52.245-1 Government Property.

As prescribed in 45.107(a), insert the following clause:

Government Property (Sep 2021)

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

Cannibalize means to remove parts from *Government property* for use or for installation on other *Government property.*

Contractor-acquired property means *property* acquired, fabricated, or otherwise provided by the Contractor for performing a contract, and to which the Government has title.

Contractor inventory means-

(1) Any *property* acquired by and in the possession of a Contractor or subcontractor under a contract for which title is vested in the Government and which exceeds the amounts needed to complete full performance under the entire contract;

(2) Any *property* that the Government is obligated or has the *option* to take over under any type of contract, e.g., as a result either of any changes in the specifications or plans thereunder or of the termination of the contract (or subcontract thereunder), before completion of the work, for the convenience or at the *option* of the Government; and

(3) *Government-furnished property* that exceeds the amounts needed to complete full performance under the entire contract.

Contractor's managerial personnel means the Contractor's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of-

(1) All or substantially all of the Contractor's business;

(2) All or substantially all of the Contractor's operation at any one plant or separate location; or

(3) A separate and complete major industrial operation.

Demilitarization means rendering a product unusable for, and not restorable to, the purpose for which it was designed or is customarily used.

Discrepancies incident to shipment means any differences (e.g., count or condition) between the items documented to have been shipped and items actually received.

Equipment means a tangible item that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. *Equipment* is not intended for sale, and does not ordinarily lose its identity or become a *component* part of another article when put into use. *Equipment* does not include *material*, *real property*, *special test equipment* or *special tooling*.

Government-furnished property means *property* in the possession of, or directly acquired by, the Government and subsequently furnished to the Contractor for performance of a contract. *Government-furnished property* includes, but is not limited to, spares and *property* furnished for repair, maintenance, overhaul, or modification. *Government-furnished property* also includes

contractor-acquired property if the *contractor-acquired property* is a deliverable under a cost contract when accepted by the Government for continued use under the contract.

Government property means all *property* owned or leased by the Government. *Government property* includes both Government- furnished and *Contractor-acquired property*. *Government property* includes *material*, *equipment*, *special tooling*, *special test equipment*, and *real property*. *Government property* does not include intellectual *property* and software.

Loss of Government property means unintended, unforeseen or accidental loss, damage or destruction to *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.

Material means *property* that *may* be consumed or expended during the performance of a contract, *component* parts of a higher assembly, or items that lose their individual identity through incorporation into an end item. *Material* does not include *equipment*, *special tooling*, *special test equipment* or *real property*.

Nonseverable means *property* that cannot be removed after *construction* or installation without substantial loss of value or damage to the installed *property* or to the premises where installed.

Precious metals means silver, gold, platinum, palladium, iridium, osmium, rhodium, and ruthenium.

Production scrap means unusable *material* resulting from production, engineering, operations and maintenance, repair, and research and development contract activities. *Production scrap may* have value when re-melted or reprocessed, e.g., textile and metal clippings, borings, and faulty castings and forgings.

Property means all tangible *property*, both real and personal.

Property Administrator means an authorized representative of the *Contracting Officer* appointed in accordance with agency procedures, responsible for administering the contract requirements and obligations relating to *Government property* in the possession of a Contractor.

Property records means the records created and maintained by the contractor in support of its stewardship responsibilities for the management of *Government property*.

Provide means to furnish, as in *Government-furnished property*, or to acquire, as in *contractor-acquired property*.

Real property See Federal Management Regulation 102-71.20 (41 CFR 102-71.20).

Sensitive property means *property* potentially dangerous to the public safety or security if stolen, lost, or misplaced, or that *shall* be subject to exceptional physical security, protection, control, and accountability. Examples include weapons, ammunition, explosives, controlled substances, radioactive *materials*, hazardous *materials* or wastes, or *precious metals*.

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 accepted accounting principles.

(b) *Property management.*

(1) The Contractor *shall* have a system of internal controls to manage (control, use, preserve, protect, repair, and maintain) *Government property* in its possession. The system *shall* be adequate to satisfy the requirements of this clause. In doing so, the Contractor *shall* initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective and efficient control of *Government property*. The Contractor *shall* disclose any significant changes to its *property* management system to the *Property Administrator* prior to implementation of the changes. The Contractor *may* employ customary commercial practices, voluntary consensus standards, or industry-leading practices and standards that *provide* effective and efficient *Government property* management that are necessary and appropriate for the performance of this contract (except where inconsistent with law or regulation).

(2) The Contractor'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, sale (as *surplus property*), or other disposition, or via a completed investigation, evaluation, and final determination for lost *property*. This requirement applies to all *Government property* under the Contractor's accountability, stewardship, possession or control, including its vendors or subcontractors (see paragraph (f)(1)(v) of this clause).

(3) The Contractor *shall* include the requirements of this clause in all subcontracts under which *Government property* is acquired or furnished for subcontract performance.

(4) The Contractor *shall* establish and maintain procedures necessary to assess its *property* management system effectiveness and *shall* perform periodic internal reviews, surveillances, self assessments, or audits. Significant findings or results of such reviews and audits pertaining to *Government property shall* be made available to the *Property Administrator*.

(c) *Use of Government property.*

(1) The Contractor *shall* use *Government property*, either furnished or acquired under this contract, only for performing this contract, unless otherwise provided for in this contract or approved by the *Contracting Officer*.

(2) Modifications or alterations of *Government property* are prohibited, unless they are-

(i) Reasonable and necessary due to the scope of work under this contract or its terms and conditions;

(ii) Required for normal maintenance; or

(iii) Otherwise authorized by the *Contracting Officer*.

(3) The Contractor *shall* not cannibalize *Government property* unless otherwise provided for in this contract or approved by the *Contracting Officer*.

(d) *Government-furnished property.*

(1) The Government *shall* deliver to the Contractor the *Government-furnished property* described in this contract. The Government *shall* furnish related data and information needed for the intended use of the *property*. The *warranties* of suitability of use and timely delivery of *Government-furnished property* do not apply to *property* acquired or fabricated by the Contractor as *contractor-acquired property* and subsequently transferred to another contract with this Contractor.

(2) The delivery and/or performance dates specified in this contract are based upon the expectation that the *Government-furnished property* will be suitable for contract performance and will be delivered to the Contractor by the dates stated in the contract.

(i) If the *property* is not delivered to the Contractor by the dates stated in the contract, the *Contracting Officer shall*, upon the Contractor's timely written request, consider an equitable adjustment to the contract.

(ii) In the event *property* is received by the Contractor, or for *Government-furnished property* after receipt and installation, in a condition not suitable for its intended use, the *Contracting Officer shall*, upon the Contractor's timely written request, advise the Contractor on a course of action to remedy the problem. Such action *may* include repairing, replacing, modifying, returning, or otherwise disposing of the *property* at the Government's expense. Upon completion of the required action(s), the *Contracting Officer shall* consider an equitable adjustment to the contract (see also paragraph (f)(1)(ii)(A) of this clause).

(iii) The Government *may*, at its *option*, furnish *property* in an "as-is" condition. The Contractor will be given the opportunity to inspect such *property* prior to the *property* being provided. In such cases, the Government makes no *warranty* with respect to the serviceability and/or suitability of the *property* for contract performance. Any repairs, replacement, and/or refurbishment *shall* be at the Contractor's expense.

(3)

(i) The *Contracting Officer may* by written notice, at any time-

(A) Increase or decrease the amount of *Government-furnished property* under this contract;

(B) Substitute other *Government-furnished property* for the *property* previously furnished, to be furnished, or to be acquired by the Contractor for the Government under this contract; or

(C) Withdraw authority to use *property*.

(ii) Upon completion of any action(s) under paragraph (d)(3)(i) of this clause, and the Contractor's timely written request, the *Contracting Officer shall* consider an equitable adjustment to the contract.

(e) *Title to Government property.*

(1) All *Government-furnished property* and all *property* acquired by the Contractor, title to which vests in the Government under this paragraph (collectively referred to as "*Government property*"), is subject to the provisions of this clause. The Government *shall* retain title to all *Government-furnished property*. Title to *Government property shall* not be affected by its incorporation into or attachment to any *property* not owned by the Government, nor *shall Government property* become a fixture or lose its identity as *personal property* by being attached to any *real property*.

(2) Title vests in the Government for all *property* acquired or fabricated by the Contractor in accordance with the financing provisions or other specific requirements for passage of title in the contract. Under fixed price type contracts, in the absence of financing provisions or other specific requirements for passage of title in the contract, the Contractor retains title to all *property* acquired by the Contractor for use on the contract, except for *property* identified as a deliverable end item. If a deliverable item is to be retained by the Contractor for use after *inspection* and acceptance by the Government, it *shall* be made accountable to the contract through a *contract modification* listing the item as *Government-furnished property*.

(3) *Title under Cost-Reimbursement or Time-and-Material Contracts or Cost-Reimbursable line items under Fixed-Price contracts*.

(i) Title to all *property* purchased by the Contractor for which the Contractor is entitled to be reimbursed as a direct item of cost under this contract *shall* pass to and vest in the Government upon the vendor’s delivery of such *property*.

(ii) Title to all other *property*, the cost of which is reimbursable to the Contractor, *shall* pass to and vest in the Government upon-

(A) Issuance of the *property* for use in contract performance;

(B) Commencement of processing of the *property* for use in contract performance; or

(C) Reimbursement of the cost of the *property* by the Government, whichever occurs first.

(f) *Contractor plans and systems*.

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

(i) *Acquisition of Property.* The Contractor *shall* document that all *property* was acquired consistent with its engineering, production planning, and *property* control operations.

(ii) *Receipt of Government Property*. The Contractor *shall* receive *Government property* and document the receipt, record the information necessary to meet the record requirements of paragraph (f)(1)(iii)(A)(*1*) through (*5*) of this clause, identify as Government 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*.

(A) *Government-furnished property*. The Contractor *shall* furnish a written statement to the *Property Administrator* 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-furnished property*.

(B) *Contractor-acquired property*. The Contractor *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.

(iii) *Records of Government property.* The Contractor *shall* create and maintain records of all *Government property* accountable to the contract, including Government-furnished and *Contractor-acquired property*.

(A) *Property records shall* enable a complete, current, auditable record of all transactions and *shall*, unless otherwise approved by the *Property Administrator*, contain the following:

(1) The name, part number and description, National Stock Number (if needed for additional item identification tracking and/or disposition), and other data elements as necessary and required in accordance with the terms and conditions of the contract.

(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 contract number or equivalent code designation.

(7) Location.

(8) Disposition.

(9) Posting reference and date of transaction.

(10) Date placed in service (if required in accordance with the terms and conditions of the contract).

(B) *Use of a Receipt and Issue System for Government Material*. When approved by the *Property Administrator*, the Contractor *may* maintain, in lieu of formal *property records*, a file of appropriately cross-referenced documents evidencing receipt, issue, and use of *material* that is issued for immediate consumption.

(iv) *Physical inventory*. The Contractor *shall* periodically perform, record, and disclose physical inventory results. A final physical inventory *shall* be performed upon contract completion or termination. The *Property Administrator may* waive this final inventory requirement, depending on the circumstances (*e.g.*, overall reliability of the Contractor's system or the *property* is to be transferred to a follow-on contract).

(v) *Subcontractor control*.

(A) The Contractor *shall* award subcontracts that clearly identify items to be provided and the extent of any restrictions or limitations on their use. The Contractor *shall* ensure appropriate flow down of contract terms and conditions (*e.g.*, extent of liability for *loss of Government property*.

(B) The Contractor *shall* assure its subcontracts are properly administered and reviews are periodically performed to determine the adequacy of the subcontractor's *property* management system.

(vi) *Reports*. The Contractor *shall* have a process to create and *provide* reports of discrepancies, *loss of Government property*, physical inventory results, audits and self-assessments, corrective actions, and other *property*-related reports as directed by the *Contracting Officer*.

(vii) *Relief of stewardship responsibility and liability*. The Contractor *shall* have a process to enable the prompt recognition, investigation, disclosure and reporting of *loss of Government property*, including losses that occur at subcontractor or *alternate* site locations.

(A) This process *shall* include the corrective actions necessary to prevent recurrence.

(B) Unless otherwise directed by the *Property Administrator*, the Contractor *shall* investigate and report to the Government all incidents of *property* loss as soon as the facts become known. Such reports *shall*, at a minimum, contain the following information:

(1) Date of incident (if known).

(2) The data elements required under (f)(1)(iii)(A).

(3) Quantity.

(4) Accountable contract number.

(5) A statement indicating current or future need.

(6) *Unit acquisition cost*, or if applicable, estimated sales proceeds, estimated repair or replacement costs.

(7) All known interests in commingled *material* of which includes Government *material*.

(8) Cause and corrective action taken or to be taken to prevent recurrence.

(9) A statement that the Government will receive compensation covering the *loss of Government property*, in the event the Contractor was or will be reimbursed or compensated.

(10) Copies of all supporting documentation.

(11) Last known location.

(12) A statement that the *property* did or did not contain sensitive, export controlled, hazardous, or toxic *material*, and that the appropriate agencies and authorities were notified.

(C) Unless the contract *provides* otherwise, the Contractor *shall* be relieved of stewardship responsibility and liability for *property* when-

(1) Such *property* is consumed or expended, reasonably and properly, or otherwise accounted for, in the performance of the contract, including reasonable inventory adjustments of *material* as determined by the *Property Administrator*;

(2) *Property Administrator* grants relief of responsibility and liability for *loss of Government property*;

(3) *Property* is delivered or shipped from the Contractor's plant, under Government instructions, except when *shipment* is to a subcontractor or other location of the Contractor; or

(4) *Property* is disposed of in accordance with paragraphs (j) and (k) of this clause.

(viii) *Utilizing Government property*.

(A) The Contractor *shall* utilize, consume, move, and store *Government Property* only as authorized under this contract. The Contractor *shall* promptly disclose and report *Government property* in its possession that is excess to contract performance.

(B) Unless otherwise authorized in this contract or by the *Property Administrator* the Contractor *shall* not commingle Government *material* with *material* not owned by the Government.

(ix) *Maintenance*. The Contractor *shall* properly maintain *Government property*. The Contractor's maintenance program *shall* enable the identification, disclosure, and performance of normal and routine preventative maintenance and repair. The Contractor *shall* disclose and report to the *Property Administrator* the need for replacement and/or capital rehabilitation.

(x) *Property closeout*. The Contractor *shall* promptly perform and report to the *Property Administrator* contract *property* closeout, to include reporting, investigating and securing closure of all *loss of Government property* cases; physically inventorying all *property* upon termination or completion of this contract; and disposing of items at the time they are determined to be excess to contractual needs.

(2) The Contractor *shall* establish and maintain Government accounting source data, as *may* be required by this contract, particularly in the areas of recognition of *acquisitions*, *loss of Government property*, and disposition of *material* and *equipment*.

(g) Systems analysis.

(1) The Government *shall* have access to the Contractor's premises and all *Government property*, at reasonable times, for the purposes of reviewing, inspecting and evaluating the Contractor's *property* management plan(s), systems, procedures, records, and supporting documentation that pertains to *Government property*. This access includes all site locations and, with the Contractor's consent, all subcontractor premises.

(2) Records of *Government property shall* be readily available to authorized Government personnel and *shall* be appropriately safeguarded.

(3) *Should* it be determined by the Government that the Contractor's (or subcontractor's) *property* management practices are inadequate or not acceptable for the effective management and control of *Government property* under this contract, or present an undue risk to the Government, the Contractor *shall* prepare a corrective action plan when requested by the *Property Administrator* and take all necessary corrective actions as specified by the schedule within the corrective action plan.

(h) *Contractor Liability for Government Property.*

(1) Unless otherwise provided for in the contract, the Contractor *shall* not be liable for *loss of Government property* furnished or acquired under this contract, except when any one of the

following applies-

(i) The risk is covered by *insurance* or the Contractor is otherwise reimbursed (to the extent of such *insurance* or reimbursement). The allowability of *insurance* costs *shall* be determined in accordance with 31.205-19.

(ii) *Loss of Government property* that is the result of willful misconduct or lack of good faith on the part of the *Contractor's managerial personnel*.

(iii) The *Contracting Officer* has, *in writing*, revoked the Government's assumption of risk for *loss of Government property* due to a determination under paragraph (g) of this clause that the Contractor's *property* management practices are inadequate, and/or present an undue risk to the Government, and the Contractor failed to take timely corrective action. If the Contractor can establish by clear and convincing evidence that the *loss of Government property* occurred while the Contractor had adequate *property* management practices or the loss did not result from the Contractor's failure to maintain adequate *property* management practices, the Contractor *shall* not be held liable.

(2) The Contractor *shall* take all reasonable actions necessary to protect the *property* from further loss. The Contractor *shall* separate the damaged and undamaged *property*, place all the affected *property* in the best possible order, and take such other action as the *Property Administrator* directs.

(3) The Contractor *shall* do nothing to prejudice the Government's rights to recover against third parties for any *loss of Government property*.

(4) The Contractor *shall* reimburse the Government for *loss of Government property*, to the extent that the Contractor is financially liable for such loss, as directed by the *Contracting Officer*.

(5) Upon the request of the *Contracting Officer*, the Contractor *shall*, at the Government's expense, furnish to the Government all reasonable assistance and cooperation, including the prosecution of suit and the execution of instruments of assignment in favor of the Government in obtaining recovery.

(i) *Equitable adjustment*. Equitable adjustments under this clause *shall* be made in accordance with the procedures of the Changes clause. However, the Government *shall* not be liable for breach of contract for the following:

(1) Any delay in delivery of *Government-furnished property*.

(2) Delivery of *Government-furnished property* in a condition not suitable for its intended use.

(3) An increase, decrease, or substitution of *Government-furnished property*.

(4) Failure to repair or replace *Government property* for which the Government is responsible.

(j) *Contractor inventory disposal*. Except as otherwise provided for in this contract, the Contractor *shall* not dispose of *Contractor inventory* until authorized to do so by the *Plant Clearance Officer* or authorizing official.

(1) Predisposal requirements.

(i) If the Contractor determines that the *property* has the potential to fulfill requirements under

other contracts, the Contractor, in consultation with the *Property Administrator*, *shall* request that the *Contracting Officer* transfer the *property* to the contract in question, or *provide* authorization for use, as appropriate. In lieu of transferring the *property*, the *Contracting Officer may* authorize the Contractor to credit the costs of *Contractor-acquired property* (*material* only) to the losing contract, and debit the gaining contract with the corresponding cost, when such *material* is needed for use on another contract. *Property* no longer needed *shall* be considered *contractor inventory*.

(ii) For any remaining *Contractor-acquired property*, the Contractor *may* purchase the *property* at the *unit acquisition cost* if desired or make reasonable efforts to return unused *property* to the appropriate supplier at fair market value (less, if applicable, a reasonable restocking fee that is consistent with the supplier's customary practices.)

(2) *Inventory disposal schedules*.

(i) Absent separate contract terms and conditions for *property* disposition, and provided the *property* was not reutilized, transferred, or otherwise disposed of, the Contractor, as directed by the *Plant Clearance Officer* or authorizing official, *shall* use Standard Form 1428, Inventory Disposal Schedule or electronic equivalent, to identify and report-

(A) *Government-furnished property* that is no longer required for performance of this contract;

(B) *Contractor-acquired property*, to which the Government has obtained title under paragraph (e) of this clause, which is no longer required for performance of that contract; and

(C) *Termination inventory*.

(ii) The Contractor *may* annotate inventory disposal schedules to identify *property* the Contractor wishes to purchase from the Government, in the event that the *property* is offered for sale.

(iii) Separate inventory disposal schedules are required for aircraft in any condition, flight safety critical aircraft parts, and other items as directed by the *Plant Clearance Officer*.

(iv) The Contractor *shall provide* the information required by FAR 52.245-1(f)(1)(iii) along with the following:

(A) Any additional information that *may* facilitate understanding of the *property*'s intended use.

(B) For work-in-progress, the estimated percentage of completion.

(C) For *precious metals* in raw or bulk form, the type of metal and estimated weight.

(D) For hazardous *material* or *property* contaminated with hazardous *material*, the type of hazardous *material*.

(E) For metals in mill product form, the form, shape, treatment, hardness, temper, specification (commercial or Government) and dimensions (thickness, width and length).

(v) *Property* with the same description, condition code, and reporting location *may* be grouped in a single *line item*.

(vi) *Scrap should* be reported by "lot" along with metal content, estimated weight and estimated

value.

(3) *Submission requirements*.

(i) The Contractor *shall* submit inventory disposal schedules to the *Plant Clearance Officer* no later than-

(A) 30 days following the Contractor's determination that a *property* item is no longer required for performance of this contract;

(B) 60 days, or such longer period as *may* be approved by the *Plant Clearance Officer*, following completion of contract deliveries or performance; or

(C) 120 days, or such longer period as *may* be approved by the Termination *Contracting Officer*, following contract termination in whole or in part.

(ii) Unless the *Plant Clearance Officer* determines otherwise, the Contractor need not identify or report *production scrap* on inventory disposal schedules, and *may* process and dispose of *production scrap* in accordance with its own internal *scrap* procedures. The processing and disposal of other types of Government-owned *scrap* will be conducted in accordance with the terms and conditions of the contract or *Plant Clearance Officer* direction, as appropriate.

(4) *Corrections*. The *Plant Clearance Officer may*-

(i) Reject a schedule for cause (*e.g.*, contains errors, determined to be inaccurate); and

(ii) Require the Contractor to correct an inventory disposal schedule.

(5) *Postsubmission adjustments*. The Contractor *shall* notify the *Plant Clearance Officer* at least 10 working days in advance of its intent to remove an item from an approved inventory disposal schedule. Upon approval of the *Plant Clearance Officer*, or upon expiration of the notice period, the Contractor *may* make the necessary adjustments to the inventory schedule.

(6) *Storage*.

(i) The Contractor *shall* store the *property* identified on an inventory disposal schedule pending receipt of disposal instructions. The Government's failure to furnish disposal instructions within 120 days following acceptance of an inventory disposal schedule *may* entitle the Contractor to an equitable adjustment for costs incurred to store such *property* on or after the 121 st *day*.

(ii) The Contractor *shall* obtain the *Plant Clearance Officer*'s approval to remove *property* from the premises where the *property* is currently located prior to receipt of final disposition instructions. If approval is granted, any costs incurred by the Contractor to transport or store the *property shall* not increase the price or fee of any Government contract. The storage area *shall* be appropriate for assuring the *property*'s physical safety and suitability for use. Approval does not relieve the Contractor of any liability for such *property* under this contract.

(7) Disposition instructions.

(i) The Contractor *shall* prepare for *shipment*, deliver *f.o.b. origin*, or dispose of *Contractor inventory* as directed by the *Plant Clearance Officer*. Unless otherwise directed by the *Contracting Officer* or

by the *Plant Clearance Officer*, the Contractor *shall* remove and destroy any markings identifying the *property* as U.S. Government-owned *property* prior to its disposal.

(ii) The *Contracting Officer may* require the Contractor to demilitarize the *property* prior to *shipment* or disposal. In such cases, the Contractor *may* be entitled to an equitable adjustment under paragraph (i) of this clause.

(8) *Disposal proceeds*. As directed by the *Contracting Officer*, the Contractor *shall* credit the net proceeds from the disposal of *Contractor inventory* to the contract, or to the Treasury of the *United States* as miscellaneous receipts.

(9) *Subcontractor inventory disposal schedules*. The Contractor *shall* require its Subcontractors to submit inventory disposal schedules to the Contractor in accordance with the requirements of paragraph (j)(3) of this clause.

(k) *Abandonment of Government property.*

(1) The Government *shall* not abandon *sensitive property* or *termination inventory* without the Contractor's written consent.

(2) The Government, upon notice to the Contractor, *may* abandon any nonsensitive *property* in place, at which time all obligations of the Government regarding such *property shall* cease.

(3) Absent contract terms and conditions to the contrary, the Government *may* abandon parts removed and replaced from *property* as a result of normal maintenance actions, or removed from *property* as a result of the repair, maintenance, overhaul, or modification process.

(4) The Government has no obligation to restore or rehabilitate the Contractor's premises under any circumstances; however, if *Government-furnished property* is withdrawn or is unsuitable for the intended use, or if other *Government property* is substituted, then the equitable adjustment under paragraph (i) of this clause *may* properly include restoration or rehabilitation costs.

(l) *Communication*. All communications under this clause *shall* be *in writing*.

(m) *Contracts outside the United States.* If this contract is to be performed outside of the *United States* and its *outlying areas*, the words "Government" and "Government-furnished" (wherever they appear in this clause) *shall* be construed as "*United States* Government" and "*United States* Government-furnished," respectively.

(End of clause)

Alternate I (Apr 2012). As prescribed in 45.107 (a)(2), substitute the following for paragraph (h)(1) of the basic clause:

(h)(1) The Contractor assumes the risk of, and *shall* be responsible for, any *loss of Government property* upon its delivery to the Contractor as *Government-furnished property*. However, the Contractor is not responsible for reasonable wear and tear to *Government property* or for *Government property* properly consumed in performing this contract.

Alternate II (Apr 2012). As prescribed in 45.107 (a)(3), substitute the following for paragraph (e)(3) of the basic clause:

(e)(3) Title to *property* (and other tangible *personal property*) purchased with funds available for research and having a *unit acquisition cost* of less than $5,000 *shall* vest in the Contractor upon *acquisition* or as soon thereafter as feasible; provided that the Contractor obtained the *Contracting Officer*'s approval before each *acquisition*. Title to *property* purchased with funds available for research and having a *unit acquisition cost* of $5,000 or more *shall* vest as set forth in this contract. If title to *property* vests in the Contractor under this paragraph, the Contractor agrees that no costs *shall* be allowed for any *depreciation*, amortization, or use under any existing or future Government contract or subcontract thereunder. The Contractor *shall* furnish the *Contracting Officer* a list of all *property* to which title is vested in the Contractor under this paragraph within 10 days following the end of the calendar quarter during which it was received. Vesting title under this paragraph is subject to civil rights legislation, 42 U.S.C. 2000d. Before title is vested and by signing this contract, the Contractor accepts and agrees that-

"No person in the *United States* or its *outlying areas shall*, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this contemplated financial assistance (title to *property*)."

Parent topic: 52.245 [Reserved]