

## PAYMENT BOND

*(This Bond is issued simultaneously with a Performance Bond in favor of the Obligee and is conditioned on the performance of the Contract)*

\_\_\_\_\_, a \_\_\_\_\_ corporation/limited liability company, whose address is \_\_\_\_\_, as Principal (the "Principal") and \_\_\_\_\_, a \_\_\_\_\_ corporation whose address is \_\_\_\_\_, as Surety (the "Surety") are held and firmly bound to \_\_\_\_\_, a Michigan limited \_\_\_\_\_, whose address is \_\_\_\_\_, as Obligee (the "Obligee") in the sum of \$ \_\_\_\_\_, for the payment of which the Principal and the Surety firmly bind themselves, their successors and assigns, jointly and severally.

The Principal has entered into a construction contract with the Obligee dated \_\_\_\_\_ (the "Contract"), for the construction of a housing development identified as \_\_\_\_\_, MSHDA Development No. \_\_\_\_\_, located in \_\_\_\_\_, Michigan (the "Development"), which Contract, along with all Contract Documents, as defined in the Contract, are incorporated by reference into this Payment Bond.

1. If the Principal makes payment to all parties having a direct contract with the Principal or with a subcontractor of the Principal for labor, materials, or both, used or reasonably required for use in the performance of the Contract (a "Claimant"), then this obligation shall be null and void; otherwise it shall remain in full force and effect. Labor and materials include that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental of equipment directly applicable to the Contract.

2. The Principal and the Surety jointly and severally agree with the Obligee that every Claimant who has not been paid in full within ninety (90) days after the date on which the Claimant last performed work or furnished materials in connection with the Development, may sue on this Bond for any sums justly due to the Claimant and have execution on such judgment. The Obligee shall not be liable for the payment of any costs or expenses of any such suit.

3. No suit or action shall be commenced under this Bond by any Claimant:

a. unless a Claimant, not having a direct contract with the Principal, has given written notice to the Principal within 30 days after first performing work or furnishing the materials, informing the Principal of the nature of the work being performed, materials being furnished, and identifying the person contracting for such work or materials and the site for performance or delivery;

b. unless a Claimant has given written notice to any two of the following: the Principal, the Obligee, or the Surety, within 90 days after Claimant last performed work or furnished materials stating with substantial accuracy the amount claimed and the name of the party to whom the materials were furnished, or for whom the work or labor was done or performed; and

c. unless any such suit or action shall be commenced in a court of competent jurisdiction before the expiration of one year following the date on which Final Payment was made to the Principal under the terms of the Contract.

All notices shall be served (i) by mailing the same by registered or certified mail, postage paid, to the Principal, Obligee or Surety, at the address shown on this bond or any place where an office is regularly maintained for the transaction of business, or (ii) in any manner in which legal process may be served in the State of Michigan.

4. Surety agrees that the Obligee may assign any right of action it might have under this Bond and that such assignment will in no manner invalidate or qualify this Bond.

IN WITNESS WHEREOF, the Principal and the Surety have executed this Payment Bond by their duly authorized representatives this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

WITNESS TO PRINCIPAL:

(Principal)

\_\_\_\_\_

By: \_\_\_\_\_

Its:

WITNESS TO SURETY:

(Surety)

\_\_\_\_\_

By: \_\_\_\_\_

Its: