

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS: that _____

_____, a
Name and Address of Contractor

_____ of the State of _____,
Corporation, Partnership, or Individual

the "Principal," and _____
Name and Address of Surety

_____, the "Surety," are held and firmly bound unto the
City of Chattanooga, Tennessee (the "Owner") existing under and by virtue of the laws of
the State of Tennessee, The Engineer, and their agents and employees in the sum of

_____ (\$ _____)

of the United States, for the payment of which sum in lawful money of the United States
well and truly to be made we do hereby bind ourselves, our heirs, executors,
administrators, successors, and assigns jointly and severally.

The condition of this obligation is such that whereas Principal has entered into a
certain Contract with the Owner, dated as of the _____ day of
_____, 2003, which is by reference incorporated in and made a
part hereof as fully as if copied here verbatim, for the following work:

Contract Number
Contract Title

NOW, THEREFORE, if the Principal shall in all respects comply with and perform all the terms and conditions of the Contract (which includes the Drawings, Specifications, and Contract Documents) and such alterations as may be made in said contract as the documents therein provide for, during the original term thereof and any extensions thereof which may be granted by the Owner, with or without notice to Surety, and during the one-year warranty period, and if Principal shall satisfy all claims and demands and shall fully indemnify, protect, defend, save and hold harmless the Owner, the Engineer, and their agents and employees against and from all costs, expenses, damages, injury, or conduct, want of care, skill, negligence, or default, including compliance with performance guarantees and patent infringement by the Principal, then this obligation shall be void; otherwise, Principal and Surety jointly and severally agree to pay to Owner any difference between the sum to which the Principal would be entitled on completion of the contract and that which the Owner may be obliged to pay for the completion of the work by contract or otherwise, together with any damages, direct or indirect, or consequential, which Owner may sustain on account of such work, or on account of the failure of the Principal to keep and execute all provisions of the Contract.

Principal and Surety further bind themselves, their heirs, executors, administrators, and assigns, jointly and severally, that if the Principal shall keep and perform its agreement to repair or replace defective work or equipment during the warranty period of one (1) year as provided, then this paragraph shall be void; but if default shall be made by Principal in the performance of its contract to so repair or replace said work, then this paragraph shall be in effect and Owner shall have and recover from Principal and its Surety damages for all defective conditions arising by reason of defective materials, work, or labor performed by or on the account of Principal and it is further understood and agreed that this obligation shall be a continuing one against the Principal and Surety hereon, and that successive recoveries may be had hereon for successive breaches until the full amount shall have been exhausted; and it is further understood that the obligation therein to maintain said work shall continue throughout said maintenance period, and the same shall not be changed, diminished, or in any manner affected from any cause during said time; and to fully indemnify, protect, defend, save and hold harmless the Owner, the Engineer, and their agents and employees for any damages it may be caused to pay on account of injury to person, loss of life or damage to property.

And the Surety, for value received, hereby stipulates and agrees that the obligations of the Surety and this Bond shall in no way be impaired or affected by any extension of time, modification, omission, addition, or change in or to the contract, the work to be performed thereunder, or by any payment thereunder before the time required therein, or by any waiver of any provision thereof, or by any assignment subletting or other transfer thereof, or of any part thereof, of any work to be performed, or of any moneys due to become due thereunder; and the said Surety does hereby waive notice of any and all such extensions, modifications, omissions, additions, changes, payments, waivers, assignments, subcontracts, and transfer, and hereby stipulates and agrees that any and all things done and omitted to be done by and in relation to executors, administrators, successors, assignees, subcontractors, and other transferees shall have the same effect as to said Surety as though done or omitted to be done by and in relation to the Principal.

IN WITNESS WHEREOF, the Principal and Surety have executed this Bond by causing their respective names to be hereunto subscribed and their seals to be hereunto affixed by their duly authorized officers, on this the _____ day of _____, 2003.

CONTRACTOR - PRINCIPAL:

By _____

Name _____
(Please Print or Type)

Title _____

ATTEST:

Name _____
(Please Print or Type)

(SEAL)

Title _____

Note: Attest for a corporation must be by the corporate secretary; for a partnership by another partner; for an individual by a Notary.

SURETY:

By _____

Name _____
(Please Print or Type)

Title _____

WITNESS:

Name _____
(Please Print or Type)

(SEAL)

Title _____

Note: Surety companies executing Bonds must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state where the project is located.

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