

Standard Procedure 104
Employee Computer Purchase

Effective: 4/26/2002

Supersedes: 5/1/1998

Prepared by: William E. Stice, Director of Technology Services

Approved by: William B. Coleman, Jr., Town Manager

PURPOSE:

The purpose of this procedure is to implement the Employee Computer Purchase Policy as adopted by the Town Council. The Employee Computer Purchase Policy and this standard procedure shall guide this process.

TERMS AND CONDITIONS:

1. The total amount available for borrowing for the purchase of the hardware and software will be established by the Schedule of Current Values Standard Procedure. This list is updated as needed by the Finance Department and the employee will be responsible for all costs related to installation and training. The loan will not include the cost of such services.
2. Employees will make loan payments through payroll deduction as described in the Promissory Note and Loan Disclosure.
3. An employee may not purchase more than one computer in a five-year period under this program.
4. Because the purpose of the program is to encourage employee investment in developing computer skills which they are likely to use for Town business, the Technology Services Director and the Finance Director will review purchase requests. This is to assure that the type of equipment and software purchased will be useful in developing skills which the employee will use, or might be called on to use, on the job. Review of the application will take into consideration that the Town's use of computer technology is evolving, as are the skills, knowledge and abilities of its employees.
5. Participating employees must submit the following to the Technology Services Director: 1) a signed "Request to Participate in Employee Computer Purchase Program" (Form A) and 2) a list of the software and hardware the employee wishes to purchase and the prices of each. The request will be reviewed and, if approved, a check will be given to the employee for the amount loaned. The check will be made out to the vendor who gave the quote.
6. Participating employees must respect the terms of software licensing as defined by the individual software vendors. Software piracy (unauthorized duplication) is illegal.
7. Only non-probationary (except for employees on probation due to a promotion and firefighters) regular employees in good standing with the Town may participate in this program. The Town reserves the right to discontinue this program at any time if it determines that it is in the best interest of the Town to do so.

8. Certain software and hardware items will not be approved for this program because they do not fit within its purpose. The employee will be informed of any issues of this nature before the loan request is processed.
9. If an employee desires to purchase a system that costs more than the maximum amount allowed by this program, the additional funds must be paid by the employee.

RESPONSIBILITIES:

1. The Employee will:
 - a. Read and agree to the terms and conditions of the purchase program as described in the policy and standard procedure prior to participating in this program.
 - b. Prepare requests (Form A), specifying hardware and software requested and prices of each.
2. The Technology Services Director will:
 - a. Review the request and determine if it conforms to the purpose of the program.
 - b. Forward the approved request to Accounting for disbursement of funds.
3. Accounting will:
 - a. Determine if sufficient funds are available for meeting the request. If not, hold the request (if employee wishes) until funds become available and process in the order received.
 - b. Obtain employee signatures on appropriate forms.
 - c. Make out check for value of quote or maximum amount allowed by the Town, whichever is less, and deliver to employee.
 - d. Initiate loan payments by payroll deduction entries

FORM A

To: Technology Services Director

From: _____

Subject: Request to Participate in Employee Computer Purchase Program

I have read and understand the terms and conditions of the Employee Computer Purchase Policy and Standard Procedure and I wish to participate in the Town's program. I request consideration for the equipment listed below:

Hardware and Software Description

Cost

(If quote is separate please staple it to this form and mark "see attached" below.

Employee Signature: _____

Date: _____

COMPUTER LOAN DISCLOSURES

Employee Name: _____
 Mailing Address: _____

This Disclosure pertains to your computer loan from the Town of Cary.

HERE IS A BREAKDOWN OF YOUR LOAN:

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after all payments have been made as scheduled.
_ 0 _ %	\$ _ 0.00 _	\$ _____	\$ _____

PAYMENT SCHEDULE

Your Bi-Weekly Payment Schedule will be:

Number of Payments	Amount of Payments	When Payments are Due
		Each Payroll Period
		Last Payment

Prepayment.

You may prepay the outstanding loan balance in full at **any time** without penalty. You may make prepayments toward the outstanding balance with any installment payment, provided such prepayments are in the amount of one hundred dollars (\$100.00) or more.

Itemization of Amount Financed:

The amount financed, \$ _____ will be paid directly to the vendor from whom you purchase a qualifying computer or computer equipment.

Security:

You are giving a purchase money security interest in the computer and any computer equipment purchased with the loan.

See your contract documents or contact _____ for any additional information about nonpayment, default, and any required prepayment in full before the scheduled date.

Employee:

Sign Name: _____

Date: _____

Print Name: _____

Satisfaction: The debt evidenced by this Note has been satisfied in full this _____ day of _____, 200_.

Signed: _____

COUNTY OF WAKE

\$ _____(1)_____

STATE OF NORTH CAROLINA

_____(2)_____, 2001

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned ("Maker"), jointly and severally, promise to pay to the Town of Cary, or order, the principal sum of _____(3)_____ dollars (\$__ (4)__) with interest at the rate set forth below and pursuant to the terms set forth below.

This Note shall not bear interest (0.0% interest) unless and until default, subject to the terms and conditions set forth below. Maker shall make equal consecutive bi-weekly installment payments of principal in the amount of \$ _____(5)_____ (the "Payment") commencing on the _____ day of _____(6)_____, 200_ and continuing on Friday of every other week thereafter until _____(7)_____, 200_ , a date that is approximately twenty-four months after the date of this Note ("Maturity Date"). Unless sooner paid, the entire remaining indebtedness shall be due and payable in full on Maturity Date.

Maker shall make payments in lawful money of the United States of America, at the office of the Town of Cary, Finance Department, Attention: _____, Post Office Box 8005, Cary, North Carolina 27512-8005, or such place as the legal holder hereof may designate in writing. Maker agrees that the amount financed shall be repaid through payroll deductions and authorizes and directs Town to withhold installment payment amounts from each of Maker's bi-weekly paychecks. This payroll deduction authorization is irrevocable until the amount financed plus any outstanding finance charge is paid in full. If Payments or payroll deductions should cease for any reason or employment with the Town of Cary should terminate, this loan will be in default and the entire unpaid portion of the amount financed, shall become immediately due and payable.

This Note is secured by a purchase money security interest, granted by Maker, in all the computer and equipment purchased with the proceeds of this Note.

If payable in installments, each such installment, shall, unless otherwise provided, be applied first to payment of interest then accrued and due on the unpaid principal balance, with the remainder applied to the unpaid principal.

Unless otherwise provided, this Note may be prepaid in full or in partial payments of at least one hundred dollars (\$100) each at any time without penalty or premium. Partial prepayments shall be applied to installments due in reverse order of their maturity.

The Maker covenants to fulfill all obligations of the employee borrower under Town of Cary Policy Statement 114, Employee Computer Purchase Policy as amended and the Town of Cary Standard Procedure No. 104 that implements that Policy, as amended.

In the event of (a) default in payment of any installment of principal or interest as the same becomes due and such default is not cured within fifteen (15) days from the due date, (b)

default under the terms of any instrument securing this Note and such default is not cured within fifteen (15) days after written notice to Maker, (c) termination of Maker's employment with the Town of Cary for any reason; (d) termination by Maker of payroll deduction authorization, or (e) Maker sells, assigns, transfers, conveys or otherwise alienates the computer or computer equipment purchased with the proceeds of this loan, then in any such event the holder may without further notice, declare the remainder of the principal sum, together with all interest accrued thereon at once due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any other time. The unpaid principal of this Note and any part thereof, and all other sums due under this Note and the Security Agreement, if any, shall bear interest at the rate of eight per cent (8.0%) per annum after default until paid.

All parties to this Note, including maker and any sureties, endorsers, or guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note notwithstanding any change or changes by way of release, surrender, exchange, modification, or by way of any extension or extensions of time for the payment of principal; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

Upon default the holder of this Note may employ an attorney to enforce the holder's rights and remedies and the maker, principal, surety, guarantor and endorsers of this Note hereby agree to pay to the holder reasonable attorneys fees not exceeding a sum equal to fifteen percent (15%) of the outstanding balance owing on said Note, plus all other reasonable expenses incurred by the holder in exercising any of the holder's rights and remedies upon default. The rights and remedies of the holder as provided in this Note and any instrument securing this Note shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the holder. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

This note is to be governed and construed in accordance with the laws of the State of North Carolina.

I HEREBY AUTHORIZE PAYROLL DEDUCTIONS FOR REPAYMENT OF THIS NOTE , TO COMMENCE THE FIRST PAY PERIOD OF THE MONTH FOLLOWING THE DATE OF THIS NOTE AND TO CONTINUE UNTIL THIS NOTE IS PAID IN FULL. IN THE EVENT OF TERMINATION OF MY EMPLOYMENT WITH THE TOWN FOR ANY REASON, I AUTHORIZE OFFSETTING ANY BALANCE DUE ON THIS NOTE FROM ANY PAYCHECK(S) DUE TO ME.

I HAVE READ THIS PROMISSORY NOTE AND RECEIVED A COPY.

IN TESTIMONY WHEREOF, each individual maker has hereunto set his or her hand and adopted as his or her seal the word "SEAL" appearing beside his or her name, the day and year first above written.

_____ (8) _____ (SEAL) witness: _____ (10) _____
Print Name: _____ (9) _____

INSERTS:

- (1) Insert the date.
- (2) Insert the numeric amount of the loan.
- (3) Insert the written amount of the loan.
- (4) Insert the numeric amount of the loan.
- (5) Insert the amount of the bi-weekly payment.
- (6) Insert the date of the the first payment is due.
- (7) Insert the Maturity Date. The Maturity Date _____
- (8) This line is to be executed by employee. Although it is not necessary for the employee to place a seal on his signature, please do not remove the word "(SEAL)."
- (9) Print or type the employee's name on this line.
- (10) This line is to be executed by a witness to the employee's execution of the Note.

PURCHASE MONEY SECURITY AGREEMENT

The undersigned Borrower for a valuable consideration, receipt of which is hereby acknowledged, hereby grants to the Town of Cary, a North Carolina municipal corporation, whose principal address is 316 N. Academy Street, Cary, Wake County, North Carolina 27513, (hereinafter called "Town") a security interest in the following property (hereinafter called the "Collateral"):

All of that computer and/or related equipment consisting of:
_____ (1)

This security interest is given by Borrower to secure the payment in full of: Note dated ___(2)___ executed by ___(3)___ in the amount of \$___(4)___ to the order of Town, the proceeds of which were used to purchase Collateral; and as security for all expenses and charges incurred by the Town, including but not limited to attorneys' fees, in realizing upon or protecting this Security Agreement or the indebtedness secured hereby.

The Collateral will be kept at the Borrower's home address. Borrower will notify Town promptly in writing of any change of location of the Collateral.

This agreement is subject to the additional provisions set forth on the two pages attached, the same being incorporated herein by reference and made a part hereof.

Executed this ___(5)___ day of _____, 20__.

Borrower signature: _____(6)_____

Print Borrower's name: _____(7)_____

Address: _____(8)_____

Acknowledgement By Town (to be signed only if this document is used as a financing statement)

Town of Cary

By: _____

ADDITIONAL PROVISIONS

Further Warranties and Covenants of Borrower. Borrower hereby warrants and covenants that:

- (a) Except for the security interest granted hereby, Borrower is the owner of the Collateral free from any adverse lien, security interest or encumbrance; and Borrower will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein;
- (b) No Financing Statement covering any of the Collateral or any proceeds thereof is in existence. The Borrower will immediately notify the Town in writing of any change in address from that shown in this Agreement and shall also upon demand furnish to the Town such further information and will execute and deliver to the Town such financing statements and other documents in form satisfactory to the Town and will do all such acts and things as the Town may from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected purchase money security interest in the Collateral as security for the Obligations, subject to no adverse liens or encumbrances; and Borrower will pay the cost of filing the same or filing or recording this agreement in all public offices wherever filing or recording is deemed by the Town to be necessary or desirable;
- (c) Borrower will not sell or offer to sell, assign, pledge, lease or otherwise transfer or encumber the Collateral or any interest therein, without the prior written consent of the Town;
- (d) Borrower will have and maintain insurance at all times with respect to Collateral against risks of loss or damage by fire (including so-called extended coverage) and theft.
- (e) Borrower will keep the Collateral free from any adverse lien, security interest or encumbrance and in good order and repair and will not waste or destroy the Collateral or any part thereof; Borrower will not use the Collateral in violation of any statute, ordinance or policy of insurance thereon; and the Town may examine and inspect the Collateral at any reasonable time or times;

Events of Default. Borrower shall be in default under this agreement upon the occurrence of any of the following events or conditions:

- (a) Default in the payment or performance of any of the Obligations or of any covenants or liabilities contained or referred to on either side of this document or in the Note;
- (b) Any warranty, representation or statement made or furnished to the Town by or on behalf of Borrower proves to have been false in any material respect when made or furnished;
- (c) Loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon;
- (d) Death, termination of employment with Town, insolvency, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Remedies. Upon such default and at any time thereafter (such default not having previously been cured), the Town at its option may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under the Uniform Commercial Code, including without limitation the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, so far as Borrower can give authority therefor, with or without judicial process, enter (if this can be done without breach of the peace), upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom and the Town shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Borrower's right of redemption in satisfaction of the Borrower's Obligations, as provided in the Uniform Commercial Code. The Town without removal may render the Collateral unusable and dispose of the Collateral on the Borrower's premises. The Town may require Borrower to

assemble the Collateral and make it available to the Town at a place to be designated by the Town which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Town will give Borrower at least 5 days' notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrower shown at the beginning of this agreement at least five days before the time of the sale or disposition. The Town may buy at any public sale and if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, Town may buy at private sale. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like and the reasonable attorneys' fees and legal expenses incurred by the Town, shall be applied in satisfaction of the Note secured hereby. The Town will account to the Borrower for any surplus realized on such disposition and the Borrower shall remain liable for any deficiency.

The remedies of the Town hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Uniform Commercial Code shall not be construed as a waiver of any of the other remedies of the Town so long as any part of the Note remains unsatisfied.

General. No waiver by the Town of any default shall operate as a waiver of any other default or of the same default on a future occasion. All rights of the Town hereunder shall inure to the benefit of its successors and assigns, and all obligations of Borrower shall bind his heirs, executors or administrators or his or its successors or assigns. This agreement shall become effective when it is signed by Borrower. The terms and provisions contained herein shall, unless the context otherwise requires, have the meanings and be construed as provided in the Uniform Commercial Code.

- (1) Insert description of computer and equipment, including model numbers and serial numbers, if known.
- (2) Insert date of Note
- (3) Insert name of Maker
- (4) Insert loan amount
- (5) Insert day, month and year
- (6) Borrower to execute the Agreement
- (7) Print borrower's name
- (8) Print borrower's home address
- (9) Town to execute Agreement