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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 [49.402-7](#), execute a no-cost termination settlement agreement using the formats in [49.603-6](#) and [49.603-7](#) as a guide.

Parent topic: [49.402 Termination of fixed-price contracts for default.](#)