

3.2.4-27 Limitation of Price and Contractor Obligations (February 2003)

- (a) Funds available for performance are described in the Schedule. The amount of funds available at award is not considered sufficient for the performance required for any program year other than the first program year. When additional funds are available for the full requirements of the next succeeding program year, the Contracting Officer shall notify the Contractor in writing. The Contracting Officer shall also modify the amount of funds described in the "Schedule" as available for contract performance. This procedure shall apply for each successive program year.
- (b) The TSA is not obligated to the Contractor for any amount over that described in the "Schedule" as available for contract performance.
- (c) The Contractor is not obligated to incur costs for the performance required for any program year after the first unless and until written notification is received from the Contracting Officer of an increase in availability of funds. If so notified, the Contractor's obligation shall increase only to the extent contract performance is required for the additional program year for which funds are made available.
- (d) If this contract is terminated under the "**Termination for Convenience**" of the Government" clause, 'total contract price' in that clause means the amount available for performance of this contract, as in paragraph (a) above, plus the amount established as the cancellation ceiling. 'Work under the contract' in that clause means the work under program year requirements for which funds have been made available. If the contract is terminated for default, the Government's rights under this contract shall apply to the entire multi-year requirements.
- (e) Notification to the Contractor of an increase or decrease in the funds available for performance of this contract under another clause (e.g., an "Option" or "Changes" clause) shall not constitute the notification contemplated by paragraph (a) of this clause.

(End of clause)

PRESCRIPTION

Shall be used in RFI/RFPs and contracts when a multiyear contract or a multiyear modified requirements contract is contemplated.