



NALA LOCAL MUNICIPALITY

CONTRACT NO.

NLM/TS/006/2025-26

CONSTRUCTION OF BOTHARNIA 9 PUMP STATION IN
KGOTSONG

SECTION C1.3

FORM OF GUARANTEE

Contractor

Witness 1

Witness 2

Employer

Witness 1

Witness 2



NALA LOCAL MUNICIPALITY

CONTRACT NO.

NLM/TS/006/2025-26

CONSTRUCTION OF BOTHARNIA 9 PUMP STATION IN KGOTSONG

FORM OF GUARANTEE

(To be supplied on the official letterhead of "The Bank/Company")

PERFORMANCE GUARANTEE

For use with the General Conditions of Contract for Construction Works, Third Edition, 2015.

GUARANTOR DETAILS AND DEFINITIONS

"Guarantor" means:	
Physical address:	
"Employer" means:	NALA LOCAL MUNICIPALITY
"Contractor" means:	
"Employer's Agent" means:	BVI CONSULTING ENGINEERS CENTRAL (PTY) LTD
"Works" means:	Contract No. NLM/TS/006/2025-26
"Site" means:	KGOTSONG
"Contract" means:	The Agreement made in terms of the Form of Offer and Acceptance and such amendments or additions to the Contract as may be agreed in writing between the parties.
"Contract Sum" means:	The accepted amount inclusive of VAT of R.....
Amount in words:	
"Guaranteed Sum" means:	The maximum aggregate amount of R (Amount to be equal to 10% of the Contract Amount at the time that the Agreement comes into effect).
Amount in words:	
"Expiry Date" means:	14 Days after receipt of Certificate of Completion.

Contractor

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CONTRACT DETAILS

Engineer Issues: Interim Payment Certificates, Final Payment Certificate and the Certificate Completion of Works as defined in the Contract.

PERFORMANCE GUARANTEE

1. The Guarantor's liability shall be limited to the amount of the Guaranteed Sum.
2. The Guarantor's period of liability shall be from and including the date of issue of this Performance Guarantee and up to and including the Expiry Date or the date of issue by the Engineer of the Certificate of Completion of the Works or the date of payment in full of the Guaranteed Sum, whichever occurs first. The Engineer and/or the Employer shall advise the Guarantor in writing of the date on which the Certificate of Completion of the Works has been issued.
3. The Guarantor hereby acknowledges that:
 - 3.1 any reference in this Performance Guarantee to the Contract is made for the purpose of convenience and shall not be construed as any intention whatsoever to create an accessory obligation or any intention whatsoever to create a suretyship;
 - 3.2 its obligation under this performance Guarantee is restricted to the payment of money.
4. Subject to the Guarantor's maximum liability referred to in 1, the Guarantor hereby undertakes to pay the Employer the sum certified upon receipt of the documents identified in 4.1 to 4.3:
 - 4.1 A copy of a first written demand issued by the Employer to the Contractor stating that payment of a sum certified by the Engineer in an Interim or Final Payment Certificate has not been made in terms of the Contract and failing such payment within seven (7) calendar days, the Employer intends to call upon the Guarantor to make payment in terms of 4.2;
 - 4.2 A first written demand issued by the Employer to the Guarantor at the Guarantor's physical address with a copy to the Contractor stating that a period of seven (7) days has elapsed since the first written demand in terms of 4.1 and the sum certified has still not been paid;
 - 4.3 A copy of the aforesaid payment certificate which entitles the Employer to receive payment in terms of the Contract of the sum certified in 4.
5. Subject to the Guarantor's maximum liability referred to in 1, the Guarantor undertakes to pay to the Employer the Guaranteed Sum or the full outstanding balance upon receipt of a first written demand from the Employer to the Guarantor at the Guarantor's physical address calling up this Performance Guarantee, such demand stating that:
 - 5.1 the Contract has been terminated due to the Contractor's default and that this Performance Guarantee is called up in terms of 5; or
 - 5.2 a provisional or final sequestration or liquidation court order has been granted against the Contractor and that the Performance Guarantee is called up in terms of 5; and
 - 5.3 the aforesaid written demand is accompanied by a copy of the notice of termination and/or the provisional/final sequestration and/or the provisional liquidation court order.

Contractor

Witness 1

Witness 2

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Witness 1

Witness 2



- 6 It is recorded that the aggregate amount of payments required to be made by the Guarantor in terms of 4 and 5 shall not exceed the Guarantor's maximum liability in terms of 1.
- 7 Where the Guarantor has made payment in terms of 5, the Employer shall upon the date of issue of the Final Payment Certificate submit an expense account to the Guarantor showing how all monies received in terms of this Performance Guarantee have been expended and shall refund to the Guarantor any resulting surplus. All monies refunded to the Guarantor in terms of this Performance Guarantee shall bear interest at the prime overdraft rate of the Employer's bank compounded monthly and calculated from the date payment was made by the Guarantor to the Employer until the date of refund.
- 8 Payment by the Guarantor in terms of 4 and 5 shall be made within seven (7) calendar days upon receipt of the first written demand to the Guarantor.
- 9 Payment by the Guarantor in terms of 5 will only be made against the return of the original Performance Guarantee by the Employer.
- 10 The Employer shall have the absolute right to arrange his affairs with the Contractor in any manner which the Employer may deem fit and the Guarantor shall not have the right to claim his release from this performance Guarantee on account of any conduct alleged to be prejudicial to the Guarantor.
- 11 The Guarantor chooses the physical address as stated above for the service of all notices for all purposes in connection herewith.
- 12 This Performance Guarantee is neither negotiable nor transferable and shall expire in terms of 2, where after no claims will be considered by the Guarantor. The original of this Guarantee shall be returned to the Guarantor after it has expired.
- 13 This Performance Guarantee, with the required demand notices in terms of 4 or 5, shall be regarded as a liquid document for the purposes of obtaining a court order.
- 14 Where this Performance guarantee is issued in the Republic of South Africa the Guarantor hereby consents in terms of Section 45 of the Magistrate's Courts Act No 32 of 1944, as amended, to the jurisdiction of the Magistrate's Court of any district having jurisdiction in terms of Section 28 of the said Act, notwithstanding that the amount of the claim may exceed the jurisdiction of the Magistrate's Court.

Signed on this _____ day of _____ 20____ at _____ (place)

Contractor

Witness 1

Witness 2

Employer

Witness 1

Witness 2



GUARANTOR’S SIGNATORY

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SIGNATURE GUARANTOR 1

NAME IN BLOCK LETTERS

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CAPACITY GUARANTOR 1

SIGNED AT PLACE

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SIGNATURE GUARANTOR 2

NAME IN BLOCK LETTERS

--	--

CAPACITY GUARANTOR 2

SIGNED AT PLACE

AS WITNESS

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SIGNATURE WITNESS 1

NAME IN BLOCK LETTERS

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SIGNATURE WITNESS 2

NAME IN BLOCK LETTERS

SIGNED AT PLACE	DATE
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Contractor

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Witness 1

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Witness 2

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Employer

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Witness 1

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Witness 2