

*Since the Guarantor (as a Director 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 and the amount the Beneficiary can ask you to pay is not limited.

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 - DIRECTOR'S GUARANTEE OF PERFORMANCE BY CONTRACTOR OF A PARTICULAR CONTRACT (UNLIMITED)

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

### BETWEEN

<<Insert name of director of Contractor>><sup>1</sup> of <<Insert director's personal address>> and his personal representatives and the receiver or other person lawfully acting on his behalf ("the Guarantor")  
<sup>2</sup>

### 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 a [director][<<Insert other connection with Contractor - see footnote 1>>] 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 to the Contract, a performance guarantee and indemnity in respect of the Contract, and the Guarantor 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 [draft copy 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
"the Guaranteed Liabilities"	means all monies, debts and liabilities of any nature owed by the Contractor to the Beneficiary under the Contract or in

<sup>1</sup> The Guarantor might instead be an individual who does not have a connection with or interest in the Contractor company, or has only an indirect or small interest, e.g. the spouse, partner, parent, child, or sibling of a director or of the main/sole shareholder, or perhaps a minority shareholder. He/she may do so solely for altruistic reasons. Alternatively, s/he may have a personal interest, e.g. if he/she has loaned any money to the Contractor which is still outstanding or if he/she is a supplier on credit to the Contractor. In such a case, the template can be adapted simply by rewording this statement. The detail of the Guarantor in the heading would then also need to be adapted

## 2. Guarantee and Indemnity

**2.1** In consideration of the Contractor irrevocably and undeniably undertaking to the Beneficiary as a primary obligor:

**2.1.1** the Contractor shall fully and faithfully perform all of the Guaranteed Obligations immediately upon first written demand of the Beneficiary the Guaranteed Obligations as the principal obligor; and

**2.1.2** if the Contractor breaches the Guaranteed Obligations, the Contractor shall make good the breach and

but the Contractor shall not be liable for any liabilities or obligations under Sub-Clauses 2.1.1 and 2.1.2 which are greater than those imposed on the Contractor.

**2.1.3** the Contractor shall indemnify and hold the Beneficiary harmless from all claims, liabilities, damages, costs and expenses incurred by the Beneficiary as a result of the Contractor's failure to duly perform the Guaranteed Obligations.

**2.2** The Contractor shall pay to the Beneficiary the sum of the Guaranteed Obligations demanded under this Deed from the date of demand (or from the date of judgment) at the rate of <<Insert name of bank>> above the base rate of <<Insert name of bank>> on a daily basis and compounded on the last business day (or the date of judgment) of each month.

**2.3** The obligations of the Contractor under this Deed shall extend to, and the Contractor consents to the variation of or amendment to the Deed between the Beneficiary and the Contractor.

**2.4** In the event of default by the Contractor, the Beneficiary may enforce its rights against the Contractor without first having to exhaust all of its remedies against the Contractor.

**2.5** This Deed shall be held from the Contractor by the Beneficiary as a guarantee or security now or later for the performance of the Guaranteed Obligations or the Contractor shall not discharge with or prejudice any other security or right or remedy of the Beneficiary.

## 3. Commencement and Expenses

**3.1** The obligations in this Deed shall commence on the Contractor and the Beneficiary entering into the Contract and the date set out above.

**3.2** This Deed shall continue in force until the date when all of the Guaranteed Obligations have been discharged, whichever is later, and this Deed shall automatically terminate on such date.

#### 4. Continuing Security etc.

This Deed is a guarantee and the Guaranteed Liability of the Contractor to the Beneficiary shall remain in full force and effect and not be discharged or affected by,

4.1 the death, incapacity, receivership, reorganisation or change of style of the Guarantor;

4.2 the grant by the Contractor of any time, indulgence, forbearance or concession or the release or discharge by the Beneficiary of the Contractor from any of the Guaranteed Obligations or the C

act of the Guaranteed Obligations shall remain in full force and effect and not be discharged or affected by:

4.1 the death, incapacity, receivership, reorganisation or change in the constitution, name or style of the Beneficiary; or

4.2 the grant by the Contractor of any time, indulgence, forbearance or concession or the release or discharge by the Beneficiary of the Contractor from any of the Guaranteed Obligations or the C

#### 5. Subrogation

5.1 At any time when the Contractor has performed any of the Guaranteed Obligations and/or any default by the Guarantor in the performance of the Guaranteed Obligations under this Deed, the Guarantor may only

performance of any of the Guaranteed Obligations and/or any default by the Guarantor in the performance of the Guaranteed Obligations under this Deed, the Guarantor may have:

5.1.1 of subrogation to the benefit of the Beneficiary;

5.1.2 to take the benefit of any security or other guarantee or other benefit of the Contractor;

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5.1.3 to prove in the event of the Contractor's insolvency as permitted by the Beneficiary as a result of the exercise of the same to the Beneficiary.

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5.2 The Guarantor hereby agrees to hold any amount recovered by the Contractor on trust for the Beneficiary and pay the same to the Beneficiary.

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5.3 Following the taking of any security or other benefit of the Contractor, the Guarantor shall have against the Contractor the same right or remedy that it may have against the Contractor in respect of any amount paid or other obligation performed by the Contractor.

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#### 6. Payments by Guarantor to Beneficiary

6.1 All payments to be made by the Guarantor to the Beneficiary shall be made:

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6.1.1. in full without deduction or withholding for or on account of any taxes;

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6.1.2 free and clear of any taxes, charges, deductions or withholdings for or on account of any taxes;

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6.2 Any certificate given by the Guarantor stating the interest payable or the amount of the Guaranteed Liability shall, in the absence of manifest error, be binding for all purposes.

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6.3 If any deduction or withholding for or on account of any taxes, charges, deductions or withholdings for or on account of any taxes;

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respect of any pa  
increased by the  
making the deduct  
net sum equal to th  
or withholding been

Deed, the sum payable shall be  
necessary to ensure that, after  
Beneficiary receives and retains a  
ve received had no such deduction

6.4 The Guarantor sh  
amount received by

cation by the Beneficiary of any  
is Deed.

**7. Beneficiary's Waiver**

Any waiver by the Benef  
Obligations shall only be ef  
upon the terms and conditi

this Deed, or of any Guaranteed  
and then only for the purpose and  
given.

**8. Severability**

Any unenforceability of  
enforceability of any other

this Deed shall not affect the

**9. Assignment by Beneficia**

The Beneficiary may assign  
of the Guarantor or Contra  
the Guarantor before any s

d at any time without the consent  
vided that the Beneficiary notifies

**10. Notices**

Any notice or demand give  
be in writing, served on an  
address by post or by han  
that other party, and marke

in connection with this Deed shall  
either at that other party's above  
ail address previously provided by  
tention.

**11. Applicable Law and Juris**

This Deed and the rights a  
and construed in accorda  
jurisdiction of the English C

ties under it shall be governed by,  
and be subject to the exclusive

**Attach uns [Signature of Contract]**

**IN WITNESS** whereof each of th  
Deed the day and year first above

and delivered this document as a

**GUARANTOR**

Signed by <<Insert name of Guar

[signature of Guarantor] .....

In the presence of  
<<Insert full name & address of wi

Occupation : .....

[signature of witness] .....

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**BENEFICIARY**

<<Insert name of Beneficiary>> Limited

acting by

<<Insert full name of director of Beneficiary>>  
[signature of director] .....

Director

<<Insert name of director or secretary of Beneficiary>>  
[signature of director/secretary] .....

Director/Secretary]

**OR**

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

[signature of Beneficiary] .....

In the presence of

<<Insert full name & address of witness>>

[insert signature of witness]

Occupation : .....

[signature of witness] .....

M

**CONTRACTOR**

<<Insert name of Contractor>> Limited  
acting by

<<Insert name of director of Contractor>>  
[signature of director] .....

Director

<<Insert name of director or secretary of Contractor>>  
[signature of director/secretary] .....

Director

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