

Retention Bond

(Agreed between the JCT and the British Bankers' Association)

BOND dated the _____ day of _____ 20 _____

issued by _____

of _____

_____ ('the Surety')

in favour of _____

of _____

_____ ('the Employer')

1 By a contract ('the Contract') between the Employer and

of _____

_____ ('the Contractor')

the Employer has agreed that he will not exercise his right under the Contract to deduct Retention from amounts included in Interim Certificates provided the Contractor has taken out this Bond in favour of the Employer.

2 The Surety is hereby bound to the Employer in the maximum aggregate sum of _____

_____ (figures and words)

until the Surety is notified by the Employer in writing of the date of issue of the next Interim Certificate after practical completion when the maximum aggregate sum shall be reduced by 50 per cent.

3 The Employer shall, on a demand which complies with the requirements in clause 4 below, be entitled to receive from the Surety the sum therein demanded.

4 Any demand by the Employer under clause 3 above shall:

-1 be in writing addressed to the Surety at its office at

refer to this Bond, and with the signature(s) therein authenticated by the Employer's bankers; and

-2 state the amount of the Retention that would have been held by the Employer at the date of the demand had Retention been deductible; and

-3 state the amount demanded, which shall not exceed the amount stated pursuant to clause 4-2 above, and identify for which one or more of the following such amount is demanded:

continued 4-3

- 1 the costs actually incurred by the Employer by reason of the failure of the Contractor to comply with the instructions of the Architect/Contract Administrator under the Contract; and be accompanied by a statement by the Architect/Contract Administrator which confirms that this failure by the Contractor has occurred;
- 2 the insurance premiums paid by the Employer pursuant to the Contract because the Contractor has not taken out and/or not maintained any insurance of the building works which he was required under the Contract to take out and/or maintain;
- 3 liquidated and ascertained damages which under the Contract the Contractor is due to pay or allow to the Employer; and be accompanied by a copy of the certificate of the Architect/Contract Administrator which under the Contract he is required to issue and which certifies that the Contractor has failed to complete the works by the contractual Completion Date;
- 4 any expenses or any direct loss and/or damage caused to the Employer as a result of the termination of the Contractor's employment by the Employer;
- 5 any costs, other than the amounts referred to in clauses 4-3-1 to 4-3-4 above, which the Employer has actually incurred and which, under the Contract, he is entitled to deduct from monies otherwise due or to become due to the Contractor; and identify his entitlement;

and

- 4 incorporate a certification that the Contractor has been given 14 days' written notice of his liability for the amount demanded hereunder by the Employer and that the Contractor has not discharged that liability; and that a copy of this notice has at the same time been sent to the Surety at its office at

Such demand as above shall, for the purposes of this Bond but not further or otherwise, be conclusive evidence (and admissible as such) that the amount demanded is properly due and payable to the Employer by the Contractor.

- 5 If the Contract is to be assigned or otherwise transferred with the benefit of this Bond, the Employer shall be entitled to assign or transfer this Bond only with the prior written consent of the Surety, such consent not to be unreasonably delayed or withheld.
- 6 The Surety, in the absence of a prior written demand made, shall be released from its liability under this Bond upon the earliest occurrence of either:
 - 1 the date of issue under the Contract of the Certificate of Making Good as confirmed by the Employer to the Surety; or
 - 2 satisfaction of a demand(s) up to the maximum aggregate under the Bond; or
 - 3 _____ (insert calendar date).
- 7 Any demand made hereunder must be received by the Surety accompanied by the documents as required by clause 4 above on or before the earliest occurrence as stated above, when this Bond will terminate and become of no further effect whatsoever.
- 8 Notwithstanding any other provisions of this Bond nothing in this Bond confers or is intended to confer any right to enforce any of its terms on any person who is not a party to it.
- 9 This Bond shall be governed and construed in accordance with the laws of England and Wales.

IN WITNESS whereof this Deed of Guarantee has been duly executed and delivered on the date below:

Signed as a Deed by: _____

as the Attorney and on behalf of the Surety: _____

In the presence of:

witness' signature

witness' name

witness' address

Date: _____