



### LOAN OF DEFENCE MATERIEL AGREEMENT

Covering the loan of Department of National Defence equipment in support of a valid Contract.

DQA Loan No: [ ]

**INSTRUCTION TO CONTRACTOR:**

1. Submit original copy to Director of Quality Assurance for processing.
2. **The following items are not to be included in this Agreement:** consumable materials, equipment for catering contractors or commercially available equipment.

<b>Contract Number:</b>	<b>Contract Description:</b>
<b>Expiry date:</b> As per the contract.	
<b>Address of Contractor:</b>	<b>Address for equipment delivery:</b>

**This Loan Agreement is made by and between:**

Her Majesty the Queen in right of Canada as represented by the Minister of National Defence (Lender or DND) and

\_\_\_\_\_  
Contractor Corporate Name (Borrower or Contractor)

Witnessed

For and in consideration of the performance of the Terms and Conditions attached hereto which form part of this Loan Agreement, the parties agree as follows:

1. The Lender loans to the Contractor and the Contractor borrows all the equipment listed in Schedule "A" which forms part of this Loan Agreement.
2. The equipment listed in Schedule "A" is referred to in the attached Terms and Conditions as "the loaned equipment". In witness thereof the parties hereto have executed these presents.

<b>Approved by:</b> Director of Quality Assurance for Minister of National Defence  Terry J. Crich _____ Name	<b>Contractor (Borrower)</b>  <b>Per:</b> _____ Name and Title
_____ Signature	_____ Signature
_____ Date	_____ Date
	SEAL [ ]

## TERMS OF LOAN AGREEMENT

### Loan Type / Accounting

1. All loaned equipment shall be accounted for by the Contractor using its own process. The Contractor shall, at a minimum, complete stocktaking in accordance with Article 8 herein and maintain an audit trail of loaned equipment acceptable to DND. All records related to the loaned equipment shall be maintained separate from other company records.

### General Conditions

2. The loaned equipment shall be used by the Contractor only for the purpose of performing the work identified in the Contract (referenced above in "Contract Description").

3. The Contractor shall not use the loaned equipment for commercial work or other Defence work without the written consent of DND.

4. The Contractor shall ensure that each item of loaned equipment is clearly identified as the property of the Government of Canada. In addition, the Contractor shall ensure that each item of loaned equipment is, at all times, either tagged or labeled with a clearly visible identification number corresponding to that shown on the issue document issued in respect thereof; and shall be responsible for making any changes in that number that may be notified from time to time by DND.

5. DND shall have the right to inspect the loaned equipment at the location where it is stored or used at any time and the Contractor shall provide any reasonable assistance required for that purpose.

6. No rent shall be payable by the Contractor in respect of loaned equipment for work performed in accordance with the Contract.

7. Unless otherwise advised by DND, the Contractor will pay or reimburse all costs incurred in taking possession of the loaned equipment and moving it to and from the Contractor's plant or other authorized location, including the cost of labour and materials in connection with the packaging and transportation of the loaned equipment.

### Stocktaking

8. The Contractor shall initiate and complete a one hundred per cent (100%) manual stocktaking of the loaned equipment at least once every two years.

9. The Contractor shall conduct a physical verification/stocktaking of all E Tracked loaned equipment:

a. Semi-annually:

i. Classified Equipment – ST "E" e.g. Vehicles, Night Vision goggles, GPS, Radios etc... and IM Advisory Code "1P" (item is Classified); and

ii. Classified Cryptographic Equipment – ST “E” and IM Advisory Code “1Q” (Classified Crypto Materiel).

b. Quarterly:

- i. Small Arms (SA) – ST “E” and NSG “10” and “99”; and
- ii. Self Contained Weapon Systems – ST “A” and NSG “13” & “14”.

10. The Contractor shall submit an itemized listing of all loaned equipment to the Procurement Authority within Forty five (45) calendar days of completion of the stocktaking and/or the E tracked equipment Verification. The Contractor shall provide an info copy to DQA at the same time.

11. In conjunction with the stocktaking schedule, the Contractor shall carry out a review of loaned equipment to determine if there is any item which is no longer required to perform work under the Contract.

12.. The Contractor shall request the Procurement Authority’s permission to dispose of and/or transfer materiel that meet the above criteria and shall prepare and handle the necessary documentation.

### **Loss or Damage**

13. The Contractor shall report to the Department of National Defense Procurement Authority (***Insert name of PA and ph#***) all instances of loss or damage to the loaned equipment in his custody within two (2) working days of confirmation of its discovery. In the event of loss or damage, the Contractor shall repair or replace, or have replaced, the equipment to the satisfaction of the Minister, or reimburse the DND to the full value of the equipment as indicated in schedule A.

14. If the Contractor is authorized to make repairs to damaged loaned equipment by the Procurement Authority, he shall notify the DND Procurement Authority before any repair commences to enable adequate government quality assurance of the repair.

15. The Contractor may insure the loaned equipment against loss or damage by fire or supplemental perils or any other risks while the loaned equipment is in his care, custody or control but no portion of the premium cost will be chargeable to or payable by the DND.

16. Should the loaned equipment consist of or include one or more vehicles, the Contractor shall obtain vehicle liability insurance with respect to each such vehicle in an aggregate amount of not less than \$500,000 for each occurrence against claims arising from loss of life, bodily injury and property damage. Should the equipment be an aircraft, the Contractor shall carry aircraft liability insurance in an aggregate amount of not less than \$ 1,000,000 for each occurrence against claims arising from loss of life, bodily injury and property damage. The vehicle or aircraft insurance policy shall include a cross liability clause naming the Lender as an insured party.

## **Termination / Return of Equipment**

17. After 24 hours notice to the Borrower, DND may terminate the loan or any part thereof at any time, and recall the loaned equipment concerned with that termination.

18. Unless DND otherwise advises the Contractor in writing, the Contractor shall return the loaned equipment to the destination designated in the return notice upon the expiration of the Loan Agreement. In the event that the Contractor completes its work under the Contract prior to the expiration of the Loan Agreement, the Contractor shall request return instructions from DND. When the loaned equipment is ready to be returned to DND, the Contractor shall prepare a condition report and advise the appropriate NDQAR to arrange for any necessary inspection and evaluation of the condition of the equipment. The loaned equipment shall be properly identified with a condition tag (CF942) duly filled out, cleaned, in good condition and the proper packaging method shall be used.

## **Condition / Maintenance of Equipment**

19. The Contractor agrees that the loaned equipment is furnished "as is" by the Lender. To that end, the Lender shall not, by virtue of having loaned the equipment to the Contractor, have made or be deemed to have made any representations, warranties or guarantees as to the condition, quality or fitness for a particular purpose of the loaned equipment; nor does the Lender assume any liability for the results achieved or the ability or inability of the Contractor to use the loaned equipment arising from any cause.

20. The Contractor shall indemnify and save harmless the Lender from and against all claims, demands, damages, loss, costs, expenses, actions, causes of action, suits or other proceedings by whomsoever made, arising out of any injury to persons (including injuries resulting in death) or loss of or damage to property of others that may be caused by or suffered as a result of the operation, use, or transportation of the loaned equipment by the Contractor or any action taken or things done by virtue of this Loan Agreement.

21. The Contractor shall take reasonable and proper care of the loaned equipment at his own expense, including the maintenance and calibration in accordance with DND standards or instructions, where provided, during the term of this loan and shall be responsible for any loss or damage resulting from its failure to do so other than loss or damage caused by ordinary wear and tear.

## **Controlled Goods Registration**

22. If the Contractor is advised that the loaned equipment includes controlled goods, then pursuant to the Defence Production Act, access to these controlled goods is only permitted to persons or firms that are either registered, or exempt from registration, under the Controlled Goods Registration Program (CGRP). Therefore, the Contractor must demonstrate compliance to the CGRP before the equipment may be provided. If at any time, the Contractor loses its registration or its exempt status, the Contractor must immediately inform the PA. The Contractor must make arrangements to cancel outstanding demands for equipment that includes controlled goods, and to return any and all of this type of loaned equipment in his possession.

