

17.204 Contracts.

(a) The contract *shall* specify limits on the purchase of additional *supplies* or services, or the overall duration of the term of the contract, including any extension.

(b) The contract *shall* state the period within which the *option may* be exercised.

(c) The period *shall* be set so as to provide the contractor adequate lead time to ensure continuous production.

(d) The period *may* extend beyond the contract completion date for service contracts. This is necessary for situations when exercise of the *option* would result in the obligation of funds that are not available in the fiscal year in which the contract would otherwise be completed.

(e) Unless otherwise approved in accordance with agency procedures, the total of the basic and *option* periods *shall* not exceed 5 years in the case of services, and the total of the basic and *option* quantities *shall* not exceed the requirement for 5 years in the case of *supplies*. These limitations do not apply to *information technology* contracts. However, statutes applicable to various classes of contracts, for example, the Service Contract Labor Standards statute (see [22.1002-1](#)), *may* place additional restrictions on the length of contracts.

(f) Contracts *may* express *options* for increased quantities of *supplies* or services in terms of-

(1) Percentage of specific *line items*,

(2) Increase in specific *line items*; or

(3) Additional numbered *line items* identified as the *option*.

(g) Contracts *may* express extensions of the term of the contract as an amended completion date or as additional time for performance; *e.g.*, days, weeks, or months.

Parent topic: [Subpart 17.2 - Options](#)