



REPUBLIC OF THE PHILIPPINES  
MINISTRY OF PUBLIC WORKS AND HIGHWAYS  
OFFICE OF THE MINISTER  
MANILA

12 January 1982

MINISTRY ORDER)

NO. **5**

Series of 1982)

SUBJECT: Contractor's Deed of Undertaking  
for the Renewal of Performance  
Bond (Letter of Credit)

Many contractors have made representations with this Ministry to forego the requirement that L/C's submitted by them as Performance Bond for contract projects should contain any automatic renewal clause. It is claimed that this provision is too onerous for them and is not a normal banking practice.

In view of such representations and in order not to overburden these contractors, this Ministry hereby approves the deletion of the automatic renewal clause of L/C's posted as Performance Bond, provided that the period of validity of such Performance Bond shall be co-terminus with the original contract period, and subject to the condition that the contractor shall execute a Deed of Undertaking, as per attached prescribed form, to be submitted together with the L/C being posted as Performance Bond.

Project Implementing Offices should see to it that contractors comply with their obligation to renew their Performance Bonds (L/C's) at least thirty (30) days before the expiry dates thereof if the project could not be completed within the original contract period. Furthermore, the contractor shall not be paid any progress billing upon the expiration of the original Performance Bond until and unless he has already renewed the same.

This order shall take effect immediately and should be posted in the bid bulletin of all offices, for the information of all contractors.

  
JESUS S. HEPOLITO  
Minister