

# 32.503-15 Application of Government title terms.

(a) Property to which the Government obtains title by operation of the Progress Payments clause solely is not, as a consequence, Government-furnished property.

(b) Although property title is vested in the Government under the Progress Payments clause, the *acquisition*, handling, and disposition of certain types of property are governed by-

(1) The clause at [52.245-1](#), Government Property; and

(2) The termination clauses at [52.249](#), for *termination inventory*.

(c) The contractor *may* sell or otherwise dispose of current production *scrap* in the ordinary course of business on its own volition, even if title has vested in the Government under the Progress Payments clause. The *contracting officer shall* require the contractor to credit the costs of the contract performance with the proceeds of the *scrap* disposition.

(d) When the title to materials or other inventories is vested in the Government under the Progress Payments clause, the contractor *may* transfer the inventory items from the contract for its own use or other disposition only if, and on terms, approved by the *contracting officer*. The contractor *shall*-

(1) Eliminate the costs allocable to the transferred property from the costs of contract performance, and

(2) Repay or credit to the Government an amount equal to the unliquidated progress payments, allocable to the transferred property.

(e) If excess property remains after the contract performance is complete and all contractor obligations under the contract are satisfied, including full liquidation of progress payments, the excess property is outside the scope of the Progress Payments clause. Therefore, the contractor holds title to it.

**Parent topic:** [32.503 Postaward matters](#).