

CLIENT ALERT

Limitation of Funds Clause Puts Bite in Termination Recovery

December 30, 2013

In The Boeing Co. (Dec. 3, 2013), the Armed Services Board of Contract Appeals served a reminder of the risks Limitation of Funds (LOF) clauses pose for contractors, who normally must assure that funding on their contracts will be adequate not only for work underway but also for recovery of prime and subcontract costs in the event of a termination for convenience. The Board refused to allow recovery of costs incurred in excess of the funded amounts, holding that, if the contractor incurred costs in excess of the allotted funding, "it was a volunteer and did so for its own account."

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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