

MAINTENANCE BOND FOR EXTENDED WARRANTY PERIOD

No. _____ (the “**Bond**”) Bond Amount \$ _____ (the “**Bond Amount**”)

(name of the principal)

as principal “**the Principal**”, and

(name of the surety company)

a corporation created and existing under the laws of Canada and duly authorized to transact the business of Suretyship in Canada as surety “**the “Surety**”,

are hereby held and firmly bound unto:

(name of the obligee)

as obligee, “**the Obligee**”, in the amount of _____ Dollars (\$ _____) lawful money in Canada, for the payment of which sum, will and truly to be made, the Principal and the Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents

WHEREAS:

- A. the Principal entered into a written contract (the “Contract”) with the Obligee, dated the _____ day of _____ in the year _____ for the construction of _____
- B. the Contract provides that the extended warranty period (the “Extended Warranty Period”) shall commence on the termination of the standard one-year defects and omissions warranty and shall be retained for the full duration of the Extended Warranty Period as defined in the Contract documents. The Principal must promptly and faithfully perform the Warranty Obligations or any other provision of the Contract herein during the Extended Warranty Period (the “Extended Warranty Obligations”);
- C. The purpose of this bond is to guarantee the Principal's performance of the Warranty Obligations during the Extended Warranty Period;

The condition of this obligation is such that if the Principal shall promptly and faithfully perform its Warranty Obligations during the Extended Warranty Period then this obligation shall be null and void; otherwise it shall remain in full force and effect, subject to the following conditions:

Whenever the Principal shall be, and declared by the Obligee to be, in default of the Warranty Obligations, and the Obligee delivers to the Surety a written notice setting out the nature and date of such default and making an unequivocal demand on the Surety to fulfill its obligations under this Bond, the Surety shall promptly:

- 1) remedy the default for the Extended Warranty Obligations; or
- 2) obtain a bid or bids for submission to the Obligee for completing that portion of the Warranty Obligations that corresponds with the Extended Warranty Period, and upon determination by the Obligee and the Surety of the lowest responsible bidder, arrange for a contract between such bidder and the Obligee and make available as work progresses (even though there should be a default, or a succession of defaults, under the contract or contracts of

completion arranged under this paragraph) sufficient funds to pay to complete that portion of the Warranty Obligations that corresponds with the Extended Warranty Requirements; or

- 3) pay the Obligees the lesser of (i) the Bond Amount; or (ii) the Obligees reasonable proposed cost to complete the Warranty Obligations that correspond with the Extended Warranty Requirements, as the case may be.

The Extended Warranty Period shall commence on the termination of the standard one-year defects and omissions warranty and shall be retained for the full duration of the Extended Warranty period as defined in the Contract documents. This Bond shall expire at the end of the Extended Warranty period.

The Surety shall not be liable, and no right of action or claim shall accrue on this Bond as a result of:

- a. the expiry of the Extended Warranty Period, notwithstanding that such expiry of the period of this Bond may constitute a failure by the Principal, directly or indirectly, to promptly and faithfully perform the Warranty Obligations or any other provision of the Contract; or
- b. any default that occurs after the expiry of the Extended Warranty Period.
- c. Any failure or refusal on the part of the Principal to maintain or repair of work damaged or destroyed by an act of God, or the public enemies, or mobs, or riots, or civil commotion.

No right of action or claim shall accrue on this Bond to, or for the use of, any person or corporation other than the Obligees named herein, or the heirs, executors, administrators or successors of the Obligees.

It is a condition of this Bond that any suit or action must be commenced before the expiration of one (1) year from the earlier of (1) the expiry of the Extended Warranty Period; or (2) the date on which the Principal is declared in default by the Obligees.

The Surety shall not be liable for a greater sum than the Bond Amount.

The Surety shall not be liable under this Bond for any amount that is properly the subject of a claim pursuant to the Performance Security/Bond.

The Surety:

[Surety corporate name]
[address]
[fax]
[email]

The Obligees:

[Obligees proper name]
[address]
[fax]
[email]

The Principal:

[Principal corporate name]
[address]
[fax]
[email]

IN WITNESS WHEREOF, the Principal and the Surety have Signed and Sealed this Bond this _____ day of _____ in the year _____

[Principal name]

Signature _____

Name: _____

Title: _____

Witnessed by:

Signature _____

Name of Witness _____

Address of Witness _____

I have authority to bind the corporation.

[Surety corporate name]

Signature _____

Name: _____

Attorney-in-fact _____

Signature _____

Name _____

Attorney-in-fact: _____