RETENTION 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 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 Employer has agreed that in consideration of the provision of this Guarantee Bond it will not make any deduction of sums by way of retention that it could otherwise make under the terms and conditions of the Contract from payments due to the Contractor (“Retention”)

(3) 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 limitations set out below.

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 under this Guarantee Bond shall not at any point in time exceed the amount that the Employer, but for the provision of this Guarantee Bond, would be entitled to hold by way of Retention at that time and shall not in any event exceed the sum set out in the Schedule (the “Bond Amount”) but subject to this, the limitation set out in clause 3 and to clause 5 the liability of the Guarantor shall be co-extensive with the liability of the Contractor under the Contract.

3. No liability shall arise under this Guarantee Bond in respect of any decision of an adjudicator in determination of any dispute arising under the Contract unless the Guarantor shall have received, as if a party to the Contract and to the relevant dispute, written notice of the referring party’s intention to refer the dispute to adjudication and a copy of the relevant notice of referral to adjudication accompanied by copies of the Contract and all other documents to be relied upon by the referring party.

4. 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.

5. 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.

EH Reference No. 
6. 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.

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

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

THE SCHEDULE

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

Guarantor: Euler Hermes SA (NV) whose address for service is care of its registered branch Euler Hermes UK, 1 Canada Square, London, E14 5DX.

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

Contract: A contract dated [ ] for the construction of works comprising [ ] (the “Works”)

Bond Amount: [£ ] ( ) [insert any provisions for reduction of 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 Guarantor and the Contractor have executed and delivered this Guarantee Bond as a Deed this day of

EXECUTED AND DELIVERED as a Deed by

[ ]

in the presence of:

Director:

Secretary:

Executed as a deed on behalf of Euler Hermes SA (NV), a company incorporated in Belgium,

by: ______________________ ____________________ ___

(Print Name) (Signature)

and: ______________________ _____________________ _

(Print Name) (Signature)

being persons who, in accordance with the laws of that territory, are acting under the authority of the company.