

APPENDIX E-158 P
RETURN OF LOAN MATERIEL

1. PURPOSE

This procedure is applicable to chapter 6 and describes the method of processing the return of loan materiel, the preparation of a loan issue transaction for that materiel not returned and the preparation of charges to the borrower.

2. APPENDICES USED IN THIS PROCESS

- a. Appendix B-158, Loan Issue Transaction (Nonreturn).
- b. Appendix C-74, Format of Letter for Disposition of Loaned Materiel.
- c. Appendix E-021 V, Materiel Receipt Document Violations (Receipts From Other Than Procurement Instrument Sources) and Materiel Receipt Document Followup Reply Violations
- d. Appendix E-042 P, Due-In Transaction (Other Than Procurement Instrument Source).
- e. Appendix E-042 V, Due-In Document Procurement Instrument and Other than Procurement Instrument Sources Violations.
- f. Appendix E-104 P, Transaction History File Inquiry Document.
- g. Appendix E-104 V, Transaction History File Inquiry Document Violations.
- h. Appendix E-505 P, Issue Documents for Repair.
- i. Appendix F-110A, Transaction History File (THF) Printout (Mechanically Generated).
- j. Appendix F-117, Uncontrolled Violation Listing.

3. RESPONSIBLE ORGANIZATIONAL ELEMENT

The Inventory Accounting Branch, Stock Control Division, Directorate of Supply Operations is responsible for processing all loan transactions.

4. PROCEDURES

- a. The Inventory Accounting Branch will:

(1) Screen the Loan Suspense File, which was established at the time the loan was issued, for those loans which will expire within 21 days.

(2) Forward to the Commodity Branch having prime responsibility a list of NSNs and quantity to be returned for disposition instructions.

(3) Based on disposition instructions received, action will be taken to prepare a letter to the borrower in the format of appendix C-74.

(4) Prepare a letter to the depot(s) scheduled to receive the return of loaned materiel. Instructions in this letter will contain condition acceptable, reporting of damages, method and location of inspection, disposition of materiel other than serviceable, repairing activity, if repairs are required, and any other instructions necessary to cover the return. In addition, a copy of the letter to the borrower (appendix C-74) will be attached.

(5) Upon receipt of copies of the shipping document (DD Form 1348-1), action will be taken to prepare a due-in from loan in accordance with E-042 P. A due-in will be established for each location scheduled to receive the materiel. The following entries are peculiar to a loan transaction:

POSITIONS

1-3	Enter DFN.
30-43	Enter Document Number from DD Form 1348-1.
57-59	Enter Project Code assigned to loan.
70	Enter Purpose Code A.
71	Enter Condition Code F for items to be repaired. Enter Condition Code A for items that will be entered directly into stock.

(6) Forward the due-in to Office of Data Systems for entry into the computer system.

(7) Receive notification of receipt of loaned materiel. This information will appear on an Uncontrolled Violation Printout (appendix F-117) citing Violation Reason Code CM. The listing will be filed in the Loan Jacket File for that specific project.

(8) Process D6N receipt violations in accordance with E-021 V.

(9) Receive from depots DD Form 1225 for materiel received in Condition H (condemned).

(10) Receive from depots DD Form 1225 for materiel received in Condition F or G. Action will be taken to issue these items to repair in accordance with E-505 P.

(11) Interrogate the Transaction History File (THF) in accordance with E-104 P utilizing Action Code HJ and the project code assigned to the specific loan. Analyze the output (appendix F-110) to determine the status of the loan insofar as outstanding materiel is concerned.

(12) Initiate action to finalize the loan when it has been determined that all the materiel that is to be returned has been received. For materiel that has been disposed of by the borrower or materiel that will not be returned, action will be taken to prepare an issue to loan (nonreturn) to drop the materiel, post a D7B to the THF without creating a MRO. Appendix B-158 applies. The condition of the materiel originally loaned will appear in pos. 71 and Purpose Code L in pos. 70. The document number assigned to the original loan will appear in pos. 30-43.

(13) Analyze appendix F-110 output to determine the condition of the materiel returned against the original condition loaned. For all commodities except Clothing and Textiles, materiel classified upon receipt by the depot as serviceable or unserviceable/economically repairable will be credited at 100 percent less cost of repairs or reconditioning of the unserviceable materiel. For Clothing and Textiles, the following applies:

(a) Materiel issued as Condition A and returned in serviceable condition (Condition B) will be billed at 50 percent of current standard price. Condition B will be applied to all returned serviceable materiel which has been used regardless of the period of usage.

(b) Materiel issued as Condition A and returned in unserviceable/economically repairable condition will be billed at 50 percent plus cost of repair or reconditioning only. Total billing will not exceed 100 percent. Materiel returned in Condition H will be billed at 100 percent of the current standard price.

(c) Materiel issued as Condition B and returned in unserviceable/economically repairable condition will be billed for cost of repairs and reconditioning only. Materiel returned in Condition H will be billed at 50 percent of the current standard price.

(d) There will be no charge for materiel issued as Condition B and returned in serviceable condition.

(14) Prepare an Inter-Office Memorandum (IOM) to Office of Comptroller indicating the following information. File a copy in the Loan Jacket File:

(a) Image of original loan requisition including Purpose, Condition, and Location.

(b) Dollar Value of charges will be annotated which will include the percentage factor for differences in condition as stated in paragraph 4a(13). Included in the dollar value charges will be the estimated cost of repair as cited on DD Form 1225.

(c) Dollar Value of charges for materiel returned and forwarded to property disposal.

b. The Commodity Branch will:

(1) Review the list of NSNs and quantity to be returned.

(2) Annotate the distribution depot to receive the materiel not requiring repair.

(3) Annotate the distribution depot to receive the materiel requiring repair.

(4) Return the annotated list to the Inventory Accounting Branch.

c. The Office of Comptroller will, upon receipt of the IOM, prepare a Recovery of Deterioration of Loaned Materiel Document, DIC YYM, based on the MILSTRIP information and charges reflected. This card will create a bill to the borrower.

5. FLOWCHART

Flowchart not required.