

## Trade In of Equipment

Trading in used equipment when purchasing new equipment can be a very cost-effective way to maximize the value of the old item. General guidelines are as follows: the equipment being traded must be of the same general, functional nature of the item being purchased, and the university should be received fair market value for the item being traded.

When the Procurement Department seeks competition through competitive sealed bidding or competitive negotiation, price allowances for trade in equipment may be used.

If the department is submitting a sole source procurement involving a trade in, the department should complete independent research to assure that the university is being offered fair market value. The internet can often provide information on similar items being offered for sale or that have recently sold. The university surplus manager can often lend assistance if a similar item has been offered at auction. It is not unusual to determine that the supplier has made a fair offer, since they are motivated to sell the new equipment.

### **Department responsibilities for requisitions that include a trade in:**

1. Process the purchase and the trade in as one transaction on one line through HokieMart.
2. The department must provide this unique demographic information with the requisition on the trade in equipment:
  - a. Item description
  - b. Manufacturer
  - c. Model number
  - d. Serial number
  - e. Virginia Tech Inventory Bar Code Tag number
3. The department must provide Fair Market Value research information with the requisition that supports the trade in allowance offered by the vendor including:
  - a. Age of equipment
  - b. Condition of equipment
  - c. Book value
  - d. Internet search of used equipment websites that show retail sales pricing range for comparison to trade in value offered
  - e. Comments that confirm that the department feels that the trade in value is fair and reasonable.

## Purchase Order Help

If a purchase order can be issued within your delegated authority, trade in information must appear in the line.

**Example:** Multi-spindle cutter, Woods DS10.4 (\$7,450 less \$2,455 for the trade in of Woods Model 121, SN 860700, VT 318722 resulting in a price of \$4,995). 1 each \$4,995

### Note

- Do not declare the trade in of equipment as surplus property
- Do not conduct the trade in transaction via Purchase card
- Trade in procedures should not be used if the monetary allowance offered is substantially below the known current fair market value of the proposed trade in.

For more information, contact [Procurement](#), 540-231-6221, or [the HokieMart help desk](#).