



SUBORDINATION AGREEMENT (Specific Project)

I. PARTIES:

The parties to this Agreement are:

1. _____, hereinafter called Contractor.

2. _____, hereinafter called Creditor.

3. The Guarantee Company of North America USA, hereinafter called Surety.

II. RECITALS:

This agreement is entered into in the light of these facts and circumstances:

1. Contractor has entered, or will enter into a contract with _____ for Contractor requires a bond or bonds in connection with this contract and has applied to Surety for such bond(s).
2. Contractor is indebted to creditor in the sum of _____ as evidenced by _____.
3. Contractor and Creditor desire Surety to furnish the mentioned bond(s) and as an inducement therefor enter into the following Agreement.

III. COVENANTS:

In consideration of the furnishing of such bond(s) by Surety, Contractor and Creditor hereby agree as follows:

1. Creditor hereby subordinates all rights and claims against Contractor on account of the mentioned indebtedness to any and all rights and claims of Surety on account of loss as defined herein. Loss shall mean any and all loss or expense of whatever kind, including interest, court costs and counsel fees which Surety incurs or sustains as a result of or in connection with the furnishing of the mentioned bond(s). Originals or photocopies of claim drafts, or of payment records kept in the ordinary course of business, including computer print-outs, verified by affidavit, shall be prima facie evidence of the fact and amount of Surety's loss and Surety shall be entitled to reimbursement for any and all disbursements made by it in good faith, under the belief that it was liable, or that such disbursement was necessary or expedient.
2. Surety's loss shall be paid in full out of the assets of Contractor before any payment on account of the mentioned indebtedness is made to or realized by Creditor.
3. Creditor hereby assigns to Surety its rights and claims on account of such indebtedness so that in the event of receivership, bankruptcy or insolvency of Contractor, Surety may enforce such rights and claims and may have dividends hereon until Surety is reimbursed in full for its loss.
4. Creditor and Contractor agree that until Surety has been provided with competent legal evidence for the release of exoneration of such bond(s), the mentioned indebtedness shall remain unchanged and unliquidated and that neither will by act or omission procure or permit the reduction of such indebtedness, nor will Creditor sell, transfer or hypothecate said indebtedness.



5. Creditor agrees that in the event of the breach of any of the terms of this Agreement, all funds and the value of any property and any benefit received by Creditor in connection with such breach shall be held in trust by Creditor for the benefit of Surety, to be paid by Creditor to Surety on demand in reimbursement of its loss. Creditor further agrees to compensate Surety for any damage, in the form of loss or otherwise, sustained by it and caused or contributed to by such breach.
6. This Agreement shall apply to bond(s) executed and furnished by Surety and where procured by Surety, to bond(s) executed by any other surety as sole surety or as co-surety, and the rights hereunder shall inure to the benefit of surety, such other surety, if any, and their reinsurers, if any.
7. Creditor and Contractor agree that Surety's rights under this Agreement are in addition to, and not in lieu of any and all rights which Surety may have under other agreements or otherwise.

Executed this _____ day of _____, _____.

_____	Contractor
Witness	By: _____ Contractor
_____	Creditor
Witness	By: _____ Creditor
_____	Creditor
Witness	By: _____ Creditor
_____	Surety
Witness	By: _____ Surety