

49.402-4 Procedure in lieu of termination for default.

The following courses of action, among others, are available to the *contracting officer* in lieu of *termination for default* when in the Government's interest:

- (a) Permit the contractor, the *surety*, or the guarantor, to continue performance of the contract under a revised delivery schedule.
- (b) Permit the contractor to continue performance of the contract by means of a subcontract or other business arrangement with an acceptable third party, provided the rights of the Government are adequately preserved.
- (c) If the requirement for the *supplies* and services in the contract no longer exists, and the contractor is not liable to the Government for damages as provided in [49.402-7](#), execute a no-cost termination *settlement agreement* using the formats in [49.603-6](#) and [49.603-7](#) as a guide.

Parent topic: [49.402 Termination of fixed-price contracts for default.](#)