Coast Guard Leased Housing Contracting Officer Training

Instructor Outline

Developed: December 2002
Revised:

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I. Instructor Guidance

a. How to use the Instructor Workbook.

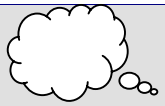
The Instructor Workbook was developed to assist you in facilitating the training session. Feel free to write in the margins or in the spaces provided throughout the workbook. The Instructor Workbook is designed to serve as a guide and should be tailored as you deem appropriate to meet your needs.

The Instructor workbook was developed to provide the trainer with all the information they will need to facilitate the course. Please make notes of any discrepancies or recommendations using the form provided in Appendix E or send your comments via e-mail to:

Dvanpelt@comdt.uscg.mil

b. Instructor's Script. The Icons located on the next page are provided throughout the workbook and should assist you in facilitating the training. Additional information will be provided by *instructor Notes.*

c. Icons.

	Clock: This icon appears with the estimated time need to complete a training session. All times are guides.
	**Student Workbook**: This icon appears with the referenced page for the material being discussed throughout the training.
	Handout or Test: This icon appears when you are to provide the student with a handout or test.
	Write Information: This icon appears when it's appropriate to write on a board or chart.
	Exercise: This icon appears when you need to hand out and exercise.
	Power Point/Overheads: This icon will appear when you need to show a slide.
?	**Question**: This icon appears next to a recommend question you should ask.
	Break: This icon appears when it's appropriate for a break.

d. Preparing the classroom.

Materials

➢ Cards or badge labels	1 per student
➢ Overhead slides or diskette with PowerPoint Presentation	1 per instructor
➢ Student Workbooks	1 per student
➢ Attendance Sheet	1 per class
➢ Handouts	1 per student
➢ *Marshal and Swift Home Repair and Remodel Cost Guide*	1 per student
➢ *Coast Guard Leased Housing Procedural Guide*	1 per student

Equipment

- ➢ Lap Top computer
- ➢ Power Point or overhead projector
- ➢ Easel Charts, markers and masking tap

Room Arrangements

- ➢ U shape table arrangement or rounds, even groups
- ➢ Maximum of 20 participants recommended
- ➢ Determine arrangements for:
  - ✓ Refreshments
  - ✓ Breaks
  - ✓ Messages
  - ✓ Other administrative details that are important to the group

e. Begin Instruction.

30 Minutes

Slide #1 Welcome:

Slide #2 Class Information:

Introductions.

Note	➢ Update slide #1and #2 prior to start of class. ➢ Have student get together with another person in class, find out info, and then introduce them to the class. ➢ Don't forget to introduce yourself.

Slide #3 Course Outline

I. Course Outline

1

a. Objectives.

The objective of the Coast Guard Leased Housing Contracting Officer Training is to provide you, the contracting officer with an overview of the Coast Guard Leased Housing Program, to include management and administration of the leased housing program, the basics of government contract law, contracting ethics, and how they relate to the leased housing program.

b. References.

- Coast Guard Housing Manual (COMDTINST M11101.13 series)
- Coast Guard Leased Housing Procedural Guide (COMDTPUB 11101.6)
- Federal Acquisition Regulations (FAR)

c. Major Topics and Activities.

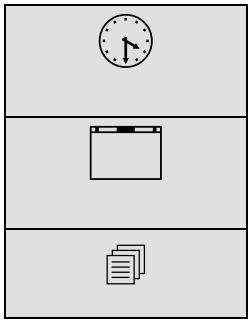
At the conclusion of this course you will have the basic foundation to effectively manage the leased housing program in your area of responsibility. The following topics will be covered:

- Review of the Coast Guard Leased Housing Program
- Contracting Requirements
- Program Management
- Damage Claims

d. Final Exam

All students are required to pass a test at the end of the course to meet requirements and receive contracting authorization from Commandant (G-WPM-4).

Chapter 1 – Coast Guard Leased Housing Program



90 Minutes

Slide #4 Title 14 USC 475 (a)

Provide handout #1.

1-1

A. Lease Housing Authority

The Secretary is authorized to lease existing housing for Coast Guard military personnel under the authority of 14 USC 475(a) if there is a lack of adequate housing facilities on base or nearby.

B. Title 14 USC 475(a)

The Secretary is authorized to lease housing facilities at or near Coast Guard installations, wherever located, for assignment as public quarters to military personnel and their dependents, if any, without rental charge upon a determination by the Secretary, or his designee, that there is a lack of adequate housing facilities at or near such Coast Guard installations.

The Secretary is also authorized to lease housing facilities for assignment as public quarters, without rental charge, to military personnel who are on sea duty or duty at remote offshore Coast Guard stations and who do not have dependents. Such authority shall be effective in any fiscal year only to such extent or in such amounts as are provided in appropriation Acts. When any such lease involves housing facilities in a foreign country, the lease may be made on a multiyear basis for a period not to exceed five years, and, in accordance with local custom and practice, advance payment may be made for the lease. Such public housing facilities may be leased on an individual or multiple-unit basis.

Expenditures for the rental of such housing facilities may not exceed the average authorized for the Department of Defense in any year except where the Secretary finds that the average is so low as to prevent rental of necessary housing facilities in some areas, in which event he is authorized to reallocate existing funds to high-cost areas so that rental expenditures in such areas exceed the average authorized for the Department of Defense.

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The Secretary is authorized, subject to regulations approved by the President -

- to designate as rental housing such housing as he may determine to be inadequate as public quarters; and

- to lease inadequate housing to members of the Coast Guard for occupancy by them and their dependents.

Where sufficient quarters are not possessed by the United States, the Commandant may hire quarters for personnel, including personnel on sea duty at such times as they may be deprived of their quarters on board ship due to repairs or other conditions which may render them uninhabitable. Such accommodations shall not be available for occupancy by the dependents of such personnel.

?	Ask the students if they have any questions before proceeding.

	Slide #5

C. Policy

The privilege of occupying leased housing is not guaranteed. ***Leased housing is a privilege*** granted to certain Coast Guard members in areas where specific pay grades generally are unable to afford adequate housing because of the high cost or absence of private housing or lack of government-owned housing. All personnel should be prepared to obtain private housing on the open market, regardless of local market conditions or the anticipated availability of leased quarters.

	Slide #6

D. Appropriate Use of Owned Quarters

1. Availability:

Assign eligible personnel to available adequate Coast Guard or DOD-owned quarters (family and UPH facilities) before considering them for Coast Guard-leased housing. All requests for leased quarters must include the statement, ***"No government-owned quarters are available at this time."*** Leased Housing Contracting Officers shall not sign lease contracts without including this statement and verifying its accuracy.

2. Assignment:

With few exceptions, leased housing assignments are based on the absence of adequate, suitable government-owned and community-based housing near Coast Guard installations and eligibility.

	Provide Handout #2.
	Slide #7

E. Definitions

1. Administrative Cost Ceiling:

The monthly dollar limit set by Commandant (G-WPM-4) as the maximum amount that may be authorized by MLC to be expended on individual leased quarters during any month, including the cost of utilities. This is equal to 120 percent of the BAH-derived matrix for a particular area. To exceed the Administrative Cost Ceiling, waivers must be submitted to Commandant (G-WPM-4) through the MLC.

E. Definitions (cont'd)

2. Area Housing Authority (AHA):

Integrated Support Commands or large Headquarters units designated by Commandant (G-WP) to manage the Leased Housing Program for all leasing areas under their cognizance.

3. BAH-Derived Cost Matrix:

This is the maximum annual cost ceiling, which the AHO may expend for a lease (including utilities) within their area of responsibility. Use of the BAH-Derived Cost Matrix remains mandatory for both accompanied and unaccompanied members. Costs, which may exceed the matrix, must first be approved by MLC. When leases are retained or renewed, their cost may not exceed the matrix without MLC approval.

4. Exemptions.

- Blanket. A waiver from leased housing acquisition, eligibility, or assignment policy that includes all leases or a specific type of lease in a specific geographic area.

- Individual. A waiver from leased housing acquisition, eligibility, or assignment policy that involves only one lease or member

5. Family Leased Housing (FLH)

The Leased Housing Program that applies to members whose dependents accompanies them to the new duty station.

6. Involuntary Geographic Bachelor.

Permanent party personnel with dependents under PCS order ashore, which are not entitled to dependents' travel and household goods transportation to the new PDS, including personnel assigned unaccompanied tours.

	Slide #8

7. Leased Housing Contracting Officer (LHCO).

Contracting Officers authorized to sign Coast Guard Residential Lease contracts. This will be a member of the Area Housing Staff.

8. Leased Quarters:

Privately owned dwelling such as a single house or part of a multiple-unit building leased by the Coast Guard for use as public quarters.

9. Leasing Area:

A geographical area in which the Commandant has authorized the Leased Housing Program.

10. Local Housing Authority (LHA):

The commanding officer of a unit that the Area Housing Authority has designated to manage the Leased Housing Program in a leasing area.

11. Maximum Funding Level:

The total funds available to each AHA for leases throughout the fiscal year. The AHA will receive their annual budget from Commandant (G-WPM-4) thru MLC.

12. National Median Housing Cost (NMHC):

The median of all rental costs data collected nationwide by DOD for each pay grade. Separate national median housing costs are determined for each pay grade at with dependents and without dependents rate. Commandant (G-WPM-4) publishes the NMHC annually.

	Slide #9

13. Occupant:

The person(s) the Coast Guard assigns to Coast Guard-leased quarters that forfeit all government housing allowances.

14. Rental Partnership Program:

An agreement between military base commanders and privately owned housing complexes to provide affordable, adequate community-based housing to military members. Depending on the agreement, security deposits, application fees, and credit checks usually are waived and rental costs reduced, generally at or below established BAH rates.

15. Total Housing Allowance (THA).

The total of a member's housing allowance (BAH) plus out of pocket expenses the member is expected to absorb.

16. Unaccompanied Personnel Leased Housing (UPLH).

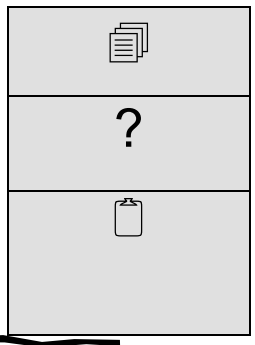
The Leased Housing Program applicable to personnel assigned afloat and ashore who do not have dependents.

17. Universal Eligibility Matrix.

Annual matrix derived by Commandant (G-WPM-4), which establishes eligibility for the leased housing program based on pay grade (with and without dependents), and bedroom requirements.

18. Voluntary Geographic Bachelor**.**

Permanent party personnel with no co-located dependents assigned an accompanied tour and entitled to dependent travel and household goods transportation to PDS area. Also includes separated, members assigned overseas who return dependents early, and voluntary or involuntary separated members without a court-order agreement.

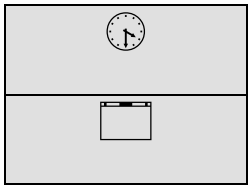


Handout #2 – definitions.

Ask the students if they have any questions.

Exercise #1: This is a review of Chapter 1, handout and review with the students before continuing with instruction. Appendix C.

Chapter 2 - Leased Housing Contracting



3 Hours

Slide #10

Note	Student Workbook contains entire content of this chapter. Students take turns reading aloud.

A. Contract Regulations

1. Power to Contract.

Contracts of Government agencies are not legal obligations of the United States unless they comply with certain legal requirements applicable to all Federal Government contracts.

Under our Constitutional System, the Governmental powers from which contracting powers derive are vested in either the legislative or executive branch.

Although the executive branch performs a vast majority of the Government contracting functions, the legislative branch is granted the majority of powers.

This separation of powers is, of course, part of the system of checks and balances, which is inherent in our Constitutional principles. Thus, when analyzing the validity of a Government contract, we must consider the contracting power and authority of the Government and of the individuals who represent it in its dealings with contractors.

As a general rule, an unauthorized contract, or one entered into by an unauthorized official, will not be binding upon the United States, and may result in the contractor's not being able to recover its expenditures.

2. Constitutional Authority.

The initial concern in examining Federal Government contracts is whether the Constitution authorizes the Federal Government to engage in the activity which is to be the subject of the contract. One of the most important clauses of the entire Constitution is **Article 1, Section Clause 18**, which gives Congress the power:

> *"to make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof."*

2. Constitutional Authority. (cont'd)

This so called "**necessary and proper**" clause supplies by implication the necessary power of the Government to enter into contracts or engage in other acts which promote the discharge of responsibilities delegated to it by express provisions of the Constitution.

3. Statutory Authority

Before the Federal Government can enter into a contract, there must be statutory authorization for the work being performed. Most agencies have a continuing grant of general authority, contained in the legislation, which created the agency.

Such statutes spell out an agency's mission, describe the general scope of its activity, and contain any limitations on its authority. This grant of authority was once considered sufficient to support the issuance of contracts.

However, payment could not be made under such contracts unless money was appropriated by Congress because **Article 1, Section 9, Clause 7**, of the Constitution states:

> *"No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law."*

Using this Constitutional authority, Congress passed the **Anti-Deficiency Act**, 31 U.S.C. 1341, which requires:

Specific statutory authority, either appropriating funds or permitting contracts without appropriating funds or permitting contracts without appropriations in order for executive agencies to enter into obligations binding the Government. This specific statutory authority is called **"budget authority."**

	Slide #11

4. Budget Authority

Budget authority is provided either in the form of an appropriation act or by a grant of "**contract authority." "Contract authority"** is permitted in the last phrase of the **Anti-Deficiency Act**, and is usually found in the language of statutes authorizing programs and permitting contracts prior to the passage of an appropriation act However, most contracting actions of the Federal Government are based on appropriation legislation, not contract authority. In such cases, if there is no appropriation legislation, the contract will not be enforceable against the Government. Thus, contracts made for amounts greater than appropriated are not binding on the United States.

5. Authorization of Appropriation

At one time, appropriation acts were the only statutory authority required in addition to the statute that created the agency. However, Congress has mandated by both rules and statute that statutes authorizing the agencies' specific activities precede appropriation acts.

Prior to the passage of an appropriation act, congressional committees usually pass special "**authorization acts**" which authorize annual agency programs with dollar limitations. Authorization may also be in the form of provisions in the general legislation creating the agency, authorizing expenditures up to specified limits for designated programs.

6. Method of Contracting

In the absence of specific statutory requirements, Government agencies generally have wide latitude in selecting methods for awarding contracts, as well as the terms and conditions to be included. While this broad authority will be applicable to some procurement situations, the contracting parties must be aware of the numerous statutes and regulations giving specific guidance on the procedures to be followed when entering into most Government contracts.

	Slide #12

7. Instrument Used

When a Federal agency has decided to obtain goods or services from a private source, it must determine what type of legal instrument it is authorized to use. If the transaction is an acquisition (procurement), the contract is to be used. An acquisition is found where the performance is "**for the direct benefit or use**" of the Government. If the transaction is a support "assistance" arrangement, a grant or cooperative agreement may be used. A support arrangement may exist in any situation where the Government provides funds without seeking a direct benefit.

Selection of a particular instrument will determine many of the procedures to be followed because of the regulations applicable to the different instruments. If a contract is used, the contracting officer must follow the applicable procurement regulations. If a grant is used, there may be much less regulatory guidance with commensurate latitude in the agency. If cooperative agreements are used, there may be less regulatory guidance.

8. General Procurement Status

The principal statutes establishing the procedures for awarding Government contracts are the Armed Services Procurement Act (ASPA) of 1947, 10 U.S.C. 2301-2314 and the Federal Property and Administrative Services Act of 1949, 41 U.S.C. 251-260 (FPASA). The ASPA applies to purchases of the Army, Navy, Marine Corps, Air Force, Coast Guard, and the National Aeronautics and Space Administration. The Federal Property and Administrative Services Act applies to purchases of the GSA and other executive agencies (except those covered by the ASPA). These statutes encourage sealed bidding as the preferred form of procurement, but they permit the award of contracts by negotiation in certain specified circumstances. In addition, these statutes provide some minimal procedures which must be complied with (e.g., requirements for the advertisement of bids). Previously, they left the selection of terms and conditions largely to the contracting agency. However, with the introduction of the FAR, a certain measure of uniformity has been reached. The Federal Acquisition Regulations (FAR) has been amended to reflect the requirements of the Competition in Contracting Act, the Defense Procurement Reform Act, and the Small Business and Federal Procurement Competition Enhancement Act and has streamlined the procurement process and promoted the use of commercial products, whenever practicable.

	Slide #13

9. Procurement Regulations

Various Federal agencies issued regulations containing detailed guidance for procedures for award of a contract as well as its terms and conditions. Until April, 1984, the two major regulations were the **Federal Procurement Regulation (FPR)**, governing procurement activity of civilian agencies, and the **Defense Acquisition Regulation (DAR)**, governing military departments in the Department of Defense.

The **FPR**, promulgated by the **General Services Administration**, applied to all "**executive agencies**" (defined in **40 U.S.C. 472(a)**) as "**any executive department or independent establishment in the executive branch of the Government, including any wholly owned Government corporation**"). However, the **Defense Department, NASA, and the U.S. Postal Service** were exempt from the FPR. Supplemental regulations implementing the FPR were issued by various agencies. Although NASA's procurement procedures came under the **ASPA, NASA** was not an agency of the **Defense Department** and thus was not subject to the DAR. NASA issued a separate NASAPR, **41 CFR Chapter 18**.

	Slide #14

10. FAR

On 1 April 1984, the **Federal Acquisition Regulation (FAR)** system was established for the codification and publication of uniform policies and procedures for acquisition by all executive agencies. The **FAR** system consists of the **FAR**, which is the primary document, and agency acquisitions regulations, which implement or supplement the **FAR**. The development of the **FAR** system is in accordance with the requirements of the **Office of Federal Procurement Policy Act of 1974 (Public Law 93-400)**, as amended by Public Law 96-83. The **FAR** was prepared, issued, and maintained, and the **FAR** system is prescribed jointly by the **Secretary of Defense, the Administrator of GSA, and the Administrator of the National Aeronautics and Space Administration** under the several statutory authorities discussed previously.

	Slide #15

11. OMB

The executive agencies are primarily responsible for formulating and implementing the policy concerning Government contracts entered into by each respective agency, subject to the FAR's guidance and regulatory policies. However, the pronouncements issued by the **President, Office of Management and Budget (OMB), and the Office of Federal Procurement Policy (OFPP)**, also directly affect such activities. The President issues **Executive Orders** which authorize and require the use of regulatory clauses implementing various economic and social programs. The **Office of Management and Budget** issues **OMB Circulars** defining executive policy, which may be directed at regulation of agency contract activities. The **OMB Circulars**, as regulations originating from the **Office of the President**, take precedence over the regulations issued by the individual agencies.

12. OFPP

Congress created OFPP in 1974 as a separate office within the OMB by enacting the **Office of Federal Procurement Policy Act, 41 U.S.C. 401, et seg,** for the purpose of providing overall direction to procurement policy. The Act charges the OFPP with the responsibility for formulating and implementing a uniform Federal procurement system. The OFPP prepared and submitted to Congress the **Uniform Procurement System Proposal** on October 27, 1980.

12. OFPP (cont'd)

The proposal sought to achieve uniformity in five key areas of procurement:

(1) procurement legislation through the issuance of a single procurement statute,
(2) procurement regulation through the issuance of a single FAR,
(3) procurement management and support systems,
(4) data, and
(5) personnel recruitment, training, and career development programs.

OFPP Policy Letter 80-5, 45 F.Reg. 48075, establishes a FAR system which consists of a single Federal Acquisition Regulation jointly issued by DOD, GSA, and NASA.

	Slide #16

13. FAR Limitations.

The FAR system limits agency regulations to those necessary to implement or supplement the FAR. Changes to the FAR will be coordinated between two councils set up to administer changes--the **Defense Acquisition Regulatory (DAR) Council and the Civilian Agency Acquisition (CAA) Council**. The FAR Secretariat is responsible for printing, publishing, and distributing the FAR through the Code of Federal Regulations System and, in addition, for performing the coordinating activities between the two primary councils identified above.

14. Impacts of Statutes and Limitations.

There is usually little question concerning the impact of a statute on the procurement process, since all statutes are a matter of public record. As stated earlier, a contract which is specifically prohibited by statute, or at variance with required statutory provisions or procedures, will not be binding on the Government. However, Federal agencies issue regulations in different ways for many purposes. Consequently, there is often a question as to their legal effect. When a court or board rules that a regulation is legally binding on either the Government or the contractor, that regulation has the "force and effect of law," in the same manner as a statute.

Generally, in the absence of statutory authorization, Governmental officials do not have the authority to waive statutory requirements.

14. Impacts of Statutes and Limitations (cont'd).

However, Congress has provided such authority in a number of statutes. For example;

- 41 U.S.C. 270(b) authorizes heads of agencies to waive the requirements of the **Buy American Act** if the cost of compliance is unreasonable, or application is inconsistent with the public interest.

- Similarly, 40 U.S.C. 270b authorizes contracting officers to waive the **Miller Act** bond requirements for work to be performed in a foreign country when it is impractical for the contractor to furnish such bonds. There are numerous other statutes (and case laws) authorizing the waiver of statutory requirements.

Regulations will have the force and effect of law if they are issued pursuant to statutory authority or where they implement a fundamental procurement policy and the agency appropriately publishes them.

While a properly issued regulation may have the "**force and effect of law**," the FAR provides authority and procedures for deviation from the regulations when their applications would not be in the best interests of the Government (see **FAR subpart 1.4**).

Aside from FAR 1.4, authority to deviate from regulations which have the force and effect of law, probably does not exist, absent language in a controlling statute clearly authorizing such deviation.

In **United States v. New Orleans Public Service, Inc.**, 553 F.2d 459 (5th Cir. 1977), a public utility supplied gas and electricity to certain Federal agencies under an oral agreement because it refused to sign contracts with an affirmative action clause required by **Executive Order No. 11246**. The order gives the **Secretary of Labor** the power to grant exemptions to specific contracts in special cases.

The contractor did not seek an exemption, and there was no authority for the agencies themselves to deviate from the order. The court held that the utility was a Government contractor and, lacking an exemption, required the affirmative action clause to be read into the oral contracts and enforced.

If the procedures used to enter into a contract or its terms and conditions do not comply with a statute or regulation with the force and effect of law, a variety of consequences may follow. In some cases, the courts may permit the Government to void the contract. In other cases, the courts may rewrite the contract to add a mandatory clause or exclude a prohibited clause. Finally, the contractor may be able to require the Government to abide by mandatory procedures to the contractors benefit.

Slide #17

2-8

B. Contract Authority.

1. Agents.

The Federal Government, like private corporations, must exercise its power to contract through employees with varying degrees of authority and responsibility.

These employees are legally called "**agents**." An agent can be defined as one who represents another person, a principal, in contractual matters. The relationship created by the association of a principal and agent is called "agency." This agency relationship is created when the principal authorizes the agent to act for him or her for a business or contractual negotiation with a third person, and the agent consents to so act.

2. Contracting Authority.

The concept of "authority" is the link that binds third parties to the principal. If an agent can affect the legal relationships of his or her principal, then the agent has "**authority**" (see **Restatement of Agency, Section 5**). Ultimately, the authority of persons who act on behalf of the Government stems from the Constitution or a Federal statute.

Contracting authority (including authority to negotiate contracts to issue change orders and negotiate equitable adjustments, etc.) is usually vested in the head of each Government agency. These officials then delegate the authority to contract on behalf of the Government to designated contracting officers on the basis of implied authority or expressed legislative enactment (see **10 U.S.C. 2311**).

However, the increasing size and complexity of Federal procurement activities have required increasingly large personnel staff to perform the numerous tasks involved in contract negotiation and administration. As a result, there are a number of Government personnel who are officially involved during negotiation and contract performance.

Included are: project managers, auditors, engineers, technical representatives, inspectors, and others. While these officials are not formally authorized to bind the Government, their conduct within the scope of assigned duties may contractually bind the Government. For example, inspectors are not authorized to order work changes. However, overzealous inspection practices that interfere with the contractor's performance or require the contractor to exceed specifications may obligate the Government to compensate the contractor for a "constructive change".

	Slide #18

3. Contracting Officers.

The term "**contracting officer**" is used to describe official representatives of the Government who are authorized to enter into and modify contracts which bind the Government. This authority may also encompass the signing of the determinations and findings and other internal documents which are necessary in the contracting process. For example, the contractor's right to seek relief before the Board of Contract Appeals under the standard Disputes clause requires a contracting officer's final decision, and the standard Changes clause provides for changes to be made by contracting officers.

Contractors cannot assume that all contracting officers have equal authority. Some agencies have developed specialized contracting officers. FAR 2.1 contains the following definition:

> *"Contracting officer" means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the contracting officer acting within the limits of their authority as delegated by the contracting officer."*

4. ACO.

Administrative Contracting Officer (ACO) refers to a contracting officer who is administering contracts.

5. TCO.

Termination Contracting Officer (TCO) refers to a contracting officer who is settling terminated contracts.

6. Duties.

A single contracting officer may be responsible for duties in any or all of these areas. Reference in this regulation to administrative contracting officer or termination contracting officer does not:

(1) require that a duty be performed at a particular office or activity, or

(2) restrict in any way a contracting officer in the performance of any duty properly assigned.

7. Authorized Representative.

Under the FAR definition cited above, the definition of a contracting officer includes "the authorized representatives of the contracting officer acting within the limits of their authority."

There is no generally recognized understanding of the process necessary to create an "**authorized representative**." However, these authorized representatives who are "**defined**" as contracting officers are usually referred to as contracting officer's representatives (CORs) and may be formally designated as such by their respective agencies. Acting within the scope of authorized duties, the COR could bind the Government to the same extent as a designated contracting officer.

It should be noted that there are many other Government employees who deal directly with contractors as part of their duties but are not designated as having any formal status.

	Slide #19

8. Designating Contracting Officers.

a. **General Rule**: As a general rule, the designation of a Government official as a contracting officer invests that person with authority to make contracts for the United States within the limits of the law and the authority expressly delegated to the individual in the designating document, i.e., his or her "**warrant**."

b. **Certificate of Appointment**: **FAR 1.603-3** states that contracting officers shall be appointed in writing on a "Certificate of Appointment," SF 1402, which shall state any limitations on the scope of authority to be exercised, other than limitations contained in applicable laws or regulations. This FAR provision replaces a number of varying provisions that existed under **DAR, FPR, NASPR, and GSPR**. It is the goal of the **Office of Federal Procurement Policy (OFPP)** that all contracting officers be appointed by name with a specific "**warrant**" governing the scope of their authority. Under this proposed system, the Government will grant contracting officer "**warrants**" only to individuals who have the requisite training and job experience, and only persons with such "**warrants**" will conduct formal contracting officer functions.

c. **Additional Limitations**: In addition to the limitations of authority stated in the "designating document" or certificate of appointment, agencies may impose additional limitations on the contracting officers' authority by prescribing methods or procedures by which they are to exercise their authority.

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9. Contracting Officers' Representative.

As noted above, the term "**contracting officer**" includes "**the authorized representative**" of the contracting officer (see FAR 2.1). These "**contracting officer representatives**" (CORS) traditionally have a much narrower scope of authority than the persons "designated' as contracting officer. Procurement regulations often contain express limitations on the delegation of authority to CORs. One major limitation is that CORs are not authorized to sign formal contract documents on behalf of the designated contracting officer.

10. Other Authorized Officials.

There is little guidance in agency regulations and the FAR on the status of employees who are not designated CORs but whose jobs are connected with the formation or administration of contract performance inspection. The courts and boards also tend to be vague on the status of various Government employees--looking more at the actual function they perform than at their status within the agency. When the agency gives them contract-related responsibilities as part of their official duties, they might be treated as authorized representatives even though they are not so designated.

11. Actual Authority Required.

Under the traditional law of agency, private persons are liable as principals to the extent of the power that they "**apparently**" have given to their agents. In contrast, the Government generally is liable only to the extent of the authority it has actually given to its representatives. The courts and boards have frequently stated the rule that the Government is not bound by the unauthorized acts of its agents even though they are acting with "**apparent authority**". The reason for the above rule is that courts recognize the importance of effective Government control over the conduct of its agents.

Because of the inapplicability of the apparent authority doctrine to the Government, it is important that a person contracting with the United States ascertain the precise extent of the contracting officer's authority, or the authority of any other person purporting to act on behalf of the Government. The courts have consistently held that persons dealing with a Government contracting officer are presumed to have notice of the limitations on the officer's authority, even though the contracting officer may personally have been unaware of them. The risk of lack of authority falls upon the contractor.

11. Actual Authority Required (cont'd).

The fact that an employee's title or position sounds important is immaterial to the court's analysis of authority. Similarly, contract specialists, negotiators, and administrators who handle the day-to-day Government contracting activity generally do not have the authority to order additional work by virtue of their position

It is important to note that courts have applied the doctrine of apparent authority **against** contractors. In **American Anchor and Chain Corporation v. United States**, 166 Ct.Cl. 1, 331 F.2d 860 (1964), the court held that despite the Federal Government's stricter requirement of actual authority for its own agents, the agents of Government contractors are governed by the usual agency rules. In **Western Box-0-Matic Corporation**, 73-1 BCA 9968 (1973), the Board held that the Government was entitled to rely on the apparent authority of the contractor's plant manager to interpret contract language. Standard principles of agency apply in each case, and if the contractor's employees have no real, implied, or apparent authority, the contractor will not be bound.

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12. Implied Authority.

a. Authorized Representative: Although acts by its agents will not bind the Government under the doctrine of apparent authority, the courts and boards have frequently granted contractors relief on the basis of "**implied authority**." Such authority is generally implied when it is considered to be an integral part of the duties assigned to a Government employee.

- For example, the Government will be bound by the actions of inspectors, engineers, or other technical personnel acting within the scope of their authority. Although such persons lack authority to issue change orders, if they give instructions or issue interpretations which induce the contractor to perform work beyond actual contract requirements, the courts and boards will frequently hold the Government to a constructive change.

- In **Switlick Parachute Company**, 74-2 BCA 10970 (1974), an inspector received delegated authority to accept the contractor's product. The Board held that the inspector had acted within the scope of that authority in ordering additional testing, since he was actually prescribing the conditions under which he would accept the product. The Government was bound by his actions and was required to reimburse the contractor for a constructive change since the extra tests were in fact beyond the contractual requirements. The Board noted that while the inspector was not authorized to alter the specifications, place of delivery or other contract terms, the authority to prescribe the testing procedure was implicit in the inspection and acceptance authority.

12. Implied Authority (cont'd).

b. Designated Contracting Officers: The courts and boards are less willing to find "**implied authority**" to bind the Government in cases involving designated contracting officers. The rationale of the rulings is that the contractor can verify the limits of the contracting officer's authority by examining the Certificate of Appointment and applicable regulations.

c. Notifications of Limits Upon authority: The Government sometimes informs the contractor of limitations on the authority of particular Government personnel. The method of notification is frequently a contract clause (see **FAR 52.243-7 and 52.202-1**). By expressly informing the contractor, the Government hopes to preclude any implied authority for the unauthorized acts of its personnel.

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d. Imputed Knowledge: Generally, the relationship between a principal and agent is a fiduciary one, requiring the utmost good faith and loyalty on the part of the agent in the performance of duties for the principal A primary characteristic of the relationship as it affects third parties is the imputation of knowledge acquired by the agent within the scope of its agency to the principal. A principal will be bound by knowledge of its agent concerning information that the agent had a duty to deliver to the principal. The rationale is that, in reality, the agent is the principal for purposes falling within the scope of the agent's duties. There are several exceptions to the rule that will relieve the principal of liability for knowledge not disclosed to the principal by the agent.

The courts will not impute the agent's knowledge to the principal in the following situations:

(1) where an agent acquires knowledge from a source which requires it be kept confidential,

(2) where the agent and the third party conspire to cheat or injure the principal, and

(3) where the agent acquires knowledge in some capacity other than his or her agency.

d. Imputed Knowledge (cont'd):

The basic rule of "**imputed knowledge**" is applicable in Government contracts. In some situations, a court may charge a contracting officer with knowledge of information delivered to other Government officials. The Government will be bound by that knowledge even though the contracting officer lacked actual notice and the Government official who received the information lacked authority, to make formal contract changes. The knowledge is "**imputed**" to the contracting officer through the basic principle of agency discussed above.

When a contractor is required to give notice of its intention to make a claim within a limited time, such as for a suspension of work or for a constructive change, the courts have bound the Government by knowledge delivered to employees other than contracting officers. In **United States Federal Engineering and Manufacturing, Inc.**, 75-1 BCA 11578, the Government's project engineer approved certain additional work, due to defective specifications, but neither the engineer nor the contractor informed the contracting officer that the extra work was required and scheduled for performance. The Board held that the contracting officer's lack of actual knowledge of the additional work did not insulate the Government from the consequences that actual knowledge would impose. The project engineer was the contracting officer's "representative," and the court imputed his knowledge to the contracting officer.

In **Davis Decorating Service**, 73-2 BCA 10107, the Government engineer and his representatives had knowledge of the extra work required to be performed. The Board imputed this knowledge to the contracting officer and held that this would satisfy the notice requirements of the changes clause, since "**they are the people with whom the Appellant deals in the performance of his work.**" Similarly, in **Piland Corporation**, 78-2 BCA 13503, the contract included a standard Suspension of Work clause. The chief of construction knew that the contractor intended to stop work until the Government issued a change order to avoid wasted efforts. The Board imputed the knowledge to the contracting officer, satisfying the notice requirement of the Suspension of Work clause. Thus, the Government was liable for delay in issuing the change order.

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C. Ratification

An agent's act that is not binding on the principal solely because the agent lacked authority, may become binding upon the principal's adoption of the act. In such cases, the principal is said to have "**ratified**" the actions of the authorized agent. The principal must have been able to authorize the act at the time it was performed and still have the power to do so at the time of ratification. Generally, ratification occurs only with acts which the principal could have authorized at the time the contract was entered into with a third party.

The principle of ratification is applicable in Government contracts. Government officials who have the authority to bind the Government may adopt actions of unauthorized personnel. However, the courts and boards will find ratification only if the Government official has actual or constructive notice and expressly or impliedly adopts the acts of the unauthorized agent.

1. Ratification Authority.

The authority to ratify contractual actions is vested in the executive agencies of the Government, and not the courts. FPR 1-1.405 expressly recognized the authority of the agencies to ratify unauthorized acts of Government officials; however, there is no corresponding provision in the FAR.

The courts and boards have recommended that ratification authority be exercised liberally in cases where an injustice would result if the Government did not become bound.

2. Knowledge of Unauthorized Acts.

In both private and Government contracts, the contractor must show the ratifying official had knowledge of the facts upon which the unauthorized actions were taken [see **United States v. Beebe**, 180 U.S. 343 (1901)]. The ratifying official may have "**actual notice**" from notification by either side of the dispute.

For example, a contracting officer may receive notice of the prior unauthorized actions of a Government representative through the contractor's formal claim for additional compensation [see **Globe Construction Company**, GSBCA 2197, 67-2 BCA 6478 (1967)].

2. Knowledge of Unauthorized Acts (cont'd).

In some situations, the courts have found that the contracting officer received "**constructive notice**" of the prior unauthorized acts, the rationale being that the contracting officer's familiarity with the situation was such that he or she "**should have known**" of the unauthorized act [see **Williams v. United States**, 130 Ct.Cl. 435, 127 F.Supp. 617 (1955)]. Courts and Boards may also impute constructive notice to the ratifying authority.

In **Southwestern Sheet Metal Work, Inc.**, 79-1 BCA 13744 (1979), the Board charged the contracting officer with knowledge of an inspector's work change order. The basis of the decision was the fact that the contracting officer normally relied on the inspector, and they communicated frequently.

3. Adoption of Unauthorized Acts

The contractor must also show that an authorized Government official acquiesced and "adopted" the unauthorized action. The easiest way of demonstrating acquiescence is when the unauthorized official makes an expressed ratification. For example, in Globe **Construction Company**, 67-2 BCA 6478, the contracting officer stated that the prior action of his subordinate had been done **"within his authority**." Ratification also occurs when a contracting officer issues a contract modification incorporating the prior change made by an unauthorized Government employee. Similarly, the contracting officer's repetition of a subordinate's prior erroneous interpretation will act as a ratification.

Acquiescence may also be implied from the actions of authorized officials, even though they have not expressly ratified the unauthorized acts. In **Acme, Inc.**, Comp. Gen. B-182584, 74-2 CPD, 310 (1974), the Comptroller found an implied ratification even though the contracting officer declined to authenticate the procurement. The basis of the decision was the fact that the contracting officer had determined that the work was in the best interest of the Government, and the agency's Director of Fiscal Management had recommended that the claim be paid.

Ratification may also be inferred from the contracting officer's silence or inaction if he or she has actual knowledge of the subordinate's actions. In **Lox Equipment Company**, 1964 BCA 4463, the contractor sought compensation for additional work ordered by Government inspectors. The Board held that even though the resident inspector had no authority to issue directives, the Chief of the **Contract Administration Branch** in effect ratified them when he knew of the directives and failed to take corrective action.

4. Binding Agreements.

When Government officers, agents, and employees carry out their duties properly, the Government will be bound. However, in performing their duties, Government personnel cannot be expected to act only in ways favorable to the United States. Because of mistakes, negligence, or poor judgment, their statements, acts, or omissions are sometimes prejudicial to the Government. In such cases, the Government may attempt to avoid the consequences by repudiating or countermanding the agent's acts. There are two major concepts which the courts will invoke to prevent the Government from disowning agents' acts or agreements, thereby making them binding on the Government. These concepts are "**finality**" and "**estoppel**."

5. Finality - Actions That are Final**.**

Since the Government can act only through its agents and employees, their actions within the scope of employment are the actions of the Government itself. Once an authorized agent has performed its contractual act on behalf of the Government, the Government is bound, like any contractual party.

> *"Contractual acts may be final and binding as a result of either the application of a provision in the contract, which defines when finality attaches, or the operation of a legal rule. Examples of the former situation include disputes over the finality of the Government's acceptance of the contractor's work. A Contract Inspection clause may state that the Government's acceptance of work will be final, with certain exceptions."*

- In **McQuagge v. United States**, 197 F.Supp 460, the contracting officer had issued a Certificate of Final Acceptance, despite the Government's knowledge that the concrete used in airport taxiways did not measure up to specifications. The court found the acceptance final and conclusive because it was in the discretion of the contracting officer to determine whether the work was acceptable to the Government. The contracting officer's final acceptance would be questioned only upon evidence of collusion, fraud, or obvious error.

The best example of a legal rule creating finality is the binding effect on the Government created by an authorized official's acceptance of an offer. In **United States v. Purcell Envelope Company**, 249 U.S. 313 (1919), the court held that the Government was bound when the Postmaster General accepted the offer of a company in a procurement by sealed bidding. Similarly, the Government will be bound if an authorized official entered into a contract price modification after a change has been ordered.

5. Finality (cont'd).

A variety of other actions by Government officials may also be final and binding on the Government. For example, in **Bell Helicopter Co.**, 74-1 BCA 10411 (1973), the court determined that the contracting officer's determination was final and binding on the Government and could not be revoked or overruled by a successor. In **Southern Waldrip and Harvic Co. v. United States**, 167 Ct.Cl. 488, 334 F.2d 245 (1964), the court held that the Chief of Engineers could not overrule the contracting officer's finding that a telegraphic bid modification had been timely received, since the instructions to bidders stated that a determination of the timeliness of the modification would rest with the contracting officer. The Board noted that these instructions constituted a binding agreement between the Government and the contractor.

a. **Required Authority**. The Government employee must be acting within his or her authority for actions to be final and binding on the Government.

b. **Erroneous Agreements Are Binding**. Erroneous Decisions Bind the Government: The acts of authorized officials bind the Government, even if the decisions are erroneous.

- In **Liberty Coat Co.**, 57-2 BCA 1576, the contracting officer issued determinations and findings that certain contract changes would save the contractor money and adjusted the contract price accordingly. A successor contracting officer issued new findings on the same changes and reduced the contract price even further.

b. **Erroneous Agreements Are Binding** (cont'd)

The Board held that the original contracting officer's decision was binding since he acted within the scope of his authority. Although the original contracting officer had made a bad bargain, the Government was bound by his determination, absent proof of fraud or collusion [see **Chrysler Corp.**, 75-1 BCA 11236, affirmed, 76-1 BCA 11665]. Thus, although the Government does not "**authorize**" its agents to make mistakes, it is liable for an agent's actions taken within the scope of his or her authority. The Government is not bound until an officer specially charged with a duty, if there be one, has acted or ought to have acted.

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6. Estoppel.

The second concept invoked to prevent the Government from escaping liability for an agent's acts or statements is the doctrine of estoppel.

Estoppel is a concept which prohibits a party from escaping liability for statements, actions, or inactions if the other party has relied on them. The doctrine is applicable in private as well as Government contracts. It accomplishes the same result as "finality," and because of this, the two concepts are often confused.

However, there are two important differences between estoppel and finality.

- Estoppel requires a detrimental reliance by the party invoking it, while reliance is not an element of finality.

- The other difference is that a "final" action is by its very nature contractually binding upon the Government through the operation of legal principles, such as offer and acceptance, acceptance of goods, etc. In contrast, the Government is held bound by estoppel simply because it would be "unfair" not to do so, even though the statement, action, or inaction would not be contractually binding on the Government.

a. **Actions Which Preclude Estoppel**. As a general rule, the doctrine of estoppel may not be invoked against the Government in cases where the agents have entered into Government contracts without authority. The rule is based on the theory that persons dealing with the Government are chargeable with notice of the extent of the Government agent's authority. In **Singer Co., Librascope Div.**, 75-2 BCA 11401, the contractor submitted cost and pricing data which the Government representative knew were not current. Since the Government official had no authority to waive the requirements of the **Truth in Negotiation Act**, 10 U.S.C. 2306(f), the Government was not estopped from obtaining a price reduction. Similarly, in **Fansteel Metallurgical Corp. v. United States**, 145 Ct.Cl. 496, 172 F.Supp. 268 (1959), the court held that an unauthorized overpayment to the contractor did not bind the Government. It has also been stated that the Government will not be estopped from performing "sovereign" acts.

b. **Estoppel by Conduct.** In addition to a verbal representation, a Government agent's course of conduct may estop the Government from denying a contractor's claim. In **PeninsularChemresearch, Inc.**, 71-2 BCA 9066, the Board held that the Government was required to accept the results of an accounting method it had previously approved by implication. In **Litton Systems, Inc. v. United States**, 296 Ct.Cl. 133, 449 F.2d 392 (1971), the court held that the Government's knowledge, acquiescence and approval of the Contractor's accounting system precluded retroactive disallowance of costs.

c. **Reliance and Injury Required.** In order to invoke the doctrine of estoppel against the Government, the contractor must have relied, to its detriment, on the Government's representation. In **Mountain Plains and Economic Development Program, Inc.**, 78-1 BCA 13083, the Government was not estopped from denying the reasonableness of payments under employment contracts where the contractor never relied upon the contracting officer's concurrence in the validity of the proposed payments. Similarly, in **Rockwell International Corp.**, 76-2 BCA 12131 (1976), the Board held that there was no contractor reliance, since the contractor had changed its accounting system before the Government acted.

- Contractor injury is also essential to invoke estoppel against the Government. In **Okaw Industries, Inc.**, 75-1 BCA 11321, motion for reconsideration denied, 75-2 BCA 11571, the Board held that there was no injury to the contractor from disallowance of a settlement. Similarly, **General Dynamics Corp.**, 69-2 BCA 8044, the Board held that the contractor was not deprived of recovery of allowable costs by a retroactive change of the accounting system.

d. **Waiver**. The concept of waiver is sometimes used interchangeably with estoppel. Like estoppel, the Government will be bound by a waiver if the contractor relies upon it to its detriment. The term "waiver" is frequently used when the Government fails to promptly terminate a delinquent contractor and that contractor relies on the Government's inaction, continuing performance with the Government's express or implied consent. In such cases, the Government will have waived its right to terminate the contractor for default. The term is also used when the Government allows the contractor to deviate from the contract requirements. Government officials generally do not have the authority to waive statutory requirements.

e. **Improper use of Estoppel**. In many cases involving finality of action, the courts and boards have unnecessarily used the term estoppel in holding that the Government is contractually bound. In such cases, it is the operation of a legal principle (e.g., acceptance of offer and contract interpretation, etc.) which actually binds the Government, not the doctrine of equitable estoppel. For example, in **Lockheed Shipbuilding Construction Co.**, 75-1 BCA 11246, motion for reconsideration denied, 75-2 BCA 11566, an agreement between the Government official and the contractor had all the elements of an enforceable contract. Nevertheless, the Board used the doctrine of estoppel to hold that the Government could not refuse to approve the negotiated settlement. Numerous other cases have added to the confusion by improperly relying on the estoppel doctrine where it is not necessary.

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D. Procurement Integrity

1. Contract Formation Principles.

   a. **Acquisition.** Acquisition means the acquiring by contract with appropriated funds:

      - of supplies or services (including construction)
      - by and for the use of the Federal Government
      - through purchase or lease,
      - whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated.

   b. **Start of Acquisition.** Acquisition begins at the point an agency's needs are established and includes:

      - the description of requirements to satisfy agency needs
      - solicitation and selection of sources
      - award of contracts
      - contract financing, contract performance, contract administration and those technical and management functions directly related to the process of fulfilling agency needs by contract.

   c. **Contracting**. Contracting means purchasing, renting, leasing, or otherwise obtaining supplies or services from nonfederal sources. Contracting includes:

      - Description (but not determination) of supplies and services required
      - Solicitation and selection of sources
      - Preparation and award of contracts and
      - All phases of contract administration.

d. **Contract Defined**. A contract is a mutually binding legal relationship. To be binding, the contract must include the following:

- An offer
- An acceptance
- Consideration
- Competent Parties

This legal relationship obligates:

- The seller to furnish the supplies or services (including construction)
- The buyer to pay for them.

It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to):

- Awards and notices of awards
- Job orders or task letters issued under basic ordering agreements
- Letter contracts
- Orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance and
- Bilateral contract modifications.

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2-24

E. Contract Elements

1. An offer.

- An offer is a legally binding promise, made by one party to another, to enter into a contractual agreement. An offer becomes a contract only if accepted by the vendor.

- An offer must demonstrate a present intent to be bound. The offeror must intend that the offer create a contract upon its acceptance by the offeree, without further negotiation or communication.

- An offer must be sufficiently complete and certain in its terms so that the promises and performances to be rendered by each party to the contract are reasonably certain. This does not mean that every term must be absolutely certain. It is enough if the essential terms are certain. Generally, an offer will be definite and contain the essential terms of the proposed contract when it identifies the subject matter of the bargain, the quantity involved, the time of performance, and the price.

- In most situations, the power of acceptance is limited to a specific offeree, and no other may accept the offer. The offeror must communicate the notice of the offer to the offeree before the offer can be accepted.

- The general rule is that an offer may be accepted until the offer terminates. Circumstances which will terminate an offer include:

  - lapse of time
  - revocation by the offeror
  - rejection by the offeree
  - counteroffer by the offeree
  - death or insanity of either party
  - death of a person or destruction of a thing essential to performance
  - supervening illegality of the proposed contract.

2. An acceptance.

Acceptance is the act of accepting an offer. To be binding, acceptance must be:

- Accepted by the person to whom the offer is addressed, or that person's designated agent.
- Definite.
- Timely
- Communicated (or an action that indicates acceptance).
- Unconditional - acceptance that is conditional upon a change in the offer is actually a counter-offer, in which case acceptance to the original offer is not binding. If the Government accepts the bid or proposal, a contract results
- An acceptance is generally effective and forms a contract when it is communicated to the offerer. Where the use of mail or a telegram is permitted, acceptance will be effective when dispatched. This is known as the "mailbox rule," and requires only that the offeror properly dispatch the notice of acceptance.

3. Consideration.

For a contract to be binding, the offeror must receive consideration for the goods or services being offered. Consideration refers to anything of value that changes hands between the parties to a contract. Generally, consideration takes the form of money, although it can take other forms.

4. In Writing.

FAR 2.1 defines the term "**contract**" in part as a mutually binding legal relationship which-- includes all types of commitments that obligate the Government to an expenditure of appropriate funds and that, except as otherwise authorized, are in writing.

An **Implied-in-Fact** contract arises when the parties have actually manifested their mutual assent but an express offer or acceptance may be absent. Under the common law of contracts, promises may be inferred and mutual assent may be determined from words or acts. Implied-in-Fact contracts are also recognized in Government contracts.

5. Execution by competent parties.

The two (or more) parties to a contract must be legally competent to enter into contractual relationships. Generally, this means that the parties must, at the time of agreement, have been:

- Of sound mind,
- Free of influence of drugs or alcohol, and
- Legal entities

Every contract must have two or more parties, all of whom are legally competent to enter into contractual relationships. These parties may be either natural persons or entities created by law and authorized to enter into contracts. (A corporation would be considered an entity.) Such authorizations are almost never unlimited, and even with natural persons, there are restrictions as to the competency to contract. For example: (1) contracts made by minors are voidable; (2) persons of unsound mind lack the legal capacity to make a binding contract; (3) persons who are under the influence of alcohol or drugs likewise are incompetent to contract. In Government contracts, competency of parties becomes a serious matter in the award of any contract. One of the first things a contracting officer must determine is how reliable a proposed contractor is. In other words, the contracting officer must determine before award that a proposed contractor is financially stable, has the facilities to do the job, and can complete the job.

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6. Legality of purpose.

The purpose or subject matter of the contract must be legal. This means, that a contract to perform an illegal act is unlawful, void, and will not be enforced. Contracts deemed to be against the public interest or in violation of any statute are void.

7. Condition.

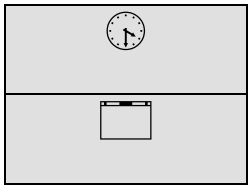
The parties in many contracts either expressly or impliedly qualify their promises to perform upon the happening or non-happening of an event or a fact which is called "condition." This condition can be almost anything other than the mere passage of time. Conditions may be either conditions precedent or conditions subsequent. The condition which must happen before a duty to perform arises is called a condition precedent. For example, a provision in a contract that says the agreement will not ripen into a contract until such contract has been approved by higher authority is called a condition precedent.

8. Clear terms and conditions.

For a contract to be enforceable, its terms and conditions must be clear enough to permit the courts to conclude that a contractual agreement was intended. Uncertainties concerning offer, acceptance, or consideration may render an agreement unenforceable. This element is sometimes referred to as "mutuality" or "meeting of the minds."

	Slide #28

Chapter 3 – Leased Housing Program Management



2 Hours

Slide #29

A. Responsibilities

1. Area Housing Officer (AHO).

AHOs are responsible for all family and unaccompanied housing within their geographic boundaries, including HQ, Area and MLC Commands.

The AHO is responsible for the administration and oversight of the housing program within their area of responsibility. Within the lease program the AHO is required to annually plan, request, and obligate leased housing funds.

In addition, an AHO can only approve lease contract request packages that are complete, cost-effective, compliant with adequacy standards, and based on an eligible applicant's genuine need. Additional responsibilities will be discussed throughout this chapter.

2. Local Housing Officer.

The Local Housing Officer is responsible for the management, operation, and maintenance of all housing under the jurisdiction defined by the AHO. The LHO's have the following responsibilities within the leased housing program:

- ✓ Ensuring no government housing is available before negotiating to acquire leased housing. All lease requests shall state, "No government-owned housing is available."
- ✓ Inputting housing data in the Housing Management Information System (HMIS) database.
- ✓ Responsible for locating all quarters to be leased; and
- ✓ Preparing and submitting to the responsible AHO requests for exemptions to any leased housing program policy.

3. Housing Representative

The Housing Representative (HR) is responsible for the management of the routine local housing matters under the jurisdiction of the LHO. This may include inspections and unit contact for leases in their area.

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3-1

B. Budget Management.

1. Funding.

Funding for the Leased Housing Program is limited to Congressional appropriation and is not guaranteed. Area Housing Officers must properly plan and budget for these limited funds.

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2. Cost Limitations.

a. **Administrative Cost Ceiling**: MLC shall manage lease allocations, average cost limitations, and administrative cost ceilings within the limitations established annually by Commandant (G-WPM-4). Additionally, MLC must obtain advance approval from Commandant (G-WPM-4) to execute a lease if it exceeds the respective BAH-derived cost matrix by 120 percent or more; e.g., if the BAH-derived housing cost is $500, the administrative cost ceiling is $600: $500 x 120 percent = $600.

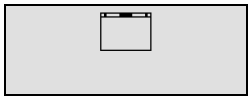
Exercise #2: Handout exercise and review with students when complete. Recommend work in groups or with person next to them.

b. **BAH-Derived Cost Matrix**: This is the maximum annual cost ceiling which the AHO may expend for a lease (including utilities) within their area of responsibility. Use of the BAH derived Cost Matrix remains mandatory for both accompanied and unaccompanied members. Costs which may exceed the matrix must first be approved by MLC. When leases are retained or renewed, their cost may not exceed the matrix without MLC approval.

c. **Cost Effectiveness**: LHAs and AHAs shall ensure cost-effectiveness when renewing current leased contracts. Obtain MLC approval before renewing non-cost-effective leases.

d. **Restricting Leases**: AHAs shall restrict the Leased Housing Program wherever eligible members can afford adequate community-based housing with their housing allowance.

e. **UPLH**: AHOs shall determine the number of required UPH/Barracks and UPLH beds/rooms in their respective areas and strictly manage their UPLH funds accordingly.



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3. Availability of Government Owned Quarters.

When developing annual leased housing budgets consider all Government-owned quarters within a one-hour, one way commute of a member's duty station. Leased housing is not an option when adequate Government-owned quarters are available.

4. Annual Funding Request.

Leased housing budget requests are required to be submitted annually through MLC in accordance with guidance from Commandant (G-WPM-4). Requests are due at MLC no later than 1 July of each year.

5. Annual Lease Housing Allocations.

Annually Commandant (G-WPM-4) will provide AHOs thru the MLC with a leased housing letter which includes the following:

Item	Description
Maximum Funding Level	Total funds available for leases for a given fiscal year by each AHO. Once the annual funding level is received, the AHO is required to enter the amount in HMIS.

6. Procedures. Follow the below steps to request annual leased housing funds

Requesting Annual Funds:	
Step	**Action**
1	Request LHO's submit leased housing need forecast by 15 June.
2	Review and validate LHO leasing area need
3	Submit annual lease housing budget request to MLC by 1 July.

Slide #33

3-4

C. Eligibility

1. BAH-Derived Cost Matrix.

BAH-Derived Cost Matrix is the maximum annual cost ceiling which the AHO may expend for a lease (including utilities) within their area of responsibility. Use of the Housing Matrix remains mandatory for both accompanied and unaccompanied members. Costs which may exceed the Housing Matrix must first be approved by MLC.

When leases are retained or renewed, their cost may not exceed the BAH-Derived Cost Matrix. Members who are not eligible under the Universal Eligibility Matrix may continue living in their leases until tour complete, including extensions as defined in the Personnel Manual.

Unaccompanied members no longer lease-eligible may also remain in their leases until tour complete, but these members must be consolidated into remaining leased quarters with other unaccompanied members when vacancies exist.

Exercise #3: Handout exercise and review with students when complete. Recommend work in groups or with person next to them.

C. Eligibility (cont'd)

2. Family Lease Housing (FLH) Requirements

Below are the minimum bedroom requirements for FLH.

Slide #34.

Handout #3: FLH Bedroom Requirements and discuss.

Slide #35.

3. Unaccompanied Personnel Leased Housing (UPLH).

a. **Members Assigned Ashore.** Except for unaccompanied members living in UPH/Barracks, unaccompanied members assigned ashore should primarily live in community-based housing utilizing their housing allowances provided all owned UPH/Barracks are occupied at 98%. MLC may approve individual waivers to assign unaccompanied members assigned ashore on a case by case basis.

b. **Members Assigned Afloat.** Unaccompanied members in pay grades E-5 and above should live in community-based housing with their housing allowance if not assigned to UPH/Barracks facilities. E-4's assigned afloat shall have the option to elect to receive their housing allowances and live in community-based housing or be assigned to the UPLH/UPH/Barracks, provided the local UPH/Barracks occupancy rate equals or exceeds 98%. Make UPLH assignments for afloat E-4 and below members only if they cannot be berthed in UPH/Barracks facilities in accordance with Sections 9.B.6 and 9.C.3 of the Housing Manual.

Slide #36.

4. Members Married to Members.

Members married to members are eligible for FLH provided both are assigned within a one hour round trip commuting distance of a common residence and the total housing cost for the leasing area exceeds their combined total housing allowance. For members not assigned within a one hour round trip commute of a common residence, treat each member as a separate, single individual in determining leased housing eligibility. An AHA may never acquire two family leases for the same family.

5. Transfers.

Personnel transferred within a leasing area may continue to occupy their assigned leased quarters provided they still are eligible for the program.

6. Overseas.

Accompanied and unaccompanied members assigned overseas and entitled to Overseas Housing Allowance (OHA) are not entitled to leased housing.

7. Restricted Duty.

Personnel occupying FLH quarters ordered to restricted duty may continue to occupy leased quarters and their dependents may occupy such quarters for the duration of the restricted duty tour. In addition, an AHA may assign FLH quarters to dependents of any eligible member (E-2 and above) with orders to isolated, dependent-restricted duty provided the member is eligible for FLH where he or she requests assignment.

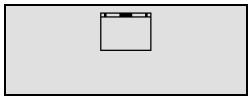
8. Voluntary Geographic Bachelor.

Voluntarily geographic bachelors are not eligible for leased housing and may not occupy it under any circumstances.

9. Involuntary Geographic Bachelor.

Assignment of involuntary geographic bachelors to UPLH requires written authorization from Commandant (G-WPM-4) through the MLC.

C. Eligibility (cont'd)



Slide #37.

10. Previously Utilized Leased Quarters.

Do not authorize members who voluntarily move out of leased housing to reenter the Leased Housing Program while they remain assigned to the same leasing area.

11. Refusal to Occupy Owned Quarters.

If a prospective occupant refuses to move to available government-owned quarters, they are not eligible for Coast Guard-leased housing for the duration of their PCS tour. Immediately provide notice and the assigning authority will terminate the lease in 30 days.

12. Change in Eligibility

In most cases if leased housing occupants become ineligible for leased quarters, allow them to remain until they complete a normal tour, including extensions, as defined in the Personnel Manual. If they are separating or divorcing; see Section 6.D.2.c. Do not allow ineligible members to continue to occupy leased quarters once they complete a tour, as extended, even If reassigned within the same geographic area. Members with hardships may request an individual exemption that must be approved by MLC.

Options: Remain in the leased quarters if authorized an individual hardship exemption, remain in the quarters on a private rental basis, or locate other acceptable private quarters.

13. UPLH.

Each unaccompanied member is entitled to his or her own bedroom.

c. Eligibility (cont'd)

14. Family Leased Housing.

Determining leased housing unit sizes (number of bedrooms) for prospective occupants based on family size ensures consistent, equitable assignment practices throughout the Coast Guard.

The number of bedrooms for which a member with dependents qualifies is based on the number of dependents, their age(s), and gender. Dependents must be listed in HMIS and reside with a member at least 183 days each year (days do not need to be consecutive).

Determine a members bedroom requirements based on the member's dependent information in HMIS in addition to the dependent information provided on the member's application for Assignment to Military Housing, CG-5267.

The information in HMIS and CG-5267 should match. Follow the following procedures below if the information does not match.

Mismatch	Action
CG-5267 has more dependents than those listed in HMIS.	Place member on waiting list, but do not assign the member to quarters until appropriate dependency status has been verified
HMIS has more dependents than listed on CG-5267.	Place member on waiting list according to the information on CG-5267 and inform member to see their unit YN to update their dependent information in CGRMS.

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1-2

D. Exceptions to Dependent Requirements

1. Exceptions Authorized by AHO/LHO.

AHOs or LHOs may allow the following unqualified dependents to count toward a member's bedroom requirements:

- Unmarried son or daughter over 21 who chooses to reside with the member for 183-day minimum while enrolled in an educational or religious institution.

2. Exemptions.

The following exceptions require an individual exemption in accordance with section 1-G of the Coast Guard Leased Housing Procedural Guide.

- Individual who resides with the member to care for a family member suffering a confining illness,
- Member's non-dependent child or parent who resides with the member due to chronic illness, and
- Person not qualifying as a dependent who lives as part of the family group and for whom the member has a moral or financial obligation.

D. Exceptions to Dependent Requirements (cont'd)

3. Requesting Exemptions.

   a. **MLCs**. The MLCs have the authority to grant most leased housing individual exemptions. Commandant (G-WPM-4) must approve exemptions to lease five bedroom units and those that exceed the administrative cost ceiling. Individual exemption requests shall be the exception rather than the rule; consider them in conjunction with relevant input from responsible Work-Life Dependent Resource Coordinators or Family Program Administrators.

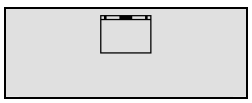
   b. **Commandant**. Only Commandant (G-WPM-4) may authorize blanket exemptions. Requests for blanket exemptions shall be submitted in writing through the MLC.

   c. **Request**. LHO shall request exemptions from the appropriate approving authority via the chain-of-command ***fully documenting*** need before assigning leased housing. Exemptions allow deviations from established leased housing policy guidance. However, they are the exception rather than the rule.

4. Forwarding Request:

   Forward exemption request to the appropriate approving authority thru the chain-of-command. Email requests are acceptable. At a minimum, requests must include:

   - Member's name
   - Pay grade
   - Dependents by age and gender
   - Cost of housing unit (rent and utilities)
   - Size (sq. ft.), number of bedrooms, and address of prospective housing unit
   - Information to justify the request that shows other properties reviewed, and reason for them being unacceptable.
   - Special requirements



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5. Procedures.

The table below provides types of exemptions and the approving authority:

Type	Definition	Example
Blanket	An exemption from leased housing acquisition, eligibility, or assignment policy that includes ALL leases or a specific type of lease in a specific geographic area.	• Exceed administrative cost ceiling in geographic area • Exceed minimum bedroom requirement in geographic area.
Individual	An exemption from leased housing acquisition, eligibility, or assignment policy involving only one lease or one member.	• Exceed number of bedrooms for which qualified • Lease single family homes because of non-availability of apartments, townhouses, and condominiums * • Lease cost will exceed the BAH-derived Housing Matrix • Exceed normal housing unit net square footage standards • Lease five-bedroom units • Exception to eligibility requirements • Lease from Federal employees

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3-10

E. Determining Eligibility

1. Initial Eligibility.

Eligibility is determined based on bedroom requirements, BAH-Derived Cost matrix, and on current market conditions, *not the cost of current existing leases.*

A member must first meet the requirements of the universal eligibility matrix, discussed in Chapter 1. The universal eligibility matrix establishes a member's eligibility for the leased housing program based on pay grade (with and without dependents) and bedroom requirements.

If a member is eligible based on the universal eligibility matrix, then you must ensure there is no adequate community based housing available within a reasonable commute that falls within the member's Total Housing Allowance (THA). If there is a unit available the member is not authorized assignment to a Coast Guard leased unit.

Handout 4: Universal Eligibility Matrix.

2. Determining Total Housing Allowance. Use the following steps to determine a member's THA.

BAH + Current Out of Pocket Expense (OOP) = THA

Exercise #4: Handout exercise and review with students when complete. Recommend work in groups or with person next to them.

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3. Utilizing Government Owned Quarters.

Before considering leased housing as an option, ensure that LHOs use all Government-owned quarters, both family and Unaccompanied Personnel Housing (UPH), within a one-hour, one-way commute of the member's duty station. Review existing Government-owned quarters inventory and inbound-outbound personnel data to determine availability.

4. Utilizing Coast Guard Leased Quarters.

Utilize quarters already under a Coast Guard lease within a one-hour, one-way commute of the member's duty station only when those units remain cost-effective. Review existing cost-effective Coast Guard-leased quarters and inbound-outbound personnel data to determine availability.

E. Determining Eligibility (cont'd)

4. Divorced or Separated Members.

Category	Eligibility Procedure
Divorced or legally separated members	Use the below table to determine a divorced or legally separated member's eligibility for leased housing.

IF member's dependents will…	AND member is…	THEN member is…
Reside with the member at least 183 days (non-consecutive) each year	Eligible according to universal eligibility matrix	Eligible for FLH provided no adequate community-based housing can be located.
	Not eligible according to universal eligibility matrix	Not eligible for leased housing program
Not reside with the member at least 183 days (non-consecutive) each year	Eligible according to universal eligibility matrix	Eligible for UPLH provided no adequate community-based housing can be located.
	Not eligible according to universal eligibility matrix	Not eligible for UPLH

E. Determining Eligibility (cont'd)

5. Member Married to Member.

Category	Eligibility Procedure
Members married to members	The procedure to determine leased housing eligibility for a member married to another military member (commonly referred to as member married to member) is the same as for a member married to a civilian spouse. However, the LHO or HR must determine eligibility based on their combined THA. **NOTE**: *If members are not assigned to the same geographical area, determine UPLH eligibility for each member separately.*

IF members are…	AND their combined THA is…	THEN they are…
Assigned to the same geographical area	Less than Total Housing Cost (THC) for housing unit for which qualified	Eligible for FLH provided no adequate community-based housing can be located.
	More than THC for housing unit for which qualified	Not eligible for FLH

F. Processing A Lease Request

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1. CG Lease.

Leases are not final until the Lessor signs them, and then the LHCO approves and signs them. Only LHCOs can approve and sign Coast Guard Residential Lease Contracts on behalf of the U.S. Government.

2. LHCO Responsibility.

Only approve lease contract request packages that are complete, cost-effective, compliant with adequacy standards, and based on an eligible applicant's genuine need. Do not authorize a lease if adequate community-based housing is available within a member's THA and make certain the lessor signs the lease contract.

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3. Lease Contract.

To standardize and maintain strict contract legality in the Coast Guard Leased Housing Program, United States Coast Guard Residential Lease, CG Form 5571, is the *only* form authorized for Coast Guard leases. It is a legal document that binds the Coast Guard and Lessor. Any changes to it must be made on *Modification to Contract*, CG Form 5571B, in accordance with Section 5-B. *Pen and ink changes are not acceptable.* These documents make up a complete lease contract:

- CG Form 5571
- United States Coast Guard Residential Lease General Provisions, CG-5571A
- Condition Inspection Report

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Slide #45.

The information and steps provided in the following paragraphs should be followed when processing a lease contract request package.

3. Procedures for Processing A Lease

a. **Lease Contracting**. Each LHA or HR negotiates leases using the USCG Residential Lease, CG-5571, generated automatically by HMIS.

- The USCG Residential Lease General Provisions, CG-5571A, and the Pre-lease Condition Inspection Report make up a complete lease contract. No other lease contracts are authorized and pen and ink changes are not allowed.

- Submit all leases negotiated in accordance with procedures in the CG Leased Housing Procedural Guide, to the Area Housing Officer, who exercises final approval authority.

a. **Lease Contracting** (cont'd)

- Once approved, the leased housing contracting officer executes the lease.
- Commandant (G-WPM-4) authorizes leased housing contracting officers (LHCO) to sign leases up to a maximum value of $30,000 per year (including utilities) after successful completion of the Coast Guard Leased Housing Contracting Officer Course.
- Maintain comparable rental data to support all lease selections. Observe the above guidelines when negotiating and executing leases.

b. **Cost Effectiveness**. Negotiate the lowest possible rent and utility payments in accordance with Coast Guard Housing Manual, see Section 7.D.2.a.

c. **Direct Deposit and Electronic Funds Transfer**. Lease payments shall be made by electronic funds transfer deposited directly into a lessor's bank account unless the MLC waives this requirement. Do not approve new lease contracts not on direct deposit unless the housing unit is more cost-effective than other available housing units. Encourage all current and potential lessors to sign up for direct deposit and advise them of its many benefits, e.g., money received more efficiently, prompt tracing if not received, etc. Additional information is available on the CG Finance Center's Internet.

Web Site: www.uscg.mil/hq/fincen/vendor1.htm.

d. **Central Contractor Registration (CCR**). When negotiating leases ensure lessors comply with the provisions and registration with the CCR.

Web Site: http://www.ccr2000.com/

e. **Prompt Payment Final Rule**. Ensure the lessors are made aware of the Prompt Payment Final Rule. This Rule requires the payment to the lessor of interest on an overdue payment and improperly taken discounts.

Web Site: http://www.fms.treas.gov/prompt/regs.html

Procedures. The Step/Action Chart provides procedures to be followed when processing a lease package.

<table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td>1</td><td>Perform HMIS update procedures in accordance with the HMIS User Guide.</td></tr>
<tr><td>2</td><td>Review lease contract request package LHO submits in accordance with Section 4-D of the CG Leased Housing Procedural Guide for completeness. Package must contain:

Lease Unit Information Worksheet
Copy of member’s application package
Supporting documents
Exemption request, if applicable and not previously submitted
Condition Inspection Report
EFT/ACH Vendor Payment Enrollment Form
Central Contractor Registration (CCR)

Note: The LHCO shall ensure:

Lessor information, including name, address, city, state, zip code, SSN, tax ID number, and Direct Deposit information is consistent across multiple leases
A maximum of two Lessor payees may be entered on the lease.
Ensure the EFT/ACH Vendor Payment Enrollment Form and CCR are completely filled out, contains the Lessor’s signature, and has the complete lease contract number annotated on it.

<table>
<tr><th>IF package is…</th><th>THEN…</th></tr>
<tr><td>Complete</td><td>Go to Step 3.</td></tr>
<tr><td>Not complete</td><td>Contact the LHO or HR for missing documentation; proceed only when package is complete.</td></tr>
</table></td></tr>
<tr><td>3</td><td>Verify owned vacant units are not available.</td></tr>
<tr><td>4</td><td>Verify the member’s bedroom eligibility requirement in HMIS.</td></tr>
<tr><td>5</td><td>Verify the lease does not exceed the BAH-derived Matrix cost ceiling, if the cost exceeds the ceiling, submit a request for an exemption to MLC.</td></tr>
</table>

Procedures (cont'd)

<table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td>6</td><td>Verify funds availability for acquiring a new lease.</td></tr>
<tr><td>7</td><td>Either approve or disapprove the request.
<table>
<tr><th>IF request is…</th><th>THEN…</th></tr>
<tr><td>Approved</td><td>Send the approved lease to LHO via HMIS and go to Step 8.</td></tr>
<tr><td>Disapproved</td><td>Notify LHO of reason(s) why disapproved and stop.</td></tr>
</table></td></tr>
<tr><td>8</td><td>LHO completes HMIS update procedures to receive lease and prints the document.</td></tr>
<tr><td>9</td><td>LHO obtains Lessor's signature on original and three copies of lease contract and sends all signed copies to the LHCO.</td></tr>
<tr><td>10</td><td>After receiving from the LHO the signed original lease contract and three copies, sign them and promptly distribute as follows:
• File original contract and request package in AHO lease folder (including General Provisions and condition Inspection Report),
• Send copies of contract, General Provisions, and Condition Inspection Report to Lessor, and
• Send copy of contract to LHO and FINCEN.
Note: The LHO should send a copy of contract to HR, if applicable, and maintain a copy of the General Provisions and condition Inspection Report in lease folder.</td></tr>
</table>

F. Processing A Lease Request (con't)

5. Utilities.

a. **Contracting and Payment**. To limit the number of parties involved in a lease, negotiate leases with a clause requiring the owner to furnish utilities, except telephone and cable. The total rental cost of each leased quarters shall not exceed the BAH-derived Housing Matrix without a waiver. Members may not pay any utility costs for any reason.

b. **Abuse and Monitoring**. Do not tolerate utility abuse in Coast Guard-leased housing. Inform the lessor they must monitor utilities, and immediately notify the Coast Guard if the occupants abuse them.

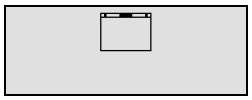
6. Amenities.

Leased quarters must be adequate and contain all amenities customarily found in most private rental housing. Quarters may not contain undue amenities such as;

- individual swimming pools,
- excessive walks and driveways requiring snow removal,
- large lots requiring extensive lawn and shrub care,
- docks, or outbuildings except for garages and/or storage sheds.

Leased quarters should not entail undue liability, increased energy cost, or excessive tenant maintenance if alternate, adequate quarters are available.

Swimming pools, sundecks, and similar amenities are part of many modern apartment complexes. The Coast Guard may lease in complexes containing such amenities so long as unit costs compare to other economical housing in the area.



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G. Leased Program Management

1. Utility Audits.

After the first twelve months the lease is in effect the LHO/LHCO shall conduct utility audits to ensure the CG is paying the proper amount. Failure to do this, may result in the CG overpaying the lessor.

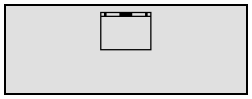
G. Leased Program Management (cont'd)

2. Maintenance and Repair.

Hold government responsibility for maintenance and repair to a strict minimum by stating the lessor's obligation to maintain the property in a reasonably good state of repair as a lease provision. The occupant must perform the customary grounds care and housekeeping duties as stipulated in the lease. Tenant Occupancy instructions to each occupant on assignment to leased quarters must include the tenants' responsibilities for property upkeep.

3. Occupant and Lessor Financial Agreements.

If the member contracted for quarters before the Coast Guard assumed lease obligations, the lessor must return to the member any advance rental and/or security deposit he or she paid on executing the government lease contract. The standard contract prohibits separate financial agreements and states no occupant and lessor financial agreements, including pet agreements, are allowed.



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4. Leasing from Military Members and Government Employees.

a. **FAR Regulations**. In view of the potential for conflict of interest, Federal Acquisition Regulation (FAR) 3.6 and Transportation Acquisition Manual (TAM) 1203.6 provisions may govern leasing from government employees, e.g., military members and civilian government employees. These regulations should guide lease negotiations with government employees. Comply with these provisions during the initial negotiation process for leasing individually owned quarters and when leasing quarters under corporate or other ownership forms if such ownership includes government employees:

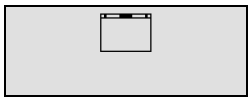
- The lessor and/or owner of the quarters the Coast Guard is contemplating leasing, must state if they are a Federal employee in the standard residential lease contract. Send the MLC all exemption requests to lease from military members and government employees. The request should demonstrate the LHCO is requesting the individual exemption for the most compelling reasons, i.e., cases in which the government's needs can't be reasonably supplied otherwise.

b. **Exemptions**. In considering an exemption to allow leasing from a government employee, the lease must designate a local "agent" for the property owner who has full authority to manage the property. This agent cannot be another government employee.

- Prevent charges of favoritism or mismanagement, by not leasing properties owned by active duty members or their family when assigned within a one-hour commute of the property.

- The lease file shall contain the exemption request and reply, the member's CG-4170A, the written designation of the local agent, newspaper clippings showing housing availability, and/or letters from real estate agents stating housing unavailability at the time of the request and the usual items found in a regular lease file. See the Coast Guard Leased Housing Procedural Guide, COMDTPUB P11101.14.

- An AHA may lease from U.S. Postal Service employees and military retirees. Request an individual exemption for Reservists, regardless of status.



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5. <u>More than 4 Bedrooms</u>.

Obtain Commandant (G-WPM-4) approval thru the MLC before leasing quarters with five or more bedrooms.

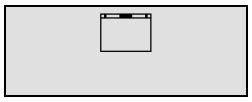
6. <u>Unacceptable Quarters</u>.

Phase out leased quarters considered unacceptable from the inventory. Unless critical, a single defect is not cause to declare quarters inadequate. Obtain MLC approval before renewing leases for quarters determined not cost-effective.

7. Priority When Leasing.

Observe the following priority when leasing quarters:

- Apartments.
- Townhouses, condominiums, or duplexes.
- Single family detached dwellings.



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8. Cost within THA.

Efforts to acquire leased housing must cease if adequate quarters are located, available to the prospective occupant, and within their total housing allowances.

9. Pets.

Do not consider pet ownership as a selection factor when acquiring or assigning leased housing. Discourage ownership of large pets, especially when assigning members to apartments, because of the increased likelihood of damage.

10. Distributing Leases.

Distribute leasing allocations among owners to derive maximum benefit from a competitive business climate. This normally would preclude executing the entire area allocation with one owner, but doing so is authorized if it is clearly more advantageous to the government.

11. Quarters Under Construction.

The Coast Guard may lease only existing properties or those in the final construction stages. When leasing incomplete properties, take care to ensure landlords do not, after completing construction, allege that properties were specifically designed, equipped, or constructed for the Coast Guard. The Economy Act and various Anti-Deficiency Statutes generally prohibit obligating appropriated funds beyond the fiscal year or before funds actually are appropriated.

12.Multiple Quarters.

Do not execute one lease for two or more housing units on one lease contract. Each leased housing unit must have a separate, distinct lease contract.

13.Leased Housing as Public Quarters.

Operate leased housing as public quarters. The lease contract may not be amended to contain clauses naming any member and/or member's family as the prospective occupant. The contract may not state or imply it will terminate simultaneously when any particular occupant transfers.

14.Rental Partnership Programs.

Do not lease housing in areas with established Rental Partnership Programs that provide adequate housing within a member's THA.

15.Emergency Relocation from Leased Housing.

In the event of untenable or unsafe conditions (does not include natural disasters) not repaired or restore or an attempt to repair or restore within 24 hours that results in the member/dependents having to evacuate the leased quarters, the lessor will be held responsible for relocation/temporary lodging costs/reimbursement.

16.Tenant Occupancy Instructions.

The Tenant Occupancy Instructions provide necessary critical leased housing information. The AHO is required to provide the instructions to the LHOs so they can provide them at check-in and have tenants sign for receipt. At a minimum, Tenant Occupancy Instructions must contain:

- a signature block to acknowledge receipt
- a statement the tenant has read and will comply with the Tenant Occupancy Instruction
- a prohibition against using the premises for illegal purposes
- a prohibition against storing anything constituting a fire hazard in or on the premises

Tenant Occupancy Instructions (cont.)

- the tenant(s) shall be held personally liable for property loss or damage caused by property negligence or abuse
- tenants are required to provide a 45 day notice prior to vacating
- utility conservation information
- pet policy and liability understanding
- a requirement to abide by the Lessor's or complex's rules and regulations
- visitation policy
- quarters modification policy
- inspection information
- in-home child care policy
- weapons policy
- subletting policy
- recommendation to obtain renter's insurance
- a prohibition against separate Tenant-Lessor agreements
- a signed receipt for the Tenant Occupancy Instructions must be maintained in the Lease file.
- the tenants must restore quarters to their initial leased condition, less normal wear and tear, on vacating.

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H. Processing Lease Modification Request

1. Modifications.

   Lease contract modifications provide a mechanism to change certain lease contract clauses. Only LHCOs can approve and sign modifications to Coast Guard Residential Lease Contracts on behalf of the U.S. Government. A modification also is used to terminate lease contracts.

2. LHCO Responsibility.

   Approve only fully substantiated, reasonable, cost-effective lease contract modification requests.

3. What Can Be Modified.

   a. **Modification**s. Clause 8 of the lease contract stipulates which lease Clauses may be modified. Modifications include:

      - Lessor information
      - Description of the premises
      - Grounds care
      - Allow/Not Allow Pets
      - Allow/Not Allow Child care
      - Term of the lease
      - Amount of the lease (rent and utilities)

Pen and ink changes are not authorized.

4. Requirements.

All lease contract modification requests must be made in writing and signed by the Lessor, with supporting documents attached. Lessors do not need to sign the modification provided their written, signed request is attached to Form 5571B when it is sent to the FINCEN.

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5. Types of Modifications.

The chart below provides a list of the most common types of modification requests with required supporting documents needed in addition to the Lessor's written request.

Types of Modifications	
Type	**Required Supporting Documents**
Rent change	Evidence supporting rate change
Utility change	Copies of past 12 months' utility bills supporting change
Rent and utility change	Evidence supporting rate change and copies of past 12 months' utility bills
One-time utility payment	Copies of past 12 months' utility bills Note: If the start-stop dates span two separate fiscal years, a separate modification must be prepared for each fiscal year.
Change of ownership	• New evidence of authority • New Condition Inspection Report
Change of management company	• New management agreement between owner and agency • Signature authority for authorized agent
Change of Lessor's correspondence address	None
Change of Direct Deposit account	EFT/ACH Vendor Payment Enrollment Form signed by Lessor. **Note**: A contract modification is not required if the *EFT/ACH Vendor Payment Enrollment Form* is used. The form must contain the Lessor's signature and the complete lease contract number must be annotated on it. A contract modification is required if any other form is used.
Note: Ensure Lessor information is consistent for multiple leases. For example, a lease modification changing a Lessor's mailing address must be prepared for each lease contract with that Lessor.	

H. Processing Lease Modification Request (cont'd)

6. Procedures.

Use the following steps to modify a lease contract:

<table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td>1</td><td>LHCO receives Lessor's modification request and reviews for completeness and accuracy.

Note: If an LHO or HR receives a modification request, he or she promptly sends it to the LHCO.</td></tr>
<tr><td>2</td><td>Verify funds availability if modification will result in a rental payment increase.</td></tr>
<tr><td>3</td><td>Either approve or disapprove the request.
<table>
<tr><th>IF request is…</th><th>THEN…</th></tr>
<tr><td>Approved</td><td>Perform HMIS procedures, sign original and three copies of CG-5571B, and go to Step 4.</td></tr>
<tr><td>Disapproved</td><td>Notify Lessor in writing with copy to LHO or HR of reason(s) for disapproval and stop.</td></tr>
</table></td></tr>
<tr><td>4</td><td>Verify accuracy of modification and ensure:

• item 6A (lease contract number) is correct
• modification numbers are consecutively numbered beginning with "001".
• effective dates are complete; effective dates for rent or utility changes are always on the first day of the month.</td></tr>
<tr><td>5</td><td>Promptly make the following distribution:

• File original in AHO lease folder with original modification request and Lessor's supporting documents
• Copy to Lessor
• Copy to LHO or HR
• Copy to FINCEN with copy of request and supporting documents

Note: Annotate FINCEN copy of supporting documents with the complete lease contract number on each page.</td></tr>
</table>

Slide #52.

3-24

I. Fiscal Year Renewal

1. Renewal Process.

Annually, effective 1 October, all leases will be automatically renewed at the option of the Coast Guard for the term stated in the Lease Contract at the rate stated in the contract.

After a period of 12 months the annual rate may be subject to renegotiation. Evidence supporting rental rate adjustments, such as changes in property taxes, insurance premiums and/or inflationary indices, must be provided by the Lessor to the Coast Guard Local Housing Authority prior to 1 July. Lessor's failure to notify the Coast Guard of the requested rate adjustment will result in leases being automatically renewed at the same rate.

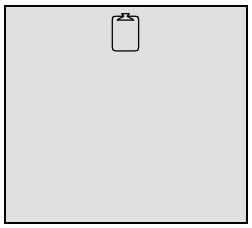
The HMIS Fiscal Year Renewal Process automates the steps necessary to:

- Prepare letters to lessors for those renewing leases.
- Prepare lease modifications for new leases.
- Cancel those leases not renewing (on September 30)
- Update the rent and utilities (effective October 1)
- Change the lease number of those leases renewing (effective October 1)
- Generate the required FINCEN reports.

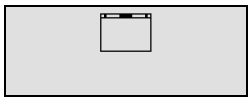
Review the matrix provided below and follow the guidance provided in the HMIS User's Manual for detailed instructions when processing a request.

Use the below matrix when reviewing a lease. The use of this matrix alone does not justify continued leasing activity. Review leased housing directives prior to renewing and/or increasing rent and/or utilities.

If Option Year is…	And…	Then…
Current Year	Lease is not needed	Cancel Lease
	You wish to continue lease	Renew the Lease
Beyond the current year	The lessor has asked for a rent and/or utility change, and the change is justified	Process Modification
	The Housing Office is changing the rent and/or utility (with lessor approval)	Process Modification



Exercise 5: Review the dates that a lease will expire. Handout exercise and review with students when complete. Recommend work in groups or with person next to them. Most of the students should already know how to complete this step, so you may want to just review the exercise with them.



Slide #53.

Chapter 4 – Damage Claims

3 Hours

A. Damages

1. Liability for Loss or Damage

   Abuse or negligence of government housing ***will not be tolerated***. The Coast Guard requires members found responsible for damaging leased quarters to pay full restitution under 10 USC 2775. This provision gives the Coast Guard authority to deduct from members' pay housing repair or replacement costs resulting from their abuse or negligence. Also, costs of cleaning a unit necessitated upon termination of quarters.

   Slide #54.

   Handout #5:

2. Definitions.

   a. **Normal Wear and Tear**. Normal wear and tear is damage caused by reasonable use of the housing unit. Some examples are:

      - Six-year old carpet has noticeable path leading to doorway of room
      - Small nail holes in walls that can be filled and painted

   b. **Abuse.** Abuse is any intentional or unintentional act or failure to act a reasonable person would expect to result in damage to a housing unit. Some examples are:

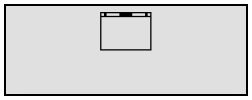
      - Having a pet when Lessor does not allow pets
      - Holes in walls or doors caused by punching or kicking

   c. **Negligence**. Negligence is any intentional or unintentional act or failure to act a reasonable person would expect to result in damage to a housing unit. Some examples are:

- Notices a leak in the bathroom but fails to report it to a lessor resulting in extensive damage to the sub-flooring.

- Occupant is aware of roof leakage but does not report it to the lessor resulting in extensive roof and attic repairs.

d. **Depreciation**. Offers made to Lessor for damaged items must be based on the items' depreciated value. Use the depreciation schedule contained in guides such as the *Marshall and Swift Home Repair and Remodel Cost Guide*.



Slide #55.

3. Prevention.

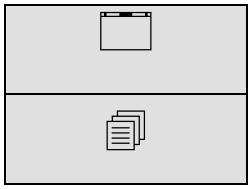
a. Inspections. Inspections minimize damages. Check for structural damage, monitor quarters' proper maintenance, ensure quarters are clean and adequate for occupancy, curb excessive utility consumption by identifying malfunctioning equipment or wasteful energy practices, and ensure both occupant and owner are aware of their responsibilities under the lease.

4-1

b. **Monthly Reports**: AHOs shall run monthly reports to ensure inspections are being conducted by the cognizant LHO or Housing Representative (HR). MLC will run periodic reports to review compliance at all levels.

B. The Dispute Process.

Lessors make formal damage claims in writing and submit them to the Leased Housing Contracting Officer (LHCO) in accordance with Residential Lease General Provisions. The damage claim must be submitted within sixty calendar days of lease termination or change of occupancy.



Slide #56.

Handout #6: Pass out and review with the students.

1. Contract Disputes Act.

PROCEDURES UNDER THE CONTRACT DISPUTES ACT

a. The Disputes Clause.

(1) The Disputes Clause is based on the Contract Disputes Act of 1978, as amended.

FAR 52.233-1 DISPUTES

DISPUTES (DEC 1998)

(a) This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding $100,000 is not a claim under the Act until certified as required by subparagraph (d)(2) of this clause. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)(1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

(2)(i) The Contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding $100,000.

a. The Disputes Clause. (cont'd)

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(e) For Contractor claims of $100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over $100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

(g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.

(h) The Government shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Contracting Officer.

Slide #57.

C. The Dispute Process (cont')

2. LHCO Responsibility.

   The LHCO is the only person authorized to negotiate formal damage claim settlements with Lessors. The LHCO is a member of the AHO staff.

   The LHCO ultimately determines the cause of the damage and member's liability, if any. Section 1-G of the Leased Housing Procedural Guide separately covers recouping funds from members held liable for damage to leased housing.

3. Time Limit.

   The LHCO is required to offer a settlement within 60 days of receiving a properly submitted, complete damage claim.

Slide #58.

4-3

C. Investigating Damage Claims

When an LHCO receives a valid claim, he or she requests the responsible Local Housing Authority (LHA) to assign an Investigating Officer (IO) to investigate it. The IO should complete the investigation within 15 days because the LHCO has a time limit within which to offer a settlement. At a minimum, the investigation should include:

- Original of all inspection reports
- Photographs and/or video tape of damage
- Copy of Lessor's damage claim
- Facts, opinions, and recommendations.

1. Members Statement.

   The LHCO also provides a copy of the valid claim to the member(s), who may submit a statement on their own behalf.

Slide #59.

D. Investigating Damage Claims (cont'd)

2. Determination of Liability.

   a. **FLH**. The occupant or Coast Guard can be found liable for all, some, or none of the damage.

      - The occupant is liable for damage to a leased housing unit if the damage was caused by his or her abuse or negligence, or by that of the occupant's family, guests, or pets.

      - Neither the Coast Guard nor the occupant is liable for damage caused by normal wear and tear.

   b. **UPLH**. If the LHCO cannot determine which occupant of an Unaccompanied Personnel Leased Housing (UPLH) unit is liable, the LHCO should hold all assigned occupants solely liable for damage in each of their bedrooms and jointly liable for damage to common areas.

   c. **Legal Services**. The LHCO should consult the servicing Legal Office for assistance when necessary.

Slide #60.

4-4

D. Offering a Settlement

1. LHO Notification. The LHCO notifies the Lessor by a Settlement Offer Letter which should include the following:

   - identify all items the Lessor claims

   - state the extent to which the Coast Guard is liable

   - explain why the Coast Guard is or is not liable for damage

   - state the depreciated value the Coast Guard will pay

   - include a payment voucher for the Lessor's signature.

D. Offering a Settlement (cont'd)

2. Final Decision.

   If the Lessor does not accept the settlement offer and submits additional documentation justifying the amount claimed, the LHCO reconsiders the settlement offer and sends the Lessor a final decision letter making a final offer. This letter should include:

   - a final settlement offer
   - an explanation of the Lessor's right to appeal the LHCO's decision to the Department of Transportation (DOT) Board of Appeals or U.S. Claims Court
   - a payment voucher for the Lessor's signature.

3. Paying the Damage Claim.

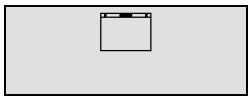
   On receiving the signed payment voucher from the Lessor, the AHO sends a payment Memorandum to the FINCEN for the settlement amount with:

   - the signed payment voucher
   - a copy of the Lessor's claim without enclosures
   - a copy of the letter demanding payment from the member with a voluntary Pay Adjustment Authorization (PAA) if the member is held liable for the damage.

4. Flow Chart.

   A procedural flow chart for processing formal damage claims can be found in Appendix A.

Handout #7: Hand out to the students and discuss.



Slide #61.

E. Recouping Funds for Damages

1. Recovering Funds.

The process by which funds are recouped for damages to leased housing can be very lengthy and complex. However, it is absolutely necessary to hold members accountable for the consequences of their actions. Members held wholly or partly liable for damages to leased housing units owe a debt to the U.S. Government they must fully repay.

Note: All damage claims with Lessors must be settled before reimbursement action can begin.

2. LHCO Responsibility.

The AHO or LHCO deals directly with leased housing occupant(s) to recoup funds for damage which members are held liable.

3. Notifying the member of a debt.

The AHO or LHCO must notify members they are liable for damage to Government-leased housing and their pay is subject to involuntary withholding. This information is also stated in the Tenant Occupancy Instruction required to be signed by each member occupying a Coast Guard lease. Complete this notice before sending a damage claim payment Memorandum to FINCEN.

4. Members Options.

On receiving the AHO's or LHCO's debt notification letter, member(s) have the following options:

a. Voluntary Payment. Voluntarily submit to AHO or LHCO a signed PAA, cashier's check, or money order for full amount of debt

- AHO or LHCO sends member's voluntary PAA to HRSIC (dc). HRSIC (dc) will determine the monthly installment amount.
- AHO or LHCO sends member's cashier's check or money order to FINCEN (OGR).

4. Members Options. (cont'd)

b. **Request**. AHO or LHCO reconsider damage liability determination, the AHO or LHCO may reconsider the damage liability determination and:

- dismiss the entire debt if he or she finds member is not liable
- deny appeal and again demand debt payment partially
- approve appeal and send a new demand for payment letter

c. **Compromise**. Request MLC (lc) via chain of command and AHO to compromise. The AHO or LHCO will review any request for a compromise before MLC (lc) takes action.

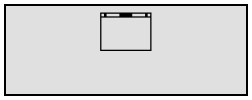
d. **Not Respond**. If the AHO or LHCO does not receive a response from the member within 30 days after sending the debt collection letter, he or she submits an involuntary PAA to HRSIC (dc) to begin involuntary pay withholding. The PAA requires a statement indicating the member was provided due process.

5. Members Options After Collection Begins.

Members held liable for damage to leased housing have these options any time after debt collection begins.

5. Members Options After Collection Begins (cont'd)

OPTION	REMARKS
Request settlement authority review, reconsider, suspend, or terminate debt	The member may submit a request for review via the AHO to the settlement authority challenging the debt's validity or amount. If the settlement authority determines the debt should be adjusted, he or she will provide a copy of the decision to the AHO or LHCO. If a PAA previously had been issued, the AHO or LHCO will immediately notify HRSIC (dc) and provide a copy of the settlement authority's decision. If the settlement authority decides to reduce the amount for which the member is liable, the AHO or LHCO must submit a correction to the original PAA to HRSIC (dc). The *Coast Guard Claims and Litigation Manual*, COMDTINST M5890.9 (series), determines the appropriate settlement authority and provides detailed guidance on submitting and settling review and compromise requests.
Request remitting the debt	Only enlisted members may request a remission for hardships and injustice of a debt being deducted from their pay. The remission request must conform to guidance in the *Personnel and Pay Procedures Manual*, HRSIC M1000.2 (series), on remissions. Normally, HRSIC will suspend further debt collection pending Commandant (G-WPM) determination. Members may not request remissions after separating from the Service.



Slide #62.

6. HRSIC Debt Collection.

- On receiving a voluntary or involuntary PAA from an AHO, HRSIC (dc) will begin debt collection efforts, which will continue for up to 10 years after the member incurred the debt or until HRSIC determines continued efforts are no longer cost-effective.

- In all cases, HRSIC (dc) will finalize the original PAA and return it to the originating AHO or LHCO as either collected in full or written off. HRSIC also sends a copy of the finalized PAA to the FINCEN to credit the Leased Housing Program account for any money collected.

To contact HRSIC (dc) call (785) 357-6940 or fax at (785) 295-2781

E. Recouping Funds for Damages (cont'd)

7. FINCEN Credit Procedures.

   On receiving a member's cashier's check or money order or a completed PAA from HRSIC (dc), FINCEN will credit the appropriate account identified on the Memorandum or PAA.

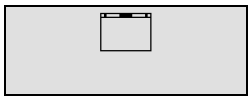
To contact FINCEN Customer Service, call (757) 523-6940 or fax at (757) 523-6035.

8. Flow Chart.

   A procedural flowchart for the recoupment of funds can be found in appendix A.

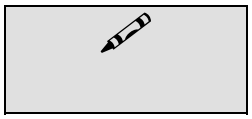
   (Handout #8).

F. Computing Damage Claims (Group Practice Scenario)



Slide #63.

Note	➢ A group practice scenario is provided in this section, review with the class as a group.



Write Information: Use a board or chart to write the steps as you proceed through this section.

1. LHCO Receives Damage Claim.

Lessor submits a completed claim within the sixty-day time frame required. The lessor is asking for damage recoupment due to damage to the carpet in the living room; torn linoleum in the kitchen, sub-floor damage due to water leak in the bathroom, and repainting the entire interior of the unit due to small nail holes where there were pictures hung throughout the house.

F. Computing Damage Claims (Group Practice Scenario) (cont'd)

2. Background.

The carpet damage is due to red juice stains and cigarette burns, it will require the replacement of the entire carpet. The carpet is four years old. The replacement cost is $1000. The torn linoleum in the kitchen is as a result the kitchen chairs dragging across the floor. The linoleum is three years old and will have to be replaced. The replacement cost is $250. The damage to the sub-floor in the bathroom is due to a water leak under the sink that the occupant failed to report to the lessor. The water leak had been going on for three years. The total cost to repair is $2000. The damage that the lessor states will require the whole unit to be painted is due to nail holes that the occupant used to hang their pictures on. The lessor is requesting $3500 to repaint the interior of the unit. The interior of the house was last painted three years ago.

3. Identification of type of damage.

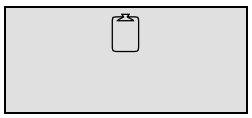
Review the above scenario and identify the type of damage (i.e., normal wear and tear, negligence, or abuse).

4. Depreciation.

In order to compute a proper claim, you must apply depreciation principles. For example, when a lessor is requesting replacement cost for a carpet that is four years old, you must depreciate the replacement cost based on the age. In accordance with industry standards (Marshall and Swift Home Repair and Remodel Cost Guide) the typical life expectancy for a carpet is seven years old. In the above claim example, the carpet replacement cost is $1000, the annual depreciation value is $142 (over seven years). Therefore the depreciation value for the carpet is $572 which is deducted from the $1000 claimed by the lessor. Your settlement offer for this item should be $428.

5. Computing the Claim.

Once the type of damage is identified, begin computing the claim for the negligence and/or abuse. Keep in mind you must apply depreciation.



Exercise #6: This icon appears when you need to hand out and exercise.

G. HMIS Process

Handout #9 and 10: Review slide 64 and 65 using handout #8.

Slide #64 and #65

1. Claim Information Fields In HMIS.

Note	➢ Refer to Handout 9, Appendix A.

2. HMIS Screen Print.

The below set of screen prints depict the entries that are required in HMIS (Housing Management Information System) for all Damage Claims. It is vital this information be entered and maintained for all claims.

Note	➢ Refer to Handout #10, Appendix A.

Note	➢ At this time you have reached the end of the student workbook. Continue with the additional information in Section I and review for final test.

Additional Instructions

I. Samples

a. Damage Claim Check Off-sheet.

Handout #11: Distribute to the students and review.

b. Sample Letters.

Handout #12: Distribute to the students and review.

c. Sample PAA.

Handout #13: Distribute samples of all letters. Let students know that they will be receiving a floppy with copies..

Slide #66

II. Test

Test: Distribute test, Appendix C.

Note	➢ Correct students test as they finish. All students must get 100%. ➢ If student has an incorrect answer then have them discuss with you, go back and correct until accurate

III. Certificate:

Note	➢ Pass out the certificates, copy is located in Appendix C.

IV. Conclusion**:**

Course Critique: Distribute to the students and ask that they complete before they depart, Appendix C. Trainer sends copies to MLC(p) and G-WPM-4.

Note	➢ Thank the students for their attention and participation. ➢ Hand out business card so students can contact you in the future is they have questions or comments concerning the course. ➢ Ask for assistance to help clean up before they depart.

End Instruction

Appendix A – Student Handouts 1-13

Handout #1 - Title 14 USC 475(a)

The Secretary is authorized to lease housing facilities at or near Coast Guard installations, wherever located, for assignment as public quarters to military personnel and their dependents, if any, without rental charge upon a determination by the Secretary, or his designee, that there is a lack of adequate housing facilities at or near such Coast Guard installations.

The Secretary is also authorized to lease housing facilities for assignment as public quarters, without rental charge, to military personnel who are on sea duty or duty at remote offshore Coast Guard stations and who do not have dependents. Such authority shall be effective in any fiscal year only to such extent or in such amounts as are provided in appropriation Acts. When any such lease involves housing facilities in a foreign country, the lease may be made on a multiyear basis for a period not to exceed five years, and, in accordance with local custom and practice, advance payment may be made for the lease. Such public housing facilities may be leased on an individual or multiple-unit basis.

Expenditures for the rental of such housing facilities may not exceed the average authorized for the Department of Defense in any year except where the Secretary finds that the average is so low as to prevent rental of necessary housing facilities in some areas, in which event he is authorized to reallocate existing funds to high-cost areas so that rental expenditures in such areas exceed the average authorized for the Department of Defense.

The Secretary is authorized, subject to regulations approved by the President

- to designate as rental housing such housing as he may determine to be inadequate as public quarters; and
- to lease inadequate housing to members of the Coast Guard for occupancy by them and their dependents.

Where sufficient quarters are not possessed by the United States, the Commandant may hire quarters for personnel, including personnel on sea duty at such times as they may be deprived of their quarters on board ship due to repairs or other conditions which may render them uninhabitable. Such accommodations shall not be available for occupancy by the dependents of such personnel.

Administrative Cost Ceiling: The monthly dollar limit set by Commandant (G-WPM-4) as the maximum amount that may be authorized by MLC to be expended on individual leased quarters during any month, including the cost of utilities. This is equal to 120 percent of the BAH-derived housing cost for a particular area. To exceed the Administrative Cost Ceiling, waivers must be submitted to Commandant (G-WPM-4) thru the MLC.

Area Housing Authority (AHA): Integrated Support Commands or large Headquarters units designated by Commandant (G-WP) to manage the Leased Housing Program for all leasing areas under their cognizance.

BAH-Derived Cost Matrix: This is the maximum annual cost ceiling, which the AHO may expend for a lease (including utilities) within their area of responsibility. Use of the BAH derived Housing Matrix remains mandatory for both accompanied and unaccompanied members. Costs, which may exceed the matrix, must first be approved by MLC. When leases are retained or renewed, their cost may not exceed the matrix.

Exemptions.

- Blanket. A waiver from leased housing acquisition, eligibility, or assignment policy that includes all leases or a specific type of lease in a specific geographic area.

- Individual. A waiver from leased housing acquisition, eligibility, or assignment policy that involves only one lease or member

Family Leased Housing (FLH). The Leased Housing Program that applies to members whose dependents accompanies them to the new duty station.

Involuntary Geographic Bachelor. Permanent party personnel with dependents under PCS order ashore, which are not entitled to dependents' travel and household goods' transportation to the new PDS, including personnel assigned unaccompanied tours.

Leased Housing Contracting Officer (LHCO). Contracting Officers authorized to sign Coast Guard Residential Lease contracts. This will be a member of the Area Housing Office Staff.

Leased Quarters: Privately owned dwelling as a single house or part of a multiple-unit building leased by the Coast Guard for use as public quarters.

Leasing Area: A geographical area in which the Commandant has authorized the Leased Housing Program.

Local Housing Authority (LHA): The commanding officer of a unit that the Area Housing Authority has designated to manage the Leased Housing Program in a leasing area.

Maximum Funding Level: The total funds available to each AHA for leases throughout the fiscal year. The AHA will receive their annual budget from Commandant (G-WPM-4) thru MLC.

National Median Housing Cost (NMHC): The median of all rental costs data collected nationwide by DOD for each pay grade. Separate national median housing costs are determined for each pay grade at with dependents and without dependents rate. Commandant (G-WPM-4) publishes the NMHC annually.

Occupant: The person(s) the Coast Guard assigns to Coast Guard-leased quarters that forfeit all government housing allowances.

Rental Partnership Program: An agreement between military base commanders and privately owned housing complexes to provide affordable, adequate community-based housing to military members. Depending on the agreement, security deposits, application fees, and credit checks usually are waived and rental costs reduced, generally at or below established BAH rates.

Total Housing Allowance (THA). The total of a member's housing allowance (BAH) plus out of pocket expenses the member is expected to absorb.

Unaccompanied Personnel Leased Housing (UPLH). The Leased Housing Program applicable to personnel assigned afloat and ashore who do not have dependents.

Universal Eligibility Matrix. Annual matrix derived by Commandant (G-WPM-4), which establishes eligibility for the leased housing program based on pay grade (with and without dependents), and bedroom requirements.

Voluntary Geographic Bachelor. Permanent party personnel with no co-located dependents assigned an accompanied tour and entitled to dependent travel and household goods transportation to PDS area. Also includes separated, members assigned overseas who return dependents early, and voluntary or involuntary separated members without a court-order agreement.

Handout #3 – FLH Bedroom Requirements

Below are the minimum bedroom requirements for FLH.

Minimum Bedroom Requirements	
Numbers of Dependents (Excluding Spouse)	Minimum Number of Bedrooms
None	1
One	2
Two, except as follows: • One 10 years or older • One 6 years or older and other of opposite sex	2 3 3
Three Except as follows: • Two 10 years or older • One 10 years or older and other two of opposite sex with one 6 years or older	2 3 3
Four Except as follows: • One 10 years or over • One 6 years or older and all three the opposite sex of the one • Two 6 years or older of opposite sex and both the same sex • Two 10 years or older and other two of opposite sex with one six years or older • Three 10 years or older	3 4 4 4 5 5
Five	4 or more

1. Table applies to both leased and owned housing unless otherwise noted.
2. Table is based on these policies:
   - No child should share a bedroom with parents;
   - At most two children should share a bedroom;
   - A child 6 years or older should not share a bedroom with a child of the opposite sex; and
   - A child 10 years or older is entitled to a separate bedroom
3. Dependents are those who actually reside with the sponsor more than 50 percent of the time.
4. LHAs are authorized to adjust the minimum requirements individually as follows:
   - To relieve or prevent a hardship;
   - TO use owned housing that otherwise would remain vacant; and/or
   - To correct an imbalance between assets and requirements;
5. Do not increase bedroom requirements solely to qualify sponsors for leased housing.
6. Count an unborn child beyond the fourth month of pregnancy as a dependent.

Handout #4– Universal Eligibility Matrix

Market-Based BAH-Derived Cost Matrix					
		Accompanied			
		2 BR	**3BR**	**4BR**	
E-1		No	Yes	Yes	
E-2		No	Yes	Yes	
E-3		No	Yes	Yes	
E-4		No	Yes	Yes	
E-5		No	No	Yes	
E-6		No	No	Yes	
E-7		No	No	No	
All Others		No	No	No	
		Unaccompanied			
Ashore		None Authorized			
Afloat					
	E-1 thru E-4		As per Ashore Berthing matrix		
	E-5 and above		None Authorized		

Normal Wear and Tear. Normal wear and tear is damage caused by reasonable use of the housing unit. Some examples are:

- Six-year old carpet has noticeable path leading to doorway of room
- Small nail holes in walls that can be filled and painted

Abuse. Abuse is any intentional or unintentional act or failure to act a reasonable person would expect to result in damage to a housing unit. Some examples are:

- Having a pet when Lessor does not allow pets
- Holes in walls or doors caused by punching or kicking

Negligence. Negligence is any intentional or unintentional act or failure to act a reasonable person would expect to result in damage to a housing unit. Some examples are:

- Notices a leak in the bathroom but fails to report it to a lessor resulting in extensive damage to the sub-flooring.
- Occupant is aware of roof leakage but does not report it to the lessor resulting in extensive roof and attic repairs.

Depreciation. Offers made to Lessor for damaged items must be based on the items' depreciated value. Use the depreciation schedule contained in guides such as the *Marshall and Swift Home Repair and Remodel Cost Guide*.

PROCEDURES UNDER THE CONTRACT DISPUTES ACT

a. The Disputes Clause.

(1) The Disputes Clause is based on the Contract Disputes Act of 1978, as amended.

FAR 52.233-1 DISPUTES

DISPUTES (DEC 1998)

(a) This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

(d) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding $100,000 is not a claim under the Act until certified as required by subparagraph (d)(2) of this clause. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)(1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

(2)(i) The Contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding $100,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(e) For Contractor claims of $100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over $100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

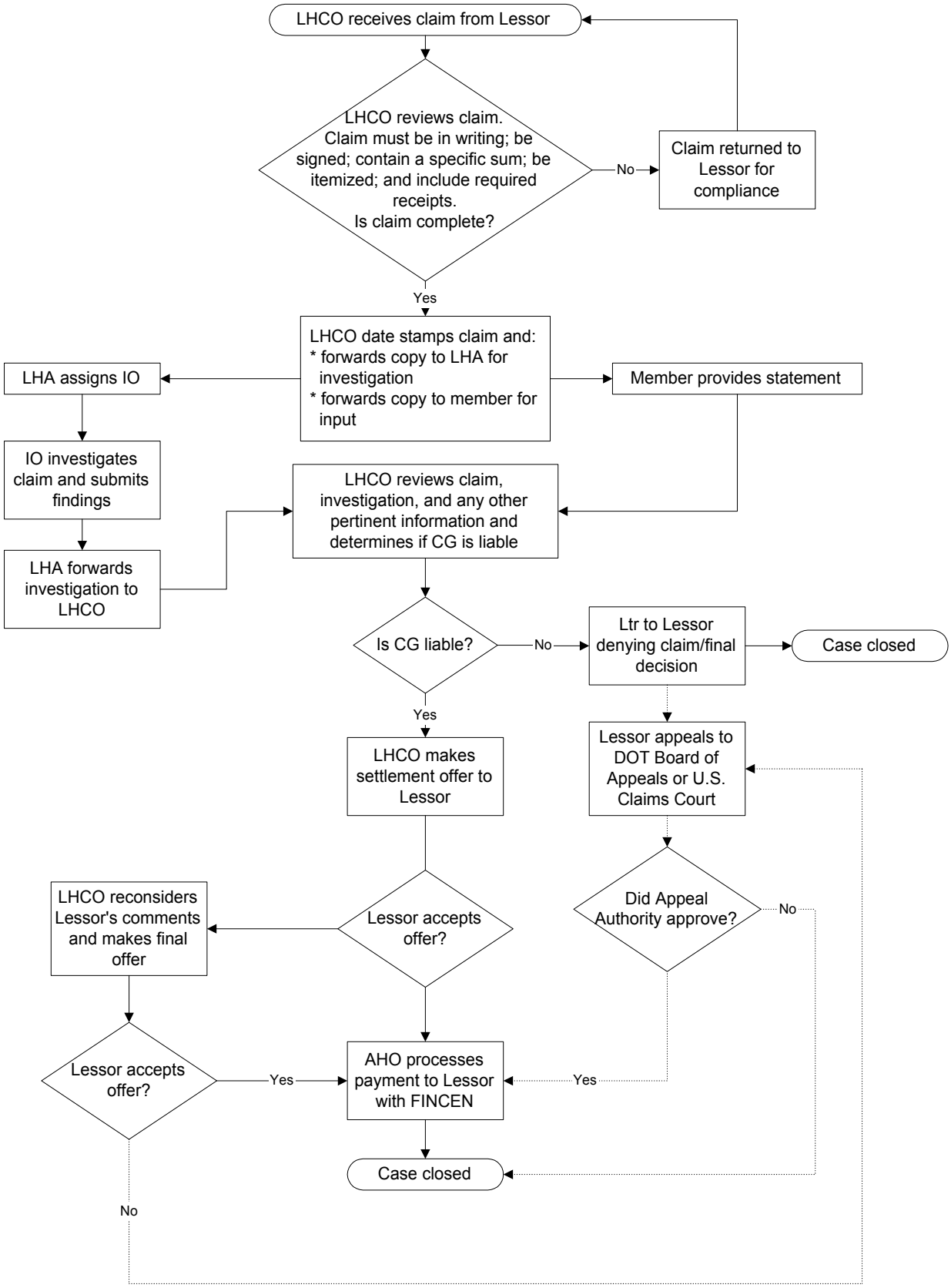
(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

(g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.

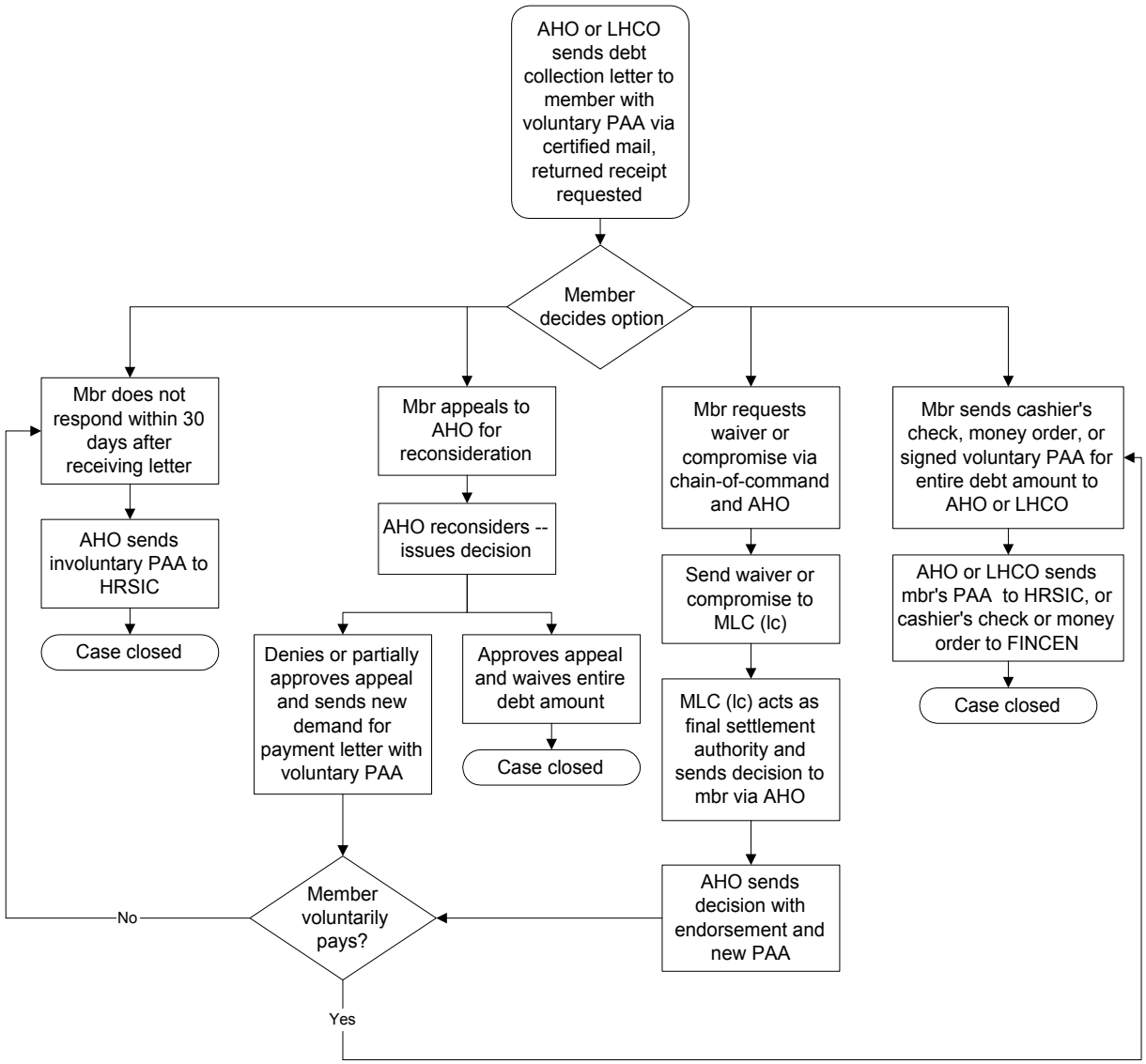
(h) The Government shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Contracting Officer.

Handout #7 – Damage Claim Process



Handout #8 - Recouping Damage Claims



Handout #9– HMIS Fields

The following is a listing of the fields and their definitions. Note – the definition is adjusted according to Class of Housing.		
Field	**Housing Type**	**Discription**
Claim Date	Owned	The date it was discovered that there was a damage claim again the member
	Leased	The date on the letter from the lessor indicated they were submitting a damage claim
Received Date	Owned	Date a claim was discovered
	Leased	The date on the letter from the lessor
Claim Amount	Owned	Amount determined by the LHO that would be required to repair damages
	Leased	Amount requested by the Lessor
Reason for Claim		Typical reasons why damages occur. Click on the drop down box and select the appropriate reason
Claim Remarks		Remarks pertaining to the damage claim.
Settlement Date		The date that all payment issues has been settled; i.e., lessor has been paid for leased housing. Date all paperwork has been submitted for payment.
Settlement Amount	Leased	The amount determined to be appropriate for payment to the lessor and as provided in the LHCO's final decision
	Owned	The amount determined to be appropriate for payment by the member for damages
Settlement days		System generated amount of processing dates from the date received to the settlement date
SF30 to FINCEN		Date that all payment processing paperwork is submitted to the FINCEN
Damage Remarks		Remarks pertaining to the damage claim
Reopen Date		Date that this claim is reopened (after being closed)
Approval Date		Date that this claim was determined to be a valid claim; Critical field - must be approved to count on reports. AHO staffs approve Leased & ISSA housing claims; LHO or AHO staffs approve Owned Housing Claims.

CLAIM INFORMATION

CLAIM MEMBERS

Hu#: 0013056 Class: L Type: F
LHA: 33-47200 AHA: 13 Room: 0
Site: ISC SEATTLE, AREA HOUSING
Complex: JONES, K
Address: 1245 JENN'S WAY # 4
ANCHORAGE,AK 98745-1521
Lessor: HOMER PROPERTY MANAGEMENT

Shared Liability: ☐
Approval Date: 2000/11/15

CLAIM INFORMATION | RECOUPMENT INFORMATION

Claim Date: 2000/11/01
Received Date: 2000/11/02
Claim Amount: $1,000.00
Reason For Claim: Pets
Claim Remarks: Secondary Reason for Claim

Settlement Date: 2000/11/30
Settlement Amount: $1,000.00
Settlement Days: 29
SF30 to FINCEN Date: 2000/12/01
Damage Remarks:
Reopen Date: yyyy/mm/dd

Lessor Appeal

Save | Delete | Members | Cancel

CLAIM INFORMATION

CLAIM MEMBERS

Hu#: 0013056 Class: L Type: F
LHA: 33-47200 AHA: 13 Room: 0
Site: ISC SEATTLE, AREA HOUSING
Complex: JONES, K
Address: 1245 JENN'S WAY # 4
ANCHORAGE,AK 98745-1521
Lessor: HOMER PROPERTY MANAGEMENT

Shared Liability: ☐
Approval Date: 2000/11/15

CLAIM INFORMATION | RECOUPMENT INFORMATION

Recoup Amount: $0.00
Percent Recouped: %
Closed Date: yyyy/mm/dd
Process Days:

Recoup Remarks:

Tenant Appeal

Save | Delete | Members | Cancel

DAMAGE CLAIM CHECK-OFF SHEET

LEASE #_____ LESSOR _____ TENANT _____

ACTION	DATE	COMPLETED IN HMIS
Date claim letter received from Lessor:		
Date claim package sent to LHO for investigation:		
Date claim package received back from LHO:		
Date claim offer sent to Lessor: Certified Mail Number:		
Date claim voucher received back from Lessor:		
If Lessor appeals date letter received from Lessor:		
Date reconsideration of claim letter sent to Lessor: Certified Mail Number:		
Date claim package sent to FINCEN for payment:		
Date Demand Letter sent to Member: Certified Mail Number:		
Date Reconsideration letter from member received:		
IF payment received what form:_____ Payment sent to ART:		
Date Reconsideration letter sent to member: AHO:_____ MLCPAC: _____		
Date involuntary PAA sent to HRSIC		
Follow up needed with HRSIC on _____ to find out if payment complete.		
Claim Closed Completely		

Handout #12– Sample Letters (LHA request for investigation)

Memorandum

Subject:: REQUEST FOR INFORMAL INVESTIGATION INTO THE FACTS SURROUNDING DAMAGES TO COAST GUARD LEASED QUARTERS

Date:

11101/Lease Number

Reply to Attn. of:

From: Area Housing Officer

To: Local Housing Authority

Ref: (a) Claims and Litigation Manual, COMDTINST M5890.9 (series)
(b) Administrative Investigations Manual, COMDTINST M5830.1 (series)

1. The Lessor has submitted enclosure (1), damage claim to Coast Guard-leased quarters at (insert address). In accordance with references (a) and (b), I request an informal investigation be conducted and forwarded to this command by [15 days from date of letter].

2. The investigation, at a minimum, should include:

   a. Original of all inspections
   b. Photographs and/or video tape of damage
   c. Copy of Lessor's damage claim
   d. Facts, opinions, and recommendations

The Leased Housing Contracting Officer (LHCO) will handle any inquiries to the Lessor and the investigation should explore only the Government's and member's roles.

3. A separate letter has been sent to the member requesting information about this claim.

4. If you have any questions about this matter, please contact me at the number above.

LHCO
By direction

Encl: (1) Copy of Lessor's claim

Memorandum

Subject: LESSOR'S CLAIM FOR DAMAGES

Date:

11101/Lease Number

Reply to Attn. of:

From: Area Housing Officer

To: Member
Via: Member's Command

1. This office has received a damage claim in the amount of $(insert) claimed against you as having occurred during your occupancy of Coast Guard leased quarters at (insert address)

2. These quarters were assigned to you on (insert date) and you were responsible for maintaining the unit. The cost and/or repair of the items the Lessor claims as damaged are noted in the attached claim.

3. If you have any comments about the items claimed as damages, respond to this office with a statement within 15 days from the date you receive this letter. Your statement should include items you believe you are and are not responsible for and the reason you believe you are not wholly or partly liable. Include any evidence and/or proof you notified the landlord of problems and attempted to have problems corrected.

4. If you have any questions about this matter, please contact me at the above number.

#

Encl: (1) Copy of Lessor's claim

Copy: LHA

11101/Lease Number

Lessor's Name
Lessor's Address

Re: Insert Lease Unit Address

Dear Lessor's Name:

I have reviewed your damage claim totaling $(insert amount) for the referenced property while under lease to the Coast Guard.

Based on the documentation you submitted and documentation on file, these amounts were allowed regarding the damages claimed:

a. $(insert amount) Clean appliances and apartment
b. $(insert amount) Removed debris
c. $(insert amount) Cleaned carpet
d. $(insert amount) Patched walls (10 nail/anchor holes)
e. $(insert amount) New air filter

In settlement of this claim, the offer is $(insert amount) as requested.

Enclosed is a payment voucher for claim settlement. If you agree with this settlement amount, please sign, date and return the voucher to this office. On receipt, the payment voucher will be forwarded to the U. S. Coast Guard Finance Center, Chesapeake, Virginia for disbursement, which should take approximately six weeks.

Sincerely,

Leased Housing Contracting Officer
U.S. Coast Guard ISC _____
By direction of the Commanding Officer

Encl: (1) Payment voucher

VOUCHER TO PAY LEASED HOUSING DAMAGE CLAIM

Commanding Officer, Coast Guard ISC _____

PAYMENT TO: * LESSOR(S)
ADDRESS
CITY ST ZIP CODE

CONTRACT NUMBER: 4096**-9*-LP5*-***

AMOUNT CLAIMED: $*00.00 DATE CLAIM RECEIVED: *DD MMM YY

AMOUNT OF SETTLEMENT: $*00.00 DATE OFFER SENT: *DD MMM YY

BRIEF DESCRIPTION OF CLAIM OFFER:

a. _____ $*00.00
b. _____ $*00.00

TOTAL: $*00.00

ACCEPTANCE BY CLAIMANT(S)

I, (WE), the claimant(s), do hereby accept the stated settlement here as full and final consideration against the claim stated here.

DATE:_____ _____
(CLAIMANT)

THIS CLAIM HAS BEEN FULLY EXAMINED ACCORDING TO THE PROVISIONS OF THE CONTRACT DISPUTES ACT OF 1978, AND IS APPROVED IN THE AMOUNT OF $*00.00.

DATE:_____ _____
(LEASED HOUSING CONTRACTING OFFICER)

ACCOUNTING CLASSIFICATION: 2/P/601/299/12/0/5*/78651/4202

DATE:_____ _____
(AREA HOUSING OFFICER)

Handout #12– Sample Letters (Final decision letter to lessor)

11101/Lease number

[insert Lessor's name and address]
_____
_____

Re: [insert Lease unit address]_____
_____

Dear [insert name]_____:

On [insert date], I received your letter dated [insert] requesting reconsideration of my settlement offer letter of [insert date]. Initially your claim for damages to the [insert item] in the amount of $[insert amount] was denied. You submitted substantiating documentation to attribute the damage to the occupant's negligence. An additional payment of $[insert amount] will be processed for repairs to the [insert item]. Please sign, date, and return the enclosed payment voucher to this office. On receipt, it will be forwarded to the Coast Guard Finance Center, Chesapeake, Virginia, for disbursement, which should take approximately six weeks.

You stated you disagree with using depreciation to value the damaged carpet. I maintain you are not entitled to full replacement costs. My initial offer of $[insert amount] is fair and reasonable to replace an item that no longer has replacement cost value.

This is my final decision. You may appeal this decision to the Department of Transportation Board of Contract Appeals, 400 Seventh Street, S.W., Washington, DC 20593. If you decide to appeal you must, within 90 days from the date you receive this decision, mail or otherwise furnish written notice to the Board of Contract Appeals and provide a copy to me, the Contracting Officer from whose decision the appeal is taken. The notice shall indicate that an appeal is intended, reference this decision, and identify the contract by number. If you do appeal to the Board of Contract Appeals, you may, solely at your election, proceed under the Board's small claims procedure for claims of $50,000 or less, or its accelerated procedure for claims of $100,000 or less. Instead of appealing to the Board of Contract Appeals, you may choose to bring action directly to the U.S. Claims Court within 12 months of the date you receive this decision.

If you have any questions about your damage claim settlement or the damage claim process, please contact me at the address and phone number listed above.

Sincerely,

_____
Leased Housing Contracting Officer
U.S. Coast Guard ISC _____
By direction of the Commanding Officer

Encl: (1) Payment voucher

Copy: Local Housing Office, _____

Memorandum

Subject: LEASED HOUSING DAMAGE CLAIM

Date: 11101

From: Commanding Officer, ISC _____

Reply to Attn. of:

To: Commanding Officer (OGR) USCG Finance Center

1. According to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-603), the Claimant, (*Contract Number), submitted a claim for damages to Government-leased Housing. The claimant's mailing address is:

(Claimant's Address)
(Claimant's Address)

The Claimant and the Government have agreed to settle this claim in the amount of $*0.00. Enclosure (2) is a copy of the signed payment voucher.

2. The amount approved to pay this claim is $*0.00. The accounting and appropriation data for this transaction is: 2/P/601/299/12/0/5*/78651/4202.

#

Encl: (1) Claim for damages
(2) Payment voucher
(3) Demand for payment letter

Copy: Claimant, w/o encl

PAY ADJUSTMENT AUTHORIZATION

NOTE: If member has been transferred, forward this authorization to the officer currently maintaining the member's pay record.

MEMBER (Last name) (First) (Middle)	FILE/SERVICE NO.	GRADE/RANK/RATE	BRANCH OF SERVICE	DATE

PAY GRADE NO.	LAST PAY RECORD EXAMINED (If applicable)	AMOUNT	APPROPRIATION DATA
		1234.56	2/P/A01/299/1B/0/5C/7865D/4202

FROM	NAME OF ACCOUNTABLE D. O.	
Area Housing Officer, USCG ISC _____	SYMBOL NO. Lease Number	G. A. O. EXCEPTION CODE

TO
Commanding Officer (dc)
USCG Human Resources and Information Center
444 S.E. Quincy Street
Topeka, KS 66683-3591

YOU ARE HEREBY AUTHORIZED TO

[X] CHARGE [ ] CREDIT

THE MILITARY PAY RECORD OF THE MEMBER LISTED ABOVE

EXPLANATION AND/OR REASON FOR ADJUSTMENT

1. Check member's pay in the amount of $_____for damage caused to Government-leased housing located at: _____.

2. Point of contact: Area Housing Officer
_____
Phone: _____

3. I voluntarily agree to have my pay checked in the amount of $_____ to liquidate my liability for damage to Government-leased quarters, contract number _____.
I request the amount of $_____ be liquidated over a reasonable period of time.

_____
MEMBER'S FULL SIGNATURE

4. All funds recouped as a result of this action to be credited to account noted above.

Appropriation Codes:
A= The last digit of the fiscal year which you want the funds to be returned
B= 1 - If the occupant is an officer
2 - If the occupant is enlisted
C= The second digit of your program element
D= 1 - for FLH
2 - for UPLH

The above adjustment is based on a thorough examination of all available records. If the Disbursing Officer has knowledge that a previous adjustment has been made or why the adjustment should not be made for the same item, this authorization should be returned with a brief statement of the reason for failure to make the adjustment.

FROM	CERTIFYING OFFICER (name rank/grade, and signature)
AHO, ISC	AHO

CERTIFICATE

I CERTIFY that the adjustment indicated above has been entered on the above-named member's Military Pay Record, (If adjustment has not been entered, give explanation on reverse over D. O.'s Signature and symbol number.)

TO
Area Housing Officer, USCG ISC _____

TYPED NAME AND GRADE OF D. O.	
D. O. SYMBOL NO.	DATE
SIGNATURE	

DD FORM 1 MAY 53 139

REPLACES DD FORM 118, 1 OCT 49, DD FORM 139, 1 JAN 49, NAV. S. AND A. FORMS 540, 541, AND 542, NAVMC 698-SD AND NAVMC 819-SD. ALL OF WHICH MAY BE USED UNTIL STOCKS ARE EXHAUSTED.

FORM APPROVED BY COMP. GEN., U. S. APRIL 23, 1953

Appendix B – Exercises 1-6

See LHCO Instructor Handouts for the following Appendix B exercises:

Exercise 1 – Chapter One Review
Exercise 2 – Administrative Cost Ceiling
Exercise 3 – BAH-Derived Cost Matrix
Exercise 4 – Determining Total Housing Allowance (THA)
Exercise 5 – Fiscal Year Renewals
Exercise 6 – Computing Damage Claims

Appendix C

See LHCO Instructor Handouts for the following Appendix C documents:

Final LHCO Exam
LHCO Course Completion Certificate
LHCO Course Evaluation

Appendix E - "Example" Discrepancy and Recommendation Form

Leased Housing Contracting Officer Course
Discrepancy and Recommendation Form

Cmt #	Page	Para./Line	Comment
1	**1**	**3/5**	Change "reallocation" to "relocation"
2	**4**	**5/10**	**Request the "Recommendations" section be rewritten subtracting opinion vice factual data, and reiterating the COMDT's strategy for CG housing.**
3			
4			
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