

Property which upon physical inspection is judged to be of a type or in a condition which would make economic disposal by CADC impracticable may be rejected and returned to the United States reporting agencies which may dispose of such property by abandonment, donation or sale under conditions to be agreed upon between CADC and the U.S. reporting agencies or may make other disposition not conflicting with Canadian public interest.

(c) After the property has been taken into custody by CADC, reports of excess shall not be modified, cancelled or withdrawn except by mutual consent of the United States reporting agency and CADC.

(d) If called upon by CADC the United States reporting agency shall at its expense assemble excess property at locations to be decided by mutual agreement.

(e) The United States reporting agencies shall advise CADC of the names of the signing officers entitled to issue reports of excess.

(f) CADC shall arrange and be responsible for the custody of excess property and shall take steps to accept custody within a reasonable time after the receipt of the report of excess, and shall endeavour to do so within three weeks.

(g) Sales prices shall be determined by CADC after calling for bids, and shall be deemed to include duty and taxes payable by the purchaser to the Canadian Government. The acceptability of sales prices and the modification of the Equipment and Material Codes under which excess property has been declared by the United States, shall be at the discretion of CADC.

(h) The manner of accounting for the receipts from sales shall be as follows: CADC shall retain and be accountable to the Canadian Government for that amount of the receipts collected on behalf of the Canadian Government as duties and taxes and the amount equal to the remainder of the receipts, less

(i) appropriate deductions for operational costs, including the cost of custodianship, shipping and restoration of premises as required, and

(ii) ten per cent of the remainder after the above deductions, to cover costs of administration,

shall be paid to the appropriate United States reporting agency as proceeds to the United States from sales of property hereunder.

(i) Settlement between the CADC and each reporting agency of the United States shall be made at such times as may be mutually agreed upon, but at least once every three months after the effective date of this agreement. Settlement shall be calculated in Canadian funds, which shall be converted into United States funds at the rate of exchange prevailing at the time of settlement.

(j) If at any time CADC determine that excess property has no commercial value or that the estimated costs of care and handling of such property would exceed the estimated proceeds from its sale, such property may be destroyed or abandoned by CADC at its discretion. The account with respect to such property shall