

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](#)