

INTRODUCTION

The foundation of any US government (USG) sponsored sale of defense articles or services through Foreign Military Sales (FMS) is the Letter of Offer and Acceptance (LOA). An LOA is a contractual sales agreement between the seller (USG) and the purchaser (a foreign government or international organization) for special tools, test equipment, vehicles, construction equipment, materials handling equipment, etc., used in direct or indirect support and maintenance of weapon systems or end items. The LOA is written by a US military department (MILDEP) or other USG Implementing Agency (IA), based on applicable laws/regulations and the requirements the purchaser has set forth in its Letter of Request (LOR). As indicated in chapter 5 of this textbook, “Foreign Military Sales Process,” the LOA is commonly referred to as an FMS case. Each LOA has a unique case identifier (described later in this chapter), which enables both the USG and the foreign purchaser to track it throughout its life cycle and to distinguish it from the thousands of FMS cases currently active.

CATEGORIES OF STANDARD FOREIGN MILITARY SALES CASES

There are three types of FMS cases:

- Defined order
- Blanket order
- Cooperative Logistics Supply Support Arrangement (CLSSA)

While each MILDEP uses its own terminology to describe the various types of case, in accordance with the Department of Defense (DOD) 5105.38-M, *Security Assistance Management Manual* (SAMM), C5.4.3, all FMS cases, regardless of nomenclature, fall into one of the aforementioned categories.

Defined Order Foreign Military Sales Case

A defined order case is one in which the defense articles, services, or training desired by the requesting country or international organization are specified/quantified by the customer in the LOR, and subsequently identified in the LOA. The defined order case is most commonly used for sale of major end items, generally significant military equipment (SME), which require export and trade security controls throughout the sales process. SME items that are major defense equipment (MDE) must be separately reflected on the LOA and not embedded within a non-MDE line on the case. Also included in a major end item LOA (tanks, aircraft, etc.) are related initial support items (generally one to three years) and services, in accordance with the Total Package Approach (TPA) philosophy addressed in chapter 5 of this textbook. The IA prepares and submits requisitions (i.e. orders) on defined order cases. Cases of this type are commonly referred to as “standard sales” by the US Army, “defined line” or “push requisitioning” by the US Navy, and “defined order” by the US Air Force. Attachment 6-1 is an example of a US Army defined order FMS case.

A defined order case normally requires a complete LOA data study of separately deliverable line items in the case to give the purchaser the best available estimate of item costs and delivery schedules within an allowable processing time frame. This data study also includes information on payment schedules, financial analysis for program milestones, delivery schedules, and projected payments to contractors.

The types of defense articles and services normally on defined order cases include, but are not limited to, the following:

- Significant military equipment (SME)—includes major end items and weapon systems (e.g., tanks, ships, airplanes, missiles, etc.), and any related requirements to activate and operate an item or system during an initial period of time)
- Explosives, including munitions
- Classified/sensitive articles
- Specific services (transportation, aircraft ferrying, etc.)
- Technical data packages (TDP)

Blanket Order Foreign Military Sales Case

A blanket order case is an agreement between a customer and the USG to purchase a category of items or services (including training) at a set dollar value ceiling with no definitive listing of the exact items or quantities desired. Since the dollar ceiling is usually established by the customer, an LOA data study is generally not required to develop LOA pricing. On a blanket order case, customers can submit requisitions as long as the case has funds available. Cases of this nature are commonly called “blanket open end” by the US Army, “direct requisitioning procedures/open end requisitioning” by the US Navy, and “blanket order/annual requisitioning” by the US Air Force. Attachment 6-2 is an example of a US Air Force blanket order case.

The types of defense articles and services normally on blanket order cases include, but are not limited to, the following:

- Spares and repair parts: consumable and repairable items that become part of a higher assembly during use (generally for follow-on support of a major item or weapon system)
- Support equipment: special tools, test equipment, vehicles, construction equipment, materials handling equipment, etc., used in direct or indirect support and maintenance of weapon systems or end items
- Publications: forms, catalogs, manuals, stock lists, technical orders, engineering drawing specifications, reports, books, charts, etc.
- Maintenance: repairs and minor modifications/alterations as authorized by the cognizant MILDEP
- Repairables: items of supply of a durable nature and design which, when unserviceable, normally can be economically restored to a serviceable condition through regular repair procedures (includes such major components as aircraft engines, communications equipment, radars, motor vehicle engines, and transmissions, or secondary items such as generators); may be repaired at the request of the customer and with the approval of the appropriate MILDEP
- Technical assistance services: site/system survey teams, installation and testing of major items, systems evaluation, technical assistance teams, advice from specialists, feasibility studies, systems integration, study groups to develop engineering requirements plans, etc.
- Training: formal (classroom) or informal (on-the-job) instruction of international students by DOD components, contractors (including instruction at civilian institutions), or by correspondence course to include technical, educational, or informational publications, and instructional media of all kinds)

- Training aids (items that supplement training programs such as videotapes, DVDs, slides, films, microfiche, transparencies, etc.)

Normally a blanket order case is used for follow-on support and training for a major item or weapon system following the initial support period. Initial or concurrent support is usually included in the original system sale case as part of the TPA. Depending on the IA, a blanket order follow-on support case may be established for each category of item/ service to be provided, for each major item/ weapon system, or perhaps for support of multiple systems.

Restrictions on Blanket Order Procedures

There are a number of instances where, by regulation, blanket order case procedures do not apply (see SAMM, C5.4.3.2.2). These items must be ordered on a defined order case. Items that are generally restricted from being ordered on a blanket order case include:

- SME, including MDE
- Initial logistics support that is normally ordered for concurrent delivery (e.g. TPA)
- Classified items
- Lumber, sand, gravel, and other commercial-type material
- Technical data packages
- Ozone depleting substances

Defined versus Blanket Order Procedures

There are instances when either a defined order or blanket order case may be used, depending on the specific IA and country involved. MILDEP policy, customer preference, minimum case values, and item application (i.e., support for a specific system or program, or general support to a customer service, unit, depot, etc.), will dictate which type of case is most appropriate. Customers may sometimes prefer a blanket order case because the Anticipated Offer Date (AOD) for the USG to offer an LOA is generally shorter than with a defined order case. This is due to the fact that the customer usually establishes the LOA dollar value, thereby eliminating the need for a more time-intensive LOA data analysis. Refer to chapter 5 of this textbook for a review of AODs. Blanket order cases can also provide more flexibility since requisitions can be submitted as long as funds remain on the case. However, since the responsibility for preparing and submitting requisitions lies with the customer on blanket order cases, the customer must be familiar with US requisitioning procedures and supply systems.

An important feature of both defined order and blanket order cases is that their material requirements are normally filled from DOD stocks only if on-hand assets are above the control level also known as the reorder point. The only time that FMS requisitions will normally be filled below this reorder point is through a mature (programmed) CLSSA.

Cooperative Logistics Supply Support Arrangement

A CLSSA is a blanket order type case designed to provide more responsive follow-on spare parts support for US produced military hardware possessed by foreign countries. IAs may offer a CLSSA to a customer on approval from the Defense Security Cooperation Agency (DSCA). The advantage of a CLSSA is that it allows a purchaser's requisitions to receive treatment similar to US and other FMS purchaser activities with equal supply priorities. This arrangement requires establishment of a separate up-front FMS case enabling the customer to “buy in” to the DOD’s supply system. The MILDEP uses these initial CLSSA investment funds to augment defense stocks in anticipation of FMS

demands. Investing in the US supply system through CLSSA increases the probability of spare parts being available for issue from DOD stock. Many purchasers prefer CLSSA for follow-on support. Chapter 10 of this textbook, “Logistics Support of International Military Sales,” provides additional information on CLSSA.

CASE IDENTIFIER

To differentiate among the approximately 13,000 open FMS cases, each LOA is assigned a unique case identifier. This unique case identifier is assigned by the IA and should be provided to the customer as soon as possible after receipt of the LOR. However, if the proposed sale must be notified to Congress, the case identifier may not be available until the proposed sale is entered in the *US Federal Register*. The case identifier is found at the top of the first page of every LOA. The case identifier has three major components:

- **Country Code:** A two-position code representing the purchasing country or organization. A list of DOD country/activity codes is found in SAMM, table C4.T2.
- **Implementing Agency (or service) Code:** A single alpha code that identifies the US MILDEP or other IA that manages the item/system requested and is responsible for preparing the LOA on behalf of the USG. The most common codes are “B” for Army, “D” for Air Force, and “P” for Navy. Refer to chapter 5 of this textbook, “Foreign Military Sales Process,” or to SAMM table C5.T2 for a listing of IA codes.
- **Case Designator:** A three-position alpha code assigned by the IA to identify a specific offer to a country. The first position identifies the category of item or service to be provided to the purchaser. The meaning of this first position code varies by MILDEP and is not dictated by DSCA policy. Table 6-1 provides the general guidelines used by the MILDEPs in determining the first position of a case designator. The second and third positions are assigned sequentially to distinguish among a country’s separate FMS cases for that same category of item or service.

**Table 6-1
First Position of Case Designator**

US Army (IA Code = B)		US Navy (IA Code = P)		US Air Force (IA Code = D)	
B	Repair Parts	A	Ammunition and other explosives	A	Munitions (ammunitions, bombs, and rockets)
C	Foreign Military Sales Order I	B-C	Individual spares and components	B	Munitions (non-AFMC managed)
D	SATMO OCONUS Training	F	Technical assistance/services	C	Cartridge Actuated Devices/Propellant Actuated Devices
E	SELPO/Communications security	G	Technical and engineering services	D	Communications equipment (i.e., C4I) and facilities
G	SELPO/Communications security	H-J	Direct requisitioning procedures	E	Support equipment
H	Construction (Corps of Engineers)	K	FMSO I: KA/KS and FMSO II: KB-KR or KT-KW	G	AFMC services
I	Excess Defense Articles (EDA)	L	Major end items (components and equipment)	J	Aircraft ferry
J	SDAF (Special Defense Acquisition Fund)	M	Repair and return	K	FMSO (FMSO I: KA and FMSO II: KB-KW)
K	Foreign Military Sales Order II	P	Cartridge Actuated Devices (CAD) Propellant Actuated Devices (PAD) Aircrew Escape Propulsion Systems (AEPS)	L	Equipment
L	Leases	R	Open end requisitioning procedures	M	Maintenance
M	Medical (US Army Medical Materiel Agency)	S	Weapon system sale (ship or aircraft)	N	Special support
N	Coproduction	T	Training	O	Communications security (COMSEC)
O	SATFA CONUS training	Z	Leases	P	Publications
P	Price and Availability (P&A)			Q	Specialized sustainment support
Q	Material/services (from US activities located in Europe)			R	Spares
S				S	Major aircraft system sale
T	Publications			T	Training
U-Z	Material/services from Life Cycle Management Commands (system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.)			U	Pseudo LOAs for EDA
				V	Class IV and V modifications
				X	Special financial (DFAS-IN)
				Y	Major missile system sale
				Z	Leases

The case identifier on the LOA in attachment 6-2 is BN-D-RAC. In this example, the country code “BN” is for Bandaria, the IA code is “D” for the US Air Force, and the case designator “RAC” indicates that this is the third case that the US Air Force has implemented for Bandaria in the “R” (spare parts) category. The next case for Bandaria in this category would generally be “RAD” and so forth. The case identifier should be used on all documentation relating to its associated LOA. It is used to track the status of the LOA and is perpetuated in case directives, *Military Standard Requisitioning and Issue Procedures* (MILSTRIP) documents, FMS billing documents, and the DSCA 1200 computer system. SAMM figure C5.F5 further discusses building case identifiers and designators.

PSEUDO LETTER OF OFFER AND ACCEPTANCE

Various authorities within US law allow use of US appropriated funds (other than Foreign Military Financing (FMF) and International Military Education and Training (IMET)) funds to provide defense articles and services to friends and allies. Typically, these appropriations are used to enhance partner nation military capability to conduct counter terrorism operations, counter drug operations, and multilateral peace operations, or to support US military stability operations. These authorities are generically referred to as Building Partnership Capacity (BPC) programs and may be administered by DSCA using a pseudo Letter of Offer and Acceptance (LOA). A pseudo LOA is prepared so that the FMS LOA infrastructure can be utilized to administratively manage selected BPC programs. The terms “pseudo LOA” and “BPC case” can be used interchangeably. An example of a pseudo LOA is shown in attachment 6-3. The typical (not all inclusive) BPC programs that may result in a pseudo LOA are:

- Afghanistan Security Forces Fund (ASFF)
- Coalition Readiness Support Program (CRSP)
- DOD Counternarcotics (CN) Programs (Section 1033 and 1004)
- Global Train and Equip (Section 1206)
- Pakistan Counterinsurgency Fund/Pakistan Counterinsurgency Capability Fund
- Peacekeeping Operations (PKO) (FAA Section 551)
- Global Peacekeeping Operations Initiative (GPOI)

Each one of these BPC programs has its own unique operating guidelines and fiscal law constraints. For example, the Section 1206 program can only be used for immediate threats and is limited to one fiscal year obligation authority. An informative source for a description of these various BPC programs can be found at (requires USG Common Access Card): <http://www.disam.dsca.mil/Partnership%20Strategy%20Toolkit/PS%20Toolkit%20Brochure.pdf>

The pseudo LOA process starts with DOD (typically the security cooperation office (SCO) or the geographic combatant command (GCC)) or other federal agencies submitting a request, often called a Memorandum of Request (MOR), to the IA with an info copy to DSCA identifying the services and equipment to be provided and citing the BPC legal authority for the program. The IA will conduct a feasibility assessment to ensure such areas as requirements definition, transportation plans, technology/disclosure, special contracting issues, etc., are addressed. The assessment will verify that requirements are actionable within the program budget constraints and obligation timelines. Some of the operating guidelines for a pseudo LOA are as follows:

- Pseudo LOAs require the approval of both the Secretary of Defense and the State Department.
- Congressional notification is required for all pseudo LOAs, typically a fifteen-day period.
- The pseudo LOA is not signed by the country or organization receiving the articles and/or services. Once implemented, pseudo LOA documentation may be shared with the country on a case-by-case basis, in accordance with DSCA guidance.
- Transportation is typically provided by the USG to an in-country destination.
- For programs where the title transfers, it will transfer at point of delivery vice initial point of shipment. The SCO is responsible for documenting the transfer to the benefitting country.
- LOA standard terms and conditions do not apply to pseudo LOAs.

- DSCA will issue a policy memorandum each fiscal year to identify the funding authority, a unique two-digit program code, and specific pseudo LOA preparation procedures for each BPC program. Review these policy memoranda on DSCA's website to get a more thorough understanding of pseudo LOAs.
- The unique two-digit program code will become part of the pseudo LOA identifier.
- The pseudo LOA will cite the program authority and will note the period of availability for that financial authority.
- One or more benefitting countries identified to receive the program material or services can be listed in the pseudo LOA.

The SCO and the GCC play a significant role in the pseudo LOA process. They must interface with the recipient (benefitting) country in order to translate the specific BPC program objectives into detailed package requests. BPC program requests should be linked to country and theater planning documents. Detailed information on the various BPC programs, associated pseudo LOA processes/procedures, and the roles of the SCO/GCC and benefitting country will be addressed in a new chapter 15 to be included in the revised SAMM due out in the near future.

SUMMARY

The FMS case concept is crucial to the understanding and management of the overall FMS program. Standard FMS cases fall into one of three categories as defined by the SAMM: defined order, blanket order, and CLSSA. Some BPC programs are implemented with a pseudo LOA using the existing FMS infrastructure.

Each FMS case is assigned a unique case identifier, composed of a country code, IA code, and case designator. The case identifier is used for all managerial tasks associated with the case, such as financial and logistics tracking. Pseudo LOA identifiers contain a unique program code assigned by DSCA.

REFERENCES

DOD 5105.38-M, *Security Assistance Management Manual (SAMM)*.

US Air Force Manual, AFMAN 16-101, *International Affairs Security Assistance Management*.

US Army Regulation, AR 12-1, *Security Assistance, Training, and Export Policy*.

US Navy Naval Supply (NAVSUP) Systems Command Publication 526, *Foreign Military Sales Purchaser Supply Systems Guide*.

ATTACHMENT 6-1
SAMPLE DEFINED ORDER CASE



United States of America
Letter of Offer and Acceptance (LOA)
BN-B-UDD

Based on Bandaria MOD Letter, BN-A-0001-11, 25 June 2011

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to the Embassy of Bandaria Office of the Ground Attache 1234 Massachusetts Av, NW Washington, DC 29999, the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA is for Up Armored HMMWVs, Ground Mobility Vehicle (GMV) HMMWVs, Radios, and other hardware and services.

Estimated Cost: \$3,163,305

Initial Deposit: \$412,694

Terms of Sale:

Cash Prior to Delivery

Dependable Undertaking

Congressional Notification: 11-99

This offer expires on 25 December 2011. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This LOA consists of page 1 through page 16.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

_____	13 Sep 2011	_____	23 Dec 2011
US Signature	Date	Purchaser Signature	Date
Nels E. Berdahl			
GDIT Trainer			
_____		_____	
Typed Name and Title		Typed Name and Title	
US Army Security Assistance Command, Redstone Arsenal, AL 35898			
_____		_____	
Implementing Agency		Agency	
DSCA Reviewed/Approved	17 Sep 2011		

DSCA	Date		

Information to be provided by the Purchaser:
 Mark For Code_C_, Freight Forwarder Code_2_, Purchaser Procuring Agency Code_B_, Name
 and Address of the Purchaser's Paying Office: _____

Items to be Supplied (costs and months for delivery are estimates):

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
001 K	E3Z 2320015402038 (Y)(N)(R) TRUCK, UTILITY, HMMWV, ARMORED M1151A M1151A1 Truck, Expanded Capacity, Up-Armored Carrier, Paint Color Solid Green (Note(s) 1)	10 EA	\$190,826.92	\$1,908,270	P(12) TA5 NR	X	9
002 K	J7N 289Z00ENGINEQ (N)(N)(R) ENGINES/ENGINE COMPONENTS 2815-01-439-8164 1 EA 6.5L Turbocharged Engine to support HMMWVS (Note(s) 2)	XX		\$12,170	P(20) TA5 NC	A	5
003 G	H2Z 9H2Z00NSRAD10 (S)(N)(R) RADIO, TACTICAL/NON- TACTICAL (NON-US INVENTORY) (Note(s) 3)			<u>\$724,762</u> (Line Total)			
	a. NNSN Harris 50 Watt Multiband Equipment for GMV-N, P/N AN/VRC-103(V)2, COMSEC Account No. 860048	4 EA	\$92,375.58	\$369,503	P(8) TAN SP	A	2
	b. NNSN Harris 150-Watt HF Equipment for GMV-N, P/N AN/PRC- 150(C), COMSEC Account #860048	4 EA	\$88,814.57	\$355,259	P(10) TAN SP	X	7

BN-B-UDD
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(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
004 U	K8A 9K8A000TACTSP TACTICAL & SUPPORT VEHICLE SPARE PARTS U.S. Government Concurrent Spare Parts (CSPs), Two Years to Support HMMWVs (Note(s) 4)	(N)(N)(R) (VII) XX		\$199,500	S(24) TA3	A	5
005 U	J8A 768ZUNCLB00KS BOOKS & OTHER PUBLICATIONS, UNCLASSIFIED (TECH/NON-TECH) Unclassified Publications as listed on Attachment 1 (Note(s) 5)	(N)(N)(R) (-) XX		\$1,362	S(6) TA3	A	5
006 U	MIE 02040000THQAT OTHER QUALITY ASSURANCE TEAM US GOVERNMENT PERSONNEL TEAM PROVIDING IN- COUNTRY TECHNICAL ASSISTANCE (QAT) Quality Assurance Team (QAT) (one person) in support of 10 HMMWVs. (Note(s) 6)	(N)(N)(R) (XXI) XX		\$43,750	S(18) TA3	-	-
007 G	N00 000000FMSTRNG TRAINING US Government Operator/Maintenance Training on Engines, In country, 1 week (Note(s) 7)	(N)(N)(R) (IX) XX		\$35,000	S(72) TA3	-	-

Estimated Cost Summary:

(8) Net Estimated Cost	\$2,924,814
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	111,143
(11) Transportation	127,348
(12) Other	0
(13) Total Estimated Cost	\$3,163,305

To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:

ESTIMATED PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Initial Deposit	\$412,694	\$412,694
15 Jun 2012	\$413,020	\$825,714
15 Sep 2012	\$617,977	\$1,443,691
15 Dec 2012	\$720,456	\$2,164,147
15 Mar 2013	\$605,556	\$2,769,703
15 Jun 2013	\$313,647	\$3,083,350
15 Sep 2013	\$79,955	\$3,163,305

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service - Indianapolis ATTN: Security Assistance Accounting, DFAS-JAX/IN 8899 E. 56th Street Indianapolis, IN 46249-0230 . Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this LOA document (if required) should be made to ABA #021030004, U.S.Treasury NYC, Agency Location Code: 00003801, Beneficiary DFAS-JAX/IN Agency, showing "BN-B-UDD, payment from Government of Bandaria"; or a check for the initial deposit, made payable to the US Treasury, mailed to DFAS, 3801 Center Collections DFAS-JAX/IN, P.O. Box 269490, Indianapolis, IN 46226-9490, showing "BN-B-UDD, payment from Government of Bandaria". Wire transfer is preferred.

2. One signed copy should be returned to Department of the Army, Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-RO-E, 7613 Cardinal Road, Redstone Arsenal, AL 35898.

**ATTACHMENT 6-2
SAMPLE BLANKET ORDER CASE**



**United States of America
Letter of Offer and Acceptance (LOA)
BN-D-RAC**

Based on Government of Bandaria, Reference Letter, ABLM-45, October 17, 2011.

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to the Embassy of Bandaria Office of the Air Attache 1234 Massachusetts Ave, NW Washington, DC 29999, the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA is for spare parts to support the Bandaria ground communications, radar systems, and other U.S. origin communications equipment.

Estimated Cost: \$376,675

Initial Deposit: \$45,742

Terms of Sale:

Cash Prior to Delivery

Dependable Undertaking

This offer expires on 23 January 2012. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This LOA consists of page 1 through page 11.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

_____	4 Nov 2011	_____	16 Jan 2012
US Signature	Date	Purchaser Signature	Date
RONALD D'ALLESSANDRIS			
Acting Deputy Director, 555th Int'l Spt Gp		_____	
Typed Name and Title		Typed Name and Title	
AFSAC International Division		_____	
Implementing Agency		Agency	
DSCA Reviewed/Approved	8 Nov 2011		
DSCA	Date		

Information to be provided by the Purchaser:
Mark For Code_B_, Freight Forwarder Code_2_, Purchaser Procuring Agency Code_D_, Name and Address of the Purchaser's Paying Office: _____

Items to be Supplied (costs and months for delivery are estimates):

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
001 H9A	580000COMPART (N)(N)(R)	XX		\$350,425	X(-)	A	5
B4	SPARE PARTS, (XI)				TA4		
47	COMMUNICATIONS EQUIPMENT SUPPLIES/SUPPORT IN FSG 58 & 59 MAY INCLUDE OTHER FSG WHEN SUPPLIED FOR COMMUNICATIONS EQUIPMENT Unclassified ground communications equipment, spare parts and electronic supplies to support standard ground communications and radar systems				NR		
002 R6C	SMALLCASESUPT (N)(N)(R)	XX		\$1,683	S(1)	-	-
B4	SMALL CASE SUPPORT (-)				TA3		
47	EXPENSES						

Estimated Cost Summary:

(8) Net Estimated Cost	\$352,108
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	13,317
(11) Transportation	11,250
(12) Other	0
(13) Total Estimated Cost	\$376,675

To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:

ESTIMATED PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Initial Deposit	\$45,742	\$45,742
15 Jun 2012	\$40,145	\$85,887
15 Sep 2012	\$64,379	\$150,266
15 Dec 2012	\$82,461	\$232,727
15 Mar 2013	\$78,122	\$310,849
15 Jun 2013	\$48,465	\$359,314
15 Sep 2013	\$17,361	\$376,675

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service - Indianapolis ATTN: Security Assistance Accounting, DFAS-JAX/IN 8899 E. 56th Street Indianapolis, IN 46249-0230 . Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this LOA document (if required) should be made to ABA #021030004, U.S.Treasury NYC, Agency Location Code: 00003801, Beneficiary DFAS-JAX/IN Agency, showing "BN-D-RAC, payment from Government of Bandaria"; or a check for the initial deposit, made payable to the US Treasury, mailed to DFAS, 3801 Center Collections DFAS-JAX/IN, P.O. Box 269490, Indianapolis, IN 46226-9490, showing "BN-D-RAC, payment from Government of Bandaria". Wire transfer is preferred.

2. One signed copy should be returned to Department of the Air Force, Air Force Security Assistance Center, International Support Branch 1822 Van Patton Drive, Building 210, WPAFB, OH 45433-5337.

Note 1. REQUISITIONING B/O.

Requisitions will be forwarded by the Purchaser to AFMC/FNH if by transceiver or to AFSAC, 1822 VAN PATTON DRIVE, WRIGHT PATTERSON AFB OH 45433-5337. Requisitions will cite the Letter of Offer and Acceptance (LOA) three-position case designator in card columns (cc) 48-50 and the last two digits of the applicable line item number in cc 55-56. Purchaser will include appropriate mark for code in cc 33 and valid freight forwarder code in cc 47. Priorities cited in cc 60-61 will be consistent with the assigned force activity designator (FAD).

BN-D-RAC
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ATTACHMENT 6-3
SAMPLE PSEUDO LETTER OF OFFER AND ACCEPTANCE (LOA)



United States of America
Letter of Offer and Acceptance (LOA)

H2-P-LZZ

Bandaria, Sec 1206 PL 109-163/PL 111-242 (Non-FMS)

Based on funds provided and the written request from the (continued on page 2)

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to the Department of Defense the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA provides 7 Meter Rigid Inflatable Boats (RHIBs), 4.7 Meter Rigid Inflatable Boats and support.

Estimated Cost: \$6,000,000

Initial Deposit: \$6,000,000

Terms of Sale:

Cash with Acceptance 1206PL109-163 as amd/PL111-242 \$6,000,000

This offer expires on 12 September 2011. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This LOA consists of page 1 through page 12.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

_____	1 Sep 2011	_____	_____
US Signature	Date	Purchaser Signature	Date
BEN Z. MANN		(P.L. 109-163/P.L. 111-242 (Non-FMS	
Director, OURCOM Division		No Purchaser Signature Required)	
_____		_____	
Typed Name and Title		Typed Name and Title	
Navy International Programs Office		_____	
_____		_____	
Implementing Agency		Agency	
DSCA Reviewed/Approved	1 Sep 2011		
_____	Date		
DSCA			

Information to be provided by the Purchaser:
 Mark For Code_B_, Freight Forwarder Code_X_, Purchaser Procuring Agency Code_P_, Name
 and Address of the Purchaser's Paying Office: _____

Customer reference continued: Defense Security Cooperation Agency e-mail, dated 1 April 2011. The legal authority is Section 1206 of P.L. 109-163, As Amended, P.L. 111-242.

Items to be Supplied (costs and months for delivery are estimates):

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
001 G	C5Z 9C5Z000THERBC (N)(N)(R) OTHER BOATS & CRAFT (VI) CRAFT 7 METER RIGID HULL INFLATABLE BOAT	14 EA	\$217,142.81	\$3,040,000	P(13) TA5	X	7
002 G	C5Z 9C5Z000THERBC (N)(N)(R) OTHER BOATS & CRAFT (VI) CRAFT 4.7 METER INFLATABLE BOAT	18 EA	\$45,474.53	\$818,542	P(13) TA5	X	7
003 G	C9A 9C9A00SHIPPTS (N)(N)(R) SHIP SPARE PARTS (VI) SUPPLY SUPPORT FOR ENGINES, SUPPORT EQUIPMENT, AND VESSEL BOARD SEARCH AND SEIZURE (VBSS) EQUIPMENT	XX		\$1,212,660	P(13) TA5	X	7
004 G	NOO 000000FMSTRNG (N)(N)(R) TRAINING (IX) OPERATION AND MAINTENANCE TRAINING IN COUNTRY	XX		\$190,985	P(16) TA5	-	-

Estimated Cost Summary:

(8) Net Estimated Cost	\$5,262,187
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	199,964
(11) Transportation	537,849
(12) Other	0
(13) Total Estimated Cost	\$6,000,000

To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:

ESTIMATED PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Initial Deposit	\$6,000,000	\$6,000,000

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service - Indianapolis ATTN: Security Assistance Accounting, DFAS-JAX/IN 8899 E. 56th Street Indianapolis, IN 46249-0230 . Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this LOA document (if required) should be made to ABA #021030004, U.S.Treasury NYC, Agency Location Code: 00003801, Beneficiary DFAS-JAX/IN Agency, showing "H2-P-LZZ, payment from Sec1206 PL109-163amd/PL111-242"; or a check for the initial deposit, made payable to the US Treasury, mailed to DFAS, 3801 Center Collections DFAS-JAX/IN, P.O. Box 269490, Indianapolis, IN 46226-9490, showing "H2-P-LZZ, payment from Sec1206 PL109-163amd/PL111-242". Wire transfer is preferred.

2. One signed copy should be returned to Department of the Navy, Navy International Programs Office, 2521 South Clark Street, Suite 800, Arlington VA 22202-3928.

Note 1. Editor Note.

This is not an actual case. Only the notes that are unique to non-FMS cases are shown here

Note 2. AUTHORITY FOR SALE - SECTION 1206 OF P.L. 109-163, AS AMENDED, P.L. 111-242 PROGRAMS.

This sale is made under the authority of Section 1206 of P.L. 109-163, as amended, P.L. 111-242 and the Arms Export Control Act (AECA). Any reference in this Letter of Offer and Acceptance to the United States AECA, to defense articles, and to defense services shall be construed instead to be a reference to P.L. 109-163, as

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amended, P.L. 111-242 and the AECA. Any reference in this LOA to 'purchaser' shall be construed as a reference to the Department of Defense.

Note 3. CASE CLOSURE - SECTION 1206 OF P.L. 109-163, AS AMENDED, P.L. 111-242 PROGRAMS.

This case must be fully reconciled and closed by July 31, 2016.

Note 4. FUNDS, PURPOSE, AVAILABILITY AND AMOUNT - SECTION 1206 OF P.L. 109-163, AS AMENDED, P.L. 111-242 PROGRAMS.

The funds financing this Pseudo Letter of Offer and Acceptance (LOA) are expiring funds and are subject to all the requirements and restrictions under the heading of SECTION 1206 OF P.L. 109-163, AS AMENDED, P.L. 111-242. The funds provided are in support of authority to build the capacity of foreign military forces and carry the same time, purpose, and availability restrictions associated with fund source 9710100, DoD Operation and Maintenance (O+M) or other funds that may be available for use in FY 2011.

- a. Failure to obligate FY 2011 O+M funds during the period of availability ending on 30 September 2011 will render them unavailable for new obligations after that date.
- b. FY 2008 O+M funds must be obligated by September 30, 2011 and must be expended on or before July 31, 2016.
- c. Total funds available for expenditure against this Pseudo LOA are limited to the value of \$ 6,000,000.
- d. Amendments or Modifications to this Pseudo LOA are only authorized with DSCA written approval.

Note 5. TITLE AND CUSTODY TRANSFER - SECTION 1206 OF P.L. 109-163, AS AMENDED, P.L. 111-242 PROGRAMS.

The U.S. Government will retain title to and custody of the defense articles to be transferred under the authority of SECTION 1206 OF P.L. 109-163, AS AMENDED, P.L. 111-242 (hereinafter "1206 program materiel") until delivery to the recipient country. A designated U.S. Government representative will confirm and document delivery of the 1206 program materiel to an authorized recipient country representative or agent. This U.S. Government representative will keep documentation showing when, where, and to whom delivery was made and will provide a copy of this documentation to the Navy International Programs Office.

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