

Bonds to State to Protect Sub-Contractors.

An. Code, 1924, sec. 14. 1912, sec. 13. 1918, ch. 127.

11. In all cases where any bond or undertaking, conditioned for the faithful performance of any contract for construction, installation or repair work, is given to the State of Maryland, or any of its agencies, such bond or undertaking shall not be approved or accepted unless the obligors bind themselves therein to the payment of all just debts for labor and materials incurred, through sub-contract or in any other manner, by or in behalf of the person, firm or corporation to whom such contract has been given, and who is named as principal in such recognizance, stipulation, bond or undertaking. Provided, that in the event that there is a liability to the State, or any agency thereof, under any such bond or undertaking, and also a liability thereunder for labor and materials, then the liability of the State shall be preferred, and shall be paid and discharged in full before any payment is made for or on account of the liability for labor or materials; and provided, further, that any suit or proceedings to enforce the liability under any such bond or undertaking for the payment of debts for labor or materials shall be brought in the name of the obligee named in such bond or undertaking, for the use and benefit *pro rata* of all creditors for labor or materials who may be entitled to claim thereunder, and shall be instituted not later than one year from the completion of the whole work covered by the contract and the acceptance thereof by the State, or its agency as aforesaid.

Cited but not construed in *Carney v. U. S. F. & G. Co.*, 168 Md. 136.