

# Bank Guarantee

[Date]

Re: Letter of Guarantee

US \$ [\_\_\_\_\_]

Dear Sirs:

The [Name of Bank] (the "Bank"), with registered offices at [Address] through its undersigned representative, hereby confirms that it is guarantor and main paying entity for [Name of Contractor], located at [Address], up to a limit of U.S. [\$ (\_\_\_\_\_)], as a guarantee ("Guarantee") to ensure full and complete performance of Contract No. [ ] (the "XYZ" Contract).

The Bank undertakes, with due regard for the limit stipulated above, to comply within 24 (twenty-four) hours with any requests for any payment covered by the said Guarantee, if demanded by [Name of ABC Entity] ("ABC"), without complaint, withholding or debarment or filing of administrative or court actions or appeals of any kind.

The Bank furthermore pledges itself to pay all the expenses of ABC, whether of a legal nature or not, in the event ABC is forced to go to arbitration or court to compel compliance with any commitment undertaken by [Name of Contractor] ("Party Guaranteed").

In the event any dissolution, liquidation, bankruptcy, reorganization, receivership, assignment for the benefit of creditors, debt rearrangements or other proceeding under any bankruptcy law or proceeding or insolvency law or procedure instituted by or against the Party Guaranteed, this Guarantee at the option of ABC, immediately shall become due and payable from the Bank.

The Bank hereby (1) agrees to any modifications of any terms or conditions of the XYZ Contract and/or to any extensions or renewals of the time for performance by the Party Guaranteed; that it shall not be necessary for ABC to proceed first against the Party Guaranteed or any other security or guarantor before proceeding against the Bank and that no release of any other guarantor, whether by operation of law or by any act of ABC, with or without notice to the Bank, shall release the Bank from its obligation hereunder; (2) waives notice of any election, acceptance, demand, protest, release, notice of protest, and (3) agrees, if this Guarantee is not honored by the Bank in accordance with its terms, to pay, in addition to all other sums of money due, all costs of collection including any and all costs of suit and ABC's legal fees therefore. Furthermore, the Bank's liability hereunder shall in no way be invalidated, affected or impaired by any of the following

(any one or all of which may be done or omitted by ABC without notice to anyone), namely: (i) any acceptance by ABC of any security or collateral for, or other guarantors of the obligations of the Party Guaranteed; (ii) any compromise, settlement, surrender, release, discharge, renewal, extension, alteration or other disposition of, or substitution for or indulgence with respect to, or failure, neglect or omission to realize upon, or to enforce any right with respect to the XYZ Contract or the Party Guaranteed, or any security or collateral therefor, or any claims against any person or persons primarily or secondarily liable thereon; (iii) the granting of credit from time to time by ABC to the Party Guaranteed, whether or not in excess of the amount with respect to which recovery under this Guarantee may be limited; or (iv) any express or implied action of commission or omission of any kind at any time on the part of ABC other than the execution and delivery by ABC of an express written release of the Bank or cancellation of this Guarantee.

No postponement or delay on the part of ABC in the enforcement of any right hereunder shall constitute a waiver of such right and all rights of ABC hereunder shall be cumulative and not alternative and shall be in addition to and not in lieu of all rights granted to ABC by applicable law.

If any provision hereof shall be declared to be illegal and unenforceable in any respect, such illegal or unenforceable provision shall be construed in such a way as to make the provision legal and enforceable, and all other provisions of this Guarantee shall continue to remain in full force and effect.

This Guarantee shall be governed by, construed and enforced in accordance with the laws of the State of \_\_\_\_\_, United States, without giving effect to the principles thereof relating to conflicts of laws.

This Guarantee shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, the obligations of the Bank hereunder may not be assigned by the Bank without the prior written consent of ABC.

We confirm that this Guarantee is duly recorded in Book No. [ \_\_\_\_ ] or other such record used by this Bank, and is irrevocable, sound, definite, valid and the legally enforceable obligation of the Bank, furthermore meeting all applicable regulatory requirements.

All corporate action has been taken to authorize the signatory(ies) of this instrument to provide this Guarantee as the act and deed of the Bank.

This Guarantee is to remain in force, in its full amount, from the date of its issuance until the Final Completion Certificate is issued by ABC pursuant to the XYZ Contract and then will be reduced to [\_\_% (\_\_\_\_ percent)] of the [Contract Price] set forth in the XYZ Contract until the date [\_\_ (\_\_\_\_) Days] after such Final Completion Certificate

is issued by ABC.].

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Bank

[Notarized]

Sample Preview