



### **Section 3 : ADMINISTRATIVE CLAUSES**

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#### **306. Cost and Pricing Data - Modifications (10/1/96).**

##### **(a) Subcontractor Cost or Pricing Data - Modifications.**

The clause entitled "Subcontractor Cost or Pricing Data - Modifications," as set forth in FAR 52.215-25 in effect on the date of this contract, is incorporated herein by reference. The word "Contractor" as used therein shall mean Seller.

##### **(b) Seller and Subcontractor Certified Cost or Pricing Data - Modifications.**

(1) This clause shall become operative only with respect to any modification of this contract which involves aggregate increases and/or decreases in cost plus applicable profits in excess of \$100,000 unless the modification is priced on the basis of adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. The rights under this clause are limited to defects in data relating to such modification. Seller shall submit cost or pricing data in the manner and subject to the conditions set forth in FAR 15.804-2, 15.804-4, 15.804-6, 15.806-1, and 15.806-2, in effect on the date of this contract. The \$500,000 threshold stated in FAR 15.804-2(a) is hereby modified to read \$100,000. Seller shall certify to Buyer that the cost or pricing data is accurate, complete, and current by use of the Form 858-2 (a copy of which is provided at the end of Section 1 of this Terms and Conditions Guide). This certificate shall be executed as of the date of final agreement on price.

(2) If Seller, its subcontractor, or its prospective subcontractor fails to submit accurate, complete, and current cost or pricing data, and, as a result of that failure, the Government reduces the price of Buyer's prime contract, Buyer may recover from Seller an amount equal to the price reduction of the prime contract.

(3) If, as a result of Seller's or its subcontractor's conduct, the Government imposes a penalty on or charges Buyer interest pursuant to FAR 52.215-22(d) or 52.215-23(e), Buyer may recover from Seller the amount of that interest or penalty.

(4) For purposes of this clause, if Buyer is a higher-tier subcontractor, "Government" shall mean the higher-tier contractor, and "prime contract" shall mean the higher-tier subcontract.

(5) Seller will not raise as defenses the matters listed in FAR 52.215-22(c)(1).

(6) If an appealable decision is made by a Contracting Officer of the United States relating to cost or pricing data submitted by Seller, or by a subcontractor of Seller, such decision shall be conclusive upon Seller, provided Seller is given the opportunity to appeal such decision as set forth in the "Disputes" clause of this contract.

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