

**243.171 Obligation or deobligation of funds.**

Follow the procedures at PGI 243.171 when obligating or deobligating funds.

[70 FR 67922, Nov. 9, 2005]

**243.172 Application of modifications.**

Follow the procedures in 204.7007 for determining the sequence for application of modifications to a contract or order.

[77 FR 30368, May 22, 2012]

**Subpart 243.2—Change Orders**

**243.204 Administration.**

Follow the procedures at PGI 243.204 for administration of change orders.

[75 FR 48277, Aug. 10, 2010]

**243.204-70 Definitization of change orders.**

**243.204-70-1 Scope.**

(a) This subsection applies to unpriced change orders with an estimated value exceeding \$5 million.

(b) Unpriced change orders for foreign military sales and special access programs are not subject to this subsection, but the contracting officer shall apply the policy and procedures to them to the maximum extent practicable. If the contracting officer determines that it is impracticable to adhere to the policy and procedures of this subsection for an unpriced change order for a foreign military sale or a special access program, the contracting officer shall provide prior notice, through agency channels, to the Deputy Director, Defense Procurement and Acquisition Policy (Contract Policy and International Contracting), 3060 Defense Pentagon, Washington, DC 20301-3060.

[75 FR 48277, Aug. 10, 2010]

**243.204-70-2 Price ceiling.**

Unpriced change orders shall include a not-to-exceed price.

[75 FR 48277, Aug. 10, 2010]

**243.204-70-3 Definitization schedule.**

(a) Unpriced change orders shall contain definitization schedules that pro-

vide for definitization by the earlier of—

(1) The date that is 180 days after issuance of the change order (this date may be extended but may not exceed the date that is 180 days after the contractor submits a qualifying proposal); or

(2) The date on which the amount of funds obligated under the change order is equal to more than 50 percent of the not-to-exceed price.

(b) Submission of a qualifying proposal in accordance with the definitization schedule is a material element of the contract. If the contractor does not submit a timely qualifying proposal, the contacting officer may suspend or reduce progress payments under FAR 32.503-6, or take other appropriate action.

[75 FR 48277, Aug. 10, 2010]

**243.204-70-4 Limitations on obligations.**

(a) The Government shall not obligate more than 50 percent of the not-to-exceed price before definitization. However, if a contractor submits a qualifying proposal before 50 percent of the not-to-exceed price has been obligated by the Government, the limitation on obligations before definitization may be increased to no more than 75 percent (*see* 232.102-70 for coverage on provisional delivery payments).

(b) Obligations should be consistent with the contractor's requirements for the undefinitized period.

[75 FR 48277, Aug. 10, 2010]

**243.204-70-5 Exceptions.**

(a) The limitations in 243.204-70-2, 243.204-70-3, and 243.204-70-4 do not apply to unpriced change orders for the purchase of initial spares.

(b) The limitations in 243.204-70-4(a) do not apply to unpriced change orders for ship construction and ship repair.

(c) The head of the agency may waive the limitations in 243.204-70-2, 243.204-70-3, and 243.204-70-4 for unpriced change orders if the head of the agency determines that the waiver is necessary to support—

(1) A contingency operation; or