



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

MAR 14 2008

In reply refer to:
USP003469-08

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Termination of Use of Letters of Intent (LOIs) (DSCA 08-08) [SAMM E-Change 102]

Letters of Intent (LOIs) were intended for use when items being purchased had a long lead time or a short procurement cycle that required financing before a Letter of Offer and Acceptance (LOA) or Amendment could be processed. LOIs allowed a program to proceed on schedule and within the projected cost until superseded by a more complete LOA that covered the entire program.

With improvements in automation systems and subsequent developments in policies on what can be included on Amendments to LOAs, the utility of LOIs has diminished considerably. Long lead requirements and timelines can now be met more efficiently by using start-up LOAs (for the long-lead requirements) and follow-on Amendments (to add the total package requirements). LOIs have seldom been used, having been implemented in only three cases, the last in 2003. For these reasons, LOIs are being withdrawn from use effective thirty days from the date of this memorandum. The Security Assistance Management Manual (SAMM) will be updated as indicated on the Attachment to reflect this change. LOI menu functions will no longer be available in the Defense Security Assistance Management System (DSAMS).

This change will be included in the automated version of the SAMM found on the DSCA Web Page as SAMM E-Change 102. Questions regarding this policy should be directed to Mr. Mike Slack, DSCA/STR/POL, at (703) 601-3842 or e-mail: michael.slack@dscamil.

A handwritten signature in cursive script, appearing to read "Freda J. Lodge".

Freda J. Lodge
Principal Director
Strategy

Attachments:
As stated

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1. In the Front Matter, FIGURES, delete the following:

C5.F6. Sample Letter of Intent (LOI)	221
C5.F7. Letter of Intent (LOI) Standard Terms and Conditions	224
C5.F8 Instructions for Preparing a Letter of Intent (LOI)	225
C5.F9. Sample Letter of Intent (LOI) Amendment	227
C5.F10. Instructions for Preparing a Letter of Intent (LOI) Amendment	229

2. In Paragraph C5.1.2., delete “a Letter of Intent (LOI),”.

3. Delete all of paragraphs of Section C5.5. and replace with the following:

C5.5. LOR RESPONSES – LETTER OF INTENT (LOI). LOIs are no longer used. An LOI was used to allow items to be contracted or services to begin when the items being purchased had long lead-times or short procurement cycles that required financing before an LOA or Amendment could be processed. Since LOIs entailed a risk that the program of which they were part might not proceed, LOIs were used only when required to allow a program to proceed on schedule and within the projected cost. These procedures have been discontinued. See paragraph C5.6.8. for procedures on how to handle long lead-time items.

4. Add new section C5.6.8. below:

C5.6.8. Programs with Long Lead-time Items.

C5.6.8.1. An LOA can be used for the long lead-time items of the major program without Congressional notification of the initial LOA. The value of this initial LOA for long lead-time items must fall below Congressional notification thresholds. The initial long lead-time item LOA must include the mandatory note listed in Table C5.T5. for long lead-time items.

C5.6.8.2. A 36(b) Congressional notification should be submitted using an Amendment to the LOA for the long lead-time item for the remainder of the program. The notification must include a reference to this long lead-time item LOA under “Prior Related Programs” even though this section usually lists only prior related 36(b) LOAs. If the notification is disapproved, the Amendment will not be offered and the existing long-lead time item LOA will cover only costs already incurred.

- In Figure C5.F11. Advance and/or Statutory Notification Data, add as a final sentence to paragraph “i:”

“If an initial LOA was used to offer long lead-time items, this LOA should be included in this reference.”

- In Table C5.T5., replace the standard LOA note “Congressional Notification – Letter of Intent (LOI)” with the following:

Congressional Notification – Long Lead-Time Items
<i>Note Usage</i>
Mandatory for long-lead time items if Congressional Notification will be required for the total value of the proposed sale but has not yet been completed. See Chapter 5, paragraph C5.6.8.
<i>Note Text</i>
“It is understood that United States law requires that the U.S. Congress must be afforded a formal opportunity to review the total proposed sale before the sales offer may be issued to the purchaser and that a law may be enacted to prohibit issuance of an Amendment for the total package. This LOA will be used to cover any expenses incurred for the program up to and including the cancellation of the Amendment. The purchaser shall bear the risk that the offer may not be issued for reasons such as enactment of a prohibition.”

- In Table C5.T6., Delete: “, Letters of Intent (LOIs)” in the Activities Column of Row five.

- In Table C5.T8., delete the following row entirely:

BN-B-SAA-LOI.pdf	Letter of Intent (LOI)
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- In Table C5.T9., delete the following row entirely from the “Case Documents That CANNOT Be Processed Under ASDA” Column:

LOIs and LOI Amendments

- Delete Figure C5.F6. Sample Letter of Intent (LOI).
- Delete Figure C5.F7. Letter of Intent (LOI) Standard Terms and Conditions.
- Figure C5.F8. Instructions for Preparing a Letter of Intent (LOI).
- Delete Figure C5.F9. Sample Letter of Intent (LOI) Amendment.
- Delete Figure C5.F10. Instructions for Preparing a Letter of Intent (LOI) Amendment.