49.401 General.

(a) *Termination for default* is generally the exercise of the Government's contractual right to completely or partially terminate a contract because of the contractor's actual or anticipated failure to perform its contractual obligations.

(b) If the contractor can establish, or it is otherwise determined that the contractor was not in default or that the failure to perform is excusable; *i.e.,* arose out of causes beyond the control and without the fault or negligence of the contractor, the default clauses prescribed in 49.503 and located at 52.249 provide that a *termination for default* will be considered to have been a termination for the convenience of the Government, and the rights and obligations of the parties governed accordingly.

(c) The Government *may*, in appropriate cases, exercise termination or cancellation rights in addition to those in the *contract clauses* (see for example, paragraph (h) of the Default clause at 52.249-8).

(d) For default terminations of orders under Federal Supply Schedule contracts, see subpart 8.4.

(e) Notwithstanding the provisions of this 49.401, the *contracting officer may*, with the written consent of the contractor, reinstate the terminated contract by amending the notice of termination, after a written determination is made that the *supplies* or services are still required and reinstatement is advantageous to the Government.

Parent topic: Subpart 49.4 - Termination for Default