

## 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**.

