

Commercial Contract

PERSONAL GUARANTEE



*Empowered lives.
Resilient nations.*



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road,
Lahore

Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7
helpdesk@smeda.org.pk

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 helpdesk.punjab@smeda.org.pk	5 TH Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 helpdesk-khi@smeda.org.pk	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 helpdesk-pew@smeda.org.pk	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 helpdesk-qta@smeda.org.pk

January 2013

Personal Guarantee

Pro-Gole (Right to do Business)

Legal Services, B&SDS

LEGAL SERVICES, SMEDA

The Legal Services (LS) department is a part of Business & Sector Development Services Division of the Small Medium Enterprises Development Authority and plays a key role in providing an overall facilitation and support to the small businesses. The LS believes that information dissemination among the small businesses on the existing legal & regulatory environment and business to business and business to client contracting is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate small businesses, the LS, under the Pro-GOLE (Right to do business) project, a joint SMEDA-UNDP initiative for supporting the small businesses, has developed user-friendly contract templates.

Pro-GOLE, (Right to do Business)

The UNDP has partnered with the Small and Medium Enterprises Development Authority to initiate and execute the Pillar 4 (Right to do business) component of the UNDP PRO-GOLE project which seeks to enhance the legal awareness and mobility of marginalized/ informal businesses. Under the project legal services outreach shall be extended to small businesses including home based enterprises, small shopkeepers, growers, women entrepreneurs, hawking vendors etc. In addition, small business shall be mobilized to access legal services.

The Need for Commercial Contracts Templates

In an increasingly complex and competitive industry, it is vital that suppliers and purchasers are fully protected against legal and commercial risks. To counter such risks, a viable solution; available as- of the shelf commercial contract templates- will provide the users with first class ready to use support. With obligations properly set out and liabilities accurately defined, the users will be in a far better position to look after their rights and interests and move forward from their marginalized positions to being active players of the economy. The Legal Service Providers can equally take benefit of these templates for their professional and business development.

Disclaimer

The information contained in this template is meant to facilitate the businesses in documenting transactions with reference to Banking. However, SMEDA, UNDP or any of their employees or representatives accept no responsibility and expressly disclaim any and all liabilities for any and all losses/shortfalls caused by or motivated by recommendations from the information contained within this document. Although SMEDA's ambition is to provide accurate and reliable information; yet, the document is not an alternative to expert legal advice and should ideally be used in conjunction with the same. Any person using this document and or benefiting from the information contained herein shall do so at his/her own risk and costs and be deemed to have accepted this disclaimer.

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Information contained in this document may be freely used provided that relevant acknowledgement is accurately quoted with each usage.

PERSONAL GUARANTEE

THIS PERSONAL GUARANTEE (hereinafter referred to as the "Guarantee") is made on this [insert date] day of [insert month], 20__ (insert year) **by [insert name of the Guarantor]**, bearing CNIC # [insert number] and residing at [insert complete address] (hereinafter referred to as **the "Guarantor"**) in favor of [insert name of the Bank], [insert name of the Branch], [insert address] (hereinafter referred to as the **"Bank"**).

WHEREAS [insert name of the debtor], as borrower (hereinafter referred to as the **"Customer"**) and the Bank have entered into a finance facility agreement on [insert date] (as amended, varied, novated or supplemented from time to time) (hereinafter referred to as the **"Finance Agreement"**).

AND WHEREAS it is a condition precedent to the making available of the facility under the Finance Agreement that the Guarantor execute this Guarantee.

NOWHEREFORE, I, the Guarantor, in consideration of the Bank providing to the Customer the finance facility under the Finance Agreement, hereby execute this Guarantee, and irrevocably agree, undertake and affirm that:

1. My liability under this guarantee shall be that of a principal debtor and the Bank may, at its option, hold me primarily responsible for the liabilities of the Customer.
2. This Guarantee shall continue to remain binding on me until receipt of the Bank's written notice of discontinuance thereof and notwithstanding such notice I shall continue to remain liable to the Bank for all sums due and owing to the Bank by the Customer whether certain or contingent, on or before the date of receipt of such notice, even through actually paid or honored after that date provided that the total amount recoverable from me under this guarantee shall not at any time exceed the sum of Rs. _____/- (Rupees _____) (insert amount).
3. The Guarantee shall not be discharged or prejudiced by any partial payment or by settlement of accounts or the existence of any credit balance of the Customer at any time or by discharge of the Customer by operation of law or for any other reason.
4. The Bank may, as it thinks fit and without reference to me, grant to the Customer time or other indulgence or make or accept any arrangement or composition with him in respect of any payment hereby guaranteed and also vary, renew, release, realize or in any way deal with any securities of rights now or hereafter held by the Bank in respect of the sums due from the Customer to the Bank.

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5. This Guarantee is irrevocable and all claims made under this Guarantee shall be forthwith paid to the Bank without any recourse to the Customer.
6. That this Guarantee shall be valid and remain in force till such time as the original of this Guarantee is duly cancelled / discharged by the Bank and returned to me.
7. The insolvency, liquidation or winding up of the Customer shall not affect my liability and I shall continue to be liable to the Bank until all moneys due from the Customer have been paid.
8. Any account settled between the Bank and the Customer or any demand by the Bank on the Customer or his agent or any judgment or award obtained by the Bank against the Customer or any statement from the Bank stating the amount due to the Bank from the Customer shall be accepted by me as conclusive evidence of my liability under this Guarantee and shall be binding on me, and I hereby waive all rights to question and or challenge the same.
9. In the event of my death, this Guarantee shall not be affected and it shall continue to be binding and operative against my legal heirs until all moneys due to the Bank from the Customer have been paid.
10. Until all moneys and liabilities due from or incurred by the Customer to the Bank shall have been paid or discharged, I shall not, either by paying off any sum recoverable hereunder or by any other means or ground, claim any set-off or counter claim against the Customer in respect of any liability on my part or claim or prove in competition with the Bank in respect of any payment by me hereunder or be entitled to claim or have the benefit of any set-off counter claim against the Customer's estate, or claim the benefit of any other security which the Bank may now or hereafter hold for any money or liabilities due or incurred by the Customer to the Bank.
11. In the event of this Guarantee ceasing from any cause to be binding as a continuing Guarantee on me, the Bank may open a fresh account or continue any existing account with the Customer and no moneys paid into any such account by or on behalf of the Customer and subsequently withdrawn shall affect or diminish my liability under this Guarantee.
12. Any demand for payment or notice under this guarantee shall be deemed to have been sufficiently given if sent by post or delivered by hand to the last known address of the person to whom or to whose personal representatives such demand or notice is to be made or given and shall be assumed to have reached the addressee in the ordinary course if sent by post and no period of limitation shall commence to run against me/us or any of us until two days after demand for payment in writing shall have been made or given as aforesaid.

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- 13. The Bank may make as many demands/claims under this Guarantee as considered necessary or appropriate, provided that the aggregate amount of all claims shall not exceed the amount stated in Clause 2 above.
- 14. I further agree to make the payment under this Guarantee to the Bank upon the Bank’s first written demand without any objection, dispute or question and hereby waive all my rights in this regard.
- 15. This Guarantee shall be governed and construed in accordance with the laws of Pakistan and the Courts of [insert place] shall have the exclusive jurisdiction in this respect.

IN WITNESS WHEREOF, I have signed this Guarantee at Lahore on this [insert date] day of [insert month], 20__ (insert year).

GUARANTOR

Witnesses:

1. _____

2. _____

Name: _____

Name: _____

Address: _____

Address: _____
