

SPECIAL ISSUE

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Busia County Gazette Supplement No. 11 (Acts No. 6)



REPUBLIC OF KENYA

***BUSIA COUNTY GAZETTE
SUPPLEMENT***

ACTS, 2013

NAIROBI, 31st January, 2014

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**THE BUSIA COUNTY ASSEMBLY REVOLVING
FUND ACT**

No. 6 of 2013

Date of Assent: 28th January, 2014

Date of Commencement: 3rd February, 2014

ARRANGEMENT OF SECTIONS

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**THE BUSIA COUNTY ASSEMBLY REVOLVING FUND
ACT, 2013**

AN ACT of the County Assembly of Busia to establish a Revolving Fund to provide low-interest loans to members and staff of the County Assembly of Busia and for connected purposes.

ENACTED by the County Assembly of Busia, as follows—

PART I—PRELIMINARY

Short title

1. This Act may be cited as the Busia County Assembly Revolving Fund Act, 2013.

Interpretation

2. (1) In this Act, unless the context otherwise requires—

“Applicant” means a member or staff of the County Assembly of Busia;

“Loanee” means an applicant whose loan request has been approved and granted under this Act;

“Board” means the County Assembly Services Board

“Member of the Executive Committee” means the Member of the Executive Committee responsible for finance.

“Prescribed” means prescribed by the Board.

Establishment of the Fund

3. (1) There is hereby established a Fund to be known as the County Assembly Revolving Fund which shall be managed and administered by the Board.

(2) The object and the purpose of the Fund shall be to provide funds to the members and staff of the County Assembly of Busia at low interest rates of 3% (three per centum) for acquisition of housing and motor vehicle loans.

Revenue and expenditure of the Fund

4. (1) There shall be credited to the Fund—

(a) sums of money which may from time to time be voted by the County Assembly for that purpose;

(b) sums which represent the repayment of the capital and interest of any loan granted by the Board;

- (c) income from any investment made by the Board;
- (d) any gifts, donations, grants and endowments made to the Fund.

(2) There shall be paid out of the Fund any expenditure approved by the Board and incurred in connection with the administration of the Fund.

Administration of the Fund

5. (1) An applicant wishing to be considered for the grant of a loan shall make an application to the Board in the prescribed form.

(2) An applicant wishing to be considered for the grant of a loan shall make an application to the Board in the prescribed form.

(3) An applicant who—

- (a) in filling a loan application form, knowingly makes any false statement, whether orally or in writing relating to any matter affecting his request for a loan; or
- (b) being required under paragraph (a) to answer any questions, furnish any information or particulars or produce any document or paper, neglects to do so without reasonable cause; or

(c) is granted a loan based on false information,

shall be guilty of an offence and in the case of paragraphs (a) and (b) be liable to a fine of not less than three thousand shillings or to imprisonment for a term of not less than six months and in the case of paragraph (c) to a fine of not less than thirty thousand shillings or to imprisonment for a term of not less than three years.

(4) A loan granted based on false information shall be recalled and cancelled.

Conditions for grant of loan

6. (1) The Board may—

- (a) accept or reject any application for a loan;
- (b) grant a loan to an applicant and in so granting impose conditions, demand security and require repayment in installments at such times and within such periods as the Board deems fit:

(2) A loan granted to a member of the County Assembly shall not exceed the aggregate of a salary and other emoluments due and receivable by such a member for the balance of the term to be served.

(3) The total loan together with interests and other charges accrued thereon shall be fully paid and recovered at least 90 days before the expiry of the term of the member of the County Assembly to whom the loan shall have been made.

Provided that and subject to the provisions of this section the Board may upon the request by an applicant to whom a loan has been granted at any time vary—

- (i) the condition subject to which the loan was made;
- (ii) any security given in relation to the loan;
- (iii) any of the terms of repayment of the loan.

(4) The grant of a loan by the Board shall be proceed with due compliance of the Board's conditions by the applicant.

(5) Where any applicant fails to comply with the requirement of the Board notified to him under subsection (2) within the prescribed period, the application shall be deemed to have lapsed.

(6) Where in granting a loan to an applicant the Board considers it prudent to request for a guarantor to guarantee any loan granted to the applicant, in case of any default by the loanee in the repayment of the loan any guarantor who has guaranteed any such loan, shall automatically and fully be liable to pay to the Board all or any loan together with interest accrued and outstanding owed to the Board by the loanee, as shall be notified to the guarantor by the Board.

Annual returns

7. On the last day of each calendar year the Board shall send to all loanees an annual return form which every loanee shall be required to fill and submit to the Board before the end of the month of February of the succeeding year.

Loan deductions

8. In making its deduction for loan recovery, the Board shall not deduct more than one two-thirds of the loanee's gross monthly salary and other emoluments.

General provisions

9. (1) If in the opinion of the Board there has been or is likely to be any breach of or failure to comply with any condition or term of repayment respecting a loan the Board may forthwith recall the loan and;

(a) recover from the person from whom the loan was made or his personal representative as a civil debt under the Debts (Summary Recovery) Act , Chapter 42 of the Laws of Kenya, the amount of the loan or the amount thereof then remaining unpaid together with interest thereon;

(b) enforce or realize any security relating thereto.

(2) The Board may, in exercise of the powers conferred by subsection (1), engage the services of private legal practitioners.

Boards' discretion to waive loans

10. A loan granted by the Board under this Act shall not be waived or written off unless, in the case of the loanee's death it has become impossible unduly difficulty to recover on the basis that expenses to be incurred in its recovery would be far in excess of the amount sought to be recovered. There upon the liability of the loan shall be extinguished or deemed to be abandoned under the provision of this Act, other than this section, shall no longer apply to any such loan.

Fund Accountant

11. (1) The Board shall employ a Fund Accountant who shall assist the Board in the management and administration of the loans granted under this Act.

(2) The salary and allowances of the Fund Accountant shall be paid out the Fund as the Board may from time to time determine.

Power to make regulations

12. The Board may make regulations generally for the better carrying out the provisions of this Act, and without prejudice to the foregoing, the Board may make regulations in respect of the following—

(a) the receipt, processing and approval of applications for loans and the granting of loans to applicants;

- (b) the preparation and maintenance of loanees' records; already granted;
- (c) the withdrawal, recovery and cancellation of loans;
- (d) the waiver or exemption from repayment of loans; and
- (e) the setting-up of procedures for dealing with loan defaulters;

Mandatory consultation with the Salaries and Remuneration Commission

13. The Board shall consult with the Salaries and Remuneration Commission to ensure all its decisions under this Act conform to the guidelines or directives issued by the Commission.