## **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  $\underline{49.402-7}$ , execute a no-cost termination *settlement agreement* using the formats in  $\underline{49.603-6}$  and  $\underline{49.603-7}$  as a guide.

Parent topic: <u>49.402</u> Termination of fixed-price contracts for default.