

## Form of Irrevocable Surety Bond

Bond No. \_\_\_\_\_ Bond Amount \$ \_\_\_\_\_

KNOW ALL PERSONS BY THESE PRESENTS THAT

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(the "Principal")

AND

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

a corporation created and existing under the laws of Canada, and duly authorized to transact the business of suretyship in the Province of Alberta as Surety (the "Surety"), are held and firmly bound unto the City of Spruce Grove, a municipal corporation, as Obligee (the "Obligee"), in the amount of \_\_\_\_\_ dollars (\$ \_\_\_\_\_),

lawful money of Canada (hereinafter called "Bond Amount"), for payment of which sum, well and truly to be made, the Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents.

WHEREAS, the Principal has or will be entering into a development agreement with the Obligee as a condition of the approval of \_\_\_\_\_ including the construction drawings as numbered and included in the development agreement and any subsequent amendments, hereinafter referred to as "the Agreement".

NOW, THE CONDITION OF THIS BOND IS SUCH THAT, if the Principal shall, in the sole and absolute determination of the Oblige, promptly and faithfully performs all its obligations under the Agreement, then this Bond is null and void; but otherwise shall remain in force and effect to the terms thereof.

On determination by the Oblige, in its sole and absolute discretion, that the Principal is in default of its obligations under the Agreement, the Surety and Principal agree that the Surety will make payments to the Oblige for amounts demanded by the Oblige, up to an aggregate of the Bond Amount, within seven (7) business days after the Surety's receipt of a demand from the Oblige at the address noted herein by hand or courier and in the form of a Notice of Default, the form of which is attached to this Bond as Schedule "A".

The Surety and the Principal expressly waive any defence that the Principal is not in default of its obligations under the Agreement following the delivery of a Notice of Default to the Surety as defined in this Bond. The Notice of Default delivered to the Surety shall be accepted by the Surety and Principal as conclusive evidence that the amount demanded within the Statement of Claim is payable to the Oblige; and all payments shall be made free and clear without deduction, set-off, or withholding.

If the Surety, at any time, gives sixty (60) days' notice by registered letter to both the Principal and Oblige of its intention to terminate this Bond, then this Bond and all accruing responsibility thereunder shall from and after the last day of such sixty (60) days aforesaid terminate only if the Principal has provided financial security to the Oblige in at least the same amount as this Bond in a form acceptable to the Oblige. The Principal must deliver to the City, not less than 30 days prior to termination of the Development Bond, replacement Security in the amount of the Development Bond in a form acceptable to the City. If the Principal does not provide such financial security to replace the Bond, then the Surety shall, at its sole discretion, either immediately pay the full Bond Amount to the Oblige within seven (7) business days, or confirm to the Oblige in writing that this Bond will remain in full force.

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

This Bond shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable thereto and shall be treated, in all respects, as a contract entered into in the Province of Alberta without regard to conflict of laws principles. The Principal and Surety hereby irrevocably and unconditionally attorn to the jurisdiction of the courts of the Province of Alberta.

It is a condition of this Bond that any suit or action under this Bond must be commenced before the expiration of one (1) year from the date of the last Final Acceptance Certificate required under the Agreement is acknowledged by the Oblige.

Any notice hereunder is to be given:

**In the case of the Obligee, to:** General Manager of Planning and Infrastructure, City of Spruce Grove, 315 Jespersen Avenue, Spruce Grove, AB T7X 3E8

**In the case of the Principal, to:**

\_\_\_\_\_  
(name and address)

**In the case of the Surety, to:**

\_\_\_\_\_  
(name and address)

IN WITNESS WHEREOF, this bond is duly signed, sealed and delivered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

The Principal:

\_\_\_\_\_  
Name of Person Signing Signature (Affix Seal)

The Surety:

\_\_\_\_\_  
Name of Person Signing Signature (Affix Seal)

**Schedule A**  
**Notice of Default**

**Date:** \_\_\_\_\_

**Surety:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Attention:** \_\_\_\_\_

**Re: Development Agreement Bond No.:** \_\_\_\_\_ (the "Bond")

**Principal:** \_\_\_\_\_ (the "Principal")

**Obligee:** \_\_\_\_\_ (the "Obligee")

**Agreement:** \_\_\_\_\_ (the "Development Agreement")

Dear Surety Company:

Pursuant to the above referenced Bond, the City of Spruce Grove hereby declares a default under the Development Agreement.

We hereby demand that the Surety honour its seven (7) day payment obligation as per the terms of the Bond and we hereby certify that we are entitled to draw on the Bond pursuant to the terms of the Development Agreement and demand payment of \$ \_\_\_\_\_ under the terms of the Bond.

Payment Instructions:

Yours truly,

**THE CITY OF SPRUCE GROVE**