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MURANG'A

SPECIAL ISSUE

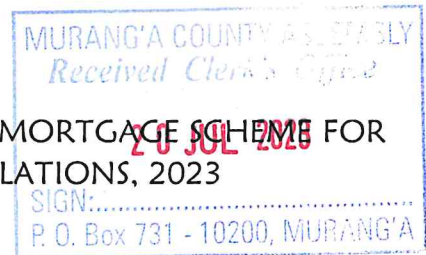
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LEGAL NOTICE NO.

THE PUBLIC FINANCE MANAGEMENT (CAR LOAN AND MORTGAGE SCHEME) FOR
THE MURANG'A COUNTY EXECUTIVE) REGULATIONS, 2023



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THE PUBLIC FINANCE MANAGEMENT ACT

(No.18 of 2012)

IN EXERCISE of the powers conferred by section 116 of the Public Finance Management Act, 2012, the County Executive Committee Member for finance makes the following Regulations:

THE PUBLIC FINANCE MANAGEMENT (CAR LOAN AND MORTGAGE SCHEME FOR THE MURANG'A COUNTY EXECUTIVE) REGULATIONS, 2023

PART I –PRELIMINARY

1. Citation

These Regulations may be cited as the Public Finance Management (Car Loan and Mortgage Scheme for the Murang'a County Executive, 2023).

2. Interpretation

In these Regulations, unless the context otherwise requires:

“Committee means the County Executive Car Loan and Mortgage Management Committee established under regulation 6 (1);

“County Executive means the organ of the County Government established under Article 176 of the Constitution of Kenya 2010;

“County Executive Committee” means the County Executive Committee of Murang'a County as established under Article 179 (2) of the Constitution of Kenya 2010;

“Financial Year” means the period of twelve months ending on the 30th June in each year;

“Scheme” means the car loan and mortgage scheme established under regulation 3 for the Executive of the Murang'a County Government;

“Hire Purchase Agreement” means hire purchase as defined under the Sale of Goods Act (Cap.31) or any other relevant law;

“Beneficiaries of the Scheme” mean the Officers in the Executive of the Murang'a County Government, including: Governor, Deputy Governor, and County Executive Committee Members, Chief Officers, Directors, and staff.

“Fund Administrator” means the person appointed by the County Executive Member for finance to administer the fund in accordance with the provisions of the Public Finance Management Act.

“Salaries and Remuneration Commission” means the Commission established under Article 230 of the Constitution of Kenya 2010;

“Property” means a motor vehicle (s), a residential building (s) purchased or intended for purchase through a loan from the Scheme and includes the land purchased under a loan from the scheme on which such house is to be developed;

“Valuer” means a person registered as a valuer under the Laws of Kenya (Cap 532) and a Registered Automobile Assessor.

PART II – THE SCHEME

3. Establishment of the Scheme

There is established a fund to be known as the Murang'a Car Loan and Mortgage Scheme for the County Executive.

4. Object and Purpose of the Scheme

The object and purpose of the scheme is to provide affordable loans for the purchase of a vehicle or for the purchase, development, renovation or repair of a property with the aim of motivating, attracting and retaining officers in the public service of the Murang'a County Government.

5. Financing of the Scheme

- 1) The initial capital of the scheme shall consist of monies appropriated by the County Assembly in the County Appropriation Act, 2023.
- 2) In accordance with the Salaries and Remuneration Commission guidelines vide *SRC/ADM/CIR/1/13 VOL III (128)*, financing may also be arranged between financial institutions and the county government.
- 3) The scheme shall be administered as a special account and shall be operated by the fund administrator.
- 4) Notwithstanding Regulations 3 and 6, the County may, if it considers it appropriate, appoint a mortgage institution to administer the scheme on its behalf.
- 5) A loan obtained under these Regulations shall be utilized for the purchase of a vehicle or for the purchase, development, renovation or repair of a property for the benefit of the beneficiary of the scheme.

PART III – THE LOANS MANAGEMENT COMMITTEE

6. Establishment of the Committee

- 1) There is hereby established a Committee to be known as the County Executive Car Loan and Mortgage Management Committee, which shall consist of:
 - a) the County Executive Committee Member for Public Administration and ICT who shall be the Chairperson;
 - b) the County Executive Committee Member for Finance and Economic Planning who shall be the alternate Chairperson;
 - c) the County Executive Committee for Roads, Housing and Infrastructure;
 - d) the County Executive Committee Member for Lands, Physical Planning and Urban Development;
 - e) the County Executive Committee Member for Trade, Industrialization, and Tourism;
 - f) An administrator of the fund appointed by the County Executive Member for finance in accordance with the provisions of the Public Finance Management Act shall be the secretary to the Committee.
- 2) The Committee shall administer the scheme and as such –
 - a) process applications for loans in accordance with these Regulations and attendant guidelines from the Salaries and Remuneration Commission (SRC);
 - b) May appoint or liaise with a bank, housing company and financial institutions to set up a revolving fund for the disbursement of loans; and
 - c) supervise the day to day running of the scheme.
- 3) The meetings of the committee shall be convened by the Chairperson or in the absence of the Chairperson, by the alternative Chairperson and shall be convened at such times as may be necessary for the discharge of the Committee's functions provided that the committee shall meet not less than (4) times within a financial year.
- 4) The quorum for a meeting of the Committee shall be the Chairperson and any two (2) members.
- 5) The Committee shall consider and may approve loan applications presented by the fund administrator.

7. Operation of the Scheme –

- 1) A beneficiary of the scheme who wishes to apply for a loan from the scheme shall present to the fund administrator the following:
 - a) duly filled and executed application form (s);
 - b) sale agreement and an appropriate valuation report or duly completed hire purchase agreement proposal form;

- c) project plans, architectural plans, other project development plans or proposals; and
 - d) any other relevant document as may be required by the Committee.
- 2) The fund administrator shall receive application, forward the application to the Committee for consideration and keep proper records of the scheme,
 - 3) If the Committee approves the application, the committee shall prepare the appropriate form for the release of the funds,
 - 4) A beneficiary of the scheme may apply to the Committee for a loan to clear an existing loan, provided that the loan granted to a beneficiary of the scheme under these Regulations shall not exceed the maximum sum approved by the Salaries and Remuneration Commission or the amount approved by the Committee whichever is lower, to ensure that the beneficiary enjoys lower interest rates as provided in these Regulations.

8. Conditions for Disbursement of Funds

- 1) A loan approved under these Regulations shall be released from the scheme in a manner, taking into account the security of the funds, as may be prescribed by the Committee.
- 2) The documents under regulation 7(1) shall be kept in the custody of the fund administrator and shall act as a security to the loan until the loan is repaid in full.

9. Temporary Release of Documents

- 1) A log-book, title deed, lease or project development plans kept in custody by the fund administrator may be temporarily released to a beneficiary of the scheme upon application in writing to the fund administrator for reasonable purposes as may be determined by the Committee.
- 2) A document released under sub regulation 9 (1) shall be returned to the fund administrator within a period to be specified by the Committee during the release of such document.
- 3) The fund administrator shall acknowledge receipt of the returned documents in writing.

10. Loan Amounts

- 1) The loan amount that a beneficiary of the scheme may receive shall be the value of the property that the beneficiary of the scheme proposes to purchase subject to the maximum amount approved for the applicant by the Committee.
- 2) For the purpose of these Regulations, the value of the property shall be as quoted by the seller or as determined by the valuer.
- 3) Notwithstanding the provisions of sub regulation (1) above, there may be advanced from the scheme to a beneficiary a loan to cater for an overhaul of the

engine of a vehicle provided that such amount shall not exceed Kenya Shilling Two Million.

- 4) Subject to these Regulations and the Salaries and Remuneration Commission guidelines vide *SRC/ADM/CIR/1/13 VOL III (128)*, a beneficiary of the scheme shall be eligible for the maximum amount for both the car loan and mortgage and shall be further eligible for the maximum repayment period.
- 5) No beneficiary of the scheme shall receive a loan whose repayment may result in salary deductions exceeding two thirds of the beneficiary's monthly emoluments.

11. Interest Rate

- 1) In accordance with the Salaries and Remuneration Commission guidelines vide *SRC/ADM/CIR/1/13 VOL III (128)*, the rate of interest applicable to both car loan and mortgage scheme shall be three (3%) percent per annum on a reducing balance for the duration of the loan.
- 2) The interest charged under sub regulation (1) above shall be utilized to defray the administrative expenses of the scheme.

12. Repayment period

- 1) As approved by the Salaries and Remuneration Commission guidelines vide *SRC/ADM/CIR/1/13 VOL III (128)*, a loan advanced under these Regulations shall be repaid in full over a maximum period of twenty (20) years for mortgage schemes and five (5) years for car loans, but a beneficiary of the scheme may have the option to repay the loan within a shorter period than stipulated above subject to the approval of the Committee.

13. Insurance

1. A beneficiary of the scheme shall comprehensively insure any property purchased through the scheme.
2. Where a beneficiary of the scheme is unable to raise the funds required for the initial insurance premium, such funds may be advanced from the scheme subject to the maximum amount of Kenya Shilling Two Million, but the subsequent annual premiums shall be paid by the beneficiary of the scheme.
3. Every loan granted under these Regulations shall be insured for the benefit of the scheme and the premium in respect thereof shall be paid by the beneficiary.

14. Loan Discharge

1. Upon full repayment of the loan, a signed Loan Discharge Certificate in such form as may be prescribed by the Committee shall be issued to the beneficiary.
2. The loan discharge certificates shall release the beneficiary of the scheme from any further financial obligation in respect of the loan and shall act as sufficient discharge from further liability to the County.
3. Upon issuance of the Loan Discharge Certificates, the fund administrator shall release all documents held in custody as security to the beneficiary.

15. Administration of the Scheme

1. The fund administrator shall-
 - a) Supervise the day to day administration of the scheme;
 - b) Cause to be kept books of accounts and other books and records in relation to the scheme and for all loans financed from the scheme;
 - c) Prepare, sign and transmit to the Auditor-General in respect of each financial year and within three (3) months after the thereof, a financial statement of accounts relating to the scheme, prepared and signed by him or her specifying the income of the scheme and showing the expenditure incurred from the scheme, in such details as the Committee may from time to time direct in accordance with the Public Finance Management Act;
 - d) Give regular updates to the Committee for onward transmission to the Governor on the affairs of the scheme
- 2) Every statement of account prepared under these Regulations shall include details of the balances between the assets and liabilities of the scheme and shall indicate the financial status of the scheme as at the end of the financial year concerned.

16. Supplementary Terms

These Regulations shall be supplemented by such terms as may from time to time be detailed in the application form supplied by the fund administrator.

Dated April 6, 2023.



PROF. KIARIE MWAURA,
County Executive Committee Member,
Finance and Economic Planning.

