has amenities valued between \$15-\$20 million.

The POA Board has the fiduciary responsibility to maintain all the amenities and required dues are needed to support the amenities. The POA Board's position is:

- The Membership vote in 2010 was done to solve the issue of covenant expiration based upon advice from counsel at the time.
- The provisions of all the covenants are still in effect due to the 2010 vote of the membership to adopt those provisions into the by-laws.
- If a property owner does not pay his/her dues the following will occur:
 1. The property owner will become a "Member Not in Good Standing."
 2. The property owner will not:
 3. Receive the discounts provided to Members in Good Standing
 4. Be able to use the amenities
- The property owner will:
 1. Continue to be billed on a monthly basis and
 2. At some point in the future, the POA will file a lien on the property or use another legal approach to collect back dues

As a property owner, you have the responsibility to continue to pay POA dues and, as such, remain a POA Member in good standing.

[Covenants Into By-Laws Documents](#)