

CHAPTER 21
LOAN AGREEMENT PROGRAM
REVISED JANUARY 2019
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CHAPTER 21

LOAN AGREEMENT PROGRAM

1. LEGAL REFERENCES AND AUTHORITY TO OBTAIN GOODS.
 - a. State Administrative Manual Sections 3500 to 3861 for purchases.
 - b. State Contract Manual, Volume Financial Information System for California (FI\$Cal), Section 2.A2.3.
 - c. Highway Patrol Manual 11.2, Materials Management Manual, Chapter 7, Purchases, and Chapter 8, Equipment.

2. PURPOSE. The purpose of this chapter is to provide instructions for legally accepting loaned commodities for evaluation by the California Highway Patrol (CHP). The Loan Agreement Program allows commands to evaluate commodities not to exceed 30 days, at no charge, to the CHP on a one-time temporary basis. If 30 days does not allow sufficient time to evaluate the commodity, refer to paragraph 6.c. of this chapter.

3. POLICY. The CHP shall not accept the loan of any commodity for more than 24 hours without a written contract, CHP 77A, Loan Agreement, being executed prior to the receipt of a commodity. The contract must identify all commodities that will be loaned to the CHP, including the value in the event of loss, damage, or destruction, or if the CHP chooses to purchase the commodity.

4. LOAN AGREEMENT PROGRAM. The Loan Agreement Program outlines departmental policy and procedures for accepting a lender-owned commodity on temporary loan to the CHP for test, study or demonstration, and to enable the timely return, or purchase from the lender.

5. DEFINITIONS.
 - a. Command. The requesting command is responsible for completing a CHP 77, Loan Agreement Request, and for routing it through channels to Business Services Section (BSS), Purchasing Services Unit (PSU). The CHP 77 must provide a substantive justification for requesting the loan. The commodity being evaluated must be relevant to the command's area of expertise or within the routine scope of responsibility. If there is an existing Office of Primary Interest (OPI) for the

requested commodity, the command shall obtain the necessary approval from the OPI. Detailed command responsibilities are contained in paragraph 6.a. of this chapter.

b. Lender. The lender agrees to the Terms and Conditions of the CHP 77A and understands that the CHP is not obligated to purchase the loaned commodity. Detailed lender responsibilities are contained in paragraph 6.b. of this chapter.

c. Program Analyst. The program analyst assigned to BSS/PSU oversees the Loan Agreement Program. The program analyst will log the loan information on the CHP 77B, Loan Agreement Log, and begin the process for executing the CHP 77A between the CHP and the lender. Detailed program analyst responsibilities are contained in paragraph 6.c. of this chapter.

6. RESPONSIBILITIES.

a. Command. Upon receipt of the fully executed CHP 77A, the command may request delivery of the commodity. Upon receipt of the commodity, the command shall immediately notify the program analyst.

NOTE: It is imperative that the notification date and the date of possession of the commodity are the same.

(1) The evaluating command must retain possession of the commodity and have knowledge of its location at all times. Commodities cannot be exchanged between commands unless the OPI needs further evaluation from a field office to concur with the findings of the OPI. The requesting command is ultimately responsible for the loaned commodity and shall ensure that the evaluating office is aware of the Terms and Conditions of the CHP 77A.

(2) Commands are responsible for the safekeeping of the commodity during the loan evaluation period.

(3) The CHP will not accept financial responsibility for reasonable wear and tear of lender-owned commodities during the loan period.

(4) The CHP assumes responsibility for ensuring due care of the loaned commodity while in its possession. The CHP will be liable for replacement cost if the commodity is stolen or receives any damage due to negligence while in its possession. The requesting Division shall ensure sufficient budgeted equipment funds are available for the duration of the loan period. If loss or damage occurs, the program analyst shall be contacted immediately for further instructions.

(5) Prior to the conclusion of the CHP 77A period, the command is required to contact the lender to arrange return of the commodity and all related accessories.

(6) Commands shall contact the program analyst when the commodities have been returned. All loaned commodities shall be returned to the lender unless an amendment to extend the CHP 77A has been executed by the program analyst.

(7) The command may request an extension by notifying the program analyst in writing, prior to the expiration of the original CHP 77A period.

(8) At no time will the loaned commodity be held longer than 30 calendar days without prior authorization from the program analyst.

(9) At the conclusion of the loan period, a written evaluation detailing the evaluation findings including the pros and cons of the commodity shall be submitted, by the requesting command, to the program analyst to be placed on file for future reference.

b. Lender. The lender will return the signed CHP 77A to the program analyst for processing.

(1) Once the requesting command has been notified by the program analyst that all approvals have been granted, the commodity may be delivered by the lender, at no charge, to the CHP.

(2) The lender will furnish the commodity and all related accessories to operate the commodity for evaluation, at no charge, to the CHP.

(3) The lender must provide training and operating instructions to the CHP employees who will be conducting the evaluation, at no charge, to the CHP.

(4) The lender understands that if the commodity is damaged during the performance of law enforcement activities, the CHP will not be held liable.

(5) The CHP will be liable for replacement costs if the commodity is stolen or receives any damage due to negligence while in the CHP's possession.

(6) At the conclusion of the loan period, it is the responsibility of the lender to retrieve the commodity and all related accessories at the lender's expense. If the lender delays retrieving the loaned commodity, the lender does so at their own risk and without liability to the CHP.

c. Program Analyst. The program analyst will evaluate the criteria, review for accuracy, completeness, and consistency with policy, prior to executing the CHP 77A.

(1) Upon approval, the program analyst will prepare a CHP 77A and cover letter (refer to Annex A, Sample Cover Letter to the Lender) for the lender's review and signature.

(2) Upon return receipt of the signed CHP 77A from the lender, the program analyst will e-mail the fully executed CHP 77A to the requesting command.

(3) Prior to the expiration of the CHP 77A period, the program analyst will e-mail the requesting command to determine the status of the CHP 77A.

(4) The program analyst has the authority to extend or amend the loan agreement, based on the requesting command's documented justification for continued evaluation.

(5) If an extension is requested by the command, the program analyst will initiate an amendment to the loan agreement.

(6) The amendment of the loan agreement will be processed through channels. Upon approval, the program analyst will notify the requesting command that the extension has been granted and to proceed using the Terms and Conditions noted in the amended CHP 77A.

(7) The program analyst will update the CHP 77B to ensure compliance with the Terms and Conditions of the loan agreement.

(8) At the conclusion of the loan period, if the command requests to purchase the commodity, the program analyst will instruct the command to submit a Requisition through FI\$Cal.

(9) The command's request to purchase the loaned commodity shall be in compliance with HPM 11.2, Chapters 7 and 8 (e.g., single/sole source acquisitions, equipment requests, funding source, or items requiring OPI approval).

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ANNEX A

SAMPLE COVER LETTER TO THE LENDER

State of California-Transportation Agency

EDMUND G. BROWN, Jr. Governor

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

P.O. Box 942898

Sacramento, CA 94298-0001

(916) 843-3620

(800) 735-2929 (TT/TDD)

(800) 735-2922 (Voice)

Date:

File No.: 76.A11416.076LA001

Company Name

Attention:

Street Address

City, State Zip

Dear:

This letter is written to establish a formal Loan Agreement between the State of California, Department of California Highway Patrol (CHP) and _____. The enclosed CHP 77A, Loan Agreement, lists the commodities to be evaluated by the CHP not to exceed 30 days at no cost to the CHP.

By signing the CHP 77A, you agree to the Terms and Conditions as stated within. The completed CHP 77A between the CHP and _____, the Lender, exists when the signed original CHP 77A is returned to the CHP, Business Service Section (BSS) and is signed by the BSS commander. A CHP program analyst will e-mail a fully executed document to the requesting CHP command and the Lender.

Upon receipt of the executed CHP 77A, _____ agrees to supply all applicable commodities and related accessories to operate the commodity, and to provide training and operating instructions to the CHP requesting command.

Prior to the conclusion of the loan agreement period, the requesting command will contact _____ for retrieval of all commodities and related supplies. All loaned commodities must be returned unless an amendment to extend the loan agreement period has been executed prior to the expiration date of the loan agreement period by the CHP program analyst. At no time will the loaned commodity be held longer than 30 calendar days without prior authorization from the CHP program analyst.

No changes will be authorized without written consent from the BSS commander. Written request for modification or changes shall be submitted prior to expiration of the original CHP 77A.

Should you have questions pertaining to the CHP 77A, please contact the loan agreement program analyst at (916) 843-3610.

Sincerely,

JACQUELYN NGO
Commander
Business Services Section

Enclosure

Safety, Service, and Security



An Internationally Accredited Agency

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