

42.709-7 Contract clause.

Use the clause at [52.242-3](#), Penalties for *Unallowable Costs*, in all *solicitations* and contracts over \$1 million except fixed-price contracts without cost incentives or any firm-fixed-price contract for the purchase of *commercial products* or *commercial services*. Generally, covered contracts are those which contain one of the clauses at [52.216-7](#), [52.216-16](#), or [52.216-17](#), or a similar clause from an *executive agency's* supplement to the FAR.

Parent topic: [42.709 Penalties for Unallowable Costs](#).