

PERFORMANCE BOND

prepared in one original copy

Number of the bond:

Insurer (Surety)	name:
	address:
Contracting Party (Principal)	name:
	address:
Beneficiary:	name:
	address:

Our Principal informed us that the following contract has been concluded:

Contracting Parties:

Date, number and title of the contract:

Brief description of the works:

Our Principal informed us that as a security of its obligations undertaken in the said contract, the Principal has requested to issue a **performance bond** with a sum of EUR.....,-

By issuing this performance bond, the Surety shall provide irrevocable coverage for the Principal under the terms and conditions detailed below.

- 1. Cover begins:
- 2. Cover ends:
- 3. Sum of the bond:

EUR, that is __ Euro

The sum of the bond shall mean the upper limit of indemnity to be paid by the Surety for this bond and shall decrease by any amount of the service(s) performed on the basis of this bond.

4. Services of the Surety: Pursuant to this bond, the Surety assumes an irrevocable obligation to effect payment as absolute surety in lieu of Principal to the bank account stated in the written demand up to the maximum amount specified in the present bond in favour of the Beneficiary, in return for the first original copy of Beneficiary's written demand referring to the above bond number (demand for payment) and sent to the address stated in section 6.2 within 15 working days upon receipt of document(s) have to be submitted and attached to demand for payment, in the event Beneficiary suffers – as a result of failure by Principal in performing its obligations at all or according to the contract – such damage under any title as the Principal can be obligated to pay under the Contract.

5. Payment on the basis of this bond is subject to the submission of the following documents together with the demand for payment to the above specified address of Surety:

a) a written, duly signed statement by Beneficiary of the fact of non-performance or performance not according to the contract and the amount of the demand based on the non-performance

b) copy of the written notice sent to Principal wherein Beneficiary called Principal to perform its contractual obligation and which allows to conclude that the deadline for performance sated in the notice has expired by the date of the demand for payment.

6. 1 The Surety shall effect payment on the basis of the request for payment officially signed by the Beneficiary. In the demand for payment the Beneficiary shall prove credibly the duly signatory rights of the persons signing the demand for payment and the authenticity of their signatures (by such an extract from the company registry/certificate of incorporation and specimen signature as are not older than 30 days.)

6.2 Demand for payment shall be sent to:

7. Pursuant to the bond the commitment of Surety will commence and expire at the respective dates specified on the bond. Accordingly, any demand for payment pursuant to the bond shall have been received by the Surety by the date specified in point 2. Thus the commitment of the Surety will cease at the date specified in point 2 regardless whether the bond has been returned to the Surety or not. Before expiry it shall cease when the original copy of the bond is returned to the Surety, the Surety has fulfilled its payment obligation in full up to the amount of the Bond or Surety receives such a statement of waiver as is duly signed as required for the demand for payment and is a certified original copy wherein the Surety is irrevocably relieved from the obligations assumed in the Bond.

8. Claims arising out of this bond shall neither be assigned nor transferred without the prior written consent of the Surety.

9. Any legal dispute arising out of this bond shall be governed by the laws of Hungary.

Dated in Budapest, 20.....

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