

U.S. Government Property In Possession of Seller

The Federal Acquisition Regulation (“FAR”) clauses listed below shall apply to the Purchase Order as required by the terms of the U.S. Government prime contract. The effective version of each FAR clause, including the applicable Alternate clauses flowing to the Purchase Order, shall be the same version as that which appears in Buyer’s prime contract, or higher-tier subcontract under which this Purchase Order is a subcontract. The requirements set forth in this document shall not be construed to limit or relieve Seller of any of its obligations, including additional Federal Acquisition Regulation (“FAR”) or other the U.S. Government (“Government”) property clauses, incorporated in the Purchase Order.

Buyer furnished material not consumed in the period of performance of this Contract shall be handled in accordance with the following flow down clauses cited in YULISTA ADDITIONAL TERMS AND CONDITIONS FOR GOVERNMENT ORDERS (MAY-2021) referenced on this purchase order:

FAR 52.245-1	Government Property
DFARS 252.245-7001	Tagging, Labeling, and Marking of Government-Furnished Property
DFARS 252.245-7002	Reporting Loss of Government Property
DFARS 252.245-7003	Contractor Property Management System Administration
DFARS 252.245-7004	Reporting, Reutilization, and Disposal

The full text of a FAR provision or clause may be accessed electronically at these addresses: <http://farsite.hill.af.mil/> or <https://www.acquisition.gov/far/>.

In all clauses listed herein, terms shall be revised to suitably identify the party to establish Seller’s obligations to Buyer and to the Government, and to enable Buyer to meet its obligations under the prime contract. Without limiting the generality of the foregoing, and except where further clarified or modified below, the term “Government” and equivalent phrases shall mean “Buyer”, the term “Contracting Officer” shall mean “Buyer’s Purchasing Representative”, the term “Contractor” or “Offeror” shall mean “Seller”, “Subcontractor” shall mean “Seller’s Subcontractor” under this Purchase Order, and the term “Contract” shall mean this “Purchase Order”.

Seller shall incorporate into each lower tier contract issued in support of this Purchase Order all applicable FAR clauses in accordance with the flow down requirements specified in such clauses when Seller’s Subcontractor will be receiving, fabricating, or acquiring Government Property.

Applicability of the clauses are as follows:

FAR 52.245-1 “Government Property” (Applicable to Purchase Orders issued under non DoD prime contracts containing FAR 52.245-1 without Alternate I and the Purchase Order is either a cost-reimbursement, time and materials, or labor hour type, or is a fixed priced Purchase Order awarded on the basis of submission of certified cost or pricing data (reference FAR 45.104). Under DoD prime contracts containing FAR 52.245-1 without Alternate I, in addition to the Purchase Order types listed at FAR 45.104, the clause is applicable to negotiated fixed-price Purchase Orders awarded on a basis other than submission of certified cost or pricing data. For Government Property issued under Installation Operation Services (FAR 52.245-2), FAR 52.245-1 is included.)

In the event the provisions of a contract from Buyer's customer ("Customer") require that title to Government Property, as that term is defined in 52.245-1 (hereinafter "Property"), acquired by Seller shall vest in either Buyer or Customer, title to such Property shall vest in Buyer or Customer upon acquisition by Seller or Seller's Subcontractors. Title to such Property shall at that time immediately and directly pass to Buyer or Customer so that title shall not at any time vest in Seller or Seller's Subcontractors.

Seller shall establish and maintain a system to ensure the adequate control and protection of the Property in accordance with 52.245-1. The party liable for loss, theft, damage or destruction of or to Government Property shall be in accordance with FAR 52.245-1 or the FAR 52.245-1 Alternate clause applicable to the Purchase Order.

The Seller shall establish (and provide documentation upon request) a system that will be used to control Property according to all the requirements in FAR 52.245-1 and this Purchase Order.

Seller shall, commencing with its receipt and during its custody or use of any furnished Property, accomplish not less than the following, at no additional cost.

- a. examine Property upon receipt to detect damage in transit;
- b. when receiving Property from Buyer or Customer, verify the contents of the Property shipment against the packing sheet as to the completeness and content, and return a signed copy promptly to Buyer. If no discrepancy is reported within five (5) working days of such receipt from Buyer or Customer, Property shall be deemed to have been received in acceptable condition as listed and described on the accompanying packing sheet. If after receipt and installation of such Property Seller determines that the Property is in a condition not suitable for use, Seller shall promptly notify Buyer, in writing, so Buyer can determine further course of action;
- c. unless otherwise specified, perform functional testing prior to further processing or installation to determine satisfactory operation. If Property is not suitable for use, Seller shall promptly notify Buyer, in writing;
- d. establish and maintain records as required by FAR 52.245-1(f)(1)(iii) and this Purchase Order, and make such records available for review upon Buyer's request;
- e. provide the necessary precautions to guard against damage from handling, deterioration during storage, and loss;
- f. perform periodic inspection to assure adequacy of storage conditions; and
- g. utilize, consume, move, and store Property only as authorized in accordance with FAR 52.245-1 and this Purchase Order, and ensure Property is used only for performing this Purchase Order, unless otherwise provided in this Purchase Order or approved in writing by Buyer.

Seller shall at no additional cost perform a physical inventory, at no less than a biennial basis, or per the direction of Buyer, of all Property in the possession of Seller. Physical inventories of Sensitive Property, as that term is defined in 52.245-1, shall be performed as frequently as necessary in accordance with ASTM standards, but not to exceed once per year. Within sixty (60) days after the completion of each inventory, Seller shall report the results, including all Property located at the facilities of any of Seller's subcontractors at any tier, and shall certify to Buyer the accuracy and completeness of such physical inventory. Seller shall assist Buyer, at no additional cost in resolving all discrepancies related to Seller, Seller's lower-tier subcontractors, or Buyer's inventory accounting.

Seller shall not make any modifications or alterations to Property, unless they are:

- a. reasonable and necessary due to the scope of work under the applicable Purchase Order or its terms and conditions;
- b. required for normal maintenance; or
- c. otherwise authorized in writing by Buyer.

Any modification or alteration made by Seller that is not authorized, is the sole responsibility of Seller and is accomplished at Seller's expense. If modifications have been authorized by Buyer, Seller shall provide Buyer with the applicable modification detail to include:

- a. new part number;
- b. original part number before modification occurred;
- c. cost of modification;
- d. engineering order, drawing revision or other engineering authorization number (as applicable);
- e. update applicable Seller drawings;
- f. any additional record information pertinent to the modification.

The Seller shall not cannibalize Property unless specifically authorized in this Purchase Order, or otherwise authorized in writing by Buyer.

Seller agrees, at no additional cost, to store and maintain in serviceable condition, including the performance of calibration and preventative maintenance, all Property in possession of Seller or Seller's lower-tier subcontractors during the performance of this Purchase Order, and until receipt and completion of disposition instructions.

Seller shall have, at no additional cost, a process to create and provide copies of audits and self-assessments, corrective actions, and other Property related reports as requested by Buyer.

Seller will promptly report Property as excess to Buyer when no future requirements exist.

Immediately upon termination or completion of this Purchase Order, Seller shall perform a physical inventory, and, if Property is applicable to such terminated or completed Purchase Order, shall cause its lower-tier subcontractors, at no additional cost, and the following shall apply:

- a. Buyer will coordinate the disposition of Property with Customer on behalf of Seller. Scrap and excess Property is subject to disposition instructions provided by Buyer or Customer.
- b. Seller shall execute Buyer's or Customer's disposition instructions for Property deemed to be excess or scrap and return evidence of said disposition to Buyer. All Property return shipments, including related packing and crating tasks, require advance notification, coordination and negotiation with Buyer. Shipment of Property to be returned to Buyer is at no additional cost, unless agreed otherwise in writing by Buyer and Seller.

FAR 252.211-7007 "Reporting of Government-Furnished Property" (Applicable to Purchase Orders when FAR Clause 52.245-1 is contained in the prime contract and Seller is in possession of Government Property). Seller will comply with paragraph (d) of this clause by providing Buyer a Microsoft Excel report containing the data elements required in paragraph (d) when in possession of Government-furnished property.)