



Homeland  
Security

MEMORANDUM FOR: Heads of Contracting Activities

FROM: Paul Courtney  
Chief Procurement Officer

SUBJECT: FAR Class Deviation (Number 25-36) for FAR Part 17 in Support  
of Executive Order on Restoring Common Sense to Federal  
Procurement

1. **Purpose.** This memorandum approves a class deviation to Federal Acquisition Regulation (FAR) Part 17 for purposes of implementing the FAR Council's model deviation text to FAR Part 17.
2. **Background.** [Executive Order \(E.O.\) 14275, Restoring Common Sense to Federal Procurement](#), signed April 15, 2025, mandates a comprehensive review and simplification of the FAR.

The FAR is being updated to:

- Eliminate non-statutory language
- Remove redundant or obsolete language
- Enhance clarity through plain language
- Align with the new FAR framework
- Preserve essential governmentwide acquisition standards

This project is referred to as the Revolutionary FAR Overhaul (RFO) initiative. This initiative will make the FAR more concise, understandable, and focused on core procurement requirements.

3. **Summary of Changes.** FAR Part 17, Special Contracting Methods, has been streamlined. The revisions can be characterized by three overarching themes: organizing information in a way that's easier to understand and use; combining related topics and removing repeated information; and making the language clearer through simpler sentences, active voice, and better formatting.

Statutory requirements retained in the RFO FAR part 17 model deviation include, but may not be limited to, the following:

- 41 U.S.C. § 3903 and 10 U.S.C. § 3501, Multiyear Contracts
- 31 U.S.C. § 1341, Limitations on Expending and Obligating Amounts
- 31 U.S.C. § 1535, The Economy Act
- Pub. L. 110-417 Sec. 865, Preventing Abuse of Interagency Contracts
- Pub. L. 110-181 Sec. 801, Internal Controls for Procurements on Behalf of the Department of Defense by Certain Non-defense Agencies

| Change          | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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| <b>Retained</b> | <ul style="list-style-type: none"> <li>• Section 17.000 “<b>Scope of Part</b>”, is retained and expanded to provide a more <b>complete list of the special contracting methods</b> covered within the part.</li> <li>• Subpart 17.1 “<b>Multiyear Contracting</b>”, is retained and restructured. This reorganization involves the deletion of some sections, the consolidation of others, and the creation of new sections to house relocated and revised content.</li> <li>• The “Definitions” for multiyear contracting are moved to section 17.102, and all <b>are retained</b> with some plain language or clarifying updates.</li> <li>• The “Policy” for multiyear contracting is moved to subsection 17.103-1 and revised to include two statutory requirements <b>for DoD</b> when considering entering into a multiyear contract for supplies: <ul style="list-style-type: none"> <li>○ (b)(6): The contract must promote national security of the United States.</li> <li>○ (b)(7): For contracts valued at \$500,000,000 or more, the Secretary must certify that specific conditions outlined in 10 U.S.C. § 3501 will be met.</li> </ul> </li> <li>• Subpart 17.2 “<b>Options</b>”, is retained and restructured. This reorganization involves the consolidation of some sections, and the creation of new sections to house relocated and revised content.</li> <li>• Subpart 17.3 remains reserved.</li> <li>• Subpart 17.5 “<b>Interagency Acquisitions</b>”, is updated with plain- language revisions and formatting improvements for clarity.</li> <li>• Subparts 17.6 and 17.7 are reordered, creating a more logical flow by placing all content concerning <b>interagency acquisitions in sequential order</b>. <ul style="list-style-type: none"> <li>○ “<b>Interagency Acquisitions: Acquisitions by Non-defense Agencies on Behalf of the Department of Defense</b>” <ul style="list-style-type: none"> <li>■ Previously at subpart 17.7, now at 17.6</li> </ul> </li> <li>○ “<b>Management and Operating Contracts</b>” <ul style="list-style-type: none"> <li>■ Previously at subpart 17.6, now at 17.7</li> </ul> </li> </ul> </li> </ul> |

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|                | <ul style="list-style-type: none"> <li>• Subparts 17.1 “Multiyear Contracting”, 17.2 “Options”, 17.7 “Management and Operating Contracts”, and 17.8 “Reverse Auctions” are reorganized to <b>follow the stages of the acquisition lifecycle</b> <ul style="list-style-type: none"> <li>■ <b>Presolicitation</b></li> <li>■ <b>Evaluation and Award</b></li> <li>■ <b>Postaward</b></li> </ul> </li> <li>• All <b>clauses and provisions</b> prescribed in this part are retained. <ul style="list-style-type: none"> <li>○ The following provisions have been updated to reflect current cross-references: <ul style="list-style-type: none"> <li>■ 52.217-4, Evaluation of Options Exercised at Time of Contract Award</li> <li>■ 52.217-5, Evaluation of Options</li> </ul> </li> <li>○ Please note that the <b>fill-ins at 52.217-8 and 52.217-9 remain</b> the same and must still be completed by the acquisition team.</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                         |
| <b>Removed</b> | <ul style="list-style-type: none"> <li>• Content from previous section 17.105-2 about the objectives and benefits of multiyear contracting is removed and is expected to be moved to the <b>FAR Companion</b>.</li> <li>• Content from previous sections 17.203 and 17.204 reflecting <b>best practices for options</b> in solicitations and contracts is expected to be moved to the <b>FAR Companion</b>.</li> <li>• Previous sections 17.107 “Options” and 17.205 “Documentation” are removed as the content was redundant and unnecessary.</li> <li>• Content previously at section 17.207 “Exercise of Options” is streamlined and moved to 17.204-1.</li> <li>• Subpart 17.4 “<b>Leader Company Contracting</b>”, has been significantly streamlined. The new subpart retains an explanation of the technique but the detailed procedures and best practices for this technique is expected to be moved to the <b>FAR Companion</b>.</li> <li>• Criteria for identifying management and operating contracts, previously at section 17.604 “<b>Identifying management and operating contracts</b>”, is removed as it is unnecessary.</li> <li>• Content from previous section 17.802(c) for <b>best practices for reverse auctions</b> is expected to be moved to the <b>FAR Companion</b>.</li> </ul> |

This table is not an exhaustive list.

#### 4. Instructions.

- The Department of Homeland Security (DHS) acquisition workforce shall follow the

RFO Part 17 and corresponding 52 model deviation text instead of FAR Part 17 and 52 as codified at 48 CFR Chapter 1. The Council's RFO Part 17 model deviation text is available at <https://www.acquisition.gov/far-overhaul/far-part-deviation-guide/far-overhaul-part-17> and is incorporated into this class deviation.

- For new solicitations or contracts, when using any provisions or clauses that have been revised, utilize the RFO model deviation language in Attachment 1.
- For open solicitations or awarded contracts, the contracting officer has discretion regarding the need to enforce or amend the provisions or clauses. Note that without some of the removed provisions or clauses, the contracting officer may be required to separately address certain aspects in the contract.
- Contracting activities must review templates and related standard operating procedures to align with this class deviation and remove unnecessary processes and steps.

**5. Applicability.** This class deviation applies to all DHS procurements.

**6. Authority.** This class deviation is issued under the authority of EO 14275, [OMB Memo M-25- 26](#), 48 CFR 1.4, and RFO FAR 1.304.

**7. Effective Date.** This class deviation is effective November 3, 2025, and remains in effect until rescinded or incorporated into the FAR.

**8. Points of Contact.** Questions regarding this class deviation may be directed to Acquisition Policy and Legislation Branch at [Acquisition.Policy@hq.dhs.gov](mailto:Acquisition.Policy@hq.dhs.gov).

**Attachments:**

1. FAR Part 17 Solicitation Provisions and Contract Clauses Revisions

## **PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

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### **Subpart 52.2—Text of Provisions and Clauses**

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#### **52.217-2 Cancellation Under Multiyear Contracts.**

As prescribed in 17.106(a), insert the following clause:

##### **Cancellation Under Multiyear Contracts (Oct 1997)**

(a) “Cancellation,” as used in this clause, means that the Government is canceling its requirements for all supplies or services in program years subsequent to that in which notice of cancellation is provided. Cancellation shall occur by the date or within the time period specified in the Schedule, unless a later date is agreed to, if the Contracting Officer-

(1) Notifies the Contractor that funds are not available for contract performance for any subsequent program year; or

(2) Fails to notify the Contractor that funds are available for performance of the succeeding program year requirement.

(b) Except for cancellation under this clause or termination under the Default clause, any reduction by the Contracting Officer in the requirements of this contract shall be considered a termination under the Termination for Convenience of the Government clause.

(c) If cancellation under this clause occurs, the Contractor will be paid a cancellation charge not over the cancellation ceiling specified in the Schedule as applicable at the time of cancellation.

(d) The cancellation charge will cover only-

(1) Costs-

(i) Incurred by the Contractor and/or subcontractor;

(ii) Reasonably necessary for performance of the contract; and

(iii) That would have been equitably amortized over the entire multiyear contract period but, because of the cancellation, are not so amortized; and

(2) A reasonable profit or fee on the costs.

(e) The cancellation charge shall be computed and the claim made for it as if the claim were

being made under the Termination for Convenience of the Government clause of this contract. The Contractor shall submit the claim promptly but no later than 1 year from the date-

- (1) Of notification of the nonavailability of funds; or
- (2) Specified in the Schedule by which notification of the availability of additional funds for the next succeeding program year is required to be issued, whichever is earlier, unless extensions in writing are granted by the Contracting Officer.

(f) The Contractor's claim may include-

- (1) Reasonable nonrecurring costs (see part 15 of the Federal Acquisition Regulation) which are applicable to and normally would have been amortized in all supplies or services which are multiyear requirements;
- (2) Allocable portions of the costs of facilities acquired or established for the conduct of the work, to the extent that it is impracticable for the Contractor to use the facilities in its commercial work, and if the costs are not charged to the contract through overhead or otherwise depreciated;
- (3) Costs incurred for the assembly, training, and transportation to and from the job site of a specialized work force; and
- (4) Costs not amortized solely because the cancellation had precluded anticipated benefits of Contractor or subcontractor learning.

(g) The claim shall not include-

- (1) Labor, material, or other expenses incurred by the Contractor or subcontractors for performance of the canceled work;
- (2) Any cost already paid to the Contractor;
- (3) Anticipated profit or unearned fee on the canceled work; or
- (4) For service contracts, the remaining useful commercial life of facilities. "Useful commercial life" means the commercial utility of the facilities rather than their physical life with due consideration given to such factors as location of facilities, their specialized nature, and obsolescence.

(h) This contract may include an Option clause with the period for exercising the option limited to the date in the contract for notification that funds are available for the next succeeding program year. If so, the Contractor agrees not to include in option quantities any costs of a startup or nonrecurring nature that have been fully set forth in the contract. The Contractor further agrees that the option quantities will reflect only those recurring costs and a reasonable profit or fee

necessary to furnish the additional option quantities.

(i) Quantities added to the original contract through the Option clause of this contract shall be included in the quantity canceled for the purpose of computing allowable cancellation charges.

(End of clause)

#### **52.217-3 Evaluation Exclusive of Options.**

As prescribed in 17.203(a), insert a provision substantially the same as the following:

**Evaluation Exclusive of Options (SEP 2025) (DEVIATION 25-36)**  
**(effective November 3, 2025)**

The Government will evaluate offers for award purposes by including only the price for the basic requirement; *i.e.*, options will not be included in the evaluation for award purposes.

(End of provision)

#### **52.217-4 Evaluation of Options Exercised at Time of Contract Award.**

As prescribed in 17.203(b), insert a provision substantially the same as the following:

**Evaluation of Options Exercised at Time of Contract Award**  
**(SEP 2025) (DEVIATION 25-36) (effective November 3, 2025)**

Except when it is determined in accordance with FAR 17.202(b) not to be in the Government's best interests, the Government will evaluate the total price for the basic requirement together with any option(s) exercised at the time of award.

(End of provision)

#### **52.217-5 Evaluation of Options.**

As prescribed in 17.203(c), insert a provision substantially the same as the following:

**Evaluation of Options (SEP 2025) (DEVIATION 25-36)**  
**(effective November 3, 2025)**

Except when it is determined in accordance with FAR 17.202(b) not to be in the Government's best interests, the Government will evaluate offers for award purposes by adding the total price for all options to the total price for the basic requirement. Evaluation of options will not obligate the Government to exercise the option(s).

(End of provision)

**52.217-6 Option for Increased Quantity.**

As prescribed in 17.203(d), insert a clause substantially the same as the following:

**Option for Increased Quantity (Mar 1989)**

The Government may increase the quantity of supplies called for in the Schedule at the unit price specified. The Contracting Officer may exercise the option by written notice to the Contractor within \_\_\_\_\_ *[insert in the clause the period of time in which the Contracting Officer has to exercise the option]*. Delivery of the added items shall continue at the same rate as the like items called for under the contract, unless the parties otherwise agree.

(End of clause)

**52.217-7 Option for Increased Quantity-Separately Priced Line Item.**

As prescribed in 17.203(e), insert a clause substantially the same as the following:

**Option for Increased Quantity-Separately Priced Line Item (Mar 1989)**

The Government may require the delivery of the numbered line item, identified in the Schedule as an option item, in the quantity and at the price stated in the Schedule. The Contracting Officer may exercise the option by written notice to the Contractor within *[insert in the clause the period of time in which the Contracting Officer has to exercise the option]*. Delivery of added items shall continue at the same rate that like items are called for under the contract, unless the parties otherwise agree.

(End of clause)

**52.217-8 Option to Extend Services.**

As prescribed in 17.203(f), insert a clause substantially the same as the following:

**Option to Extend Services (Nov 1999)**

The Government may require continued performance of any services within the limits and at the rates specified in the contract. These rates may be adjusted only as a result of revisions to prevailing labor rates provided by the Secretary of Labor. The option provision may be exercised more than once, but the total extension of performance hereunder shall not exceed 6 months. The Contracting Officer may exercise the option by written notice to the Contractor within \_\_\_\_ *[insert the period of time within which the Contracting Officer may exercise the option]*.

(End of clause)

**52.217-9 Option to Extend the Term of the Contract.**

As prescribed in 17.203(g), insert a clause substantially the same as the following:

**Option to Extend the Term of the Contract (Mar 2020)**

(a) The Government may extend the term of this contract by written notice to the Contractor within \_\_\_\_\_ [*insert the period of time within which the Contracting Officer may exercise the option*]; provided that the Government gives the Contractor a preliminary written notice of its intent to extend at least \_\_\_\_\_ days [*60 days unless a different number of days is inserted*] before the contract expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option clause.

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed \_\_\_\_\_ (*months*) (*years*).

(End of clause)

**52.217-10 Reverse Auction**

As prescribed in 17.804(a), insert the following provision:

**Reverse Auction (Aug 2024)**

(a) *Definitions.* As used in this provision—

*Reverse auction* means the process for obtaining pricing, usually supported by an electronic tool, in which offerors see competing offerors' price(s), without disclosure of the competing offerors' identity, and have the opportunity to submit lower priced offers until the close of the auction.

*Reverse auction service provider* means a commercial or Government entity that provides a means for conducting reverse auctions when acquiring supplies or services to be used by the Government.

(b) *Reverse auction.* The Government intends to conduct a reverse auction under this solicitation to award a contract or blanket purchase agreement.

(c) *Offeror agreement.* By submission of a quote or proposal in response to the solicitation, the Offeror agrees to participate in the reverse auction and agrees that the Government may reveal to all Offerors the offered price(s) in the auction, without revealing any Offeror's identity, except for the awardee's identity subsequent to an award resulting from the auction. The Offeror may withdraw its agreement to further participate in the process by withdrawing its offer before the close of the auction by notifying the Contracting Officer via the contact method identified in the solicitation.

(d) *Only one offer.* If the reverse auction produces only one offer, the Government reserves the right to cancel the auction.

(e) *Release of information.* The Government may use a reverse auction service provider to conduct the reverse auction. Any price or proposal information or source selection information received by the reverse auction service provider in relation to the reverse auction shall not be released, outside of the Government, unless otherwise required by law. However, this does not prevent the Government from revealing to all Offerors the offered price(s) in the auction, without revealing any Offeror's identity. Price or proposal information includes, but is not limited to—

(1) Contractor bid or proposal information, as defined at Federal Acquisition Regulation 3.104-1; and

(2) Information identified by the Offeror as restricted from duplication, use, or disclosure—in whole or in part—for any purpose other than to evaluate the Offeror's price or proposal.

(End of provision)

#### **52.217-11 Reverse Auction—Orders.**

As prescribed in 17.804(b), insert the following clause:

##### **Reverse Auction—Orders (Aug 2024)**

(a) *Definitions.* As used in this clause—

*Reverse auction* means the process for obtaining pricing, usually supported by an electronic tool, in which offerors see competing offerors' price(s), without disclosure of the competing offerors' identity, and have the opportunity to submit lower priced offers until the close of the auction.

*Reverse auction service provider* means a commercial or Government entity that provides a means for conducting reverse auctions when acquiring supplies or services to be used by the Government.

(b) *Reverse auction.* The Contracting Officer may conduct a reverse auction to award an order under this contract or blanket purchase agreement.

(c) *Contractor agreement.* When a reverse auction is conducted under this contract or blanket purchase agreement, the following applies:

(1) The Contractor's or blanket purchase agreement holder's submission of a quote or proposal in response to the solicitation for an order constitutes agreement to participate in the auction.

(2) The Contractor agrees that the Government may reveal to all Offerors the offered price(s) in the auction, without revealing any Offerors' identity, except for the awardee's identity subsequent to an award resulting from the auction.

(3) The Contractor or blanket purchase agreement holder may withdraw its agreement to further participate in the reverse auction by withdrawing its offer. To withdraw an offer made in response to a reverse auction solicitation issued under this contract or blanket purchase agreement, the Contractor or blanket purchase agreement holder shall notify the Contracting Officer of the request before the close of the auction via the contact method identified in the solicitation.

(4) If the reverse auction produces only one offer, the Government reserves the right to cancel the auction.

(d) *Release of information.* The Government may use a reverse auction service provider to conduct the reverse auction. Any price or proposal information or source selection information received by the reverse auction service provider in relation to the reverse auction shall not be released, outside of the Government, unless otherwise required by law. However, this does not prevent the Government from revealing to all Contractors or blanket purchase agreement holders the offered price(s) in the auction, without revealing any Contractor or blanket purchase agreement holder's identity. Price or proposal information includes, but is not limited to—

(1) Contractor bid or proposal information, as defined at Federal Acquisition Regulation 3.104-1;

(2) Price or proposal information similarly generated for a task order or delivery order or an order under a blanket purchase agreement; and

(3) Information identified by the Contractor or blanket purchase agreement holder as restricted from duplication, use, or disclosure—in whole or in part—for any purpose other than to evaluate the Contractor or blanket purchase agreement holder's price or proposal.

(End of clause)

## **52.217-12 Reverse Auction Services.**

As prescribed in 17.804(c), insert the following clause:

### **Reverse Auction Services (Aug 2024)**

(a) *Definitions.*

*Government data* means any information, document, media, or machine-readable material

regardless of physical form or characteristics, that is created or obtained by the Government, in the course of official Government business.

*Government-related data* means any information, document, media, or machine-readable material regardless of physical form or characteristics that is created or obtained by a contractor through the storage, processing, or communication of Government data. This does not include a contractor's business records ( e.g., financial records, legal records, etc.) or data such as operating procedures, software coding, or algorithms that are not uniquely applied to the Government data.

*Reverse auction* means the process for obtaining pricing, usually supported by an electronic tool, in which offerors see competing offerors' price(s), without disclosure of the competing offeror's identity, and have the opportunity to submit lower priced offers until the close of the auction.

(b) *Duties of the reverse auction service provider.* When providing reverse auction services to the Government, the Contractor shall—

- (1) Not assert or imply that it can or will obtain a Government contract for the participants of a reverse auction;
- (2) Allow entities to register, at no cost, as potential offerors for any reverse auction conducted on behalf of the Government on the provider's reverse auction platform. As part of the registration process, the Contractor shall allow each entity the opportunity to execute a proprietary data protection agreement with the Contractor; however, the Contractor shall not negotiate terms in the agreement that affect the terms and conditions of a Government solicitation or contract;
- (3) Limit access to, use of, and disclosure of Government data and Government-related data.
  - (i) The Contractor shall not access, use, or disclose Government data unless specifically authorized by the terms of this contract or a task order or delivery order issued hereunder.
  - (ii) If authorized by the terms of this contract or a task order or delivery order issued hereunder, any access to, or use or disclosure of, Government data shall only be for purposes specified in this contract or task order or delivery order.
  - (iii) The Contractor shall ensure that its employees are subject to all such access, use, and disclosure prohibitions and obligations.
  - (iv) These access, use, and disclosure prohibitions and obligations shall survive the expiration or termination of this contract.
  - (v) The Contractor shall notify the Contracting Officer promptly of any requests from a third party for access to Government data or Government-related data, including any warrants, seizures, or subpoenas it receives, including those from

another Federal, State, or local agency. The Contractor shall cooperate with the Contracting Officer to take all measures to protect Government data and Government-related data from any unauthorized disclosure.

(4) Assert no right or license in the data gathered or generated during a reverse auction. Use Government-related data only to manage the operational environment that supports the Government data and for no other purpose unless otherwise permitted with the prior written approval of the Contracting Officer.

(5) Protect from unauthorized use or disclosure and not release outside of the Government any price or proposal information or any source selection information (see Federal Acquisition Regulation (FAR) 2.101) received by the Contractor in relation to a reverse auction. Price or proposal information shall include, but is not limited to—

(i) Contractor bid or proposal information, as defined at FAR 3.104-1;

(ii) Price or proposal information similarly generated for a task order or delivery order or an order under a blanket purchase agreement; and

(iii) Information identified by the reverse auction participant as restricted from duplication, use, or disclosure—in whole or in part—for any purpose other than to evaluate the reverse auction participant's price or proposal;

(6) Allow offerors to see the successive lowest price(s) offered in the auction without revealing an offeror's identity;

(7) Not participate as an offeror in any reverse auction, which the Contractor is hosting on behalf of the Government. This prohibition includes participation in a reverse auction by any entity with which the Contractor has a relationship that raises an actual or potential conflict of interest;

(8) At the close of each auction—

(i) Provide the Contracting Officer with the successful offer, along with information that separately identifies the offeror's price and the price for each provider fee or charge included in the total price; and

(ii) Provide the Contracting Officer with all information and documentation received from reverse auction participants in response to the reverse auction.

(End of clause)