



**DEFENSE SECURITY COOPERATION AGENCY**

WASHINGTON, DC 20301-2800

**MAR 2 2007**  
In reply refer to:  
I-07/002685-POL

**MEMORANDUM FOR SEE DISTRIBUTION**

**SUBJECT:** Assignment of Code "B5" for National Defense Authorization Act for Fiscal Year 2007 (Public Law (PL) 109-364), Section 1206 – Security Assistance Management Manual (SAMM) E-Change 73 (DSCA Policy 07-10)

**REFERENCE:** DSCA Memorandum, February 15, 2007, Subject: Guidance for Development of FY07 Section 1206 Memoranda of Requirements (MORs) and Letters of Offer and Acceptance (LOAs)

The referenced memorandum contains procedural guidance for documents pertaining to the Fiscal Year (FY) 2007 section 1206 program. This memorandum augments the referenced guidance regarding preparation of FY 2007 section 1206 Letters of Offer and Acceptance (LOAs) under the authority of PL 109-364. Effective immediately, SAMM Table C4.T2., Country and International Organization Codes and FMS Eligibility, is updated to add code "B5" to track funds provided under the National Defense Authorization Act for Fiscal Year 2007 (PL 109-364), section 1206. The Defense Security Cooperation Agency must authorize use of this code for pseudo LOA documents. The following information applies:

<b>Organization</b>	<b>FMS Code</b>	<b>Combatant Command 1</b>	<b>Regional Grouping 2</b>	<b>FMS AECA Eligible 3</b>	<b>Term of Sale-Dependable Undertaking Authorized</b>	<b>Accel. Case Closure Eligible</b>
National Defense Authorization Act for Fiscal Year 2007 (PL 109-364), Section 1206	B5	NR	NR	No	No	N/A

This change will be included in the automated version of the SAMM found on the DSCA Web Page as SAMM E-Change 73.

Procedures for pseudo LOAs authorized and funded pursuant to section 1206 of PL 109-364 are similar to those followed for the section 1206 program in FY 2006 under PL 109-163; however, certain references to the Arms Export Control Act have been revised. Attached are specific LOA notes and instructions for these pseudo LOAs. These case preparation instructions are for section 1206 programs funded with appropriations available to the Department of Defense for obligation in FY 2007.

If you have any questions concerning the attached guidance for preparing section 1206 pseudo LOAs, please contact Ms. Kathy Robinson, STR/POL, [kathy.robinson@dscamil](mailto:kathy.robinson@dscamil), (703) 601-4368. The overall point of contact for section 1206 programs is Mr. Robert Presler, PGM/MGT, [robert.presler@dscamil](mailto:robert.presler@dscamil), (703) 604-6648.



Freda J. Lodge  
Principal Director  
Strategy

Attachment:  
As stated

## DISTRIBUTION LIST

DEPUTY ASSISTANT SECRETARY OF THE ARMY  
DEFENSE EXPORTS AND COOPERATION (DASA-DEC)  
DEPARTMENT OF THE ARMY

DEPUTY ASSISTANT SECRETARY OF THE NAVY  
INTERNATIONAL PROGRAMS (NAVIPO)  
DEPARTMENT OF THE NAVY

DEPUTY UNDER SECRETARY OF THE AIR FORCE  
INTERNATIONAL AFFAIRS (SAF/IA)  
DEPARTMENT OF THE AIR FORCE

DIRECTOR, DEFENSE LOGISTICS AGENCY

DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY

DIRECTOR, DEFENSE THREAT REDUCTION AGENCY

DIRECTOR, DEFENSE REUTILIZATION AND MARKETING SERVICE

DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY

DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY

DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE

DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,  
NATIONAL SECURITY AGENCY

DEPUTY DIRECTOR FOR SECURITY ASSISTANCE,  
DEFENSE FINANCE AND ACCOUNTING SERVICE - DENVER CENTER

cc: STATE/PM-RSAT  
USDP/ISP  
DISAM  
USASAC  
SATFA TRADOC  
NAVICP  
NETSAFA  
AFSAC  
AFSAT  
JFCOM  
SOCOM  
EUCOM  
CENTCOM  
NORTHCOM  
PACOM  
SOUTHCOM

**Instructions for Preparing Section 1206 of PL 109-364**  
**Pseudo Letters of Offer and Acceptance (LOAs)**

LOA preparation instructions and applicable notes for FY 2007 section 1206 pseudo LOAs financed with FY 2007 Operation and Maintenance funds are listed below.

<b>Instructions for Preparing a Section 1206 of PL 109-364 Pseudo LOAs</b>
1. Case Identifier. DSCA (Strategy Directorate) will assign a case identifier composed of country code (e.g., "B5"), Implementing Agency code of the DoD Component providing the support, and a case designator assigned by DSCA (Strategy Directorate).
2. Nickname Field. The country/organization receiving the support and the pseudo case authority and the text "(Non-FMS)" (e.g., Bandaria, PL 109-364, Sec 1206 (Non-FMS)) are identified in the "nickname" field on the pseudo LOA.
3. Purchaser's Reference Field. Include the following statement below in the Purchaser's Reference Field of the Customer Request: "Based on the written request provided by the section 1206 of PL 109-364 Program Originator [insert Program Originator's name (e.g., Department of State, Combatant Commands, etc.)] to Defense Security Cooperation Agency, dated [insert date of written request]. The legal authority is section 1206 of PL 109-364. See Note [insert LOA note number] for additional information."
4. Terms of Sale Field. The Term of Sale for section 1206 pseudo LOAs is Cash with Acceptance.
5. Authority Field. Public Law 109-364
6. Authority Fiscal Year. 2007
7. Purchaser Signature Field (Customer Signatory Name on Distribution Tab of Case Detail). Insert the authority and the statement that no purchaser signature is required (e.g., section 1206, PL 109-364 (Non-FMS - No Purchaser Signature Required)).
8. Purchaser Mailing Address. Insert "Department of Defense".
9. MASL. Use valid existing MASLs for items being transferred or contact DSCA to approve new MASLs, if required.
10. Delivery Term Code. For section 1206 of PL 109-364 pseudo LOAs, use the Delivery Term Code (DTC) for Defense Transportation System that will provide shipment all the way into recipient country. This is generally accomplished through DTC 7, unless DTC 9 suffices.

LOA Notes for Section 1206 of PL 109-364 Pseudo LOAs		
Note Name	Note Usage	Note Text
Authority for Sale – Section 1206 of PL 109-364 Programs	Mandatory for all section 1206 of PL 109-364 Pseudo LOAs for FY 2007.	“This sale is made under the authority of section 1206 of PL 109-364. Any reference in this Letter of Offer and Acceptance to the United States Arms Export Control Act, to defense articles, and to defense services shall be construed instead to be a reference to section 1206 of PL 109-364. Any reference in this LOA to “purchaser” shall be construed as a reference to the Department of Defense.”
Case Closure – Section 1206 of PL 109-364 Programs	Mandatory for all section 1206 of PL 109-364 Pseudo LOAs for FY 2007.	“This case must be fully reconciled and closed by <b>[enter the date the appropriation closes or as cited by the requestor].</b> ”
Funds Purpose, Availability and Amount – Section 1206 of PL 109-364 Programs	Mandatory for all section 1206 of PL 109-364 Pseudo LOAs for FY 2007.	<p>“Funds Purpose, Availability and Amount.” The funds financing this Pseudo Letter of Offer and Acceptance (LOA) are expiring funds and are subject to all the requirements and restrictions under the heading of section 1206 of PL 109-364. The funds provided are in support of authority to build the capacity of foreign military forces and carry the same time, purpose, and availability restrictions associated with the fund source 9770100, DoD Operation and Maintenance (O&amp;M) or other funds that may be available for use in FY 2007.</p> <p>a. Failure to obligate FY 2007 O&amp;M funds during the period of availability ending on 30 September 2007 will render them unavailable for new obligations after that date.</p> <p>b. FY 2007 O&amp;M funds must be obligated by 30 September 2007 and must be expended on or before 30 September 2012.</p> <p>c. Total funds available for expenditure against this Pseudo LOA are limited to the value of <b>[insert dollar value]</b>.</p> <p>d. Amendments or Modifications to this Pseudo LOA are only authorized with DSCA written approval.”</p>