

Reclamation Manual

Directives and Standards

Subject:	Reclamation Standard Water-Related Contract Articles, Standard Article 4: General Obligation—Benefits Conditioned Upon Payment
Purpose:	To provide requirements for the content and application of Standard Article 4: General Obligation—Benefits Conditioned Upon Payment (Standard Article 4), for the benefit of supporting general policy and specific requirements set forth in Reclamation Manual Policy PEC P10, <i>Reclamation Standard Water-Related Contract Articles</i> (PEC P10)
Authority:	The Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), and acts amendatory and supplementary thereto, especially section 6 of the Reclamation Project Act of 1939 (Pub. L. 76-260; 53 Stat. 1191; 43 U.S.C. § 485e); 43 C.F.R. § 426.19(c).
Approving Official:	Director, Policy and Administration
Contact:	Water and Environmental Resources Division, 84-55000

1. **Introduction.** This Directive and Standard provides the text for Standard Article 4 and addresses related requirements. Paragraph 6 of PEC P10 indicates which contracts require Standard Article 4. In general, Standard Article 4 is required in contracts that involve water delivery and that obligate the contractor to make periodic payments to the United States. It makes delivery of water conditional on payment and sets deadlines for meeting the condition. It also affirms that the contractor is responsible for making its payments regardless of the arrangement or status of payments from its water users.
2. **Applicability.** This Directive and Standard applies to Bureau of Reclamation staff and officials involved in the contracting process, as defined at Paragraph 3.A of PEC P10, for contracts requiring Standard Article 4 under Paragraph 6 of PEC P10.
3. **Definitions.** See Paragraph 3 of PEC P10.
4. **Responsibilities.** See Paragraph 4 of PEC P10.
5. **Text of Standard Article 4.**

GENERAL OBLIGATION—BENEFITS CONDITIONED UPON PAYMENT¹

(a) The obligation of the Contractor to pay the United States as provided in this contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may

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be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

(b) The payment of charges becoming due pursuant to this contract is a condition precedent to receiving benefits under this contract. The United States shall not make water available to the Contractor through **(name of project)** project facilities during any period in which the Contractor is in arrears in the advance payment of [water rates] [any operation and maintenance charges] due the United States [or is in arrears for more than 12 months in the payment of any construction charges due the United States].² The Contractor shall not deliver water under the terms and conditions of this contract for lands or parties that are in arrears in the advance payment of [water rates] [operation and maintenance charges] [or is in arrears more than 12 months in the payment of construction charges] as levied or established by the Contractor.³

²Omit this sentence from contracts where water is not furnished through project facilities.

³Language appearing in brackets is alternate language for differing contract types. This last sentence may be omitted from contracts where the contractor is an individual.