

## 32.501-2 Unusual progress payments.

(a) The *contracting officer* may provide unusual progress payments only if-

(1) The contract necessitates predelivery expenditures that are large in relation to contract price and in relation to the contractor's working capital and credit;

(2) The contractor fully documents an actual need to supplement any private financing available, including guaranteed loans; and

(3) The contractor's request is approved by the *head of the contracting activity* or a designee. In addition, see [32.502-2](#).

(b) The excess of the unusual progress payment rate approved over the customary progress payment rate *should* be the lowest amount possible under the circumstances.

(c) Progress payments will not be considered unusual merely because they are on letter contracts or the definitive contracts that supersede letter contracts.

**Parent topic:** [32.501 General](#).