



U.S. Department of Housing and Urban Development
Washington, D.C. 20410

CHIEF PROCUREMENT OFFICER

Supplement to Class Deviation from the Federal Acquisition Regulation (FAR) Part 16 and 52 Regarding Executive Order 14402 on Promoting Efficiency, Accountability, and Performance in Federal Contracting.

1. Purpose. The HUD Chief Procurement Officer (CPO) is issuing this supplement to HUD's class deviation to the Revolutionary Federal Acquisition Regulation Overhaul (RFO) part 16 and part 52 for the purposes of implementing the FAR Council's updated RFO FAR part 16 and part 52 model deviation text. These updates were made to implement the requirements of Executive Order (E.O.) 14402.

2. Background.

- On September 29, 2025, GSA issued class deviation RFO-2025-16 to implement the **FAR Council's RFO model deviation to FAR part 16. The class deviation became effective November 3, 2025.**
- E.O. 14402 was issued on April 30, 2026, and established that fixed-price contracts with performance-based considerations should serve as the default and preferred method of procurement in order to advance cost predictability and budget discipline, appropriate contractor incentives and accountability, and streamlined procurement and contract administration.
- Section 3 of the E.O. directs the Director of OMB to
 - Issue guidance to agencies to ensure consistent implementation of the E.O.; and
 - Propose amendments to the FAR, consistent with the policy in the E.O. and in coordination with the FAR Council.
- Section 2(f) of the E.O. directs agencies to utilize applicable deviations from provisions of the FAR to comply with the provisions of the E.O. before the amendments to the FAR are completed.
- On June 30, 2026, OMB, in coordination with the FAR Council, issued guidance and updated the RFO model deviation text for FAR part 16, with corresponding updates to part 52, for purposes of implementing the requirements of E.O. 14402.

3. Summary of Changes. Refer to OMB’s updated model deviation text for the specific line-in/line-out updates. The changes are briefly summarized as follows:

- Establishes **Fixed-price contract types as the default and preferred contract type.**
- Creates a new FAR 16.104 section¹ that includes-
 - o A new **definition of covered contract or order**; and
 - o A new **written justification** requirement for covered contracts or orders.
- Makes **various other revisions** to FAR parts 16 and 52 to support the E.O. implementation.

4. Instructions. The GSA Office of Governmentwide Policy (OGP) may update or add to these instructions at a later date.

a. General actions.

- The HUD acquisition workforce must follow the updated RFO model deviation text for FAR part 16 and FAR part 52 published on Acquisition.gov.
- For HUD-funded acquisitions, the HUD Chief Acquisition Officer (CAO) has been delegated authority to approve the justification described in FAR 16.104(c). Regarding BPAs at 16.104(c)(4), the CAO will approve the justification when each order under a BPA is placed.
- For assisted acquisitions
 - o Use the FAR 16.104(c)(1) threshold applicable to the requesting (funding) agency to determine whether approval by the head of the agency is required. For example, if the requesting (or funding) agency is DoD, the threshold is \$100 million. For HUD, the threshold is \$10 million.
 - o The HUD CAO is responsible for developing, approving, and reporting the justification, unless otherwise stated in the interagency agreement that the requesting (or funding) agency is responsible for these responsibilities.

When HUD CAO approval is required, submit the justification for approval using the Acquisition Review Notification form.

- Contracting activities must review related procedures and guidance to ensure this Supplement is properly implemented.

¹ FAR 16.104, Solicitation Provision, is renumbered to FAR 16.105.

b. Specific actions. For covered contracts or orders, as defined in FAR 16.104, follow the below, in conjunction with Section 4.a above.

Acquisition Stage	Timing of the Justification
Solicitations issued before July 15, 2026, but resulting contracts or orders awarded on or after July 15, 2026.	Should be approved no later than July 15, 2027.
Solicitations issued on or after July 15, 2026	Must be approved prior to the release of the solicitation.
Existing contracts and orders, if the remaining period of performance (including options) is at least eighteen (18) months as of July 15, 2026.	Should be approved no later than July 15, 2027.

5. Applicability. This Supplement applies to all HUD contracting activities.

6. Authority. This Supplement is issued under the authority of E.O. 14402; E.O. 14275; OMB Memo M-25-26; 48 CFR 1.4; FAR 1.304; and the OMB Letter implementing E.O. 14402 dated June 25, 2026.

7. Effective Date. This Supplement is effective immediately and remains in effect until rescinded or incorporated into the FAR.

8. Point of Contact. Questions regarding this deviation may be directed to Ms. Nicole Jackson, Director, Procurement Policy and Systems Division, at 202-402-3868 or Nicole.H.Jackson@hud.gov.

ATTACHMENT: RFO Class Deviation part 16

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