

**FORM 5**

**LETTER OF CREDIT**

*(Construction Remedies Act, S.N.B. 2020, c.29, s.39(a))*

**Irrevocable Standby Letter of Credit regarding Holdback Repayment**

*[Insert name of financial institution]*

Date of Issue: \_\_\_\_\_

Irrevocable Standby Letter of Credit No.: \_\_\_\_\_

Financial Institution Branch No.: \_\_\_\_\_

Amount: Not exceeding CAD \$ \_\_\_\_\_

Date and Place of Expiry: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

Address of Applicant: \_\_\_\_\_

Description of the improvement: \_\_\_\_\_

Address of the land subject to the improvement:  
\_\_\_\_\_

To: \_\_\_\_\_ (the "Beneficiary")

Address: \_\_\_\_\_  
\_\_\_\_\_

Pursuant to the request of \_\_\_\_\_ (hereinafter called "the Applicant"), we, the bank of *[insert name and address of financial institution]* \_\_\_\_\_ hereby establish and give to you an irrevocable standby letter of credit no. \_\_\_\_\_ in your favour in the total amount of \$ \_\_\_\_\_ (Canadian dollars) which may be drawn on by you at any time and from time to time upon written demand for payment made upon us by you which demand we shall honour without enquiring whether you have a right as between yourself and the said Applicant to make such demand, and without recognizing any claim of the said Applicant or objection by it to payment by us.

Your written demand for payment must bear reference to this letter of credit no. \_\_\_\_\_ and be accompanied by:

- (a) a Certificate signed by an authorized officer of the Beneficiary certifying that the Applicant is in default of its obligation having failed to make a payment from the amount required to be retained as a holdback and that you are entitled to draw on this irrevocable standby letter of credit and that an amount of up to \$ \_\_\_\_\_ (Canadian dollars) be paid; and
- (b) the original of this letter of credit.

Partial drawings are permitted under this letter of credit.

The drawings under this irrevocable standby letter of credit are to state that they are drawn under [*insert name of financial institution*] irrevocable standby letter of credit no. \_\_\_\_\_.

This irrevocable standby letter of credit no. \_\_\_\_\_ shall expire on the \_\_\_\_\_ day of \_\_\_\_\_ subject to the following:

This letter of credit shall be deemed to be automatically extended, without amendment for successive one-year periods from the present day or any future expiration date, unless

- (a) cancelled upon receipt of this original letter of credit accompanied by your written authorization to us to cancel same; or
- (b) sixty (60) days prior to any such expiration date, we notify you in writing, by registered mail or courier to the Beneficiary’s address above, that we elect not to extend the expiration date. Upon receipt of such notice, you may, on or before the then applicable expiration date, draw the full amount hereunder by written demand for payment accompanied by your certification that the amount drawn is required to satisfy or secure the Applicant’s obligations, including any unmatured or contingent obligations.

[*Add any additional commercial conditions*]

Yours truly,

\_\_\_\_\_  
Authorized Officer of Financial Institution

\_\_\_\_\_  
Authorized Officer of Financial Institution