

“Exhibit 1”

**CONSTRUCTION AGREEMENT**

**This Construction Agreement (“Agreement”) must be signed and provided to the Hidden Lake Architectural Committee as part of an owner’s request for construction approval.**

This Agreement is made on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between the Hidden Lake Property Owners Association, Inc. (“POA”) and \_\_\_\_\_, the Owner(s) of lot(s) \_\_\_\_\_ in Hidden Lake (“the Owner”) and \_\_\_\_\_ being a licensed General Contractor doing business in Lee County, NC (“the Contractor”)---all jointly referred to as “the Parties”.

WHEREAS, the Owner and the Contractor desire to construct a new home or make exterior alterations and/or additions to an existing home (“the project”) and

WHEREAS, the POA desires to protect the appearance of Hidden Lake and to ensure that Hidden Lake’s roads and common areas are properly maintained and

WHEREAS, the Owner and the Contractor desire to assure the POA that they will protect the appearance of the POA and help to ensure that Hidden Lake’s roads are properly maintained

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, POA, the Owner and the Contractor hereby enter into this Agreement.

## GENERAL GUIDELINES

1. The Owner and Contractor understand that this signed Agreement must be submitted to the Hidden Lake Architectural Committee (“the AC”) along with all other documentation required by the AC in order for a construction request to be considered.
2. The Owner or the Contractor shall post a refundable Security Deposit, not to exceed three thousand dollars (\$3000) (as approved by the Hidden Lake Board of Directors on 2/4/2021), to be held by the POA to ensure compliance with the Hidden Lake Covenants, Conditions, Reservations and Restrictions (“the CCRRs”) and the provisions of this Agreement and to indemnify the POA for any damage done to POA roads or common areas during the course of the project. The Security Deposit shall be posted upon the AC’s approval of project plans. The Security Deposit (less any amounts deducted by the AC in accordance with this Agreement) shall be returned to the Owner or Contractor when final approval for the project is given by the AC.
3. **The AC has the authority during construction to impose penalties in the form of deductions (on either a per day or per event basis) from the Security Deposit for any violations of the CCRRs or this Agreement. This authority does not foreclose the Board of Directors from assessing fines against the Owner for violations of this Agreement or the CCRRs that are not addressed by the AC.**
4. Owner and Contractor acknowledge having received and read the CCRRs. The Parties acknowledge and understand each and all are bound by the provisions of the CCRRs and any amendments thereto which may occur during the project.

5. Only the materials on the Approved Materials List are to be used for a project. The List is attached to this Agreement as Addendum 1 and is fully incorporated herein by reference. This List may be amended from time to time by the Board of Directors.
6. Once a project is approved by the AC, any change requires advance written approval from the AC.
7. The AC may refuse to approve a contractor for a project if the AC determines or has determined that a contractor has intentionally violated a Construction Agreement on a previous project in Hidden Lake.
8. All notices specified in this Agreement shall be in writing and sent via electronic mail to the addresses provided when the project is approved by the AC. A change in an email address is not effective unless and until the other Parties are notified of the change in address and its effective date.

### **PRE-DECISION MEETING**

**Prior to the project decision** by the AC, the Owner and/or the Contractor MUST meet with the AC and the Hidden Lake Roads and Grounds Committee (R&G) to:

1. Discuss the procedures to be followed by large vehicles associated with the project in delivering equipment and supplies (“construction vehicles”). The Parties agree that construction vehicles can cause damage to POA roads and common areas. The Owner and/or the Contractor will cooperate with the AC and R&G in developing a procedure to insure that construction vehicles involved in the project cause little or no damage to POA roads and common areas. A refusal to cooperate in this discussion may result in the project not being approved. The Owner and/or the Contractor will be liable for

any damage done by construction vehicles during the project. Failure to follow the agreed upon procedures is a violation of this Agreement.

2. Establish the condition of the POA roads and common areas in the area of the project.

The Owner/and or the Contractor shall be responsible for insuring that at the end of the project the POA roads and common area in the area of the project are in at least the same condition as established at this time. The Owner and/or the Contractor will be liable for any damage done by construction vehicles during the project.

3. Discuss the removal of trees from the lot and POA common area. The AC and R&G

must approve the removal of any tree on the lot which is six inches or more in diameter at a point two feet above ground level and the removal of any tree (regardless of size) located on POA common areas. The AC and R&G may also designate trees on the lot as not to be removed. If the project is approved, the unauthorized removal of any tree subject to this provision is a violation of this Agreement.

4. Discuss landscaping of the project area following construction.

5. Discuss and determine how best to address any drainage issues potentially affecting

POA roads or property or the waterways in the area of the project. If in the opinion of the AC and R&G there are drainage issues beyond the ability of the Parties to resolve on their own, then the Parties shall equally share the cost of a professional

engineering analysis of the area. The Owner and the Contractor agree to comply with the recommendations of any such analysis. If the project is approved, the failure to comply with any agreed upon procedures regarding drainage issues shall be a violation of this Agreement. **The Owner and/or the Contractor will be liable for any damage to POA property resulting from a failure to comply with agreed upon procedures for addressing drainage issues.**

### PRIOR TO BEGINNING CONSTRUCTION

- 1. Silt Fence:** As soon as possible after the project is begun, a temporary wire reinforced silt fence (“the fence”) shall be installed in accordance with the requirements of Section 6.62 (Sediment fence) of the North Carolina Erosion and Sedimentation Control Planning and Design Manual to prevent runoff of soil onto POA property, roads, waterways and/or adjacent lots. The fence must be properly maintained throughout the course of the project. **The Owner and/or the Contractor will be held liable for any damages to POA common areas, roads, waterways or adjacent lots occurring as a proximate result of failing to erect or properly maintain the fence.**
- 2. Tree Protection Zone:** With regard to any trees on a lot which have been designated by the AC and R&G not to be removed, the Contractor shall prior to beginning any activities on the lot install around such trees at a radius of at least five (5) feet, an orange, plastic, well staked fence. During the life of the project, the fence shall not be

removed nor shall any construction activities (equipment operation, parking, materials storage, etc.) take place within the fenced area.

**A violation of either of the above requirements is a violation of this Agreement and may result in a penalty being assessed by the AC on either a per day or a per incident basis.** A penalty for a violation will be imposed only after notice of the violation and a reasonable opportunity to correct the violation. Any penalty imposed will be deducted from the Security Deposit. **The foregoing does not foreclose the Board of Directors from assessing fines against the Owner for violations of this Agreement or the CRRs that are not addressed by the AC.** A penalty for a violation will be imposed only after notice of the violation and a reasonable opportunity to correct the violation. Any penalty imposed will be deducted from the Security Deposit.

#### **DURING CONSTRUCTION**

**Lot cleanup:** The project site shall be kept reasonably clean and remain free of any unnecessary unsightly conditions. The Owner or the Contractor must provide an onsite trash container. All trash shall be placed in the trash container; not on the ground or in the road or on POA property or roads.

**Material storage:** All construction materials shall be properly and neatly stored during the project. Under no circumstances shall construction materials or equipment be stored on POA common areas, roads, or adjacent lots.

**Parking area:** A gravel parking area shall be installed on the lot as soon as possible after the project begins. The parking area shall be replenished as necessary. All vehicles associated with the project shall be parked in this area and not on POA roads or common areas.

**Tree Removal:** No tree which is six inches or more in diameter at a point two feet above ground level on the lot or any size tree on POA common area may be removed without consent from the AC or R&G. A penalty or fine assessed for a violation of this provision will be on a per tree basis.

**Construction Vehicles:** Agreed on procedures for construction vehicles **must** be followed. The Owner and/or the Contractor will be held liable for any damages to POA property or roads that results from failure to follow the agreed-on procedures.

**Plan Changes:** Any changes to the approved plans (colors, materials, design, etc.) must be approved in advance by the AC.

**A violation of any of the above requirements is a violation of this Agreement and may result in a penalty being assessed by the AC on either a per day or a per incident basis.** A penalty for a violation will be imposed only after notice of the violation and a reasonable opportunity to correct the violation. Any penalty imposed will be deducted from the Security Deposit.

**The foregoing does not foreclose the Board of Directors from assessing fines against the Owner for violations of this Agreement or the CCRRs that are not addressed by the AC.** A penalty for a violation will be imposed only after notice of the violation and a reasonable opportunity to correct the violation. Any penalty imposed will be deducted from the Security Deposit.

### **SUBCONTRACTORS**

1. The Owner and the Contractor will ensure all Subcontractors are properly licensed and insured.
2. The Owner and/or the Contractor shall be responsible for any violations of this Agreement committed by a Subcontractor.
3. **A violation of either of the above requirements may result in a penalty being assessed by the AC on either a per day or a per incident basis.** A penalty for a violation will be imposed only after notice of the violation and a reasonable opportunity to correct the violation. Any penalty imposed will be deducted from the Security Deposit. **The foregoing does not foreclose the Board of Directors from assessing fines against the Owner for violations of this Agreement or the CCRRs that are not addressed by the AC.**



## **PROJECT COMPLETION TIME REQUIREMENTS**

It is understood and agreed by the Parties that the exterior portions of the project (including landscaping) will be completed within six (6) months of ground breaking. All construction equipment and/or building supplies must be removed from the exterior of the project area by this time. **Failure to meet this date of completion will result in a deduction from the Security Deposit of up to \$50 per day.** If there are conditions or circumstances that may make the six (6) month date of completion unattainable, the Owner or the Contractor must advise the AC of the conditions or circumstances as soon as possible and request additional time to complete the project. **The foregoing does not foreclose the Board of Directors from assessing fines against the Owner for violations of this Agreement or the CCRRs that are not addressed by the AC.**

## **COMPLETION OF PROJECT & FINAL REVIEW**

The Owner or the Contractor shall notify the AC at least thirty (30) prior to the expected project completion date. Failure to provide this notification is a violation of this Agreement and may result in a penalty being assessed or the project not receiving final approval. **The foregoing does not foreclose the Board of Directors from assessing fines against the Owner for violations of this Agreement or the CCRRs that are not addressed by the AC.**

Upon the Owner or Contractor advising the AC of the expected project completion date, the Parties shall agree on a date for the final review of the project. At the final review AC

and R&G shall inspect the project area to determine compliance with this Agreement and the CCRRs.

The final review shall include, but not be limited to, the following:

- 1) Determining the condition of the roads and POA common areas in the vicinity of the project. The roads and POA common areas must be in at least as good a condition as at the beginning of the project. If one or both or are not then the Owner and Contractor must take whatever corrective action is necessary to restore the roads and/or POA common area to at least as good a condition as at the beginning of the project. If the Owner and/or the Contractor are unable or unwilling to do this, then the POA shall take the necessary corrective action and the Owner and the Contractor will fully reimburse the POA for the corrective action.
- 2) Determining if drainage issues identified at the beginning of the project have been adequately addressed by the Owner and the Contractor. If not, then the Owner and Contractor must take whatever corrective action is necessary to address the drainage issues. If the Owner and/or the Contractor are unable or unwilling to do this, then the POA shall take the necessary corrective action and the Owner and the Contractor will fully reimburse the POA for the corrective action.
- 3) Determining if the completed project fully complies with the approved plans and specifications. If not, then the Owner and Contractor must take whatever corrective action is necessary to comply with the approved plans and specifications. If the Owner and/or the Contractor are unable or unwilling to do this, then the POA shall take the necessary corrective action and the Owner and the Contractor will fully reimburse the POA for the corrective action.

- 4) If litigation is necessary to enforce any provision(s) above, then the Owner and the Contractor shall be jointly and severally liable for the payment of all the POA's costs and expenses incurred in the litigation including, but not limited to, reasonable attorney's fees and costs of collection.

**By signing below, the Parties acknowledge fully understanding and agreeing to all the terms of this Construction Agreement.**

Owner/s/ \_\_\_\_\_

Printed name \_\_\_\_\_

Date \_\_\_\_\_

Owner/s/ \_\_\_\_\_

Printed name \_\_\_\_\_

Date \_\_\_\_\_

Contractor/s/ \_\_\_\_\_

Printed name \_\_\_\_\_

Date \_\_\_\_\_

POA/s/ \_\_\_\_\_

Printed name & Title \_\_\_\_\_

Date \_\_\_\_\_

**FINAL APPROVAL**

By signing below, the Hidden Lake Architectural Committee and the Hidden Lake Roads & Grounds Committee certify that the project at Lot(s) \_\_\_\_\_ has been completed and is in compliance with the terms of this Agreement.

The Security Deposit of \$\_\_\_\_\_ is to be returned minus the following deductions which were assessed during the project (provide the date of, amount of and reason for each deduction—use reverse of this page if necessary):

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Hidden Lake AC Date

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Hidden Lake R&G Date