

Contract of Suretyship

Note: The sample contract of suretyship is based on the regulation set out in subsections 142 (1) and (2) of the Law of Obligations Act and provides an opportunity to secure the obligations of a purchaser by a surety.

SFS sales and delivery terms contract has been prepared and agreed in the year 2020. The terms and conditions thereof can be found here: [Sales and delivery conditions](#).

This Contract has been agreed in TALLINN on ... / ... / 202... by and between the seller and the surety, represented on the basis of law/power of attorney by (Enno Rahuoja) and on the other side by (hereinafter the Surety), who are hereinafter referred to in this Contract as a Party or jointly as the Parties

SELLER	SURETY
<i>SFS intec Oy Estonian Branch</i>	<i>Name:</i>
<i>Registry code: 10640019</i>	<i>Registry code:</i>
<i>EE-11313, Tallinn, Töökoja 1</i>	<i>Place of residence:</i>
<i>ee.info@sfsintec.biz</i>	<i>E-mail:</i>

have entered into this Contract of Suretyship (hereinafter the Contract) under the following terms and conditions.

1. Obligation Secured by Suretyship

1.1. By this Contract, the Surety is required to be liable to the Seller for the proper performance of the obligations of the purchaser arising from SFS Sales and Delivery Terms Contract and annexes thereto (hereinafter the Contract of Sale) entered into by and between the Seller and the Business Name specified below (hereinafter the Purchaser).

BUSINESS NAME:	
Registry code	
VAT no.	
Registered office	

1.2. The Surety shall be liable for any and all present and future obligations of the Purchaser arising from the Contract of Sale, including, but not limited to, for the payment of the purchase price of goods sold under the Contract of Sale, for consequences arising from the violation of obligations provided for in the Contract of Sale, primarily for the payment of a contractual penalty and penalties for late payment and compensation for damage, as well as for the compensation for expenses and damage related to the collection of the aforementioned debt(s) from the Purchaser. The circumstances that have caused the violation of the Contract of Sale by the Purchaser have no effect on the obligations of the Surety.

1.3. The maximum amount of money covered by the liability of the Surety specified in clause 1.2 of the Contract is € (amount in words:) euros.

1.4. The Surety and the Purchaser shall be jointly and severally liable for the performance of the obligations specified in clause 1.2 of the Contract. The Surety shall be liable for the performance of the obligations of the Purchaser specified in clause 1.2 of the Contract if the Purchaser has failed to perform the obligations in a timely manner and/or fully. The Seller has the right to file a claim against the Surety if the Seller has given the Purchaser an additional term of at least 20 days to perform the obligations, but the Purchaser has failed to perform the obligations during the additional term, either. To impose the liability on the Surety, the Seller is not required to file a statement of claim, complaint, etc., against the Purchaser with the court, court of arbitration or any other competent authority.

1.5. The suretyship has been granted irrevocably and, when calculating the maximum amount of the suretyship provided for in clause 1.3 of the Contract, it applies even if any terms and conditions of the Contract of Sale are amended by an agreement between the Purchaser and the Seller (incl. if the credit limit is increased or the payment term or the validity of the Contract of Sale is extended).

1.6. Pursuant to subsection 149 (2) of the Law of Obligations Act, the Parties agree that the purpose of the Contract is also to provide security to the Seller for the occasion that a defence is set up by the Purchaser against the claims of the Seller. In view of such purpose of the Contract of Suretyship, the Surety cannot, above all, but not exclusively, set up a defence concerning termination or reduction of the obligations of the Purchaser against the claim of the Seller.

2. Performance of Suretyship Obligation

2.1. If the Purchaser fails to properly perform the obligations arising from the Contract of Sale (including in a timely manner), the Seller may demand the performance of the Contract of Sale at the Seller's discretion either from the Purchaser or the Surety or from both of them. The Seller has the right to file a claim against the Surety if the Purchaser has failed to properly perform the obligations arising from the Contract of Sale and the Seller has given the Purchaser an additional term of at least 5 days to perform the obligation, but the Purchaser has failed to perform the obligations during the additional term, either.

2.2. The Surety is required to perform any financial obligations not performed by the Purchaser for the benefit of the Seller within 14 (fourteen) days of the day of receipt of a respective written notice from the Seller. If the Surety delays in the performance of the obligation required by the Seller, the Surety is required to pay the Seller a penalty for late payment at the rate of 0.15% (zero point fifteen percent) of the overdue amount per day of delay in payment.

2.3. The Surety shall be liable for the performance of the obligations set out in the Contract with all of its present and future assets.

3. Obligations of Surety

3.1. The Surety is required to:

- 3.1.1. pay the Seller the amounts payable by the Purchaser under the Contract of Sale and annexes thereto and not paid by the Purchaser at the moment of filing a claim under clause 2.1 of the Contract;
- 3.1.2. inform the Seller immediately of any circumstances that hinder or may hinder the Surety from performing the obligations arising from the Contract. The Surety is also required to immediately inform the Seller of any lawsuit or enforcement proceedings commenced against or by the Surety that may affect the performance of the obligations assumed by the Surety under this Contract;
- 3.1.3. notify the Seller of any changes in the name, place of residence and/or address of the Surety in a format that can be reproduced in writing immediately after the commencement of activities targeted at the achievement of such a change;
- 3.1.4. not raise any loans or any other such additional obligations and not grant any loans or secure obligations of third parties with a suretyship or guarantee without the prior written consent of the Seller if this may hinder the performance of the suretyship obligations arising from this Contract.

3.2. If the Surety violates one or several obligations of the Surety set out in the Contract, the Seller has the right to demand a contractual penalty from the Surety to the extent of up to 300 (three hundred) euros. The Surety shall pay the contractual penalty to the extent and within the terms specified in the relevant penalty claim to the current account of the Seller. The payment of a contractual penalty shall not release the Surety from the compensation for damage caused to the Seller by the violation of the Contract.

3.3. If the Surety has changed their place of residence and/or address during the term of the Contract and has not informed the Seller thereof in a format that can be reproduced in writing, the notices sent by the Seller are deemed as being received by the Surety if these are mailed to the address provided for in the Contract.

4. Obligations of Seller

4.1. At the request of the Surety, the Seller shall provide the Surety with information about the performance of obligations arising from the Contract of Sale by the Purchaser.

4.2. In the event of bankruptcy of the Purchaser, the Seller must file its claim in the bankruptcy proceedings pursuant to the procedure provided for in the Bankruptcy Act. Upon learning of the bankruptcy proceedings, the Seller shall immediately inform the Surety thereof.

5. Notices

5.1. Notices related to the performance of the Contract shall be in writing. A notice shall be deemed as received by the Party being the addressee of the notice if:

- 5.1.1. it has been delivered against signature;
- 5.1.2. it has been sent via a post office as a registered letter to the address of the other Party and 3 (three) business days have passed from mailing the notice or if the notice has been sent digitally to the e-mail address indicated by the Party in the Contract and has been digitally signed.

5.2. Notices of an informative nature, the delivery whereof to the other Party is not accompanied by any legal consequences, can be delivered by telephone, fax or e-mail.

6. Representations and Warranties of Parties

6.1. The Parties represent and warrant that:

- 6.1.1. they have adequate passive legal capacity and active legal capacity and all the rights and powers necessary to enter into the Contract and perform obligations assumed thereunder;
- 6.1.2. they have carefully studied the text of the Contract before signing the Contract and find that it corresponds to their actual will in all respects;
- 6.1.3. no restrictions on entry into the Contract has been imposed on the Surety by legislation or other agreements.

7. Entry into Force and Amendment of Contract

7.1. The Contract shall enter into force from the moment of signature by the Parties and is valid until the full performance of all the obligations arising from the Contract of Sale by the Purchaser and/or the Surety.

7.2. The Seller shall have the right to unilaterally cancel the Contract at any time, notifying the Surety thereof in writing. In such case, the obligations of the Surety will expire on the day of cancellation of the Contract.

7.3. The Contract may be amended by a written agreement of the Parties. Any amendments to the terms and conditions of the Contract shall be made as annexes to the Contract and signed by both Parties.

8. Final Provisions

8.1. The Surety does not have the right to transfer the rights and obligations arising from the Contract to third parties without the prior written consent of the Seller.

8.2. This Contract shall supersede any and all earlier verbal and/or written agreements between the Parties related to the rights and obligations of the Parties provided for in the Contract.

8.3. Matters not governed by the Contract as well as disputes arising during the performance of the Contract shall be resolved by way of negotiations between the Parties. If it is impossible to resolve a dispute by way of negotiations between the Parties, the dispute shall be settled in court pursuant to the procedure prescribed by the legislation of the Republic of Estonia.

8.4. The Annexes to the Contract are as follows:

- 8.4.1. Annex 1 — a copy of the identity document of the Surety;
- 8.4.2. Annex 2 — extract from the register of construction works and/or land register concerning the construction works and/or registered immovables belonging to the Surety.

8.5. This Contract has been drawn up in Estonian in 2 (two) identical counterparts of equal legal force, one of which shall be given to the Seller and the other to the Surety.

9. Signatures of Parties

Authorised representative of the Seller:

Surety: