

# Contract Termination

This form of termination requires "documented deficiencies."

## 1. Termination for Default

1.1. If either Buyer or Vendor violates any material term or condition of this Contract or fails to fulfill in a timely and proper manner its obligations under this Contract, then the aggrieved party shall give the other party written notice of such failure or violation. The responsible party will correct the violation or failure within *[thirty (30) calendar days or other appropriate time period]* or as otherwise mutually agreed in writing. If the failure or violation is not corrected, this Contract may be terminated immediately by written notice from the aggrieved party to the other party. The option to terminate shall be at the sole discretion of the aggrieved party. Buyer reserves the right to suspend all or part of the Contract, withhold further payments, or prohibit Vendor from incurring additional obligations of funds during investigation of any alleged Vendor compliance breach and pending corrective action by Vendor or a decision by Buyer to terminate the Contract.

1. Give notice of the failure
2. Correction time period – coordinate the corrective actions to ensure that the plan is workable.
3. If not corrected, then the contract can be terminated immediately, with notice.
4. The aggrieved party triggers this termination.
5. Buyer
  - a. Reserves a right to suspend
  - b. Withhold payments
  - c. Prohibit vendor from incurring additional costs
  - d. During investigation of vendor compliance breach and pending corrective action Or
  - e. If Buyer terminates the contract.

1.2. In the event of termination of this Contract by Buyer, Buyer shall have the right to procure the Products and Services that are the subject of this Contract on the open market and Vendor shall be liable for all damages, including, but not limited to: (i) the cost difference between the original Contract price for the Products and Services and the replacement costs of such Products and Services acquired from another Vendor; (ii) if applicable, all administrative costs directly related to the replacement of this Contract, such as costs of competitive bidding, mailing, advertising, applicable fees, charges or penalties, staff time costs; and, (iii) any other costs to Buyer resulting from Vendor's breach. Buyer shall have the right to deduct from any monies due to Vendor, or that thereafter become due, an amount for damages that Vendor will owe Buyer for Vendor's default.

1. If Buyer terminates the contract, Buyer shall have the right to procure substitute goods/services and
2. Vendor shall be liable for damages
  - a. Cost difference between original contract and replacement goods/services
  - b. Administrative costs directly related to the replacement of goods/services
  - c. Any other costs
3. Buyer shall have the right to deduct from money due vendor or to be due to the vendor

## Contract Termination cont.

- 1.3 If the Failure to Perform is without the defaulting party's control, fault, or negligence, the termination shall be deemed to be a **Termination for Convenience**.
- 1.4 This section shall not apply to any failure(s) to perform that results from the willful or negligent acts or omissions of the aggrieved party.

### 3. Termination for Convenience

- 2.1 When, at the sole discretion of Buyer, it is in the best interest of the Buyer, Contracting Officer may terminate this Contract, in whole or in part, by *[fourteen (14) calendar days or other appropriate time period]* written notice to Vendor. If this Contract is so terminated, Buyer is liable only for payments required by the terms of this Contract prior to the effective date of termination.

This provision is critical because the rights for a Termination of Convenience are different.

This provision prevents the aggrieved party from creating the default and then make a claim against the other party.

This provision allows the Buyer to terminate for a business reason.

The Buyer may terminate for a business reason with written notice. The Buyer shall pay Vendor for amounts due under the contract for goods/services received and accepted by the Buyer prior to the date of termination.

## Contract Termination cont.

This provision outlines additional duties the Vendor owes to the Buyer upon any form of termination.

### 3. Termination Procedure

- 3.1. In addition to the procedures set forth below, if Buyer terminates this Contract, Vendor shall follow any procedures Buyer specifies in Purchaser's Notice of Termination.
- 3.2. Upon termination of this Contract, Buyer, in addition to any other rights provided in this Contract, may require Vendor to deliver to Buyer any property, Products, or Work Products specifically produced or acquired for the performance of such part of this Contract as has been terminated. The section titled **Treatment of Assets** shall apply in such property transfer.
- 3.3. Unless otherwise provided herein, Buyer shall pay to Vendor the agreed-upon price, if separately stated, for the Products or Services received and Accepted by Buyer, provided that in no event shall Buyer pay to Vendor an amount greater than Vendor would have been entitled to if this Contract had not been terminated. Failure to agree with such determination shall be a dispute within the meaning of the **Disputes** section of this Contract. Buyer may withhold from any amounts due Vendor such sum as Buyer determines to be necessary to protect Buyer from potential loss or liability.
- 3.4. Vendor shall pay amounts due Buyer as the result of termination within thirty (30) calendar days of notice of amounts due. If Vendor fails to make timely payment, Buyer may charge interest on the amounts due at one percent (1%) per month until paid in full.

This provision obligates the Buyer in the notice of termination to outline the Vendor's duties upon termination.

This provision allows the Buyer to obligate the Vendor to deliver property, Products, or Work Products specifically produced or acquired for this contract.

This provision is complicated as it has to do with the contracted price and the provisions associated with the price. The important part of this provision is that the Buyer is limited to paying the Vendor the maximum of the agreed upon contract price upon termination.

This provision outlines the payment terms upon termination.