

DEVELOPMENT AGREEMENT SURETY BOND

BOND NO.: XXX

AMOUNT: \$ XXX

KNOW ALL PERSONS BY THESE PRESENTS, that

XXX,

as Principal, hereinafter called the "**Principal**", and

XXX,

as Surety, hereinafter called the "**Surety**", are held and firmly bound unto the Corporation of the City of Vaughan, as Obligee, hereinafter called the "**Obligee**", in the amount of XXX Dollars (\$XXX) 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 the Principal and Obligee have entered into, or will enter into, an agreement with reference number XXXX with respect to lands known as XXX in the City of Vaughan (said agreement is by reference made a part hereof and is hereinafter referred to as the "**Development Agreement**").

NOW THEREFORE, the condition of this obligation is such that if the Principal shall, in the opinion of the Obligee do and perform all of the stipulations, conditions, covenants and terms of the Development Agreement, then this obligation shall be void and of no effect; otherwise, it shall remain in full force and effect.

PROVIDED, however, the foregoing obligation is subject to the following terms and conditions:

1. Whenever the Principal shall be declared in writing by the Obligee to be in default under the Development Agreement, and the Obligee intends to make a claim under this bond, the Obligee shall promptly notify the Principal and the Surety in writing of such default in the form of a Demand, the form of which is attached to this bond as Schedule "A".
2. On determination by the Obligee, in its sole and absolute discretion, that the Principal is in default of its obligations under the Development Agreement, the Surety and Principal agree that the Surety will make payments to the Obligee for amounts demanded by the Obligee, up to an aggregate of the Bond Amount, within ten (10) business days after the Surety's receipt of a Demand from the Obligee at the address noted herein by hand or courier.
3. This bond is irrevocable and payment will be made notwithstanding any objection by the Principal. Where a Demand in the prescribed form has been delivered to the Surety, it shall be accepted by the Surety as conclusive evidence of its obligation to make payment to the Obligee, and the Surety shall not assert any defence or grounds of any nature or description for not making payment to the Obligee, in whole or in part, pursuant to such Demand, including but not limited to any of the following reasons (a) that a Default has not occurred, (b) that the Principal committed any fraud or misrepresentation in its application for this bond; or (c) that the amount set out in the Demand is not appropriate, warranted or otherwise not in accordance with the Development Agreement. The Surety's liability under this bond is unconditional and shall not be discharged or released or affected by any arrangements made between the Obligee and the Principal or by any dispute between the Surety and Principal, or the taking or receiving of security by the Obligee from the Principal, or by any alteration, change, addition, modification, or variation in the Principal's obligation under the Development Agreement, or by the exercise of the Obligee of any of the rights or remedies reserved to it under the Development Agreement or by any forbearance to exercise any such rights or

remedies whether as to payment, time, performance or otherwise (whether or not by any arrangement, alteration or forbearance is made without the Surety's knowledge or consent). All payments by the Surety shall be made free and clear without deduction, set-off or withholding.

4. The Obligee may make multiple Demands under this bond.
5. The amount of this bond may be reduced from time to time as advised by notice in writing by the Obligee to the Surety. The Obligee has the ability and sole discretion to make a determination as to whether the amount of this bond should be reduced.
6. Each payment made by the Surety under this bond shall reduce the amount of this bond.
7. In no event shall the Surety be liable for a greater sum than the amount of this bond.
8. No right of action shall accrue upon or by reason hereof to or for the use or benefit of any person other than the Obligee.
9. When the Principal has completed all works required by the Development Agreement to the Obligee's satisfaction, all maintenance and rectification periods contained within the Development Agreement have expired, and the Obligee has finally assumed all works in writing, the Obligee shall return this bond to the Surety for termination or advise the Surety in writing that this bond is terminated, in accordance with the terms of the Development Agreement.
10. If the Surety at any time delivers at least ninety (90) 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 the termination of this bond, financial security in the amount of this bond in a form acceptable to the Obligee. If the replacement financial security is not provided by the Principal or is not accepted by the Obligee, this bond shall remain in effect.
11. Nothing in this bond shall limit the Principal's liability to the Obligee under the Development Agreement.
12. This bond shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable thereto and shall be treated, in all respects, as a contract entered into in the Province of Ontario 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 Ontario.
13. If this bond was issued as a replacement for other security (including other security that was itself replacement security), this bond shall nevertheless be fully retroactive in operation to the date of the Development Agreement. Without limiting the application of anything in section 3 above, the Surety shall be fully responsible under this bond for the entire term of the Development Agreement, irrespective of the number of intermediate replacement securities, and even if any such intermediate replacement securities were in default (whether knowingly or unknowingly and whether innocently or fraudulently concealed), when replaced by this bond.
14. All Demands and notices under this bond shall be delivered by hand, registered mail or courier to the Surety, with a copy to the Principal at the addresses set out below, subject to any change of address in accordance with this Section. All other correspondence may be delivered by regular mail, registered mail, courier, or email. A change of address for the Surety is publicly available on the Financial Services Regulatory Authority of Ontario website. The address for the Principal may be changed by giving notice to the other parties setting out the new address in accordance with this Section.

The Surety:

The Principal:

The Obligee:

Name

Name

The Corporation of the City of
Vaughan
2141 Major Mackenzie Dr.
Vaughan, Ontario
L6A 1TA
Attention: City Clerk
Email: clerks@vaughan.ca
Phone: 905-832-2281

Address

Address

Email

Email

Phone

Phone

- 15. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement. This Agreement may be executed by way of digital signature and delivered by electronic transmission, and when so executed and delivered, will be deemed an original.

IN TESTIMONY WHEREOF, the Principal has hereto set its hand and affixed its seal and the Surety has caused these presents to be sealed with its corporate seal duly attested by the signature of its authorized signing authority.

SIGNED AND SEALED this day of , **20** , in the presence of:

[PRINCIPAL PROPER NAME]

Per: _____
Name:
Title:

Witness By: _____
Name:
Address:

I/We have the authority to bind the Corporation.

[SURETY PROPER NAME]

Per: _____
Name:
Title:
Attorney in Fact

[CORPORATE SEAL]

Schedule A

DEMAND – 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 _____,

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

We hereby demand that the Surety honour its ten (10) business 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 VAUGHAN