

49.603-8 Fixed-price contracts-settlements with subcontractors only.

[Insert the following in Block 14 of SF 30 for settlements of fixed-price contracts covering only settlements with subcontractors.]

(a) This agreement settles that portion of the *settlement proposal* of the contractor that is based upon termination of the following subcontracts entered into in performing this contract: [Insert a list of the terminated subcontracts included in this settlement.]

(b) The parties agree to the following:

(1) The Contractor certifies that each immediate subcontractor, whose *settlement proposal* is included in the proposal settled by the agreement, has furnished the Contractor a certificate stating-

(i) That all subcontract *termination inventory* (including *scrap*) has been retained or acquired by the subcontractor, sold to third parties, returned to suppliers, delivered to or stored for the Government, or otherwise properly accounted for, and that all proceeds and retention credits were used in arriving at the settlement of the subcontract, and

(ii) That the subcontractor has received a similar certificate from each immediate subcontractor whose proposal was included in its proposal.

(2) The Contractor certifies that all items of *termination inventory*, the costs of which were used in arriving at the amount of this settlement or the settlement of any subcontract *settlement proposal* included in this settlement,-

(i) Are properly allocable to the *terminated portion of the contract*,

(ii) Do not exceed the reasonable quantitative requirements of the *terminated portion of the contract*, and

(iii) Do not include any items reasonably usable without loss to the Contractor on its *other work*. The Contractor further certifies that the *Contracting Officer* has been informed of any substantial change in the status of the items between the dates of the *termination inventory* schedules and the date of this agreement.

(3) The Contractor transfers, conveys, and assigns to the Government all the right, title, and interest, if any, that the Contractor has received or is entitled to receive, in and to subcontract *termination inventory* not otherwise properly accounted for.

(4) The Contractor *shall*, within 10 days after receipt of the payment specified in this agreement, pay to each of its immediate subcontractors (or their respective assignees) the amounts to which they are entitled, after deducting any prior payments and, if the Contractor so elects, any amounts due and payable to the Contractor by those subcontractors.

(5) The Government agrees to pay the Contractor or its assignee, upon presentation of a *proper invoice* or voucher, \$___ [insert net amount of settlement], which, together with the amount of \$___ previously paid the Contractor as partial, progress, or advance payments, constitutes payment in full and complete settlement, except as provided in paragraph (b)(6) of this section, of the amount due

the Contractor for that portion of its *settlement proposal* that is based upon termination of the subcontracts listed above.

(6) Regardless of any other provision of this agreement, the following rights and liabilities of the parties under the contract are reserved: [*List reserved or excepted rights and liabilities. See [49.109-2](#) and [49.603-1\(b\)\(7\)](#).*]

(End of agreement)

Parent topic: [49.603 Formats for termination for convenience settlement agreements.](#)