

**DFARS Case 2020-D029  
Consolidation of DoD Government Property Clauses  
Proposed Rule**

**PART 211—DESCRIBING AGENCY NEEDS**

\* \* \* \* \*

**211.2—USING AND MAINTAINING REQUIREMENTS DOCUMENTS**

\* \* \* \* \*

**211.274 Item identification and valuation requirements.**

\* \* \* \* \*

~~**211.274-4 Policy for reporting of Government-furnished property.**~~

~~—(a) It is DoD policy that all Government furnished property be recorded in the DoD Item Unique Identification (IUID) Registry, as defined in the clause at 252.211-7007, Reporting of Government-Furnished Property.~~

~~—(b) The following items are not required to be reported:~~

~~——(1) Contractor-acquired property, as defined in FAR part 45.~~

~~——(2) Property under any statutory leasing authority.~~

~~——(3) Property to which the Government has acquired a lien or title solely because of partial, advance, progress, or performance-based payments.~~

~~——(4) Intellectual property or software.~~

~~——(5) Real property.~~

~~——(6) Property released as work in process.~~

~~——(7) Non-serial managed items (reporting is limited to receipt transactions only).~~

**211.274-5[4] Policy for assignment of Government-assigned serial numbers.**

It is DoD policy that contractors apply Government-assigned serial numbers, such as tail numbers/hull numbers and equipment registration numbers, in human-readable format on major end items when required by law, regulation, or military operational necessity. The latest version of MIL-STD-130, Marking of U.S. Military Property, shall be used for the marking of human-readable information.

**211.274-6[5] Contract clauses.**

(a)(1) Use the clause at 252.211-7003, Item Unique Identification and Valuation, in solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial products and commercial services, for supplies; and for services involving the furnishing of supplies, unless the conditions in 211.274-2(b) apply.

(2[1]) Identify in paragraph (c)(1)(ii) of the clause the contract line, subline, or exhibit line item number and description of any item(s) below \$5,000 in unit acquisition cost for which DoD item unique identification or a DoD recognized unique identification equivalent is required in accordance with 211.274-2(a)(2).

(3[2]) Identify in paragraph (c)(1)(iii) of the clause the applicable attachment number, when DoD item unique identification or a DoD recognized unique identification equivalent is required in accordance with 211.274-2(a)(3)(i) through (v).

~~—(b) Use the clause at [252.211-7007](#), Reporting of Government-Furnished Property, in solicitations and contracts that contain the clause at FAR 52.245-1, Government Property.~~

(e[b]) Use the clause at [252.211-7008](#), Use of Government-Assigned Serial Numbers, in solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial products and commercial services, that—

(1) Contain the clause at [252.211-7003](#), Item Unique Identification and Valuation; and

(2) Require the contractor to mark major end items under the terms and conditions of the contract.

\* \* \* \* \*

## **PART 212—ACQUISITION OF COMMERCIAL PRODUCTS AND COMMERCIAL SERVICES**

\* \* \* \* \*

### **SUBPART 212.3—SOLICITATION PROVISIONS AND CONTRACT CLAUSES FOR THE ACQUISITION OF COMMERCIAL PRODUCTS AND COMMERCIAL SERVICES**

#### **212.301 Solicitation provisions and contract clauses for the acquisition of commercial products and commercial services.**

\* \* \* \* \*

(f) \* \* \*

(iv) *Part 211 - Describing Agency Needs.*

(A) Use the clause at [252.211-7003](#), Item Unique Identification and Valuation, as prescribed in [211.274-6\[5\]\(a\)\(1\)](#).

~~(B) Use the clause at [252.211-7007](#), Reporting of Government-Furnished Property, as prescribed in [211.274-6](#).~~

(C[B]) Use the clause at [252.211-7008](#), Use of Government-Assigned Serial Numbers, as prescribed in [211.274-6\(e\)\[5\(b\)\]](#).

\* \* \* \* \*

**[(xviii) Part 245—Government Property. Use the clause at 252.245-70XX, Management and Reporting of Government Property, as prescribed in 245.107(4).]**

~~(xviii)~~**[xix]** Part 246—Quality Assurance. \* \* \*

~~(xix)~~**[xx]** Part 247—Transportation. \* \* \*

\* \* \* \* \*

## **PART 245—GOVERNMENT PROPERTY**

\* \* \* \* \*

### **SUBPART 245.1--GENERAL**

\* \* \* \* \*

#### **245.102 Policy.**

\* \* \* \* \*

(2) *Government supply sources.* When a contractor will be responsible for preparing requisitioning documentation to acquire Government-furnished property [**GFP**] from Government supply sources, include in the contract the requirement to prepare the documentation in accordance with [**Volume 2 of the Defense Logistics Manual (DLM) 4000.25, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)**]~~DoD 4000.25-1 M, Military Standard Requisitioning and Issue Procedures (MILSTRIP)~~. Copies are available from the address cited at [PGI 251.102](#).

(3) \* \* \*

(4) ~~Government furnished property~~ [**GFP**] *identification.*

(i) It is DoD policy that ~~Government furnished property~~ [**GFP**] be tagged, labeled, or marked based on DoD marking standards (MIL Standard 130) or other standards, when the requiring activity determines that such items are subject to serialized item management (serially-managed items). The list of ~~Government furnished property~~ [**GFP**] subject to serialized item management will be identified in the contract in accordance with PGI 245.103-72, ~~Government furnished property~~ [**GFP**] attachments to solicitations and awards.

(ii) \* \* \*

(A) ~~Government furnished property~~ [**GFP**] that was previously tagged, labeled, or marked;

\* \* \* \* \*

(5) *Reporting loss of Government property.* ~~The Government Furnished Property module of the Procurement Integrated Enterprise Environment is the DoD data-~~

repository for reporting loss of Government property in the possession of contractors.—  
The requirements and procedures for reporting loss of Government property to the  
Government Furnished Property module are set forth in the clause at 252.245-7002,  
Reporting Loss of Government Property, prescribed at 245.107. **[It is DoD policy that  
all Government property be reported in the GFP module or Wide Area  
WorkFlow module of the Procurement Integrated Enterprise Environment  
(PIEE) as required by the clause at 252.245-70XX, Management and Reporting  
of Government Property.]**

\* \* \* \* \*

#### **245.103-72 Government-furnished property attachments to solicitations and awards.**

When performance will require the use of Government furnished property [GFP],  
contracting officers shall use the fillable electronic “Requisitioned Government  
Furnished Property” and/or “Scheduled Government Furnished Property” formats  
as attachments **[include the GFP attachment]** to solicitations and awards. See  
*PGI 245.103-72***[PGI 245.103-72]** for links to the formats and procedures for  
preparing **[the GFP attachment]** Government furnished property attachments to  
solicitations and awards.

\* \* \* \* \*

#### **245.107 Contract clauses.**

\* \* \* \* \*

—(3) Use the clause at ~~252.245-7001, Tagging, Labeling, and Marking of  
Government Furnished Property, in solicitations and contracts that contain the  
clause at FAR 52.245-1, Government Property.~~

—(4) Use the clause at ~~252.245-7002, Reporting Loss of Government Property, in  
solicitations and contracts that contain the clause at FAR 52.245-1, Government  
Property.~~

(5[3]) Use the clause at [252.245-7003](#), Contractor Property Management System  
Administration, in solicitations and contracts containing the clause at FAR 52.245-  
1, Government Property.

—(6) Use the clause at ~~252.245-7004, Reporting, Reutilization, and Disposal, in  
solicitations and contracts that contain the clause at FAR 52.245-1, Government  
Property.~~

**[(4) Use the clause at 252.245-70XX, Management and Reporting of  
Government Property, in solicitations and contracts, including  
solicitations and contracts using FAR part 12 procedures for the  
acquisition of commercial products and commercial services, that contain  
the clause at FAR 52.245-1, Government Property.]**

\* \* \* \* \*

### **SUBPART 245.2–SOLICITATION AND EVALUATION PROCEDURES**

\* \* \* \* \*

**~~245.201-70 Definitions.~~**

~~See the definitions at PGI 245.201-70.~~

**245.201-71[70] Security classification.**

Follow the procedures at PGI 245.201-71[70] for security classification.

\* \* \* \* \*

**SUBPART 245.6—REPORTING, REUTILIZATION, AND DISPOSAL**

\* \* \* \* \*

**245.604 Sale of surplus personal property.**

**245.604-1 Sales procedures.**

(1) *Best value sales approach.* Plant clearance officers shall determine a best value sales approach (~~formal or informal sales~~), to include due consideration for costs, risks, and benefits, *e.g.*, potential sales proceeds.

(2) ~~*Informal*~~***[Invitation for]*** *bid procedures.* The plant clearance officer may direct the contractor to issue informal invitations for bid (orally, telephonically, or by other informal media), provided—

- (i) Maximum practical competition is obtained;
- (ii) Sources solicited are recorded; and
- (iii) Informal bids are confirmed in writing.

(3) *Sale approval and award.* Plant clearance officers shall—

(i) Evaluate bids to establish that the sale price is fair and reasonable, taking into consideration—

- (A) Knowledge or tests of the market;
- (B) Current published prices for the property;
- (C) The nature, condition, quantity, and location of the property; and
- (D) Past sale history for like or similar items;

(ii) Approve award to the responsible bidder whose bid is most advantageous to the Government. The plant clearance officer shall not approve award to any bidder who is an ineligible transferee, as defined in **[252.245-70XX, Management and Reporting of Government Property]**-~~252.245-7004, Reporting, Reutilization, and Disposal~~; and

(iii) Notify the contractor of the bidder to whom an award will be made within 5 working days from receipt of bids.

(4) ~~*Noncompetitive*~~***[Negotiated]*** *sales.*

(i) ~~Nonecompetitive~~**[Negotiated]** sales include purchases or retention at less than cost by the contractor. ~~Nonecompetitive~~**[Negotiated]** sales may be made when—

(A) The plant clearance officer determines that this method is essential to expeditious plant clearance; and

(B) The Government's interests are adequately protected.

(ii) ~~Nonecompetitive~~**[Negotiated]** sales shall be at fair and reasonable prices, not less than those reasonably expected under competitive sales.

(iii) Conditions justifying ~~nonecompetitive~~**[negotiated]** sales are—

(A) No acceptable bids are received under competitive sale;

(B) Anticipated sales proceeds do not warrant competitive sale;

(C) Specialized nature of the property would not create bidder interest;

(D) Removal of the property would reduce its value or result in disproportionate handling expenses; or

(E) Such action is essential to the Government's interests.

(5) Plant clearance officers shall consider any special disposal requirements such as demilitarization or trade security control requirements in accordance with DoDM 4160.28-M, Defense Demilitarization Manual, and DoDI 2030.08, Implementation of Trade Security Controls [(TSCs) for Transfers of DoD Personal Property to Parties Outside DoD Control], respectively. See [PGI 245.6](#).

\* \* \* \* \*

## **SUBPART 245.70 [Reserved]--~~PLANT CLEARANCE FORMS~~**

### **~~245.7001 Forms.~~**

~~Use the forms listed below in performance of plant clearance actions.~~

#### **~~245.7001-1 Standard Form 97, Certificate of Release of a Motor Vehicle (Agency Record Copy).~~**

~~Use for transfers, donations, and sales of motor vehicles. The contracting officer shall execute the SF 97 and furnish it to the purchaser.~~

#### **~~245.7001-2 DD Form 1149, Requisition and Invoice Shipping Document.~~**

~~Use for transfer and donation of contractor inventory.~~

#### **~~245.7001-3 DD Form 1348-1, DoD Single Line Item Release/Receipt Document.~~**

~~Use when authorized by the plant clearance officer.~~

#### **~~245.7001-4 DD Form 1640, Request for Plant Clearance.~~**

~~Use to request plant clearance assistance or transfer plant clearance.~~

#### **~~245.7001-5 DD Form 1641, Disposal Determination/Approval.~~**

~~Use to record rationale for the following disposal determinations:~~

- ~~—(a) Downgrade-usable property to scrap.~~
- ~~—(b) Abandonment or destruction.~~
- ~~—(c) Noncompetitive sale of surplus property.~~
- ~~—(d) Other disposal actions.~~

**~~245.7001-6 DLA Form 1822, End Use Certificate.~~**  
 Use when directed by the plant clearance officer.

~~\* \* \* \* \*~~

**PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

~~\* \* \* \* \*~~

**SUBPART 252.2—TEXT OF PROVISIONS AND CLAUSES**

~~\* \* \* \* \*~~

**252.211-7003 Item Unique Identification and Valuation.**

As prescribed in ~~211.274-6[5](a)(1)~~, use the following clause:

~~\* \* \* \* \*~~

**252.211-7007 [Reserved]Reporting of Government Furnished Property.**

As prescribed in ~~211.274-6~~(b), use the following clause:

**REPORTING OF GOVERNMENT FURNISHED PROPERTY (MAR 2022)**

~~—(a) Definitions. As used in this clause—~~

~~“Commercial and Government entity (CAGE) code” means—~~

~~—(i) A code assigned by the Defense Logistics Agency Logistics Information Service to identify a commercial or Government entity; or~~

~~—(ii) A code assigned by a member of the North Atlantic Treaty Organization that the Defense Logistics Agency Logistics Information Service records and maintains in the CAGE master file. The type of code is known as an “NCAGE code.”~~

~~—“Contractor acquired property” has the meaning given in FAR clause 52.245-1. Upon acceptance by the Government, contractor acquired property becomes Government furnished property.~~

~~—“Government furnished property” has the meaning given in FAR clause 52.245-1.~~

~~—“Item unique identification (IUID)” means a system of assigning, reporting, and marking DoD property with unique item identifiers that have machine-readable data elements to distinguish an item from all other like and unlike items.~~

~~—“IUID Registry” means the DoD data repository that receives input from both industry and Government sources and provides storage of, and access to, data that~~

~~identifies and describes tangible Government personal property. The IUID Registry is~~  
~~—~~

~~— (i) The authoritative source of Government unit acquisition cost for items with unique item identification (see DFARS [252.211-7003](#)) that were acquired after January 1, 2004;~~

~~— (ii) The master data source for Government furnished property; and~~

~~— (iii) An authoritative source for establishing the acquisition cost of end-item equipment.~~

~~“National stock number (NSN)” means a 13-digit stock number used to identify items of supply. It consists of a four-digit Federal Supply Code and a nine-digit National Item Identification Number.~~

~~— “Nomenclature” means —~~

~~— (i) The combination of a Government assigned type designation and an approved item name;~~

~~— (ii) Names assigned to kinds and groups of products; or~~

~~— (iii) Formal designations assigned to products by customer or supplier (such as model number or model type, design differentiation, or specific design series or configuration).~~

~~— “Part or identifying number (PIN)” means the identifier assigned by the original design activity, or by the controlling nationally recognized standard, that uniquely identifies (relative to that design activity) a specific item.~~

~~— “Reparable” means an item, typically in unserviceable condition, furnished to the Contractor for maintenance, repair, modification, or overhaul.~~

~~“Serially managed item” means an item designated by DoD to be uniquely tracked, controlled, or managed in maintenance, repair, and/or supply systems by means of its serial number.~~

~~“Supply condition code” means a classification of materiel in terms of readiness for issue and use or to identify action underway to change the status of materiel (see [http://www2.dla.mil/j-6/dlms0/library/manuals/dlm/dlm\\_pubs.asp](http://www2.dla.mil/j-6/dlms0/library/manuals/dlm/dlm_pubs.asp)).~~

~~— “Unique item identifier (UII)” means a set of data elements permanently marked on an item that is globally unique and unambiguous and never changes, in order to provide traceability of the item throughout its total life cycle. The term includes a concatenated UII or a DoD recognized unique identification equivalent.~~

~~— “Unit acquisition cost” has the meaning given in FAR clause 52.245-1.~~

~~— (b) *Reporting Government furnished property to the IUID Registry.* Except as provided in paragraph (c) of this clause, the Contractor shall report, in accordance with paragraph (f), Government furnished property to the IUID Registry as follows:~~

~~— (1) Up to and including December 31, 2013, report serially managed-~~

~~Government furnished property with a unit acquisition cost of \$5,000 or greater.~~

~~———— (2) Beginning January 1, 2014, report —~~

~~———— (i) All serially managed Government furnished property, regardless of unit acquisition cost; and~~

~~———— (ii) Contractor receipt of non-serially managed items. Unless tracked as an individual item, the Contractor shall report non-serially managed items to the Registry in the same unit of packaging, e.g., original manufacturer's package, box, or container, as it was received.~~

~~———— (c) *Exceptions.* Paragraph (b) of this clause does not apply to—~~

~~———— (1) Contractor acquired property;~~

~~———— (2) Property under any statutory leasing authority;~~

~~———— (3) Property to which the Government has acquired a lien or title solely because of partial, advance, progress, or performance-based payments;~~

~~———— (4) Intellectual property or software;~~

~~———— (5) Real property; or~~

~~———— (6) Property released for work in process.~~

~~———— (d) *Data for reporting to the IUID Registry.* To permit reporting of Government furnished property to the IUID Registry, the Contractor's property management system shall enable the following data elements in addition to those required by paragraph (f) (1)(iii)(A)(1) through (3), (5), (7), (8), and (10) of the Government Property clause of this contract (FAR 52.245-1):~~

~~———— (1) Received/Sent (shipped) date.~~

~~———— (2) Status code.~~

~~———— (3) Accountable Government contract number.~~

~~———— (4) Commercial and Government Entity (CAGE) code on the accountable Government contract.~~

~~———— (5) Mark record.~~

~~———— (i) Bagged or tagged code (for items too small to individually tag or mark).~~

~~———— (ii) Contents (the type of information recorded on the item, e.g., item internal control number).~~

~~———— (iii) Effective date (date the mark is applied).~~

~~———— (iv) Added or removed code/flag.~~

~~———— (v) Marker code (designates which code is used in the marker identifier, e.g.,~~

D=CAGE, UN=DUNS, LD=DODAAC).

~~\_\_\_\_\_ (vi) Marker identifier, e.g., Contractor's CAGE code or DUNS number.~~

~~\_\_\_\_\_ (vii) Medium code; how the data is recorded, e.g., barcode, contact memory button.~~

~~\_\_\_\_\_ (viii) Value, e.g., actual text or data string that is recorded in its human-readable form.~~

~~\_\_\_\_\_ (ix) Set (used to group marks when multiple sets exist).~~

~~— (6) Appropriate supply condition code, required only for reporting of reparable, per Appendix 2 of DoD 4000.25-2 M, Military Standard Transaction Reporting and Accounting Procedures manual ([http://www2.dla.mil/j\\_6/dlmsso/library/manuals/dlm/dlm\\_pubs.asp](http://www2.dla.mil/j_6/dlmsso/library/manuals/dlm/dlm_pubs.asp)).~~

~~— (e) When Government furnished property is in the possession of subcontractors, Contractors shall ensure that reporting is accomplished using the data elements required in paragraph (d) of this clause.~~

~~— (f) *Procedures for reporting of Government furnished property.* Except as provided in paragraph (e) of this clause, the Contractor shall establish and report to the IUID Registry the information required by FAR clause 52.245-1, paragraphs (e) and (f)(1)(iii), in accordance with the data submission procedures at [https://dodprocurementtoolbox.com/ems/sites/default/files/resources/2021-09/GFP%20Reporting%20Guide\\_Vendors\\_June%202018.pdf](https://dodprocurementtoolbox.com/ems/sites/default/files/resources/2021-09/GFP%20Reporting%20Guide_Vendors_June%202018.pdf).~~

~~— (g) *Procedures for updating the IUID Registry.*~~

~~\_\_\_\_\_ (1) Except as provided in paragraph (g)(2), the Contractor shall update the IUID Registry at <https://iuid.logisticsinformationservice.dla.mil/> for changes in status, mark, custody, condition code (for reparable only), or disposition of items that are—~~

~~\_\_\_\_\_ (i) Received by the Contractor;~~

~~\_\_\_\_\_ (ii) Delivered or shipped from the Contractor's plant, under Government instructions, except when shipment is to a subcontractor or other location of the Contractor;~~

~~\_\_\_\_\_ (iii) Consumed or expended, reasonably and properly, or otherwise accounted for, in the performance of the contract as determined by the Government property administrator, including reasonable inventory adjustments;~~

~~\_\_\_\_\_ (iv) Disposed of; or~~

~~\_\_\_\_\_ (v) Transferred to a follow-on or other contract.~~

~~\_\_\_\_\_ (2) The Contractor need not report to the IUID Registry those transactions reported or to be reported to the following DCMA ctools:~~

~~\_\_\_\_\_ (i) Plant Clearance Automated Reutilization and Screening System (PCARSS);  
or~~

~~——(ii) Lost, Theft, Damaged or Destroyed (LTDD) system.~~

~~——(3) The contractor shall update the IUID Registry as transactions occur or as otherwise stated in the Contractor's property management procedure.~~

~~(End of clause)~~

**252.211-7008 Use of Government-assigned Serial Numbers.**

As prescribed in 211.274-6[5](e[b]), use the following clause:

\* \* \* \* \*

**252.245-7001 [Reserved] Tagging, labeling, and marking of government furnished property.**

As prescribed in [245.107](#)(3), use the following clause:

~~TAGGING, LABELING, AND MARKING OF GOVERNMENT FURNISHED  
PROPERTY (APR 2012)~~

~~——(a) *Definitions.* As used in this clause——~~

~~——“Government furnished property” is defined in the clause at FAR 52.245-1, Government Property.~~

~~——“Serially managed item” means an item designated by DoD to be uniquely tracked, controlled, or managed in maintenance, repair, and/or supply systems by means of its serial number.~~

~~——(b) The Contractor shall tag, label, or mark Government furnished property items identified in the contract as subject to serialized item management (serially managed items).~~

~~——(c) The Contractor is not required to tag, label, or mark Government furnished property previously tagged, labeled, or marked.~~

~~(End of clause)~~

**252.245-7002 [Reserved] Reporting Loss of Government Property.**

As prescribed in [245.107](#)(4), use the following clause:

~~REPORTING LOSS OF GOVERNMENT PROPERTY (JAN 2021)~~

~~——(a) *Definitions.* As used in this clause——~~

~~——“Government property” is defined in the clause at FAR 52.245-1, Government Property.~~

~~——“Loss of Government property” means unintended, unforeseen, or accidental loss, damage, or destruction of Government property that reduces the Government's expected economic benefits of the property. Loss of Government property does not include purposeful destructive testing, obsolescence, normal wear and tear, or manufacturing defects. Loss of Government property includes, but is not limited to——~~

~~——(1) Items that cannot be found after a reasonable search;~~

~~———— (2) Theft;~~

~~———— (3) Damage resulting in unexpected harm to property requiring repair to restore the item to usable condition; or~~

~~———— (4) Destruction resulting from incidents that render the item useless for its intended purpose or beyond economical repair.~~

~~———— “Unit acquisition cost” means —~~

~~———— (1) For Government furnished property, the dollar value assigned by the Government and identified in the contract; and~~

~~———— (2) For Contractor-acquired property, the cost derived from the Contractor’s records that reflect consistently applied, generally acceptable accounting principles.~~

~~———— (b) Reporting loss of Government property.~~

~~———— (1) The Contractor shall use the property loss function in the Government-Furnished Property (GFP) module of the Procurement Integrated Enterprise Environment (PIEE) for reporting loss of Government property. Reporting value shall be at unit acquisition cost. Current PIEE users can access the GFP module by logging into their account. New users may register for access and obtain training on the PIEE home page at <https://pice.cb.mil/pice-landing>.~~

~~———— (2) Unless otherwise provided for in this contract, the requirements of paragraph (b)(1) of this clause do not apply to normal and reasonable inventory adjustments, i.e., losses of low-risk consumable material such as common hardware, as agreed to by the Contractor and the Government Property Administrator. Such losses are typically a product of normal process variation. The Contractor shall ensure that its property management system provides adequate management control measures, e.g., statistical process controls, as a means of managing such variation.~~

~~———— (3) The Contractor shall report losses of Government property outside normal process variation, e.g., losses due to —~~

~~———— (i) Theft;~~

~~———— (ii) Inadequate storage;~~

~~———— (iii) Lack of physical security; or~~

~~———— (iv) “Acts of God.”~~

~~———— (4) This reporting requirement does not change any liability provisions or other reporting requirements that may exist under this contract.~~

~~(End of clause)~~

**252.245-7003 Contractor Property Management System Administration.**

As prescribed in [245.107\(5\[3\]\)](#), insert the following clause:

\* \* \* \* \*

**252.245-7004 [Reserved] Reporting, Reutilization, and Disposal.**

As prescribed in [245.107\(5\)](#), use the following clause:

**REPORTING, REUTILIZATION, AND DISPOSAL (DEC 2017)**

(a) *Definitions.* As used in this clause—

~~———— (1) “Demilitarization” means the act of eliminating the functional capabilities and inherent military design features from DoD personal property. Methods and degree range from removal and destruction of critical features to total destruction by cutting, tearing, crushing, mangling, shredding, melting, burning, etc.~~

~~———— (2) “Export controlled items” means items subject to the Export Administration Regulations (EAR) (15 CFR parts 730-774) or the International Traffic in Arms Regulations (ITAR) (22 CFR parts 120-130). The term includes—~~

~~———— (i) “Defense items,” defined in the Arms Export Control Act, 22 U.S.C. 2778(j)(4)(A), as defense articles, defense services, and related technical data, etc.; and~~

~~———— (ii) “Items,” defined in the EAR as “commodities,” “software,” and “technology,” terms that are also defined in the EAR, 15 CFR 772.1.~~

~~———— (3) “Ineligible transferees” means individuals, entities, or countries—~~

~~———— (i) Excluded from Federal programs by the General Services Administration as identified in the System for Award Management Exclusions located at <https://www.acquisition.gov>;~~

~~———— (ii) Delinquent on obligations to the U.S. Government under surplus sales contracts;~~

~~———— (iii) Designated by the Department of Defense as ineligible, debarred, or suspended from defense contracts; or~~

~~———— (iv) Subject to denial, debarment, or other sanctions under export control laws and related laws and regulations, and orders administered by the Department of State, the Department of Commerce, the Department of Homeland Security, or the Department of the Treasury.~~

~~———— (4) “Scrap” means property that has no value except for its basic material content. For purposes of demilitarization, scrap is defined as recyclable waste and discarded materials derived from items that have been rendered useless beyond repair, rehabilitation, or restoration such that the item’s original identity, utility, form, fit, and function have been destroyed. Items can be classified as scrap if processed by cutting, tearing, crushing, mangling, shredding, or melting. Intact or recognizable components and parts are not “scrap.”~~

~~———— (5) “Serviceable or usable property” means property with potential for reutilization or sale “as is” or with minor repairs or alterations.~~

~~—(b) *Inventory disposal schedules.* Unless disposition instructions are otherwise included in this contract, the Contractor shall complete SF 1428, Inventory Schedule B, within the Plant Clearance Automated Reutilization Screening System (PCARSS). Information on PCARSS can be obtained from the plant clearance officer and at <http://www.dema.mil/WBT/PCARSS/>.~~

~~—— (1) The SF 1428 shall contain the following:~~

~~———— (i) If known, the applicable Federal Supply Code (FSC) for all items, except items in scrap condition.~~

~~———— (ii) If known, the manufacturer name for all aircraft components under Federal Supply Group (FSG) 16 or 17 and FSCs 2620, 2810, 2915, 2925, 2935, 2945, 2995, 4920, 5821, 5826, 5841, 6340, and 6615.~~

~~———— (iii) The manufacturer name, make, model number, model year, and serial number for all aircraft under FSCs 1510 and 1520.~~

~~———— (iv) *Appropriate Federal Condition Codes.* See Appendix 2 of DLM-4000.25-2, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP) manual, edition in effect as of the date of this contract. Information on Federal Condition Codes can be obtained at <http://www.dla.mil/HQ/InformationOperations/DLMS/clibrary/manuals/MILSTRAP/>.~~

~~—— (2) If the schedules are acceptable, the plant clearance officer shall complete and send the Contractor a DD Form 1637, Notice of Acceptance of Inventory.~~

~~—(c) *Proceeds from sales of surplus property.* Unless otherwise provided in the contract, the proceeds of any sale, purchase, or retention shall be—~~

~~—— (1) Forwarded to the Contracting Officer;~~

~~—— (2) Credited to the Government as part of the settlement agreement;~~

~~—— (3) Credited to the price or cost of the contract; or~~

~~—— (4) Applied as otherwise directed by the Contracting Officer.~~

~~—(d) *Demilitarization, mutilation, and destruction.* If demilitarization, mutilation, or destruction of contractor inventory is required, the Contractor shall demilitarize, mutilate, or destroy contractor inventory, in accordance with the terms and conditions of the contract and consistent with Defense Demilitarization Manual, DoDM 4160.28-M, edition in effect as of the date of this contract. The plant clearance officer may authorize the purchaser to demilitarize, mutilate, or destroy as a condition of sale provided the property is not inherently dangerous to public health and safety.~~

~~—(e) *Classified Contractor inventory.* The Contractor shall dispose of classified contractor inventory in accordance with applicable security guides and regulations or as directed by the Contracting Officer.~~

~~—(f) *Inherently dangerous Contractor inventory.* Contractor inventory dangerous to public health or safety shall not be disposed of unless rendered innocuous or until adequate safeguards are provided.~~

~~—(g) *Contractor inventory located in foreign countries.* Consistent with contract terms and conditions, property disposition shall be in accordance with foreign and U.S. laws and regulations, including laws and regulations involving export controls, host nation requirements, Final Governing Standards, and Government to Government agreements. The Contractor's responsibility to comply with all applicable laws and regulations regarding export controlled items exists independent of, and is not established or limited by, the information provided by this clause.~~

~~—(h) *Disposal of scrap.*~~

~~——(1) *Contractor with scrap procedures.*~~

~~————(i) The Contractor shall include within its property management procedure, a process for the accountability and management of Government-owned scrap. The process shall, at a minimum, provide for the effective and efficient disposition of scrap, including sales to scrap dealers, so as to minimize costs, maximize sales proceeds, and, contain the necessary internal controls for mitigating the improper release of non-scrap property.~~

~~————(ii) The Contractor may commingle Government and contractor-owned scrap and provide routine disposal of scrap, with plant clearance officer concurrence, when determined to be effective and efficient.~~

~~———(2) *Scrap warranty.* The plant clearance officer may require the Contractor to secure from scrap buyers a DD Form 1639, Scrap Warranty.~~

~~—(i) *Sale of surplus Contractor inventory.*~~

~~———(1) The Contractor shall conduct sales of contractor inventory (both useable property and scrap) in accordance with the requirements of this contract and plant clearance officer direction.~~

~~———(2) Any sales contracts or other documents transferring title shall include the following statement:~~

~~——“The Purchaser certifies that the property covered by this contract will be used in (name of country). In the event of resale or export by the Purchaser of any of the property, the Purchaser agrees to obtain the appropriate U.S. and foreign export or re-export license approval.”~~

~~—(j) *Restrictions on purchase or retention of Contractor inventory.*~~

~~———(1) The Contractor may not knowingly sell the inventory to any person or that person's agent, employee, or household member if that person—~~

~~————(i) Is a civilian employee of the DoD or the U.S. Coast Guard;~~

~~————(ii) Is a member of the armed forces of the United States, including the U.S. Coast Guard; or~~

~~\_\_\_\_\_ (iii) Has any functional or supervisory responsibilities for or within the DoD's property disposal/disposition or plant clearance programs or for the disposal of contractor inventory.~~

~~\_\_\_\_\_ (2) The Contractor may conduct Internet based sales, to include use of a third party.~~

~~\_\_\_\_\_ (3) If the Contractor wishes to bid on the sale, the Contractor or its employees shall submit bids to the plant clearance officer prior to soliciting bids from other prospective bidders.~~

~~\_\_\_\_\_ (4) The Contractor shall solicit a sufficient number of bidders to obtain adequate competition. Informal bid procedures shall be used, unless the plant clearance officer directs otherwise. The Contractor shall include in its invitation for bids, the sales terms and conditions provided by the plant clearance officer.~~

~~\_\_\_\_\_ (5) The Contractor shall solicit bids at least 15 calendar days before bid opening to allow adequate opportunity to inspect the property and prepare bids.~~

~~\_\_\_\_\_ (6) For large sales, the Contractor may use summary lists of items offered as bid sheets with detailed descriptions attached.~~

~~\_\_\_\_\_ (7) In addition to mailing or delivering notice of the proposed sale to prospective bidders, the Contractor may (when the results are expected to justify the additional expense) display a notice of the proposed sale in appropriate public places, e.g., publish a sales notice on the Internet in appropriate trade journals or magazines and local newspapers.~~

~~\_\_\_\_\_ (8) The plant clearance officer or representative will witness the bid opening. The Contractor shall submit, either electronically or manually, two copies of the bid abstract.~~

~~\_\_\_\_\_ (9) The following terms and conditions shall be included in sales contracts involving the demilitarization, mutilation, or destruction of property:~~

~~\_\_\_\_\_ (i) *Demilitarization, mutilation, or destruction on Contractor or subcontractor premises.* Item(s) \_\_\_\_\_ require demilitarization, mutilation, or destruction by the Purchaser. Insert item number(s) and specific demilitarization, mutilation, or destruction requirements for item(s) shown in Defense Demilitarization Manual, DoDM 4160.28-M, edition in effect as of the date of this contract. Demilitarization shall be witnessed and verified by a Government representative using DRMS Form 145 or equivalent.~~

~~\_\_\_\_\_ (ii) *Demilitarization, mutilation, or destruction off Contractor or subcontractor premises.*~~

~~\_\_\_\_\_ (A) Item(s) \_\_\_\_\_ require demilitarization, mutilation, or destruction by the Purchaser. Insert item number(s) and specific demilitarization, mutilation, or destruction requirements for item(s) shown in Defense Demilitarization Manual, DoDM 4160.28-M, edition in effect as of the date of this contract. Demilitarization shall be witnessed and verified by a Government representative using DRMS Form 145 or equivalent.~~

~~\_\_\_\_\_ (B) Property requiring demilitarization shall not be removed, and title shall not pass to the Purchaser, until demilitarization has been accomplished and verified by a Government representative. Demilitarization will be accomplished as specified in the sales contract. Demilitarization shall be witnessed and verified by a Government representative using DRMS Form 145 or equivalent.~~

~~\_\_\_\_\_ (C) The Purchaser agrees to assume all costs incident to the demilitarization and to restore the working area to its present condition after removing the demilitarized property.~~

~~\_\_\_\_\_ (iii) *Failure to demilitarize.* If the Purchaser fails to demilitarize, mutilate, or destroy the property as specified in the contract, the Contractor may, upon giving 10 days written notice from date of mailing to the Purchaser—~~

~~\_\_\_\_\_ (A) Repossess, demilitarize, and return the property to the Purchaser, in which case the Purchaser hereby agrees to pay to the Contractor, prior to the return of the property, all costs incurred by the Contractor in repossessing, demilitarizing, and returning the property;~~

~~\_\_\_\_\_ (B) Repossess, demilitarize, and resell the property, and charge the defaulting Purchaser with all costs incurred by the Contractor. The Contractor shall deduct these costs from the purchase price and refund the balance of the purchase price, if any, to the Purchaser. In the event the costs exceed the purchase price, the defaulting Purchaser hereby agrees to pay these costs to the Contractor;~~  
~~or~~

~~\_\_\_\_\_ (C) Repossess and resell the property under similar terms and conditions. In the event this option is exercised, the Contractor shall charge the defaulting Purchaser with all costs incurred by the Contractor. The Contractor shall deduct these costs from the original purchase price and refund the balance of the purchase price, if any, to the defaulting Purchaser. Should the excess costs to the Contractor exceed the purchase price, the defaulting Purchaser hereby agrees to pay these costs to the Contractor.~~

~~(End of clause)~~

**[252.245-70XX Management and Reporting of Government Property.  
As prescribed in 245.107(4), use the following clause:**

**MANAGEMENT AND REPORTING OF GOVERNMENT PROPERTY  
(DATE)**

**(a) *Definitions.* As used in this clause—**

**“As is” means that the Government makes no warranty with respect to the serviceability and/or suitability of the Government property for contract performance and that the Government will not pay for any repairs, replacement, and/or refurbishment of the property.**

**“Commercial and Government Entity (CAGE) code” means—**

**(1) An identifier assigned to entities located in the United States or its outlying areas by the Defense Logistics Agency (DLA) Commercial and**

**Government Entity (CAGE) Branch to identify a commercial or government entity by unique location; or**

**(2) An identifier assigned by a member of the North Atlantic Treaty Organization (NATO) or by the NATO Support and Procurement Agency (NSPA) to entities located outside the United States and its outlying areas that the DLA Commercial and Government Entity (CAGE) Branch records and maintains in the CAGE master file. This type of code is known as a NATO CAGE (NCAGE) code.**

**“Contractor-acquired property,” “contractor inventory,” “Government property,” “Government-furnished property,” and “loss of Government property” have the meanings given in the Federal Acquisition Regulation (FAR) 52.245-1, Government Property, clause of this contract.**

**“Demilitarization” means the act of eliminating the functional capabilities and inherent military design features from DoD personal property. Methods and degree range from removal and destruction of critical features to total destruction by cutting, tearing, crushing, mangling, shredding, melting, burning, etc.**

**“Export-controlled items” has the meaning given in the Defense Federal Acquisition Regulation Supplement (DFARS) 252.225-7048, Export-Controlled Items, clause of this contract.**

**“Ineligible transferee” means an individual, an entity, or a country—**

**(1) Excluded from Federal programs by the General Services Administration as identified in the System for Award Management Exclusions located at <https://sam.gov>;**

**(2) Delinquent on obligations to the U.S. Government under surplus sales contracts;**

**(3) Designated by the Department of Defense as ineligible, debarred, or suspended from defense contracts; or**

**(4) Subject to denial, debarment, or other sanctions under export control laws and related laws and regulations, and orders administered by the Department of State, the Department of Commerce, the Department of Homeland Security, or the Department of the Treasury.**

**“Item unique identification” means a system of assigning, reporting, and marking DoD property with unique item identifiers that have machine-readable data elements to distinguish an item from all other like and unlike items.**

**“National stock number” means a 13-digit stock number used to identify items of supply. It consists of a four-digit Federal Supply Code and a nine-digit National Item Identification Number.**

**“Reparable item” means an item, typically in unserviceable condition, furnished to the contractor for maintenance, repair, modification, or overhaul.**

**“Scrap” means property that has no value except for its basic material content. For purposes of demilitarization, scrap is defined as recyclable waste and discarded materials derived from items that have been rendered useless beyond repair, rehabilitation, or restoration such that the item’s original identity, utility, form, fit, and function have been destroyed. Items can be classified as scrap if processed by cutting, tearing, crushing, mangling, shredding, or melting. Intact or recognizable components and parts are not “scrap.”**

**“Serially-managed item” means an item designated by DoD to be uniquely tracked, controlled, or managed in maintenance, repair, and/or supply systems by means of its serial number or unique item identifier.**

**“Serviceable or usable property” means property with potential for reutilization or sale as is or with minor repairs or alterations.**

**“Supply condition code” means a classification of materiel in terms of readiness for issue and use or to identify action underway to change the status of materiel.**

**“Unique item identifier (UII)” means a set of data elements marked on an item that is globally unique and unambiguous. The term includes a concatenated UII or a DoD recognized unique identification equivalent.**

**(b) *Reporting Government property.***

**(1) The Contractor shall use the Government Furnished Property (GFP) module of the Procurement Integrated Enterprise Environment (PIEE) to—**

**(i) Report physical receipt of GFP;**

**(ii) Report the loss of Government property, in accordance with paragraph (f)(1)(vii) of the FAR 52.245-1 clause of this contract. Unless otherwise provided for in this contract, this requirement applies to loss of GFP that results from damage that occurs during work in process (e.g., workmanship errors);**

**(iii) Report the transfer of GFP to another DoD contract;**

**(iv) Report the shipment of GFP to the Government or to a contractor. The GFP module generates the electronic equivalent of the DD Form 1149, DD Form 1348-1, or other required shipping documents;**

**(v) Report when serially-managed items of GFP are incorporated into a higher-level component, assembly, or end item;**

**(vi) Complete the plant clearance inventory schedule in accordance with paragraph (j)(2) of the FAR 52.245-1 clause of this contract, unless disposition instructions are otherwise included in this contract. The GFP module generates the electronic equivalent of the Standard Form (SF) 1428, Inventory Disposal Schedule; and**

(vii) Submit a request to buy back or to convert to GFP items of Contractor-acquired property.

(2) Information regarding the GFP module is available in the GFP Module Vendor Guide at <https://dodprocurementtoolbox.com/site-pages/gfp-resources>. Users may also register for access to the GFP module and obtain training on the PIEE home page at <https://wawf.eb.mil/piee-landing>.

(3) In complying with paragraphs (b)(1)(i) through (v) of this clause, the Contractor shall report the updated status of the property to the GFP module within 7 business days of the date the change in status occurs, unless otherwise specified in the contract.

(4) The Contractor shall use Wide Area WorkFlow in accordance with DFARS Appendix F, Material Inspection and Receiving Report, to report the shipment of reparable items after completion of repair, maintenance, modification, or overhaul.

(5) When Government property is in the possession of subcontractors, the Contractor shall ensure that reporting is accomplished using the data elements required in paragraph (c) of this clause.

(c) *Records of Government property.* To facilitate reporting of Government property to the GFP module, the Contractor's property records, in addition to the requirements of paragraph (f)(iii) of the FAR 52.245-1 clause of this contract, shall enable recording of the following data elements:

(1) National stock number (NSN). If an NSN is not available, use either the combination of the manufacturer's CAGE code and part number, or model number.

(2) CAGE code on the accountable Government contract.

(3) Received/sent (shipped) date.

(4) Accountable Government contract number.

(5) Serial number (for serially-managed items that do not have a UII);  
and

(6) Supply condition code (only required for reporting of reparable items). See Appendix 2.5 of Volume 2 of the Defense Logistics Manual (DLM) 4000.25, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP), at <https://www.dla.mil/HQ/InformationOperations/DLMS/eLibrary/manuals/v2/> for information on Federal supply condition codes.

(d) *Marking, reporting, and UII registration of GFP requirements.* The Contractor—

(1) Shall assign the UII and mark the GFP items identified as serially managed in the GFP attachment to this contract with an item unique identification (IUID) data matrix, when the technical drawing for the item is

accessible to the Contractor and includes IUID data matrix location and marking method;

(2) Shall report the UII either before or during shipment of the repaired item;

(3) Is not required to mark items that were previously marked with an IUID data matrix and registered in accordance with DFARS 252.211-7003, Item Unique Identification and Valuation; and

(4) Shall assign a new UII, then mark and register the item, when the conditions of paragraph (d)(1) are met, if an item is found to be marked but not registered.

***(e) Disposing of Government property.***

(1) The Contractor shall complete the plant clearance inventory schedule using the plant clearance capability of the GFP module of the PIEE to generate an electronic equivalent of the SF 1428, Inventory Disposal Schedule. The plant clearance inventory schedule requires the following:

(i) If known, the applicable Federal supply code (FSC) for all items, except items in scrap condition.

(ii) If known, the manufacturer name for all aircraft components under Federal supply group (FSG) 16 or 17 and FSCs 2620, 2810, 2915, 2925, 2935, 2945, 2995, 4920, 5821, 5826, 5841, 6340, and 6615.

(iii) The manufacturer name, make, model number, model year, and serial number for all aircraft under FSCs 1510 and 1520.

(iv) The appropriate Federal condition codes. See Appendix 2.5 of Volume 2 of DLM 4000.25-2, Supply Standards and Procedures, edition in effect as of the date of this contract, at <https://www.dla.mil/Portals/104/Documents/DLMS/manuals/dlm/v2/Volume2Change13Files.pdf>.

(2) If the schedules are acceptable, the plant clearance officer will confirm acceptance in the GFP module plant clearance capability, which will transmit a notification to the Contractor. The electronic acceptance is equivalent to the DD Form 1637, Notice of Acceptance of Inventory.

***(f) Demilitarization, mutilation, and destruction.*** If demilitarization, mutilation, or destruction of contractor inventory is required, the Contractor shall demilitarize, mutilate, or destroy contractor inventory, in accordance with the terms and conditions of the contract and consistent with Defense Demilitarization Manual, DoD Manual (DoDM) 4160.28-M, edition in effect as of the date of this contract. If the property is available for purchase, the plant clearance officer may authorize the purchaser to demilitarize, mutilate, or destroy as a condition of sale provided the property is not inherently dangerous to public health and safety.

**(g) *Classified Contractor inventory.*** The Contractor shall dispose of classified contractor inventory in accordance with applicable security guides and regulations or as directed by the Contracting Officer.

**(h) *Inherently dangerous Contractor inventory.*** Contractor inventory that is dangerous to public health or safety shall not be disposed of unless rendered innocuous or until adequate safeguards are provided.

**(i) *Contractor inventory located in foreign countries.*** Consistent with contract terms and conditions, property disposition shall be in accordance with foreign and U.S. laws and regulations, including laws and regulations involving export controls, host nation requirements, final governing standards, and government-to-government agreements. The Contractor's responsibility to comply with all applicable laws and regulations regarding export-controlled items exists independent of, and is not established or limited by, the information provided by this clause.

**(j) *Disposal of scrap.***

**(1) *Contractor scrap procedures.***

**(i)** The Contractor shall include, within its property management procedure, a process for the accountability and management of Government-owned scrap. The process shall, at a minimum, provide for the effective and efficient disposition of scrap, including sales to scrap dealers, so as to minimize costs, maximize sales proceeds, and contain the necessary internal controls for mitigating the improper release of non-scrap property.

**(ii)** The Contractor may commingle Government and contractor-owned scrap and provide routine disposal of scrap, with plant clearance officer concurrence, when determined to be effective and efficient.

**(2) *Scrap warranty.*** The plant clearance officer may require the Contractor to secure from scrap buyers a DD Form 1639, Scrap Warranty.

**(k) *Sale of surplus Contractor inventory.***

**(1) *Sales procedures.***

**(i)** The Contractor shall conduct sales of contractor inventory (both useable property and scrap) in accordance with the requirements of this contract and plant clearance officer direction. The Contractor shall include in its invitation for bids the sales terms and conditions provided by the plant clearance officer.

**(ii)** The Contractor may conduct internet-based sales, to include use of a third party.

**(iii)** If the Contractor wishes to bid on the sale, the Contractor or its employees shall submit bids to the plant clearance officer prior to soliciting bids from other prospective bidders.

(iv) The Contractor shall solicit bids to obtain adequate competition. Negotiated sales are subject to obtaining such competition as is feasible under the circumstances of the negotiated sale.

(v) The Contractor shall solicit bids at least 15 calendar days before bid opening to allow adequate opportunity to inspect the property and prepare bids.

(vi) For large sales, the Contractor may use summary lists of items offered as bid sheets with detailed descriptions attached.

(vii) In addition to providing notice of the proposed sale to prospective bidders, the Contractor may, when the results are expected to justify the additional expense, display a notice of the proposed sale in appropriate public places, e.g., publish a sales notice on the internet, in appropriate trade journals or magazines, and in local newspapers.

(viii) The plant clearance officer or designated Government representative will witness the bid opening. The Contractor shall submit the bid abstract in electronic format to the plant clearance officer within 2 days of bid opening. If the Contractor is unable to submit the bid abstract electronically, the Contractor may submit 2 copies of the abstract manually within 2 days of bid opening. The plant clearance officer will not approve award to any bidder who is an ineligible transferee.

(2) *Required terms and conditions for sales contracts.* The Contractor shall include the following terms and conditions in sales contracts:

(i) For sales contracts or other documents transferring title:

**“The Purchaser certifies that the property covered by this contract will be used in *[Insert name of country]*. In the event of resale or export by the Purchaser of any of the property, the Purchaser agrees to obtain the appropriate U.S. and foreign export or re-export license approval.”**

(ii) For sales contracts that require demilitarization, mutilation, or destruction of property:

**“The following items *[Insert list provided by plant clearance officer]* require demilitarization, mutilation, or destruction by the Purchaser. Additional instructions are provided in accordance with Defense Demilitarization Manual, DoDM 4160.28-M, edition in effect as of the date of this sales contract. A Government representative will certify and verify demilitarization of items. Prepare demilitarization certificates in accordance with DoDM 4160.28, Volume 2, section 4.5, DEMIL Certificate (see figure 2, Example DEMIL Certificate).”**

(iii) Removal and title transfer:

**“Property requiring demilitarization shall not be removed, and title shall not pass to the Purchaser, until demilitarization has been accomplished and verified by a Government representative.”**

**(iv) Assumption of cost incident to demilitarization:**

**“The Purchaser agrees to assume all costs incident to the demilitarization and to restore the working area to its present condition after removing the demilitarized property.”**

**(v) Failure to demilitarize:**

**“If the Purchaser fails to demilitarize, mutilate, or destroy the property as specified in the sales contract, the Contractor may, upon giving 10 days written notice to the Purchaser—**

**(A) Repossess, demilitarize, and return the property to the Purchaser, in which case the Purchaser hereby agrees to pay to the Contractor, prior to the return of the property, all costs incurred by the Contractor in repossessing, demilitarizing, and returning the property;**

**(B) Repossess, demilitarize, and resell the property, and charge the defaulting Purchaser with all costs incurred by the Contractor. The Contractor shall deduct these costs from the purchase price and refund the balance of the purchase price, if any, to the Purchaser. In the event the costs exceed the purchase price, the defaulting Purchaser hereby agrees to pay these costs to the Contractor; or**

**(C) Repossess and resell the property under similar terms and conditions, and charge the defaulting Purchaser with all costs incurred by the Contractor. The Contractor shall deduct these costs from the original purchase price and refund the balance of the purchase price, if any, to the defaulting Purchaser. Should the excess costs to the Contractor exceed the purchase price, the defaulting Purchaser hereby agrees to pay these costs to the Contractor.”**

**(l) *Restrictions on purchase or retention of Contractor inventory.* The Contractor may not knowingly sell the inventory to any person or that person's agent, employee, or household member if that person—**

**(1) Is a civilian employee of DoD or the U.S. Coast Guard;**

**(2) Is a member of the armed forces of the United States, including the U.S. Coast Guard; or**

**(3) Has any functional or supervisory responsibilities for or within DoD's property disposal, disposition, or plant clearance programs or for the disposal of contractor inventory.**

**(m) *Proceeds from sales of surplus property.* Unless otherwise provided in the contract, the proceeds of any sale, purchase, or retention shall be—**

**(1) Forwarded to the Contracting Officer;**

**(2) Credited to the Government as part of the settlement agreement pursuant to the termination of the contract;**

**(3) Credited to the price or cost of the contract; or**

**(4) Applied as otherwise directed by the Contracting Officer.**

**(End of clause)]**

\* \* \* \* \*