

IN-LDGgti01

## **Guarantee of contract performance**

**This guarantee agreement is dated:** [            ]

**It is made by:**

[William Webmaster] of [address] (            "            ")

And

[Dumb Dude Ltd] whose registered office is at: [            ], (            "            """)

And

[Super coder Ltd] whose registered office is at: [            ], (            "            ")

**It is now agreed:**

## **1. Basis of contract**

- 1.1. This agreement is supplemental to an agreement (the "Original Contract") dated [date]
- 1.2. In return for consideration of [the commercial relationship between the Contractor and the Guarantor, and the forbearance of the Client / other consideration] the Guarantor now agrees to guarantee
- 1.3. The Guarantor has fully informed himself of the obligations and liabilities of
- 1.4. This agreement is intended to be a binding legal document. Each party acknowledges that he has entered into this agreement voluntarily
- 1.5. The Guarantor hereby acknowledges and agrees that he has read and consents to the signing of this guarantee

## **2. The guarantee**

2.1 The Guarantor hereby irrevocably gives the following guarantees:

2.1.1 that every statement, warranty and disclosure by the Contractor  
in the ;

2.1.2 that the obligations of the Contractor set out in paragraphs  
[enter paragraph numbers] of the Original

;

2.1.3 that he will procure that every obligation of the Contractor

;

2.1.4 that he will indemnify the Client against all costs whatever,  
caused by any failure of the Contractor

;

2.1.5 the performance of all other obligations of the

2.2 The Client and the Contractor hereby agree that the Guarantor may  
intervene in any part of the performance

2.3 The Client undertakes to respond to any request by and to attend any  
meeting with, the Guarantor insofar as it

2.4 The Guarantor shall not be released or excused from this guarantee  
agreement by any

### 3. Changed terms of the Original Contract

*[Example changes. You insert what ever text*

*]*

3.1 The Guarantor agrees that the Contractor shall have the full right,  
without any notice to or consent from Guarantor, to make any and all  
modifications or amendments to the Original Contract without affecting,

3.2 Paragraph 5 of the Original Contract

"[Insert new text]".

3.3 Schedule 2 of the Original Contract shall be replaced by a new  
schedule, as attached to " 2 ( )"

3.4 The Completion Date under the Original Contract shall be

[ ]

- 3.5 There shall be a penalty :  
 For every day by which the new Completion Date is ,  
 [ 500 ].
- 3.6 [Insert other change].

#### 4. Guarantor's continuing liability

- 4.1 Without affecting the Contractor's obligations, the Guarantor shall be liable under this guarantee agreement as if  
 ,  
 ,  
 ,
- 4.2 The Guarantor's obligations under this guarantee agreement will remain fully  
 ,
- 4.3 The liabilities and obligations of  
 :
- 4.3.1 variation in ;
- 4.3.2 assignment of the Original Contract; or
- 4.3.3 insolvency or  
 ;
- 4.3.4 termination of the  
 ;
- 4.3.5 other act, omission, or event whereby (  
 )

#### 5. Rights waived

- 5.1 The Guarantor waives any rights he may have of first requiring the Client to issue ,

5.2 The Guarantor hereby expressly waives all defences which might constitute a legal or equitable

,  
[ / / ].

## 6. Guarantor's indemnity for costs

6.1 The Guarantor agrees to indemnify the Client against all liabilities ( )

6.2 The Guarantor agrees that his liability under this guarantee agreement shall be continuing, absolute, primary,

[ ]  
].

6.3 The Guarantor accepts that the Client is under no obligation to

6.4 The Guarantor will, upon demand, pay the Client any amount [ ],

6.5 [The obligations and liabilities of the Guarantor](#)

[OR](#)

6.6 [This guarantee is limited to:](#)

6.6.1 [the sum of \[sum\] in total;](#)

6.6.2 [claims notified to the Guarantor](#) [ ]

## 7. Assignment of guarantee

7.1 The Client may assign all or any of its

7.2 If it does so, then a written notification of  
[ ]

7.3 In the event of such assignment, all the

## 8. Miscellaneous matters

8.1 No amendment or variation to this agreement

8.2 So far as any time, date or period is

8.3 If any term or provision of this agreement is at any time held by any jurisdiction to be void, invalid or unenforceable, then it shall be treated

8.4

8.5

8.6

It shall be deemed to have been delivered:

;

72

24

].

8.7

8.8

8.9

8.10

8.11

**This guarantee agreement becomes effective on the date it is signed.**

Signed by the Client personally:

/

OR

/

[ / / ]

/

[ ]

For, and on behalf of [ ]

Print Name

For, and on behalf of [ ]

Print Name

OR

:

.

OR

[ ]

,

.

OR

] - [ ]  
[ ]



# Explanatory Notes:

## Guarantee of contract performance

### General notes

1. This is a simple agreement which ties in this new guarantee
2. It has been drawn to be very tough against the guarantor, in favour of the Client. However, paragraph 6 is the fallback for the guarantor. Our approach is therefore to put the guarantor strongly on the line but limit his total liability. This
3. This is a very flexible agreement. You will not require all of the provisions. You may have a simple guarantee of money or you may have changed the terms of

### Paragraph Specific Notes

Drafting notes referring to specific paragraphs

#### 1. **Basis of contract**

This paragraph is concerned with the basics on the basis of which the parties

Carefully edit sub paragraph 2 by describing the reason why the guarantor should come in. If there is no reason, the guarantor could claim later that he is not bound to this guarantee agreement because he has received no "consideration". The most likely reasons are that the guarantor is connected because he has a contract to supply to contractor or buy from him, or is otherwise

#### 2. **The guarantee**

Make sure you set down precisely what you want the guarantor to guarantee. In this example, we have provided

When a contract goes wrong, the new deal to put it right could be anything, so we do not know what exact words you will need.

You could edit this paragraph so as to leave a simple guarantee of the obligations of the contractor. However, the agreement will be stronger if the obligations are specified.

### **3. Changed terms of the Original Contract**

This is where we have added the penalty and also provided the words for incorporating any other changes you might need.

### **4. Guarantor's continuing liability**

This covers a number of legal points which

### **5. Rights waived**

We have no comment.

### **6. Guarantor's indemnity for costs**

In law, a guarantee covers

The sum to be

The client could of

Paragraphs 6.5 and 6.6 are alternative to each other .

### **7. Assignment of guarantee**

Normally, an assignment of the rights under a guarantee agreement would require

,

.

/ / /

## 8. **Miscellaneous matters**

A number of special points. We have identified each of these as important to

,

,

.

**End of notes**