

## SELLER ACCOUNTABILITY REQUIREMENTS FOR GOVERNMENT/BUYER-OWNED PROPERTY

### 1. PURPOSE AND SCOPE

- a. This document provides instructions to Seller to ensure compliance with contractual Government and Buyer property control requirements for property acquired/provided under Buyer's contracts.
- b. Title to all Materials, Facilities, Equipment, STE, and Special Tooling acquired by the Seller on behalf of Buyer or the Government (collectively "property") not vested in Buyer or the Government upon Seller's receipt of the property will pass to and vest in Buyer or the Government when Seller first uses the property in performing this subcontract or when Buyer or the Government has paid for the property, whichever is earlier.
- c. Accountability controls protecting the property interest of the Buyer and the Government are Seller's obligation. This obligation exists whether the property is located at a Seller facility or at the Seller's lower-tier subcontractor's/supplier's facilities in performance of Buyer's Purchase Contract/Order and applies from the time of fabrication, receipt, or procurement through final approved disposition.
- d. Section 4 of this clause applies to all Sellers with or without a Government approved property control system.

### 2. DEFINITIONS

Except for those definitions set forth elsewhere in this clause, the definitions used in Government regulations (FAR, DFARS, NFS, etc.) shall apply to any Government/Buyer acquired/furnished property.

- a. Buyer Furnished Property (BFP) is property in the possession of, or acquired by the Buyer and subsequently delivered or otherwise made available to the seller for the performance of the sub-contract.
- b. Categories of Government Property except for those categories of Government/Buyer property set forth elsewhere in this clause, the categories of Government property used in Government regulations (FAR, DFARS, NFS, etc.) shall apply to all Government/Buyer property.

NOTE: Magnetic tapes, numeric control tapes, disc pack, software and artworks are considered data and are not applicable to this clause.

- c. Property Accountability Purchase Contract/Order: Property Accountability Purchase Contract/Order (PAPC/O) is a no cost Purchase Contract/Order issued to provide contractual coverage and flow down requirements for the control, accountability and reporting of Government/Buyer property in the possession and control of the Seller, which Buyer and/or the Government has title to or the right to take title. Alternative systems may be used for property accountability such as the online Property Management Inventory listing as the accountability record.
- d. Customer means, for purposes of these terms and conditions, the Buyer's customer or Seller.
- e. Seller means the party with whom Buyer is contracting and includes any reference to "Subcontractor," "Contractor," "Supplier."
- f. Sub-tier means Seller's subcontractors or other agents
- g. Buyer's Authorized Procurement Agent means the representative of the Buyer who is authorized to approve contract terms and conditions.

### 3. GENERAL PROVISIONS

#### GOVERNMENT - FURNISHED PROPERTY (GFP)

- a. Buyer will deliver, or have delivered, to Seller, F.O.B. carrier's equipment, wharf, or freight station, at Buyer's option, in the city and state where the work will be performed (unless herein stated

otherwise by Seller), the Government property listed in the schedule of this contract for use in the performance of this contract. Seller will provide listings of this property as required by Buyer.

- b. The property delivered hereunder will be subject to the provisions of the Government Property clause set forth in this contract.
- c. If the property is not received in accordance with the schedule of this contract, Seller will notify Buyer's Authorized Procurement Representative within seven days after the due date for its receipt.
- d. Seller will inspect the property within 30 days after receipt and will promptly report to Buyer all damaged or defective property, after confirming inspection thereof by a Government quality assurance representative. When Seller considers that any damage is attributable to the carrier, Seller will also have confirming inspection made by a representative of the carrier.
- e. The Seller will provide evidence that an inspection of the condition of the property was performed prior to shipment to the Buyer or the Government.

#### RENT-FREE, NONINTERFERENCE USE OF GOVERNMENT PROPERTY

- f. The prices stated in this contract assume Seller's use on a rent-free, noninterference basis of Government property. If such property should become other than fully rent-free during the performance of this contract or undergo any other change that might affect their suitability for use hereunder, Seller will promptly notify Buyer. The prices, delivery schedule, and other affected provisions of this contract will be equitably adjusted to reflect the changed circumstances. This same clause will be included in lower-tier subcontracts where rent-free use of Government property is authorized.

#### 4. RESPONSIBILITIES

Contractors shall establish and implement property management plans, systems, and procedures at the contract, program, and site or entity level to enable the following outcomes:

- a. Property Management
  - (i) The Seller shall have a system to manage (control, use, preserve, protect, repair and maintain) Government/Buyer property in its possession. The system shall be adequate to satisfy the requirements of this clause. In doing so, the Seller shall initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective control of Government/Buyer property, consistent with voluntary consensus standards and/or industry-leading practices and standards for Government/Buyer property management and except where inconsistent with law or regulation. During the period of performance, the Seller shall disclose any significant changes to their property management system to the Buyer's Authorized Procurement Agent and Buyer Property Management prior to implementation.
  - (ii) The Seller's responsibility extends from the initial acquisition and receipt of property, through stewardship, custody, and use until formally relieved of responsibility by authorized means, including delivery, consumption, expending, disposition, or via a completed investigation, evaluation, and final determination for lost, damaged, destroyed, or stolen property. This requirement applies to all Government/Buyer property under the Seller's accountability, stewardship, possession or control, including Seller's vendors or subcontractors.
  - (iii) The Seller shall include the requirements of this clause in all Seller's lower tier subcontracts under which Government/Buyer property is acquired or furnished for Seller's lower tier subcontract performance.
  - (iv) Buyer reserves the right to conduct periodic limited surveillance or on-site surveillance of Government/Buyer owned property accountable to Buyer's contract or otherwise review Seller's Property Control System to assure compliance with the requirement of these terms and conditions.

- (1) One copy of each of the following must be submitted to Buyer:

- (A) Seller's current Property Control Procedures.
  - (B) Document granting approval of Seller's Property Control system if "U.S. Government Approved".
- (2) If Seller has a "U.S. Government Approved" Property Control System, Buyer may, with appropriate U.S. Government concurrence, accept such approval in lieu of conducting a duplicative survey of Seller's implemented system.
- (v) The Government/Buyer shall have access to the Seller and Seller's Sub-tier premises and all Government/Buyer property, at reasonable times, for the purposes of reviewing, inspecting and evaluating the Seller's property management plan, systems, procedures, records, and supporting documentation that pertains to Government/Buyer property.
  - (vi) Records of Government/Buyer property shall be readily available to authorized Government /Buyer personnel and shall be safeguarded from tampering or destruction.
  - (vii) Should it be determined by the Government or Buyer that the Seller's property management practices are inadequate or not acceptable for the effective management and/or control of Government/Buyer property under this purchase contract, and/or present an undue risk to the Government or Buyer, the Seller shall immediately take all necessary corrective actions as directed by the Government / Buyer.
  - (viii) Buyer's approval of or acceptance of the Government's approval of Seller's Property Control System applies only to the specific Seller name and address identified in Buyer's written approval acceptance notification to Seller.
  - (ix) Buyer reserves the right to withdraw approval of Seller's Property Control System, previously approved by Buyer Property Management and excluding government approved property systems, at any time. Buyer will notify Seller in writing of a proposed withdrawal, reasons for the withdrawal, and corrective action required. Seller must promptly address problems identified and report resolution to Buyer in writing within thirty (30) days. Seller must also provide Buyer a copy of any corrective action plan submitted to the Government, including a schedule of completion. If the Property Control System is subsequently re-evaluated and rated satisfactory or approved, a copy of that rating or approval must be provided to Buyer. Failure to resolve problems may require immediate return of Government/Buyer property.
  - (x) Seller shall promptly notify Buyer in writing of any unsatisfactory rating or disapproval of Seller's Government Approved Property Control System.
  - (xi) Seller shall promptly notify Buyer in writing of Seller's relocation, name change or discontinuance of business as soon as such conditions are known. If Seller intends to relocate, no Government/Buyer property may be moved to the new location without Buyer's prior written consent.
  - (xii) If Seller ships or transfers Government/Buyer property to its subcontractor or agent, Seller shall maintain files sufficiently documented to reflect Seller's review and approval of the subcontractor's or agent's Property Control System.
  - (xiii) Seller's liability for shortages, loss, theft, damage, or destruction to Government/Buyer property is incorporated in the terms and conditions of the Seller's Purchase Contract Seller's liability will survive until Buyer, in writing, releases Seller from such liability without regard to the termination or expiration of the Buyer Purchase Contract in which these terms have been incorporated. Seller may incur additional liability if use or consumption of Government/Buyer property unreasonably exceeds the production allowances specified elsewhere in this contract. Seller agrees to return said property in as good condition as when received, except for reasonable wear and tear due to the utilization of the property in accordance with the provisions of this contract.

- (1) The Seller shall be held liable, unless otherwise relieved of liability within the *Purchase* contract, when:
  - (A) Shortages of property are disclosed as a result of a physical inventory;
  - (B) Property is lost, stolen, damaged, or destroyed;
  - (C) There is evidence of unreasonable use; or
  - (D) Consumption of property is unreasonable.
  - (E) Sellers will be liable for any loss, theft, damage, or destruction of BFP property located at their lower tier Sellers.

b. Acquisition

The Seller shall document that all property was acquired consistent with its engineering, production planning, and material control operations:

- (i) Requests for Special Test Equipment (STE) or modifications of STE, shall be submitted to, and approved by the Buyer's Authorized Procurement Agent prior to acquisition.
  - (1) Written notice of intent to acquire STE is to be provided to the Buyer's Authorized Procurement Agent as least 60 days prior to the anticipated need date. The Seller is responsible to adjust their schedule to meet this 60-day requirement. Required forms, which identify Notice of Intent data requirements, may be obtained from the Buyer's Authorized Procurement Agent.
  - (2) If Buyer or the government furnishes, rather than, approves acquisition or fabrication of STE or any components thereof, such items shall be furnished subject to the government property clause of the prime contract. The government shall not be obligated to deliver such items any sooner than the Seller could have acquired or fabricated them after expiration of the 60 days notice period prescribed in Paragraph 4 b i (1) above.
  - (3) The Seller shall, with respect to any subcontract hereunder which provides that STE or components may be acquired or fabricated for the government, insert a provision in the Buyer Purchase Contract/Order which conforms substantially to the language of this clause including Paragraph 4 b i (1) above.
  - (4) If any engineering change requires either the acquisition or fabrication of new or substantial modification to existing STE, the Seller shall comply with Paragraph 4 b i (1) above.
- (ii) Any Facilities type items will be provided by the subcontractor.
- (iii) Agency Peculiar Property (APP), Unique Federal Property (UFP) and Equipment may be furnished to the subcontractor as required for use as a standard or model, for testing the end item or for other reasons that the Buyer's Authorized Procurement Agent determines to be in the interest of Buyer.
- (iv) The acquisition requirements for Material will be identified during the design process of hardware for contractual delivery to Buyer. The Seller will ensure their acquisition system includes adequate controls over economical ordering practices that minimize acquisition, administrative, and support costs. Material that is charged or allocated to a contract will be based on valid time phased requirements.
- (v) Acquisition prior to receipt of authorization by the designated Buyer's Authorized Procurement Agent will be at the Seller's risk.
- (vi) Modification(s)/rework to any Government/Buyer property will not be accomplished without the prior written approval/direction of the Buyer's Authorized Procurement Agent. Modification prior

to receipt of authorization by the designated Buyer's Authorized Procurement Agent will be at the Seller's risk.

- (1) Upon completion of modification/rework to Government/Buyer property, the Seller will provide Buyer the following:
  - (A) Update applicable Seller drawings
  - (B) Updated property listing (Refer to Section 4. e. 2 "Reports") to include following information):
    - (I) New part number
    - (II) Original part number before modification occurred
    - (III) Cost of modification
    - (IV) Engineering order, drawing revision or other engineering authorization number (as applicable)
    - (V) Any additional record information pertinent to the modification
  - (C) For ST acquired for an IDS St. Louis purchase contract, the following applies:
    - (I) New part number
    - (II) The Seller shall identify all ST produced, procured, or reworked via the Buyer St. Louis Tool Configuration web page accessed via the seller's CITIS account.

c. Receiving

The Seller shall receive Government/Buyer property (document the receipt); record the information necessary to meet the record requirements of Paragraph 4. f. 1 a thru m of this clause, identify as Government or Buyer owned in a manner appropriate to the type of property (e.g., stamp, tag, mark, or other identification), and manage any discrepancies incident to shipment.

- (i) Upon receipt of Government/Buyer property, the Seller will immediately perform a receiving inspection and notify the Buyer's Authorized Procurement Agent of any discrepancies incident to shipment.
  - (1) The Seller shall furnish a written statement to the Buyer Property Management department via STANDARD FORM (SF) 364, Report of Discrepancy (ROD) containing all relevant facts, such as cause or condition and a recommended course(s) of action, if overages, shortages, or damages and/or other discrepancies are discovered upon receipt of Government/Buyer property.
  - (2) The Seller shall report to the Buyer's Property Management department via DD361 TRANSPORTATION DISCREPANCY REPORT (TDR) any overages, shortages, or damages in shipment of any Government property received directly from the government or any Government/Buyer contractor-acquired property from a vendor or supplier when the shipment has moved by Government bill of lading and carrier liability is indicated. The Seller shall take all actions necessary to adjust for overages, shortages, damage and/or other discrepancies discovered upon receipt, in shipment of Contractor-acquired property from a vendor or supplier, so as to ensure the proper allocability and allowability of associated costs.

d. Identification

The Seller shall identify Government/Buyer property in a manner appropriate to the type of property (e.g. stamp, tag, mark or other identification); if the contract contains provisions for MIL STD 130-N or as subsequently amended identification media shall comply with this requirement.

- (i) Unless otherwise specified in the Buyer Purchase Contract, Government/Buyer property will be physically identified in accordance with the following:
  - (1) Physically identify Government/Buyer property promptly upon receipt, procurement, or fabrication. The property shall remain so identified as long as it remains in the possession or control of the Seller.
  - (2) The identification process will ensure legibility, permanency, conspicuousness; e.g., securely affixing metal or plastic tags, labels, bar coding, decals or plates directly to the property.
  - (3) As a minimum, identification tags, labels, etc. shall consist of:
    - (A) Unique serial number or unique identification number
    - (B) Designation of ownership (e.g. "Boeing", "U.S. Government", or customers name as directed by the Buyer)

NOTE: Material will be physically identified at the bin level.
- (ii) Buyer may provide property identification numbered stickers or metal tags for affixing to the STE APP, UFP and Equipment acquired / fabricated under the Buyer Purchase Contract. Seller will promptly affix the sticker or tag to the Government/Buyer property to the maximum extent possible such that the sticker or tag is easily accessible to barcode reading devices. Reports, documents, inventories and correspondence referring to the Government/Buyer property will include the property identification number as part of the descriptive data.
- (iii) ST shall be identified according to the following Buyer tool identification criteria.
  - (1) All identifying markings are subject to examination, as Buyer deems necessary.
  - (2) Buyer tool code identification letters and part numbers shall be shown on all inventories, shipping documents, receiving reports, and other records relating to the tool.
  - (3) If Seller has an established system of tool identification, Seller may use that system in addition to the Buyer system. Seller markings must be identified as such. If Seller uses its own system in addition to the Buyer system, Seller must cross reference each item of special tooling with Seller's and Buyer's tool identification codes.
- (iv) For Buyer furnished property, Seller shall advise Buyer if, upon receipt, property identification is different from the applicable transmittal/record documents.

e. Reports

The Seller shall have a process to create and provide reports of discrepancies; loss, theft, damage, destruction, physical inventory results; audits and self-assessments; corrective actions; and other property related reports as directed by Buyer's Property Management Department.

- (i) Loss, Damage, Destruction, Theft Reporting (LDDT)
  - (1) Seller shall promptly investigate and report to Buyer all cases of loss, theft, damage, or destruction of Government/Buyer property in Seller's possession or control, including accepted products or end items. A written loss, damage destruction or theft report shall be submitted to Buyer, or if directed, to the Government within 15 working days after the loss, theft, damage, or destruction becomes known.
  - (2) Such reports shall, at a minimum, contain the following information:
    - (A) Name of Seller

- (B) Cage Code of Entity Reporting
  - (C) Location (address) of incident
  - (D) Date and Time of incident
  - (E) Name and Description of item lost, stolen, damaged or destroyed. (Include Part/Tool number, Nomenclature, Property Identification Tag, Serial Number, Manufacturer, Model Number, and National Stock Number (if applicable))
  - (F) Quantity.
  - (G) Unique Item Identifier (if available).
  - (H) Accountable Contract Number/Buyer Purchase Contract/Order Number
  - (I) Acquisition cost, or if applicable, estimated scrap proceeds, estimated repair or replacement costs.
  - (J) Description of incident including cause (provide date of last inventory)
  - (K) Corrective action taken to prevent reoccurrence
  - (L) Estimated cost of repair or replacement
  - (M) Statement as to whether item needs to be replaced to complete contract requirements.
  - (N) Statement as to whether item is covered by insurance and, if so, are the costs charged to the Buyer's Purchase Contract/Order.
  - (O) Statement that Buyer will receive any reimbursement covering the loss, theft, damage, destruction, in the event the Seller was or will be reimbursed or compensated.
  - (P) Copies of all supporting documentation
  - (Q) Statement that the property did or did not contain sensitive or hazardous material, and if so, that the appropriate agencies were notified.
  - (R) Evidence of flow down of limited risk of loss provisions within the applicable Buyer purchase contract granted by the Contracting Officer, if applicable
- (ii) Unless otherwise directed by the Buyer's Authorized Procurement Agent, upon completion of fabrication, receipt, or purchase of Government/Buyer property (excluding material), an invoice and itemized property listing shall be submitted to the Buyer and a copy provided to the Buyer's Property Management department. Payment for the acquisition of such property will not take place unless a property listing is provided with the invoice. The property listing will contain, as a minimum, the following data elements:
- (1) Buyer acquisition Purchase Contract/Order number
  - (2) Category of property (i.e., ST, STE, FAC, APP/UFP, Equipment, Material)
  - (3) Part Number/Model Number/Tool Number (Including Abbreviation, Sequence and Duplication Number)
  - (4) Seller identification/property tag number
  - (5) Serial number, Buyer lifetime serial number

- (6) National Stock number and/or class code (if available)
- (7) Nomenclature/description of part number
- (8) Unit Acquisition cost  
Note: The acquisition cost must equal the purchase contract line item value (if applicable)
- (9) Acquisition type GFP or CAP
- (10) Seller name and address
- (11) Seller officer name, title and signature
- (12) Manufacturer name
- (13) Manufactured year
- (14) Part number and description of used-on (ST and STE only)
- (15) Buyer's Representative inspection stamp and signature

(iii) Unless otherwise specified in the purchase contract/order, seller will report total line item (excluding material) and total dollar values of Government/Buyer owned material as requested by the Buyer's authorized Procurement agent and the Buyer's Property Management organization. The report shall include inventory lists, which are representative of the total line item and dollar amounts and must identify and explain all additions and deletions from the previous year reporting balances. This effort may be conducted in conjunction with the physical inventory. (Reference Section J.1)

f. Records

- (i) Seller shall create and maintain records of all Government/Buyer property accountable to the Buyer Purchase Contract as required by this clause. Manual or mechanized systems are acceptable for these records. The property records shall enable a complete, current, auditable record of all transactions from completion of fabrication, procurement, or receipt to final disposition and shall, unless otherwise approved by the Buyer's Authorized Procurement Agent, contain the following:
  - (1) The name, part number and description, manufacturer, model number, and National Stock Number, (if needed for additional item identification tracking and/or disposition), Serial Number.
  - (2) Quantity received (or fabricated), issued, and balance-on-hand.
  - (3) Unit acquisition cost.
  - (4) Unique-item identifier or equivalent (if available and necessary for individual item tracking).
  - (5) Unit of measure.
  - (6) Accountable Buyer Purchase Contract number.
  - (7) Category of property (i.e. special tooling, special test equipment, etc.)
  - (8) Acquisition type (e.g. Government Furnished, Buyer Furnished or Contractor Acquired)



(9) Location.

(10) Disposition.

(11) Posting reference and date of transaction.

(12) Date placed in service

(13) Part number of item used-on (special tooling and special test equipment only)

(ii) Records of Government/Buyer property shall be readily available to authorized Buyer/Government personnel and shall be safe guarded from tampering or destruction.

(iii) Records shall be maintained in accordance with FAR 4.7 requirements.

g. Storage

(i) The storage facility shall be appropriate for assuring the property's physical safety and suitability for use.

(ii) Storage areas shall be maintained in accordance with sound business practices and the terms of the Buyer Purchase Contract.

(iii) Property shall be protected from loss, damage, destruction, theft and the elements while in storage and during transit.

(iv) When Government/Buyer property is stored in outside storage areas, protective agents shall be applied to unpainted or unprotected surfaces to prevent corrosion or rust.

(v) The removal of Government/Buyer property to storage, or its contemplated transfer, does not relieve the seller of maintenance responsibilities.

(vi) Seller shall store the property identified on an inventory disposal schedule pending receipt of disposal instructions

h. Maintenance

(i) Seller shall properly maintain Government/Buyer property. Seller's maintenance program shall enable the identification, disclosure, and performance of normal and routine preventative maintenance and repair. Seller shall disclose and report to the Buyer's Authorized Procurement Agent the need for replacement and/or capital rehabilitation.

(1) Replacement

(A) Replacement of Government/Buyer property may be authorized by the Buyer when an item becomes worn or damaged beyond repair.

(B) Replacement of Government/Buyer property shall not be accomplished without prior approval by the Buyer's Authorized Procurement Agent and will be at Seller's risk

(C) Any such item, as described in the preceding paragraph, shall be reported to the Buyer's Authorized Procurement Agent and identified as a replacement. This report shall include the record data listed in Paragraph 4. e. 2 "Reports" the item being replaced will be submitted to Buyer's Authorized Procurement Agent and disposed of in accordance with Section 4. i. "Disposition" of this clause.

i. Utilization

- (i) Seller shall use Government/Buyer property, either furnished or acquired under this Buyer Purchase Contract, only for performing this Buyer Purchase Contract, unless otherwise provided for in this Buyer Purchase Contract or approved by the Buyer's Authorized Procurement Agent. Seller shall not modify, cannibalize, or make alterations to Government/Buyer property unless this Buyer Purchase Contract specifically identifies the modifications, alterations or improvements as work to be performed
  - (ii) Seller shall immediately notify Buyer in writing if any additional property is required and shall promptly disclose and report any Government/Buyer property provided that is excess to Buyer purchase contract requirements.
  - (iii) Screening of Idle Assets - Seller shall be responsible to continually review assets to ensure continued utilization of Government/Buyer property. Assets shall be retained if one of the following conditions exists:
    - (1) A firm requirement is evident under an existing contract;
    - (2) A known Follow-on Contract Requirement exists and has been documented
    - (3) As contractually required
- j. Physical Inventory
- (i) Physical inventories of Government/Buyer property in the possession of Seller (*and its sub-tier suppliers*), or for which Seller has responsibility, shall be periodically performed, recorded, and the physical inventory results disclosed *to the Buyer*. Frequency of the inventory performance will be determined by Buyer's Property Management organization. A final physical inventory shall be performed upon contract completion or termination.
- k. Movement
- (i) Government/Buyer property must be shipped as directed by Buyer's Authorized Procurement Agent. Upon shipment of Government/Buyer owned property (excluding material), Seller shall:
    - (1) Originate appropriate shipping documentation (i.e. DD1149, Requisition and Invoice/Shipping Document, and/or other documents as directed by Buyer's Authorized Procurement Agent when property under the control of the Seller is shipped to another location and accountability and control no longer rests with Seller.
    - (2) Submit copies of all documentation of shipments to the Buyer's Authorized Procurement Agent directing the shipment and Buyer Property Management department.
  - (ii) Shipping documentation shall include as a minimum:
    - (1) "Shipment from" address including Cage Code
    - (2) "Shipment to" address including Cage Code
    - (3) Buyer Purchase Contract/Order under which property is currently Accountable
    - (4) Authorization for shipment
    - (5) Buyer Property Number, Part number, Tool ID number, serial number
    - (6) Nomenclature/ description
    - (7) Acquisition value
    - (8) Date of shipment
    - (9) Name of Buyer's personnel authorizing shipment (if applicable.)

- (10) A statement that the shipment contains sensitive or hazardous material, when applicable
  - (iii) Any Seller shipping Government/Buyer property to other Buyer Sellers or to Seller's sub-tiers shall assure that the property is clearly and correctly identified and appropriately packaged to prevent damage.
  - (iv) Government/Buyer property to be shipped to Buyer must be identified on Seller's shipping documents and must be authorized by Buyer.
  - (v) Preserve all parts to a military level of preservation and a military packing level of B following the requirements stated in MIL-STD-2073-1D or latest version (DoD Standard Practice for Military Packaging). Marking should follow the requirements of MIL-STD-129, latest version (DoD Standard Practice for Military Marking). Quantity per Unit Pack (QUP) may be determined for estimating purposes using Appendix B of MIL-STD-2073-1D.
- I. Disposition
- (i) Seller shall report to Buyer all Government/Buyer property in excess of the amounts needed to complete full performance under this contract immediately after determination that the property is excess to further requirements unless a later date is authorized by Buyer. Seller shall also report to Buyer at the completion of this contract or at time of termination all Government/Buyer property not consumed in performance of this contract or not already delivered by Seller.
  - (ii) When property is no longer required in the performance of a contract, Seller shall (as/if directed by the Buyer) prepare inventory schedules/listings in accordance with FAR Part 45.6 and submit the schedules/listings to the Buyer's Authorized Procurement Agent. Seller shall dispose of such excess/surplus property in accordance with the Buyer's Authorized Procurement Agent's instructions.
  - (iii) After receipt of any Inventory Schedules or List, Buyer or Buyer's Customer, shall furnish to Seller appropriate disposition instructions. Seller shall promptly comply with any request by Buyer or Buyer's Customer to:
    - (1) Immediately prepare such items for shipment by proper packaging, packing and marking, in accordance with any instructions which may be issued by Buyer or Buyer's Customer. (Failure to comply may result in debit action equal to replacement value of the asset).
    - (2) If a storage agreement is entered into, prepare such items for storage as directed by Buyer. Any items so delivered or stored shall be accompanied by such operation sheets or other appropriate data as are necessary to show the manufacturing operations or processes for which such items were used or designed.
    - (3) Any items of Right To Title (RTT) ST which are not disposed by transfer of title and delivery to Buyer or Buyer's Customer or by acceptance of an offer by Seller shall be disposed of in accordance with Buyer's and/or Buyer's Customer's instructions.
  - (iv) RESTORATION OF SELLER'S PREMISES AND ABANDONMENT. Unless otherwise provided herein, Buyer:
    - (1) May abandon, with written advice to Seller, any Buyer property in place, and thereupon all obligations of Buyer regarding such abandoned property shall cease; and/or
    - (2) Has no obligation to Seller with regard to restoration or rehabilitation costs.
    - (3) May not abandon property to seller without written concurrence if due to its nature, the property constitutes a danger to public health, safety, or welfare.
- m. Subcontract Control of Seller Sub-Tier

- (i) Any Seller award of lower tier subcontracts shall clearly identify assets to be provided and shall ensure appropriate flow down of Buyer Purchase Contract terms and conditions (e.g., extent of liability for loss, theft, damage, or destruction of Government / Buyer property).
- (ii) Seller shall assure its lower tier subcontracts are properly administered and reviews are periodically performed to determine the adequacy of the lower tier subcontractor's property management system.
- (iii) Sellers shall maintain and control accountability records relating to a Purchase Contract for property at their lower-tier subcontractors.

n. Contract Closeout

Seller shall promptly perform and report to Buyer Property Management a physical inventory of all Government/Buyer property in their accountability immediately upon notification by Buyer that the accountable prime contract is in termination or completion of a contract. Final inventory records are to be submitted to the Buyer Procurement Agent responsible for this Buyer Purchase Contract.

o. Communication.

All communications under this clause shall be in writing

**SELLER WILL CONSULT WITH BUYER'S AUTHORIZED PROCUREMENT AGENT ON ANY UNIQUE PROPERTY CIRCUMSTANCES OR REQUIREMENTS NOT COVERED BY THIS CLAUSE.**