

**CONTRACTOR'S BOND FOR PUBLIC BUILDINGS OR WORKS (EXCERPT)**  
**Act 213 of 1963**

**129.201 Bonds of principal contractor on public building, work, or improvement; irrevocable letter of credit.**

Sec. 1. Before any contract, exceeding \$50,000.00 for the construction, alteration, or repair of any public building or public work or improvement of the state or a county, city, village, township, school district, public educational institution, other political subdivision, public authority, or public agency hereinafter referred to as the "governmental unit", is awarded, the proposed contractor, hereinafter referred to as the "principal contractor", shall furnish at his or her own cost to the governmental unit a performance bond and a payment bond which shall become binding upon the award of the contract to the principal contractor. However, if the principal contractor is a common carrier as defined in section 3 of Act No. 300 of the Public Acts of 1909, as amended, being section 462.3 of the Michigan Compiled Laws, or the designated operator of a state subsidized railroad, the principal contractor may provide an irrevocable letter of credit from a state or national bank or a state or federally chartered savings and loan association instead of the bonds. Neither the invitation for bids, nor any person acting, or purporting to act, on behalf of the governmental unit shall require that the bonds be furnished by a particular bank or surety company, or through a particular agent or broker, or through a bank, company, agent, or broker in any particular locality.

**History:** 1963, Act 213, Eff. Sept. 6, 1963;—Am. 1972, Act 351, Imd. Eff. Jan. 9, 1973;—Am. 1982, Act 11, Imd. Eff. Feb. 17, 1982