

2. Cancellations

(a) Navy Property Redistribution and Disposal Regulation No. 1, paragraph 306.

(b) ONM Instruction 4500.40 of October 1, 1962, subject: Use of the exchange/sale property disposal authority.

The conflicting portions of reference (a) are under revision.

3. Other implementations

Certain portions of this instruction will be incorporated into references (a) and (b) at some future time. In the event of conflict between this instruction and the revised references (a) and (b), references (a) and (b) will supersede.

4. Applicability

This instruction is applicable to Navy activities exchanging or selling U.S. Government-owned property, worldwide.

5. Background

The FPMR (Federal property management regulation), which is administered by the GSA (General Services Administration), implements the authority for the Federal Government. DOD (Department of Defense) Instruction 4160.1 of August 10, 1966, subject: Nonexcess personal property to be sold or exchanged for replacement purposes, implements the FPMR exchange/sale authority for the military services and defense agencies. This instruction implements the DOD instruction for the Navy.

6. Definitions

(a) Acquire: This term refers to procuring, purchasing or obtaining in any manner, except by lease and including by transfer, manufacture, or production at Government owned or operated plants or facilities.

(b) Exchange/sale property: This term refers to property not excess to the requirements of the owning activity, but which is eligible for replacement. Such property is offered for exchange or sale to apply the exchange allowance or sales proceeds in whole or part payment to the similar replacement item.

(c) Similar items: In exchange/sale transactions, the term refers to items being acquired and replaced which fall within a single category in enclosure (1), or which are not categorized in enclosure (1), but are designed and constructed for the same specific purpose as the item to be replaced. The term also refers to containers for similar noncategorized items and to repair parts for similar categorized and noncategorized items.

7. General

(a) The primary purpose of the exchange/sale authority is to provide a means for the sale or exchange of certain nonexcess personal property when such actions are justified and warranted, and to apply the exchange allowance or proceeds derived from sale in whole or part payment for the replacement of required similar items.

(b) In the exercise of the exchange/sale provisions, each contemplated transaction must be carefully evaluated in order to determine, in advance, whether the monetary return anticipated by the exchange/sale transaction warrants the administrative effort and associated costs which are incurred in the use of exchange/sale provisions. This judgment can be determined, to a large degree, by the average gross monetary return realized through past competitive bid sales or exchanges of similar items.

8. Authority

Subject to the limitations contained herein, purchasing activities are authorized to apply the exchange allowance or proceeds from sale (as prescribed by NAVCOMPT (Comptroller of the Navy)) in whole or part payment in acquiring similar replacement personal property, worldwide.

9. Limitations

(a) An exchange/sale transaction may be executed after the property has been offered for utilization in accordance with paragraph 10(a) below, and when all of the following conditions have been met:

(1) The item or items to be sold or exchanged are similar to the item or items to be acquired.

(2) The item or items to be sold or exchanged are not excess and the item or items to be acquired are required for approved programs.