

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 AlternateI.

(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 AlternateII. In such contracts for *construction*, the *contracting officer shall* use the clause with its AlternateIII.

(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 AlternateIV. 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](#)