

Any contractor prior to receiving a progress or final payment under a contract covered hereunder shall certify in writing that he has made payment from proceeds of prior payments, and that he will make timely payments from the proceeds of the progress or final payment then due him, to his subcontractors and suppliers in accordance with his contractual arrangements with them.

[(3)] (2) Any governmental entity specified in this subsection, other than the State of Maryland and any officer, board, commission, or agency of the State of Maryland, may require performance and/or payment bonds for any construction contract exceeding \$25,000 in amount but not greater than \$50,000 in amount. Any such bond shall be in an amount not to exceed one-half of the contract amount.

(b) Nothing in this section shall be construed to limit the authority of the State of Maryland or other public body hereinabove mentioned to require a performance bond or other security in addition to those, or in cases other than the cases specified in subsection (a) of this section.

(c) Every person who has furnished labor or material in the prosecution of the work provided for in such contract, in respect of which a payment bond or other security is furnished under this section and who has not been paid in full therefor before the expiration of a period of 90 days after the day on which the last of the labor was done or performed by him or material was furnished or supplied by him for which such claim is made, shall have the right to sue on the payment bond or other security for the amount, or the balance thereof, unpaid at the time of institution of such suit and to prosecute said action to final judgment and execution for the sum or sums justly due him; provided, however, that any person having direct contractual relationship with a subcontractor of the contractor, or with any sub-subcontractor of the contractor but no contractual relationship express or implied with the contractor furnishing said payment bond or other security, shall have a right of action upon the payment bond or other security upon giving written notice to the contractor within 90 days from the date on which such person did, or performed the last of the labor or furnished or supplied the last of the material for which such claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the material was furnished or supplied or for whom the labor was done or performed. Such notice shall be served by mailing the same by registered or certified mail, postage prepaid, in an envelope addressed to the contractor at any place he maintains an office or conducts his business, or his residence.

(d) Every suit instituted under this section shall be brought in the appropriate court in the political subdivision in which the contract was to be performed and executed or in the political subdivision where the contractor has his principal place of business and not elsewhere, but no such suit shall be commenced after the term of 1 year after the date of final