

Figure C5.F5. Letter of Offer and Acceptance (LOA) Information

1. **GENERAL.** This provides basic information pertaining to the LOA for U.S. and Purchaser use. Additional information may be obtained from the Security Assistance Management Manual, DSCA 5105.38-M, the in-country Security Cooperation Organization (SCO), the DSCA (Integrated Regional Teams (IRT) Country Portfolio Director (CPD)) or from the Implementing Agency (IA).
2. **INFORMATION ENTERED BY THE USG.**
 - a. Terms of Sale, and Purchaser responsibilities under those Terms, are described on the LOA. A list of all Terms of Sale, with explanations for each, is shown in [DSCA 5105.38-M](#).
 - b. **Description/Condition.** The item description consists of coding for use in U.S. management of the LOA (starting with Generic/MASL and codes, loaded automatically based on the MASL, that identify whether the line item is Significant Military Equipment (SME)/Major Defense Equipment (MDE), controlled under the Missile Technology Control Regime (MTCR), subject to special End Use Monitoring (EUM), and controlled under an identified Category of the International Traffic in Arms Regulations (ITAR) U.S. Munitions List (USML). Codes used are listed below:

SME/MDE

Y	MDE
S	SME that is not MDE
N	Non-SME

Missile Technology Control Regime (MTCR)

M	Contains MTCR-controlled components
N	Contains no MTCR-controlled components

End Use Monitoring (EUM)

R	Routine
E	Enhanced

International Traffic in Arms Regulations (ITAR) U.S. Munitions List (USML) Category

USML	Description
I	Firearms and Related Articles
II	Guns and Armament
III	Ammunition and Ordnance
IV	Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs, and Mines
V	Explosives and Energetic Materials, Propellants, Incendiary Agents, and Their Constituents
VI	Surface Vessels of War and Special Naval Equipment
VII	Ground Vehicles
VIII	Aircraft and Related Articles

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USML	Description
IX	Military Training Equipment and Training
X	Personal Protective Equipment
XI	Military Electronics
XII	Fire Control, Laser, Imaging, and Guidance Equipment
XIII	Materials and Miscellaneous Articles
XIV	Toxicological Agents, Including Chemical Agents, Biological Agents, and Associated Equipment
XV	Spacecraft and Related Articles
XVI	Nuclear Weapons Related Articles
XVII	Classified Articles, Technical Data, and Defense Services Not Otherwise Enumerated
XVIII	Directed Energy Weapons
XIX	Gas Turbine Engines and Associated Equipment
XX	Submersible Vessels and Related Articles
XXI	Articles, Technical Data, and Defense Services Not Otherwise Enumerated

This is followed by a short description of what is to be provided. Unless otherwise noted in the LOA, all items listed are in Condition Code A, Serviceable-Issuable without Qualification, or B, Serviceable-Issuable with Qualification, and are new, used, repaired, or reconditioned material which is serviceable and issuable for its intended purpose. In some instances, reference to a note in the Terms and Conditions may complement or replace these codes.

- c. The Unit of Issue is normally "EA" (with associated quantity; for example, 40 EA) or "XX" (unit of issue not applicable; for example, services or several less significant items consolidated under one LOA Item Number), or blank. When XX or blank, a quantity or Unit Cost is not shown.
- d. The Source of Supply Code (SC) in the Articles or Services to be Supplied Section is one or more of the following:

S	Shipment from DoD stocks or performance by DoD personnel
P	From new procurement
R	From rebuild, repair, or modification by the USG
X	Mixed source, such as stock and procurement, or undetermined
E	Excess items, as is
F	Special Defense Acquisition Fund (SDAF) items

- e. Availability lead time cited is the number of months (MOS) estimated for delivery of defense articles or performance of defense services. The lead time starts with Implementation of this Offer, including the conclusion of appropriate financial arrangements, and ends when items are made

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available to transportation.

- f. Type of Assistance (TA) Codes below may also be found in [DLM 4000.25 V2 Appendix 7.19](#):

3	Term of Sale Cash with Acceptance or Prior to Delivery, Risk Assessed Payment Schedule, or Credit Assured Payment Schedules, Source Codes S, R, E, or F (Stock), based on Arms Export Control Act (AECA) Section 21(b).
4	Term of Sale Cash with Acceptance or Prior to Delivery, Dependable Undertaking, Risk Assessed Payment Schedule, or Credit Assured Payment Schedules, Source Code X (Undetermined), AECA Sections 21(b), 22(a), 29.
5	Term of Sale Cash with Acceptance, Dependable Undertaking, or Risk Assessed Payment Schedule, or Credit Assured Payment Schedules, Source Code P (Procurement), AECA Section 22(a).
6	Term of Sale Payment on Delivery, Source Code S, R, E, or F (Stock), AECA Section 21(d).
7	Term of Sale Dependable Undertaking with 120 days Payment after Delivery, Source Code P (Procurement), AECA Section 22(b).
8	Term of Sale Payment 120 days after Delivery, Source Code S, R, E, or F, Stock Sales with 120 days Payment after Delivery; AECA Section 21(d).
A	Term of Sale EDA Grant, Source Code E, FAA Excess Defense Articles - non-reimbursable, provided under the authority of Section 516 of the Foreign Assistance Act (FAA) of 1961, as amended.
U	Cooperative Logistics Supply Support Arrangement (CLSSA) Foreign Military Sales Order (FMSO) I case, Source Code P.
V	CLSSA FMSO II stocks acquired under FMSO I case, Source Code S.
M	Term of Sale MAP Merger/USG Grant; FAA Section 503(a)(3). Use instead of TA Codes 3-8.
N	Term of Sale FMS Credit (Non-repayable); AECA Sections 23 or 24. Use instead of TA Codes 3-8.
Y	Term of Sale FMF Guarantee; AECA Section 24. Use instead of TA Codes 3-8.
Z	Term of Sale FMS Credit; AECA Section 24. Use instead of TA Codes 3-8.
Footnote – Mixed types of funding require use of all applicable TA Codes for defined order and blanket cases except for TA Codes associated with MAP Merger/USG Grant, FMS Credit (Non-Repayable), and FMF Guarantee Terms of Sale. The only time TA codes associated with MAP/USG Grant and FMF Credit (Non-Repayable) and FMF Guarantee may be comingled with other TA Codes is if the line(s) are funding major end item(s).	

- g. Training notes: AP - Annual training program; SP - Special training designed to support purchases of U.S. equipment; NC - This offer does not constitute a commitment to provide U.S. training; SC - U.S. training concurrently being addressed in separate LOA; NR - No U.S. training is required in support of this purchase.

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- h. Offer Release Codes (Ofr Rel Cde) and Delivery Term Codes (Del Trm Cde) below may also be found in [Defense Transportation Regulation Part II Appendix E](#). The following Offer Release Codes also pertain to release of items for shipment back to Purchaser on repair LOAs:

A	Freight and parcel post shipments will be released automatically by the shipping activity without advance notice of availability.
Y	Advance notice is required before release of shipment, but shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
Z	Advance notice is required, before release of shipment. Shipping activity will follow up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.
X	<p>The Implementing Agency (IA) and country representative have agreed that the:</p> <ul style="list-style-type: none"> • IA will sponsor the shipment to a country address. Under this agreement, the Freight Forwarder Code must also contain X and a Customer-within-country (CC) Code must be entered in the Mark For Code on the front page of the LOA. The MAPAD must contain the CC Code and addresses for each type of shipment (parcel post or freight). • Shipments are to be made to an assembly point or staging area as indicated by clear instructions on exception requisitions. Under this agreement, the Freight Forwarder Code must contain W. A Mark For Code may be entered in the Mark For Code space on the front page of the LOA, and the MAPAD must contain the Mark For Code if the Mark For Address is to be used on the shipment to the assembly point or staging area.

- i. For the following Delivery Term Codes, DoD delivers:

2	To a CONUS inland point (or overseas inland point when the origin and destination are both in the same geographic area)
4	Not applicable (Purchaser has full responsibility at the point of origin. Often forwarded collect to country freight forwarder.)
5	At the CONUS POE on the inland carrier's equipment
7	At the overseas inland destination on board the inland carrier's equipment
8	At the CONUS POE on board the vessel or aircraft
9	At the overseas POD alongside the vessel or aircraft

Delivery Term Codes showing DoD transportation responsibility for repair LOAs are shown below. The LOA will provide a CONUS address for each item identified for repair. The Purchaser must assure this address is shown on all containers and documentation when materiel is returned.

A	From overseas POE through CONUS destination to overseas POD on board the vessel or aircraft
B	From overseas POE through CONUS destination to CONUS POE on board the vessel or

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	aircraft
C	From CONUS POD on board the vessel or aircraft through CONUS destination to CONUS POE on board the vessel or aircraft
D	From CONUS POD on board the vessel or aircraft through the CONUS destination to overseas POD on board the vessel or aircraft
E	Not applicable (Purchaser has complete responsibility.)
F	From overseas inland point through CONUS destination to overseas inland destination
G	From overseas POE through CONUS destination to overseas POD alongside vessel or aircraft
H	(For classified items) From CONUS inland point to CONUS POE alongside vessel or aircraft
J	(For classified cryptographic items) From CONUS inland point to overseas inland destination

3. INFORMATION TO BE ENTERED BY THE PURCHASER.

Mark For and Freight Forwarder Codes are maintained in the [Military Assistance Program Address Directory \(MAPAD\), DLM 4000.25-8-M](#). The Purchaser Procuring Agency should show the code for the Purchaser's Army, Navy, Air Force, or other agency that is purchasing the item(s). The Name and Address of the Purchaser's Paying Office is also required.

- a. Mark For Code. This Code should be entered for use in identifying the address of the organization in the Purchaser country that is to receive the items. This includes return of items repaired under an LOA.
 - i. This address will be added by the U.S. DoD to the Ship To address on all freight containers. It will also appear on items forwarded by small parcel delivery service, including parcel post. The address should include the port of discharge name and designator (water or air); country name, country service name, street, city, state or province, and (if applicable) in-country zip or similar address code.
 - ii. Shippers are not authorized to apply shipment markings. If codes and addresses are not published, containers will be received at the freight forwarder or U.S. military representative in-country unmarked for onward shipment with resultant losses, delays, and added costs. The USG will sponsor shipment of this materiel to FOB U.S. point of origin.
- b. Freight Forwarder Code. When Offer Release Code X applies, Code X or W, discussed under Offer Release Code X above, must be entered.
- c. Purchaser Procuring Agency Codes:

B	Army
D	Air Force
K	Marine Corps
P	Navy
T	Other

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4. FINANCIAL

- a. The method of financing is shown in the LOA, Amendment, or Modification. The initial deposit required with Purchaser signature of the LOA is an integral part of the acceptance.
- b. LOA payment schedules are estimates, for planning purposes. DFAS-JAX/IN will request payment in accordance with the payment schedule unless DoD costs, including 90-day forecasted requirements, exceed amounts required by the payment schedule. When this occurs, the U.S. will use its best efforts to provide a new schedule via LOA Modification at least 45 days prior to the next payment due date. The Purchaser is required to make payments in accordance with quarterly DD Forms 645 issued by DFAS-JAX/IN regardless of the existing payment schedule.
- c. The DD Form 645 serves as the bill and statement of account. An FMS Delivery Listing identifying items physically or constructively delivered and services performed during the billing period, will be attached to the DD Form 645. DFAS-JAX/IN forwards these forms to the Purchaser within 45 days before payments are due and Purchasers must forward payments in U.S. dollars to the USG in time to meet prescribed due dates. Costs in excess of amounts funded by FMF agreements must be paid by the Purchaser. Questions concerning the content of DD Forms 645 and requests for billing adjustments should be submitted to the Defense Finance and Accounting Services, ATTN: Disbursing Operations-FMS Processing Col 135D, 8899 E. 56th Street, Indianapolis, In 46249-0230.
- d. The preferred method for forwarding cash payments is by bank wire transfer to the Department of the Treasury account at the Federal Reserve Bank of New York using the standard federal reserve funds transfer format. Wire transfers will be accepted by the Federal Reserve System (FRS) only from banks that are members of the FRS; therefore, non-U.S. banks must go through a U.S. correspondent FRS member bank. The following information is applicable to cash payments:

Wire Transfer:
ABA #021030004 U.S. Treasury NYC Agent Location Code 00003801 Beneficiary DFAS-JAX/IN Agency Payment from (country or international organization) for Letter of Offer and Acceptance (Identifier at the top of the first page of the LOA)
Check mailing address:
Defense Finance and Accounting Services ATTN: Disbursing Operations-FMS Processing Col 135D 8899 E. 56th Street Indianapolis, In 46249

- e. To authorize payments from funds available under FMF loan or grant agreements, the Purchaser may be required to submit a letter of request to the Defense Finance and Accounting Services, ATTN: Disbursing Operations-FMS Processing Col 135D, 8899 E. 56th Street, Indianapolis, In 46249-0230. Purchasers should consult applicable FMF agreements for explicit instructions. Questions pertaining to the status of FMF financing and balances should be directed to

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DSCA/CFM.

- f. Payments not received by DFAS-JAX/IN by the due date may be subject to interest charges as outlined in paragraph 4.4.8 of the LOA Standard Terms and Conditions.
 - g. The values on the LOA are estimates. The final amount will be equal to the cost to the USG. When deliveries are made and known costs are billed and collected, DFAS-JAX/IN will provide a "Final Statement of Account" which will summarize final costs. Excess funds will be available to pay unpaid billings on other statements or distributed as agreed upon between the Purchaser and the DSCA Deputy for Country Financial Management.
 - h. The Purchaser may cancel this LOA upon request to the IA. If this LOA is canceled after implementation, an FMS administrative surcharge may be assessed that equals one-half of the applicable FMS administrative surcharge rate times the ordered LOA value, or the applicable FMS administrative surcharge rate times the actual LOA value at closure, whichever is higher.
5. CHANGES TO THE LOA. Changes may be initiated by the USG or by requests from the foreign partner. After implementation of the basic LOA, these changes will take the form of Amendments or Modifications.
- a. Amendments encompass changes in scope, such as those which affect the type or number of significant items to be provided. Amendments require acceptance by the USG and the Purchaser in the same manner as the original LOA.
 - b. Modifications include changes that do not constitute a change in scope, such as increases or decreases in estimated costs or delivery schedule changes. Modifications require signature only to acknowledge receipt by the Purchaser.
 - c. When signed, and unless alternate instructions are provided, copies of Amendments and Modifications should be given the same U.S. distribution as the basic LOA.
 - d. Requests for changes required prior to acceptance by the Purchaser should be submitted to the IA for consideration. Any change made by the Purchaser and not authorized by the IA is considered a counteroffer. See [DSCA 5105.38-M](#) for more information.
6. CORRESPONDENCE. Questions or comments regarding this LOA should identify the Purchaser request reference and the identification assigned by the IA within the Department of Defense.