

Since the Guarantor (as a shareholder of the Contractor) is an individual, not a company, include the following words on a cover page accompanying the Deed given by the Beneficiary to the Guarantor to sign.

Warning to the Guarantor:

This Deed of Guarantee is an important document.

The Beneficiary has already signed it but before you sign it, you should read it carefully, obtain independent legal advice about it from a solicitor, ensure that you understand both what it means and also what the implications of it will be if you sign it and have it witnessed.

If you do sign it, you might have to meet liabilities of the party defined in it as the "Contractor", if the Contractor does not do so, and you will have other obligations as well. Your commitment to pay will be unconditional but there is a limit to the amount the Beneficiary can ask you to pay - there are details about this limit in Clause 1.

Please sign and return this Note with the Deed signed by you to confirm that you have read it.

(signed)

<<Insert full name of Guarantor >>

DEED OF GUARANTEE - SOLE/MAIN (INDIVIDUAL) SHAREHOLDER'S GUARANTEE OF PERFORMANCE BY CONTRACTOR OF A PARTICULAR CONTRACT (LIMITED)

THIS DEED is made this <<Insert day>> of <<Insert Month>> of <<Insert Year>>

BETWEEN

<<Insert name of individual shareholder of Contractor>> of <<Insert personal address>> and his personal representatives and the receiver or other person lawfully acting on his behalf ("the Guarantor")¹

AND

<<Insert name of client or customer of the Contractor>> [of <<Insert client or customer's principal business address>>] **OR** [a company incorporated in England & Wales under number <<Insert number>> whose registered office address is at <<Insert client or customer's registered office address>>] and its successors and assigns ("the Beneficiary")

AND

<<Insert Contractor's name>> a company incorporated in England & Wales under number <<Insert number>> whose registered office address is at <<Insert address>> and its successors and assigns ("the Contractor")

RECITALS:

- A. The Guarantor is the [main][sole] shareholder of the Contractor
- B. The Beneficiary and the Contractor are to enter into the Contract as defined below
- C. The Beneficiary requires, as a condition of it entering into the Contract, a performance guarantee and indemnity in respect of the Contract
- D. The Guarantor, as [main][sole] shareholder in the Contractor, has agreed to provide such a guarantee of and indemnity for the Contractor's performance and liabilities under the Contract

THE PARTIES HEREBY AGREE as follows:-

1. Definitions

"the Contract"	means an agreement [a draft copy of which is attached] to be entered into between the Contractor and the Beneficiary under which the Contractor is to [execute and complete [a project] [certain works] for] [provide certain [goods and][services] to the Beneficiary
"the Guaranteed Obligations"	means all obligations of or owed by, the Contractor to the Beneficiary under the Contract not exceeding the Limit
"the Guaranteed Liabilities"	means all monies, debts and liabilities of any nature owed by the Contractor to the Beneficiary under the Contract or in respect of the Guaranteed Obligations not exceeding the Limit
"the Limit"	means the total sum in aggregate of £<<Insert maximum amount payable by Guarantor>> in respect of the Guarantor's

¹ This template assumes that the Guarantor is an individual, not a company. If the Guarantor is a company which is the parent company of the Contractor, the parent company version of this template should instead be used

liability
[and]
Guar
includ
which

under Sub-Clauses 2.1.1 [and] 2.1.2
the Guaranteed Obligations and the
ed always that the Limit shall not
e under Clause 2.2 of this Deed
ole in addition

2. Guarantee and Indemnity

2.1 In consideration of
irrevocably and und
as a primary obligat

g into the Contract the Guarantor
and undertakes to the Beneficiary
surety that:

2.1.1 the Contract
Obligations
demand of
Liabilities as

ally perform all of the Guaranteed
ll immediately upon first written
the Beneficiary the Guaranteed
e principal obligor; and

2.1.2 if the Cont
Guarantor v
the breach a

the Guaranteed Obligations, the
and of the Beneficiary make good
se

but the Guarantor
Clauses 2.1.1 and
imposed on the Cor

ilities or obligations under Sub-
ate are any greater than those
ct

2.1.3 the Guarant
indemnify a
claims, liabi
incurred by
the Guarant
and punctua

ten demand of the Beneficiary
Beneficiary in full against all costs,
uding legal expenses) suffered or
the Contractor's breach of any of
failure by the Contractor to duly
aranteed Obligations

The Guarantor's to
and 2.1.3 shall not e

e under Sub-Clauses 2.1.1, 2.1.2

2.2 The Guarantor shall
the date of demand
judgment) at the ra
<<Insert name of b
last business day (o
each month

s demanded under this Deed from
payment (before as well as after
ge rate>> above the base rate of
aily basis and compounded on the
for general business in London) of

2.3 The obligations of t
Guarantor [does no
amendment to the C
the Beneficiary and

Deed shall [not] extend to, and the
, any extension or variation of or
supplemental agreement between

2.4 In the event of de
rights against the
exhaust all of its re

the Beneficiary may enforce its
greement without first having to
actor

2.5 This Deed shall be
held from the Gua
Guaranteed Liabili
security or right or r

guarantee or security now or later
e Guaranteed Obligations or the
ge with or prejudice any other
rced notwithstanding the same

3. Commencement and Exp

3.1 The obligations in
Beneficiary entering

ence on the Contractor and the
after the date set out above.

- 3.2** This Deed shall come into effect on the date when all of the Guaranteed Obligations have been discharged or the date when all of the obligations in this Deed have been discharged, whichever is later, and this Deed shall automatically terminate on such date.
- 4. Continuing Security etc.**
- This Deed is a guarantee of the performance of the Guaranteed Obligations and the Guaranteed Liabilities of the Contractor to the Beneficiary. The Contractor's obligations under this Deed shall not be affected by, and the Contractor shall not be affected by:
- 4.1** the death, incapacity, insolvency, receivership, reorganisation, liquidation or change of style of the Guarantor; or
- 4.2** the grant by the Contractor of any time, indulgence, forbearance or concession, or the making of an arrangement by the Beneficiary in respect of the Guaranteed Obligations or the Contractor's obligations under this Deed.
- 5. Subrogation**
- 5.1** At any time when the Contractor has performed any of the Guaranteed Obligations and/or any default by the Contractor in the performance of any of the obligations under this Deed, the Guarantor may only have:
- 5.1.1** the benefit of subrogation to the Contractor's rights and remedies in respect of any security or other guarantee of the Contractor's obligations; or
- 5.1.2** to take the benefit of the Contractor's rights and remedies in respect of any security or other guarantee of the Contractor's obligations; or
- 5.1.3** to prove in the courts of the Contractor's jurisdiction that the Contractor has not taken any security from the Beneficiary and shall hold any amount recovered in respect of the Contractor's obligations on trust for the Beneficiary and pay the same to the Beneficiary.
- 5.2** The Guarantor hereby agrees to indemnify the Contractor and to hold the Contractor harmless from and against all claims payable under this clause on trust for the Contractor.
- 5.3** Following the taking of any security or any other compromise or arrangement for the benefit of any creditor of the Contractor, the Guarantor shall not exercise any right or remedy that it may have against the Contractor or any amount paid or other obligation of the Contractor.
- 6. Payments by Guarantor to Contractor**
- 6.1** All payments to be made by the Guarantor under this Deed shall be made:
- 6.1.1** in full without deduction or withholding for or on account of any taxes;
- 6.1.2** free and clear of any taxes, charges, costs or expenses.
- 6.2** Any certificate given by the Guarantor to the Beneficiary stating the interest of the Contractor in the property of the Beneficiary shall be valid and effective for all purposes.

payable or the amount of the sum payable shall, in the absence of manifest error, be based on the sum payable for all purposes

6.3 If any deduction or abatement is made in respect of any payment, the sum payable shall be increased by the amount of such deduction, making the deduction a net sum equal to the sum payable or withholding been

6.4 The Guarantor shall be liable for the amount received by the Beneficiary

7. Beneficiary's Waiver

Any waiver by the Beneficiary of the Guarantor's Obligations shall only be effective if it is made upon the terms and conditions set out in this Deed

8. Severability

Any unenforceability of any provision of this Deed shall not affect the enforceability of any other provision

9. Assignment by Beneficiary

The Beneficiary may assign its rights under this Deed to any person without the consent of the Guarantor or Contractor, provided that the Beneficiary notifies the Guarantor before any such assignment

10. Notices

Any notice or demand given in connection with this Deed shall be in writing, served on any party at the address by post or by hand, or by email at that other party's above email address previously provided by that other party, and marked "Guarantee of Performance"

11. Applicable Law and Jurisdiction

This Deed and the rights and obligations created by it shall be governed by, and construed in accordance with, the law of the jurisdiction of the English Courts

Attachment 1: Guarantor's Acknowledgment of Contract]

IN WITNESS whereof each of the parties has signed and delivered this document as a Deed the day and year first above written

GUARANTOR

Signed by <<Insert name of Guarantor>>

[signature of Guarantor]

In the presence of

<<Insert name & address of witness>>

Occupation:

[signature of witness]

BENEFICIARY

[<<Insert name of Beneficiary>> Limited]

acting by

<<Insert name of director of Beneficiary>>

[signature of director]

Director

<<Insert name of director or secretary>>

[signature of director/secretary]

..... Director/Secretary]

OR

[<<Insert name of Beneficiary if authorised>>]

[signature of Beneficiary]

In the presence of

<<Insert name & address of witness>>

Occupation:

[signature of witness]

CONTRACTOR

<<Insert name of Contractor>> Limited]

acting by

<<Insert name of director of Contractor>>

[signature of director]

..... Director

<<Insert name of director or secretary>>

[signature of director/secretary]

..... Director/Secretary