

ABI Model form of Guarantee Bond (Sub Contractors)

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 'Sub-Contractor' as principal
- 2) The 'Guarantor' as guarantor, and
- 3) The 'Contractor'

WHEREAS

- 1) By a contract (the 'Contract') entered into or to be entered into between the Contractor and the Sub-Contractor particulars of which are set out in the Schedule the Sub-Contractor has agreed with the Contractor to execute works (the 'Works') upon and subject to the terms and conditions therein set out.
- 2) The Guarantor has agreed with the Contractor at the request of the Sub-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 Contractor that in the event of a breach of the Contract by the Sub-Contractor the Guarantor shall subject to the provisions of this Guarantee Bond satisfy and discharge the damages sustained by the Contractor 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 Sub-Contractor.
- 2) The maximum aggregate liability of the Guarantor and the Sub-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 Sub-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 Contractor 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 Sub-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 Contractor or the Guarantor against the Sub-Contractor) to perform and discharge the obligations on its part set out in the Contract.
- 6) The Guarantee Bond and the benefit thereof shall not be assigned without the prior written consent of the Guarantor and the Sub-Contractor.
- 7) The parties to the 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 at party to it.
- 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.

