

**UNIVERSITY OF KENTUCKY
CAPITAL CONSTRUCTION PROCUREMENT SECTION**

PAYMENT BOND

Bond Number: _____

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, the University of Kentucky (the "Owner") and _____
_____(the "Principal") have entered into a contract for the construction of Project # _____
_____(the "Project");with the contract price or amount of \$_____

WHEREAS, the Principal is required to furnish a payment bond for the protection of all persons performing, supplying, or furnishing labor, materials, equipment, or supplies to the contractor or its subcontractors for the performance of the work provided for in the contract, including security for payment of all unemployment contributions which become due and payable under Kentucky unemployment insurance law, in an amount equal to one hundred percent (100%) of the original contract price or amount, executed by a surety company authorized to do business in the Commonwealth of Kentucky, and satisfactory to the Commonwealth; and

WHEREAS, _____(the "Surety"), a surety company authorized to do business in the Commonwealth of Kentucky, has agreed to issue such bond.

NOW, THEREFORE, for the value received and intending to be legally bound hereby, the Principal and Surety agree to the following terms and conditions of this obligation:

1. **Recitations:** The recitals above are true and substantive parts of this instrument.
2. **Definitions:** The following terms are defined for the purposes of this instrument:
 - (a) **Bond** means this instrument and the terms and conditions of the Contract (as defined herein), both express and implied, which are incorporated herein by reference and constitute a part of this instrument to the same extent and effect as though copied verbatim herein, and are legally binding on the Principal and Surety including the obligations of the Surety provided therein.
 - (b) **Claimants** means all persons having just and lawful claims for (i) labor, materials, services, insurance, supplies, machinery, equipment, rentals, fuels, oils, implements, tools, appliances, and any other items of whatever nature, furnished for, used or consumed in the prosecution of the work called for by the Contract, whether lienable or non-lienable and whether or not permanently incorporated in said work; (ii) pension, welfare, vacation, and other supplemental employee benefit contributions payable under collective bargaining agreements with respect to persons employed upon said work; and (iii) federal, state, and local taxes and contributions required by

law to be withheld and paid with respect to the employment of persons upon said work.

(c) **Contract** means that certain agreement dated _____ for the construction of Project # _____ all documents that comprise the agreement, any documents incorporated therein by reference, and any Contract Changes (as defined herein).

(d) **Contract Change** means any change order, change of time, extension of time, amendment, modification, addition, or other alteration, material or otherwise, to the Contract, the contract price or amount, the work to be performed under the Contract, or the specifications accompanying same.

3. **Guaranty:** The Principal and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors, and assigns to the Owner, as obligee of the Bond, to pay all Claimants having just and lawful claims (as defined above). The Principal and Surety likewise guarantee the faithful payment of the prevailing hourly wage as set forth in the schedule incorporated into the bid documents unless the Project is exempt from the prevailing wage requirements of KRS 337.505 through 337.550.
4. **Bond Amount:** The bond amount is \$ _____ which shall be increased automatically by Contract Changes to the contract price or amount and shall not limit the Surety's obligation or liability under the Bond for paying attorney fees, costs, or other legal expenses incurred by the Owner, which may be in excess of the bond amount as increased.
5. **Defeasance:** Except as provided by the Contract, the Principal and Surety shall have no obligations under the Bond if the Principal during the original term of the Contract, any extensions thereof which may be granted by the Owner with or without notice to the Surety, the guaranty period, the warranty period, and other periods limited only by statutes of limitation (a) promptly pays all Claimants; (b) satisfies all claims and demands incurred under the Contract; and (c) fully indemnifies and saves harmless the Owner from all costs, damages, attorney fees, consultant fees, and other expenses that it may suffer by reason of the Principal's failure to do so. The Bond will otherwise remain in full force and effect.
6. **Amendment:** The Bond, including without limitation the Bond Amount, will be deemed amended, automatically and immediately without separate or written amendments hereto, upon any Contract Changes. The Principal and Surety agree to be bound by any Contract Changes. The Surety waives notice of any Contract Changes.
7. **Interpretation:** The Bond will be interpreted and enforced in accordance with Kentucky law. The Principal and Surety agree that they have taken part in drafting the Bond, which will not be construed against or in favor of any other party on the basis of drafting. To the extent that this instrument contradicts the Contract, the Contract will control.
8. **Beneficiaries:** The Principal and Surety agree that (a) the Bond will insure to the benefit of

the Owner and all Claimants having just and lawful claims (as defined above) (collectively the "Beneficiaries"), whether or not they have any direct contractual relationship with the Principal; (b) the Beneficiaries may maintain independent actions upon this Bond in their own names; and (c) no final settlement between the Owner and Principal will abridge the right of other Beneficiaries with unsatisfied claims.

IN WITNESS WHEREOF, the Principal and Surety, by their duly authorized representatives, have executed this instrument, which is effective as of _____

ATTEST:

WITNESSES:

PRINCIPAL

Witness as to PRINCIPAL

By

Witness as to PRINCIPAL

Title

ATTEST:

WITNESSES:

SURETY

Witness as to SURETY

By

Witness as to SURETY

Attorney-in-Fact