What Is Exchange/Sale

To exchange or sell non-excess, non-surplus personal property and apply the exchange allowance or proceeds of sale in whole or in part payment for the acquisition of similar property.
“Typical” Asset Life Cycle

Stage of Asset Life Cycle:

- Acquisition
- In-Use by Acquiring Agency
- Transfer (Excess)
- Donation (Surplus)
- Sales (Surplus)

Examples of asset disposal that may occur at any stage: Non-federal transfers; Abandoned/Destroyed; and Lost

Selected Disposal Methods:
- Reassigned within the Agency
- Exchange/Sale
- Transferred to other agencies
- Donated

FedFleet 2019
Authority and Implementing Regulation

Authority:

• Title 40 USC Section 503

Implementing Regulation:

• FMR 102-39 Replacement of Personal Property Pursuant to the Exchange/Sale

Author
Sec. 503. Exchange or sale of similar items
(a) AUTHORITY OF EXECUTIVE AGENCIES- In acquiring personal property, an executive agency may exchange or sell similar items and may apply the exchange allowance or proceeds of sale in whole or in part payment for the property acquired.
(b) APPLICABLE REGULATION AND LAW-

1) REGULATIONS PRESCRIBED BY ADMINISTRATOR OF GENERAL SERVICES- A transaction under subsection (a) must be carried out in accordance with regulations the Administrator of General Services prescribes, subject to regulations prescribed by the Administrator for Federal Procurement Policy under the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.).
2) IN WRITING- A transaction under subsection (a) must be evidenced in writing.
3) SECTION 3709 OF REVISED STATUTES- Section 3709 of the Revised Statutes (41 U.S.C. 5) applies to a sale of property under subsection (a), except that fixed price sales may be conducted in the same manner and subject to the same conditions as are applicable to the sale of property under section 545(d) of this title.
What Is This Authority?

This Authority Allows the:

- Exchange
- Sale
- Reimbursable Transfer

of Eligible Personal Property

Proceeds must be used to purchase, rent or lease similar item(s)
Do I Need Legal Office Approval?

It is highly recommended that you seek the advice of your Office of General Counsel prior to conducting an Exchange/Sale. This will protect you & insure compliance with law.

GSA has experience in the Exchange/Sale authority, and ultimately makes the interpretation of 40 USC 503 contained in FMR 102-39.
What are “Similar” Assets?

*Similar:* the acquired item and the replaced item:

1. Are identical;
2. Are designed and constructed for the same purpose;
3. Constitute parts or containers for identical or similar end items; or
4. Fall within a single Federal Supply Classification (FSC) group of property that is eligible for handling under the exchange/sale authority
Why use Exchange/Sale?

• To reduce your Agency’s cost of replacing personal property

• But remember, you MUST use the money from Exchange/Sale to buy a “similar” item to the item exchanged or sold
When NOT to use Exchange/Sale

• Do NOT use Exchange/Sale if the estimated sales proceeds will be unreasonably low

• Can NOT use Exchange/Sale for certain groups of property
What Personal Property is not Eligible for Exchange/Sale?

The following Federal Supply Class Groups are... **NOT** to be sold/exchanged *without a waiver*:

10 weapons
51 hand tools
11 nuclear ordnance
54 prefab structures
42 firefighting, rescue eq.
68 chemicals
44 nuclear reactors
84 clothing
GAO Study 19-33

• Studied the exchange/sale activities in General Services Administration (GSA) and the Department of Veterans Affairs (VA)
• Made recommendations to GSA Office of Administrative Services and Office of Government-Wide Policy (OGP), and the VA.
  OGP Recommendation: The GSA Associate Administrator for the Office of Government-wide Policy should take action to address specific areas of federal agency confusion with the exchange/sale authority, such as the process for selling property, reporting data, and distinguishing the exchange/sale process from the disposal process. Such actions could include issuing bulletins or conducting expanded outreach, and, as necessary, issuing regulations.
• OGP Personal Property held four briefing/training session on the e/s authority
• Published FMR Bulletin B-48, Exchange/Sale Accounting
• Revising FMR 102-39, Replacement of Personal Property Pursuant to the Exchange/Sale Authority.
• Published website for FAQ’s on Exchange/Sale at: https://www.gsa.gov/policy-regulations/policy/personal-property-management-policy/-exchangesale/exchange-sale-faqs
## FY 2018 Exchange/Sale for FSG 23

<table>
<thead>
<tr>
<th>Authority</th>
<th>Original Acquisition Cost</th>
<th>Exchange Allowance &amp; Net Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchanged</td>
<td>5,915,528</td>
<td>1,431,020</td>
</tr>
<tr>
<td>Sold</td>
<td>1,835,987,674</td>
<td>463,750,271</td>
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<tr>
<td>Grand Total</td>
<td>1,841,903,202</td>
<td>465,181,291</td>
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Reporting Exchange/Sale Data

• Reports are due 90 days after close of Fiscal Year (December 30 of the calendar year)

• Report using template provided the Personal Property Report Tool (PPRT)

• PPRT found at: https://www.property.reporting.gov/PPRT/PPRTLogin

• Need Assistance: help.PPRT@gsa.gov