

Reclamation Manual

Directives and Standards

Subject:	Reclamation Standard Water-Related Contract Articles, Standard Article 4: General Obligation—Benefits Conditioned Upon Payment
Purpose:	To provide the text of and requirements for the 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, <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, Mission Assurance and Protection Organization (MAPO)
Contact:	Reclamation Law Administration Division (84-55000)

1. **Introduction.** 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 (see Paragraph 4.B. of PEC P10). 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 5.A. of PEC P10.
3. **Requirements and Responsibilities.** Reclamation staff and officials involved in the contracting process will include the text below in all contracts requiring Standard Article 4 under Paragraph 4.B. of PEC P10.

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

¹Approved 02/71; revised 11/84; 01/02; 04/10.

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(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 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 in arrears more than 12 months in the payment of construction charges] as levied or established by the Contractor.³

4. **Definitions.** See Paragraph 5 of PEC P10.

5. **Review Period.** The originating office will review this release every 4 years.

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.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____