49.603-2 Fixed-price contracts-partial termination.

[*Insert the following in Block14 of* SF 30 *for settlements of fixed-price contracts partially terminated*.]

(a) This *supplemental agreement* settles the *settlement proposal* resulting from the Notice of Termination dated ________________.

(b) The parties agree to the following:

(1) The *terminated portion of the contract* is as follows: [*specify the terminated portion clearly as to-*

(i) *Line item numbers*,

(ii) Descriptions,

(iii) Quantity terminated,

(iv) Unit price of items,

(v) Total price of terminated items, and

(vi) *Any other explanation necessary to avoid uncertainty or misunderstanding*].

(2) The Contractor certifies that all contract *termination inventory* (including *scrap*) has been retained or acquired by the Contractor, 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 have been used in arriving at this agreement.

(3) The Contractor certifies that each immediate subcontractor, whose *settlement proposal* is included in the proposal settled by this 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.

(4) 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.

(5) 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.

(6) 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.

(7)(i) The Government agrees to pay to the Contractor or its assignee, upon presentation of a *proper invoice* or voucher, the sum of $______ [*insert net amount of settlement*], arrived at by deducting from $________ [*insert gross amount of settlement*],

(A) the amount of $____ for all unliquidated partial or progress payments previously made to the Contractor or its assignee and all unliquidated advance payments (with any interest) applicable to the *terminated portion of the contract* and

(B) the amount of $_______ for all applicable property disposal credits.

(ii) The net settlement of $______ in subdivision (b)(7)(i) of this section, together with sums previously paid, constitutes payment in full and complete settlement of the amount due the Contractor for the *terminated portion of the contract*, except as provided in paragraph (b)(8) of this section.

(iii) Upon payment of the net settlement of $______, all obligations of the Contractor to perform further work or services or to make further deliveries under the *terminated portion of the contract* and all obligations of the Government to take further payments or carry out other undertakings concerning the *terminated portion of the contract shall* cease; provided, that nothing in this agreement *shall* impair or affect any covenants, terms, or conditions of the contract relating to the completed or continued portion of this contract.

(8) Regardless of any other provision of this agreement, the following rights and liabilities of the parties under the contract are reserved: [*The following list of reserved or excepted rights and liabilities is intended to cover those that should most frequently be reserved and that should be scrutinized at the time a settlement agreement is negotiated (see 49.109-2). The suggested language of the excepted items in the list may be varied at the discretion of the contracting officer. If accuracy or completeness can be achieved by referencing the number of a contract clause or provision covering the matter in question, then follow that method of enumerating reserved rights and liabilities. Omit any of the following that are not applicable and add any additional exceptions or reservations required*.]

(i) All rights and liabilities, if any, of the parties, as to matters covered by any renegotiation authority.

(ii) All rights of the Government to take the benefit of agreements or judgments affecting royalties paid or payable in connection with the performance of the contract.

(iii) All rights and liabilities, if any, of the parties under those clauses inserted in the contract because of the requirements of Acts of Congress and Executive orders, including, without limitation, any applicable clauses relating to: labor law, contingent fees, domestic articles, and employment of aliens. [*If the contract contains clauses of this character inserted for reasons other than requirements of Acts of Congress or Executive orders, the suggested language should be appropriately modified*.]

(iv) All rights and liabilities of the parties arising under the contract and relating to reproduction rights, patent infringements, inventions, or applications for patents, including rights to assignments, invention reports, licenses, covenants of indemnity against patent risks, and bonds for patent indemnity obligations, together with all rights and liabilities under the bonds.

(v) All rights and liabilities of the parties, arising under the contract or otherwise, and concerning defects, guarantees, or *warranties* relating to any articles or *component* parts furnished to the government by the Contractor under the contract or this agreement.

(vi) All rights and liabilities of the parties under the contract relating to any contract *termination inventory* stored for the Government.

(vii) All rights and liabilities, if any, of the parties under those clauses of the contract relating to price reductions for defective *certified cost or pricing data*.

(End of agreement)

Parent topic: 49.603 Formats for termination for convenience settlement agreements.