## SCHEDULE "B": DEVELOPMENT BOND REQUIREMENTS

If a Development Bond is provided as Security, there are Guidelines that must be followed when the customer's Surety issues the Development Bond:

a) Must be entered into with a City of Beaumont approved surety

b) Must be stated in Canadian dollars (numeric and text)

c) Shall be an unconditional, irrevocable, and payable on demand

d) The term of the Development Bond must match the term of the applicable Development Agreement

e) The Surety provider is responsible for the Security, maintenance and validity of the Development Bond.

f) The Development Bond must be in a form and content acceptable to the City

g) Must use the Development Bond Form provided in the following pages:

**Development Bond**

**Bond No. (the “Bond”) ________________________**

**Bond Amount $ _______________________**

**The parties hereto agree that:**

**__________________________________________ (the “Principal”)**

**AND**

**__________________________________________ (the “Surety”)**

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, are held and firmly bound unto the City of Beaumont, a municipal corporation, as Obligee (the “Obligee”), in the amount of _________________________________ dollars ($ _________) Canadian funds (hereinafter called the “Bond Amount”), for payment of which sum, the Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally in accordance with this Bond.

**WHEREAS**, the Principal has or will be entering into a Development Agreement with the Obligee as a condition of their subdivision approval or issuance of a development permit, being Development Agreement #_____________ as may be amended, modified, replaced or varied by the Obligee and the Principal from time to time in accordance with its terms and including the submitted engineering drawings (the “Agreement”).

**NOW, THE CONDITION OF THIS BOND IS SUCH THAT**,

1. If the Principal shall, in the sole and absolute determination of the Obligee, 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 in accordance with the terms hereof.

2. On determination by the Obligee, 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 payment(s) to the Obligee for amounts demanded by the Obligee, up to an aggregate of the Bond Amount, within seven (7) business days after the Surety’s receipt of a demand for payment from the Obligee, delivered by hand or courier to the Surety’s address noted herein and substantially in the form of the Notice of Default Payment Demand, attached to this Bond as Schedule “A” (the “Notice of Default Payment Demand”).

3. The Surety and the Principal expressly waive any defence that the Principal is not in default of its obligations under the Agreement.

4. The Notice of Default Payment Demand delivered to the Surety shall be accepted by the Surety and Principal as conclusive evidence that the amount demanded within the Notice of Default Payment Demand is payable to the Obligee. All payments made by the Surety to the Obligee under this Bond shall be made free and clear without deduction, set-off, or withholding, unless and to the extent required by law.

5. In the event the total amount of all payments made by the Surety under this Bond exceeds the amount required to indemnify the Obligee to remedy the default of the Principal under the Agreement, the Obligee shall return all excess payments to the Surety.

6. The Obligee may make multiple Notice of Default Payment Demands under this Bond.

7. The Surety's obligation to pay pursuant to this Bond shall not be in any way affected or diminished by any dispute between the Surety and the Principal, by any changes, alterations, additions or variations, taking or receiving of security between the Principal and the Obligee, or extension of time, or other amendment or modification of the Agreement, brought about by the exercise by the Obligee of any of the rights or powers reserved to it under the Agreement or by its forbearance to exercise any such rights or powers, including (but without restricting the generality of the foregoing) any changes in the extent or nature of the Principal's obligations under the Agreement or by any dealing, transaction, forbearance or forgiveness which may take place between the Principal and the Obligee (whether or not any of the foregoing is made with the Surety's knowledge or consent). The Surety hereby waives notice of any alternation or extension of time made or agreed to by the Obligee.

8. The Surety shall not be liable for a greater sum than the Bond Amount. Any amounts paid by the Surety to the Obligee under this Bond shall reduce the Bond Amount by the amount of each such payment. In no event shall the liability of the Surety under this Bond exceed the Bond Amount. The Bond Amount is not and shall not be deemed to be cumulative from year to year.

9. If the Surety at any time delivers at least sixty (60) days prior written notice to the Obligee and to the Principal of its intention to terminate this obligation, the Principal shall deliver to the Obligee, not less than thirty (30) days prior to termination of this Bond, financial security in the amount of this Bond in a form acceptable to the Obligee to replace this Bond. If the replacement financial security is not so provided by the Principal or is not accepted by the Obligee, this Bond shall remain in effect.

10. 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.

11. It is a condition of this Bond that any demand, suit or action under this Bond must be commenced by the expiration of two (2) years from the date of the last Final Acceptance Certificate required under the Agreement is acknowledged by the Obligee.

12. Upon the performance of all of the Principal's obligations to the Obligee under the Agreement, as determined by the Obligee, the Obligee shall return this Bond to the Surety for termination or advise the Surety in writing that this Bond is terminated.

13. Any notice hereunder is to be given:

In the case of the Obligee, to:

___________________________
___________________________
___________________________

In the case of the Principal, to:

___________________________
___________________________
___________________________

In the case of the Surety, to:

___________________________
___________________________
___________________________

**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 PAYMENT DEMAND

Date: __________________

Surety: ____________________________________________________________________

Address: ___________________________________________________________________

Attention: __________________________________________________________________

**Re: Servicing Agreement Bond No.: _________________________________ (the “Bond”)**

Principal: ______________________________________________________ (the “Principal”)

Obligee: _______________________________________________________ (the “Obligee”)

Servicing Agreement: ___________________________________ (the “Servicing Agreement”)

Dear Sir:

Pursuant to the above referenced Bond, the City of Beaumont hereby certifies that:

(a) the Principal is in default under the Agreement; and

(b) the City of Beaumont is entitled under the Agreement to be paid the amount hereby demanded.

We hereby demand that the Surety make payment to the City of Beaumont pursuant to the Bond in the amount of ___________________________________dollars ($_______________) Canadian funds, within seven (7) business days and deliver the payment to: _________________________________________________________________ (insert delivery instructions here).

Yours truly,

THE CITY OF BEAUMONT

By: _____________________________

Name: __________________________ (Authorized Name – Obligee)

Title:____________________________ (Authorized Title – Obligee)