

## 49.104 Duties of prime contractor after receipt of notice of termination.

After receipt of the notice of termination, the contractor *shall* comply with the notice and the termination clause of the contract, except as otherwise directed by the TCO. The notice and clause applicable to convenience terminations generally require that the contractor-

- (a) Stop work immediately on the *terminated portion of the contract* and stop placing subcontracts thereunder;
- (b) Terminate all subcontracts related to the terminated portion of the prime contract;
- (c) Immediately advise the TCO of any special circumstances precluding the stoppage of work;
- (d) Perform the *continued portion of the contract* and submit promptly any request for an equitable adjustment of price for the continued portion, supported by evidence of any increase in the cost, if the termination is partial;
- (e) Take necessary or directed action to protect and preserve property in the contractor's possession in which the Government has or *may* acquire an interest and, as directed by the TCO, deliver the property to the Government;
- (f) Promptly notify the TCO *in writing* of any legal proceedings growing out of any subcontract or other commitment related to the *terminated portion of the contract*;
- (g) Settle outstanding liabilities and proposals arising out of termination of subcontracts, obtaining any approvals or ratifications required by the TCO;
- (h) Promptly submit the contractor's own *settlement proposal*, supported by appropriate schedules; and
- (i) Dispose of *termination inventory*, as directed or authorized by the TCO.

**Parent topic:** [Subpart 49.1 - General Principles](#)