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) Research and development. The prime contractor may find the clause at 52.249–5, Termination for the Convenience of the Government (Educational and Other Nonprofit Institutions), suitable for use in subcontracts placed with educational or nonprofit institutions on a no-profit or no-fee basis; provided, that the relationship between the contractor and subcontractor is clearly indicated. Inapplicable conditions (e.g., paragraph (h)) should be deleted, the period for submitting the subcontractor’s termination settlement proposal should be reduced (e.g., 6 months), the subcontract should be placed on a no-profit or no-fee basis, and the subcontract should incorporate or be negotiated on the basis of the cost principles in part 31 of the Federal Acquisition Regulation.

(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).

48.504 Termination of fixed-price contracts for default.

(a)(1) Supplies and services. The contracting officer shall insert the clause at 52.249–8, Default (Fixed-Price Supply and Service), in solicitations and contracts when a fixed-price contract is contemplated and the contract amount is expected to exceed the simplified acquisition threshold. The contracting officer may use the clause when the contract amount is at or below the simplified acquisition threshold, if appropriate (e.g., if the acquisition involves items with a history of unsatisfactory quality).

(2) Transportation. If the contract is for transportation or transportation-related services, the contracting officer shall use the clause with its Alternate I.

(b) Research and development. The contracting officer shall insert the clause at 52.249–9, Default (Fixed-Price