Guarantee Bond

THE GUARANTEE BOND is made as a deed **BETWEEN** the following parties whose names and [REGISTERED OFFICE] addresses are set out in the Schedule to this Bond (the "Schedule"):

(1) The "Contractor" as principal

(2) The "Guarantor" as guarantor, and

(3) The "Employer"

WHEREAS

(1) By a contract (the "Contract") entered into or to be entered into between the Employer and the Contractor particulars of which are set out in the Schedule the Contractor has agreed with the Employer to execute works (the "Works") upon and subject to the terms and conditions therein set out.

(2) The Guarantor has agreed with the Employer at the request of the Contractor to guarantee the performance of the obligations of the Contractor under the Contract upon the terms and conditions of this Guarantee Bond subject to the limitation set out in clause 2.

NOW THIS DEED WITNESSES as follows:

1. The Guarantor guarantees to the Employer that in the event of a breach of the Contract by the Contractor, the Guarantor shall subject to the provisions of this Guarantee Bond satisfy and discharge the damages sustained by the Employer as established and ascertained pursuant to and in accordance with the provisions of or by reference to the Contract and taking into account all sums due or to become due to the Contractor.

2. The maximum aggregate liability of the Guarantor and the Contractor under this Guarantee Bond shall not exceed the sum set out in the Schedule (the "Bond Amount") but subject to such limitation and to clause 4 the liability of the Guarantor shall be co-extensive with the liability of the Contractor under the Contract.

3. The Guarantor shall not be discharged or released by any alteration of any of the terms, conditions and provisions of the Contract or in the extent or nature of the Works and no allowance of time by the Employer under or in respect of the Contract or the Works shall in any way release, reduce or affect the liability of the Guarantor under this Guarantee Bond.

4. Whether or not this Guarantee Bond shall be returned to the Guarantor the obligations of the Guarantor under this Guarantee Bond shall be released and discharged absolutely upon Expiry (as defined in the Schedule) save in respect of any breach of the Contract which has occurred and in respect of which a claim in writing containing particulars of such breach has been made upon the Guarantor before Expiry.

5. The Contractor having requested the execution of this Guarantee Bond by the Guarantor undertakes to the Guarantor (without limitation of any other rights and remedies of the Employer or the Guarantor against the Contractor) to perform and discharge the obligations on its part set out in the Contract.

6. This Guarantee Bond and the benefits thereof shall not be assigned without the prior written consent of the Guarantor and the Contractor.

7. The parties to this Guarantee Bond do not intend that any of its terms will be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise, by any person not a party to it.

8. This Guarantee Bond shall be governed by and construed in accordance with the laws of [England and Wales] [Scotland] and only the courts of [England and Wales] [Scotland] shall have jurisdiction hereunder.

SPECIMEN

THE SCHEDULE

The Contractor: [ ] whose [address] registered office is at [ ].

The Guarantor: [ ] whose registered office is at [ ].

The Employer: [ ] whose [address] registered office is at [ ].

The Contract: A contract [dated the day of] [*to be entered into*] between the Employer and the Contractor in the form known as [ ] for the construction of works comprising [ ] for the original contract sum of [ ] pounds (£[ ]).

The Bond Amount: The sum of £[ ] pounds sterling (£[ ]). [*Insert any provisions for reduction of the Bond Amount*]

Expiry: [*Insert details of the event agreed between the parties*] which shall be conclusive for the purposes of this Guarantee Bond.

IN WITNESS whereof the Contractor and the Guarantor have executed and delivered this Guarantee Bond as a Deed this day of [year]

EXECUTED AND DELIVERED as a deed by

CONTRACTOR

EXECUTED AND DELIVERED as a deed by

GUARANTOR

SPECIMEN