

## 36.205 Statutory cost limitations.

(a) Contracts for *construction shall* not be awarded at a cost to the Government-

(1) In excess of statutory cost limitations, unless applicable limitations can be and are waived *in writing* for the particular contract; or

(2) Which, with allowances for Government-imposed contingencies and overhead, exceeds the statutory authorization.

(b) *Solicitations* containing one or more items subject to statutory cost limitations *shall* state-

(1) The applicable cost limitation for each affected item in a separate schedule;

(2) That an *offer* which does not contain separately-priced schedules will not be considered; and

(3) That the price on each schedule *shall* include an approximate apportionment of all estimated *direct costs*, allocable *indirect costs*, and profit.

(c) The Government *shall* reject an *offer* if its prices exceed applicable statutory limitations, unless laws or agency procedures provide pertinent exemptions. However, if it is in the Government's interest, the *contracting officer* may include a provision in the *solicitation* which permits the award of separate contracts for individual items whose prices are within or subject to applicable statutory limitations.

(d) The Government *shall* also reject an *offer* if its prices are within statutory limitations only because it is materially unbalanced. An *offer* is unbalanced if its prices are significantly less than cost for some work, and overstated for other work.

**Parent topic:** [Subpart 36.2 - Special Aspects of Contracting for Construction](#)