

Advance Payment Bond

(For Construction Projects)

Bond Number	[Insert Bond Number]
Date of Issue	[Insert Date]
Principal (Contractor)	[Insert Contractor's Name & Address]
Obligee (Employer/Owner)	[Insert Employer/Owner Name & Address]
Surety (Bank/Guarantor)	[Insert Bank/Surety Name & Address]
Contract No. & Date	[Insert Contract Number and Date]
Advance Payment Amount	[Insert Advance Payment Amount]

Bond Text

WHEREAS, the above-named Principal has entered into a contract with the Obligee as referenced above (hereinafter called the "Contract"), and in accordance with the terms of the Contract the Obligee has agreed to make an advance payment of the amount stated above to the Principal, upon receipt of an Advance Payment Bond.

NOW, THEREFORE, we, the Principal and the Surety, are held and firmly bound unto the Obligee in the sum of the Advance Payment Amount, for the due and proper repayment thereof should the Principal misuse or fail to account for the advance payment in accordance with the terms of the Contract.

The Surety hereby undertakes to pay the Obligee, upon written demand, any amount up to the sum stated above, after deduction of any repayments made by the Principal, without the Obligee having to prove or show grounds for its demand or the sum claimed.

This bond shall become effective on the date of its issue and remain valid until the advance payment has been fully recovered by the deduction from interim payments or other means as provided in the Contract, or until the Surety receives written notification from the Obligee of its release, whichever occurs first.

Notwithstanding the above, the maximum liability of the Surety shall not exceed the amount stated above.

Signed for and on behalf of the Surety:

Date: [Insert Date]

Signed for and on behalf of the Principal:

Date: [Insert Date]

Important Notes:

- This bond guarantees the proper use and/or repayment of advance payments made for the project.
- It is a demand guarantee; the employer can call the bond without prior notice to the contractor.
- The bond value reduces as the advance is recovered in accordance with contract terms.
- This document should be reviewed and approved by legal and financial advisors before execution.
- All details must accurately reflect those specified in the contract and related agreements.

