

# **Defense Federal Acquisition Regulation Supplement**

## **Part 242--Contract Administration and Audit Services**

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### **SUBPART 242.12--NOVATION AND CHANGE-OF-NAME AGREEMENTS**

*(Revised October 25, 2000)*

#### **242.1202 Responsibility for executing agreements.**

The contracting officer responsible for processing and executing novation and change-of-name agreements shall ensure agreements are executed promptly.

#### **242.1203 Processing agreements.**

(b)(2)(A) For contracts awarded by the military departments, provide notices to the following addressees instead of individual contracting or contract administration offices—

Army	HQ, U.S. Army Material Command ATTN: AMCCC-P 5001 Eisenhower Avenue Alexandria, VA 22333-0001
Navy	Office of the Assistant Secretary of the Navy (RDA) Procurement Policy Washington, DC 20350-1000
Air Force	HQ Air Force Materiel Command ATTN: HQ AFMC/PKP 4375 Chidlaw Road, Suite 6 Wright Patterson AFB, OH 45433-5006
National Aeronautics and Space Administration	National Aeronautics and Space Administration Associate Administrator for Procurement ATTN: HS Washington, DC 20546-0001

(B) Lists for notices of a successor in interest should include the information at FAR 42.1204(e)(2).

(C) Lists for notices of a name change should include the information at FAR 42.1205(a)(3).

(D) On notices sent to the addressees in paragraph (b)(2)(A) of this section, include a consolidated list for all subordinate contracting offices of the addressee.

(f)(i) Before making any substantial alterations or additions to the novation agreement format at FAR 42.1204(i), coordinate with those addressees in paragraph (b)(2)(A) of this section that have contracts with the contractor. Resolve any objections before executing the agreement.

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(ii) If the National Aeronautics and Space Administration (NASA) wants a separate agreement with the contractor, continue to process the agreement only for DoD.

(g) Also, make distribution to—

(i) The addressees in paragraph (b)(2)(A) of this section—two copies; and

(ii) The appropriate Military Traffic Management Command (MTMC) area command for agreements affecting contracts and basic agreements for storage and related services for personal property of military and civilian personnel—two copies—

Commander  
Eastern Area  
Military Traffic Management  
Command  
ATTN: MTE-LO  
Bayonne, NJ 07002

Commander  
Western Area  
Military Traffic Management  
Command  
Oakland Army Base  
ATTN: MTW-LO  
Oakland, CA 94626

(h)(4) Additional distribution instructions—

(A) Send two copies to the address in paragraph (b)(2)(A) of this section. The list of contracts may be confined to those issued by that department.

(B) Do not send copies to NASA or the MTMC commands in paragraph (g)(ii) of this section. They will issue their own modifications.

#### **242.1204 Agreement to recognize a successor in interest (novation agreement).**

(i) When a novation agreement is required and the transferee intends to incur restructuring costs as defined at 231.205-70, the cognizant contracting officer shall include the following provision as paragraph (b)(7) of the novation agreement instead of the paragraph (b)(7) provided in the sample format at FAR 42.1204(i):

“(7)(i) Except as set forth in subparagraph (7)(ii) below, the Transferor and the Transferee agree that the Government is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer or this Agreement, other than those that the Government in the absence of this transfer or Agreement would have been obligated to pay or reimburse under the terms of the contracts.

(ii) The Government recognizes that restructuring by the Transferee incidental to the acquisition/merger may be in the best interests of the Government. Restructuring costs that are allowable under Part 31 of the Federal Acquisition Regulation (FAR) or Part 231 of the Defense Federal Acquisition Regulation Supplement (DFARS) may be reimbursed under flexibly-priced novated contracts, provided the Transferee demonstrates that the restructuring will reduce overall costs to the Department of Defense (DoD) (and to the National Aeronautics and Space

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Administration (NASA), where there is a mix of DoD and NASA contracts), and the requirements included in DFARS 231.205-70 are met. Restructuring costs shall not be allowed on novated contracts unless there is an audit of the restructuring proposal; a determination by the contracting officer of overall reduced costs to DoD/NASA; and an Advance Agreement setting forth a cumulative cost ceiling for restructuring projects and the period to which such costs shall be assigned.”