

49.503 Termination for convenience of the Government and default.

(a) Cost-reimbursement contracts-

(1) *General use.* Insert the clause at [52.249-6](#), Termination (Cost-Reimbursement), in *solicitations* and contracts when a cost-reimbursement contract is contemplated, except contracts for research and development with an educational or nonprofit institution on a no-fee basis.

(2) *Construction.* If the contract is for *construction*, the *contracting officer* shall use the clause with its Alternate I.

(3) *Partial payments.* If the contract is with an agency of the U.S. Government or with State, local, or foreign governments or their agencies, and if the *contracting officer* determines that the requirement to pay interest on excess partial payments is inappropriate, the *contracting officer* shall use the clause with its Alternate II. In such contracts for *construction*, the *contracting officer* shall use the clause with its Alternate III.

(4) *Time-and-material and labor-hour contracts.* If the contract is a time-and-material or labor-hour contract, the *contracting officer* shall use the clause with its Alternate IV. If the contract is with an agency of the U.S. Government or with State, local, or foreign governments or their agencies, and if the *contracting officer* determines that the requirement to pay interest on excess partial payments is inappropriate, the *contracting officer* shall use the clause with its Alternate V.

(b) Insert the clause at [52.249-7](#), Termination (Fixed-Price Architect-Engineer), in *solicitations* and contracts for *architect-engineer services*, when a fixed-price contract is contemplated.

(c) *Subcontracts.* The prime contractor *may* find the clause at [52.249-6](#), Termination (Cost-Reimbursement), suitable for use in cost-reimbursement subcontracts; provided, that the relationship between the contractor and subcontractor is clearly indicated. Inapplicable conditions (*e.g.*, paragraphs (e), (j) and (n)) *should* be deleted and the period for submitting the subcontractor's termination *settlement proposal* *should* be reduced (*e.g.*, 6 months).

Parent topic: [Subpart 49.5 - Contract Termination Clauses](#)