

STATE OF NORTH CAROLINA

COUNTY OF LEE

CONSTRUCTION INDEMNITY AGREEMENT

This agreement, made this _____ day of _____, 20____
By and between Sedgemoor PROPERTY OWNERS ASSOCIATION, INC., a
corporation organized and existing under the laws of the state of North Carolina with its
principal place of business in Lee County, North Carolina (hereinafter referred to as "the
Association"), and

_____, a natural person or persons residing
in the County of Lee, State of NC, hereinafter referred to as "the Owner(s)", and

_____, a construction company doing business in
Carolina Trace, Sanford, Lee County, North Carolina (hereinafter referred to as "the
Contractor").

WITNESSETH

WHEREAS, the owner holds title to Lot _____, Sedgemoor Subdivision,
Carolina Trace, Sanford, North Carolina, and desires to perform construction, alter an
existing building or make improvements to grounds which require approval of the
Architectural Committee as designated in the Reservations and Restrictions. (Sections:
2,3,4,5,6).

WHEREAS, the Association desires to insure that the appearance of the
subdivision and the roads will be properly maintained during and after
construction, and that the area is left clean and free of debris: and

WHEREAS, the owner desires to assure the Association that the appearance of
the subdivision and the roads will be properly maintained during and on
completion of construction: and,

**WHEREAS, the builder has submitted a \$3,000. performance security bond
to be held in escrow until construction is satisfactorily completed.**

NOW, THEREFORE, in consideration of the issuance of a certificate of architectural approval by the Sedgemoor Property Owners Association, Inc. to the owner, and in further consideration of the mutual promises and covenants herein contained, the parties to this agreement do agree as follows:

1. Receipt of Reservations and Restrictions: The owner and/or contractor acknowledges that he has received a copy of the statement of Reservations and Restrictions applicable to all property in Sedgemoor subdivision, Carolina Trace, Lee County, North Carolina.
2. Submission of Plans: The owner and/or contractor has submitted a complete plot plan and set of final building plans to the Sedgemoor Property Owners Association, Inc.'s Architectural Committee for review and approval. **Changes in these plans**, the design or scope of the work which in any way alters the exterior or appearance of the construction project must be approved by the Committee prior to the initiation of such changes.
3. Building Site: During construction, the owner/contractor promises that the building site will be kept clean and neat, and free of any unsightly conditions. The owner/contractor promises that they will provide adequate on-site trash collection, and that they will, at least weekly, clean up all trash and debris in and around the building site.
Excess construction materials will be removed or properly stored.
Common areas shall not be used for storage of construction equipment or materials without written approval of the Architectural Committee.
4. Road Maintenance: The owner/contractor agrees that they will remove any excess dirt or mud as well as any other debris from the road deposited there as a direct result of their activities and that they will insure that these roads will be left in as good or better condition at the termination of construction as they were at the commencement of construction.
5. Repair of Cuts: Whenever the owner/contractor finds it necessary to cut or alter the existing road, a patch of asphalt or other suitable patching material shall be made immediately. Upon completion of construction, the owner/contractor, as soon as possible thereafter, shall restore the road which has been cut or altered to equal or better standards than the remainder of the road.

6. Subcontractors: The owner/contractor agrees to be responsible for actions of any subcontractor working on construction, and to insure that all such subcontractors maintain the jobsite and roads to the same standards as they are required to keep them.

7. Completion Time Requirements: It is understood and agreed that all phases of construction (exterior) will be completed within (6) six months from the time of ground breaking, and all construction equipment and/or building supplies should be removed from the exterior of the premises within a reasonable time from the completion of exterior construction.

If there are circumstances or conditions that render this time restriction unattainable or pose an undue hardship, the owner/contractor must inform the Architectural Committee in writing of these conditions or circumstances and request an extension of time, which will not be unreasonably withheld.

Penalty for noncompliance is \$25 a day for the first thirty (30) days, \$50 a day for the next thirty (30) days and \$100 a day thereafter.

8. Contractor's Failure: If any contractor or subcontractor shall fail to perform any work as required by this agreement, then the contractor and owner agree that the Association may perform such work and charge to the contractor and the owner, jointly or severally, the cost of performing such work. The contractor and the owner, jointly and severally agree that such cost will be deducted from the Performance Bond Posted prior to construction. Should costs exceed the full amount the Performance Bond said contractor and owner agree to promptly reimburse the Association for any cost expected under this agreement, together with interest at 1.5% per month from and after the date of the expenditure of the funds by the Association together with any attorney's fees the Association incurred in the collection process.

- 9 Upon Completion of Construction: The owner and/or contractor shall notify the Architectural Committee in writing requesting a final review of their compliance with the Construction Indemnity Agreement and the Reservation and Restrictions.

This the _____ day of _____, 20____

ACCEPTED:

OWNER

OWNER

CONTRACTOR

APPROVED:

Sedgemoor Property Owners Association, Inc.
Chairman, Architectural Committee

HOME:

It is suggested that during negotiations with a prospective contractor, the property owner be sure to discuss the terms of this agreement and incorporate these terms into any construction agreement or contract.

Revised 5-05-05
Revised 11-20-06