3.041 PROPERTY (APR 2000)

(a) Recipients may purchase real property or equipment in whole or in part with federal funds or, in whole or in part with Recipient funding under an award only with the prior approval of the Grants Officer (except that additional approval is not required for such items included in the proposed/negotiated budget at the time of award). If the Recipient purchases real property (other than land) or equipment with their own funding, and designates the real property or equipment as recipient cost share, the Government will have a financial interest in the real property or equipment. The financial interest of the Government is determined by the Federal participation in the project.

(b) Equipment is defined as tangible nonexpendable personal property charged directly to the award having a useful life of more than one year and an acquisition cost of $5,000.00 or more per unit.

(c) Title to all real property or equipment purchased by the Recipient with federal funds under this Agreement will vest with the Government throughout the Agreement. The Government may elect to transfer title to all (or some) of the real property or equipment to the Recipient at the end of the Agreement, if the Recipient's performance is satisfactory, and subject to compliance with the criteria listed below in subparagraphs (c)(1), (c)(2), and (c)(3).

(1) Use the real property or equipment for the authorized purposes of the project until funding for the project ceases, or until the property is no longer needed for the purposes of the project.

(2) Not encumber the property without approval of the Agreements Officer.

(3) Use and dispose of the property in accordance with paragraphs (e), (f) and (g) of this article.

(d) Title to all real property or equipment purchased by the Recipient with Recipient funds and designated as Recipient cost share under this Agreement, will vest with the Recipient subject to subparagraphs (c)(1), (c)(2), and (c)(3) above. As stated in paragraph (a) above, the Government will have a financial interest in the real property or equipment. The Government may relinquish all financial interest in the Recipient-purchased equipment at the end of the Agreement, provided the Recipient's performance is satisfactory, and the recipient provides:

Guaranteed, ongoing responsiveness to DoD requirements for products and services that require use of the equipment. If the Recipient's performance is not satisfactory, the provisions listed above in paragraph (c)(1) through (c)(3) will apply.

(e) During the time the real property or equipment is used on this program, the Recipient shall make it available for use on other projects or programs, if such other use will not interfere with the work on this program. Use of the real property or equipment on other projects will be in the following order of priority:

(1) Activities sponsored by DoD Components' grants, cooperative agreements, or other assistance awards;

(2) Activities sponsored by other Federal agencies' grants, cooperative agreements, or other assistance awards;

(3) Activities under Federal procurement contracts.

(4) Activities not sponsored by any Federal agency. If so used, mutually agreed-to use charges shall be assessed to those activities. For real property or equipment, the use charges shall be at rates equivalent to those for which comparable real property or equipment may be leased. The use charges shall be treated as program income.

(f) After Federal funding for the project ceases, or when the real property or equipment is no longer needed for the purposes of the project, the Recipient may use the real property or equipment for other projects, insofar as:

(1) There are Federally sponsored projects for which the real property or equipment may be used. If the only use for the real property or equipment is for projects that have no Federal sponsorship, the recipient shall proceed with disposition of the real property or equipment, in accordance with paragraph (g) of this section.

(2) The Recipient obtains written approval from the Agreements Officer to do so. The Agreements Officer shall ensure that there is a formal change of accountability for the real property or equipment to a currently funded, Federal award.

(3) The Recipient's use of the real property or equipment for other projects is in the same order of priority as described in paragraph (e) of this section.

(g) Disposition. When an item of real property or equipment is no longer needed for Federally sponsored projects, the Recipient shall proceed as follows:

(1) If the property that is no longer needed is equipment (rather than real property), the Recipient may wish to replace it with an item that is needed currently for the project. In that case, the Recipient may use the original equipment as trade-in or sell it and use the proceeds to offset the costs of the replacement equipment, subject to the approval of the Agreements Officer.

(2) The Recipient may elect to retain title, without further obligation to the Federal Government, by compensating the Federal Government for that percentage of the current fair market value of the real property or equipment that is attributable to the Federal participation in the project, or

(3) The Recipient may have an opportunity to retain title to the equipment provided the Government agrees to an exchange for financial resources, technical support, and/or deliverables that are of commensurate value to the Government. Examples include, but are not limited to the following:

- Direct purchase of the equipment by the Recipient, with the terms and process for pricing the purchase established.
- Ongoing maintenance and insurance of the equipment.
- Guaranteed, continued government access to the equipment.
- Guaranteed, ongoing responsiveness to DoD requirements for products and services that require use of the equipment.
- Periodic reporting and data relating to the contractor's production capabilities and continued economic viability.

- **Upon completion of the technical effort, the Title III project may be transitioned into a principally business-focused phase (no-cost monitoring phase) for the remaining accounting life of the equipment. If this alternative is pursued, Title III may choose to conduct periodic reviews with the Recipient to assess and ensure that they remain responsive to the continuing and evolving needs of the DOD community. Upon successful completion of this business-focused phase, (typically one to five years), the government may elect to transfer title of the equipment to the Recipient.**

(4) If the Recipient does not elect to retain title to real property or equipment (see paragraph (g)(2) of this section), or request approval to use equipment as trade-in or offset for replacement equipment (see paragraph (g)(1) of his section), the Recipient shall request disposition instructions from the Agreements Officer.