Renewable Maintenance Bond

Bond No.: ** (the "Bond")** **Bond Amount: **** (the "Bond Amount")**

**** as Principal (the "Principal") and **** 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 **** as Obligee (the "Obligee") in the amount of **** Dollars ($****) lawful money of Canada, for the payment of which sum, well 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****,**** for the construction of ****;

B. the Contract provides that the warranty period (the "Warranty Period") is **** years from **** and the Principal must **** during the Warranty Period (the "Warranty Obligations");

C. the Principal and the Surety delivered Performance Bond No. **** (the "Performance Bond") to the Obligee in connection with the Contract;

D. the Performance Bond has a limitation period of two years from the earlier of (1) the date of Substantial Performance of the Contract as defined in the lien legislation where the work under the tract is taking place, or, if no such definition exists, the date when the work is ready for use or is being used for the purpose intended, or (2) the date on which the Principal is declared in default by the Obligee and, accordingly, will not respond to warranty claims following the expiration of the limitation period contained in the Performance Bond (the "Remaining Warranty Period");

E. the purpose of this Bond is to guarantee the Principal's performance of the Warranty Obligations during the Remaining Warranty Period;

The condition of this obligation is such that if the Principal shall promptly and faithfully perform its Warranty Obligations during the Remaining 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 for the Warranty Period, 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 Initial Term or Renewal Term, as the case may be; or

2) obtain a bid or bids for submission to the Obligee for completing that portion of the Warranty Obligations that corresponds with the Initial Term or Renewal Term, as the case may be, 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 Initial Term or Renewal Term, as the case may be; or

3) pay the Obligee the lesser of (i) the Bond Amount or (ii) the Obligee's reasonable proposed cost to complete the Warranty Obligations that correspond with the Initial Term or the Renewal Term, as the case may be.

The term of this Bond is for the period beginning on _______ and ending on ________ (the "Initial Term"). If requested by the Principal, the Initial Term may be extended, solely at the option of the Surety, for additional one (1) year periods (each a "Renewal Term"). This Bond shall expire at the end of the Initial Term or, if extended, at the end of the Renewal Term. Provided that at any time should the surety elect not to extend the bond for a Renewal Term, it must so inform the Obligee in writing prior to ninety (90) days before the expiry of the existing Initial Term or Renewal Term. If the surety does not so inform the Obligee of its intention not to extend the bond as stated herein, the bond will automatically be deemed extended for an additional Renewal Term.

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 Initial Term or Renewal Term, as the case may be, notwithstanding that such expiry of the term 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 Initial Term or Renewal Term as the case may be.

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 Obligee named herein, or the heirs, executors, administrators or successors of the Obligee.

It is a condition of this Bond that any suit or action must be commenced before the expiration of two (2) years from the earlier of (1) the expiry of the Initial Term or the last Renewal Term; or (2) the date on which the Principal is declared in default by the Obligee.

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

The Bond Amount is not and shall not be deemed to be cumulative in the event the Bond is extended for a Renewal Term(s).

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

IN WITNESS WHEREOF, the Principal and the Surety have signed and sealed this Bond this **** day of ****, ****.

[principal]	Witnessed by:
By:	
Name:	Name of Witness:
Title:	Address of Witness:

I have authority to bind the corporation.

[surety company]	
By:________________________________	By:________________________________
Name:	Name:
Attorney-in-Fact	Attorney-in-Fact

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