

Date: [Insert Date]

To:

[Beneficiary Name]

[Beneficiary Address]

Subject: Advance Payment Guarantee No. [Insert Guarantee Number]

Dear Sir/Madam,

We have been informed that [**Applicant/Contractor Name**] (hereinafter called "the Applicant") has entered into Contract No. [**Contract Number**] dated [**Contract Date**] with you, for the execution of [**Project Name/Description**] (hereinafter called "the Contract").

According to the conditions of the Contract, an advance payment in the sum of [**Currency and Amount in Figures**] ([**Amount in Words**]) is to be made against an Advance Payment Guarantee.

At the request of the Applicant, we, [**Bank Name**], having our registered office at [**Bank Address**], hereby irrevocably and unconditionally undertake to pay you any sum or sums not exceeding in total an amount of [**Currency and Amount**] upon receipt by us of your first demand in writing stating that the Applicant is in breach of its obligation under the Contract because the Applicant has used the advance payment for purposes other than the costs of mobilization in respect of the works.

It is a condition for any claim and payment under this guarantee to be made that the advance payment referred to above must have been received by the Applicant in its account number [**Account Number**] at [**Bank Name and Branch Address**].

The maximum amount of this guarantee shall be progressively reduced by the amount of the advance payment repaid by the Applicant as indicated in copies of interim statements or payment certificates which shall be presented to us.

This guarantee shall expire on [**Expiry Date**] or upon our receipt of a copy of the final payment certificate, whichever is earlier.

Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

Yours faithfully,

[Authorized Signature]

[Name and Title]

[Bank Name]