

Z - Canadian Commercial Corporation

Remarks: Use the following clause in contracts when shipment is FOB Plant and U.S. Government Bills of lading are to be used.

Z0001C (10/12/01) U.S. Government Bills of Lading

1. Shipments under this Contract are to be made on U.S. Government bill of lading. The Contractor is to apply for U.S. Government bills of lading directly to:

Transportation Office
Defense Contract Management Americas (DCMA)(Canada)
200 - 275 Bank Street
Ottawa, Ontario K2P 2L6

at least ten (10) working days in advance of its proposed shipping date, using form DD 1659, Application for U.S. Government Shipping Document/Instructions.

2. When distributing the signed copies of U.S. Government bills of lading, a copy of the relevant DD 250, Material Inspection and Receiving Report, DD 1149, Requisition and Invoice/Shipping Document or packing list must be attached to the memorandum copy of the U.S. Government bill of lading forwarded to the Transportation Office, DCMA (Canada), Ottawa.
3. Signed U.S. Government bills of lading are negotiable documents; if not used, they must be returned to the Transportation Office named above. Form DD 1659 can be obtained from DCMA (Canada), (telephone (613-992-9020)).

Z0001C (01/04/92) U.S. Government Bills of Lading

Effective 10/12/01, this clause is superseded by Z0001C.

Remarks: The contracting officer shall insert in solicitations and contracts the clause at FAR 52.247-32, FOB Origin, Freight Prepaid, when the delivery term is FOB origin, freight prepaid.

Z0002C (01/04/92) FOB Origin, Freight Prepaid

(a) Explanation of delivery term: "FOB origin, freight prepaid" means:

1. Free of expense to the Government, delivered

(i) on board the indicated type of conveyance of the carrier (or of the Government, if specified) at a designated point in the city, county, and province or state from which the shipments will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;

(ii) to, and placed on, the carrier's wharf (at shipside, within reach of the ship's loading tackle, when the shipping point is within a port area having water transportation service) or the carrier's freight station;

(iii) to a U.S./Canadian postal service facility; or

(iv) if stated in the solicitation, to any Government-designated point located within the same commercial zone as the FOB origin point specified in the Contract (commercial

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zones are prescribed by the U.S. Interstate Commerce Commission at 49 CFR 1048); and

2. The cost of transportation, ultimately the Government's obligation, is prepaid by the Contractor to the point specified in the Contract.

(b) Contractor responsibilities. The Contractor's responsibilities are the same as those listed in FAR 47.303-1 (b), except that the Contractor shall prepare Commercial Bills of Lading or other transportation receipts and shall prepay all freight charges to the extent specified in the Contract.

Z0003C (01/04/92) FOB Destination

(a) The term "FOB destination," as used in this clause, means:

1. Free of expense to the U.S. Government, on board the carrier's conveyance, at a specified delivery point where the consignee's facility (plant, warehouse, store, lot, or other location to which shipment can be made) is located; and
2. Supplies shall be delivered to the destination consignee's wharf (if destination is a port city and supplies are for export), warehouse unloading platform, or receiving dock, at the expense of the Contractor. The U.S. Government shall not be liable for any delivery, storage, demurrage, accessorial, or other charges involved before the actual delivery (or "constructive placement" as defined in carrier tariffs) of the supplies to the destination, unless such charges are caused by an act or order of the Government acting in its Contractual capacity. If rail carrier is used, supplies shall be delivered to the specified unloading platform of the consignee. If motor carrier (including "piggyback") is used, supplies shall be delivered to truck tailgate at the unloading platform of the consignee. If the Contractor uses rail carrier or freight forwarder for less than carload shipments, the Contractor shall assure that the carrier will furnish tailgate delivery if transfer to truck is required to complete delivery to consignee.

(b) The Contractor shall:

1. (i) pack and mark the shipment to comply with Contract specifications; or
(ii) in the absence of specifications, prepare the shipment in conformance with carrier requirements;
2. prepare and distribute commercial Bills of Lading;
3. deliver the shipment in good order and conditions to the point of delivery specified in the Contract;
4. be responsible for any loss of and/or damage to the goods occurring before receipt of the shipment by the consignee at the delivery point specified in the Contract;
5. furnish a delivery schedule and designate the mode of delivering carrier; and
6. pay and bear all charges to the specified point of delivery.

Z0004C (10/06/05) Contractor's Facility - FOB Origin

1. The term "FOB origin, Contractor's facility", as used in this clause, means free of expense to the United States (U.S.) Government, delivered on board the indicated type of conveyance of the carrier (or of the U.S. Government, if specified) at the designated facility, on the named street or highway, in the city, county, and province or state from which the shipment will be made.

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2. The Contractor shall:
- (a)
 - (i) pack and mark the shipment to comply with Contract specifications; or
 - (ii) in the absence of specifications, prepare the shipment in conformance with carrier requirements to protect the goods and to ensure assessment of the lowest applicable transportation charge;
 - (b)
 - (i) order specified carrier equipment when requested by the U.S. Government; or
 - (ii) if not specified, order appropriate carrier equipment not in excess of capacity to accommodate shipment;
 - (c) deliver the shipment in good order and condition to the carrier, and load, stow, trim, block, and/or brace carload or truckload shipment (when loaded by the Contractor) on or in the carrier's conveyance as required by carrier rules and regulations;
 - (d) be responsible for any loss of and/or damage to the goods
 - (i) occurring before delivery to the carrier;
 - (ii) resulting from improper packing and marking; or
 - (iii) resulting from improper loading, stowing, trimming, blocking, and/or bracing of the shipment, if loaded by the Contractor on or in the carrier's conveyance;
 - (e) complete the U.S. Government Bill of Lading supplied by the ordering agency Defense Contract Management Americas (DCMA)/Ottawa or, when a U.S. Government Bill of Lading is not supplied, prepare a commercial Bill of Lading or other transportation receipt.

The Bill of Lading shall show:

- (i) a description of the shipment in terms of the governing freight classification or tariff (or U.S. Government rate tender) under which lowest freight rates are applicable;
 - (ii) the seals affixed to the conveyance with their serial numbers or other identification;
 - (iii) lengths and capacities of cars or trucks ordered and furnished;
 - (iv) other pertinent information required to effect prompt delivery to the consignee, including name, delivery address, postal address and code or ZIP code of consignee, routing, etc;
 - (v) special instructions or annotations requested by DCMA/Ottawa for commercial Bills of Lading, e.g., (a) "to be converted to a U.S. Government Bill of Lading", or (b) "this shipment is the property of, and the freight charges paid to the carrier(s) will be reimbursed by, the U.S. Government"; and
 - (vi) the signature of the carrier's agent and the date the shipment is received by the carrier; and
- (f) distribute the copies of the Bill of Lading, or other transportation receipts, as directed by DCMA/Ottawa.

Z0004C (01/04/92) FOB Origin Contractor's Facility

Effective 10/06/05, this clause is superseded by Z0004C.

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Z0005C (01/04/92) FOB Origin

(a) The term "FOB Origin," as used in this clause, means free of expense to the U.S. Government, delivered

1. on board the indicated type of conveyance of the carrier (or of the U.S. Government, if specified) at a designated point in the city from which the shipment will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;
2. to, and placed by, the carrier's wharf (at shipside, within reach of the ship's loading tackle, when the shipping point is within a port area having water transportation service) or the carrier's freight station;
3. to a U.S./Canadian postal service facility; or
4. if stated in the solicitation, to any U.S. Government-designated point located within the same city or commercial zone as the FOB origin point specified in the Contract.

(b) The Contractor shall:

1.
 - (i) pack and mark the shipment to comply with Contract specifications; or
 - (ii) in the absence of specifications, prepare the shipment in conformance with carrier requirements to protect the goods and to ensure assessment of the lowest applicable transportation charges; and
2.
 - (i) order specified carrier equipment when requested by the U.S. Government; or
 - (ii) if not specified, order appropriate carrier equipment not in excess of capacity to accommodate shipment;
3. deliver the shipment in good order and condition to the carrier, and load, stow, trim, block, and/or brace carload or truckload shipment (when loaded by the Contractor) on or in the carrier's conveyance as required by carrier rules and regulations;
4. be responsible for any loss of and/or damage to the goods
 - (i) occurring before delivery to the carrier;
 - (ii) resulting from improper packing and marking; or
 - (iii) resulting from improper loading, stowing, trimming, blocking, and/or bracing of the shipment, if loaded by the Contractor on or in the carrier's conveyance;
5. complete the U.S. Government Bill of Lading which will be supplied by Defence Contract Management Area Operations, Ottawa or, when a U.S. Government Bill of Lading is not supplied, prepare a commercial Bill of Lading or other transportation receipt. The Bill of Lading shall show:
 - (i) a description of the shipment in terms of the governing freight classification or tariff under which lowest freight rates are applicable;
 - (ii) the seals affixed to the conveyance with their serial numbers or other identification;
 - (iii) lengths and capacities of cars or trucks ordered and furnished;
 - (iv) other pertinent information required to effect prompt delivery to the consignee, including name, delivery address, postal address and code or ZIP code of consignee, routing, etc.;

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(v) special instructions or annotations requested by the ordering agency for commercial Bills of Lading, e.g., (A) "to be converted to a U.S. Government Bill of Lading", or (B) "this shipment is the property of, and the freight charges paid to the carrier(s) will be reimbursed by, CCC", and

(vi) the signature of the carrier's agent and the date the shipment is received by the carrier; and

6. distribute the copies of the Bill of Lading, or other transportation receipts, as directed by the ordering agency.

(c) These Contractor responsibilities are specified for performance at the plant or plants at which the supplies are to be finally inspected and accepted, unless the facilities for shipment by carrier's equipment are not available at the Contractor's plant, in which case the responsibilities shall be performed FOB the point or points in the same or nearest city where the specified carrier's facilities are available.

Z0006C (01/04/92) FOB Origin, Freight Allowed

(a) The term "FOB origin, freight allowed," as used in this clause, means:

1. free of expense to the U.S. Government, delivered:

(i) on board the indicated type of conveyance of the carrier (or of the U.S. Government, if specified) at a designated point in the city, county, and province or state from which the shipment will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;

(ii) to, and placed on, the carrier's wharf (at shipside within reach of the ship's loading tackle when the shipping point is within a port area having water transportation service) or the carrier's freight station;

(iii) to a U.S./Canadian postal service facility; or

(iv) if stated in the solicitation, to any Government-designated point located within the same city or commercial zone as the FOB origin point specified in the Contract (commercial zones are prescribed by the U.S. Interstate Commerce Commission at 49 CFR 1048); and

2. an allowance for freight based on applicable published tariff rates (or Government rate tenders) between the points specified in the Contract, is deducted from the Contract Price.

(b) The Contractor shall:

1. (i) pack and mark the shipment to comply with Contract specifications; or

(ii) in the absence of specifications, prepare the shipment in conformance with carrier requirements to protect the goods and to ensure assessment of the lowest applicable transportation charge;

2. (i) order specified carrier equipment when requested by the U.S. Government; or

(ii) if not specified, order appropriate carrier equipment not in excess of capacity to accommodate shipment;

3. deliver the shipment in good order and condition to the carrier, and load, stow, trim, block, and/or brace carload or truckload shipment (when loaded by the Contractor) on or in the carrier's conveyance as required by carrier rules and regulations;

4. be responsible for any loss of and/or damage to the goods

(i) occurring before delivery to the carrier;

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(ii) resulting from improper packing and marking; or

(iii) resulting from improper loading, stowing, trimming, blocking, and/or bracing of the shipment if loaded by the Contractor on or in the carrier's conveyance;

5. complete the U.S. Government Bill of Lading supplied by the ordering agency, or when a U.S. Government Bill of Lading is not supplied, prepare a commercial Bill of Lading or other transportation receipt. The Bill of Lading shall show:

(i) a description of the shipment in terms of governing freight classification or tariff (or U.S. Government rate tender) under which lowest freight rates are applicable;

(ii) the seals affixed to the conveyance with their serial numbers or other identification;

(iii) lengths and capacities of cars or trucks ordered and furnished;

(iv) other pertinent information required to effect prompt delivery to the consignee, including name, delivery address, postal address and code or ZIP code of consignee, routing, etc.;

(v) special instructions or annotations requested by the ordering agency for commercial Bills of Lading, e.g. (A) "to be converted to a U.S. Government Bill of Lading", or (B) "this shipment is the property of, and the freight charges paid to the carrier(s) will be reimbursed by, CCC"; and

(vi) the signature of the carrier's agent and the date the shipment is received by the carrier; and

6. distribute the copies of the Bill of Lading, or other transportation receipts, as directed by the ordering agency.

(c) These Contractor responsibilities are specified for performance at the plant or plants at which the supplies are to be finally inspected and accepted, unless the facilities for shipment by carrier's equipment are not available at the Contractor's plant, in which case the responsibilities shall be performed FOB the point or points in the same or nearest city where the specified carrier's facilities are available subject, however, to the following qualifications:

1. If the Contractor's shipping plant is located in the State of Alaska or Hawaii, the Contractor shall deliver the supplies listed for shipment outside Alaska or Hawaii to the port of loading in Alaska or Hawaii, respectively, as specified in the Contract, at Contractor's expense, and to that extent the Contract shall be "FOB destination."

2. Notwithstanding subparagraph (c) 1. of this clause, if the Contractor's shipping plant is located in the State of Hawaii, and the Contract requires delivery to be made by container service, the Contractor shall deliver the supplies, at Contractor's expense, to the container yard in the same or nearest city where seavan container service is available.

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in all Canadian Commercial Corporation contracts.

Z0200C (23/11/98) Administration of Contract

The _____ (*Insert name of Department of Public Works and Government Services group or branch issuing the Contract*) is responsible for the management of this Contract and any changes to the Contract must be authorized by a written contract amendment issued by that office. The Contractor shall not perform work in excess of or outside the scope of this Contract based on verbal or written requests or instructions from any person, except for such a written contract amendment.

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Z0200C (01/04/92) Administration of Contract

Effective 23/11/98, this clause is superseded by Z0200C.

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts if called for in the U.S. contract. Enter form numbers as applicable.

Z0400C (01/04/92) Preservation/Packaging/Packing/Marking

Preservation, packaging, packing and marking shall be in accordance with forms _____.

Z0401C (01/04/92) Preservation/Packaging/Packing/Marking

The Contractor shall preserve, package and mark the articles and supplies called for herein, the price for which is included in the unit, and total prices of said articles and supplies, in accordance with forms incorporated herein by reference.

Z0402C (01/04/92) Preservation/Packaging/Packing/Marking

Preservation, packaging, packing and marking shall be in accordance with the Contractor's standard domestic commercial practice to ensure safe delivery at destination.

Z0403C (14/05/04) Preservation and Packaging

Preservation and packaging shall be in accordance with and as specified in the MIL-STD-2073 Packaging Requirement Codes.

Z0403C (01/04/92) Preservation and Packaging

Effective 14/05/04, this clause is superseded by Z0403C.

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Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS.

Z0404C (01/04/92) Pieces and Reels

The minimum length of any piece of wire/cable shall be ____ feet. The total length of wire/cable on each reel shall be not less than ____ feet nor more than ____ feet.

Each reel shall be clearly marked with the number and length of pieces of wire/cable thereon. Each piece of wire/cable shall be clearly marked with the length thereof.

Z0600C (01/04/92) Inspection

Effective 30/10/96, this clause is superseded by Z0608C.

Z0601C (01/04/92) Inspection

Effective 30/10/96, this clause is superseded by Z0608C.

Z0602C (01/04/92) Inspection

Effective 30/10/96, this clause is superseded by Z0608C.

Remarks: Use the following clause in production contracts when data is to be provided.

NOTE: As the normal procedures do not apply, the PWGSC Contracting Officer must make necessary arrangements for inspection with the U.S. Contracting Officer named in the U.S. contract, or with the Department of National Defence Quality Assurance Representative if inspection of the data items is to be at source.

Z0603C (10/12/01) Inspection for Data

Prior to proceeding with preparation of drafts of handbooks, drawings, publications or other technical data to be supplied under this Contract, the Contractor shall contact the Canadian Commercial Corporation Contracting Authority in order that appropriate arrangements can be made with the cognizant U.S. agency for specification interpretation and for preliminary inspection of draft copies of such items.

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Z0603C (01/04/92) Inspection for Data

Effective 10/12/01, this clause is superseded by Z0603C.

Remarks: Use the following clause in contracts when the U.S. contract specifies both inspection and acceptance are to be accomplished at destination.

Z0604C (01/04/92) Inspection and Acceptance

Inspection and acceptance will be accomplished at destination by consignee.

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts when the U.S. contract contains the Certificate of Conformance Clause (FAR 52.246-15).

Z0605C (01/04/92) Certificate of Conformance

- a) At the option of the cognizant DND Quality Assurance Representative, the Contractor may be required to deliver the supplies for which the Contract would otherwise require inspection with a Certification of Conformance. This certificate may be used by the U.S. Government as the basis for acceptance of such supplies without performing prior government quality assurance evaluations. The certificate shall be attached to, or included on, all copies of the applicable Material Inspection and Receiving Report, form DD 250. The certificate shall be prepared by the Contractor and shall read as follows:

"I certify that on (insert date) _____, the (insert Contractor's name) _____ furnished the supplies called for by Contract No. _____, via (insert name of Carrier) _____ - (insert Bill of Lading, or Shipping Document Identification) _____ in accordance with all applicable requirements.

I further certify that the supplies or services are of the quality specified and conform in all respects with the Contract requirements, including specifications, drawings, preservation, packaging, marking requirements, and physical item identification (part number), and in the quantity shown on this, or on the attached acceptance document.

Date of Execution _____
Signature _____
Title _____"

- b) Notwithstanding prior U.S. Government acceptance under the provisions of (a) above, and notwithstanding the provisions of any other clause of the Contract, the U.S. Government shall have the right to inspect the supplies upon receipt by the consignee. If there are shortages in quantity or the supplies are not in conformity with the requirements of this Contract, the Contractor shall, at its expense, promptly correct or replace the shortage of or defective supplies, provided that instructions to do so are furnished by the U.S. Government within ninety (90) days from the date such supplies were accepted. However, if this Contract contains a Supply Warranty Clause, such warranty shall prevail in the event of any inconsistency or ambiguity between it and this paragraph b).
- c) One signed copy of form DD 250 and the Certificate of Conformance must be forwarded to Canadian Commercial Corporation together with the invoice.
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Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause when the United States contract invokes DFARS 252.246-7000.

Z0606C (14/05/04) Material Inspection and Receiving Report

1. A United States Department of Defense (U.S. DoD) Form DD250, Material Inspection and Receiving Report, will be prepared and distributed for each shipment made under this Contract in accordance with the U.S. Defense Federal Acquisition Regulations Supplement, Appendix F.
2. To confirm that material has been received, one (1) copy of U.S. DoD Form DD250 must be sent to:
 - (a) Contracting Authority, Public Works and Government Services Canada - for records purposes;
 - (b) Canadian Commercial Corporation - for payment and records purposes;
 - (c) Defense Contract Management Americas - for payment approval and records purposes.
3. Questions regarding preparation and distribution of this form may be addressed to the Quality Assurance Representative assigned to the Contractor's plant.

Z0606C (10/12/01) Material Inspection and Receiving Report

Effective 14/05/04, this clause is superseded by Z0606C.

Z0607C (01/04/92) Inspection of Supplies - Fixed Price

(a) Definition. "Supplies" as used in this clause, includes but is not limited to raw materials, requirements, intermediate assemblies and end products.

(b) The Contractor shall provide and maintain an inspection system acceptable to the Canadian Commercial Corporation (CCC) covering supplies under this Contract and shall tender for acceptance only supplies that have been inspected in accordance with the inspection system and have been found by the Contractor to be in conformity with Contract requirements. As part of the system, the Contractor shall prepare records evidencing all inspections made under the system and the outcome. These records shall be kept complete and made available to CCC during Contract performance and for as long afterwards as the Contract requires. CCC may perform reviews and evaluations as reasonably necessary to ascertain compliance with this paragraph. These reviews and evaluations shall be conducted in a manner that will not unduly delay the Contract Work. The right of review, whether exercised or not, does not relieve the Contractor of its obligations under the Contract.

(c) CCC has the right to inspect and test all supplies called for by the Contract, to the extent practicable, at all places and times, including the period of manufacture, and in any event before acceptance. CCC shall perform inspections and tests in a manner that will not unduly delay the Work. CCC assumes no contractual obligation to perform any inspection or test for the benefit of the Contractor, unless specifically set forth elsewhere in this Contract.

(d) If CCC performs an inspection or a test on the premises of the Contractor or a subContractor, the Contractor shall furnish, and shall require subcontractors to furnish, without additional charge, all reasonable facilities and assistance for the safe and convenient performance of these duties. Except as otherwise provided in the Contract, CCC shall bear the expense of CCC inspections or tests made at other than the Contractor's or subcontractor's premises; provided, that in a case of rejection, CCC shall not be liable for any reduction in the value of inspection or test samples.

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- (e) 1. When supplies are not ready at the time specified by the Contractor for inspection or test, CCC may charge to the Contractor the additional cost of inspection or test.
2. CCC may also charge the Contractor for any additional cost of inspection or test when prior rejection makes reinspection or retest necessary.
- (f) CCC has the right either to reject or to require correction of non-conforming supplies. Supplies are non-conforming when they are defective in material or workmanship or are otherwise not in conformity with Contract requirements. CCC may reject non-conforming supplies with or without disposition instructions.
- (g) The Contractor shall remove supplies rejected or required to be corrected. However, the U.S. Government may require or permit correction in place, promptly after notice, by and at the expense of the Contractor. The Contractor shall not tender for acceptance corrected or rejected supplies without disclosing the former rejection or requirement for correction, and, when required, shall disclose the corrective action taken.
- (h) If the Contractor fails to promptly remove, replace, or correct rejected supplies that are required to be removed or to be replaced or corrected, CCC may either (1) by Contract or otherwise, remove, replace, or correct the supplies and charge the cost to the Contractor, or (2) terminate the Contract for default. Unless the Contractor corrects or replaces the supplies within the delivery schedule, CCC may require their delivery and make an equitable price reduction. Failure to agree to a price reduction shall be a dispute.
- (i) 1. If this Contract provides for the performance of the Canadian Government quality assurance at source, and if requested by the Government, the Contractor shall furnish advance notification of the time
- (i) when Contractor inspection or tests will be performed in accordance with the terms and conditions of the Contract; and
 - (ii) when the supplies will be ready for Government inspection.
2. The Government request shall specify the period and method of the advance notification and the Government representative to whom it shall be furnished. Requests shall not require more than two (2) workdays of advance notification if the Government representative is in residence in the Contractor's plant; no more than seven (7) workdays in other instances.
- (j) The U.S. Government shall accept or reject supplies as promptly as practicable after delivery, unless otherwise provided in the Contract. U.S. Government failure to inspect and accept or reject the supplies shall not relieve the Contractor from responsibility nor impose liability on the U.S. Government, for non-conforming supplies.
- (k) Inspections and tests by the U.S. Government do not relieve the Contractor of responsibility for the defects or other failures to meet Contract requirements discovered before acceptance. Acceptance shall be conclusive, except for latent defects, fraud, gross mistakes amounting to fraud, or as otherwise provided in the Contract.
- (l) If acceptance is not conclusive for any of the reasons in paragraph (k) hereof, CCC, in addition to any other rights and remedies provided by law, or under other provisions of the Contract, shall have the right to require the Contractor (1) at no increase in Contract Price, to correct or replace the defective or nonconforming supplies at the original point of delivery or at the Contractor's plant at CCC's election, and in accordance within a reasonable delivery schedule as may be agreed upon between the Contractor and CCC; provided that CCC may require a reduction in Contract Price if the Contractor fails to meet such delivery schedule, or (2) within a reasonable time after receipt by the Contractor of notice of defects or non-conformance, to repay such portion of the Contract as is equitable under the circumstances if CCC elects not to require correction or replacement. When supplies are returned to the Contractor, the Contractor shall bear the transportation cost from the original point of delivery to the Contractor's plant and return to the original point. If the Contractor fails to perform or act as required in (1) or (2) above and does not cure such failure within a period of ten (10) days (or such longer period as CCC may authorize in writing) after receipt of notice from CCC specifying such failure, CCC shall have the right by Contract or otherwise to replace or correct such supplies and charge to the Contractor the cost occasioned CCC thereby.

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Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause when the incoming foreign United States (U.S.) requisition/contract specifies government inspection at plant (identified as FAR 52.246, MIL-I-45208, MIL-Q-9859, AQAP 110, AQAP 120, AQAP 130, AQAP 131, AQAP 150, and ISO 9001:2000.

Insert the appropriate quality standard as stated in the foreign (U.S.) requisition/contract number into the Canadian Commercial Corporation contract. Insert the name of the city and the National Defence Quality Assurance Region telephone number nearest to the Contractor's address:

| | |
|----------------------------------|-----------------------------------|
| Atlantic - Halifax | (902) 427-7224 or (902) 427-7150 |
| Quebec - Montreal | (514) 732-4410 or (514) 732-4477 |
| Quebec - Quebec City | (418) 694-5998, ext. 5996 |
| National Capital - Ottawa | (819) 994-9102 |
| Ontario - Toronto | (416) 635-4404, ext. 6081 or 6075 |
| Ontario - London | (519) 964-5757 |
| Manitoba/Saskatchewan - Winnipeg | (204) 833-2500, ext. 6574 |
| Alberta - Calgary | (403) 410-2320, ext. 3830 |
| Alberta - Edmonton | (780) 890-6348 |
| Vancouver | (604) 225-2520, ext. 2460 |
| Victoria | (250) 363-5409 |

Z0608C (10/12/04) Quality and Inspection Systems

1. All work shall be subject to Government Quality Assurance performed at the Contractor's or subcontractor's facility by the Department of National Defence (DND) Director of Quality Assurance or its designated Quality Assurance Representative, hereafter referred to as the QAR. Within forty-eight (48) hours of receipt of this Contract, the Contractor shall make arrangements with the QAR who normally services its plant. The name, location and telephone number of the QAR can be obtained from the nearest National Defence Quality Assurance Region: _____ (**Insert name of city**); at _____, (**Insert telephone number**).
2. The Contractor shall comply with the requirements of quality standard: _____.

Z0608C (14/05/04) Quality and Inspection Systems

Effective 10/12/04, this clause is superseded by Z0608C.

Z0615T (13/12/99) Millenium Waranty Clause

This clause is cancelled effective 10/06/05.

Remarks: Use the following clause in fixed price contracts (other than contracts for experimental development, or research work with educational or non-profit institutions where no profit is contemplated).

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NOTE: To be used in conjunction with clause Z0802C (formerly U.S. 5A, Alternate I) or clause Z0803C (formerly U.S. 5A, Alternate II), as applicable.

Z0801C **(01/04/92)** **Government Property**

(a) Government-furnished property.

1. The U.S. Government shall deliver to the Contractor, for use in connection with and under the terms of this Contract, the Government-furnished property described in the Schedule or specifications together with any related data and information that the Contractor may request and is reasonably required for the intended use of the property (hereinafter referred to as "Government-furnished property").

2. The delivery or performance dates for this Contract are based upon the expectation that Government-furnished property suitable for use (except for property furnished "as is") will be delivered to the Contractor at the times stated in the Schedule or, if not so stated, in sufficient time to enable the Contractor to meet the Contract's delivery or performance dates.

3. If Government-furnished property is received by the Contractor in a condition not suitable for the intended use, the Contractor shall, upon receipt of it, notify the Contracting Officer, detailing the facts, and, as directed by the Contracting Officer and at U.S. Government expense, either repair, modify, return, or otherwise dispose of the property. After completing the directed action and upon written request of the Contractor, the Contracting Officer shall make an equitable adjustment as provided in paragraph (h) of this clause.

4. If Government-furnished property is not delivered to the Contractor by the required time, the Contracting Officer shall, upon the Contractor's timely written request, make a determination of the delay, if any, caused the Contractor and shall make an equitable adjustment in accordance with paragraph (h) of this clause.

(b) Changes in Government-furnished property.

1. The Contracting Officer may, by written notice,

(i) decrease the Government-furnished property provided or to be provided under this Contract; or

(ii) substitute other Government-furnished property for the property to be provided by the U.S. Government, or to be acquired by the Contractor for the U.S. Government, under this Contract. The Contractor shall promptly take such action as the Contracting Officer may direct regarding the removal, shipment, or disposal of the property covered by such notice.

2. Upon the Contractor's written request, the Contracting Officer shall make an equitable adjustment to the Contract in accordance with paragraph (h) of this clause, if the U.S. Government has agreed in the Schedule to make Government-furnished property available for performing this Contract and there is any

(i) decrease or substitution of this property pursuant to subparagraph (b)1. above; or

(ii) withdrawal of authority to use this property, if provided under any other Contract or lease.

(c) Title to Government property. (If clause Z0803C is referenced in the procurement document, this paragraph (c) does not apply.)

1. The U.S. Government shall retain title to all Government-furnished property.

2. All Government-furnished property and all property acquired by the Contractor, title to which vests in the U.S. Government under this paragraph (collectively referred to as "Government property"), are subject to the provisions of this clause. However, special tooling accountable to this Contract is subject to the provisions of the Special Tooling clause and is not subject to the provisions of this clause. Title to Government property shall not be affected by its incorporation into or attachment to any property not owned by the U.S. Government, nor shall Government

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property become a fixture or lose its identity as personal property by being attached to any real property.

3. Title to each item of facilities and special test equipment acquired by the Contractor for the Government under this Contract shall pass to and vest in the U.S. Government when its use in performing this Contract commences or when the U.S. Government has paid for it, whichever is earlier, whether or not title previously vested in the U.S. Government.

4. If this Contract contains a provision directing the Contractor to purchase material for which the U.S. Government will reimburse the Contractor as a direct item of cost under this Contract:

(i) title to material purchased from a vendor shall pass to and vest in the Government upon the vendor's delivery of such material; and

(ii) title to all other material shall pass to and vest in the U.S. Government upon

(A) issuance of the material for use in Contract performance;

(B) commencement of processing of the material or its use in Contract performance; or

(C) reimbursement of the cost of the material by the U.S. Government,

whichever occurs first.

(d) Use of Government property. The Government property shall be used only for performing this Contract, unless otherwise provided in this Contract or approved by the Contracting Officer.

(e) Property administration.

1. The Contractor shall be responsible and accountable for all Government property provided under this Contract and shall comply with Federal Acquisition Regulation (FAR) Subpart 45.5, as in effect on the date of this Contract.

2. The Contractor shall establish and maintain a program for the use, maintenance, repair, protection, and preservation of Government property in accordance with sound industrial practice and the applicable provisions of Subpart 45.5 of the FAR.

3. If damage occurs to Government property, the risk of which has been assumed by the U.S. Government under this Contract, the U.S. Government shall replace the items or the Contractor shall make such repairs as the U.S. Government directs. However, if the Contractor cannot effect such repairs within the time required, the Contractor shall dispose of the property as directed by the Contracting Officer. When any property for which the U.S. Government is responsible is replaced or repaired, the Contracting Officer shall make an equitable adjustment in accordance with paragraph (h) of this clause.

4. The Contractor represents that the Contract Price does not include any amount for repairs or replacement for which the U.S. Government is responsible. Repair or replacement of property for which the Contractor is responsible shall be accomplished by the Contractor at its own expense.

(f) Access. The U.S. Government and all its designees shall have access at all reasonable times to the premises in which any Government property is located for the purpose of inspecting the Government property.

(g) Risk of loss. (If clause Z0802C or Z0803C is referenced in the procurement document, this paragraph (g) does not apply.) Unless otherwise provided in this Contract, the Contractor assumes the risk of, and shall be responsible for, any loss or destruction of, or damage to, Government property upon its delivery to the Contractor or upon passage of title to the U.S. Government under paragraph (c) of this clause. However, the Contractor is not responsible for reasonable wear and tear to Government property or for Government property properly consumed in performing this Contract.

(h) Equitable adjustment. When this clause specifies an equitable adjustment, it shall be made to any affected Contract provision in accordance with the procedures of the Changes clause, if any, or any other clause that establishes the procedures for amendment of the Contract. When appropriate, the Contracting Officer may initiate an equitable adjustment in favour of CCC or the U.S. Government. The

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right to an equitable adjustment shall be the Contractor's exclusive remedy. Neither CCC nor the U.S. Government shall be liable to suit for breach of Contract for

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. a decrease in or substitution of Government-furnished property; or
4. failure to repair or replace Government property for which the U.S. Government is responsible.

(i) Final accounting and disposition of Government property. Upon completing this Contract, or at such earlier dates as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of Government property (including any resulting scrap) not consumed in performing this Contract or delivered to the U.S. Government. The Contractor shall prepare for shipment, deliver FOB origin, or dispose of the Government property as may be directed or authorized by the Contracting Officer. The net proceeds of any such disposal shall be credited to the Contract Price or shall be paid to CCC or the U.S. Government as the Contracting Officer directs.

(j) Abandonment and restoration of Contractor's premises. Unless otherwise provided herein, the U.S. Government

1. may abandon any Government property in place, at which time all obligations of the U.S. Government regarding such abandoned property shall cease; and
2. has no obligation to restore or rehabilitate the Contractor's premises under any circumstances (e.g., abandonment, disposition upon completion of need, or upon Contract completion). However, if the Government-furnished property (listed in the Schedule or specifications) is withdrawn or is unsuitable for the intended use, or if other Government property is substituted, then the equitable adjustment under paragraph (h) of this clause may properly include restoration or rehabilitation costs.

(k) Communications. All communications under this clause shall be in writing.

Remarks: As prescribed in FAR 45.106(b)(2), substitute the following paragraph (g) for paragraph (g) of clause Z0801C, under the following conditions:

- i) if the contract is a negotiated fixed-price contract for which prices are not based on adequate price competition, established catalogue or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation, or;
- ii) if the contract is a fixed-price service contract which is performed primarily on a Government installation, provided the contracting officer determines it to be in the best interest of the Government.

NOTE: This clause may only be used in conjunction with clause Z0801C.

Z0802C (01/04/92) Government Property - Alternate I

The following replaces paragraph (g) of clause Z0801C.

(g) Limited risk of loss.

1. The term "Contractor's managerial personnel," as used in this paragraph (g), means the Contractor's directors, officers, and any of the Contractor's managers, superintendents, or equivalent representatives who have supervision or direction of

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- (i) all or substantially all of the Contractor's business;
 - (ii) all or substantially all of the Contractor's operation at any one plant or separate location at which the Contract is being performed; or
 - (iii) a separate and complete major industrial operation connected with performing this Contract.
2. The Contractor shall not be liable for loss or destruction of, or damage to, the Government property provided under this Contract (or, if an educational or nonprofit organization, for expenses incidental to such loss, destruction, or damage), except as provided in subparagraphs 3. and 4. below.
3. The Contractor shall be responsible for loss or destruction of, or damage to, the Government property provided under this Contract (including expenses incidental to such loss, destruction, or damage):
- (i) that results from a risk expressly required to be insured under this Contract, but only to the extent of the insurance required to be purchased and maintained, or to the extent of insurance actually purchased and maintained, whichever is greater;
 - (ii) that results from a risk that is in fact covered by insurance or for which the Contractor is otherwise reimbursed, but only to the extent of such insurance or reimbursement;
 - (iii) for which the Contractor is otherwise responsible under the express terms of this Contract;
 - (iv) that results from wilful misconduct or lack of good faith on the part of the Contractor's managerial personnel; or
 - (v) that results from a failure on the part of the Contractor, due to wilful misconduct or lack of good faith on the part of the Contractor's managerial personnel, to establish and administer a program or system for the control, use, protection, preservation, maintenance, and repair of Government property as required by paragraph (e) of clause Z0801C.
4. (i) If the Contractor fails to act as provided in subdivision (g)3.(v) above, after being notified (by certified mail addressed to one of the Contractor's managerial personnel) of CCC's or the U.S. Government's disapproval, withdrawal of approval, or nonacceptance of the system or program, it shall be conclusively presumed that such failure was due to wilful misconduct or lack of good faith on the part of the Contractor's managerial personnel.
- (ii) In such event, any loss or destruction of, or damage to, the Government property shall be presumed to have resulted from such failure, unless the Contractor can establish by clear and convincing evidence that such loss, destruction, or damage
 - (A) did not result from the Contractor's failure to maintain an approved program or system; or
 - (B) occurred while an approved program or system was maintained by the Contractor.
5. If the Contractor transfers Government property to the possession and control of a subcontractor, the transfer shall not affect the liability of the Contractor for loss or destruction of, or damage to, the property as set forth above. However, the Contractor shall require the subcontractor to assume the risk of, and be responsible for, any loss or destruction of, or damage to, the property while in the subcontractor's possession or control, except to the extent that the subcontract, with the advance approval of the Contracting Officer, relieves the subcontractor from such liability. In the absence of such approval, the subcontract shall contain appropriate provisions requiring the return of all Government property in as good condition as when received, except for reasonable wear and tear or for its use in accordance with the provisions of the prime Contract.
6. Upon loss or destruction of, or damage to, Government property provided under this Contract, the Contractor shall so notify the Contracting Officer and shall communicate with the loss and

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salvage organization, if any, designated by the Contracting Officer. With the assistance of any such organization, the Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of

- (i) the lost, destroyed or damaged Government property;
- (ii) the time and origin of the loss, destruction, or damage;
- (iii) all known interests in commingled property of which the Government property is a part; and
- (iv) the insurance, if any, covering any part of or interest in such commingled property.

7. The Contractor shall repair, renovate, and take such other action with respect to damaged Government property as the Contracting Officer directs. If the Government property is destroyed or damaged beyond practical repair, or is damaged and so commingled or combined with property of others (including the Contractor's) that separation is impractical, the Contractor may, with the approval of and subject to any conditions imposed by the Contracting Officer, sell such property for the account of the Government. Such sales may be made in order to minimize the loss to the Government, to permit the resumption of business, or to accomplish a similar purpose. The Contractor shall be entitled to an equitable adjustment in the Contract Price for the expenditure made in performing the obligations under this subparagraph (g) 7. in accordance with paragraph (h) of clause Z0801C. However, the Government may directly reimburse the loss and salvage organization for any of their charges. The Contracting Officer shall give due regard to the Contractor's liability under this paragraph (g) when making such equitable adjustment.

8. The Contractor represents that it is not including in the price, and agrees it will not hereafter include in any price to CCC, any charge or reserve for insurance (including any self-insurance fund or reserve) covering loss or destruction of, or damage to, Government property, except to the extent that CCC may have expressly required the Contractor to carry such insurance under another provision of this Contract.

9. In the event the Contractor is reimbursed or otherwise compensated for any loss or destruction of, or damage to, Government property, the Contractor shall use the proceeds to repair, renovate, or replace the lost, destroyed, or damaged Government property, or shall otherwise credit the proceeds to equitably reimburse CCC, as directed by the Contracting Officer.

10. The Contractor shall do nothing to prejudice CCC or the U.S. Government's rights to recover against third parties for any loss or destruction of, or damage to, Government property. Upon the request of the Contracting Officer, the Contractor shall, at the expense of CCC or the U.S. Government, furnish to that party all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favour of that party) in obtaining recovery. In addition, where a subcontractor has not been relieved from liability for any loss or destruction of, or damage to, Government property, the Contractor shall enforce for the benefit of CCC or the U.S. Government the liability of the subcontractor for such loss, destruction, or damage.

Remarks: As prescribed in FAR 45.106(b)(3), substitute the following paragraphs (c) and (g) for paragraphs (c) and (g) of clause Z0801C if the contract is for the conduct of basic applied research at non profit institutions of higher education or at nonprofit organizations whose primary purpose is the conduct of scientific research.

NOTE: This clause may only be used in conjunction with clause Z0801C.

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Z0803C **(01/04/92)** **Government Property - Alternate II**

The following replaces paragraphs (c) and (g) of clause Z0801C.

(c) Title to Government property.

1. The U.S. Government shall retain title to all Government- furnished property.
2. All Government-furnished property and all property acquired by the Contractor, title to which vests in the U.S. Government under this paragraph (collectively referred to as "Government property"), are subject to the provisions of this clause. 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.
3. Title to each item of facilities, special test equipment, and special tooling (other than that subject to a special tooling clause) acquired by the Contractor for the U.S. Government under this Contract shall pass to and vest in the U.S. Government when its use in performing this Contract commences, or when the U.S. Government has paid for it, whichever is earlier, whether or not title previously vested in the U.S. Government.
4. Title to equipment (and other tangible personal property) purchased with funds available for research and having an 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 equipment purchased with funds available for research and having an acquisition cost of \$5,000 or more shall vest as set forth in the Contract. If title to equipment vests in the Contractor under this subparagraph (c)4., the Contractor agrees that no charge will be made to CCC or the U.S. Government for any depreciation, amortization, or use under any existing or future Contract or subcontract thereunder. The Contractor shall furnish the Contracting Officer a list of all equipment to which title is vested in the Contractor under this subparagraph (c)4. within ten (10) days following the end of the calendar quarter during which it was received.
5. Vesting title under this paragraph (c) 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 shall, on the ground of race, colour, 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 equipment)."

(g) Limited risk of loss.

1. The term "Contractor's managerial personnel", as used in this paragraph (g), means the Contractor's directors, officers, and any of the Contractor's managers, superintendents, or equivalent representatives who have supervision or direction of:
 - (i) all or substantially all of the Contractor's business;
 - (ii) all or substantially all of the Contractor's operation at any one plant, laboratory, or separate location at which the Contract is being performed; or
 - (iii) a separate and complete major industrial operation connected with performing this Contract.
2. The Contractor shall not be liable for loss or destruction of, or damage to, the Government property provided under this Contract (or, if an educational or nonprofit organization, for expenses incidental to such loss, destruction, or damage), except as provided in subparagraphs 3. and 4. below.
3. The Contractor shall be responsible for loss or destruction of, or damage to, the Government property provided under this Contract (including expenses incidental to such loss, destruction, or damage):
 - (i) that results from a risk expressly required to be insured under this Contract, but only to the extent of the insurance required to be purchased and maintained, or to the extent of insurance actually purchased and maintained, whichever is greater;

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(ii) that results from a risk which is in fact covered by insurance or for which the Contractor is otherwise reimbursed, but only to the extent of such insurance or reimbursement;

(iii) for which the Contractor is otherwise responsible under the express terms of this Contract;

(iv) that results from wilful misconduct or lack of good faith on the part of the Contractor's managerial personnel; or

(v) that results from a failure on the part of the Contractor, due to wilful misconduct or lack of good faith on the part of the Contractor's managerial personnel, to establish and administer a program or system for the control, use, protection, preservation, maintenance, and repair of Government property as required by paragraph (e) of clause Z0801C.

4. (i) If the Contractor fails to act as provided in subdivision (g)3.(v) above, after being notified (by certified mail addressed to one of the Contractor's managerial personnel) of CCC's or the U.S. Government's disapproval, withdrawal of approval, or nonacceptance of the system or program, it shall be conclusively presumed that such failure was due to wilful misconduct or lack of good faith on the part of the Contractor's managerial personnel.

(ii) Furthermore, any loss or destruction of, or damage to, the Government property shall be presumed to have resulted from such failure, unless the Contractor can establish by clear and convincing evidence that such loss, destruction, or damage:

(A) did not result from the Contractor's failure to maintain an approved program or system; or

(B) occurred while an approved program or system was maintained by the Contractor.

5. If the Contractor transfers Government property to the possession and control of a subcontractor, the transfer shall not affect the liability of the Contractor for loss or destruction of, or damage to, the property as set forth above. However, the Contractor shall require the subcontractor to assume the risk of, and be responsible for, any loss or destruction of, or damage to, the property while in the subcontractor's possession or control, except to the extent that the subcontract, with the advance approval of the Contracting Officer, relieves the subcontractor from such liability. In the absence of such approval, the subcontract shall contain appropriate provisions requiring the return of all Government property in as good condition as when received, except for reasonable wear and tear or for its use in accordance with the provisions of the prime Contract.

6. Upon loss or destruction of, or damage to, Government property provided under this Contract, the Contractor shall so notify the Contracting Officer and shall communicate with the loss and salvage organization, if any, designated by the Contracting Officer. With the assistance of any such organization, the Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of:

(i) the lost, destroyed, or damaged Government property;

(ii) the time and origin of the loss, destruction, or damage;

(iii) all known interests in commingled property of which the Government property is a part; and

(iv) the insurance, if any, covering any part of or interest in such commingled property.

7. The Contractor shall repair, renovate, and take such other action with respect to damaged Government property as the Contracting Officer directs. If the Government property is destroyed or damaged beyond practical repair, or is damaged and so commingled or combined with property of others (including the Contractor's) that separation is impractical, the Contractor may, with the approval of and subject to any conditions imposed by the Contracting Officer, sell such

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property for the account of the Government. Such sales may be made in order to minimize the loss to the Government, to permit the resumption of business, or to accomplish a similar purpose. The Contractor shall be entitled to an equitable adjustment in the Contract Price for the expenditures made in performing the obligations under this subparagraph (g)7. in accordance with paragraph (h) of clause Z0801C. However, the Government may directly reimburse the loss and salvage organization for any of their charges. The Contracting Officer shall give due regard to the Contractor's liability under this paragraph (g) when making any such equitable adjustment.

8. The Contractor represents that it is not including in the price, and agrees it will not hereafter include in any price to CCC, any charge or reserve for insurance (including any self-insurance fund or reserve) covering loss or destruction of, or damage to, Government property, except to the extent that CCC may have expressly required the Contractor to carry such insurance under another provision of this Contract.

9. In the event the Contractor is reimbursed or otherwise compensated for any loss or destruction of, or damage to, the Government property, the Contractor shall use the proceeds to repair, renovate, or replace the lost, destroyed, or damaged Government property or shall otherwise credit the proceeds to or equitably reimburse CCC or the Government, as directed by the Contracting Officer.

10. The Contractor shall do nothing to prejudice CCC's or the U.S. Government's rights to recover against third parties for any loss or destruction of, or damage to, Government property. Upon the request of the Contracting Officer, the Contractor shall, at the expense of CCC or the U.S. Government, furnish to that party all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favour of that party) in obtaining recovery. In addition, where a subcontractor has not been relieved from liability for any loss or destruction of, or damage to, Government property, the Contractor shall enforce for the benefit of the Government the liability of the subcontractor for such loss, destruction, or damage.

Remarks: As prescribed in FAR 45.106(c), insert the following clause, in addition to clause Z0801C, Government Property, in solicitations and contracts when a fixed-price construction Contract is contemplated under which the Government is to furnish Government property FOB railway cars at a specified destination or FOB truck at the project site. The Contract Schedule shall specify the point of delivery and may include special terms and conditions covering installation, preparation for operation, or equipment testing by the Government or by another contractor.

Z0804D (01/04/92) Identification/Gov't-furnished Property

(a) The U.S. Government will furnish to the Contractor the property identified in the Schedule to be incorporated or installed into the Work or used in performing the Contract. The listed property will be furnished FOB railway cars at the place specified in the Contract Schedule or FOB truck at the project site. The Contractor is required to accept delivery, pay any demurrage or detention charges, and unload and transport the property to the job site at its own expense. When the property is delivered, the Contractor shall verify its quantity and condition and acknowledge receipt in writing to the Contracting Officer. The Contractor shall also report in writing to the Contracting Officer within twenty-four (24) hours of delivery any damage to or shortage of the property as received. All such property shall be installed or incorporated into the Work at the expense of the Contractor, unless otherwise indicated in this Contract.

(b) Each item of property to be furnished under this clause shall be identified in the Schedule by quantity, item, and description.

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Remarks: As prescribed in FAR 45.106(d), insert the following clause in solicitations and contracts when a fixed-price, time-and-material, or labour-hour contract is contemplated and that the acquisition cost of all Government-furnished property to be involved in the contract is \$50,000 or less; unless a contract with an educational or nonprofit organization is contemplated.

Z0805D (01/04/92) Government-furnished Property

(a) The U.S. Government shall deliver to the Contractor, at the time and locations stated in this Contract, the Government-furnished property described in the Schedule or specifications. If that property, suitable for its intended use, is not delivered to the Contractor, the Contracting Officer shall equitably adjust affected provisions of this Contract in accordance with the Changes clause, if applicable, or the clause that establishes procedures for amending the Contract, when:

1. the Contractor submits a timely written request for an equitable adjustment; and
2. the facts warrant an equitable adjustment.

(b) Title to Government-furnished property shall remain in the U.S. Government. The Contractor shall use the Government-furnished property only in connection with this Contract. The Contractor shall maintain adequate property control records in accordance with sound industrial practice and will make such records available for CCC or U.S. Government inspection at all reasonable times, unless the clause at Federal Acquisition Regulation 52.245-1, Property Records, is included in this Contract.

(c) Upon delivery of Government-furnished property to the Contractor, the Contractor assumes the risk and responsibility for its loss or damage, except:

1. for reasonable wear and tear;
2. to the extent property is consumed in performing this Contract; or
3. as otherwise provided for by the provisions of this Contract.

(d) Upon completing this Contract, the Contractor shall follow the instructions of the Contracting Officer regarding the disposition of all Government-furnished property not consumed in performing this Contract or previously delivered to CCC or the U.S. Government. The Contractor shall prepare for shipment, deliver FOB origin, or dispose of the Government property, as may be directed or authorized by the Contracting Officer. The net proceeds of any such disposal shall be credited to the Contract Price or shall be paid to CCC or the U.S. Government as directed by the Contracting Officer.

Remarks: Use the following clause in cost-reimbursement contracts for supplies and services (except contracts for experimental developmental, or research work with educational or non-profit institutions, where no profit to the contractor is contemplated) under which a department is to furnish to a contractor, or a contractor is to acquire U.S. Government property.

NOTE: This clause must be used in conjunction with clause Z0807C and may be used in conjunction with clause Z0808C (formerly U.S. 5B, Alternate I), as applicable.

Z0806C (01/04/92) Government Property

(a) Government-furnished property.

1. The Government shall deliver to the Contractor, for use in connection with and under the terms of this Contract, the Government-furnished property described in the Schedule or specifications, together with such related data and information as the Contractor may request and as may be reasonably required for the intended use of the property (hereinafter referred to as "Government-furnished property").
2. The delivery or performance dates for this Contract are based upon the expectation that Government-furnished property suitable for use will be delivered to the Contractor at the times

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stated in the Schedule or, if not so stated, in sufficient time to enable the Contractor to meet the Contract's delivery or performance dates.

3. If Government-furnished property is received by the Contractor in a condition not suitable for the intended use, the Contractor shall, upon receipt, notify the Contracting Officer, detailing the facts, and, as directed by the Contracting Officer and at U.S. Government expense, either effect repairs or modifications or return or otherwise dispose of the property. After completing the directed action and upon written request of the Contractor, the Contracting Officer shall make an equitable adjustment as provided in paragraph (h) of clause Z0807C.

4. If Government-furnished property is not delivered to the Contractor by the required time or times, the Contracting Officer shall, upon the Contractor's timely written request, make a determination of the delay, if any, caused the Contractor and shall make an equitable adjustment in accordance with paragraph (h) of clause Z0807C.

(b) Changes in Government-furnished property.

1. The Contracting Officer may, by written notice,

(i) decrease the Government-furnished property provided or to be provided under this Contract; or

(ii) substitute other Government-furnished property for the property to be provided by the U.S. Government or to be acquired by the Contractor for the U.S. Government under this Contract. The Contractor shall promptly take such action as the Contracting Officer may direct regarding the removal, shipment, or disposal of the property covered by this notice.

2. Upon the Contractor's written request, the Contracting Officer shall make an equitable adjustment to the Contract in accordance with paragraph (h) of clause Z0807C, if the U.S. Government has agreed in the Schedule to make such property available for performing this Contract and there is any:

(i) decrease or substitution of this property pursuant to subparagraph (b)1. above; or

(ii) withdrawal of authority to use property, if provided under any other Contract or lease.

(c) Title. (If clause Z0808C is referenced in the procurement document, this paragraph (c) does not apply.)

1. The U.S. Government shall retain title to all Government- furnished property.

2. 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 U.S. Government upon the vendor's delivery of such property.

3. Title to all other property, the cost of which is reimbursable to the Contractor, shall pass to and vest in the U.S. Government upon:

(i) issuance of the property for use in Contract performance;

(ii) commencement of processing of the property or use in Contract performance; or

(iii) reimbursement of the cost of the property by CCC or the U.S. Government,

whichever occurs first.

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

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(d) Use of Government property. The Government property shall be used only for performing this Contract, unless otherwise provided in this Contract or approved by the Contracting Officer.

(e) Property administration.

1. The Contractor shall be responsible and accountable for all Government property provided under the Contract and shall comply with Federal Acquisition Regulation (FAR) Subpart 45.5, as in effect on the date of this Contract.
2. The Contractor shall establish and maintain a program for the use, maintenance, repair, protection, and preservation of Government property in accordance with sound business practice and the applicable provisions of FAR Subpart 45.5.
3. If damage occurs to Government property, the risk of which has been assumed by the U.S. Government under this Contract, the U.S. Government shall replace the items or the Contractor shall make such repairs as CCC or the U.S. Government directs. However, if the Contractor cannot effect such repairs within the time required, the Contractor shall dispose of the property as directed by the Contracting Officer. When any property for which the U.S. Government is responsible is replaced or repaired, the Contracting Officer shall make an equitable adjustment in accordance with paragraph (h) of clause Z0807C.

(f) Access. The Government and all its designees shall have access at all reasonable times to the premises in which any Government property is located for the purpose of inspecting the Government property.

Remarks: This clause must be used in conjunction with clause Z0806C.

Z0807C (01/04/92) Government Property

(g) Limited risk of loss.

1. The term "Contractor's managerial personnel," as used in this clause, means any of the Contractor's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of:
 - (i) all or substantially all of the Contractor's business;
 - (ii) all or substantially all of the Contractor's operation at any one plant or separate location at which the Contract is being performed; or
 - (iii) a separate and complete major industrial operation connected with performing this Contract.
2. The Contractor shall not be liable for loss or destruction of, or damage to, the Government property provided under this Contract or for expenses incidental to such loss, destruction, or damage, except as provided in subparagraphs 3. and 4. below.
3. The Contractor shall be responsible for loss or destruction of, or damage to, the Government property provided under this Contract (including expenses incidental to such loss, destruction, or damage):
 - (i) that results from a risk expressly required to be insured under this Contract, but only to the extent of the insurance required to be purchased and maintained or to the extent of insurance actually purchased and maintained, whichever is greater;
 - (ii) that results from a risk that is in fact covered by insurance or for which the Contractor is otherwise reimbursed, but only to the extent of such insurance or reimbursement;
 - (iii) for which the Contractor is otherwise responsible under the express terms of this Contract;
 - (iv) that results from wilful misconduct or lack of good faith on the part of the Contractor's managerial personnel; or

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(v) that results from a failure on the part of the Contractor, due to wilful misconduct or lack of good faith on the part of the Contractor's managerial personnel, to establish and administer a program or system for the control, use, protection, preservation, maintenance, and repair of Government property as required by paragraph (e) of clause Z0806C.

4. (i) If the Contractor fails to act as provided by subdivision (g)3.(v) above, after being notified (by certified mail addressed to one of the Contractor's managerial personnel) of CCC's or the U.S. Government's disapproval, withdrawal of approval, or nonacceptance of the system or program, it shall be conclusively presumed that such failure was due to wilful misconduct or lack of good faith on the part of the Contractor's managerial personnel.

(ii) In such event, any loss or destruction of, or damage to, the Government property shall be presumed to have resulted from such failure, unless the Contractor can establish by clear and convincing evidence that such loss, destruction, or damage:

(A) did not result from the Contractor's failure to maintain an approved program or system; or

(B) occurred while an approved program or system was maintained by the Contractor.

5. If the Contractor transfers Government property to the possession and control of a subcontractor, the transfer shall not affect the liability of the Contractor for loss or destruction of, or damage to, the property as set forth above. However, the Contractor shall require the subcontractor to assume the risk of, and be responsible for, any loss or destruction of, or damage to, the property while in the subcontractor's possession or control, except to the extent that the subcontract, with the advance approval of the Contracting Officer, relieves the subcontractor from such liability. In the absence of such approval, the subcontract shall contain appropriate provisions requiring the return of all Government property in as good condition as when received, except for reasonable wear and tear or for its use in accordance with the provisions of the prime Contract.

6. Upon loss or destruction of, or damage to, Government property provided under this Contract, the Contractor shall so notify the Contracting Officer and shall communicate with the loss and salvage organization, if any, designated by the Contracting Officer. With the assistance of any such organization, the Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of:

(i) the lost, destroyed, or damaged Government property;

(ii) the time and origin of the loss, destruction, or damage;

(iii) all known interests in commingled property of which the Government property is a part; and

(iv) the insurance, if any, covering any part of or interest in such commingled property.

7. The Contractor shall repair, renovate, and take such other action with respect to damaged Government property as the Contracting Officer directs. If the Government property is destroyed or damaged beyond practical repair, or is damaged and so commingled or combined with property of others (including the Contractor's) that separation is impractical, the Contractor may, with the approval of and subject to any conditions imposed by the Contracting Officer, sell such property for the account of CCC or the U.S. Government. Such sales may be made in order to minimize the loss to the U.S. Government, to permit the resumption of business, or to accomplish a similar purpose. The Contractor shall be entitled to an equitable adjustment in the Contract Price for the expenditures made in performing the obligations under this subparagraph (g)7. in accordance with paragraph (h) of this clause. However, the U.S. Government may directly reimburse the loss and salvage organization for any of their charges. The Contracting Officer shall give due regard to the Contractor's liability under this paragraph (g) when making any such equitable adjustment.

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8. The Contractor shall not be reimbursed for, and shall not include as an item of overhead, the cost of insurance or of any reserve covering risk of loss or destruction of, or damage to, Government property, except to the extent that CCC may have expressly required the Contractor to carry such insurance under another provision of this Contract.

9. In the event the Contractor is reimbursed or otherwise compensated for any loss or destruction of, or damage to, Government property, the Contractor shall use the proceeds to repair, renovate, or replace the lost, destroyed, or damaged Government property or shall otherwise credit the proceeds to, or equitably reimburse, CCC or the U.S. Government, as directed by the Contracting Officer.

10. The Contractor shall do nothing to prejudice CCC's or the U.S. Government's rights to recover against third parties for any loss or destruction of, or damage to, Government property. Upon the request of the Contracting Officer, the Contractor shall, at CCC's or the U.S. Government's expense, furnish to that party all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favour of that party) in obtaining recovery. In addition, where a subcontractor has not been relieved from liability for any loss or destruction of, or damage to, Government property, the Contractor shall enforce, for the benefit of CCC or the U.S. Government, the liability of the subcontractor for such loss, destruction, or damage.

(h) Equitable adjustment. When this clause specifies an equitable adjustment, it shall be made to any affected Contract provision in accordance with the procedures of the Changes clause, if applicable, or the clause that establishes procedures for amending the Contract. When appropriate, the Contracting Officer may initiate an equitable adjustment in favour of CCC or the U.S. Government. The right to an equitable adjustment shall be the Contractor's exclusive remedy. Neither CCC nor the U.S. Government shall be liable to suit for breach of Contract for:

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. a decrease in or substitution of Government-furnished property; or
4. failure to repair or replace Government property for which the U.S. Government is responsible.

(i) Final accounting and disposition of Government property. Upon completing this Contract, or at such earlier dates as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of Government property not consumed in performing this Contract or delivered to the U.S. Government. The Contractor shall prepare for shipment, deliver FOB origin, or dispose of the Government property as may be directed or authorized by the Contracting Officer. The net proceeds of any such disposal shall be credited to the cost of the Work covered by this Contract or paid to CCC or the U.S. Government as directed by the Contracting Officer. The foregoing provisions shall apply to scrap from Government property; provided, however, that the Contracting Officer may authorize or direct the Contractor to omit from such inventory schedules any scrap consisting of faulty castings or forgings or of cutting and processing waste, such as chips, cuttings, borings, turnings, short ends, circles, trimmings, clippings, and remnants, and to dispose of such scrap in accordance with the Contractor's normal practice and account for it as a part of general overhead or other reimbursable costs in accordance with the Contractor's established accounting procedures.

(j) Abandonment and restoration of Contractor premises. Unless otherwise provided herein, the Government:

1. may abandon any Government property in place, at which time all obligations of the Government regarding such abandoned property shall cease; and
2. has no obligation to restore or rehabilitate the Contractor's premises under any circumstances (e.g., abandonment, disposition upon completion of need, or Contract completion). However, if the Government-furnished property (listed in the Schedule or specifications) is withdrawn or is unsuitable for the intended use, or if other Government property is substituted, then the equitable adjustment under paragraph (h) of this clause may properly include restoration or rehabilitation costs.

(k) Communications. All communications under this clause shall be in writing.

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Remarks: As prescribed in 45.106(f)(2), substitute the following paragraph (c) for paragraph (c) of clause Z0801C in solicitations and contracts when a cost-reimbursement, time-and-material, or labour-hour contract is contemplated, except as provided in clause Z0803C.

NOTE: This clause may only be used in conjunction with clauses Z0806C and Z0807C.

Z0808C (01/04/92) Alternate I

The following replaces paragraph (c) of clause Z0806C.

(c) Title.

1. The U.S. Government shall retain title to all Government- furnished property.
2. All Government-furnished property and all property acquired by the Contractor, title to which vests in the U.S. Government under this paragraph (collectively referred to as "Government property"), are subject to the provisions of this clause. 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.
3. 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 and that, under the provisions of this Contract is to vest in the U.S. Government, shall pass to and vest in the U.S. Government upon the vendor's delivery of such property. Title to all other property, the cost of which is to be reimbursed to the Contractor under this Contract and that under the provisions of this Contract is to vest in the U.S. Government, shall pass to and vest in the U.S. Government upon:
 - (i) issuance of the property for use in Contract performance;
 - (ii) commencement of processing of the property or its use in Contract performance; or
 - (iii) reimbursement of the cost of the property by the U.S. Government,whichever occurs first.
4. Title to equipment (and other tangible personal property) purchased with funds available for research and having an 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 equipment purchased with funds available for research and having an acquisition cost of \$5,000 or more shall vest as set forth in the Contract. If title to equipment vests in the Contractor under this subparagraph (c)(4), the Contractor agrees that no charge will be made to CCC or the U.S. Government for any depreciation, amortization, or use under any existing or future Contract or subcontract thereunder. The Contractor shall furnish the Contracting Officer a list of all equipment to which title is vested in the Contractor under this subparagraph (c)(4) within ten (10) days following the end of the calendar quarter during which it was received.
5. Vesting title under this paragraph (c) 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 shall, on the ground of race, colour, 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 equipment)."

Remarks: Use the following clause in contracts when surplus United States government property is to be disposed of in Canada. Surplus property to be returned to the U.S. will be handled in accordance with instructions provided by the Defense Contract Management Area Operations, Ottawa.

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Z0809C (12/05/00) Disposal of Surplus Government Property

1. United States (U.S.) government property in excess of the Contractor's requirement under this Contract, which is not being returned to the U.S., may be disposed of in Canada by the Canadian Commercial Corporation (CCC) by sale to the Government of Canada, or sold or disposed of through the Crown Assets Distribution Centre (CADC) of the Department of Public Works and Government Services or, in special cases directed to a buyer.
2. Disposal of surplus goods or equipment will be accomplished in the following manner:
 - (a) Upon completion of this Contract, or at such earlier date as may be fixed by CCC, the Contractor shall prepare and submit to the Contracting Officer ten (10) copies of an inventory schedule of all surplus U.S. government property at its plant, classified as new serviceable, used serviceable or repairable, used unserviceable or scrap, and the estimated cost of acquisition.
 - (b) Copies of the inventory schedule will be submitted to CCC for screening by the U.S. government and subsequent disposal instructions. Items to be returned to the U.S. will be packaged and packed for shipment in accordance with instructions issued by CCC.
 - (c) After the property has been accepted for sale by Surplus Crown Assets and subject to the provisions of subsection (b) above, the reports of excess shall not be modified, cancelled subsection or withdrawn except by mutual consent of Surplus Crown Assets or CCC.

DISPOSAL OF SCRAP:

1. Surplus property certified as scrap by the inspector will be disposed of in accordance with the following procedure:
 - (a) Six (6) copies of the certified list will be forwarded to the Contracting Authority of CCC for screening by Canada Customs and Revenue Agency (CCRA), who may conduct a physical check in order that a customs appraisal can be made and entry accepted from the purchaser in accordance with the appropriate tariff item. (Steel scrap is free of duty but subject to sales tax and when sold to a licensed manufacturer or wholesaler the entry may be accepted free of tax by the purchaser quoting thereon his license number).
 - (b) After appraisal by CCRA, a copy of the list will be forwarded to the Contractor by the Contracting Authority and the Contractor shall obtain at least three (3) bids (if applicable). The highest bid will be accepted.
 - (c) The Contractor will issue a cheque for the proceeds of the sale, made payable to CCC and forward it to the Comptroller, CCC. The transmittal letter should include adequate information to assist CCC in identifying the disposal.

Z0809C (03/02/97) Disposal of Surplus Government Property

Effective 12/05/00, this clause is superseded by Z0809C.

Remarks: Use the following clause in contracts which are negotiated fixed-price type supply contracts for standard or commercial items, under which the U.S. Government is to furnish to the contractor U.S. Government property having an acquisition cost of \$50,000 or less.

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Z0810C (01/04/92) U.S. Government-furnished Property

The U.S. Government will deliver to the Contractor, for use in connection with this Contract, the property described elsewhere in this Contract or the specifications (hereinafter described as "U.S. Government-furnished Property") at the times and locations stated in this Contract. If the U.S. Government-furnished property, suitable for its intended use, is not so delivered, CCC shall, upon timely written request made by the Contractor, and if the facts warrant such action, equitably adjust any affected provision of this Contract.

Title to U.S. Government-furnished property shall remain in the U.S. Government. The Contractor shall maintain adequate property control records of U.S. Government-furnished property in accordance with sound industrial practice.

Unless otherwise provided in this Contract, the Contractor assumes the risk of, and shall be responsible for, any loss of or damage to U.S. Government-furnished property provided under this Contract upon its delivery to the Contractor, except for reasonable wear and tear, and except to the extent that such property is consumed in the performance of this Contract.

The Contractor shall, upon completion of this Contract, prepare for shipment, deliver FOB origin, or dispose of all U.S. Government-furnished property not consumed in the performance of this Contract or not theretofore delivered to the U.S. Government, as may be directed or authorized by CCC. The net proceeds of any such disposal shall be credited to the Contract Price or paid in such manner as CCC may direct.

Remarks: Use the following clause in contracts when United States Government property is being provided.

Z0811C (16/02/98) Responsibility for U.S. Gov't Property

1. In addition to specific responsibilities delineated in appendices "B", "C", and "H" of the United States (U.S.) Federal Acquisition Regulations, as applicable, the Contractor shall be responsible for and accountable for all U.S. Government property, title to which vests in the U.S. Government, delivered to or acquired by the Contractor under the terms of this Contract, including property in the possession of a subcontractor.
 2. Approval of the Contractor's property control system shall be made by the Production Assets Management Services, Aerospace, Marine and Electronics Systems Sector, Department of Public Works and Government Services, Ottawa, Ontario, to whom all questions concerning requisitioning, customs clearance, maintenance, etc., are to be referred.
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Z0811C (01/04/92) Responsibility for U.S. Gov't Property

Effective 16/02/98, this clause is superseded by Z0811C.

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following instructions when applicable in all CCC fixed price contracts for stores.

Z1000C (10/12/01) Invoicing and Documentation Instructions

PROGRESS PAYMENTS

Claims are to be submitted on the Claim for Progress Payment form, PWGSC-TPSGC 1111.

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1. Distribution:

- (a) One (1) original and three (3) copies, duly executed, are to be forwarded (preferably by courier) to the following Contracting Authority (***Insert Name and Address***) _____.
- (b) One (1) copy, for information purposes, is to be forwarded to:

By mail:

Canadian Commercial Corporation - Operations
1100 - 50 O'Connor Street
Ottawa, Ontario K1A 0S6

Telephone: (613) 996-0034
Or preferably by fax: (613) 995-2121

2. Terms of Payment:

- (a) Thirty (30) days following the date on which a valid claim for progress payment and substantiating documentation are received and approved by Public Works and Government Services Canada/Canadian Commercial Corporation (PWGSC/CCC) Contracting Authority according to the terms of the Contract.
- (b) If the Corporation has any objection to the contents of the claim for progress payment or the substantiating documentation, within five (5) working days of its receipt, the PWGSC/CCC Contracting Authority shall notify the Contractor of the nature of the objection.

DELIVERIES: COMMODITY

Prior to shipment, the Contractor shall complete U.S. DD Form 250, Material Inspection and Receiving Report.

1. Distribution:

- (a) Upon shipment, the Contractor shall distribute it as follows:
 - four (4) copies to accompany shipment;
 - two (2) copies via mail to Consignee;
 - one (1) copy to:

Defence Contract Management Americas (Canada)
200 - 275 Bank Street
Ottawa, Ontario K2P 2L6
 - one (1) copy to the following Contracting Authority (***Insert Name and Address***) _____.
 - one (1) copy to be used as a commercial invoice by CCC.

Mail to:

Canadian Commercial Corporation - Operations
1100 -50 O'Connor Street
Ottawa, Ontario K1A 0S6

Telephone: (613) 996-0034
Or preferably by fax: (613) 995-2121

- (b) As long as it is fully completed (including Block 6 with the Contractor's invoice number and issue date), the DD Form 250 can be considered as the formal Commercial Invoice. However, a copy of the Contractor's actual Commercial Invoice is recommended when the billing includes special terms such as discounts, freight or liquidation of progress payments when not reflected on the DD Form 250.

2. Accompanying Documents:

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As per the terms of the Contract, such an invoice must be accompanied by documents as applicable below:

Based on Shipping Terms:

FOB ORIGIN

- (a) If shipment is made by U.S. Government bill of lading, no other shipping documents are required.

N.B. Specific authority must be granted by the U.S. Defence Contract Management Americas (DCMA) (Canada)/Procurement Agency to ship by commercial carriers, prepay and add the freight charges as a separate item on the invoice.

- (b) In all cases, invoices reflecting freight prepaid to destination must be supported by an evidence of shipment (copy of the commercial bill of lading) and should the charges be prepaid and then added to the invoice in the same currency of the contract and exceed \$100 US, a receipted waybill must also be furnished to substantiate the charge.
- (c) Furthermore, if not specifically authorized in the contract, a call to DCMA (Canada) Transportation Division prior to commercial shipping is mandatory (613-992-9020). This step will allow DCMA (Canada) to advise the Contractor of the commercial carrier to use to ensure proper government rates for the shipment involved. This is done through their preparation of a U.S. DSA Form 359, Instructions to Contractors for Conus-Export Shipments. They will issue this form for the Contractor's use. A copy of this form must accompany the usual invoicing documents required.

FOB DESTINATION

All invoices must be supported by an evidence of shipment (commercial bill of lading.)

Based on Inspection and Acceptance Points:

INSPECTION AND ACCEPTANCE AT ORIGIN (Source)

Ensure that Block 21A of DD Form 250 is completed before submitting it as your commercial invoice.

ACCEPTANCE AT DESTINATION

In the event that acceptance of the supplies is to be accomplished at destination, the invoices will not be paid pending receipt by CCC of evidence of such acceptance, through the receipt of a DD Form 250 signed at Destination Point (Block 21b.) or through the receipt of payment from the customer.

- (a) Acceptance at destination - INSPECTION AT ORIGIN (Source)
- (1) Ensure that Block 21a. of DD Form 250 is authorized for inspection only.
 - (2) Ensure that 1 of the 4 copies of the DD Form 250 that accompany the shipment is annotated "PAYMENT COPY" - forward copy to Block 12 address once signed to support payment in Block 23. (*Refer to Defense Federal Acquisition Regulation Supplement, Appendix F-301 (12) : Block 12: "PAYMENT WILL BE MADE BY" / CODE. Enter the code and address of the payment office stated in the Contract.*)
 - (3) Request proof of delivery from the carrier and immediately upon receipt forward same to CCC, Operations, referencing U.S. Contract Number and applicable shipment number as reflected in Block 2 of DD Form 250.
- (b) Acceptance at destination - INSPECTION AT DESTINATION
- (1) Ensure that DD Form 250 accompanies the shipment.
 - (2) Ensure that the copies of DD Form 250 that accompany your shipment and are mailed to the consignee are submitted under covering letter clearly stating that

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acceptance of these goods has yet to be accomplished and that prompt acceptance (by completing Block 21b. on the DD Form 250 and returning to the Contractor's company) is requested.

- (3) Request proof of delivery (acknowledgement on the shipping documents by receiving person) from the carrier and immediately upon receipt forward same to CCC, Operations, referencing U.S. Contract Number and applicable shipment number as reflected in Block 2 of form DD Form 250.
- (4) The Contractor will submit all required documents (although the DD Form 250 "ACCEPTANCE" block may remain unsigned) to the above-mentioned address of the Canadian Commercial Corporation. If unsigned, it will be considered by CCC as an advance billing for control purposes.

Note: Questions regarding the preparation and distribution of the DD Form 250 may be addressed to the Quality Assurance Representative assigned to the Contractor's plant.

3. Terms of Payment:

(a) Acceptance at Origin (Source) Type Contracts:

- (1) Thirty (30) days following the date on which an invoice and substantiating documentation are received by CCC according to the terms of the Contract.
- (2) If CCC has any objection as to the content of the paperwork submitted, within fifteen (15) days of its receipt, CCC shall notify the Contractor of the nature of the objection.

(b) Acceptance at Destination Type Contracts:

- (1) Thirty (30) days from date of receipt of a DD Form 250 signed at the Acceptance Point but with no advance billing.
- (2) Within fifteen (15) calendar days from date of receipt of evidence of acceptance (executed DD Form 250, TWX letter, etc., from consignee) with advance billing.
- (3) Within five (5) working days from date of receipt of payment from customer agency.

If evidence of acceptance required by (b)(2) is not provided within sixty (60) days from date of shipment, CCC shall make every effort to obtain acceptance from the receiving/buying activity with the Contractor's assistance.

The discount terms, if quoted in the Contract, will be calculated from the date of receipt of evidence of acceptance or payment as cited above.

Z1000C (03/02/97) Invoicing and Documentation Instructions

Effective 10/12/01, this clause is superseded by Z1000C.

Z1200C (15/09/97) Zero-rated Supply to CCC

The supply to Canadian Commercial Corporation (CCC) by the Contractor under this Contract would constitute a "Zero-rated Supply" as this expression is defined for purposes of the Goods and Services

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Tax or the Harmonized Sales Tax, as appropriate. Accordingly, the rate of tax in respect thereto would be zero percent (0 percent) of the value of the consideration for the supply to CCC hereunder.

Z1200C (01/04/92) Zero-rated Supply to CCC

Effective 15/09/97, this clause is superseded by Z1200C.

Z1201C (15/09/97) Exempt Supply to CCC

The supply to Canadian Commercial Corporation by the Contractor under this Contract would constitute an "Exempt Supply" as this expression is defined for purposes of the Goods and Services Tax (GST) or the Harmonized Sales Tax (HST), as appropriate and accordingly would not constitute a "Taxable Supply" as this expression is defined for purposes of the GST or HST.

Z1201C (01/04/92) Exempt Supply to CCC

Effective 15/09/97, this clause is superseded by Z1201C.

Z1202C (15/09/97) Taxable Supply to CCC

The supply to Canadian Commercial Corporation (CCC) by the Contractor under this Contract would constitute a "Taxable Supply" as this expression is defined for purposes of the Goods and Services Tax (GST) or the Harmonized Sales Tax (HST), as appropriate. Accordingly, the rate of tax in respect thereto would be at the rate imposed for such supply based on the value of the consideration for the supply to CCC hereunder. The Contractor is required to reflect its GST/HST Registration Number and the appropriate GST or HST amount as a separate line item on each invoice to CCC hereunder.

Z1202C (01/04/92) Taxable Supply to CCC

Effective 15/09/97, this clause is superseded by Z1202C.

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Remarks: Use the following clause in contracts when the U.S. contract is on a fixed price basis.

Z1400C (01/04/92) Changes - Fixed Price

CCC may at any time, by a written order, and without notice to the sureties, make changes, within the general scope of this Contract, in any one or more of the following:

- (i) drawings, designs, or specifications, where the supplies to be furnished are to be specially manufactured for the U.S. Government in accordance therewith;
- (ii) method of shipment or packing; and
- (iii) place of delivery.

If any such change causes an increase or decrease in the costs of, or the time required for, the performance of any part of the Work under this Contract, whether changed or not changed by any such order, an equitable adjustment shall be made in the Contract Price or delivery schedule, or both, and the Contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within twenty (20) days from the date of receipt by the Contractor of the notification of change, provided, however, that CCC, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this Contract. Where the cost of property made obsolete or excess as a result of a change is included in the Contractor's claim for adjustment, CCC shall have the right to prescribe the manner of disposition of such property. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this Contract entitled "Disputes". However, nothing in this clause shall excuse the Contractor from proceeding with the Contract as changed.

Remarks: Use the following clause in contracts when the U.S. contract is cost reimbursement.

Z1401C (01/04/92) Changes - Cost Reimbursement

The Canadian Commercial Corporation may at any time, by a written order, make changes, within the general scope of this Contract, in any one or more of the following:

- (i) drawings, designs or specifications, where the supplies to be furnished are to be specially manufactured for the U.S. Government in accordance therewith;
- (ii) method of shipment or packing;
- (iii) place of delivery; and
- (iv) the amount of U.S. Government-furnished property.

If any such change causes an increase or decrease in the estimated cost of, or the time required for the performance of any part of the Work under this Contract, whether changed or not changed by any such order, or otherwise affects any provision of this Contract, an equitable adjustment shall be made

- (i) in the estimated cost or delivery schedule, or both, and
 - (ii) in such other provisions of the Contract as may be so affected, and the Contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within twenty (20) days from the date of the receipt by it of the notification of change, provided, however, that CCC, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this Contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this Contract entitled "Disputes". However, nothing in this clause shall excuse the Contractor from proceeding with the Contract as changed.
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Remarks: Use the following clause in contracts when the U.S. contract contains a "Disputes" clause.

Z1600C (03/02/97) Disputes

1. The Disputes clause incorporated by reference in the U.S Contract _____ **(insert the contract number and date and delete this instruction)** are hereby incorporated by reference into and form part of this Contract, between the Canadian Commercial Corporation (CCC) and the United States (U.S.) government covering the supplies set out in this Contract.
2. For the purposes of the Disputes clause herein incorporated, the word "Contractor" wherever it appears in the said Disputes clause, refers to CCC and reference to the word "Contracting Officer" in this Disputes clause shall be deemed to mean the U.S. Contracting Officer. CCC will keep the Canadian Contractor informed of any and all such disputes and, in the event of a decision being made by the Contracting Officer or the Secretary (as defined in the said CCC-U.S. Contract) which is binding on CCC in accordance with the said Disputes clause, the Canadian Contractor shall, if and to the extent required in writing by CCC, abide by such decision.
3. If the Canadian Contractor wishes to dispute a decision made by the Contracting Officer, the Canadian Contractor shall notify and submit a claim to the CCC Contracting Authority in sufficient time to permit CCC to process a claim on the U.S. government within the time limit stipulated in the Disputes clause.
4. Any claim submitted by the Canadian Contractor to CCC under this Disputes clause, must carry the certification detailed in paragraph (d) of the Disputes clause.
5. Any interest paid to CCC by the U.S. government as a result of such claim, pursuant to paragraph (h) of the Disputes clause, will be for the Contractor's account.
6. CCC shall not be liable to the Canadian Contractor except to the extent that it is established that the U.S. government is liable to CCC under the Disputes clause.

Z1600C (01/04/92) Disputes

Effective 03/02/97, this clause is superseded by Z1600C.

Remarks: Use the following clause in all contracts when the contract from U.S. is cost type.

Z1601C (01/04/92) Notice of Labour Disputes

Whenever the Contractor or any subcontractor hereunder has knowledge that any actual or potential labour dispute is delaying or threatens to delay the timely performance of this Contract, the Contractor or the subcontractor through the Contractor shall immediately give notice thereof, including all relevant information with respect thereto, to CCC.

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Remarks: Use the following clause in fixed price production contracts.

Z1800C (01/04/92) Default

(a) CCC may, subject to the provisions of paragraph c) below, by written notice of default to the Contractor, terminate the whole or any part of this Contract in any one of the following circumstances:

- (i) if the Contractor fails to make delivery of the supplies or to perform the services within the time specified herein or any extension thereof; or
- (ii) if the Contractor fails to perform any of the other provisions of this Contract or so fails to make progress as to endanger performance of this Contract in accordance with its terms and, in either of these two circumstances, does not cure such failure within a period of ten (10) days (or such longer period as CCC may authorize in writing) after receipt of notice from CCC specifying such failure.

(b) In the event CCC terminates this Contract in whole or in part as provided in paragraph (a) of this clause, it may procure, upon such terms and in such manner as it may deem appropriate, supplies or services similar to those so terminated and the Contractor shall be liable to CCC for any excess costs for such similar supplies or services, provided that the Contractor shall continue the performance of the Contract to the extent not terminated under the provisions of this clause.

(c) Except for defaults of subcontractors at any tier, the Contractor shall not be liable for any excess costs if the failure to perform the Contract arises from causes beyond the Contractor's control and without the Contractor's fault or negligence. Examples of such causes include (1) acts of God or of the public enemy, (2) acts of the U.S. Government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather. In each instance the failure to perform must be beyond the Contractor's control and without the Contractor's fault or negligence. If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Contractor and its subcontractor, and without the fault or negligence of either, the Contractor shall not be liable for any excess costs for failure to perform, unless the subcontracted supplies or services were obtainable from other sources in sufficient time for the Contractor to meet the required delivery schedule.

(d) If this Contract is terminated as provided in paragraph (a) of this clause, CCC, in addition to any other rights provided in this clause, may require the Contractor to transfer title and deliver to the U.S. Government, in the manner and to the extent directed by CCC:

- (i) any completed supplies; and
- (ii) such partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and Contract rights (hereinafter called "manufacturing materials") as the Contractor has specifically produced or specifically acquired for the performance of such part of this Contract as has been terminated; and the Contractor shall, upon direction of CCC, protect and preserve property in its possession in which CCC has an interest. Payment for completed supplies delivered to and accepted by the U.S. Government shall be at the Contract Price. Payment for manufacturing materials delivered to and accepted by the U.S. Government and for the protection and preservation of property shall be in an amount agreed upon by the Contractor and CCC; failure to agree to such amount shall be a dispute concerning a question of fact within the meaning of the clause of this Contract entitled "Disputes". CCC may withhold from amounts otherwise due the Contractor for such completed supplies or manufacturing materials such sum as CCC determines to be necessary to protect CCC against loss because of outstanding liens or claims of former lien holders.

(e) If, after notice of termination of this Contract under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the provisions of this clause, or that the default was excusable under the provisions of this clause, the rights and obligations of the parties shall, if the Contract contains a clause providing for termination for convenience of CCC, be the same as if the notice of termination had been issued pursuant to such clause. If, after notice of termination of this Contract under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the provisions of this clause, and if this Contract does not contain a clause providing for termination for convenience of the Government, the Contract shall be equitably adjusted to compensate for such termination and the Contract modified accordingly; failure to agree to any such adjustment shall

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be a dispute concerning a question of fact within the meaning of the clause of this Contract entitled "Disputes".

(f) The rights and remedies of CCC provided in this clause shall not be exclusive and are in addition to any other rights and remedies under this Contract provided by law.

Remarks: Use the following clause in contracts when the U.S. contract is on a cost reimbursement basis.

Z1801C (01/04/92) Excusable Delays

The Contractor shall not be in default by reason of any failure in performance of this Contract in accordance with its terms (including any failure by the Contractor to make progress in the prosecution of the Work hereunder which endangers such performance) if such failure arises out of causes beyond the control and without the fault or negligence of the Contractor; such causes include, but are not restricted to: acts of God or of the public enemy; acts of the government; fires, floods; epidemics; quarantine restrictions; strikes; freight embargoes; unusually severe weather; and failure of subcontractors to perform or make progress due to such causes, unless CCC shall have determined that the supplies or services to be furnished under the subcontract were obtainable from other sources and shall have ordered the Contractor in writing to procure such services or supplies from such other sources, and the Contractor shall have failed reasonably to comply with such order. Upon the Contractor's request, CCC shall ascertain the facts and extent of such failure and, if it shall determine that such failure was occasioned by any one or more of the said causes, the delivery schedule shall be revised accordingly, subject to the rights of CCC under the clause hereof entitled "Termination".

Any dispute that may arise under the provisions of this clause shall be determined as provided in the clause hereof entitled "Disputes".

Remarks: Use the following clause in contracts when the U.S. contract is on a cost reimbursement basis.

Z1802C (01/04/92) Delay in Delivery of Data

(a) It is understood that the efficient use by the U.S. Government of the supplies called for hereunder requires that the data called for hereunder be delivered not later than the time or respective times herein specified. If such data is not delivered at said time or times, Canadian Commercial Corporation may at its election, so long as such data remains undelivered, unless the delay in delivery thereof arises out of causes beyond the Contractor's control and without the Contractor's fault or negligence within the meaning of the clause hereof entitled "Excusable Delays", withhold payment to the Contractor for any of the amounts then due, refuse approval of the Contractor's vouchers and refuse to accept further deliveries hereunder from the Contractor or take any other action authorized by law or regulation now or hereafter in effect including termination of all or part of the Contract for default, and may take any and all actions separately or in combination.

(b) The provisions of this clause shall only be applicable to technical data, such as handbooks, service manuals, or other information necessary for the proper maintenance or servicing of the end items called for herein.

Remarks: Use the following clause in contracts when called for in the U.S. contract.

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Z2000C (01/04/92) Patent Indemnity (Predetermined)

The Contractor shall indemnify CCC and the U.S. Government and their officers, agents, and employees against liability including costs, for infringement of any United States letters patent (except letters patent issued upon an application which is now or may hereafter be kept secret or otherwise withheld from issue by order of the U.S. Government) or Canadian patent arising out of the manufacture or delivery of supplies under this Contract, or out of the use or disposal by or for the account of the U.S. Government of such supplies. The foregoing indemnity shall not apply unless the Contractor shall have been informed as soon as practicable by CCC or the U.S. Government of the suit or action alleging such infringement, and shall have been given such opportunity as is afforded by applicable laws, rules or regulations to participate in the defence thereof; and further, such indemnity shall not apply if:

- (i) the infringement results from compliance with specific written instructions of CCC directing a change in the supplies to be delivered or in the materials or equipment to be used, or directing a manner of performance of the Contract not normally used by the Contractor;
- (ii) the infringement results from the addition to, or change in, the supplies furnished or construction work performed, which addition or change was made subsequent to delivery or performance by the Contractor; or
- (iii) the claimed infringement is settled without the Contractor's consent, unless required by final decree of a court of competent jurisdiction.

Remarks: Use the following clause in contracts when called for in the U.S. contract (if the amount of the contract exceeds \$10,000).

Z2001C (01/04/92) Patent and Copyright Infringement

(a) The Contractor shall report to CCC promptly and in reasonable written detail, each notice or claim of patent or copyright infringement based on the performance of this Contract of which the Contractor has knowledge;

(b) In the event of any claim or suit against CCC and/or the U.S. Government, on account of any alleged patent or copyright infringement arising out of the performance of this Contract or out of the use of any supplies furnished or work or services performed hereunder, the Contractor shall furnish to CCC, upon request, all evidence and information in the Contractor's possession pertaining to such suit or claim. Such evidence and information shall be furnished at the expense of CCC except where the Contractor has agreed to indemnify CCC and/or the U.S. Government.

Remarks: Use the following clause in contracts when called for in the U.S. contract.

Z2002C (01/04/92) Authorization and Consent

The U.S. Government hereby gives its authorization and consent (without prejudice to its rights of indemnification) for all use and manufacture, in the performance of this Contract or any part hereof or any amendment hereto or any subcontract hereunder (including any lower-tier subcontract), of any patented invention described in and covered by a patent of the United States

- (i) embodied in the structure or composition of any article the delivery of such is accepted by the U.S. Government under this Contract; or
- (ii) utilized in the machinery, tools, or methods, the use of which necessarily results from compliance by the Contractor or the using subcontractor with (i) specifications or written provisions now or hereafter forming a part of this Contract, or (ii) specific written instructions given by the U.S. Contracting Officer directing the manner of performance. The Contractor's entire liability to the U.S. Government for patent infringement shall be determined solely by the provisions of the indemnity clauses, if any, included in the Contract and the U.S. Government

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assumes liability for all other infringement to the extent of the authorization and consent hereinabove granted.

Remarks: Use the following clause in contracts when called for in the U.S. contract.

Z2003C (01/04/92) Reporting of Royalties

The Contractor shall report in writing to CCC during the performance of this Contract the amount of royalties paid or to be paid by the Contractor directly to others in the performance of this Contract. The Contractor shall also furnish in writing any additional information relating to such royalties as may be requested by CCC.

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts when the U.S. contract provides for duty-free entry. U.S. Government prime contract number must be inserted in subparagraphs a) and b).

Z2200C (01/04/92) Duty-free Entry

The goods covered by this Contract are entitled to duty-free entry into the United States. To facilitate execution of duty-free entry certificates by the U.S. Government, the following notation is to appear on all shipping documents, e.g., packing lists, DD 250's or Pro-Forma invoices:

(a) U.S. Military addresses:

U.S. Government Prime Contract Number: _____

"United States Government, Department of Defence - Duty-free entry to be claimed pursuant to Section XXII, Chapter 98, Subchapter VIII, Item No. 9808.00.30, Harmonized Tariff Schedule of the United States. Upon arrival of shipment at the appropriate port of entry, District Director of Customs is requested to release shipment under 19 CFR 142 and notify Commander, Defense Logistics Agency, DCMAO New York, ATTN: DCMDN-GNNC, Customs Branch, Room 955, 201 Varick St., New York, N.Y. 10014-4811, for execution of Customs forms 7501, 7501A, or 7506 and any required duty-free entry certificates."

(b) Other (Non-U.S. Military addresses):

U.S. Government Prime Contract Number: _____

United States Government, Department of Defense - Duty-free entry to be claimed pursuant to Section XXII, Chapter 98, Subchapter VII, Item No. 9808.00.30, Harmonized Tariff Schedule of the United States. Upon arrival of shipment at the appropriate port of entry, District Director of Customs is requested to release shipment under 19 CFR 142 and notify Commander, Defense Logistics Agency, DCMAO New York, ATTN: DCMDN-GNNC, Customs Branch, Room 955, 201 Varick St., New York, N.Y. 10014-4811, for execution of Customs forms 7501, 7501A, and 7506 and any required duty-free entry certificates."

(c) All shipping documents submitted to Customs for which duty-free entry certificates are to be issued shall:

1. consign the shipments to the appropriate

(i) military department in care of the particular Contractor, including the Contractor's delivery address, or

(ii) the appropriate military installation;

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2. bear the following information:

- (i) prime Contract number plus delivery order, if applicable;
- (ii) number of the subcontract/purchase order for foreign supplies, if applicable;
- (iii) identification of carrier;
- (iv) the notation: (identified above);
- (v) gross weight in pounds (if freight is based on space tonnage, state cubic feet in addition to gross shipping weight);
- (vi) estimated value in U.S. dollars; and
- (vii) Activity Address Number of the Contract Administration Office (CAO) actually administering the prime Contract, e.g., for DCMAO Ottawa, DLA8NC.

The Contractor shall prepare a sufficient number of copies of the Bill of Lading (or other shipping document) so that at least two (2) of the copies accompanying the shipment will be available for use by the Collector of U.S. Customs at the port of entry. The Contractor shall also forward, at the time of shipment, a memorandum copy of the Bill of Lading (or other shipping document) to the U.S. Government representative designated in (a) and (b) above.

Remarks: Use the following clause in all contracts when stores are being exported.

Z2201C (01/04/92) Customs Clearance

Form B13 (Customs Export Entry Form) must accompany shipments under the following circumstances for all goods:

- (a) exported in transit from Canada through the United States (FMS contracts);
- (b) exported to a country other than the United States; or
- (c) that fall within the following Canadian tariff classification:
 - (i) Airplanes (8802.30.00; 8802.40.00)
 - (ii) Satellites & Telecommunication equipment (8802.50.10; 8802.50.90)
 - (iii) Simulators (8805.20.00)
 - (iv) Ships & Boats (8901.10.00; 8901.20.00; 8901.30.00; 8901.90.10; 8901.90.90; 8902.00.10; 8902.00.20)
 - (v) Uranium (2612.10.00; 2844.10.00)
 - (vi) Gold (2616.90.00; 7108.11.00; 7108.12.00; 7108.13.10; 7108.13.20; 7108.20.00; 7109.00.00; 7112.10.00; 7115.90.90; 7118.90.00).

In completing form B13:

- (a) Canadian Commercial Corporation, Ottawa, Canada, must be shown as the exporter;
- (b) CCC exporter No. MAQ616025 is to appear in "Block No." just above CCC's name;
- (c) Forms are to be signed by the Contractor as authorized agent of Canadian Commercial Corporation and show the name of the Contractor in full.

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N.B. ALL OTHER SHIPMENTS OF GOODS, NOT INCLUDED IN THE ABOVE DO NOT REQUIRE COMPLETION OF FORM B13.

Remarks: Use the following clause in contracts when contractors or their vendors are importing articles or material from the U.S. for the use in defence production or development sharing contracts.

Z2202C (12/05/00) Remission of Customs Duties & Taxes

1. Goods purchased in or imported into Canada for use solely and exclusively in the performance of this Contract, which will not be altered so as to lose their identity and are or will become the property of the United States Government, will, provided the Contractor receives specific authorization from Commercial Canadian Corporation, be entitled to:
 - (a) remission of customs duties, and exemption from payment of sales and excise taxes, ordinarily payable on importation of the goods into Canada; and
 - (b) exemption from payment of the sales and excise taxes ordinarily payable on purchase of the goods in Canada.
 2. The details and procedures are set out in the Canada Customs and Revenue Agency Memorandum D8-9-1, Defence Production and Development Sharing, as authorized by Order-in-Council PC 1970-1913, which is available from local Customs and Excise offices.
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Z2202C (01/04/92) Remission of Customs Duties & Taxes

Effective 12/05/00, this clause is superseded by Z2202C.

Remarks: Use the following clause in contracts when the end item being produced will remain in Canada as property of the U.S. Government.

Z2203C (12/05/00) Remission of Customs Duties & Taxes

1. Goods purchased in or imported into Canada for use solely and exclusively in the performance of this Contract, which will not be altered so as to lose their identity and are or will become the property of the United States Government, will, provided the Contractor receives specific authorization from the Commercial Canadian Corporation, be entitled to:
 - (a) remission of customs duties, and exemption from payment of sales and excise taxes, ordinarily payable on importation of the goods into Canada; and
 - (b) exemption from payment of the sales and excise taxes ordinarily payable on purchase of the goods in Canada.
 2. The details and procedures are set out in Canada Customs and Revenue Agency Memorandum D7-3-11, Joint Canada - United States Projects Drawback Regulations, which is available from local Customs and Excise offices.
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Z2203C (01/04/92) Remission of Customs Duties & Taxes

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts if called for in the U.S. contract.

Z2400C (01/04/92) Variation in Quantity

No variation in the quantity of the item called for herein will be accepted, unless such variation has been caused by conditions of loading, shipping or packing or allowances in manufacturing processes and then only to the extent of (insert percentage as specified in U.S. Contract) _____ .

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts if called for in the U.S. contract.

Z2401C (01/04/92) Variation in Quantity

The quantity stated herein is MINIMUM and must be delivered. An overshipment not in excess of (insert amount as specified in U.S. Contract) _____ will be accepted and payment will be adjusted accordingly.

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts when the U.S. contract contains the "increase option" clause.

Z2402C (01/04/92) Option to Increase Quantity

CCC reserves the right to increase the Contract quantity by an amount not to exceed _____ percent. Exercise of this option shall be by written notice from CCC within _____ days from _____, the date of award of this Contract. Unless otherwise agreed between CCC and the Contractor, it is understood that the quantities which may be added by exercise of this option will be supplied after delivery of the initial Contract quantity, at the same price and same delivery rate.

Remarks: Use the following clause in fixed price contracts when advance or progress payments are provided.

Z2600C (01/04/92) Risk of Loss

Notwithstanding any other provision contained in this Contract, the risk of loss, theft or destruction of or damage to all materials, work in process and finished goods prior to delivery and acceptance thereof, shall be with the Contractor whether or not title shall be vested in Canadian Commercial Corporation by virtue of any payments having been made by CCC to the Contractor; and in the event of loss, theft or destruction thereof or damage thereto, the Contractor hereby agrees to repay to CCC the amount of any unliquidated progress or other payments received by the Contractor in respect thereof. The Contractor also agrees to insure and keep insured the same against fire and supplemental perils in the joint names

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of the Contractor and Canadian Commercial Corporation, with loss payable as their respective interests may appear, and to confirm in writing to the Canadian Commercial Corporation Contracting Officer that such insurance is in effect.

Remarks: Use the following clause in fixed price contracts when called for in the U.S. contract. To be used in conjunction with clause Z1600C.

Z2601C (01/04/92) U.S. Government Delay of Work

(a) If the performance of all or any part of the Work is delayed or interrupted by an act of the Contracting Officer in the administration of this Contract, which act is not expressly or impliedly authorized by this Contract, or by the Contracting Officer's failure to act within the time specified in this Contract (or within a reasonable time if no time is specified), an adjustment (excluding profit) shall be made for any increase in the cost of performance of this Contract caused by such delay or interruption and the Contract modified in writing accordingly. Adjustment shall be made also in the delivery or performance dates and any other contractual provision affected by such delay or interruption. However, no adjustment shall be made under this clause for any delay or interruption

(i) to the extent that performance would have been delayed or interrupted by any other clause, including the fault or negligence of the Contractor; or

(ii) for which an adjustment is provided or excluded under any other provision of this Contract.

(b) No claim under this clause shall be allowed

(i) for any costs incurred more than twenty (20) days before the Contractor shall have notified the Contracting Officer in writing of the act or failure to act involved; and

(ii) unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of such delay or interruption, but not later than the date of final payment under the Contract.

(c) For the purpose of this clause the term "Contracting Officer" shall be deemed to mean the U.S. Contracting Officer responsible for administration of the Contract between the U.S. Government and Canadian Commercial Corporation.

Remarks: Use the following clause in conjunction with clause Z1800C in all contracts which provide for progress payments.

Z2602C (21/06/99) Liens Under Section 427 of the Bank Act

1. If any lien under section 427 of the *Bank Act* exists in respect of any materials, parts, work-in-process or finished work for which the Contractor claims or intends to claim payment, the Contractor hereby agrees to inform Canadian Commercial Corporation (CCC) without delay, and the Contractor further agrees, unless otherwise instructed by CCC, either:

(a) to cause the bank to remove such lien forthwith and to furnish CCC with written confirmation thereof from the bank; or

(b) to furnish or cause to be furnished forthwith to CCC an undertaking from the bank to CCC that the bank will not make any claim under section 427 of the *Bank Act* upon materials, parts, work-in-process or finished work in respect of which payment is made to the Contractor under this Contract.

2. Failure by the Contractor to inform CCC of any such lien or failure by the Contractor to implement paragraphs (a) or (b) above shall constitute default under the clause entitled "Default by Contractor" in the General Conditions of the Contract, entitling CCC to terminate the Contract.

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Z2602C (01/12/92) Liens Under Section 427 of the Bank Act

Effective 21/06/99, this clause is superseded by Z2602C.

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts when progress payments are provided for on a fixed price contract.

Z2603C (15/09/97) Progress Payments

1. Progress payments will be made not more frequently than once a month upon the following terms and conditions:
 - (a) Progress Claims shall be completed in full, including a brief report of the progress of the Work to the date of the claim, and submitted to Canadian Commercial Corporation (CCC) on form PWGSC-TPSGC 1111, Claim for Progress Payment.
 - (b) All the certificates appearing on the said form are to be signed by or for the respective persons indicated thereon.
 - (c) Payments will be made up to ____ percent of the claimed amounts approved by CCC, but in no event will cumulative payments exceed ____ percent of the Contract value.
 - (d) Each claim will show:
 - (1) expenditures during the claim period detailed in accordance with the basis and/or method of payment terms of the Contract;
NOTE: Pro-rated profit not allowed.
 - (2) sales taxes (where applicable);
 - (3) Goods and Services Tax or Harmonized Sales Tax (where applicable);
 - (4) holdback at ____ percent.*
***NOTE:** Percentage factor to be shown on form CCC 747A.

Conditions Precedent to Payment

1. No payment shall be made to the Contractor, unless and until:
 - (a) invoices, inspection notes and other documents prescribed by CCC are submitted in accordance with the terms of the Contract or instructions of CCC;
 - (b) with respect to all materials, parts, work in process or finished work, the cost of which has been paid by the Contractor and in respect of which payment is being made by CCC, the Contractor, if required to do so, establishes to the satisfaction of CCC that the materials, parts, work in process or finished work are free from all claims, liens, attachments, charges or encumbrances;
 - (c) with respect to all materials, parts, work in process or finished work, the costs of which have accrued in the accounts of the Contractor as a liability to be discharged in the normal course of business and in respect of which materials, parts, work in process or finished work payment is being made by CCC, the Contractor, if required to do so, establishes to the satisfaction of CCC that the payment to be made by CCC shall be used only for the purpose of discharging such liability and that upon such discharge the

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materials, parts, work in process or finished work shall be free from all claims, liens, charges or encumbrances; and

- (d) in the case of payment in respect of finished work, such finished work has been inspected and accepted in accordance with the terms of this Contract.

Method of Payment

1. Payment by CCC to the Contractor for the Work shall be made:
 - (a) in the case of a progress payment other than the final payment, within thirty (30) days following the date of receipt of a duly completed progress claim, form PWGSC-TPSGC 1111;
 - (b) in the case of a final payment, within thirty (30) days following the date of receipt of a duly completed final progress claim, form PWGSC-TPSGC 1111, or within thirty (30) days following the date on which the Work is accepted, whichever date is the later;
 - (c) in the case of a final payment against a 'fixed-price Contract', within thirty (30) days following the date of receipt of a final invoice together with supporting documentation.

If CCC has any objection to the form of an invoice, within fifteen (15) days of its receipt, CCC shall notify the Contractor of the nature of the objection and payment shall be delayed until thirty (30) days after the objection is resolved to the satisfaction of CCC.

Liquidation

Except as provided in the Termination for Convenience clause, all progress payments shall be liquidated by deducting from any payment under this Contract, other than advance or progress payments, the unliquidated progress payments, or ____ percent of the amount invoiced, whichever is less. The Contractor shall repay to CCC any amounts required by a retroactive price reduction, after computing liquidations and payments on past invoices at the reduced prices and adjusting the unliquidated progress payments accordingly.

Title

1. Title to the property described in this clause shall vest in CCC. Vestiture shall be immediately upon the date of this Contract, for property acquired or produced before that date. Otherwise, vestiture shall occur when the property is or should have been allowable or properly chargeable to this Contract.
2. "Property" as used in this clause, includes all of the items listed in subsections (a) through (d) below by the Contractor that are or should be allowable or properly chargeable to this Contract under sound and generally accepted accounting principles and practices:
 - (a) parts, materials, inventories, and work in process;
 - (b) special tooling and special test equipment to which the U.S. government is to acquire title under any other clause of this Contract;
 - (c) nondurable (i.e. non-capital) tools, jigs, dies, fixtures, mods, patterns, taps, gauges, test equipment, and other similar manufacturing aids, title to which would not be obtained as special tooling under subsection (b) above; and
 - (d) drawings and technical data, to the extent that the Contractor or its subcontractors are required to deliver them to CCC by other clauses of this Contract.
3. The Contractor may sell any scrap resulting from production under this Contract without CCC's approval, but the proceeds shall be credited against the Contract Price.
4. To acquire for its own use or to dispose of property to which title is vested in CCC under this clause, the Contractor must obtain CCC's advance approval of the action and the terms. The Contractor shall
 - (a) exclude the allowable costs of the property from the costs of Contract performance; and

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- (b) repay to CCC any amount of unliquidated progress payments allowable to the property. Repayment may be by cash or credit memorandum.
5. When the Contractor completes all of the obligations under this Contract, including liquidation of all progress payments, title shall vest in the Contractor for all property (or the proceeds thereof) not:
- (a) delivered to, and accepted by, CCC under this Contract; or
 - (b) incorporated in supplies delivered to, and accepted by, the U.S. government under this Contract and to which title is vested in the U.S. government under this Contract.
6. The terms of this Contract concerning liability for Government-furnished property ceases to apply to property to which the Contractor has acquired title solely under this clause.

Risk of Loss

Before delivery to and acceptance by CCC, the Contractor shall bear the risk of loss of or damage to property, the title to which vests in CCC under this Contract, except to the extent otherwise provided in the Contract. The Contractor shall repay CCC an amount equal to the unliquidated progress payments that are based on costs allowable to property that is damaged, lost, stolen, or destroyed.

Control of Costs and Property

The Contractor shall maintain an accounting system and controls adequate for the proper administration of property.

Reports and Access to Records

The Contractor shall promptly furnish to CCC reports, certificates, financial statements, and other pertinent information reasonably requested by CCC for the administration of this clause. CCC shall have the right at any reasonable time to examine the Contractor's records and accounts in regard to property.

Z2603C (01/04/92) Progress Payments

Effective 15/09/97, this clause is superseded by Z2603C.

Remarks: Use the following clause in contracts if called for in the U.S. contract.

Z2604C (01/04/92) Technical Data - Withholding of Payment

(a) If Technical Data II (as defined in the clause of this Contract entitled "DATA"), or any part thereof, specified to be delivered under this Contract, is not delivered within the time specified by this Contract or is deficient upon delivery (including having restrictive markings not specifically authorized by this Contract), CCC may, until such data is accepted by the U.S. Government, withhold payment to the Contractor of ten (10) percent of the total Contract Price or amount, unless a lesser withholding is specified in this Contract. Payments shall not be withheld nor any other action taken pursuant to this paragraph when the Contractor's failure to make timely delivery or to deliver such data without deficiencies arises out of causes beyond the control and without the fault or negligence of the Contractor.

(b) After payments totalling ninety (90) percent of the total Contract Price or amount have been made to the Contractor and if all technical data specified to be delivered under this Contract has not been accepted, CCC may withhold from further payment such sum as it considers appropriate, not exceeding ten (10) percent of the total Contract Price or amount, unless a lesser withholding limit is specified in this Contract.

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(c) The withholding of any amount or subsequent payment to the Contractor shall not be construed as a waiver of any rights of CCC under this Contract.

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts when called for in the U.S. contract.

Z2605C (01/04/92) Value Engineering Incentive

As provided for in U.S. Contract no. ____ which includes the following:

This clause applies to cost reduction proposals initiated and developed by the Contractor for changing the drawings, designs, specifications, or other requirements of this Contract. This clause does not, however, apply to any such proposal unless it is identified by the Contractor, at the time of its submission to the U.S. Contracting Officer, as a proposal submitted pursuant to this clause. The cost reduction proposals contemplated are those that:

- (a) would require, in order to be applied to this Contract, a change to this Contract; and
- (b) would result in savings to the U.S. Government by providing
 1. a decrease in the cost of performance of this Contract, without impairing any of the items' essential functions and characteristics such as service life, reliability, economy of operation, ease of maintenance, and necessary standardized features; or
 2. items, regardless of the acquisition cost, producing a net reduction in the cost of government-furnished property, operations, maintenances, or other areas which exceed any increased acquisition cost, without impairing any of the items' essential functions and characteristics.

Any Value Engineering Proposal must include the information outlined in sub clause 2) of the Value Engineering Incentive clause of the Contract between CCC and the U.S. Government and be submitted in accordance with instructions from the U.S. Contracting Officer.

In connection with the Value Engineering Incentive clause, the Contractor will receive a share percentage of all savings in the amount of ____ percent of the savings under this Contract plus ____ percent of the projected collateral savings and ____ percent of the savings payments for a period of two (2) years.

NOTE: See U.S. Contract for percentage factors.

Remarks: Use the following clause in contracts which provide for payment in U.S. funds.

Z2800C (01/04/92) Prices

The prices to be paid for supplies or services delivered under this Contract are in U.S. funds and shall not be subject to adjustment for losses or gains resulting from fluctuation in exchange rates, the risk of which is for the Contractor's account.

Remarks: Use the following clause in contracts when called for in the U.S. contract.

Z2801C (01/04/92) Price Escalation

(a) The Contractor warrants that the unit prices stated herein, excluding any part of the prices which reflects requirements for preservation, packaging and packing beyond standard commercial practice, are not in excess of the Contractor's applicable established prices in effect on the date set for opening the

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bids (or the Contract date, if this is a negotiated Contract rather than one entered into by means of formal advertising) for like quantities of the supplies covered by this Contract.

(b) The Contractor shall promptly notify the Contracting Officer specified herein as to the amount and effective date of each decrease in any established price, and each applicable unit price under this Contract shall be decreased by the amount of the decrease in the applicable established price. Any such decrease in a unit price shall apply to those supplies delivered on and after the effective date of the corresponding decrease in the Contractor's established price, and this Contract shall be amended accordingly. The Contractor shall certify on each invoice submitted under the Contract that each unit price stated therein reflects all decreases, if any, which the Contractor has made in the established price applicable thereto since the date set for opening of bids (or the Contract date, if this is a negotiated Contract rather than one entered into by formal advertising), or shall certify on the final invoice that all such decreases have been applied to supplies delivered on and after the effective date of each such decrease in the Contractor's established prices.

(c) The Contractor may, from time to time after the date of this Contract and during the performance hereof, by written notice to the CCC Contracting Officer, request an upward adjustment in any of the Contract unit prices to be effective as of a date to be specified by the Contractor. Such request shall be acted upon in accordance with the following provisions of this clause.

(d) An upward adjustment in a Contract unit price may be made under this clause only in accordance with the following conditions:

1. Such an upward adjustment shall be made only if the Contractor's applicable established price has increased subsequent to the date set for opening of bids (or the Contract date, if this is a negotiated Contract rather than one entered into by means of formal advertising).
2. No unit price shall be increased by an amount greater than the amount of the increase in the Contractor's applicable established price.
3. The aggregate of the increases in any unit price made under this clause shall not exceed ten (10) percent of the original unit price under the Contract.
4. No adjusted unit price shall be effective earlier than the effective date of the increase in the applicable established price, but if the Contractor's request for adjustment is received by the Contracting Officer more than ten (10) days after the effective date of the increase in the Contractor's applicable rate, no adjusted unit price shall be effective earlier than the date of receipt by the Contracting Officer of such request.
5. No upward adjustment in unit prices hereunder shall apply to supplies which were required by the Contract delivery schedule to be delivered prior to the effective date of the related increase in the applicable established price, unless the Contractor's failure to deliver supplies in accordance with the delivery schedule results from causes beyond the control and without the fault or negligence of the Contractor within the meaning of paragraph c) of the clause of this Contract entitled "Default", in which case the Contract shall be amended to make an equitable extension of the delivery schedule.

(e) In the event the requested upward adjustment in a unit price under the Contract is acceptable to the CCC Contracting Officer, the Contractor shall be so notified by the Contracting Officer, and the Contract shall be amended accordingly. In the event the requested upward adjustment is not acceptable to the Contracting Officer, or if the Contracting Officer does not reach an agreement with the Contractor with respect to a price increase, the Contracting Officer may, within thirty (30) days after receipt of the Contractor's request, cancel, without liability to either party, the Contractor's right to proceed with performance of that portion of the Contract which is undelivered at the time of such cancellation, except that the Contractor may make delivery of all or any of the supplies which a duly authorized officer of the Contractor shall certify were completed or in the process of manufacture at the time of receipt of notice of such cancellation. In such event, CCC shall pay for all supplies so delivered at the applicable unit price contained in the Contractor's request, and the Contract shall be amended accordingly provided that such certification is made within ten (10) days after receipt of notice of such cancellation, and provided further than such requested increase satisfies all of the conditions and does not exceed the limitations of paragraph (d). In the event this Contract is for standard steel supplies, they shall be deemed to be in the process of manufacture when the steel therefor is in any state of processing after the beginning of the furnace melt.

(f) During the period after the Contractor has requested an upward adjustment, and prior to an agreement between the parties with respect to the request, or cancellation of the Contract pursuant to

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paragraph (e), the Contractor shall be paid for deliveries of the item in respect of which the adjustment was requested at the applicable increased unit prices as requested, provided that such requested increases satisfy all the conditions and do not exceed the limitations of paragraph (d), and provided further that if the parties agree on an increase less than that requested, payments previously made at the requested amount shall be adjusted accordingly. If the CCC Contracting Officer neither reaches an agreement with the Contractor on the requested adjustment, nor cancels the Contract, then the Contractor shall be paid therefor at the applicable increased unit prices as requested, provided that such requested increases satisfy all the conditions and do not exceed the limitations of paragraph (d).

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in the final amendment to all cost reimbursement type contracts.

Z2802C (01/04/92) Release and Reimbursements

A. RELEASE - COST TYPE CONTRACT: Pursuant to the terms of this Contract and in consideration of the sum of \$_____, which has been or is to be paid to the Contractor or its assignees, if any, the Contractor, upon payment of the said sum by CCC, remises, releases, and discharges CCC, its officers, agents, and employees of and from all liabilities, obligations, claims and demands whatsoever under or arising from this Contract, except specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statement by the Contractor, as follows:

1. claims, together with reasonable expenses incidental thereto, based upon the Contractor's liabilities to third parties arising out of the performance of this Contract, which are not known to the Contractor on the date of the execution of this release and of which the Contractor will give notice in writing to CCC within the period specified in this Contract;
2. claims for reimbursement of costs (other than the Contractor's expenses by reason of its indemnification of CCC against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of this Contract relating to patents.

The Contractor agrees, in connection with patent matters and with claims which are not released as set forth above, that it will comply with all of the provisions of this Contract, including without limitation those provisions relating to notification to CCC and relating to the defense or prosecution of litigation.

B. CONTRACTOR'S ASSIGNMENT OF REFUNDS, REBATES, CREDITS, AND OTHER AMOUNTS: Pursuant to the terms of this Contract and in consideration of the reimbursement of costs, as provided herein and any assignment hereunder, the Contractor hereby:

- a) assigns, transfers, sets over and releases to CCC all right, title and interest to all refunds, rebates, credits, and other amounts (including any interest thereon) arising out of the performance of this Contract, together with all the rights of action accrued or which may hereafter accrue hereunder;
 - b) agrees to take whatever action may be necessary to effect prompt collection of all such refunds, rebates, credits, and other amounts (including any interest thereon) due or which may become due, and to promptly forward to the CCC Contracting Officer cheques (made payable to Canadian Commercial Corporation) for any proceeds so collected. The reasonable costs of any such action to effect collection shall constitute allowable costs when approved by the CCC Contracting Officer as stated in this Contract and may be applied to reduce any amounts otherwise payable to CCC under the terms hereof;
 - c) agrees to cooperate fully with CCC as to any claim or suit in connection with refunds, rebates, credits, or other amounts due (including any interest thereon); to execute any protest, pleading, application, power-of-attorney, or other papers in connection herewith; and to permit CCC to represent the Contractor at any hearing, trial or other proceeding, arising out of such claim or suit.
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Remarks: Use the following clause in all contracts when the Canadian contractor has engaged or may engage representatives.

Z2803C (01/04/92) Representative's Remuneration

The Contractor agrees that if sales agents or representatives are to be employed or sales fees or commissions are to be paid as part of the Contract Price:

- (i) the agreement made between the Contractor and the sales agents or representative shall be formally written and be in accordance with sound business practices;
 - (ii) any remuneration will be justifiable and reasonable in relation to the size and nature of the Contract; and
 - (iii) no action will be taken by the Contractor that would violate the laws of Canada or the laws of the United States of America.
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Remarks: Use the following clause in contracts when called for in the U.S. contract.

Z2804C (10/12/01) Price Adjustment

1. In conjunction with and pursuant to the provisions of clause J-74, the Contractor may, within 110 days after date of shipment of the supplies, inform the Canadian Commercial Corporation (CCC) project officer, in writing,
 - (a) that the Contract unit prices are subject to upward adjustment; or
 - (b) that the Contract unit prices are subject to downward adjustment; or
 - (c) certifying that there is no decrease in the Contract unit prices.
2. If the appropriate U.S. Bureau of Labor indexes are not available to meet the above time frame, the Contractor must apply to CCC for an extension of time.
3. The Contractor's request for an upward adjustment or downward adjustment must be supported with copies of the applicable U.S. Bureau of Labor indexes. An information copy of the claim is to be sent by the Contractor to:

Defense Logistics Agency (USA)
Defense Contract Management Americas (Canada)
200 - 275 Bank Street
Ottawa, Ontario K2P 2L6

Z2804C (01/04/92) Price Adjustment

Effective 10/12/01, this clause is superseded by Z2804C.

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Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts when the DPWGS Central Allocations and Defence Priorities Officer has authorized use of a priority rating.

Z3000C (03/02/97) Priorities - U.S. Purchases

1. This is an urgent United States (U.S.) government defense requirement and use of a U.S. Priority Rating is hereby authorized and assigned. This Priority Rating is valid only for the purchase of materials, sub-assemblies and components (excluding controlled materials) by the Contractor directly from U.S. suppliers up to a total of US\$ _____. Should the Contractor exceed this dollar limitation, the Contractor is authorized to proceed with the purchase order while providing the Central Allocations and Defence Priorities Officer, Department of Public Works and Government Services, Ottawa, Ontario K1A 0S5, with details of the additional amount required.
2. The assigned U.S. Priority Rating, required delivery date, signature of an individual authorized to sign rated orders, and the following certification must be placed on or attached to the Contractor's purchase orders to U.S. suppliers:

"This is a rated order certified for national defense use, and the Contractor is required to follow all the provisions of the Defense Priorities and Allocations Systems Regulation (15 CFR, Part 350)."
3. Assigned U.S. priority ratings may not be extended within Canada; in consequence, when further materials are imported through the Contractor's Canadian subcontractors or distributors, the following clause shall be placed on the Contractor's purchase orders:

"PRIORITY ASSISTANCE: This is an urgent defence requirement. If the Contractor is importing any material/service from the U.S.A. for the fulfilment of this Contract, contact the Central Allocations and Defence Priorities Officer, Department of Public Works and Government Services, Ottawa, Ontario K1A 0S5, to request a U.S. Priority Rating."
4. The Contractor shall keep for a period of three (3) years, and shall produce to the Minister of Public Works and Government Services, on request, a record of its authority to use the rating authorization and of all the uses made of it by the Contractor.
5. U.S. Controlled Materials or Special Priorities Assistance:
 - (a) If the Contractor is importing any U.S. controlled materials (such as steel, copper, aluminum, nickel, etc.), a separate application is required and shall be made to the Central Allocations and Defence Priorities Officer, Department of Public Works and Government Services, Ottawa, Ontario K1A 0S5.
 - (b) Should the Contractor need assistance in obtaining delivery under a delinquent Rated Order with a U.S. firm, a request should also be made to the Central Allocations and Defence Priorities Officer.

Z3000C (01/04/92) Priorities - U.S. Purchases

Effective 03/02/97, this clause is superseded by Z3000C.

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Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts requiring the Production Progress Report, DD Form 375, when the U.S. contract is from an agency other than the Defense Industrial Supply Center (DISC). Enter "No. of copies" and "Name and Address" from the U.S. contract.

Z3200C (10/12/01) Production Progress Report

The Contractor shall prepare the DD Form 375, Production Progress Report, both on a monthly basis and exception to the Contract delivery schedule basis. DD Form 375 shall be submitted monthly and no later than the second work day of the subsequent month. DD Form 375 will be distributed as follows:

| No. of copies | Name and Address |
|---------------|------------------|
|---------------|------------------|

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Z3200C (01/04/92) Monthly Production Progress Report

Effective 10/12/01, this clause is superseded by Z3200C.

Remarks: THIS CLAUSE IS TO APPEAR IN FULL TEXT IN PROCUREMENT DOCUMENTS. Use the following clause in contracts requiring the Production Progress Report, DD Form 375, when the U.S. contract is from the Defense Industrial Supply Center (DISC). Check either 1.(a) or 1.(b) as appropriate. Enter "No. of copies" and "Name and Address" from the U.S. contract.

Z3201C (10/12/01) Production Progress Report

1. The Contractor shall prepare the Production Progress Report, DD Form 375,
 - (a) on a monthly basis;
 - (b) on an exception to the Contract delivery schedule basis. DD Form 375 shall be submitted monthly and no later than the second work day of the subsequent month. DD Form 375 will be distributed as follows:

| No. of copies | Name and Address |
|---------------|------------------|
|---------------|------------------|

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

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Z3201C (01/04/92) Monthly Production Progress Report

Effective 10/12/01, this clause is superseded by Z3201C.

Remarks: Use the following clause in all contracts requiring Progress Reports, form DD 375.

Z3202C (01/04/92) Progress Report Instructions

Section 1 - Form DD 375:

(a) All entries on the Monthly Production Progress Report representing "actual" data will be as of the close of the "report month". The "report month" is that month immediately preceding the month in which the form is due from the Contractor. All entries representing "forecast" data will be as of the case of the period identified in the respective column heading. The terms "Contract Quantity" and "Contract Schedule" refer to the official Contract quantity or schedule as amended, and in effect at the close of the "report month".

(b) The term "delivery", when used to reflect "actual" data, shall mean "acceptance" in those instances when the military services take title to the item at the place of manufacture and shall mean "shipment" in those instances when the services take title to the item at a point other than at the place of manufacture.

Remarks: Use the following clause in contracts for Miniature and Instrument Ball Bearings or in contracts for articles containing Miniature and Instrument Ball Bearings.

Z3400C (01/04/92) Miniature and Instrument Ball Bearings

The following clause shall be applicable to Miniature and Instrument Ball Bearings, as defined herein, to be supplied under the Contract and to articles containing Miniature and Instrument Ball Bearings, as defined herein, to be supplied under the Contract.

(a) For the purposes of this clause:

1. "Miniature and Instrument Ball Bearings" are all rolling contact ball bearings with a basic outside diameter (exclusive of flange diameters) of thirty (30) millimeters or less, irrespective of material, tolerance, performance of quality characteristics; and

2. "Domestic" means manufactured in the United States or Canada and, when ball bearing assembly is involved, all components of the bearing must also have been manufactured in the United States or Canada.

(b) The Contractor agrees that end items and components thereof delivered under this Contract shall contain Miniature and Instrument Ball Bearings that are of Domestic Manufacture only.

(c) The requirement in (b) above may be waived in whole or in part by CCC Contracting Officer when such waiver is determined to be in the interest of the U.S. Government. In the event a waiver is granted, the Contractor agrees to acquire, for non-government use, Domestic Miniature and Instrument Ball Bearings of a like quantity and type.

(d) The Contractor agrees to retain until the expiration of three (3) years from the date of final payment under this Contract and to make available during such period, upon request of CCC Contracting Officer, records showing compliance with this clause.

(e) The Contractor agrees to insert this clause, including this subparagraph (e), in every subcontract and purchase order issued in performance of this Contract, unless it knows that the item being purchased contains no Miniature or Instrument Ball Bearings.

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