

## Federal Acquisition Regulation

## 49.002

### Subpart 49.5—Contract Termination Clauses

- 49.501 General.
- 49.502 Termination for convenience of the Government.
- 49.503 Termination for convenience of the Government and default.
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### Subpart 49.6—Contract Termination Forms and Formats

- 49.601 Notice of termination for convenience.
- 49.601-1 Telegraphic notice.
- 49.601-2 Letter notice.
- 49.602 Forms for settlement of terminated contracts.
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- 49.602-2 Inventory forms.
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- 49.602-4 Partial payments.
- 49.602-5 Settlement agreement.
- 49.603 Formats for termination for convenience settlement agreements.
- 49.603-1 Fixed-price contracts—complete termination.
- 49.603-2 Fixed-price contracts—partial termination.
- 49.603-3 Cost-reimbursement contracts—complete termination, if settlement includes cost.
- 49.603-4 Cost-reimbursement contracts—complete termination, with settlement limited to fee.
- 49.603-5 Cost-reimbursement contracts—partial termination.
- 49.603-6 No-cost settlement agreement—complete termination.
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- 49.603-8 Fixed-price contracts—settlements with subcontractors only.
- 49.603-9 Settlement of reservations.
- 49.604 Release of excess funds under terminated contracts.
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- 49.607 Delinquency notices.

AUTHORITY: 40 U.S.C. 121(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

SOURCE: 48 FR 42447, Sept. 19, 1983, unless otherwise noted.

#### 49.000 Scope of part.

This part establishes policies and procedures relating to the complete or partial termination of contracts for the

convenience of the Government or for default. It prescribes contract clauses relating to termination and excusable delay and includes instructions for using termination and settlement forms.

#### 49.001 Definitions.

As used in this part—

*Other work* means any current or scheduled work of the contractor, whether Government or commercial, other than work related to the terminated contract.

*Plant clearance period*, as used in this subpart, means the period beginning on the effective date of contract completion or termination and ending 90 days (or such longer period as may be agreed to) after receipt by the contracting officer of acceptable inventory schedules for each property classification. The final phase of the plant clearance period means that period after receipt of acceptable inventory schedules.

*Settlement agreement* means a written agreement in the form of a contract modification settling all or a severable portion of a settlement proposal.

*Settlement proposal* means a proposal for effecting settlement of a contract terminated in whole or in part, submitted by a contractor or subcontractor in the form, and supported by the data, required by this part. A settlement proposal is included within the generic meaning of the word *claim* under false claims acts (see 18 U.S.C. 287 and 31 U.S.C. 3729).

*Unsettled contract change* means any contract change or contract term for which a definitive modification is required but has not been executed.

[48 FR 42443, Sept. 19, 1983, as amended at 51 FR 2666, Jan. 17, 1986; 66 FR 2134, Jan. 10, 2001; 67 FR 43514, June 27, 2002; 69 FR 17748, Apr. 5, 2004]

#### 49.002 Applicability.

(a) This part applies to contracts that provide for termination for the convenience of the Government or for the default of the contractor (see also 13.302-4).

(b) Contractors shall use this part, unless inappropriate, to settle subcontracts terminated as a result of modification of prime contracts. The contracting officer shall use this part