

Security by way of Irrevocable and Unconditional Letter of Credit

Licence Security

Security number:	
Name of surety company:	
Address (number, street, city):	Postal code:
Name of principal debtor:	
Security amount in letters:	Security amount in figures: \$

1. **WE**, _____

at the request of _____,
hereinafter called the principal debtor, hereby issue to the Régie du bâtiment du Québec, hereinafter called the obligee, an irrevocable and unconditional letter of credit in the amount of _____ dollars \$ _____,
in Canadian legal tender, as security as described below.
2. **WHEREAS** the principal debtor performs the duties or intends to perform the duties of a construction contractor.
3. **WHEREAS** the performance of these duties requires the principal debtor to provide a licence security to compensate clients who sustain a loss following non-performance or performance of construction work, in accordance with section 84 of the *Building Act* (CQLR, c. B-1.1), hereinafter the "Act", and section 25 of the *Regulation respecting the qualification of contractors and owner-builders* (CQLR, c. B-1.1, r. 9), hereinafter the "Regulation".
4. **WHEREAS** the surety is a bank, a financial services cooperative or a trust company covered by one of the statutes mentioned in the first paragraph of section 29 of the Regulation.
5. **IT IS UNDERSTOOD AND AGREED THAT** the purpose of this licence security is to compensate any client who has a liquidated claim related to a loss sustained following the non-performance or performance of construction work and resulting directly from instalments paid, failure to carry out construction work, or faulty work or defects discovered in the year following completion of the work. It does not, however, cover the claims of persons who took part in the construction work, damages resulting from delays in construction work, damages for moral injury or punitive damages.
6. **IT IS UNDERSTOOD AND AGREED THAT** the surety is solidarily liable with the principal debtor to pay the principal, interest and costs awarded by any final judgment on such claim. The judgment must have been rendered against the principal debtor or the surety other than on an acquiescence in the application as per articles 217 to 219 of the *Code of Civil Procedure* (CQLR, c. C-25.01). This undertaking must bind the surety's administrators, heirs and legal representatives.
7. **IT IS UNDERSTOOD AND AGREED THAT** the surety is solidarily liable with the principal debtor to pay the principal, interest and costs agreed upon in an agreement or transaction to settle the dispute between the client and the principal debtor or the surety, provided such agreement has been reached no more than three years after the cause of action arose. This undertaking must bind the surety's administrators, heirs and legal representatives.
8. **IT IS UNDERSTOOD AND AGREED THAT** this licence security is valid for the term of the licence. The surety or the principal debtor may terminate the security only upon written notice of at least 60 days to the obligee. If the principal debtor's licence becomes invalid for non-payment of the applicable fees and charges by their due date, the security remains valid for a new licence if issued to the principal debtor within 60 days of said due date.

- 9. IT IS UNDERSTOOD AND AGREED THAT**, even if this security has expired, the surety's obligations continue to apply if, firstly, the construction work pertains to a contract entered into while the security was in force or was performed while the security was in force and, secondly, if no more than three years have elapsed since the cause of action arose before a civil lawsuit is filed or an agreement or transaction is made.
- 10. IT IS UNDERSTOOD AND AGREED THAT** the surety's liability under this security, in principal, interest and costs, is limited to the amount stated above. Any payment by the surety will be made in accordance with sections 43 and 44 of the Regulation.
- 11. IT IS UNDERSTOOD AND AGREED THAT** the surety hereby waives the benefits of discussion and division. The surety is subrogated to the rights of the client compensated up to the amount it has paid.
- 12. THIS LICENCE SECURITY** takes effect on the date on which it is signed or on the date indicated below.
- 13. IN WITNESS WHEREOF**, the surety has signed by its duly authorized representative.

Signatures

Signed at:	
Date of coming into force of licence security (if different from the date of signing)(yyyy-mm-dd):	
Name of surety company:	
Name of surety company's authorized signatory:	
Signature:	Date (yyyy-mm-dd):
If required by the surety	
Name of principal debtor:	
Name of authorized signatory:	
Signature:	Date (yyyy-mm-dd):