

# Acceptable Forms of Security for *Forest Act* Agreements

Updated April 18, 2023

<b>Cash, Certified Cheque, Bank Draft, Money Order</b>
<p>Please note: Personal cheques are not acceptable as securities.</p> <p>Interest is not paid on cash securities.</p> <p>When cash (cheque, money order, bank draft, etc.) is submitted, the security is held in the name of the licence holder and returned to the licence holder, upon satisfactory completion of all applicable obligations under the forest licence, <i>Forest Act</i> and its regulations; <i>Forest Practices Code of British Columbia Act</i> and its regulations; and the <i>Forest and Range Practice Act</i> and its regulations. The refunded security will not be submitted to any other party.</p> <p>Cheques, bank drafts or money orders must be payable to the <b>Minister of Finance</b>.</p>
<b>Irrevocable Letter of Credit</b>
<p>Please note: The following clause <b>must be included verbatim</b> in an Irrevocable Letter of Credit for it to be acceptable as a security deposit:</p> <p>“This Irrevocable Standby Letter of Credit shall automatically extend without amendment for successive and consecutive periods of one year from the Initial Expiry Date listed above, or any future expiration date, unless, at least 90 days prior to the prevailing expiry date, the issuer provides notice of non-extension to the Beneficiary and at the same time forwards to the Beneficiary with the notice of non-extension a bank draft payable to the <b>Minister of Finance</b> in the amount of \$CAD_____ less any amount previously paid under this Irrevocable Standby Letter of Credit.”</p> <p>Irrevocable Letters of Credit that demand a draft or certificate will not be accepted.</p> <p>When an irrevocable letter of credit is submitted with an application, the applicant may be the licence holder or any other party, as determined by the licence holder. The irrevocable letter of credit is a bank document, and as such, is completed by the bank. The applicant is the party putting up the security and entered as such on the irrevocable letter of credit. The licence number must be referred to in the irrevocable letter of credit and the beneficiary is to be made out to the <b>Minister of Finance</b>.</p>

NOTE: The [Financial Administration Act](#) Section 38 Set-off of amounts owed states: The Treasury Board may, by directive, authorize the Comptroller General to retain money by way of set-off, out of any money due or payable to a person by the government or out of a trust fund, if

- (a) that person owes money to the government,
- (b) an overpayment has been made by the government to that person, or
- (c) an advance made to that person under section 36 has not been repaid or accounted for.