

ARTICLE 7 – PERFORMANCE AND GUARANTEE BONDS

To guarantee the faithful performance of the CONTRACTOR under the contract, he shall post upon the signing of the contract a performance security in the form of cash, manager's check, cashier's check, bank draft/guarantee conformed by local bank (in case of foreign contractor bonded by a foreign bank) letter of credit issued by a reputable bank, surety bond, callable on demand, issued by the Government Service Insurance System or by Surety or Insurance companies duly accredited by the Office of the Insurance Commissioner, or a combination thereof, in accordance with the following schedule:

- a.) Cash, manager's check, cashier's check, irrevocable letter of credit, Bank draft – five percent (5%) of the total contract price
- b.) Bank draft/guarantee – ten percent (10%) of the total contract price
- c.) Surety Bond – thirty percent (30%) of the total contract price.

This performance security shall be posted in favor of the OWNER and shall be guarantee the payment of the amount of the security as penalty in the event is it established that the CONTRACTOR is in default of his obligations.

ARTICLE 8 – PRICE ESCALATIONS

Escalations of prices for work accomplishments on infrastructure construction, rehabilitation, and/or improvement projects shall be made periodically, using parametric formula as described under the Implementing Rules and Regulations of PD 1594, as amended.

ARTICLE 9 – SUSPENSION OF WORK

The OWNER on its duly authorized representative shall have the authority to suspend the work wholly or partly by written order for such period as may be deemed necessary due to force major or any fortuitous events or for failure on the part of the contractor to correct bad conditions which are unsafe for workers or for the general public carry out valid orders given by the OWNER or to perform any provisions of the contract, or due to adjustments of plans to suit field conditions as found necessary during construction. The CONTRACTOR shall immediately comply with such order to suspend the work wholly or partially.

In case of total suspension or suspension of activities along the critical path, which is not due to any default of the CONTRACTOR, the elapsed time between the effective order to suspending operation and the order to resume work shall be allowed to the CONTRACTOR by adjusting the contract time accordingly.

ARTICLE 10 – EXTENSION OF CONTRACT TIME

Should the amount of additional work of any kind or other special circumstances of any kind whatsoever occur such as to fully entitle the CONTRACTOR to an extension of contract time, the OWNER shall determine the amount of each extension; provided that the OWNER is not bound to take into account any claim for an extension of time unless the contractor has prior notice to the expiration of the contract time and within thirty (30) calendar days after such work has been commenced or after the circumstances leading to such claim have arisen, delivered to