

CONSTRUCTION LIEN ACT (EXCERPT)
Act 497 of 1980

570.1116 Claim of lien; vacation and discharge; bond; penal sum; filing; notification of lien claimant; objection to sufficiency of surety; appearance by surety; approval of bond; certificate; recordation; discharge of claim of lien and notice of lis pendens; action by obligee; court order or other relief.

Sec. 116.

(1) The claim of lien of a contractor, subcontractor, supplier, or laborer may at any time be vacated and discharged if a bond, with the lien claimant as obligee, is filed with the county clerk for the county in which the property covered by the lien is located and a copy is given to the obligee lien claimant. The bond shall be in the penal sum of twice the amount for which the lien is claimed and shall be conditioned on the payment of any sum for which the obligee in the bond may obtain judgment on the claim for which the claim of lien was filed. The bond may be either a cash bond executed by a principal, or a surety bond executed by a principal and a surety company authorized to do business in this state.

(2) Within 10 days after receiving the bond, the county clerk shall notify each lien claimant that a bond has been filed and indicate the amount of the bond and the name of the surety on the bond. The lien claimants shall have 10 days after being notified of the bond within which to file an objection to the sufficiency of the surety on the bond, in which case the county clerk shall not approve the bond until the surety has appeared before the county clerk and answered under oath those questions asked by or on behalf of the lien claimant touching on the surety's financial responsibility. If an objection to the surety is not filed within the 10 days after being notified of the bond or if the county clerk approves the bond after the questioning of the surety, the county clerk shall at once give to the principal and the obligee named in the bond a certificate that a good and sufficient bond has been filed in accordance with this act. The certificate shall state the names of the obligor and obligee, the amount of the bond, and the description of the property covered by the claim of lien being discharged. Upon the recording of the certificate in the office of the register of deeds where the claim of lien was recorded, the claim of lien of the obligee lien claimant named in the claim of lien shall be discharged. If because of the pendency of proceedings to enforce the claim of lien, a notice of lis pendens has been recorded, the recording of the certificate shall also operate as a discharge of the notice of lis pendens. The obligee may make any obligor on the bond a party to an action to enforce a claim under the bond, and a judgment may be recovered in the action against all or any of the obligors.

(3) In an action brought in connection with the claim of the obligee, the court may do 1 or more of the following:

- (a) Order the amount of the bond to be reduced.
- (b) Order other or additional surety to be provided.
- (c) Grant any other relief the court considers to be equitable.

History: 1980, Act 497, Eff. Jan. 1, 1982