732.406–72 Establishing an LOC.

(a) While the contract will provide for the use of an LOC when it is justified under subsection 732.406–71, the LOC is a separate agreement between the contractor and FM/CMP, acting on behalf of the USAID Controller. The terms and conditions of the LOC are established by FM/CMP/GIB.

(b) In order to establish or amend an LOC, the contracting officer shall provide FM/CMP with the following information:

1. The name of the Contractor;
2. The official USAID contract number;
3. The obligated amount of the contract;
4. The budget plan code for the obligated funds;
5. The effective date and estimated completion date.
6. The contractor Federal Tax Identification Number.

This information should be provided in writing to FM/CMP together with a request to establish or amend an LOC as early in the negotiation cycle as possible.

(c) FM/CMP will prepare the LOC in accordance with USAID’s LOC procedures; issue or amend and maintain the LOC in accordance with its terms and USAID procedures and regulations; and provide the contracting officer(s) a copy of each LOC and any other material governing its use at the time the LOC is issued or when it is amended or modified.

[56 FR 67225, Dec. 30, 1991, as amended at 61 FR 39094, July 26, 1996, unless otherwise noted]

732.406–73 LOC contract clause.

(a) If payment is to be provided by LOC, the contract shall contain the clause in subsection 732.232–70.

(b) Contracting offices shall ensure that an appropriate (48 CFR) FAR payment clause is also included in the contract, in the event that the LOC is revoked pursuant to 732.406–74.


732.406–74 Revocation of the LOC.

If during the term of the contract FM/CMP believes that the LOC should be revoked, FM/CMP may, after consultation with the cognizant contracting officer(s) and GC, revoke the LOC by written notification to the contractor. A copy of any such revocation notice will immediately be provided to the cognizant contracting officer(s).