49.406 Liquidation of liability.

(1) The contract provides that the contractor and the *surety* are liable to the Government for resultant damages. The *contracting officer shall* use all retained percentages of progress payments previously made to the contractor and any progress payments due for work completed before the termination to liquidate the contractor's and the *surety*'s liability to the Government. If the retained and unpaid amounts are insufficient, the *contracting officer shall* take steps to recover the additional sum from the contractor and the *surety*.

Parent topic: [Subpart 49.4 - Termination for Default](#)