

From: Stockstill, Brandilyne (Brandi)
Sent: Thursday, June 27, 2024 3:07 PM
To: VA LCOs and Staff
Cc: Thomas, John D. (CFM); Simmons, Amanda J. (CFM); Dimmick, Amy F. (CFM); Wells, William N.; Chapman, Mitch L. (CFM); Zook, Nikki; Ethier, Timothy; Finley, Christopher F. (he/him/his); Schneider, Katelyn; SFFAS54
Subject: OCFM ORP VA-Wide Leasing Policy Alert 2024-10: VA Specific Instructions for Annual Funding Actions, Lease Templates and Reporting Requirements
Attachments: Attachment 1 Annual FMS Lease Obligation Memorandum.pdf; Attachment 2 Annual iFAMS Lease Obligation Memorandum.pdf; Attachment 3 VA Lease Commencement Amendment Template.docx; Attachment 4 VA Lease Extension Template.docx; Attachment 5 Major Lease Reporting Template.pdf

Office of Construction and Facilities Management's Office of Real Property's VA-Wide Leasing Policy Alert 2024-10: VA Specific Instructions for Annual Funding Actions, Lease Templates and Reporting Requirements

This policy alert is being issued to notify VA leasing professionals of updated enterprise policy requirements for processing annual funding actions and for reporting requirements for specific lease amendments affecting Major Leases. This alert also includes lease amendment templates for use to ensure enterprise compliance with VA Finance Policy, Volume V, Chapters [11](#) and [11A](#).

Summary: To ensure compliance with financial policy, VA lease files require a clear breakout of rental obligations due throughout the fiscal year, including estimated amounts, with sufficient financial details. VA leases have been identified where the lease eliminated the breakdown of rental components or used incorrect terminology. Therefore, specific procedures have been created to standardize documentation and ensure proper accountability for: 1) annual funding actions, 2) lease commencement and extension amendments, and 3) enterprise reporting for specific actions affecting VA leases exceeding the lease capitalization threshold and actions resulting in a change from a Mid-Level to a Major Lease.

1) Annual Funding Actions:

Background: Although the practice of recent years has been for LCO's to execute a lease amendment to record the rental obligations each fiscal year, this is not appropriate because funding the lease does not amend the lease. For this reason, enterprise policy is needed to eliminate the use of a lease amendment document for annual funding actions and a new numbering series is needed to eliminate confusion with actual lease amendments.

Instructions and Procedures:

LCOs will complete one of the attached memorandums with its attached lease obligation table for each lease every fiscal year, including parking and land leases. Estimated amounts, such as estimated operating cost adjustments and tax reimbursements for the entire fiscal year must be included.

- For FMS funded leases, the Annual FMS Lease Obligation Memorandum (Attachment 1) is used. The corresponding IFCAP PO total amount must match the total amount in the Annual FMS Lease Obligation Table Worksheet on page 2. The IFCAP PO number must be included in the eCMS data value for Obligation.
- For iFAMS funded leases, the Annual iFAMS Lease Obligation Memorandum (Attachment 2) is used. The lease number must be included in the eCMS data value for Obligation.

Memorandums must be signed by the LCO and uploaded into the associated briefcase as C41 and labeled appropriately. A copy of the signed memorandum must also be forwarded to the local fiscal/budget office.

As the LCO is in the best position to know the ownership structure of leases they procure and administer, the LCO shall confirm the BOCs are correct and notify local fiscal/budget office if a change is needed.

Due to eCMS revision limitations, the action type will remain a lease amendment with the LCO manually creating the action number. **The numbering to be used for annual funding actions is the fiscal year and sequential number, such as 202501 for the 1st funding action for FY25. 202502 would be used for a de-obligation at the end of the fiscal year, if needed, provided the lease is not being amended.** Similarly, this numbering is used if for straight reimbursements paid through the lessor that do not amend the lease, such as utility costs paid directly to the lessor, and the LCO shall include a locally generated memorandum in the action briefcase with the specific lease reference and supporting documentation for the reimbursement.

For adjustments throughout the fiscal year that amend the lease, the standard numbering applies. As an example, if the lease provides for an operating cost adjustment, the actual amendment processing the adjustment will use the standard numbering sequence with an associated lease amendment. The adjustment in cost, whether a decrease or increase, would be reflected in the data values, funding tab and associated IFCAP PO amendment (FMS users). This is the same process for any adjustment throughout the fiscal year processed via lease amendment. A new Annual FMS/iFAMS Lease Obligation Memorandum is not required when such changes occur because the lease amendment and associated eCMS action provides sufficient financial details for audit and accountability purposes.

Please note the following:

- Shell rent is comprised of rent and established base amounts for real estate taxes and insurance.
- Leases without rental components broken out should include the total annual rent as Shell. This should be the exception.
- Any rent component not applicable to the lease should be left blank.
- Standstill Agreements and Holdover Actions do not require the memorandum or associated obligation table.

Additional instructional information is included in Section IV of each memorandum.

2) Lease Commencement and Extension Amendment Templates:

Background: As a delegated agency, VA is required to use the GSA approved lease templates and forms, as further supplemented by VA, if applicable. Removal of the lease rent component breakdown provided in lease templates is not authorized. Further, the rent component breakdown shall be included in all Lease Commencement Lease Amendments and Lease Extension Lease Amendments. This is applicable to all VA direct leases, regardless of size.

Instructions and Procedures:

LCOs shall use the VA Lease Commencement Amendment Template (Attachment 3) for all lease commencements, adjusted as necessary, however the rent component breakdown must be included.

LCOs shall use the VA Lease Extension Template (Attachment 4) for lease extension amendments, adjusted as necessary.

3) Reporting Requirements:

Background: VA's implementation of Statement of Federal Financial Accounting Standards (SFFAS) 54 accounting standard requires capitalization of leases exceeding the major medical facility lease threshold, or VA's Major Lease threshold, which is \$3.613M for FY24. Major Leases must be tracked and reported per SFFAS 54 standards throughout their lifecycle. To ensure currency and to prevent inaccuracies in data collection, awards of Major Leases and lease amendments processed for the following circumstances must be reported:

- Major Leases amended to increase or decrease shell costs due to changes in square footage or base real estate taxes and/or insurance amounts.
- Major Lease amendments reflecting changes in term, including lease commencement amendments, extensions or terminations.
- Mid-Level Leases amended to increase shell costs and/or square footage which results in an above threshold Major Lease.

Instructions and Procedures:

LCOs must provide immediate notification to the SFFAS 54 implementation team at sffas54@va.gov for Major and Mid-Level Lease amendments processed for the above circumstances by completing and submitting the Major Lease Reporting Template (Attachment 5). The completed template should also be uploaded to the eCMS briefcase file and meta-tagged as C41.

NOTE: The Major Lease Reporting Template is for reporting purposes only and does not replace the need for higher level approval, required resolutions or notifications. LCOs must contact CFM ORP for any of the identified circumstances prior to executing a lease amendment.

This policy alert is effective immediately and remains in effect until incorporated into the VA Supplement to the GSA Leasing Desk Guide.

This policy alert will be available at the Office of Construction and Facilities Management (CFM), Office of Real Property (ORP) internet site at [VA Real Property Policy Program - Office of Construction & Facilities Management](#).

A copy of the included templates are available at: [Office of Construction and Facilities Management, Office of Real Property, Policy & Programs Service \(003C7A\) - Annual Funding Actions, Lease Amendments and Reporting Templates - All \(sharepoint.com\)](#).

Training will be provided on this alert on July 2nd. If you did not receive an invite, please contact VACO003C7APolicyandProgramsTeam@va.gov.

Thank you for your prompt attention to this new policy. ORP PnP would like to extend our sincere appreciation to the many LCOs and leasing specialists who actively participated in the working sessions earlier this year.

Please submit any questions or concerns to CFM ORP Policy and Programs, VACO003C7APolicyandProgramsTeam@va.gov.

Brandi Stockstill
Director, Policy & Programs
Office of Real Property, CFM
(202) 329-6538

[VA Real Property Policy Program - Office of Construction & Facilities Management](#)
[VA Real Property Agreements - Home \(sharepoint.com\)](#)
[Office of Construction and Facilities Management, Office of Real Property, Policy & Programs Service \(003C7A\) - Home \(sharepoint.com\)](#)

Date:

From:

Subj: FY Annual FMS Lease Obligation Table

To: Lease # eCMS Action File, Assigned Budget Office

1. The purpose of this memorandum is to record the annual lease funding obligation.
2. The Annual FMS Lease Obligation Table on page 2 represents the current and estimated rent component costs for the fiscal year as established by the lease that when combined, represent the total annual obligation amount.
3. The current annual rent for the lease is _____ to be paid monthly at _____ in arrears and disbursed no later than the first business day of the following month based on selection in paragraph 4. Refer to page 2, Section II, Current Rent Breakdown for additional information.
4. LCO must select one of the following:
 - ☐ LCO confirmed SAM is updated – schedule automatic payments.
 - ☐ LCO confirmed SAM is not updated – payment must be withheld until the budget office receives notice from LCO.
 - ☐ Payment should not be scheduled due to: _____, and Payment must be withheld until the budget office receives notice from LCO.
5. Estimated amounts will increase/decrease based on actual adjustments or reimbursements as reflected in separate lease amendments and corresponding IFCAP PO amendments, as applicable.
6. For questions, contact the undersigned at: _____.

Lease Contracting Officer

FY ANNUAL FMS LEASE OBLIGATION TABLE WORKSHEET

****This table is intended for internal budgeting purposes only. Estimated amounts will increase/decrease based on actual adjustments or reimbursements as reflected in separate lease amendments, as applicable. Resubmission of this form is not required when adjustments or reimbursements are made throughout the fiscal year.**

Section I – LEASE CONTRACT DATA

Lease Name:	Lease Contract #:
Lessor Name:	ACC:
VA 2237 #:	IFCAP PO #:

Section II – ANNUAL RENT & OBLIGATION BREAKOUT

BOC:

Current Rent Breakdown

Rent Component	Annual Total
Shell Rent	
Shell Stepped Rent	
Operating Costs (OPEX)	
Tenant Improvements Amortized	
BSAC	
Parking	
Other <small>Describe</small>	
Other <small>Describe</small>	

Estimated Obligations

Estimated Adjustments & Reimbursements	Annual Total
Estimated Operating Costs (CPI)	
Estimated Real Estate Tax Reimbursement	
Estimated HVAC Overtime	
Other <small>Describe</small>	
Other <small>Describe</small>	
Total Annual Obligation	

Section III – ADDITIONAL INFORMATION

Section IV – INSTRUCTIONAL INFORMATION

- a. Shell rent is comprised of rent and established base amounts for real estate taxes and insurance.
- b. Leases without rental components broken out should include the total annual rent as Shell. This should be the exception.
- c. Shell Stepped rent should be blank if rent is not stepped.
- d. Any rent component not applicable to the lease should be left blank.
- e. If additional space is needed for current breakdown or estimated obligations, enter components on one line, break out costs in Section III.
- f. Real Estate Tax Reimbursement refers to the amount due the lessor above the established and negotiated real estate tax base.
- g. Do not include costs for services in the leased space under a stand-alone contract.
- h. Operating Cost (OPEX) is the current adjusted operating cost amount.
- i. Other refers to direct reimbursements or adjustments per the terms and conditions of the lease that do not fit any other category.
- j. Estimated amounts should reflect the anticipated increase/decrease based on available historic data or trends in the economy.
- k. This table covers the Fiscal Year or until lease expiration date within the current fiscal year, whichever is sooner.
- l. For extensions, the period covered is the date of the extension through the end of the fiscal year or termination, if sooner.

Date:

From:

Subj: FY Annual iFAMS Lease Obligation Table

To: Lease # eCMS Action File, Assigned Budget Office

1. The purpose of this memorandum is to record the annual lease funding obligation.
2. The Annual iFAMS Lease Obligation Table on page 2 represents the current and estimated rent component costs for the fiscal year as established by the lease that when combined, represent the total annual obligation amount.
3. The current annual rent for the lease is to be paid monthly at in arrears and disbursed no later than the first business day of the following month based on selection in paragraph 4. Refer to page 2, Section II, Current Rent Breakdown, for the iFAMS Budget Object Classification Codes (BOC) and additional information.
4. LCO must select one of the following:
 - ☐ LCO confirmed SAM is updated – schedule automatic payments.
 - ☐ LCO confirmed SAM is not updated – payment must be withheld until the budget office receives notice from LCO.
 - ☐ Payment should not be scheduled due to: _____, and Payment must be withheld until the budget office receives notice from LCO.
5. Estimated amounts will increase/decrease based on actual adjustments or reimbursements as reflected in separate lease amendments. For questions, contact the undersigned at: _____.

Lease Contracting Officer

FY ANNUAL iFAMS LEASE OBLIGATION TABLE WORKSHEET

****This table is intended for internal budgeting purposes only. Estimated amounts will increase/decrease based on actual adjustments or reimbursements as reflected in separate lease amendments, as applicable. Resubmission of this form is not required when adjustments or reimbursements are made throughout the fiscal year.**

Section I – LEASE CONTRACT DATA

Lease Name:	Lease Contract #:
Lessor Name:	ACC:
iPR #:	Acton ID:

Section II – ANNUAL RENT & OBLIGATION BREAKOUT

Current Rent Breakdown

Rent Component	BOC	Annual Total
Shell Rent		
Shell Stepped Rent		
Operating Costs (OPEX)		
Tenant Improvements Amortized		
BSAC		
Parking		
Other <small>Describe</small>		
Other <small>Describe</small>		

Estimated Obligations

Estimated Adjustments & Reimbursements	BOC	Annual Total
Estimated Operating Costs (CPI)		
Estimated Real Estate Tax Reimbursement		
Estimated HVAC Overtime		
Other <small>Describe</small>		
Other <small>Describe</small>		
Total Annual Obligation		

Section III – ADDITIONAL INFORMATION

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Section IV – INSTRUCTIONAL INFORMATION

- a. Shell rent is comprised of rent and established base amounts for real estate taxes and insurance.
- b. Leases without rental components broken out should include the total annual rent as Shell. This should be the exception.
- c. Shell Stepped rent should be blank if rent is not stepped.
- d. Any rent component not applicable to the lease should be left blank.
- e. If additional space is needed for current breakdown or estimated obligations, enter components on one line, break out costs in Section III.
- f. Real Estate Tax Reimbursement refers to the amount due the lessor above the established and negotiated real estate tax base.
- g. Do not include costs for services in the leased space under a stand-alone contract.
- h. Operating Cost (OPEX) is the current adjusted operating cost amount.
- i. Other refers to direct reimbursements or adjustments per the terms and conditions of the lease that do not fit any other category.
- j. Estimated amounts should reflect the anticipated increase/decrease based on available historic data or trends in the economy.
- k. This table covers the Fiscal Year or until lease expiration date within the current fiscal year, whichever is sooner.
- l. For extensions, the period covered is the date of the extension through the end of the fiscal year or termination, if soon

Section V – iFAMS BOC DESCRIPTIONS

Real Property Rental – Owner Agents. VA issues a 1099 to the lessor (Individual or Sole Proprietorship)	Real Property Rental – Rental Agents. Agents (LLC, Partnership, Trust, Corp) issues a 1099 to the landlord it represents
232001: Shell Rent	232002: Shell Rent
232003: Operating Costs	232004: Operating Costs
232005: Real Estate Taxes	232006: Real Estate Taxes
232007: TI Rent, Monthly	232008: TI Rent, Monthly
232009: BSAC, Monthly	232010: BSAC, Monthly

<p align="center">US DEPARTMENT OF VETERANS AFFAIRS</p> <p align="center">LEASE AMENDMENT</p>	LEASE AMENDMENT No. ____
	TO LEASE NO. <Lease Number>
ADDRESS OF PREMISES <Building Name> <Building Address> <City>, <State> <Zip Code>	

THIS AMENDMENT is made and entered into between

<Lessor Name>

whose address is: <Lessor Address>
 <Lessor City>, <Lessor State> <Lessor Zip Code>

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

WHEREAS, the parties hereto desire to amend the above Lease to memorialize the Government's Acceptance of Space and the Lease Term Commencement Date.

NOW THEREFORE, these parties for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, covenant and agree that the said Lease is amended, effective <Effective Date> as follows:

1. The purpose of this Lease Amendment is to memorialize the Government's Acceptance of Space, Lease Term Commencement Date and Final Measurement of the Space in accordance with Sections 4.10 and 4.11 of the Lease.
2. Refer to Page 2 for additional information.

This Lease Amendment contains {x} pages.

All other terms and conditions of the lease shall remain in force and effect.
 IN WITNESS WHEREOF, the parties subscribed their names as of the below date.

FOR THE LESSOR:

 Name: _____
 Title: _____
 Entity: _____
 Date: _____

FOR THE GOVERNMENT:

 Name: _____
 Title: Lease Contracting Officer
 Department of Veterans Affairs
 Date: _____

WITNESSED FOR THE LESSOR BY:

 Name: _____
 Title: _____
 Date: _____

3. The Government hereby accepts the Space as substantially complete and conforming to the Building Shell and Tenant Improvement requirements. The attached Certificate of Occupancy has been issued by the local jurisdiction. **Or: The attached report provided by a licensed fire protection engineer indicates the Space and Building are compliant with all applicable local codes and ordinances and all fire protection and life safety-related requirements of the Lease.**
4. The Lease Term Commencement Date is <Insert Date>, with a resultant Lease Term of <Insert Date> through <Insert Date> subject to renewal and termination rights as outlined in the Lease.
5. Final Measurement of the Premises: <Insert ABOA and RSF Measurements>
6. In accordance with Section 1.03 of the Lease, Rent and Other Consideration, the Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

	FIRM TERM	NON FIRM TERM
	ANNUAL RENT	ANNUAL RENT
SHELL RENT	\$XXX,XXX.XX	\$XXX,XXX.XX
OPERATING COSTS	\$XXX,XXX.XX	\$XXX,XXX.XX
TENANT IMPROVEMENT RENT	\$XXX,XXX.XX	\$XXX,XXX.XX
BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC)	\$XXX,XXX.XX	\$XXX,XXX.XX
PARKING	\$XXX,XXX.XX	\$XXX,XXX.XX
TOTAL ANNUAL RENT	\$XXX,XXX.XX	\$XXX,XXX.XX

Shell rent reflects rental rates as follows:

(Firm Term) \$XX per RSF, as rounded to the nearest penny.

(Non Firm Term) \$XX per RSF, as rounded to the nearest penny.

Operating Costs reflects a rate of \$XX per RSF, as rounded to the nearest penny.

Tenant Improvements of \$XX are amortized at a rate of X percent per annum over XX years.

Building Specific Amortized Capital (BSAC) of \$XX are amortized at a rate of X percent per annum over XX years.

Parking costs are provided at a rate of \$XX per parking space per month (structured/inside), and \$XX per parking space per month (surface/outside).

ADD/DELETE AS APPLICABLE

7. Monthly rent for the period <Insert Date> through <Insert Date> is <# of months x rental rate/month>, paid in arrears.
8. Upon receipt of a properly submitted invoice from the Lessor, the Government shall pay <\$XXX,XXX.XX> in lump sum payment for the Tenant Improvements. Refer to Lease Clause GSAR 552.270-31, Prompt Payment, for additional information.

LESSOR: _____ GOVERNMENT: _____

Lease Amendment Form
REV (10/20)

<p align="center">US DEPARTMENT OF VETERANS AFFAIRS</p> <p align="center">LEASE AMENDMENT</p>	LEASE AMENDMENT No. ____
	TO LEASE NO. <Lease Number>
ADDRESS OF PREMISES <Building Name> <Building Address> <City>, <State> <Zip Code>	

THIS AMENDMENT is made and entered into between

<Lessor Name>

whose address is: <Lessor Address>
 <Lessor City>, <Lessor State> <Lessor Zip Code>

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

WHEREAS, the parties hereto desire to amend the above Lease to extend the term of the Lease.

NOW THEREFORE, these parties for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, covenant and agree that the said Lease is amended, effective <Extension Effective Date> as follows:

A. Paragraph C, "Lease Term" of the Lease is hereby deleted in its entirety and the following is inserted in lieu thereof:

 "To Have and To Hold the said Premises with its appurtenances for the term beginning upon <Lease Commencement Date> through <New Expiration Date>, subject to termination and renewal rights as may be hereinafter set forth."

This Lease Amendment contains {x} pages.

All other terms and conditions of the lease shall remain in force and effect.
 IN WITNESS WHEREOF, the parties subscribed their names as of the below date.

FOR THE LESSOR:

 Name: _____
 Title: _____
 Entity: _____
 Date: _____

FOR THE GOVERNMENT:

 Name: _____
 Title: Lease Contracting Officer
 Department of Veterans Affairs
 Date: _____

WITNESSED FOR THE LESSOR BY:

 Name: _____
 Title: _____
 Date: _____

- B.** Sub-Paragraph “A” of Paragraph 1.03 “Rent and Other Consideration” is hereby deleted in its entirety and the following is inserted in lieu thereof:

“A. The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

OPERATING RENT IS SUBJECT TO ANNUAL CPI ESCALATIONS IF THE LEASE CONTAINS THE OPERATING COST ADJUSTMENT PARAGRAPH. IF THE OPERATING COSTS WILL NOT BE SUBJECT TO ANNUAL ADJUSTMENT DURING THE EXTENSION PERIOD, REMOVE THE “OPERATING COST ADJUSTMENT” PARAGRAPH IN THE LEASE. ALWAYS CHECK THAT THE OPERATING COST BASE IS CORRECT IF YOU CONTINUE TO USE CPI ADJUSTMENTS DURING THE EXTENSION PERIOD. SIMILARLY, IF TAX REIMBURSEMENTS WILL NOT BE PROVIDED DURING THE EXTENSION PERIOD, REMOVE THE “REAL ESTATE TAX ADJUSTMENT” PARAGRAPH IN THE LEASE.

	EFFECTIVE <Extension Effective Date>
	ANNUAL RENT
SHELL RENT	\$ <New Shell Rent>
OPERATING COSTS*	\$ <New Operating Costs>
PARKING	\$ <New Total Parking Rent>
ANNUAL RENT	\$ <New Annual Rent>

IF THE OPERATING COSTS WILL NOT BE SUBJECT TO ANNUAL ADJUSTMENT DURING THE EXTENSION PERIOD, DELETE THE RED CLARIFICATION NOTATIONS BELOW AND DELETE THE RED ASTERISK NEXT TO THE “OPERATING COSTS” IN THE TABLE ABOVE.

*OPERATING COST BASE FOR PURPOSES OF ADJUSTMENT REMAINS \$ <Operating Cost Base>/RSF. THE OPERATING COST BASE WILL CONTINUE TO BE ADJUSTED IN ACCORDANCE WITH PARAGRAPH 2.09 OPERATING COSTS ADJUSTMENT

*OPERATING COSTS CITED IN THE TABLE ABOVE REFLECT ADJUSTMENT AS OF <Last Escalation Date>

- C.** FAR clause 52.204-25 (August 2020) is hereby attached to the lease – see pages <page #s>.

IF THE TAX ADJUSTMENTS WILL CONTINUE DURING THE EXTENSION PERIOD, DELETE THE PARAGRAPH BELOW.

- D.** Paragraph 2.07 Real Estate Tax Adjustment is hereby deleted in its entirety. The real estate tax adjustment is no longer subject to reimbursement.

IF THE OPERATING COSTS WILL BE SUBJECT TO ANNUAL ADJUSTMENT DURING THE EXTENSION PERIOD, DELETE THE PARAGRAPH BELOW.

- E.** Paragraph 2.09 Operating Costs Adjustment is hereby deleted in its entirety. The operating rent is no longer subject to annual adjustment.

52.204-25 Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment (Aug 2020)

(a) *Definitions.* As used in this clause—

Backhaul means intermediate links between the core network, or backbone network, and the small subnetworks at the edge of the network (e.g., connecting cell phones/towers to the core telephone network). Backhaul can be wireless (e.g., microwave) or wired (e.g., fiber optic, coaxial cable, Ethernet).

Covered foreign country means The People's Republic of China.

Covered telecommunications equipment or services means—

(1) Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities);

(2) For the purpose of public safety, security of Government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);

(3) Telecommunications or video surveillance services provided by such entities or using such equipment; or

(4) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

Critical technology means—

(1) Defense articles or defense services included on the United States Munitions List set forth in the International Traffic in Arms Regulations under subchapter M of chapter I of title 22, Code of Federal Regulations;

(2) Items included on the Commerce Control List set forth in Supplement No. 1 to part 774 of the Export Administration Regulations under subchapter C of chapter VII of title 15, Code of Federal Regulations, and controlled-

(i) Pursuant to multilateral regimes, including for reasons relating to national security, chemical and biological weapons proliferation, nuclear nonproliferation, or missile technology; or

(ii) For reasons relating to regional stability or surreptitious listening;

(3) Specially designed and prepared nuclear equipment, parts and components, materials, software, and technology covered by part 810 of title 10, Code of Federal Regulations (relating to assistance to foreign atomic energy activities);

(4) Nuclear facilities, equipment, and material covered by part 110 of title 10, Code of Federal Regulations (relating to export and import of nuclear equipment and material);

(5) Select agents and toxins covered by part 331 of title 7, Code of Federal Regulations, part 121 of title 9 of such Code, or part 73 of title 42 of such Code; or

(6) Emerging and foundational technologies controlled pursuant to section 1758 of the Export Control Reform Act of 2018 (50 U.S.C. 4817).

Interconnection arrangements means arrangements governing the physical connection of two or more networks to allow the use of another's network to hand off traffic where it is ultimately delivered (*e.g.*, connection of a customer of telephone provider A to a customer of telephone company B) or sharing data and other information resources.

Reasonable inquiry means an inquiry designed to uncover any information in the entity's possession about the identity of the producer or provider of covered telecommunications equipment or services used by the entity that excludes the need to include an internal or third-party audit.

Roaming means cellular communications services (*e.g.*, voice, video, data) received from a visited network when unable to connect to the facilities of the home network either because signal coverage is too weak or because traffic is too high.

Substantial or essential component means any component necessary for the proper function or performance of a piece of equipment, system, or service.

(b) *Prohibition.*

- (1) Section 889(a)(1)(A) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the head of an executive agency on or after August 13, 2019, from procuring or obtaining, or extending or renewing a contract to procure or obtain, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. The Contractor is prohibited from providing to the Government any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system, unless an exception at paragraph (c) of this clause applies or the covered telecommunication equipment or services are covered by a waiver described in FAR [4.2104](#).

(2) Section 889(a)(1)(B) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the head of an executive agency on or after August 13, 2020, from entering into a contract, or extending or renewing a contract, with an entity that uses any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system, unless an exception at paragraph (c) of this clause applies or the covered telecommunication equipment or services are covered by a waiver described in FAR 4.2104. This prohibition applies to the use of covered telecommunications equipment or services, regardless of whether that use is in performance of work under a Federal contract.

(c) *Exceptions.* This clause does not prohibit contractors from providing—

(1) A service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or

(2) Telecommunications equipment that cannot route or redirect user data traffic or permit visibility into any user data or packets that such equipment transmits or otherwise handles.

(d) Reporting requirement.

(1) In the event the Contractor identifies covered telecommunications equipment or services used as a substantial or essential component of any system, or as critical technology as part of any system, during contract performance, or the Contractor is notified of such by a subcontractor at any tier or by any other source, the Contractor shall report the information in paragraph (d)(2) of this clause to the Contracting Officer, unless elsewhere in this contract are established procedures for reporting the information; in the case of the Department of Defense, the Contractor shall report to the website at <https://dibnet.dod.mil>. For indefinite delivery contracts, the Contractor shall report to the Contracting Officer for the indefinite delivery contract and the Contracting Officer(s) for any affected order or, in the case of the Department of Defense, identify both the indefinite delivery contract and any affected orders in the report provided at <https://dibnet.dod.mil>.

(2) The Contractor shall report the following information pursuant to paragraph (d)(1) of this clause

(i) Within one business day from the date of such identification or notification: the contract number; the order number(s), if applicable; supplier name; supplier unique entity identifier (if known); supplier Commercial and Government Entity (CAGE) code (if known); brand; model number (original equipment manufacturer number, manufacturer part number, or wholesaler number); item description; and any readily available information about mitigation actions undertaken or recommended.

(ii) Within 10 business days of submitting the information in paragraph (d)(2)(i) of this clause: any further available information about mitigation actions undertaken or recommended. In addition, the Contractor shall describe the efforts it undertook to prevent use or submission of covered telecommunications equipment or services, and any additional efforts that will be incorporated to prevent future use or submission of covered telecommunications equipment or services.

(e) *Subcontracts*. The Contractor shall insert the substance of this clause, including this paragraph (e) and excluding paragraph (b)(2), in all subcontracts and other contractual instruments, including subcontracts for the acquisition of commercial items.

(End of clause)

Major Lease Reporting Template

This template is for reporting purposes only and does not replace the need for higher level approval, required resolutions or notifications. LCOs must contact CFM ORP for any of the identified circumstances prior to executing a lease amendment.

For new lease awards, complete Sections I, II and VIII and submit form via email to sffas54@va.gov. Upload form to eCMS briefcase - C41.

For lease amendments, complete Sections I – VIII, as applicable, and submit form via email to sffas54@va.gov. Upload form to eCMS briefcase - C41.

Section I – LEASE CONTRACT DATA

Lease Name:	Lease Contract Number:
Lessor Name:	Lease Amendment #:
Lease Award or Commencement Date:	Lease Expiration Date:

Section II – REPORTING REQUIREMENT

Event	Selection
Major Lease Award <i>If selected, complete Sections III and VIII</i>	<input type="checkbox"/>
Lease Amendment – Increase or Decrease in Shell Costs due to Square Footage Changes, Base Real Estate Taxes and/or Base Insurance Amounts <i>If selected, complete Sections IV and VIII</i>	<input type="checkbox"/>
Lease Amendment – Changes to Lease Term ¹ , Extension or Termination <i>If selected, complete Sections V and VIII</i>	<input type="checkbox"/>
Lease Amendment – Increase to a Mid-Level Lease Resulting in a Major Lease <i>If selected, complete Sections VI and VIII</i>	<input type="checkbox"/>

Section III – MAJOR LEASE AWARD

Award Date	Prospectus Amount	Awarded Amount

Section IV – RENTABLE SQUARE FEET (RSF) INCREASE/DECREASE & \$/RSF

Original RSF/Original Base Amount	Increase/Decrease to RSF/Base Amount	Increase/Decrease to \$/RSF

Section V – CHANGE IN LEASE TERM

Change in Lease Term	Original Expiration Date	Amended Expiration Date

Section VI – CHANGE TO LEASE THRESHOLD

Increase/Decrease in Net Annual Shell Rent	Original Net Annual Shell Rent	Amended Net Annual Shell Rent

Section VII – NOTES

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Section VIII – FINANCIAL INFORMATION

VA 2237 #:	
IFCAP PO #:	
iPR #:	

¹ Includes Lease Commencement Lease Amendments