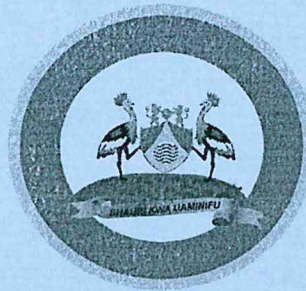


GOVERNMENT OF NAIROBI CITY COUNTY



Report tabled by  
Hon. Wairera Chege  
on 5th July, 2023.  
[Signature]

THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

(SECOND SESSION)

NCCA/TJ/PL/2023(50)

5<sup>TH</sup> JULY 2023

PAPER LAID

SUBJECT: REGULATIONS

Pursuant to Section 11 of Statutory Instruments Act, 2013, I beg to lay the following Paper on the Table of this Assembly, today Wednesday 5<sup>th</sup> July 2023.

— THE NAIROBI CITY COUNTY EXECUTIVE (STATE AND PUBLIC OFFICERS) CAR LOAN AND MORTGAGE SCHEME FUND REGULATIONS 2023.

*(The Leader of Majority Party)*

Copies to:  
The Speaker  
The Clerk  
Hansard Editor  
Hansard Reporters  
The Press









NAIROBI CITY COUNTY

www.nairobi.go.ke

## OFFICE OF THE GOVERNOR

County Secretary and Head of County Public Service

*Handwritten:* I DLS.  
Kindly prepare for  
Friday and thereafter  
Committee to the Committee  
on D.L & FRAC joint  
ADMP  
Dec  
3/7/23

RE: CECM(FEP)/CK/ran/617/2023

22<sup>nd</sup> June, 2023

The Clerk  
Nairobi City County Assembly  
City Hall Building  
**NAIROBI**




**RE: CONSIDERATION AND ADOPTION OF THE NAIROBI CITY COUNTY  
EXECUTIVE (STATE AND PUBLIC OFFICERS) CAR LOAN & MORTGAGE  
SCHEME FUND REREGULATIONS 2023**

The above matter refers.

The Nairobi City County Executive Committee, at its meeting held on 22<sup>nd</sup> March 2023, considered and adopted the Nairobi City County Executive Car Loan and Mortgage Scheme Fund Regulations 2023.

Attached herewith please find extract minutes of the CEC resolution in respect to the matter for your further necessary action.

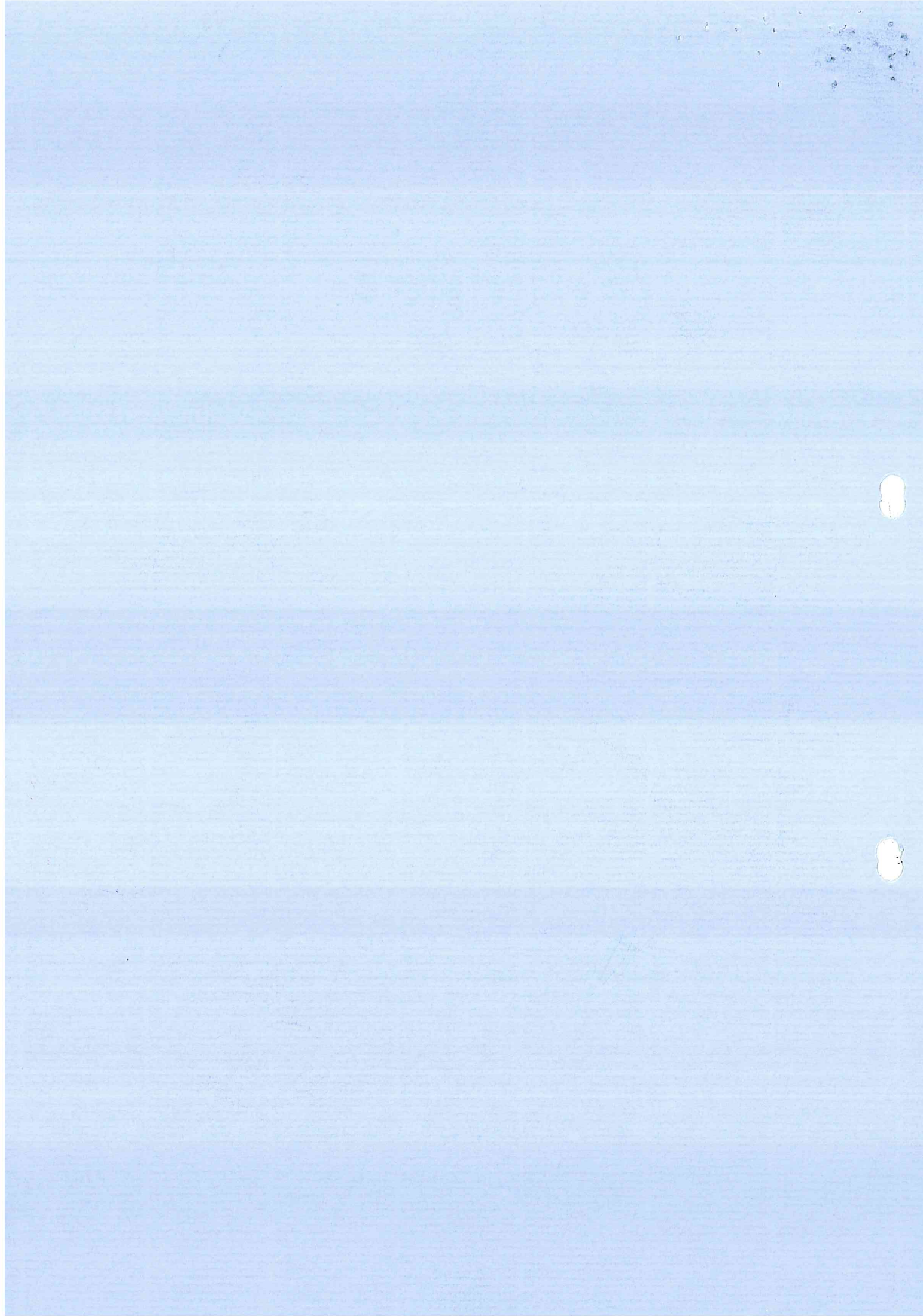
  
**PATRICK ANALO MIVAGA, Regd. Physical Planner**  
**AG. COUNTY SECRETARY AND HEAD OF COUNTY PUBLIC SERVICE**

- Cc. - H. E. the Governor  
- H. E. Deputy Governor  
- CECM, Finance & Economic Planning

*Handwritten:* I DLS.  
Kindly take and  
refer to FRAC  
and Committee  
Delegated by  
@  
3/7/23

LET'S MAKE **NAIROBI** WORK









NAIROBI CITY COUNTY

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## OFFICE OF THE GOVERNOR

County Secretary and Head of County Public Service

TO : COUNTY EXECUTIVE COMMITTEE MEMBER  
FINANCE & ECONOMIC AFFAIRS

FROM : COUNTY SECRETARY & HEAD OF COUNTY PUBLIC  
SERVICE

REF : NCC/CEC/CS/2023/VOL. III/049

DATE : 20<sup>TH</sup> JUNE, 2023

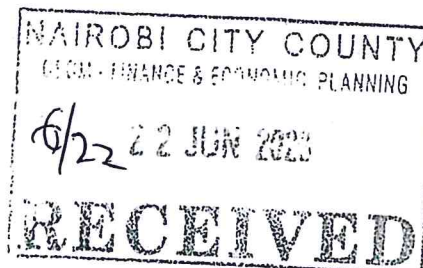
**RE: CONSIDERATION AND ADOPTION OF THE NAIROBI CITY COUNTY  
EXECUTIVE (STATE AND PUBLIC OFFICERS) CAR LOAN AND MORTGAGE  
SCHEME FUND REGULATIONS 2023**

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Attached herewith please find extract minute of the CEC resolution in respect to the matter for your further necessary action.

  
PATRICK ANALOO-AKIVAGA Regd Physical Planner  
Ag. COUNTY SECRETARY & HEAD OF COUNTY PUBLIC SERVICE

Copy to : H. E the Governor  
H.E. the Deputy Governor



LET'S MAKE **NAIROBI** WORK







## NAIROBI CITY COUNTY



### **EXTRACT OF MINUTE NO. 27/CEC/MAR/2023 MINUTES OF THE 3<sup>RD</sup> MEETING OF THE NAIROBI CITY COUNTY EXECUTIVE COMMITTEE HELD ON 22<sup>ND</sup> MARCH, 2023 IN THE GOVERNOR'S LOUNGE**

#### **Present**

- |                                |   |   |
|--------------------------------|---|---|
| 1. H. E. Sakaja Arthur Johnson | : | Governor ( <i>Chairing</i> )                                      |
| 2. H. E. Njoroge Muchiri       | : | Deputy Governor   |
| 3. Mr. Charles Kerich          | : | CEC Member – Finance & Economic Affairs                           |
| 4. Ms. Suzanne Silantoi        | : | CEC Member – Inclusivity, Public Participation & Customer Service |
| 5. Dr. Anastasia Nyalita       | : | CEC Member – Health, Wellness & Nutrition                         |
| 6. Ms. Rosemary Kariuki        | : | CEC Member – Business & Hustler Opportunity                       |
| 7. Ms. Maureen Njeri           | : | CEC Member – Green Nairobi  |
| 8. Mr. Mike Gumo               | : | CEC Member – Innovation & Digital Economy                         |
| 9. Mr. Patrick Mbogo           | : | CEC Member – Mobility & Works                                     |
| 10. Mr. Ibrahim Nyangoya       | : | CEC Member – Boroughs Administration & Personnel                  |
| 11. Mr. Brian Mulama           | : | CEC Member – Talents, Skills Development & Care                   |
| 12. Dr. Jairus Musumba         | : | Ag. County Secretary & Head of Public Service                     |

#### **In attendance**

- |                            |   |  |
|----------------------------|---|--|
| 13. Mr. Wesonga Ogola      | : | Ag. County Solicitor   |
| 14. Mr. Patrick A. Akivaga | : | CCO - Urban Development & Planning   |
| 15. Ms. Marion Rono        | : | CCO - Housing and Urban Renewal  |
| 16. Ms. Cecilia Koigu      | : | CCO – Lands  |
| 17. Ms. Priscilla Mahinda  | : | CCO – Office of the Governor   |
| 18. Ms. Lydia Mathia       | : | CCO – Public Participation, Citizen Engagement and Customer Service & Ag. CCO - Boroughs & Sub County Administration |
| 19. Mr. Ahmed M. Abdi      | : | CCO – Education  |
| 20. Mr. Hibrahim Otieno    | : | CCO - Environment & Ag. CCO - Food, Agriculture and Natural Resources  |
| 21. Ms. Joyce Kinyanjui    | : | Director – IGR & Head of CEC Secretariat   |





22. Ms. Ruth Owuor	:	Director – Education
23. Ms. Mary Kibira	:	Director – Crops Development
24. Mr. Joel Muli	:	Director – Boroughs & Sub County Administration
25. Mr. Mukani S. Rogers	:	Assistant Director - Education
26. Mr. Samuel Kinyanjui	:	CEC Secretariat
27. Ms. Hellen Mutinda	:	CEC Secretariat

### **Absent with apologies**

28. Mr. S. G. Mwangi	:	CEC Member - Built Environment & Urban Planning
29. Ms. Lydia Kwamboka	:	County Attorney
30. Mr. David Njoroge	:	Chief of Staff

### **Agenda**

#### 1. Prayers

Receive apologies

Adoption of the Agenda

#### 2. Declaration of Conflict of Interest

#### 3. Reading and Confirmation of Minutes;

- Minutes of the 1<sup>st</sup> CEC Meeting held on 31<sup>st</sup> October, 2022
- Minutes of the 2<sup>nd</sup> CEC Meeting held on 13<sup>th</sup> December, 2022
- Minutes of the Special CEC Meeting held on 28<sup>th</sup> February, 2023

#### 4. Presentation of CEC Memoranda

- No. 2 of 2023 on Nairobi City County Bursary and Scholarship Program Guidelines
- No. 3 of 2023 on three Nairobi City County Urban Planning Policies
- No. 4 of 2023 on Nairobi City County Inter-County Physical and Land use Development Plan for Nairobi SGR Terminus Sub-Center and Broader area





- No. 5 of 2023 on Nairobi City County Eastlands Urban Renewal Local Physical Development Plan
- No. 6 of 2023 on Nairobi City County Strategic Integrated Action Plans for Konza-Kenol-Kangundo-Tala-Komarock-Ruai Eastern By-Pass Transport Corridor
- No. 7 of 2023 on Nairobi City County Operationalization of the County Transport Management Fund Account
- No. 8 of 2023 on Nairobi City County on recruitment of Staff in the Mobility and Works Sector
- No. 9 of 2023 on Nairobi City County Voluntary Early Retirement Scheme (VERS)
- No. 10 of 2023 on Nairobi City County Establishment and Operationalization of Boroughs
- No. 11 of 2023 on Nairobi City County on required support and facilitation for efficient and effective Operations of Boroughs and Sub County Administration department.
- No. 12 of 2023 on Nairobi City County on Establishment of ICT Policy
- No. 13 of 2023 on Nairobi City County on Information Sensitivity Policy
- No. 14 of 2023 on establishment and funding of the newly created sub-sector on public participation, citizen engagement and customer service Nairobi City County on Information Sensitivity Policy
- No. 15 of 2023 on design, installation, build, operate and transfer of the waste to energy (WTE) plant at Dandora dumpsite
- No. 16 of 2023 on Nairobi City County Agriculture Sector coordination committee Bill 2023

##### 5. Adoption of the County Integrated Development Plan (CIDP) 2023-2027





6. Adoption of the Annual Development Plan
7. Consideration to write position paper to the task force on Gaming and Betting Appointed by the National Government
8. Relocation of Hawkers
9. Examining the Status and extent of successes and challenges of digital licensing system and deliberation on further measures in making it easily usable by the business community and risk free of tampering and hacking.
10. Proposed preliminary measures for regularization of existing settlements in Block Y and Block Z along Kangundo Road
11. NCCG Establishment finalization of Directors in acting positions
12. Proposal for Promotions, redesignations and confirmation – HR exchange with National Government for those to be promoted from ‘R’ to ‘S’
13. Renaming of Mutuini Hospital to Mama Rachel Hospital – CEC HWN
14. Update on the takeover of Mama Margaret Uhuru Hospital from Kenyatta National Hospital – CEC HWN
15. Priority Bills and Policies for Health Wellness & Nutrition: FIF, County Health Bill & Food Policy
16. A.O.B
17. H.E. Governor’s Remarks
18. Meeting Closure and date of the next meeting

*The Meeting was called to order at 10.11 a.m. and opening prayers were conducted by H.E the Governor.*

**MIN. 27/CEC/MAR/2023: ANY OTHER BUSINESS**

- 1. Consideration and Adoption of the Nairobi City County Executive (State and Public Officers) Car Loan and Mortgage Scheme Fund Regulations 2023**





The CEC Member for Finance and Economic Planning tabled a proposal for the CEC to consider and adopt the Regulations referred above. This would enable the implementation of the Car Loan and Mortgage Scheme Fund to allow County staff access mortgages and loans to purchase personal vehicles. The proposal that was tabled catered only for the Governor, the Deputy Governor, CEC Members and Chief Officers. The CEC Member reported that the Director of Human Resource Management was in possession of another scheme that catered for the rest of the staff.

Car loans and mortgages was provided for under the Public Finance Management Act (Nairobi City County Executive (State and Public Officers) Car Loan and Mortgage Scheme Fund) Regulations 2023 which were yet to be gazetted. The CEC Member said that once the Regulations were adopted they would be gazetted as required to enable implementation.

The Regulations were proposed for adoption by Ms. Maureen Njeri, CEC Member - Green Nairobi and seconded by Ms. Rosemary Kariuki, CEC Member for Business and Hustler Opportunities.

**Resolution:**

The Nairobi City County Executive (State and Public Officers) Car Loan and Mortgage Scheme Fund Regulations 2023 was adopted.

SIGNED BY:  DATE: 22.6.2023

**PATRICK ANALO AKIVAGA** Regd Physical Planner  
**Ag. COUNTY SECRETARY & HEAD OF COUNTY PUBLIC SERVICE**

Copy to : H. E the Governor  
H.E. the Deputy Governor





**SPECIAL ISSUE**

*Kenya Gazette Supplement No. ....* Date: .....

*(Nairobi City County Legislative Supplement No. ....)*

Legal Notice No. ....

**THE PUBLIC FINANCE MANAGEMENT ACT**

(No. 10 of 2012)

**THE PUBLIC FINANCE MANAGEMENT ACT (NAIROBI CITY COUNTY  
EXECUTIVE (STATE AND PUBLIC OFFICERS) CAR LOAN AND  
MORTGAGE SCHEME FUND) REGULATIONS 2023**



*Regulation*

**PART I- PRELIMINARY**

- 1- Citation
- 2- Interpretation

**PART II- ESTABLISHMENT OF THE FUND**

- 3- Establishment of the Fund
- 4- Object and purpose of the Fund
- 5- Source of the Fund

**PART III- ADMINISTRATION OF THE FUND**

- 6- The Loans Management Committee
- 7- Administration of the Fund

**PART IV- OPERATION OF THE FUND**

- 8- Committee may appoint financial institution
- 9- Application for loan
- 10- Utilization of loan monies
- 11- Disbursement of Funds
- 12- Requirements for Application for loan
- 13- Leasehold property
- 14- Maximum loan disbursement
- 15- Repayment of loan
- 16- Interest Chargeable
- 17- Security of the Loan
- 18- Car and Mortgage insurance
- 19- Default in repayment
- 20- Responsibilities of financial institution
- 21- Discharge of Loan
- 22- Management Guidelines

**PART V- PENALTIES**

- 23- Offences and Penalties

*DLS.*  
*Kindy note signed*  
*copy & substitute*  
*12/7/23.*

*Dch*  
*Kindy deal*  
*for*  
*12/7/2023*





**PART VI- GENERAL PROVISIONS**

24- Winding up of the Fund

**PART VII**

25- Review

26- Savings and Transitional Provisions



# THE PUBLIC FINANCE MANAGEMENT ACT

(No. 18 of 2012)

IN EXERCISE of the powers conferred by section 116(1) of the Public Finance Management Act, 2012, the Nairobi City County executive Committee member for Finance makes the following Regulations-

## PART I- PRELIMINARY

### *Citation*

1. These Regulations may be cited as The Public Finance Management Act (Nairobi City County Executive (State and Public Officers) Car Loan and Mortgage Scheme Fund) Regulations, 2023 and shall come into operation on the day of its publication.

### *Interpretation*

2. In these Regulations, unless the context otherwise requires-
  - "Act" means the Public Finance Management Act, 2012;
  - "Architect" means a person registered as an architect under the Architects and Quantity Surveyors Act (Cap. 525);
  - "Borrower" means a Member of the Scheme in receipt of a loan out of the Fund;
  - "Committee" means the Loans Management Committee established under Clause 6 of these Regulations;
  - "Commercial terms" means the prevailing lending interest rates of the commercial banks or that of a financial institution appointed to administer the Fund (if any) at the time of default and those subsisting until the default is addressed;
  - "County" means Nairobi City County Government;
  - "County Assembly" means County Assembly of Nairobi City;
  - "Executive Member" means the County Executive Member responsible for Finance in the County;
  - "Financial year" means the period of twelve months ending on the 30<sup>th</sup> June in each year;
  - "Fund" means the Nairobi City County Executive (State and Public Officers) Car Loan and Mortgage Scheme Fund established under Clause 3 of these Regulations;
  - "Loan agreement" means a contract between the Officer Administering the Fund and a Borrower;
  - "Member of the scheme" means a salaried County Executive State or Public Officer who is-
    - (a) a member of the County Executive Committee appointed pursuant to Article 179 of the Constitution of Kenya, 2010;
    - (b) an employee on contract serving in the Executive arm of the County and being either a County Secretary, a Chief Officer or Member of the County Public Service Board appointed pursuant to section 44, 45 and 58 respectively of the County Governments Act, 2012;
    - (c) an employee on permanent and pensionable basis serving in the executive arm of the County pursuant to section 63 of the County Governments Act, 2012;
    - (d) an employee seconded from the National Government to public office in the executive arm of the County pursuant to section 73 of the County Governments Act, 2012, subject to the term of secondment; or
    - (e) an officer employed on contract basis by the executive arm of the County pursuant to section 63 of the County Governments Act, 2012.





"Officer Administering the Fund" means the Administrator designated by the Executive Member as provided under section 116(2) of the Public Finance Management Act, 2012;

"Property" means an immovable property and includes a house, apartment, townhouse, maisonette or any other residential unit and where applicable the land on which such unit is developed or is to be developed;

"Motor vehicle" means a motor vehicle for personal use;

"Quantity surveyor" means a person registered as a quantity surveyor under the Architects and Quantity Surveyors Act (Cap 525); and

"Valuer" means a person registered as a Valuer under the Valuers Act, Cap. 532.

## **PART II- ESTABLISHMENT OF THE FUND**

### *Establishment of the Fund*

3. There is established a Fund known as the Nairobi City County Executive (State and Public Officers) Car Loan and Mortgage Scheme Fund.

### *Object of the Fund*

4. The object and purpose of the Fund is to provide a loan scheme for a Member of the Scheme for-
  - (a) the purchase, development, renovation or repair of immovable property;
  - (b) the purchase of a motor vehicle; and
  - (c) refinance, in relation to sub-clause (1) and (2) above.

### *Sources of the Fund*

5. The Fund shall consist of-
  - (a) monies appropriated by the County Assembly and standing to the credit of the account on the date of the coming into operation of these Regulations;
  - (b) monies appropriated by the County Assembly for purposes of granting loans in each financial year;
  - (c) funds arranged through agreements between financial institutions and other bodies with the County Government;
  - (d) the interest accruing to the Fund, where such interest constitutes a surplus in the scheme after meeting the expenses of its administration; and
  - (e) all other sums of money that may in any manner become payable to or vested in the fund including gifts, grants and donations.

## **PART III – ADMINISTRATION OF THE FUND**

### *Establishment of the management Committee*

6. (1) There is established a Committee to be known as the County Executive State and Public Officers Car and Mortgage Loans Management Committee, which consists of-
  - (a) the County Secretary and Head of Public Service, who shall be the Chairperson;
  - (b) the Chief Officer in charge of Finance who shall be the Deputy-Chairperson;
  - (c) the Chief Officer in charge of Lands;
  - (d) the Head of Human Resources;
  - (e) the County Attorney or a legal Counsel designated from the Office of the County Attorney;
  - (f) the Director in matters related to finance;





- (g) one officer appointed by the County Secretary to represent the welfare of county staff; and
- (h) an Officer Administering the Fund appointed by the Executive Member who shall be an ex-officio member of the Committee and the Secretary to the Committee.
- (2) The Committee may co-opt other technical officers from the County public service to attend its meetings for advisory and technical consultation.
- (3) There shall be established a secretariat appointed by the Officer Administering the Fund to perform the operational functions of the Committee;
- (4) The Committee shall manage the Fund by-
- supervising and oversee the administration of the Fund;
  - establishing management guidelines for the Fund and prescribe the form and manner of application for a loan from the Fund;
  - processing applications for loans in accordance with the existing terms and conditions of borrowing;
  - liaising with the financial institution (if any) to set up a revolving fund for the disbursement of the loans;
  - entering into an agreement with persons or legal entities for the purposes of providing services to the fund;
  - opening an account with an authorized commercial Bank in Kenya in which the monies of the Fund together with interest accruing thereto shall be deposited into, and loans disbursed from; and
  - carrying out other duties as may be necessary for the proper management of the Fund.
- (5) The meetings of the Committee shall be convened by the Chairperson and in the absence of the Chairperson by the Deputy Chairperson or a Member of the Committee designated by the Chairperson and shall be convened at such times as may be necessary for the discharge of its functions
- (6) The quorum for a meeting of the Committee shall be the Chairperson and any three Members.
- (7) The decisions of the Committee shall be by simple majority of the Members present and voting and in case of equality in voting the Chairperson shall have a casting vote.
- (8) There shall be five signatories of the Fund Account. The Chief Officer for Finance and the Officer Administering the Fund shall be the mandatory signatories of the Fund account and any other one out of three alternate members of the committee.

#### *Administration of the Fund*

- 1) The Fund shall be administered by the Officer Administering the Fund, who shall be an officer appointed by the Executive Member.
- (2) The Officer Administering the Fund shall be under the general direction of the Committee and will-
  - supervise and control the administration of the Fund;
  - utilize the interest accruing thereto to defray operating expenses, and may impose any reasonable restriction or other requirements concerning such use;
  - cause to be kept books of accounts and other books and records in relation to the Fund and for all loans financed from the Fund;
  - prepare, sign and transmit to the Auditor- General in respect of each financial year and within three (3) months after the end thereof, a statement of accounts relating to the Fund, prepared and signed by him specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details

*Signature*  
*see K E G W U*  
*Nb: staff branch*  
*Secretary*



- as the Committee may from time to time direct in accordance with the Public Finance Management Act 2012;
- (e) present the financial statement to the County Assembly in accordance with the Public Finance Management Act 2012;
  - (f) furnish such additional information as may be required for the purposes of examination and audit by the Auditor-General;
  - (g) be the liaison point between the Committee and financial institution appointed under Regulation 8; and
  - (h) manage and administer the Fund's Secretarial Staff in the administration of the Fund and may require such staff to carry out such inspection as may be necessary to verify any information submitted under these Regulations.
- (3) Every statement of account prepared under these Regulations shall include details of the balance between the assets and liabilities of the Fund and shall indicate the financial status of the Fund as at the end of the financial year concerned
- (4) The Officer Administering the Fund shall be a senior public officer in the County Executive and be of good standing in his/her profession.

#### PART IV – OPERATION OF THE FUNDS

##### *Committee may appoint financial institution*

8. (1) Notwithstanding Clause 6(4) of these Regulations the Committee may, if it considers it appropriate to do so, appoint a financial institution to administer the Fund on its behalf on such terms as they may determine
- (2) Where the Committee appoints a financial institution to administer the Fund on its behalf, the costs for such administration shall not exceed the three per centum annual interest accruing to the loan under Clause 6 of these Regulations

##### *Application for loan*

9. (1) A Member of the Scheme who wishes to apply for a loan from the Fund shall make such application to the Officer Administering the Fund in such manner as the Committee may prescribe by way of Management Guidelines from time to time.
- (2) The Officer Administering the Fund shall satisfy himself or herself of the applicant's financial status and capacity to repay the loan applied for in accordance with the laid down requirements and where so satisfied shall forward the application to the Committee for consideration.
- (3) If the Committee approves the application, the applicant shall enter into a loan agreement in such form as the Committee may prescribe.

##### *Utilization of loan monies*

10. (1) A car loan obtained under these Regulations shall be utilized for the purchase of a motor vehicle or car re-finance
- (2) A mortgage obtained under these Regulations shall be utilized towards-
- (a) purchase of a property;
  - (b) purchase of property and its subsequent development;
  - (c) development, renovation or repair of a property; or
  - (d) Mortgage re-finance.
- (3) A mortgage for the development of a property may be granted at the discretion of the Committee-
- (a) To a Member of the Scheme who is in possession of a title deed to the land in which the development is to be carried out; or
  - (b) To a Member of the Scheme for the purchase of the land on which a property is to be developed and for the subsequent development of the property





- (4) A car or property obtained through a car loan or mortgage advanced under these Regulations shall not be utilized for commercial purpose by the borrower.

#### *Disbursement of Funds*

11. (1) A mortgage approved under Regulation 9 shall be released to the borrower as may be prescribed by the Committee taking into account the security of the funds and the stage of completion of construction.

(2) A mortgage for the purchase of land and its subsequent development approved under clause 9 may be released to the borrower in the following phases-

- (a) the first disbursement based on the value of the land on which the property is proposed to be developed upon submission to the Committee by a Member of the scheme of a duly executed and stamped Agreement for Sale; and
- (b) the subsequent disbursements based on the rate of completion of the various phases of development as certified by a quantity surveyor or architect at the cost of the applicant

(3) A mortgage for the development, renovation or repair of a property approved under clause 9 may be released to the Borrower taking into account the various phases of development, renovation or repair certified by a qualified quantity surveyor or architect.

(4) A car loan approved under clauses 1, 2, 3 and 4 above, the Committee shall also take into account the terms and conditions of the executed Agreement for sale while disbursing the funds.

#### *Requirements for Application for loan*

12.(1) An application for a mortgage under these Regulations shall be accompanied by the following documents where appropriate-

- (a) copies of the structural plans or designs of the proposed property duly approved by the County Government within whose area it is to be situated;
- (b) bills of quantities in respect of the proposed development, renovation or repair;
- (c) certified copy of the document of title of the property intended to be purchase;
- (d) a current official search of the title to the property intended to be purchase;
- (e) a certified copy of the duly stamped sale agreement or a duly executed letter of offer relating to the property; and
- (f) copies of identification documents of the parties.

(2) An application for a car loan under these Regulation shall be accompanied by the following documents where appropriate-

- (a) certified copy of the duly executed and stamped agreement for sale;
  - (b) current copy of records from the Kenya Revenue Authority;
  - (c) certified copy of a log book for the motor vehicle intended to be purchased; and
  - (d) certified copies of identification documents of the parties
- (3) The borrower shall bear the costs of stamp duty, valuation and other legal fees

(4) Where a borrower fails to comply with the requirements of paragraph (3) within the stipulated time, the Office Administering the Fund shall, upon giving the borrower fourteen days' notice, deduct the amount due from the salary of that borrower in such installments as may be appropriate and remit such deductions to meet such costs as may be due

(5) All legal transactions in respect of the property being purchased shall be conducted by a duly Licensed Advocate selected from a panel of legal service providers approved by the Committee.



### *Leasehold Property*

13. Where the property intended to be purchased through the mortgage is leasehold property, such mortgage shall be granted where the unexpired remainder of the leasehold term to the property is at least forty-five years from the date of the approval of the loan.

### *Maximum loan disbursement*

14. (1) The maximum loan amount to be granted for the Mortgage under these Regulations to a Member of the Scheme shall be value of the property and shall not exceed the sum recommended by the Salaries and Remuneration Commission.

(2) The maximum loan amount to be granted for a Car Loan under these Regulations to a member of the Scheme shall be the value of the motor vehicle and shall not exceed the sum recommended by the Salaries and Remuneration Commission.

(3) Notwithstanding paragraph 1 and 2 above, the maximum loan to be granted from the Fund, whether for car or mortgage, shall be determined by the Member's net emolument at the time of application of the loan.

(4) For the purposes of paragraph 2 above, the value of a new vehicle shall be as quoted on the invoice from the supplier, whereas the value of a used vehicle shall be as determined by the report from a duly licenced motor vehicle Valuer selected from a panel of Valuers approved by the Committee or the government department dealing with such matters.

(5) The Committee may at its sole discretion include in the disbursed loan the relevant attendant costs related to stamp duty and legal fees for the purchase of property or motor vehicle, upon application by a Member of the Scheme.

### *Repayment of Loan*

15. (1) A loan granted under these Regulations together with interest thereon shall be fully repaid at the end of the term of office of the borrower or within the period recommended by the Salaries and Remuneration Commission, whichever comes first.

(2) The terms of the loan shall remain in force for the term of office of the borrower and shall not be altered for the life of the loan unless in case of default, in which case the loan shall revert to commercial terms.

### *Interest Chargeable*

16. (1) The interest chargeable on a car loan or mortgage shall be three per centum (3%) per annum on a reducing balance for the duration of the loan.

(2) The interest chargeable under paragraph 1 shall be utilized to defray the administrative expenses of the fund and any other surplus thereby shall be credited into the capital fund in accordance with clause 5.

### *Security of a Loan*





17. (1) The Officer Administering the Fund through the Committee shall have a charge registered against the title of the mortgage property acquired through a loan granted under these Regulations and shall cause the name of the County to be entered in the document of title for such property as a Chargee in the encumbrances section.

(2) The log-book of a vehicle subject to a car loan from the Fund shall be issued jointly in favour of the County and the borrower.

(3) The original document of title of a property or motor vehicle acquired under a mortgage or car loan granted under these Regulations shall be kept in the custody of the Officer Administering the Fund until the loan is repaid in full by the borrower.

(4) The borrower shall, where applicable-

(a) not mortgage, charge, surrender the lease or sell or agree to sell, sub-let or part with possession of the charged property or any part thereof without the prior written consent of the Chargee through the Committee;

(b) meet and pay all rates, rents, insurances and any other outgoings in respect of the property and send the proof of such payments to the Committee; and

(c) deposit with the Officer Administering the Fund a transfer deed or blank vehicle transfer from duly signed by the borrower and a letter authorizing the Committee to sell the property in case of default in payment.

(5) During the loan repayment period, the borrower shall -

(a) maintain the car or property in a satisfactory state of repair;

(b) fit the motor vehicle with a tracking devise from a Car Tracking service provider approved by the Committee; and

(c) not alter or make any structural alteration to the car or property or carry out any assessment or investigation relating to the property or title thereto, as the case may be, without the approval of the Committee.

(6) The process of obtaining loan security documentation and the disbursement of funds shall be supervised by the Officer Administering the Fund.

#### *Car and Mortgage Insurance.*

18. (1) A Borrower shall take out and maintain a Mortgage protection policy and a fire policy with an insurance firm approved by the Committee, the cost of which shall be paid out of the Fund and debited in such borrower's account.

(2) A motor vehicle purchased with monies borrowed from the fund shall be comprehensively insured with an insurer approved by the Committee.

(3) Every loan granted under these Regulations shall be insured for the benefit of the Member of the Scheme and the premium in respect thereof shall be debited to the account of the Member of the Scheme.



### *Default in Repayment*

19. (1) Where a repayment of a car loan or mortgage is not made in accordance with the terms and conditions of the car loan or mortgage as provided for under these Regulations and the loan agreement or the covenant contained in the charge or mortgage instrument, the sums of money due and owing to the Fund shall be recoverable by the Committee by public auction or private treaty.

(2) Such recovery shall include –

- (a) the sums of money specified as outstanding with respect to the principal sum initially advanced;
- (b) interests for the sums of money that remain unpaid; and
- (c) all reasonable costs and charges incurred by the Committee in the recovery of the unpaid money and interests.

(3) Without prejudice to clauses 19 (1) and (2) above, a Member of the Scheme shall be required to give prior authority in writing for pension or gratuity dues to be utilized to clear any outstanding debt in case a Member of the Scheme leaves public service on disciplinary grounds or upon default

### *Responsibilities of the Financial Institution*

20. The responsibilities of the financial institution, if any, appointed under these Regulations shall be –

- (a) To operate individual accounts for each borrower, which shall provide details of recoveries of the loan(s);
- (b) To charge security on properties acquired through loans from the Fund to protect the interests of the Fund and act as custodian of such charges;
- (c) To disburse funds for newly approved loans after the necessary documentation is completed by the Committee;
- (d) To pay all outgoings and issue demand notices where necessary to members through the officer administering the Fund;
- (e) Upon repayment of the loan, interest and other expenses which may be outstanding, to discharge the charge and release the security documents to the Borrower; and
- (f) Upon default, to call in the loan and on behalf of the Committee sell the charged property by public auction or private treaty, in which event the Fund shall meet any shortfall between the loan outstanding and the proceeds of sale.

### *Loan Discharge*





21. (1) Upon full repayment of the car loan, the Officer Administering the Fund shall within two months cause a signed Car Loan Discharge Certificate and transfer of the motor vehicle in a format as may be prescribed by the National Transport and Safety Authority (NTSA) to be issued in favour of the borrower to enable release of the Motor Vehicle log book to the borrower.

(2) Upon full repayment of the mortgage, the Officer Administering the Fund shall cause Discharge of Charge to be registered against the title and release the security documents to the borrower

(3) The Car Loan Discharge Certificate and Discharge of Charge as appropriate shall release the borrower from any further financial obligation in respect of the loan.

#### *Offences and Penalties*

22. (1) These Regulations shall be supplemented by such terms as may, from time to time, be detailed in the application form supplied by the Committee and in the contract between the financial institution and the County.

(2) Subject to these Regulations, the Committee shall issue management guidelines on –

- (a) The purchase and development of property under these Regulations;
- (b) The utilization of surplus Funds for the purchase and development of property under these Regulations; and
- (c) Such other matters as may be necessary for the proper management and administration of the Fund.

### **PART V - PENALTIES**

#### *Offences and Penalties*

23. A person who misappropriates any funds or assets from the Fund, or assists or causes any person to misappropriate or apply the funds otherwise than in the manner provided in these Regulations, commits an offence and shall, upon conviction, be liable to imprisonment for a term of not less than five years or to a fine not exceeding ten million shillings or to both.

### **PART VI - GENERAL PROVISION**

#### *Winding Up of the Fund*

24. In the event of winding up the Fund, the cash balances shall be transferred to the County Exchequer Account while other assets of the Fund shall be transferred to the Department for the time being responsible for matters relating to finance.

### **PART VII – REPEAL, SAVINGS AND TRANSITIONAL PROVISION**

#### *Review*



25. The Committee may from time to time recommend to the Executive Member of any review to these Regulations.

*Savings and Transitional Provisions*

26. (1) Any existing contracts, loan applications, committees' membership or other administrative acts made, given, issued or undertaken before the commencement of these Regulations under any of the Regulations revoked by these Regulations or any other law, shall continue in force and shall be construed with the alterations, adaptations, qualifications and exceptions necessary to bring them into conformity with these Regulations.

(2) Any legal right accrued, cause of action commenced in any court of law or tribunal established under any written law in force, or any dispute, defence, appeal, or reference howsoever filed by or against a borrower or the County shall continue to be sustained in the same manner in which they were prior to the commencement of the Regulations.

Made on the

11<sup>th</sup> July 2023



County Executive Committee Member

*For Finance and Economic Development.*





*The Public Finance Management (Nairobi City County, Car Loan and Mortgage Scheme fund) regulations, 2023.*

**SCHEDULE**

**(r.18, 26)**

**MAXIMUM CAR AND MORTGAGE LOAN ENTITLEMENTS PER CATEGORY**

S/Nos.	Designation / Job Group	Car Loan (Maximum amount in Ksh.)	Mortgage (Maximum in Ksh.)
1.	S	4,000,000	20,000,000
2.	R	3,000,000	15,000,000
3.	Q	3,000,000	15,000,000
4.	P	3,000,000	15,000,000
5.	N	1,500,000	10,000,000
6.	M	1,500,000	10,000,000
7.	L	1,500,000	10,000,000
8.	K	1,500,000	10,000,000
9.	H	800,000	600,000
10.	G	800,000	600,000

Dated the 11<sup>th</sup> day of July 2023

  
**Charles Kerich**  
**County Executive Committee Member**  
**Finance and Economic Planning**

