

PALM SUITES OF ATLANTIC BEACH OWNERS ASSOCIATION, INC.

OWNER USE POLICY

STATEMENT OF EXPLANATION

The Palm Suites condominium project is zoned by the Town of Atlantic Beach as a hotel and retains its zoning and occupancy permits only as long as the project is operated as a hotel. To ensure compliance with this zoning restriction, Section 4.3 of the Declaration of Condominium for Palm Suites dated September 21, 2005 recorded in Book 1133 Page 415 Carteret County Registry, restricts the project for use as a hotel. Under such section each unit owner is required to make his unit available for short term rentals as a part of the condominium's hotel operation.

On February 14, 2015 the Board of Directors established an "Owner Use Policy" which was designed to promote compliance with the required hotel operation of the project. However, the policy, as adopted, provided for assessment of a fee against any unit that was not available for rental by the Association for more than 45 days in a calendar quarter. This had the effect of not explicitly requiring units to be in the hotel operation, and inadvertently provided a mechanism for an owner to 'buy' his way out of hotel compliance.

In addition to the foregoing, another threat to the zoning and occupancy permits for the project is long term rentals that would allow a tenant with a long term lease to be a 'permanent' resident of the project.

By letter of October 29, 2015 the Town of Atlantic Beach advised the Palm Suites Owners Association that "a condotel is not to be utilized for permanent residency under any circumstance." The letter notes that "...[The] Town may request proof at any time that rules of a condotel are being enforced properly."

To strengthen the requirements that each condominium unit in the project is available for short hotel rental to ensure compliance of the entire project with the Town of Atlantic Beach zoning requirements in its Unified Development Ordinance, the Board has determined that the Owner Use Policy should be amended to prohibit owner occupation of individual condominium units at the project, and to prohibit long term rentals, in a manner that may violate the Town's ordinances and thereby jeopardize the occupancy and zoning permits for the project. By approaching the issues in this fashion, owners will not be able to "buy" their way out of the hotel restriction on their unit or circumvent the hotel restriction through a long term rental and they will be subject to fines and loss of condominium services for their violation.

STATEMENT OF POLICY

Part I

The Owner Use Policy adopted by the Board of Directors on February 14, 2015 is rewritten to read as follows:

Information provided NOT WARRANTED by listing
Broker,
subject to verification by Buyer or Buyer's Agent
PRIOR TO CONTRACT.

In order to ensure full compliance of Palm Suites of Atlantic Beach with the Town of Atlantic Beach's Unified Development Ordinance requirement that the project be operated as a hotel, every Unit in the project must be enrolled by the Unit Owner with the Association's approved hotel room rental program and made fully available for short term hotel room rentals for at least 45 days in each calendar quarter. No owner may occupy his Unit, or exclude his Unit from the Association's rental program, for more than 45 days in any calendar quarter. In terms of occupying a Unit by a unit owner in this policy, "owner" shall include the owners, officers, directors, employees, members or managers of any business entity that owns the unit, and family members of the foregoing.

In addition to the foregoing, no Unit shall be rented to one person or entity for a term exceeding 90 days. At the end of any 90 day rental term, the occupant must vacate the Unit and the same occupant may not re-occupy the Unit until the Unit has been actively enrolled in the Association's approved hotel room rental program.

Violation of this policy will subject the owner to fines and suspension of condominium privileges or services pursuant to Section 47C-3-107.1 of the North Carolina Condominium Act.

Part II.

This policy revision is effective February 1, 2016.

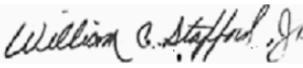
Part III

The revision of the Owner Use Policy adopted above shall not affect enforcement action, including assessments, made for violation of the version of the Owner Use Policy adopted on February 14, 2015.

Enacted on motion of Board Member Elbert H. "Bert" Dixon seconded by Board Member Christopher Cooke and carried on a vote of 5 in favor and 0 against.

This the 9th day of January, 2016.

Palm Suites of Atlantic Beach
Owners Association, Inc.

By: 

William C. Stafford, Jr. President