

PUBLIC WORKS CONTRACTS
MODEL FORM 6
FORM OF PERFORMANCE BOND

30 January 2008

MODEL FORM 6

FORM OF PERFORMANCE BOND

(Clause 1.5)

Bond No.....

BOND AMOUNT: €.....

THIS BOND is made on

BETWEEN

1.....
whose registered office is at (the
Contractor)

2.....
whose registered office is at (the
Surety) and

3. [name of Employer] (the **Employer**)

BACKGROUND

- A. By a contract (the **Contract**), the Contractor has been or will be appointed by the Employer for [name of Contract]
- B. The Contractor has agreed to furnish a performance bond to the Employer.
- C. Terms defined in the Contract have the same meaning in this Bond.

IT IS AGREED AS FOLLOWS:

- 1. If the Contractor's obligation to complete the Works is terminated under clause 12.1 of the Conditions the Surety will, subject to this Bond, pay the Employer any amount for which the Contractor is liable under clause 12.2.11 of the Conditions.

If the Contractor breaches the Contract the Surety will pay the Employer any amount for which the Contractor is liable to the Employer as damages for breach of the Contract, as established under the Contract, taking into account all sums due to the Contractor under the Contract.

- 2. The maximum liability of the Surety under this Bond will not exceed €..... This amount will be reduced by half on issue of the certificate of Substantial Completion of the Works under the Contract.
- 3. No alteration in the Contract or in the extent or nature of the works to be done under it, and no allowance of time under the Contract, and no forbearance or forgiveness concerning the Contract by the Employer, will in any way release the Surety from liability under this Bond.
- 4. The Surety will be released from its liability under this Bond [•] days after the certificate of Substantial Completion of the Works has been issued, except in relation to any breach by the Contractor or termination that has occurred before that date, written notice (including particulars of the breach or termination) of which has been given to the Surety earlier than 4 weeks after this expiry date.

5. The Contractor undertakes to the Surety to perform its obligations under the Contract. This undertaking does not limit any rights or remedies of the Employer or the Surety.
6. The Employer may, but is not required to, provide to the Surety a copy of any notice that the Employer gives to or receives from the Contractor under clause 12 of the Conditions.
7. The decision of a court or arbitrator in a dispute between the Employer and the Contractor will be binding on the Surety as to all matters concerning a breach of the Contract, termination under the Contract, and the Contractor's liability.
8. If the Surety is called on to pay the Employer's loss following a termination under clause 12.1 of the Conditions, the Surety may suggest a completion contractor to the Employer, provided the proposed completion contractor is acceptable to the Employer.
9. The Surety will not be liable under this Bond for a breach or termination caused solely and directly by war, invasion, act of foreign enemies, hostilities (whether war is declared or not), terrorism, civil war, rebellion, revolution, or military or usurped power.
10. The Employer may assign the benefit of this Bond, without the Surety's or the Contractor's consent, by giving written notice to the Surety.
11. This Bond is governed by and construed according to Irish law and the parties submit to the jurisdiction of the Irish courts to determine all matters concerning it.
12. [The Surety appointsofas its agent for service of legal proceedings. The Surety confirms that the named agent has been irrevocably appointed and the failure of the agent to notify the Surety of receipt of a document will not invalidate any proceedings or the service of the document.]¹
13. Money payable by the Surety under this Bond will be paid in euro in Ireland.

Given under the Contractor's common seal

Given under the Surety's common seal

Signed on behalf of the Employer

.....
in the presence of

.....

¹ An address in Ireland is required when the Surety does not have a registered office in Ireland