# 49.504 Termination of fixed-price contracts for default.

(a)

(1) *Supplies and services.* The *contracting officer shall* insert the clause at 52.249-8, Default (Fixed-Price Supply and Service), in *solicitations* and contracts when a fixed-price contract is contemplated and the contract amount is expected to exceed the *simplified acquisition threshold*. The *contracting officer may* use the clause when the contract amount is at or below the *simplified acquisition threshold*, if appropriate (*e.g.,* if the *acquisition* involves items with a history of unsatisfactory quality).

(2) *Transportation.* If the contract is for transportation or transportation-related services, the *contracting officer shall* use the clause with its AlternateI.

(b) *Research and development.* The *contracting officer shall* insert the clause at 52.249-9, Default (Fixed-Price Research and Development), in *solicitations* and contracts for research and development when a fixed-price contract is contemplated and the contract amount is expected to exceed the *simplified acquisition threshold*, except those with educational or nonprofit institutions on a no-profit basis. The *contracting officer may* use the clause when the contract amount is at or below the *simplified acquisition threshold*;, if appropriate (*e.g.,* if the *contracting officer* believes that key personnel essential to the work *may* be devoted to other programs).

(c)

(1) *Construction.* The *contracting officer shall* insert the clause at 52.249-10, Default (Fixed-Price *Construction*), in *solicitations* and contracts for *construction*, when a fixed-price contract is contemplated and the contract amount is expected to exceed the *simplified acquisition threshold*. The *contracting officer may* use the clause when the contract amount is at or below the *simplified acquisition threshold*, if appropriate (*e.g.,* if completion dates are essential).

(2) *Dismantling and demolition.* If the contract is for dismantling, demolition, or removal of improvements, the *contracting officer shall* use the clause with its AlternateI.

(3) *National emergencies.* If the contract is to be awarded during a period of national *emergency*, the *contracting officer may* use the clause-

(i) With its AlternateII when a fixed-price contract for *construction* is contemplated, or

(ii) With its AlternateIII when a contract for dismantling, demolition, or removal of improvements is contemplated.

**Parent topic:** Subpart 49.5 - Contract Termination Clauses