"F" CONTRACT SECURITY CONDITIONS

CS1 Obligation to provide Contract Security

1.1 The Contractor shall, at the Contractor's own expense, provide one or more of the forms of contract security prescribed in CS2.

1.2 The security provided by the Contractor pursuant to CS1.1 shall be delivered to the Engineer within ten (10) working days after the date that the Contractor receives notice that his tender or offer was accepted by the Owner.

CS2 Prescription of Acceptable Contract Security

2.1 The Contractor shall deliver to the Engineer pursuant to CS1

2.1.1 a performance bond and a labour and material payment bond each in an amount that is equal to not less than 50% of the contract amount referred to in the Articles of Agreement, or

2.1.2 a labour and material payment bond in an amount that is equal to not less than 50% of the contract amount referred to in the Articles of Agreement, and a security deposit in an amount that is equal to

2.1.2.1 not less than 10% of the contract amount referred to in the Articles of Agreement where that amount does not exceed $250,000, or

2.1.2.2 $25,000 plus 5% of the part of the contract amount referred to in the Articles of Agreement that exceeds $250,000, or

2.1.3 a security deposit in an amount prescribed by CS2.1.2 plus an additional amount that is equal to 10% of the contract amount referred to in the Articles of Agreement.

2.2 A performance bond and a labour and material payment bond referred to in CS2.1 shall be in a form and be issued by an acceptable bonding company approved by the Office of the Superintendent of Financial Institutions as it appears in Appendix L in the Treasury Board Policies of the Government of Canada.

2.3 A security deposit referred to in CS2.1.2 and CS2.1.3 shall be in the form of

2.3.1 a certified cheque payable to the Owner and drawn on a member of the Canadian Payments Association or a local cooperative credit society that is a member of a central cooperative credit society having membership in the Canadian Payments Association; or

2.3.2 an irrevocable standby Letter of Credit payable to the Owner and drawn on a bank to which the Bank Act applies; or

2.3.3 bonds of or unconditionally guaranteed as to principal and interest by the Government of Canada.

2.4 A bond referred to in CS2.3.3 shall be

2.4.1 payable to bearer,

2.4.2 accompanied by a duly executed instrument of transfer to the Owner in the form prescribed by the Domestic Bonds of Canada Regulations, or

2.4.3 registered as to principal or as to principal and interest in the name of the Owner pursuant to the Domestic Bonds of Canada Regulations.

2.4.4 provided on the basis of their market value current at the date of the contract.