

- a. cash, cashier's / manager's check issued by a Universal or Commercial Bank - ten percent (10%) of the total contract price
- b. bank / draft guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank - ten percent (10%) of the total contract price
- c. surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security - thirty percent (30%) of the total contract price
- d. any combination of the foregoing – proportionate to share of form with respect to total amount of security

4.02 This performance security shall be denominated in Philippine Pesos and posted in favor of PPA, and shall be forfeited in favor of **PPA** in the event it is established that the **CONTRACTOR** is in default in any of its obligations under this Contract.

4.03 In the execution of the performance security, the following conditions shall be complied with:

- a. It shall be executed in accordance with the form as prescribed in the Section 4.01
- b. It shall be at least co-terminus with the final completion of the project.
- c. The following provisions shall form part of the performance security: "The right to institute action on the penal bond pursuant to Act No. 3688 of any individual firm, partnership, corporation and association supplying the **CONTRACTOR** with labor and materials for the prosecution of the work is hereby acknowledged and confirmed."

4.04 Subject to the conditions of the Contract, the performance security may be released by PPA after the issuance of the Certificate of Acceptance of the project, provided that PPA has no claims filed against the **CONTRACTOR** or the surety company and there are no claims for labor and materials filed against the contractor.

4.05 Should any surety bond upon the performance of this Contract become unacceptable to the **PPA**, the **CONTRACTOR** shall promptly furnish such replacement security as may be required from time to time up to the sum equal to the amount of the original surety.

4.06 The **CONTRACTOR** shall post an additional performance security following the schedule above to cover any cumulative increase of more than ten percent (10%) over the original value of the contract as a result of amendments to order or change orders, extra work orders and supplemental agreements as the case may be. The **CONTRACTOR** shall cause the extension of the validity of the performance security to cover approved contract time extensions.

4.07 In case of a reduction in the contract value or for partially completed works under this contract which are usable and accepted by **PPA**, and the use of which in the judgment of **PPA** shall not affect the structural integrity of the entire project, PPA may allow a proportional reduction in the original performance security, provided that any such reduction is more than ten percent (10%) and that the aggregate of such reductions is not more than fifty percent (50%) of the original performance security.

ARTICLE V

COMPLETION TIME: LIQUIDATED DAMAGES

5.01 The **CONTRACTOR** agrees and obligates itself to perform and complete all works provided for in this Contract within **FORTY (40) CALENDAR DAYS** (including Sundays and Holidays), reckoned not later than seven (7) calendar days from issuance of the Notice to Proceed. Notice to Proceed shall be issued after this Contract has been signed by the parties hereof.