

This application may be photocopied

CONSTRUCTION GUARANTEE FUND**A - PA**Level 1, "Savsiripaya", 123, Wijerama Mawatha, Colombo 7 - Tel : 2673087/8 Fax 2670966
email:cgfund@sltnet.lk cgfh01@yahoo.com website www.cgf.gov.lk**Application For a Performance Bond** **Advance Payment Guarantee** **A) APPLICANT**

01	Name of the Company						
02	Business Address						
03	Telephone		04 Fax		05 E-mail		
06	ICTAD Highest Grade		07 Grade relevant to this application				
08	ICTAD Book Valid Upto		09 Work in hand	No:of Projects		Value Rs(M)	

B) CONTRACT

	BC	HW	BRG	WSD	IRR	DR	OTHER (Please specify)
10	Type of Project (Please tick (✓))						
11	Name of Project						
12	Contract No.		13. Project Location	Province		District	
14	Your Site Engineer TO Name				15 Contact No		
16	Conditions of Contract (Please Specify)						
17	Particulars of Bond / Guarantee taken (Pl. Attach copies)	Bond / Guarantee No	Obtained from	Date of Expiry			

C) DETAILS OF THE EMPLOYER / CLIENT

18	Type of Employer (Please tick)	Public		Private	
19	Name	20 Address			
21	Tel		22 Fax		23 E-mail

D) DETAILS OF THE ENGINEER/CONSULTANT

24	Name of the Engineer/Consultant/Adjudicator	25	Address
26	Tel		27 Fax
			28 E-mail

E) DETAILS OF PROJECT MANAGER OF THE EMPLOYER / CLIENT

29	Name of the Project Manager /Director	30	Address of the Project Manager/Director	31.	Telephone No.	32.	Fax No:
				33. E-mail			

F) DETAILS OF THE INSURANCE POLICIES

34	Type of Policies	Effective Period		Value Rs:	Taken From
	(a) Workmen’s Compensation	To			
	(b) All Risk	To			

G) DETAILS OF THE BOND :

35	Requested amount of the Bond / Guarantee	Rs	36	Bond as a percentage of contract sum	%				
37	Period Required	From	Day	Month	Year	To	Day	Month	Year
38	Contract Period	From	Day	Month	Year	To	Day	Month	Year
39	Defects Liability Period	From	Day	Month	Year	To	Day	Month	Year
40	Award Date	Day	Month	Year	41. Date of commencement	Day	Month	Year	
42	Contract sum	Rs.			With VAT				
		Rs.			Without VAT				

H) SURETIES

43 Cash Securities Rs:

I) ADJUDICATOR – Name & Details

J) DETAILS OF THE LIEN ACCOUNT

Details of Project (Lien) Account:

44	Name of the Bank where the Lien Account is opened	45	Address of the Bank	46	Account No.
		Telephone		Fax	
Authorized Signatory to Lien Account					
47	Name	48	Designation	49	NIC No.

(Board resolution or Power of Attorney to be attached for Limited Liability Companies).

Authorized Signatory to this Application

50	Name	51	Designation	52	NIC No.	53	Signature

54 Date

Day	Month	Year

55 Company Seal / Rubber Stamp

Photocopies of the following documents certified by the applicant (size A4 preferred) should be attached to this application.
 (a) Tender Results (b) Letter of Award (c) Contract Agreement & Conditions (d) Indemnity Form (Format IN-PAMRCB) (e) Work in Hand (f) Program (g) Cash-distribution/histogram of workmen Machinery (h) Lien Account Letters – “A” “B” “C” “D” (i) Status letter from the bank on current loan and / or OD facilities and present status (i) Copy of adjusted final BOQ

INDEMNITY

The Construction Guarantee Fund

Date :

ISSUE OF BOND/GUARANTEE AB PB MB RB CB **EXTENSION**

Project

Project No Client's Name

Further to our application for the issue of a Bond/Guarantee for the above mentioned project, we confirm and agree to comply with the following conditions.

- 1) We have clearly read and understood the Bond /s issued by the CGF to the client on behalf of us
- 2) We agree to fulfill all obligations laid down in the Conditions of Contract, Specifications & Drawings and the clauses in the general agreement and Rules and Regulations laid down by the Client.
- 3) We agree to notify CGF of any changes/amendments/improvements with regard to ; **a)** business registration, status and the Directors of the Company. (Supported with certified copies of the returns from the Registrar of Companies) **b)** memorandum of Articles of the organisation and the share capital **c)** ICTAD record book and the membership of any recognised organisation in the construction industry **d)** contract document , scope of work , payments, obligations of the client or contractor, violation of terms and conditions by the client or contractor or disputes/discrepancy/constraints related to the project **e)** to submit the tender results, awards, Bonds taken from CGF or any other sources
- 4) We agree to send progress reports/bank returns of this project on a monthly basis and any other information related to this project, as and when required/requested by the CGF, if necessary, endorsed as correct by a monitoring officer of CGF.
- 5) In the event of any occurrence, which might give cause to a claim under this Bond / Guarantee, we shall, **a)** immediately notify the CGF in writing, giving an indication as to the nature and extent of the occurrence; **b)** take all steps within the capacity & powers to minimize the extent of the loss or damage; **c)** furnish all such information and documentary evidence as may be required.
- 6) We agree that if the Employer makes a demand on the CGF for payment on the Bond/Guarantee then such amount demanded shall be paid to the CGF by us. Failing to make this payment within 14 days of your being notified of the Demand, the CGF would refer the issue to a sole arbitrator appointed by the CGF in accordance with the Arbitration Act No 11 of 1995 or take legal action to recover such dues with commercial interest prevailing at the date of when the refund was due (compound interest) until payment is made.
- 7) We agree that the levies, and any other charges paid to the CGF in respect of this project will not be refunded to us.
- 8) The CGF is relieved of any responsibilities for loss or damage due to faulty design approval of defective materials improper location or any structural failures during implementation or maintenance period or due to any type of disturbance in the surrounding area.
- 9) We agree to at our own expense take all reasonable precautions and comply with all reasonable recommendations to prevent loss, damage or liability and to comply with all statutory requirements.
- 10) We agree to give the rights to CGF to inspect and examine at any time the project, and the contractor shall provide the representatives of the CGF all assistance and with all the details and information for the assessment of the possibility of the contractor failing in the project.
- 11) We agree that the CGF is not liable/responsible or bound for any expenditure incurred in doing or redoing or making good or replacing or repairing & carrying out any work which is not in conformity to the scope of work or conditions of the contract.
- 12) We agree to provide the correct information during bidding, implementation and the maintenance period of the project and authorize CGF officers or nominated representatives to inspect, assist, interfere in the activities related to the project, deal with the engineer, consultant, client or any other organization which the CGF feels necessary to understand, assess, overcome, settle, mediate or conduct any inquiry to satisfy the fulfilment of the contractor/client's obligations of the project. We further give full authority to the CGF to provide additional resources in order that our contractual obligations on the project could be fulfilled. We further authorise the CGF directly or with the resources of a third party to execute any part of the work. We agree to indemnify & hold indemnified all such expenses incurred by the CGF in giving effect to the above.
- 13) We agree to use the funds available/received under this project for the proper execution/utilization with proper authorization and under the supervision of the CGF and agree not to utilize this fund for any other work, which is not directly/indirectly related to this project. Any surplus/savings/profit will be transferred or withdrawn with the consent/approval/authorization of the CGF.
- 14) We agree to return the original Bond/Guarantee at the expiration of same and understand that this Bond/Guarantee becomes automatically null and void and that the liability of CGF extinguishes completely whether the original of our guarantee is returned or not.

SIGNED BY THE AUTHORIZED PERSON

ATTESTED & SIGNED IN MY PRESENCE

SIGNATURE :

STAMP

NAME :

DESIGNATION :

SEAL

..... STAMP

ATTORNEY- AT- LAW

NAME

ADDRESS

SEAL

SAMPLE LETTER

(A)

Letter from the Contractor to the Bank

(To be sent to the Bank on the Contractor's letterhead)

Date:

The Manager,

..... Bank

.....

Dear Sir,

SUBJECT : CONSTRUCTION PROJECTS WHICH WOULD BE UNDERTAKEN WITH THE CONCURRENCE OF CONSTRUCTION GUARANTEE FUND(CGF)

OPENING OF A LIEN CURRENT ACCOUNT

We, M/s. being a registered company involved in construction contract works,, intend to obtain a Bond/ Guarantee from the "Construction Guarantee Fund" (CGF), for the purpose of Construction and Maintenance *(Name of Project)* Project, awarded by *(Client)*. It is a mandatory requirement of CGF, that we (the Bidder / Contractor) should open a **Project /Lien Current Account**, specifically for the Projects, where CGF extend facilities in any one of the Commercial Banks acceptable to CGF to get qualified for obtaining Bonds from them.

The above date are required by CGF for them to monitor review/compare the progress of Construction work. and to check whether the cash flows demonstrate the proper application of finances that are released to us (Contractors) by Clients, for respective Project/s.

We would inform the respective Employer/Client to all monies paid under this Project directly to this Project/s directly to Lien Account only.

Therefore, we irrevocably direct that all transactions of whatsoever nature from this Project /Lien Account must only be effected with concurrence and explicit written approval of the CGF. And should not be transferred to any other Account, or used for any other form of transaction or held as security or set off for any other liability of ours, be it with your Bank and any of its' branches or with any other Bank. The CGF would inform you in writing the authorized officers who could approve any transactions from the said Project / Lien Account.

Hence, please be kind enough to open a Project /Lien Account in our name to be operated as described above, and confirm the above arrangements to the CGF. A draft of the letter required from the Bank to the CGF is attached.

Sgd. Contractor
Copies to : CGF and Client.

DRAFT SAMPLE LETTERS

(B)**Letter from the Bank to the CGF***(To be typed on a Bank's Letterhead)*

Date:

The General Manager,
Construction Guarantee Fund,
"Savsiripaya",
123, Wijerama Mawatha,
Colombo 7.

Dear Sir,

RE: LIEN PROJECT ACCOUNT NO:

As advised by our client /customer M/s. we have as required by you,
opened a Lien Project /Lien (Current) Account under the Name and Style
..... bearing No:

We irrevocably undertake not to make any disbursements, transfers or effect any other form of transactions and not to hold as security or set off for any other liability or unsettled facilities of M/s..... with this Bank or any of our Bank branches or other Banks, monies from the said Project Lien Account No. opened in our Bank without the explicit written authorization received by us from the Construction Guarantee Fund (CGF) given under the signature of an authorized officer of the CGF. We further undertake to send the CGF copies of the monthly statements of the said Account on a monthly basis.

We further confirm that the above undertaking and arrangements will be in full force and effect and will not be changed or altered in any manner under the instructions of M/s or any other party without the explicit written approval of the CGF.

Further, we confirm that at your request and with the concurrence or our client /customer we may in future accommodate any other remittances from any other projects in this account adopting the same undertaking mentioned above and notified to you accordingly.

All correspondence on this subject should be addressed to:

The Manager,

.....
.....

Tel: Fax: E-Mail:

Thank you.

Yours faithfully,

.....
Name & Signature
Manager

Bank Seal

DRAFT SAMPLE LETTERS

(C)

Letter to the Client /Employer
(To be sent on Contractor's letterhead)

.....
.....
.....

Dear Sir,

Name of the Construction Work Awarded.....
.....

With reference to the above Project / Contract awarded to us by your organization, we intend to obtain a Bond / Guarantee from the Construction Guarantee Fund (CGF).

We wish to inform you that we have opened a Project /Lien Account in respect of the above Project / Contract at Bank Branch bearing No.

Therefore please remit all such monies payable to us on this Project, directly to this Account. Cheques should be drawn in favour of :-

Pay *(Name of Contractor) Lien*
A/C No..... Bank Branch.

Please confirm your agreement to the above to the CGF. (Sample letter attached)

The above instructions will not be revoked by us under any circumstances.

Thank you.

Yours faithfully,

Sgd. Contractor

Copies to : CGF and Bank

DRAFT SAMPLE LETTERS

(D)

Letter from the Client/Employer to the CGF
(To be sent on Client's/Employer's Letterhead)

Date:

Construction Guarantee Fund, (CGF)

"Savsiripaya",

123, Wijerama Mawatha,

Colombo 7.

Dear Sir,

(Name of Project)

(Contract No:)

At the request of the Contractor M/s. (*Contractor Name*)
 for the above Project we
 irrevocably undertake to remit all payments against the above contract, which are payable to
 M/s. (*Contractor Name*) to
 Line/Project Account No:..... ofBank
 Branch.

We further agree to notify the CGF as and when remittances are made against the said contract to
 the said Lien/Project Bank Account.

Yours faithfully,

 Authorised Signatory to the Organization

 Seal

Name :

Designation :

Organization :

SAMPLE FORMAT OF PROGRAMME / CASH DISTRIBUTION / HISTOGRAMME OF MATERIAL / WORKMEN / MACHINERY

COMMON PAGE FOR
 (01) - BUILDING /
 (02) - ROAD /
 (03) - WATER SUPPLY

Project	:					Advance Paid	:	Rs.		Minimum Bill value	:	Rs.	
Contractor	:	M/s				Advance Recovery	:			Escalation - Payable / Not Payable	:		
Contract Sum	:	Rs.				Retention 10% or Max	:	Rs.		Interest for Delayed Payment	:	%	
Contract Period	:	(Months)				Payment Mode	:			Defects Lib Period	:	Months	
	Months	1	2	3	4	5	6	7	8	9	10	11	12
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	VALUE OF WORK DONE												
1	Monthly (Work Done) Bill Value												
2	Cumulative Work Done												
3	ADVANCE PAYMENT												
4	Less Advance Recovery												
4a	Cumulative Recovery												
5	Less RETENTION												
5a	Cumulative Retention												
6	Release of Retention												
7	Monthly Bill Value (1+6)-(4+5)												
	REVENUE												
8a	Advance Payment Received												
8b	Loans/ Credit facilities												
8c	Monthly Bill Pay Received 03 month delay												
	Monthly Bill payment Receivable Monthly Cash in (8a+8b+8c)												
9	Cumulative Cash in												
10.0	EXPENDITURE												
10a	FROM (Pg.2)												
10b	Settlement of Loans in relation to (8b) above												
11	MONTHLY EXPENDITURE (10a+10b)												
12	CUMULATIVE EXPENDITURE												
13	VARIANCE (9 -12)												
NOTE 1. Cash Flow should be prepared without VAT		2. Indication should be given how the deficit to be met					* Indication should be given how the deficit to be met						
CGF/Format No. /RR													
											updated on 01.05.2008		

SAMPLE FORMAT OF PROGRAMME / CASH DISTRIBUTION / HISTOGRAMME OF MATERIAL / WORKMEN / MACHINERY

10.0 10a	EXPENDITURE (excluding settlement to loans)	Total Qty for whole Project	Unit	Rate Rs.	Total amount for whole Project Rs.	as % of Cont. Sum	Mon 1	Mon 2	Mon 3	Mon 4	Mon 5	Mon 6	Mon 7	Mon 8	Mon 9	Mon 10	Mon 11	Mon 12	Cumulative Expenses during Preceding Month			
							Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Forecast Rs.	Actual Rs.
/1	Preliminaries		Sum																			
/2	Site O.H		Sum																			
/3	Head Off O/H		Sum																			
/4	Profit (Pl.see Note 3)		Sum				-	-	-	-	-	-	-	-	-	-	-	-				
	MATERIALS																					
/5	Cement		Bags																			
/6	Rubble		m ³																			
/7	Metal/ Aggregate		m ³																			
/8	Sand		m ³																			
/9	Reinforcement/Steel		Mt																			
/10	Bitumen/ Asphalt		Sum																			
/11	Premix Concrete		m ³																			
/12	DI Pipes		Sum																			
/13	Filling Sub Base		m ³																			
/14	ABC		m ³																			
/15	Premix Asphalt		Mt.																			
/16.a			Sum																			
/16.b			Sum																			
/16.c			Sum																			
/16.d			Sum																			
/16.e			Sum																			
/16.f			Sum																			
/16.g			Sum																			
/16.h																						
/16.j																						
/16.k	Miscellaneous Mat. Max.10% of Cont.Sum		Sum																			
	PLANT																					
/17	Purchase		Sum																			
/18	Hire / Lease		Sum																			
/19	Running Cost		Sum																			
/20	Fuel / Lubricant		Sum																			
	LABOUR																					
/21	Sub Cont		Sum																			
/22	Own Staff		Sum																			
/23	Own Labour		Sum																			
TOTAL	of 10a to Pg.1		Sum																			
	Cum.Expenditure																					

NOTE : 1. Cash Flow should be prepared without VAT 2. Indication should be given how the deficit to be met 3. Profit as forecast at 10/4 above shall not be shared until the satisfactory completion of the Project.

