

## CONTRACTING AND PURCHASING SERVICES POLICY MANUAL

	<b>POLICY PUR 301-04</b>
	Section: Orders and Requisitions
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	Responsible office: Purchasing
	Origination date: 07/01/1996
<b>Subject: Installment Purchase</b>	Effective date: 07/01/1996
Source: University policy ABOR 3-803	Revision date:

### PURPOSE

To define methods for equipment purchases on an installment basis

### POLICY

#### **PUR 301-04-01: Installment Contract Definition**

An agreement that requires specific performance by one or both parties at predetermined intervals and is common use for payment in specific increments over a specific period. (Title to goods passes to the buyer upon final payment.)

#### **PUR 301-04-02: Duration**

Capital equipment may be purchased on an installment basis over a period of time not to exceed five (5) years. Exceptions to this time limitation may be made by the University President or designee.

#### **PUR 301-04-03: Requests that include financing**

Contracting and Purchasing Services will process requests for bids, including financing. If the vendor cannot supply financing at an acceptable interest rate, Contracting and Purchasing Services will request bids for third-party financing following applicable procurement procedures.

#### **PUR 301-04-04: Contractual Requirements**

Contracts for installment purchases must contain clauses similar to the following:

1. Funding Out Clause

Notwithstanding any contrary provision of this agreement, each payment obligation of the University created by this agreement is conditioned upon the availability of funds that are appropriated or allocated for the payment of the equipment or functionally similar equipment. If such funds are not allocated and available, this agreement may be terminated by the University at the end of the period for which funds are available. The University shall notify the vendor at the earliest possible time before such termination. No penalty shall accrue to the University in the event this provision is exercised, and the University shall not be obligated or liable for any future payments due or for any damages as a result of termination under this section. This provision shall not be construed so as to permit the University to terminate this agreement in order to purchase, lease, or rent similar equipment from another party.

2. Buy Out Clause

If a possibility exists that a "buy out" of the equipment will occur before expiration of the installment contract, the agreement should contain a clause indicating the "buy out" terms and conditions and penalties to be assessed, if any, for early payment.

#### **PUR 301-04-05: Requisition Submittal**

The requesting department shall submit a requisition and documentation detailing the installment procurement to Contracting and Purchasing Services.

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**CROSS REFERENCE**

- [PUR 205-00](#) Prohibited Purchases
- PUR 301-09 Requisition Documents
- [PUR 302-01](#) Departmental Purchase Orders
- PUR 302-02 Purchasing Card Transactions
- PUR 303-00 Competitive Bidding (Complete Section)
- [PUR 600-01](#) Reporting Receipt of Order