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# CPAL

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COMPUTER PURCHASE & LOAN PROGRAM



*Approved September 26, 2011  
Updated September 1, 2015*

Village of Hoffman Estates

# OVERVIEW

Participating in CPAL is easy. Just follow these four steps and you'll be well on your way to buying a PC for your personal use.

**STEP 1: Deciding on a PC**—Decide how much you want to spend on a PC: remember, the maximum loan amount is \$2000. Also, decide how long you would like to take to pay the loan back. The maximum time is three years, or 78 pay periods.

**STEP 2: Completing the application and submitting it**—Complete steps 1-3 on the CPAL Application & Agreement (attached to this packet), and return it to the Director of Finance.

**STEP 3: Check your returned application for authorization**—Once your application has been reviewed, the CPAL Application & Agreement will be returned to you with the section labeled "Application Status" marked to reflect whether your application was accepted, held, or rejected. If you have received authorization, you may proceed with the purchase of a PC. Be sure to save a register receipt or some other valid proof of purchase with a price clearly-stated, because.....

**STEP 4: Return the application and a copy of the receipt**—You will need to submit the receipt (or proof of purchase) with your CPAL Application & Agreement to the Director of Finance. After that, it will take 2-4 weeks for your repayment check to be sent to you via inter-office mail.

## KEY FACTS

**APPLY FIRST**—In order to be reimbursed, you must receive approval of the purchase prior to buying the PC.

**MAXIMUMS**—The maximum CPAL loan amount is \$2,000. The maximum amount of time one can choose to repay the loan is 3 years.

# FREQUENTLY-ASKED QUESTIONS

*What follows is a question and answer session based on the most frequently-asked questions (or FAQs) related to CPAL. Have more questions? Call the Director of Finance.*

**What is the maximum loan amount?** It's \$2000. You can spend more, but that additional amount cannot be covered by the loan.

**What is the maximum loan term?** Up to three years, or 78 pay periods.

**What is the total amount of money available for the CPAL program?** The total value of all outstanding CPAL loans cannot exceed \$100,000 as mandated by the Hoffman Estates Village Board.

**Can I obtain a loan on a PC that I purchased before I was approved for CPAL?** No. In order to be eligible for CPAL funding, you must first be approved for participation. No retroactive funding will be provided.

**Can peripherals—like a scanner and printer —be eligible for funding?** As long as the peripherals are a part of a PC purchase—meaning they are acquired at the same time as a computer and monitor—they will be eligible.

**I do not have the money to make the initial PC purchase and would like to avoid putting the item on a credit card. Will the Village provide funds before I purchase a PC?** No.

**How long does it take for the repayment to be received?** Two to four weeks from the time your check requisition and purchase receipt are received.

**Once I have received authorization to purchase a PC, how long do I have to actually make the purchase?** We ask that you buy the PC within 30 days, with 60 days being the maximum. Why? Because when your loan is approved, funds are encumbered to cover your eventual purchase. Because CPAL funds are limited and are replenished by your payroll deductions, your quick purchase ensures that other employees can participate.

**What happens if I leave before my loan is repaid?** Any funds owed to you by the Village at the time of employment separation could be used to repay the loan. These funds include, but are not limited to, money owed for unused vacation time. If the amount owed still exceeds what the Village owes you, immediate payment will be required.

**Are Apple computer models eligible?** Yes.

**Are laptops, tablets, and digital cameras eligible?** Yes.

**Are new employees eligible?** No. Because accrued time and week-in-arrears pay serve as loan collateral, the CPAL program does not cover new employees (defined as a person with less than 12 months of full-time employment history with the Village of Hoffman Estates).

**Do I need to fully payoff a current loan before I can start a new one?** No. You just cannot have more than \$2,000 outstanding in loans. For example, if you have \$500 remaining on a previous loan, you can spend \$1,500 on a new loan. No more than a maximum of 3 loans outstanding will be allowed.

# TERMS & CONDITIONS

## Overview

Now the legal stuff. The Computer Purchase and Loan (C-PAL) Program is intended to assist Village of Hoffman Estates employees (full-time only) and officials with the financing of a purchase of a personal computer (PC) for home use. The program serves the employee by reducing the cost associated with acquiring a PC; the Village is served by an employee's becoming proficient with computers and software.

## Terms

- Interest-free loans.** The Village would provide an interest-free loan to program participants for a three (3) year period. Funds for the program are derived from Village reserve funding. Encumbered funds (slated for employee accrued leave) and an employee's week-in-arrears salary will serve as loan collateral. Employees must have at least 12 months of employment accruals to be eligible.
- \$2,000 maximum loan per individual.** The maximum amount lent to any one employee would be \$2,000 during any three (3) year period. The Village reserves the right to lower this maximum as deemed necessary by the Village Manager or his designee.
- Maximum of \$100,000 in outstanding loans at any one time.** The value of all outstanding loans shall not exceed \$100,000. Because this cap might serve to temporarily limit the number of potential participants, it is required that all persons wishing to participate in this program submit his or her application to the Director of Finance. In the event that the cap is reached at any given time, those employees whose jobs require extensive use of a computer (as determined by the Village Manager) will be given preference over those whose jobs do not require computer usage. A person in the latter group will have his or her name placed on a waiting list. Given the fact that all participants will be making payments on the loans two (2) times per month, it is likely that the waiting period will be short.

### KEY FACTS

**REPAYMENT**—In the event that an employee leaves the Village prior to repaying the CPAL loan, he or she will be required to pay the entire loan balance upon employment separation.

## TERMS & CONDITIONS, CONTINUED

- **Program eligibility.** Eligibility for participation in the program is limited to regular full-time employees and officials of the Village. The Village retains the right to disqualify any employee from participation in the program for any reason including, but not limited to, lack of credit-worthiness; lack of any potential benefit to the Village regarding the employees' computer use; etc. Selection for participation in the program is based on a variety of criteria, such as: computer use as related to job function; upgrade versus whole computer; currently available to employees; etc. Eligibility is also subject to the availability of funds as appropriated by the Village Board of Hoffman Estates. The decisions of the Village Manager with regard to such selection are final.
- **Payroll deductions.** The amount necessary to repay the loan will be amortized over a maximum of 78 pay periods (three [3] years). For example, a person utilizing the maximum loan term will have \$26 deducted from his or her check each pay period. Should a participant leave Village employ, loan residual would be due *in total* subject to the terms outlined on the agreement (attached).
- **Anchored to employee pay.** Because the Village compensates its employees one (1) week in arrears, it is possible to obligate that outstanding salary to secure loan repayment in the event an employee leaves Village employ before the loan is repaid. Other compensable benefit time may also be encumbered to ensure loan repayment. More specific terms are listed on the **C-PAL Agreement**.
- **Risk of loss.** The employee shall assume responsibility for direct physical damage or destruction of equipment from misuse of software. The employee agrees not to file any claims against the Village's insurance policy for damages occurring to the equipment of software while in transit to or from the location where equipment is utilized or delivered from. This policy includes damage that occurs while the computer is in use at the employee's home. This provision is in effect until the termination of the loan payment period under the agreement.
- **Maintenance repairs and installation.** The Village shall not be responsible for assisting in

## TERMS & CONDITIONS, CONTINUED

any maintenance repairs or installation of the purchased equipment.

- **Village remedies.** In the event of default by an employee of any obligation under the loan, all sums due under the loan shall become immediately due and payable; the Village may take any such action as may be permissible in law or equity. No remedy chosen by the Village shall be deemed to be exclusive, but shall be in addition to any rights or remedies provided by law. The employee shall, in any event, remain fully liable for damages and for all costs and expenses incurred by the Village on account of such default, including all court costs and attorneys' fees.
- **Assignments and security interest.** The employee may not assign this loan or any of employee's rights or sublease the equipment without the prior written consent of the Village Manager. Any permitted assignment or sublease shall not relieve the employee of any of his or her obligations for liabilities.

### Tax Considerations

Provided the loan is not part of a formal compensation package, the loan and its capitalized value are not taxable. Therefore, neither the employees, the officials, nor the Village will be required to pay income tax on any transaction. Sales tax for the purchase of the computer does, however, apply and is the responsibility of the purchaser, though the amount of sales tax *can* be folded into the loan granted by the Village. The Village prohibits the use of its tax-exempt status towards the purchase of a PC for any employee.

### Program Guidelines

There are four (4) steps to which employees and officials must adhere in order to participate in the C-PAL. Among them:

- **Description submittal.** The participant would need to submit a description of the intended purchase, either verbally or in writing, to the Director of Finance.
- **Agreement completion.** The applicant will need to complete the C-PAL Application & Agreement stating that he or she will: repay the entire loan amount; authorize an

## TERMS & CONDITIONS, CONTINUED

automatic deduction from his or her paycheck equal to an amount that will repay the loan in 78 installments or less; agree to repay the loan in full should he or she depart Village employ or office; not resell the machine to a separate party for at least twelve (12) months after purchase. Other conditions may apply. This material should be remitted to the Director of Finance with the description described above.

- **Gain approval; purchase computer.** The description and the C-PAL Agreement will be reviewed by the Director of Finance. Subsequent to this review, the CPAL Application & Agreement packet will be returned to the applicant and will contain data about the decision issued by the Director of Finance. The section labeled “Application Status” on the CPAL Application Agreement will advise the applicant whether the his or her application was approved, held, or rejected. Approved applicants subsequently must purchase the computer and, in turn, return the CPAL Application & Agreement with a purchase receipt to the Director of Finance.