

money due or which may become due to the SECOND PARTY under the contract and/or collect such liquidated from the retention money or other securities posted by the SECOND PARTY, whichever convenient by the FIRST PARTY.

#### ARTICLE 7 – PERFORMANCE AND GUARANTEE BONDS

To guarantee the faithful performance of the SECOND PARTY 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 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 FIRST PARTY and shall be guarantee the payment of the amount of the security as penalty in the event is it established that the SECOND PARTY 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 FIRST PARTY or its duly authorized representative shall have 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 FIRST PARTY or to perform any provisions of the contract, or due to adjustments of plans too suit field conditions as found necessary during construction. The SECOND PARTY 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 SECOND PARTY, the elapsed time between the effective order to suspending operation and the order to resume work shall be allowed to the SECOND PARTY 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 SECOND PARTY to an extension of contract time, the FIRST PARTY shall determine the amount of each extension; provided that the FIRST PARTY 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 the FIRST PARTY notices in order that it could have investigated them at