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AMENDMENT

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Watauga County, North Carolina
Amy J. Shook, Register of Deeds

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AT THE TIME OF RECORDING

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NORTH CAROLINA

SECOND AMENDMENT TO DECLARATION
OF RESTRICTIVE COVENANTS FOR
GRANDFATHER FARMS

WATAUGA COUNTY

THIS SECOND AMENDMENT TO DECLARATION OF RESTRICTIVE COVENANTS FOR GRANDFATHER FARMS is made and entered into this 6th day of October, 2023, by and among Grandfather Farms Development Property Owners' Association, Inc. a North Carolina non-profit corporation (hereinafter the "Association") and the undersigned owners of property in Grandfather Farms Subdivision who are members of the Association (hereinafter the "Owners").

WITNESSETH:

WHEREAS, Turner Narmore was the developer of those certain subdivisions located in Watauga County, North Carolina, known as Grandfather Farms, Sections One, Two Three and Four; and

WHEREAS, pursuant to his development of the above-referenced subdivisions, Turner Narmore recorded that certain Declaration of Restrictive Covenants for Grandfather Farms Section One (hereinafter the "Declaration") which imposed obligations and restrictions on the owners of lots in Section One of Grandfather Farms, which lots are shown on the plat recorded in Plat Book 10, Page 23, and Plat Book 10, Page 180, Watauga County, North Carolina, Public Registry; and

WHEREAS, three other subdivisions known as Grandfather Farms Section Two, Grandfather Farms Section Three, and Grandfather Farms Section Four, as shown on plats thereof recorded in Plat Book 10, Page 76, Plat Book 10, Page 259, Plat Book 10, Page 193, and Plat Book 10, Page 383, Watauga County, North Carolina, Public Registry, were developed and sold by Turner Narmore who conveyed all lots in said subdivisions subject to the terms and provisions of the same Declaration which was separately re-recorded for the three subdivisions; and

WHEREAS, the Declaration is recorded in Deed Book 235, Page 258, Deed Book 241, Page 404, Book of Records 40, Page 135, and Book of Records 19, Page 754, Watauga County, North Carolina, Public Registry; and

WHEREAS, that certain Amendment to Declaration of Restrictive Covenants for Grandfather Farms was recorded in Book of Records 752, Page 588, Watauga County, North Carolina, Public Registry, which Amendment transferred all enforcement rights previously reserved by the Developer to the Association and consolidated all prior recorded Declarations so as to clarify and confirm that the Property subjected to the Declaration as amended consists of the lots in Grandfather Farms Sections One, Two, Three and Four as shown on the recorded plats referenced in the Amendment; and

WHEREAS, the Declaration as currently written provides that all platted lots with the letter "R" pre-fix shall be used for "residential purposes exclusively"; and

WHEREAS, the Association and the Owners have determined that is in the best interest of the Owners in Grandfather Farms to clarify and confirm that short-term rentals, as defined below, are injurious to the quiet and peaceful enjoyment of the Grandfather Farms community and negatively impact on the marketability of single family dwellings in Grandfather Farms, and therefore short-term rentals, as defined below, should be strictly prohibited, with the exception of certain lots in the Subdivision who receive a certification of non-conforming use status in accordance with the terms and provisions set forth in paragraph 3, below.

NOW, THEREFORE, by the affirmative vote of the Owners of lots in Grandfather Farms Subdivision to which no less than 67% of the votes are allocated, as certified by the Association's duly authorized officer, the Declaration is hereby modified and amended as follows:

- 1.) Paragraph 4 of the Declaration, relating to use, is deleted in its entirety, and a new paragraph 4 is substituted in lieu thereof:
4. All platted lots with the letter "R" pre-fix shall be used for residential purposes exclusively. No structure, except as hereinafter provided, shall be erected,

altered, placed or permitted to remain on any such lot other than one or two detached single family dwellings not to exceed two (2) stories in height above basement, or one single family dwelling with an accessory building which may include a detached private garage and/or servants' quarters, provided the use of such dwelling or accessory building does not include any activity normally conducted as a business. Such accessory building may be constructed prior to the construction of the main dwelling, and shall conform substantially with the style and exterior finish of the main dwelling.

The Association and the Owners have determined that "short-term rentals", as defined below, constitute a use which is detrimental to the quiet use and enjoyment of Owners in Grandfather Farms and shall therefore be strictly prohibited. Short-term rentals are defined herein as the rental, lease, or offer to make available any dwelling in Grandfather Farms by way of a rental agreement, lease, license, or any other means (whether oral or written) for compensation or consideration, for a duration that is less than thirty (30) consecutive days.

Violation of the prohibition of short-term rentals by any Owner in Grandfather Farms Subdivision shall subject the offending Owner to possible fines, with the procedures for fines to be governed by Chapter 47F-3-107.1 of the North Carolina General Statutes. Further, the Association or any Owner in Grandfather Farms shall have the right to bring a civil action against the offending Owner seeking equitable relief in order to abate the alleged violation. The party prevailing in such civil action shall be entitled to collect court costs and reasonable attorney's fees from the non-prevailing party.

Except as permitted under paragraph 2, below, any lease for a lot within Grandfather Farms shall: (a) cover the entire lot, including the residence located on that lot; (b) expressly be made subject to all of the provisions of this Declaration and to all of the Rules and Regulations promulgated by the Board of Directors of the Association, including but not limited to, the limitation of rental occupancy to single family residential use; (c) feature an occupancy term of no fewer than sixty (60) days (unless permitted under paragraph 2, below); and (d) be subject to the rule-making authority of the Board of Directors for the purposes of assuring that leaseholds are occupied and used in compliance with the use restrictions contained in this Declaration.

All platted lots with the letter "C" pre-fix are hereby designated as "Commercial", and shall allow business and multiple residential structures such as retail shops, professional offices, small motels, apartments, etc.

- 2.) To avoid the potential for economic hardship, any current Owner who documents to the Association's Board of Directors by October 31, 2023 an established short-term rental use history between January 1, 2022 and June 1, 2023 for a total of at least sixty (60) days of residential rental occupancy under leases all featuring occupancy terms

of fewer than thirty (30) days, shall be permitted, to continue such short-term rental activity on that Owner's lot for ongoing lease terms of fewer than thirty (30) consecutive days as a conditional, temporary non-conforming use. This non-conforming use shall terminate at such time as the qualified Owner transfers title to his/her lot to a third party, whether it be by a sale or a gift or inheritance. The non-conforming use shall be permitted to continue unless the non-conforming (short-term rental) use abates for a continuous period of one hundred eighty (180) consecutive days, whereupon the non-conforming use status shall terminate. Provided, that the one hundred eighty (180) consecutive day period may be extended or tolled in the event of casualty loss or during a period of construction of improvements or additions to the dwelling which reasonably would require that the Owner suspend rentals during the period of re-building, remodeling, or renovation. Provided, that the burden shall be upon the Owner to provide the Association's Board of Directors with periodic documentation to demonstrate that the Owner is acting in good faith and with due diligence with the intention of continuing the non-conforming use.

Notwithstanding the above provisions relating to termination of a temporary non-conforming use at such time as the qualified Owner transfers title to his/her lot to a third party, any Owner who is issued a Certification of Non-Conforming Use may apply to the Board for issuance of a new Certification of Non-Conforming Use to a new third party purchaser of the Property that is the subject of the non-conforming permitted use. Said Owner shall submit to the Board facts which demonstrate that said Owner is experiencing financial hardship that may force said Owner to market the Property to a prospective buyer for short-term rental use in accordance with the terms and provisions of the Agreement and Certification of Non-Conforming Use previously granted by the Association to the Owner making application to the Board. Provided, that in the event the Board approves the application and the Property sells to a third party purchaser who wishes to continue the non-conforming use, said use shall terminate automatically within three (3) years from the date of transfer by the applying Owner to the third party purchaser.

IN WITNESS WHEREOF, the Association, by the affirmative vote of the Owners in Grandfather Farms to which at least 67% of the votes within the Association are allocated, has approved this Amendment, as certified by the Association's undersigned officer the day and year first above written.

**** SIGNATURE PAGE ATTACHED ****

Grandfather Farms Development Property
Owners' Association, Inc. a North Carolina
non-profit corporation

By: *Emily Autry* (SEAL)
EMILY AUTRY, President

STATE OF NC COUNTY OF Watauga

I, Jessica W. Harris, a Notary Public of said State, does hereby certify
that Emily Autry, President of Grandfather Farms Development
Property Owners' Association, Inc. a North Carolina non-profit corporation, personally
appeared before me this day and acknowledged the execution of the foregoing instrument
on behalf of the corporation.

WITNESS my hand and official seal this the 6 day of October, 2023.

Jessica W. Harris
NOTARY PUBLIC

My commission expires:
7-24-2028

NOTARIAL SEAL:

