



FIRST INDEMNITY OF AMERICA
INSURANCE COMPANY

SUBORDINATION AGREEMENT
(General)

I. PARTIES:

The parties to this Agreement are:

1. _____, hereinafter called contractor
2. _____, hereinafter called Creditor
3. _____, hereinafter called Surety

II. RECITALS:

This Agreement is entered into in the light of these facts and circumstances:

- (1) From time to time Contractor may request Surety to execute instruments of suretyship on its behalf, hereinafter called bonds
- (2) Contractor is indebted to Creditor in the sum of _____ as Evidenced by _____
- (3) Contractor and Creditor desire Surety to furnish bonds as requested by Contractor and as an inducement therefore enter into the following Agreement.

III. CONVENANTS

In consideration of the furnishing of any such bond by Surety, Contractor and Creditor hereby agree as follows:

1. Creditor hereby subordinates all rights and claims against Contractor on account of the mentioned indebtedness to any and all rights and claims of surety on account of loss as defined herein. Loss shall mean any and all loss or expense of whatever kind, including interest, court costs and counsel fees which Surety incurs or sustains as a result of or in connection with any bond furnished by Surety. Originals or photocopies of claim drafts, or of payment records kept in the ordinary course of business, including computer print-outs, verified by affidavit, shall be prima facie evidence of the fact and amount of Surety's loss and Surety shall be entitled to reimbursement for any and all disbursements made by if in good faith, under the belief that it was liable, or that such disbursement was necessary or expedient.
2. Surety's loss shall be paid in full out of the assets of contractor before any payment of account of the mentioned indebtedness is made to or realized by Creditor.
3. Creditor hereby assigns to Surety its right ad claims on account of such indebtedness so that in the event of receivership, bankruptcy and insolvency of contractor, Surety may enforce such rights and claims and may have dividends hereon until Surety is reimbursed in full for its loss.
4. Creditor and Contractors agree that until Surety has been provided with competent legal evidence of the release of exoneration of each and every bond, the mentioned of indebtedness shall remain unchallenged and unliquidated and that neither will by act of omission procure or permit the reduction of such indebtedness, nor will Creditor sell, transfer or hypothecate said indebtedness.
5. Creditor agrees that in the even of the breach of any of the terms of this Agreement, all finds and the value of any property and any benefit received by Creditor in connection with such breach shall be held in trust by Creditor for the benefit of Surety, to be paid by Creditor to Surety on demand in reimbursement of its loss. Creditor further agrees to compensate Surety for any damage, in the form of loss or otherwise, sustained by it and caused or contributed to by such breach.
6. This Agreement shall apply to bonds executed and furnished by Surety and where procured by Surety, to bonds executed by an other surety as sole surety or as co-surety, and the rights hereunder shall inure to the benefit of Surety, such other surety, if any, and their reinsures, if any.
7. This Agreement shall apply to bonds provided or furnished both before and after the effective date of this Agreement and all alterations, renewals, extensions and modifications thereof.
8. Creditor and Contractor agree that Surety's rights under this Agreement are in addition to, and not in lieu of any and all rights which Surety may have under other agreements of otherwise.
9. Creditor reserves the right to terminate this Agreement as a continuing inducement to Surety for the furnishing of bonds, upon written notice to Surety of not less then twenty days, whereupon the effect of this Agreement shall be limited to the bonds furnished before the effective date of the notice.

Executed this _____ day of _____ 20____

Witness _____
(INDIVIDUAL) (CONTRACTOR)

(PARTNERSHIP) (CONTRACTOR)

Witness _____ By _____
(PARTNER)

Attest _____ (SECRETARY) By _____ (CORPORATION) (CONTRACTOR)
(SEAL) (PRESIDENT)

Witness _____ (INDIVIDUAL) (CREDITOR)

Witness _____ (INDIVIDUAL) (CREDITOR)
By _____ (PARTNER)

Attest _____ (SECRETARY) By _____ (CORPORATION) (CREDITOR)
(SEAL)