LEGAL NOTICE NO. 2

PUBLIC FINANCE MANAGEMENT ACT
(No. 18 of 2012)

THE COUNTY ASSEMBLY OF MERU HOUSING SCHEME
FUND REGULATIONS, 2017

ARRANGEMENT OF REGULATIONS

Regulation

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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 Member for Finance makes the following Regulations—

THE COUNTY ASSEMBLY OF MERU (HOUSING SCHEME FUND) REGULATIONS, 2017

1. These Regulations may be cited as the County Assembly of Meru (Housing Scheme Fund) Regulations, 2017.

2. In these Regulations, unless the context otherwise requires—
   “borrower” means a person in receipt of a loan out of the Fund;
   “Board” means the County Assembly of Meru Service Board established under section 12 of the County Government Act;
   “Committee” means the Loans Management Committee established under regulation 6;
   “County Assembly” means the County Assembly of Meru;
   “financial year” means the period of twelve months ending on the 30th June in each year;
   “Fund” means the County Assembly of Meru (Housing Scheme Fund) established under regulation 3;
   “member of the Scheme” means a Member of the County Assembly of Meru;
   “Meru” means the County Government of Meru;
   “Officer administering the Fund” means the Clerk of the County Assembly of Meru;
   “property” means a residential house purchased through a loan from the Fund and includes the land purchased under a loan from the Fund on which such house is to be developed; and
   “valuer” means a person registered as a valuer under the Valuers Act.

3. There is established a Fund to be known as the County Assembly of Meru (Housing Scheme Fund).

4. The object and purpose of the Fund is to—
   (a) provide loans for the purchase, development, renovation or repair of residential houses to members of the Scheme;
   (b) raise funds for the implementation of the objectives stated in paragraph (a).

5. (1) The capital of the Fund shall consist of—
   (a) monies appropriated by the County Assembly;
   (b) all monies that shall be paid into the Fund;
   (c) income generated from the proceeds of the Fund; and
   (d) grants and donations.
(2) The County Assembly may appropriate additional monies to the Fund.

(3) The Fund shall be administered as a special Fund in the County Assembly Fund and shall be operated by the officer administering the Fund.

(4) The interest accruing to the Fund shall, where such interest constitutes a surplus after meeting the requirements of regulation 18 (1) (b) be credited to the capital of the Fund.

6.(1) There is established a committee to be known as the Loans Management Committee, which shall consist of—

(a) one member of the Board nominated by resolution of the Board who shall be the Chairperson;
(b) the Leader of the Majority Party of the County Assembly;
(c) the Leader of the Minority Party of the County Assembly;
(d) the Majority Party Whip of the County Assembly;
(e) the Minority Party Whip of the County Assembly;
(f) two members of the county Assembly being, one a man and one a woman appointed by County Assembly; and
(g) the Clerk of the County Assembly, who shall be the secretary to the committee and ex-officio member.

(2) The Clerk of the County Assembly shall be the officer administering the Fund.

(3) The Committee shall oversee the administration of the Fund and shall—

(a) process applications for loans in accordance with the existing terms and conditions of borrowing;
(b) liaise with the housing company (if any) to set up a revolving fund for the disbursement of the loans; and
(c) supervise the day-to-day running of the Fund.

(4) The meetings of the Committee shall be convened by the chairperson or in the absence of the chairperson, by a member designated to act as the chairperson and shall be convened at such times as may be necessary for the discharge of the Committee’s functions.

(5) The quorum for a meeting of the Committee shall be any four members.

7. Notwithstanding Regulation 5(3), the Board may, if it considers it appropriate to do so, appoint a mortgage institution to administer the Fund on its behalf.

8. (1) A member of the Scheme who wishes to apply for a loan from the Fund shall make an application to the officer administering the Fund in such manner as the Loans Management Committee may prescribe.
(2) A loan obtained under these Regulations shall be utilized for the purchase, development, renovation or repair of residential house for the occupation of the applicant and his or her immediate family:

(3) A loan for the development of residential house shall be granted at the discretion of the Committee—

(a) to a member of the Scheme who is in possession of a title document to the land on which the development is intended to be carried out; or

(b) in two instalments, to a member of the for the purchase of the land at which the residential property is to developed and for the subsequent development of the property.

(4) The amount of the first instalment granted for the purchase of land under paragraph (b) shall not exceed forty per cent of the maximum loan amount for which the member of the Scheme is eligible.

9. A loan granted for the development of a residential property under these Regulations shall be released to the applicant in the following phases—

(a) the first disbursement based on the value of the land on which the residential property is proposed to be developed; and

(b) the subsequent disbursements based on the rate of completion of the various phases of development as certified by a qualified valuer at the cost of the applicant.

10. (1) An application for a loan under these Regulations shall be accompanied by the following documents where appropriate—

(a) copies of the designs of the proposed residential property duly approved by the relevant authority of the County Government within the area it is to be situated;

(b) bills of quantities in respect of the proposed development, renovation or repair;

(c) an official search of the title to the property intended to be purchased;

(d) a certified copy of the sale agreement relating to the property.

(2) The applicant shall bear the cost of stamp duty and other legal fees.

(3) Where a borrower fails to comply with the requirements of paragraph (2) within the stipulated time, the officer administering the Fund shall, upon giving the borrower fourteen days' notice, deduct the amount due from the salary of that borrower in such instalments as may be appropriate and remit the deductions to meet the costs as may be due.

(4) All legal transactions in respect of the property being purchased shall be conducted by an advocate appointed by the Board.
11. Where the property intended to be purchased through a loan from the Fund is leasehold property, the loan shall only be granted where the expiry date of the lease is at least forty-five years beyond the final loan repayment date.

12. (1) The loan amount that a member of the Scheme may receive shall be the value of the property that the member of the Scheme proposes to purchase and develop subject to the available funds and the maximum limit set by the Salaries and Remuneration Commission.

(2) A member of the Scheme shall be required to give prior authority in writing for gratuity to be utilized to clear any outstanding debt in case the member loses their job before fully repaying the loan.

(3) Subject to this Regulation, a member of the Scheme shall be eligible for the maximum amount of loan specified under paragraph (1) in each term of the member which may be accessed by the member in a maximum of two disbursements in each term.

13. A loan granted under these Regulations shall be fully repaid within the legislative term of the member.

14. (1) The interest chargeable on a loan shall be three per centum per annum on a monthly reducing balance for the duration of the loan.

(2) A mortgage institution appointed under Regulation 7 to administer the Fund may charge an interest of not more than two per centum above the interest chargeable under paragraph (1) of this regulation, to cover management costs.

(3) The interest charged under paragraphs (1) and (2) of this regulation shall be met by the borrower.

15. (1) The Fund shall register a charge on any property financed through a loan granted under these Regulations and such charge shall impose an obligation on the chargee—

(a) not mortgage, charge, surrender the lease or sell or agree to sell or part with possession of the charged property or any part thereof without the prior written consent of the Board;

(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 Board; and

(c) provide a transfer deed duly signed by the borrower and a letter authorizing the Board to sell the property in case of default in payment.

(2) All residential properties purchased through the Fund shall be constructed of such material as may be acceptable to the Board.

(3) During the loan repayment period, every borrower shall—

(a) ensure that the property is used for residential purposes only;

(b) maintain the property in a satisfactory state of repair; and

(c) not alter or make any structural alteration to the property, or carry out any valuation, assessment or investigation relating to the property or title thereto, as the case may be, without the approval of the Board.
(5) All legal documentation and disbursement of funds shall be supervised by the officer administering the Fund.

16.(1) A borrower shall take out and maintain a mortgage protection policy and a fire policy with an insurance firm approved by the Board, the cost of which shall be paid out of the Fund and debited in the borrower’s account.

(2) The originals of all documents relating to property financed by a loan from the Fund shall be kept in safe custody by the officer administering the Fund.

17. The Board may call in a loan and in default sell the charged property by public auction or private treaty where the borrower is in repayment breach of the terms under the loan agreement or the covenant contained in the charge of the mortgage instrument.

18. (1) The officer administering the Fund shall—

(a) supervise and control the administration of the Fund;

(b) utilize the interest accruing thereto to defray operating expenses, and may impose any reasonable restriction or other requirements concerning such use;

(c) 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;

(d) 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, specifying the income of the Fund and showing the expenditure incurred from the Fund, in such details as the Board may from time to time direct in accordance with the Public Finance Management Act;

(e) furnish such additional information as may be required for the purpose of examination and audit by the Auditor-General; and

(f) designate and appoint such staff as may be necessary to assist in the administration of the Fund and may require such staff to carry out such inspections as may be necessary to verify any information submitted under these Regulations.

(2) Every statement of account prepared under this Regulation shall include details of the balances 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.

19. The responsibilities of the mortgage 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;

(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 cheques for newly approved loans to various vendors, 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 Board 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.

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

(2) Subject to these Regulations, the Board shall issue guidelines on—

(a) the purchase and development of land and residential properties under these Regulations;

(b) the utilization of surplus Funds for the purchase and development of land and residential property under these Regulations; and

(c) such other matters as may be necessary for the proper management and administration of the Fund.

Dated the 8th December, 2017.

TITUS NTUCHIU,
County Executive Committee, Member for Finance.
LEGAL NOTICE NO. 3
THE PUBLIC FINANCE MANAGEMENT ACT
(No. 18 of 2012)
THE COUNTY ASSEMBLY OF MERU CAR LOAN SCHEME
FUND REGULATIONS, 2017
ARRANGEMENT OF REGULATIONS

Regulation

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2—Interpretation

PART II—ESTABLISHMENT OF THE FUND

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5—Capital of the Fund

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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 COUNTY ASSEMBLY OF MERU CAR LOAN SCHEME FUND REGULATIONS, 2017

PART I—PRELIMINARY

1. These Regulations may be cited as the County Assembly of Meru Car Loan Scheme Fund Regulations, 2017.

2. In these Regulations, unless the context otherwise requires-
   “Board” means Meru County Service Board of Meru;
   “borrower” means a person in receipt of a loan out of the Fund;
   “Committee” means the Loans Management Committee established under Regulation 6;
   “financial year” means the period of twelve months ending on the 30th June in each year;
   “Fund” means the County Assembly of Meru Car Loan Scheme Fund established under Regulation 3;
   “Loan Agreement” means an agreement between the Fund and a member of the scheme;
   “member of the Scheme” means a Member of County Assembly of Meru;
   “officer administering the Fund” means the Clerk of the County Assembly of Meru;
   “valuer” means a person registered as a valuer under the Valuers Act.

PART II—ESTABLISHMENT OF THE FUND

3. There is established a fund to be known as the County Assembly of Meru Car Loan Scheme Fund.

4. The object and purpose of the Fund shall be to provide a loan scheme for the purchase of vehicles by members of the Scheme.

5. The Capital of the Fund shall consist of—
   (a) monies appropriated by Meru County;
   (b) income generated from the proceeds of the Fund; and
   (c) grants and donations.

PART III—MANAGEMENT COMMITTEE

6. (1) There is established a committee to be known as the Members Car Loan Management Committee, which shall consist of—
   (a) one member of the Board nominated by resolution of the Board who shall be the Chairperson;
the Leader of the Majority Party of the County Assembly;
the Leader of the Minority Party of the County Assembly;
the Majority Party Whip of the County Assembly;
the Minority Party Whip of the County Assembly;
two members of the county Assembly being, one a man and one a woman appointed by County Assembly; and
the Clerk of the County Assembly, who shall be the secretary to the committee and ex-officio member;

7. The Clerk of the County Assembly shall be the officer administering the Fund.

8. The Committee may appoint such staff to attend its meetings as may be deemed necessary.

9. The meetings of the Committee shall be convened by the chairperson or in the absence of the chairperson, by a member designated to act as the chairperson and shall be convened at such times as may be necessary for the discharge of the Committee's functions.

10. The quorum for a meeting of the Committee shall be any four members.

PART IV — ADMINISTRATION OF THE FUND

11. (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 by presenting a form in such manner as the Committee may prescribe.

(2) The Officer administering the Fund shall satisfy himself 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) The Committee shall consider and may approve the loan applications presented by the officer administering the Fund.

(4) If the Committee approves the application, the applicant shall enter into a purchase agreement in such form as the Committee may prescribe.

12. (1) A loan approved under Regulation 11 shall be released from the Fund in such manner, taking into account the security of the funds, as may be prescribed by the Committee.

(2) The log-book of a vehicle subject to a loan from the Fund shall be issued jointly between the County Assembly of Meru and the member of the Scheme and shall be kept in the custody of the officer administering the Fund until the loan is repaid in full by the member of the Scheme.

13. (1) For the purpose of these Regulations, 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 a report from the
(2) Notwithstanding the provisions of paragraph (1), there may be advanced from the Fund to a member of the Scheme an additional loan not exceeding ten per cent of the value of the vehicle purchased by the member of the Scheme to cater for an overhaul of the engine of the vehicle.

(3) A used car should be able to attract comprehensive insurance cover.

14. (1) A loan granted to a member of the Scheme under these Regulations shall carry an interest rate of three per cent per annum on a reducing balance for the duration of the loan.

(2) The interest charged under paragraph (1) shall be utilized to defray the administrative expenses of the Fund.

15. A loan advanced under these Regulations shall be repaid in full during the member’s legislative term irrespective of whether the vehicle purchased is new or used.

16. A member of the Scheme shall comprehensively insure any vehicle purchased through the Scheme with an insurer approved by the Committee or the financial.

17. (1) Upon full payment of the loan, a signed loan discharge certificate and a duly signed transfer form in such forms as may be prescribed by the committee shall be issued to the member of the Scheme and a copy thereof shall be forwarded to the Registrar of Motor Vehicles.

(2) The loan discharge certificates shall release the member of the Scheme from any further financial obligation in respect of the loan and shall act as sufficient authority to remove the caveat on the vehicle pursuant to Regulation 12.

18. (1) The officer administering the Fund shall—

(a) supervise and control the administration of the Fund;

(b) utilize the interest accruing thereto to defray operating expenses, and may impose any reasonable restriction or other requirements concerning such use;

(c) 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;

(d) 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 as the Committee may from time to time direct in accordance with the Public Finance Management Act; and
(e) furnish such additional information as may be required for the purpose of examination and audit by the Auditor-General;

(2) Every statement of account prepared under this regulation shall include details of the balances 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.

(3) All monies of the Fund shall be paid into an account operated by the officer administering the Fund.

19. The Committee may, if they consider it appropriate to do so, appoint a financial institution to administer the Fund on behalf of the Committee subject to the Salaries and Remuneration Commission guidelines.

PART V—MISCELLANEOUS

20. (1) Any person who contravenes any provision of these regulations, notice, or order made under any of them, which no penalty has been prescribed, commits an offence under these Regulations and shall upon conviction be liable to a fine not exceeding one million shillings or to imprisonment for a term not exceeding one year, or to both.

21. (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.

(2) Subject to these Regulations, the Committee may issue guidelines on such other matters as may be necessary for the proper management and administration of the Fund.

Dated the 8th December, 2017.

TITUS NTUCHIU,
County Executive Committee, Member for Finance.