



Section 3 : ADMINISTRATIVE CLAUSES

363. Buyer-Furnished Material Accountability (10/1/96).

(a) Seller will keep all Buyer-furnished material, including parts requiring further processing, clearly marked and will maintain a complete inventory thereof. Seller assumes all risk of loss, destruction, or damage to such material while in Seller's custody or control. Seller agrees not to use substitute material in the performance of this contract without Buyer's written consent. Seller will inspect material furnished by Buyer upon receipt and, within two working days of receipt, notify Buyer of any material that is damaged or defective or that is in any way not as specified in this contract. Seller will disposition such material as directed by Buyer. Out-of-tolerance conditions or other inadequacies in Buyer-furnished material that are accepted by Seller will not excuse performance that is not in strict compliance with the applicable specifications.

(b) Accountability of all Buyer-furnished material at Seller's facility is mandatory. Accordingly, all Buyer-furnished material determined by your quality control organization and/or Buyer Inspection and/or Buyer's Engineering to be nonconforming must be accounted for as follows:

(1) If the total quantity of nonconforming parts is within the material allowance or the amount of material provided for set-up pieces (as indicated in this contract), Seller will disposition and dispose of the material at its facility. **SELLER WILL INDICATE ON THE PACKING SHEET FOR DELIVERABLE PRODUCT THE DISPOSITION OF SUCH MATERIAL.**

(2) If the total quantity of nonconforming parts exceeds the material allowance or the amount of material provided for set-up pieces(as indicated in this contract), Seller will notify Buyer and disposition such material in accordance with Buyer's instructions.