

**LEASE OF MAVERICK SUPPORT EQUIPMENT
BETWEEN
THE UNITED STATES GOVERNMENT
AND
THE GOVERNMENT OF BANDARIA
BN-Q-ZAA**

This LEASE, made as of 01 Oct 2003, between the United States Government (hereinafter called the "Lessor Government") represented by its DSCA and the Government of Bandaria, (hereinafter called the "Lessee Government") represented by its LTC Morgan, Embassy of Bandaria.

WITNESSETH

WHEREAS, The Lessor Government has determined that the twenty four month lease of AGM-65-G Missile Navigational System Test Set and, if applicable, all associated nonexpendable support equipment as listed in Schedule A of this lease (including but not limited to tools, ground support equipment, test equipment, and publications) (hereinafter referred to as the "Defense Articles") are not for the time needed for public use, and

WHEREAS, The Lessor Government has determined that there are compelling foreign policy and national security reasons for providing such Defense Articles on a lease basis rather than on a sales basis under the Arms Export Control Act, and

WHEREAS, The Lessor Government has considered the effects of the lease of the articles on the technology and industry base, particularly the extent, if any, to which the lease reduces the opportunity of entities in the national technology and industrial base to sell new equipment, and

WHEREAS, This lease is made under the authority of Chapter 6 of the Arms Export Control Act,

NOW THEREFORE, The parties do mutually agree as follows:

1. In consideration of a rental charge as indicated in Schedule A, and the maintenance and other obligations assumed by the Lessee Government, the Lessor Government hereby leases to the Lessee Government and the Lessee Government hereby leases from the Lessor Government the Defense Articles for the period of twenty four (24) months commencing on the date first above written (unless otherwise agreed under terms of this lease) and under the terms and conditions set forth in the General Provisions hereto annexed.
2. The Lessor Government shall deliver the Defense Articles to the Lessee Government at such time and place as may be mutually agreed upon. Such delivery may be evidenced by a certificate of delivery.

IN WITNESS WHEREOF, Each of the parties has executed this lease as of the day and year first above written, unless otherwise agreed under terms of this lease.

Figure C11.F6. Sample Lease

Lines and data are included for illustration purposes only.

THE GOVERNMENT OF BANDARIA	
BY	
Typed Name	
Title	
Date	

THE UNITED STATES GOVERNMENT	
BY	
Typed Name	
Title	
Date	

COUNTERSIGNATURE	
BY	
Typed Name	
Title	
Date	

GENERAL PROVISIONS

1. Operations and Use

- a. Except as may be otherwise authorized by the Lessor Government and except for the purposes of transfer from and return to the Lessor Government, the Lessee Government shall keep the Defense Article in its own possession, custody, and control. The Lessee Government shall not transfer title to or possession of the Defense Articles to anyone not an officer, employee, or agent of the Lessee Government and shall not permit any encumbrance or other third party interest in the defense articles.
 - b. The Lessee Government shall, except as may be otherwise mutually agreed in writing, use the items leased hereunder only:
 1. For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the Lessor Government and the Lessee Government;
 2. For the purposes specified in any bilateral or regional defense treaty to which the Lessor Government and Lessee Government are both parties, if subparagraph (1) of this paragraph is inapplicable.
 3. For internal security, individual self-defense, and/or civic action, if subparagraphs (1) and (2) of this paragraph are inapplicable.
 - c. To the extent that any Defense Articles may be classified by the Lessor Government for security purposes, the Lessee Government shall maintain a similar classification and employ all measures necessary to preserve such security, equivalent to those employed by the Lessor Government, throughout the period during which the Lessor Government may maintain such classification. The Lessor Government will use its best efforts to notify the Lessee Government if the classification is changed.
2. Initial Condition. The Defense Articles are leased to the Lessee Government on an "as is, where is" basis without warranty or representation concerning the condition or state of repair of the Defense Articles or any part thereof or concerning other matters and without any agreement by the Lessor Government to alter, improve, adapt, or repair the Defense Articles or any part thereof.
 3. Conditioning and Transfer Cost. The Lessee Government shall bear the cost of rendering the Defense Articles operable and transferable and of transferring the Defense Articles from the United States or other point of origin and back to the place of redelivery. In the event the Defense Articles are transported by vessel, only U.S. flag vessels may be used, unless waived by the Lessor Government.
 4. Inspection and Inventory. Immediately prior to the delivery of the Defense Articles to the Lessee Government, an inspection of the physical condition of the Defense Articles and an inventory of all related items may be made by the Lessor Government and the Lessee Government. A report of the findings shall be made which shall be conclusive evidence as to the physical condition of said Defense Articles and as to such items as of the time of

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delivery. A similar inspection, inventory, and a report may be made by the Lessor Government upon the termination or expiration of this Lease. The findings of that report shall be conclusive evidence as to the physical condition of the Defense Articles and as to such items as of the date of termination or expiration of this Lease. At the election of the Lessor Government, the Lessee Government at its own cost shall either promptly correct any deficiency or rebuild, replace, or repair any loss of or damage to the Defense Articles or compensate the Lessor Government for the restoration or replacement value (less any depreciation in the value as determined by the Lessor Government) of such correction, rebuilding, replacement, or repair. At the Lessor Government's choice, the Lessee Government at its own cost will remove any alterations or additions to the Defense Articles or pay the Lessor Government the cost of such removal, as determined by the Lessor Government. In the absence of removal by the Lessee Government, title to any such alterations or additions shall vest in the Lessor Government.

5. Maintenance. The Lessee Government shall maintain the Defense Articles in good order, repair, and operable condition and except as provided in paragraph four, shall upon expiration or termination of this Lease return the Defense Articles in operable condition and in as good condition as when received, normal wear and tear excepted.
6. Risk of Loss. All risk or loss of or damage to the Defense Articles during the term of this Lease and until their return to the place of redelivery shall be borne by the Lessee Government.
7. Indemnification. The Lessee Government renounces all claims against the Lessor Government, its officers, agents, and employees arising out of or incidental to transfer, possession, maintenance, use, or operation of the Defense Articles or facilities and will indemnify and hold harmless the Lessor Government, its officers, agents, and employees or any such claims of third parties and will pay for any loss or damage to Lessor Government property.
8. Alterations. The Lessee Government shall not make any alterations or additions to the Defense Articles without prior consent of the Lessor Government. All such alterations or additions shall become the property of the Lessor Government except items paid for by the Lessee Government, which can be readily removed without injury to the Defense Articles and are removed by the Lessee Government prior to redelivery of the Defense Articles. As a condition of its approval of any alteration or addition, the Lessor Government may require the Lessee Government to restore the Defense Articles to their prior condition.
9. Termination. This Lease may be terminated without cost to the Lessor Government:
 - a. By mutual agreement of the parties;
 - b. By the Lessee Government on 30-days written notice; or
 - c. By the Lessor Government at any time.

The Lessee Government shall immediately return the leased Defense Articles at the direction of the Lessor Government. Termination will be subject to the Lessee Government's residual responsibilities hereunder (such as, duty to return leased Defense

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Articles promptly, to pay costs required hereunder, and to indemnify and hold harmless the Lessor Government).

10. Place of Redelivery. Upon expiration or termination of this lease, the Defense Articles shall be returned to the Lessor Government at Kryst-Mallett Air Force Station, Harris, Pennsylvania, or as mutually agreed.
11. Title. Title to the Defense Articles shall remain in the Lessor Government. The Lessee Government may, however, place the Defense Articles under its Flag, or display its national insignia when appropriate.
12. Reimbursement for Support. The Lessee Government will pay the Lessor Government for any services, packing, crating, handling, transportation, spare parts, materiel, or other support furnished for the Defense Articles by the Lessor Government pursuant to a Letter of Offer and Acceptance under the Arms Export Control Act. (FMS Case BN-Q-BMB applies).
13. Covenant Against Contingent Fees. The Lessee Government warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.
14. Officials Not to Benefit. No members of or Delegate to Congress of the United States, or Resident Commissioner of the United States shall be admitted to any share or part of this Lease or to any benefit that may arise there from.
15. Proprietary Rights. The Lessee Government will ensure, by all means available to it, protection of proprietary rights in any Defense Article and any plans, specifications, or information furnished, whether patented or not.
16. Reports. Any testing of articles and/or services provided under this lease must be specifically authorized by the lease. Lessee testing is subject to limitations stated in the lease. Authority to test does not excuse the Lessee from compliance with all terms and conditions of the lease. When the Lessee Government performs tests and evaluations on the leased Defense Articles and prepares a formal report of the resulting data to be released to a third party, the Lessee Government will allow the Lessor Government to observe the test and evaluation and to review the report. The Lessee Government will obtain Lessor Government approval of any release to a third party.
17. Cost of Lessor Government. The Lessee Government agrees to pay in United States dollars all costs incurred by the Lessor Government in leasing the Defense Articles covered by this Lease including, without limitation, reimbursement for depreciation of such Defense Articles while leased. The Lessee Government also agrees to pay the costs of restoration or replacement, less any depreciation in the value during the term of the lease, to the Lessor Government under the Lessor Government's foreign military sales procedures. The rental charge shown in Schedule A is based on costs identified at the time of signature of this Lease and does not relieve the Lessee Government from liability for other costs in accordance with the provisions of this Lease.

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SCHEDULE A
TO LEASE AGREEMENT BETWEEN
THE UNITED STATES GOVERNMENT, DSCA (LESSOR)
AND THE GOVERNMENT OF BANDARIA (LESSEE)

- I. This Lease Agreement authorizes the use of U.S. Government property identified herein:

Item Nbr	Description	Qty	Line Duration	Replacement Costs		Rental Charge (Including Depreciation) Per Month
				Unit Value	Total	
001	AGM-65-G Missile Navigational System Test Set 1234-01-567-9810	1	24	\$1,500,000.00	\$1,500,000.00	\$9,469.70
	Total Value				\$1,500,000.00	\$9,469.70

- II. Rental Payment

Payment Period	Date Due	Amount Due
Initial Payment	Due upon signature	\$56,820
3rd Qtr FY 2004	15 Mar 2004	\$28,410
4th Qtr FY 2004	15 Jun 2004	\$28,410
1st Qtr FY 2005	15 Sep 2004	\$28,410
2nd Qtr FY 2005	15 Dec 2004	\$28,410
3rd Qtr FY 2005	15 Mar 2005	\$28,410
4th Qtr FY 2005	15 Jun 2005	\$28,403
Total Rental		\$227,273

Signed Copy Distribution:

- Upon acceptance, the Lessee Government should return one signed copy of this lease to Defense Finance and Accounting Service - Indianapolis ATTN: Security Assistance Accounting, DFAS-JAX/IN 8899 E. 56th Street Indianapolis, IN 46249-0230. Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this lease document (if required) should be made to ABA# 021030004, U.S. Treasury NYC, Agency Location Code: 00003801, Beneficiary: DFAS-JAX/IN Agency, showing "Payment from Bandaria for BN-Q-ZAA", or check for the initial deposit, made payable to the US Treasury, mailed to Defense Finance and Accounting Services, ATTN: Disbursing Operations-FMS Processing Col 135D, 8899 E. 56th Street, Indianapolis, In 46249-0230, showing "Payment from Bandaria for BN-Q-ZAA. Wire transfer is preferred.
- One signed copy should be returned to the Defense Security Cooperation Agency, ATTN: DSCA/OBO. 2800 Defense Pentagon, Washington, D.C. 20301-2800.

- III. Related FMS Case Designator: BN-Q-BMB