

ADVANCE PAYMENT BOND

THIS 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 principle,
- (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 **Employer** has agreed to pay the sum set out in the **Schedule** as a advance payment (the “**Advance Payment**”) to the **Contractor** pursuant to the **Contract**
- (3) The **Guarantor** has agreed with the **Employer** at the request of the **Contractor** to guarantee the application of the **Advance Payment** by the **Contractor** in the performance of its obligations 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** subject to the provisions of this **Guarantee Bond** guarantees to the **Employer** that if in breach of the **Contract** the **Contractor** shall fail to apply the **Advance Payment** in the execution of the **Works** the **Guarantor** shall satisfy and discharge the damages sustained by the **Employer** as established and ascertained pursuant to and in accordance with the provisions of and by reference to the **Contract** and taking into account all sums due or to become due to the **Contractor**.
- 1.2 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**”) as reduced in accordance with Clause 2 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** in respect of the **Advance Payment**.
2. The **Bond Amount** shall be automatically reduced by the value of the works (as determined in accordance with the **Contract**) executed by the **Contractor** and each certificate issued under the **Contract** in respect of such value shall be conclusive for the purposes of this **Bond**.
3. The **Guarantor** shall not be discharged or released by any alteration of any 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 the **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 with the **Guarantor** (without limitation of any other rights and remedies of the **Employer** or the **Guarantor** against the **Contractor**) to apply the **Advance Payment** in discharge of the obligations on its part set out in the **Contract**.
6. This **Guarantee Bond** and the benefit thereof shall not be assigned without the prior written consent of the **Guarantor** and the **Contractor**.
7. This **Guarantee Bond** shall be governed by and construed in accordance with the law of [England and Wales] [Scotland] and only the courts of [England and Wales] [Scotland] shall have jurisdiction hereunder.

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THE SCHEDULE

The Contractor: [] whose [address] registered office address is at []
The Guarantor: [] whose registered office address is at []
The Employer: [] whose [address] registered office address 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 Advance Payment: The sum of [] pounds (£ [])
The Bond Amount: The sum of [] pounds (£ []) which shall reduced in accordance with Clause 2
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 **Guarantor** and the **Contractor** have executed and delivered this **Guarantee Bond** as a Deed this day of 200[].

EXECUTED AND DELIVERED as a Deed by

in the presence of:

Director

Director/Secretary

Executed on behalf of

_____ by its duly appointed attorney

ATTORNEY
(Signature) :

Name (Block Capitals) :

In the presence of:

WITNESS
(Signature) :

Name (Block Capitals) :

Address :