

**SPECIAL ISSUE**

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LEGAL NOTICE NO. 1

THE PUBLIC FINANCE MANAGEMENT ACT

(No. 18 of 2012)

THE KISUMU COUNTY ASSEMBLY (CAR LOAN SCHEME FUND)  
REGULATIONS, 2018

ARRANGEMENT OF REGULATIONS

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THE KISUMU COUNTY ASSEMBLY (CAR LOAN SCHEME FUND)  
REGULATIONS, 2018

IN EXERCISE of the powers conferred by section 8 of the County Governments Act, 2012 and section 116 of the Public Finance Management Act, 2012, the Executive Committee Member for Finance makes the following Regulations—

*Citation*

1. These Regulations may be cited as the Kisumu County Assembly (Car Loan Scheme Fund) Regulations, 2018.

*Interpretation*

2. In these Regulations, unless the context otherwise requires—

“Kisumu County Assembly Service Board” means the board established under section 12 of the County Government Act, 2012.

“Administrator” means the administrator of the Fund appointed under these Regulations;

“borrower” means a person in receipt of a loan out of the Fund;

“Committee” means the Scheme Management Committee established under regulation 6;

“Employee” means a person employed by the Kisumu County Assembly Service Board.

“Executive Committee Member” means the Kisumu County Executive Committee Member responsible for Finance appointed under section 35 of the County Government Act, 2012.

“financial year” means a period of twelve months starting on the 1st July and ending on the 30th June of each year;

“Fund” means the County Assembly Members and Employees Car Loan Scheme Fund Established by regulation 3;

“Member of the scheme” means a member and employee of the Kisumu County Assembly;

“Finance company” has the meaning assigned to it under section 2 of the Banking Act;

“Speaker” means the Speaker of the Kisumu County Assembly and includes the Deputy Speaker when acting as Speaker.

“Accounting officer” means the Clerk of the County Assembly of Kisumu

“SRC” means Salaries Remuneration Commission as established under Article 230 of the Constitution.

*Establishment of the Fund*

3. There is established a Fund to be known as the Kisumu County Car Loan Scheme Fund under the Section 116 of the Public Finance Management Act, 2012

*Object and purpose of the Fund*

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

*Capital of the Fund*

5. The initial capital of the Fund shall consist of—

- (a) the monies standing to the credit of the fund on the date of the coming into operations of these regulations.
- (b) the County Assembly may appropriate additional monies as may be voted in the subsequent financial years.
- (c) proceeds from the sale of motor vehicles; and
- (d) All monies that shall be paid to the Fund.

*Scheme Management Committee*

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

- (a) The Vice-Chairperson of Kisumu County Assembly Service Board shall be the chairperson;
- (b) Executive Committee Member in charge of Finance; or his designate;
- (c) The Resident member of the County Assembly Service Board;
- (d) Majority whip;
- (e) Minority whip;
- (f) The administrator of the Fund.
- (g) The Chairperson of the Staff Welfare Association;

(2) The officer administering the Fund shall be an ex-official member and the secretary to the committee.

*Removal from Office*

(3) A member of the scheme management committee may be removed from the committee if:

- (a) The member is absent from three consecutive meetings of the committee without good course;
- (b) The member is in serious violation of these regulations or any other applicable law;
- (c) The member is guilty of gross misconduct;
- (d) If the member is physically or mentally incapable of performing the functions of the committee;
- (e) The member is adjudged bankrupt

(4) The functions of the scheme management committee shall be—

- (a) To determine and recommend review of policies for administering the Fund;
- (b) To receive and consider car loan and mortgage applications;
- (c) To recommend to the administrator of the Fund the eligible loan applicants;
- (d) To monitor the loan awards to applicants and assess if the Fund is being administered in accordance with the Fund's object and purpose, and within the SRC guidelines.

*Functions of the Scheme Management Committee*

7. (1) The County Executive Committee member responsible for the matters relating to finance shall designate an officer to administer the Fund.

(2) The responsibilities of the officer administering the fund shall be to:

- (a) Process applications for loans in accordance with the regulations and existing terms and conditions of borrowing;
- (b) Supervise the day to day running of the Fund;
- (c) Impose conditions and restrictions on expenditure arising from the Fund;
- (d) Cause to be kept proper books of accounts and other records relating to the Fund;
- (e) Prepare and submit to the Auditor-General in respect of each financial year and within three months after the end, thereof, a statement of account relating to the Fund in accordance with the PMF Act and in search details as the County Treasury may from time to time direct.
- (f) Prepare and submit other reports as may be required under any applicable law.

(3) The officer administering the Fund shall cause an account in the name of the fund to be maintained for the fund in accordance with the provisions of the Public Finance Management Act.

(4) Notwithstanding regulation 6 (3), the Fund administrator may, if it considers it appropriate to do so, appoint a financial institution to administer the funds on its behalf.

*Fund Administrator Kisumu County Assembly Service Board may appoint financial institution.*

8. (1) The meetings of the committee shall be convened by the chairperson or in the absence of the chairperson, by a member and shall be convened at such times as may be necessary for the discharge of the functions of the committee.

(2) The quorum for the committee shall be any four members of the committee.

(3) The decision of the Committee shall be by simple majority and in the case of a tie; the chairperson shall have a casting vote.

*Purpose of Loan*

(2) A loan obtained under these Regulations shall be utilized for the purchase of motor vehicles.

(3) The Committee shall from time to time set the criteria for granting loans to borrowers under these Regulations.

*Conditions for disbursement of funds*

10. (1) A loan approved under regulation 9 shall be released from the fund in such manner and taken into account the security of the funds as may be prescribed by the committee.

(2) The log-book of a vehicle's subject to a loan from the fund shall be issued jointly between the Kisumu County Assembly Board 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.

*Temporary release of logbook*

11. (1) A log-book is kept in custody by the officer administering the Fund may be temporarily released to a member of the Scheme upon application in writing to the officer administering the Fund for purposes of renewal by that member of the necessary licenses.

(2) A log-book released under paragraph (1) shall be returned to the officer administering the Fund within seven working days from the date of such release.

(3) The officer administering the Fund shall acknowledge receipt of the log-book in writing.

*Application for Loan*

12. (1) A member of the scheme who wishes to apply for a loan from the Fund shall present to the officer administering the fund a duly completed hire purchase proposal form in such form as management 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 and where so satisfied shall forward the application to the Committee for consideration. Provided that the current members of County Assembly are legible for the Fund courtesy of SRC approval on the same.

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

(4) The applicants shall bear the cost of stamp duty and other legal fees.

(5) where a borrower fails to comply with the requirements of paragraph (4) within the stipulated time, the officer administering the fund shall, upon given the borrower fourteen days' notice, deduct the amount due from the salary of that borrower in such instalments as may be appropriate and remit such deductions to meet such costs as may be due.

(6) All transactions in respect of the motor vehicle being purchased shall be conducted by an advocate appointed by the Kisumu County Assembly Board.

*Loan amounts*

13. (1) The maximum loan to be granted under these regulations to a member of the scheme shall be:

*Maximum loan disbursement*

(a) KSh. 2,000,000 for a member of County Assembly;

(b) For members of staff, an amount that will be determined by the board in accordance with the SRC guidelines or such ceilings that the SRC may determine from time to time.

(2) For the purposes 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 body known as Automobile Association of Kenya or the National Government department dealing with such matters (Public Works).

(3) No member of the scheme shall receive a loan the repayment of which shall result in salary deductions exceeding one third of the monthly emoluments of members of the scheme.

*Repayment of Loan*

14. (1) A loan advance under these regulations shall be repaid in full as follows;

- (a) For a member of the County Assembly, the loan shall be repaid in full over a maximum sixty months irrespective of whether the vehicle is new or used and provided that the repayment period shall terminate upon completion of their tenure;
- (b) For member of staff who shall be on permanent and pensionable terms over a maximum seventy two months or at such period the board may determine for the member of the staff in line with the SRC guidelines and remaining period of service for the staff member.

(2) A member of the scheme shall comprehensively insure any vehicle purchased through the scheme.

(3) A member of the scheme who is unable to pay the subsequent annual premiums referred to in paragraph (2) may apply to the Fund for a loan which shall be repaid within a period of one year.

(4) Any 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 Fund.

*Interest of Loan*

15. (1) The interest chargeable on a loan shall be three per centum per annum on a monthly reducing balance.

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

*Loan discharge*

16. (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 member of the Scheme and a copy thereof shall be forwarded to the Registrar of Motor Vehicles.

(2) The loan discharge certificate shall release to 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 (8).

*Default in repayment*

17. (1) Where a borrower defaults in repayment of the loan for a period of four consecutive months, the Committee shall repossess and sell the vehicle to another deserving Member or employee.

(2) Notwithstanding these Regulations, where a borrower ceases to be a Member or employee before repayment in full, the Committee may, in its discretion, grant a maximum period of four months in which they may make the outstanding loan repayment in full.

*Transfer or sale of loan motor vehicle*

18. No person shall sell or in any way transfer any vehicle acquired from the proceeds of the Fund under these Regulations unless—

- (a) Met Regulation (16) or;
  - (i) of the payment of the full purchase price of the vehicle together with such interest as may be due; or
  - (ii) of the payment in full of the loan advanced by the Fund together with such interest as may be due;
- (b) the sale or transfer has been approved by the Committee.

*Duties of financial institution*

19. Where the Committee, pursuant to regulation 6 (2) (d) of these Regulations, appoints a financial institution to administer the Fund, the institution shall—

- (a) operate individual accounts for each borrower and provide details of recoveries of the loan;
- (b) charge security on properties acquired through loans from the Fund to protect the interests of the Fund and act as a custodian for such charges;
- (c) disburse cheques for newly approved loans to borrowers after the necessary documentation has been completed by the Committee;
- (d) pay all outgoing and issue demand notices to defaulting borrowers through the officer administering the Fund; and
- (e) Upon repayment of the loan, interest and other expenses which may be outstanding, discharge the charge and release the security documents to the borrowers.
- (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.

*Management costs*

20. The Fund or, where applicable, or car loan finance company referred to under regulation (20), may charge an interest of not more than two per cent per annum of the value of the loan to cover the management costs.

*Miscellaneous*

21. These Regulations shall be supplemented by such requirements as may be detailed in the loan application form supplied by the Fund and by the contract between Fund and the borrower.

*Amendment to Regulations*

22. The Committee may, from time to time recommend to the Executive Committee Member any amendment to these Regulations.

Legal Notice No.1 of 2014 is Revoked.

Made on the 5th July, 2018.

NERRY OTIENO ACHAR,  
*Ag. Kisumu County Executive Committee Member, Finance.*

## LEGAL NOTICE NO. 2

## THE PUBLIC FINANCE MANAGEMENT ACT

(No. 18 of 2012)

THE KISUMU COUNTY ASSEMBLY (MORTGAGE SCHEME FUND)  
REGULATIONS, 2018

## ARRANGEMENT OF REGULATIONS

*Regulation*

- 1—Citation and commencement.
- 2—Interpretation.
- 3—Establishment of the Fund.
- 4—Objective and purpose of the Fund.
- 5—Capital of the Fund.
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- 7—Conduct of business of the Committee.
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- 9—Purpose of Loan.
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- 18—Default in repayment.
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- 21—Duties of mortgage institution.
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- 24—Supplementary terms.
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THE KISUMU COUNTY ASSEMBLY (MORTGAGE SCHEME FUND)  
REGULATIONS, 2018

IN EXERCISE of the powers conferred by section 8 of the County Governments Act, 2012 and Section 116 of the Public Finance Management Act, 2012, the Executive Committee Member for Finance makes the following Regulations—

*Citation.*

1. These Regulations may be cited as the Kisumu County Assembly (Mortgage Scheme Fund) Regulations, 2018.

*Interpretation*

2. In these Regulations, unless the context otherwise requires—

“Kisumu County Assembly Service Board” means the board established under section 12 of the County Government Act, 2012.

“Administrator” means the administrator of the Fund appointed under these Regulations;

“borrower” means a person in receipt of a loan out of the Fund;

“Committee” means the Scheme Management Committee established under regulation 6;

“employee” means a person employed by the Kisumu County Assembly Service Board; who is not covered by any other housing scheme;

“Executive Committee Member” means the Kisumu County Executive Committee Member responsible for Finance appointed under section 35 of the County Government Act 2012.

“financial year” means a period of twelve months ending on the 30th June of each year;

“Fund” means the County Assembly Members and Employees of Housing Mortgage Scheme Fund Established by regulation 3;

“Member of the scheme” means a member and employee of the Kisumu County Assembly;

“mortgage finance company” has the meaning assigned to it under section 2 of the Banking Act

“Speaker” means the Speaker of the Kisumu County Assembly and includes the Deputy Speaker when acting as Speaker.

“Accounting officer” means the Clerk of the County Assembly of Kisumu

“tenant purchase institution” means a company incorporated in Kenya which has not less than twenty years experience in operation of tenant purchase loan schemes for over two thousand housing units at one moment.

“SRC” means Salaries and Remuneration Commission as established under Article 230 of the constitution.

*Establishment of the Fund*

3. There is established a Fund to be known as the Kisumu County Mortgage Scheme Fund under the Section 116 of the Public Finance Management Act, 2012.

*Object and purpose of the Fund*

4. The object and purpose for which the Fund shall be to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme and, or develop housing units for sale and for rental by Members and employees.

*Capital of the Fund*

5. The initial capital of the Fund shall consist of—

- (a) The monies standing to the credit of the fund on the date of the coming into operations of these regulations.
- (b) The County Assembly may appropriate additional monies as may be voted in the subsequent financial years.
- (c) Proceeds from the sale of motor vehicles; and
- (d) All monies that shall be paid to the Fund.

*Scheme Management Committee*

6. (1) There is established a committee to be known as Scheme Management Committee which shall consist of:

- (a) The Vice-Chairperson of Kisumu County Assembly Service Board shall be the chairperson;
- (b) Executive Committee Member in charge of Finance; or his designates
- (c) The Resident member of the County Assembly Service Board;
- (d) Majority whip;
- (e) Minority whip;
- (f) The administrator of the Fund.
- (g) The Chairperson of the Staff Welfare Association

(2) The officer administering the Fund shall be an ex- officio member and the secretary to the committee.

*Removal*

(3) A member of the scheme management committee may be removed from the committee if:

- (a) The member is absent from three consecutive meetings of the committee without good course;
- (b) The member is in serious violation of these regulations or any other applicable law;
- (c) The member is guilty of gross misconduct;
- (d) If the member is physically or mentally incapable of performing the functions of the committee;
- (e) The member is adjudged bankrupt;

*Functions of the Scheme Management Committee*

(4) The functions of the scheme management committee shall be:

- (a) To determine and recommend review of polies for administering the Fund;
- (b) To receive and confide car loan and mortgage applications;

- (c) To recommend to the administration of the Fund the eligible loan applicants;
- (d) To monitor the loan awards to applicants and assess if the Fund is being administered in accordance with the Fund's object and purpose, and within the SRC guidelines.

*Conduct of business of the Committee.*

7. (1) The County Executive Committee member responsible for the matters relating to finance shall designate an officer to administer the Fund.

(2) The responsibilities of the officer administering the fund shall be to—

- (a) Process applications for loans in accordance with the regulations and existing terms and conditions of borrowing;
- (b) Supervise the day to day running of the Fund;
- (c) Impose conditions and restrictions on expenditure arising from the Fund;
- (d) Cause to be kept proper books of accounts and other records relating to the Fund;
- (e) Prepare and submit to the Auditor-General in respect of each financial year and within three months after the end, thereof, a statement of account relating to the Fund in accordance with the PMF Act and in search details as the County Treasury may from time to time direct.
- (f) Prepare and submit other reports as may be required under any applicable law.

(3) The officer administering the Fund shall cause an account in the name of the fund to be maintained for the fund in accordance with the provisions of the Public Finance Management Act.

(4) Notwithstanding regulation 6 (3), the Fund administrator may, if it considers it appropriate to do so, appoint a financial institution to administer the funds on its behalf.

*Kisumu County Assembly Service Board may appoint mortgage institutions*

8. Notwithstanding regulation 6(3) The Kisumu County Assembly Service Board may, if it considers it appropriate to do so, appoint a mortgage institution to administer the fund on its behalf through a competitive manner.

*Purpose of 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 a 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 property for the occupation of the applicant and his or her immediate family

(3) The Committee shall from time to time set the criteria for granting loans to borrowers under these Regulations.

*Disbursement of Loans for development*

10. (1) A loan granted for the development of residential property, under these regulations, shall be released to the applicant in two tranches at 50% each.

*Application for Loan*

11. (1) A public officer who wishes to apply for a loan from the Fund shall make such application to the Administrator in such manner as the Committee may prescribe.

(2) An application for a loan for construction purposes shall be accompanied by the following documents where applicable—

- (a) copies of the designs of the proposed residential property duly approved by the urban area or city within whose area it is to be situate;
- (b) bills of quantities in respect of the proposed development;
- (c) an official search of the title to the property intended to be purchased; and
- (d) a certified copy of the sale agreement relating to the property.

(3) A loan to purchase property granted under these Regulations shall be funded at the rate of—

- (a) one hundred percent of the value of the property, where such property is situate in Kisumu County; and
  - (b) one hundred percent of the value of the property if the property is situate in any other locality.
- (4) The applicants shall bear the cost of stamp duty and other legal fees.

(5) where a borrower fails to comply with the requirements of paragraph (4) within the stipulated time, the officer administering the fund shall, upon given 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.

(6) All transactions in respect of property being purchased shall be conducted by an advocate appointed by the Kisumu County Assembly Board.

*Leasehold property*

12. Where the property intended to be purchased through a loan from the Fund is leasehold property, such loan shall be granted where the expiry date of such lease is at least thirty five years beyond the final loan repayment date.

(2) A member of the scheme shall be required to give prior authority in writing for gratuity, pension's dues, and allowances to be utilized to clear any outstanding debt in case the member loses the ward seat before fully repaying the loan.

(3) A loan granted to a borrower under these regulations shall be funded at the rate of a hundred per centum of the value of the property, where such property is situated in Kisumu or any other area.

(4) Subject to this regulation, a member of the scheme shall be eligible for the maximum amount of loan specified in the sub-regulation (1) in each county assembly term to be assessed by the member in a maximum of two disbursements in that term.

*Maximum loan disbursement*

13. (1) The maximum loan to be granted under these reforms to a member of the scheme shall be:

- (a) KSh. 3,000,000 for a member of County Assembly;
- (b) For members of staff, an amount that will be determined by the board in accordance with the SRC guidelines.

*Loan Amounts*

(2) For the purposes of these Regulations, the value of the property 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 body known as Automobile Association of Kenya or the National Government department dealing with such matters (Public Works).

(3) No member of the scheme shall receive a loan the repayment of which shall result in salary deductions exceeding one third of the monthly emoluments of members of the scheme.

*Repayment of Loan*

14. (1) A loan advance under these regulations shall be repaid in full as follows;

- (a) For a member of the County Assembly, the loan shall be repaid in full over a maximum sixty months irrespective of whether the vehicle is new or used and provided that the repayment period shall terminate upon completion of their tenure;
- (b) For members of staff who shall be on permanent and pensionable terms over a maximum seventy two months or at such period the board may determine for the member of the staff in line with the SRC guidelines and remaining period of service of the staff member.

(2) A member of the scheme shall comprehensively insure any vehicle purchased through the scheme.

(3) A member of the scheme who is unable to pay the subsequent annual premiums referred to in paragraph (2) may apply to the Fund for a loan which shall be repaid within a period of one year.

(4) Any 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 Fund.

*Interest of Loan*

15. (1) The interest chargeable on a loan shall be three per centum per annum on a monthly reducing balance.

(2) A mortgage institution appointed under regulation (8) to administer the fund may charge an interest not more than three per centum per annum to cover management costs.

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

*Lien under loan property*

16. (1) The County Assembly Service Board shall have a charge registered on the property financed through a loan granted under these regulations and shall be entitled to have its name entered in all documents of title for such property.

(2) The borrower shall—

- (a) not mortgage, charge, surrender the lease, or sell or agree to sell or part with possession of the charged property or part thereof without the prior written consent of the County Assembly Service Board.
- (b) meet and pay all rates, rents, insurance and any other outgoing payments in respect of the property and send the proof of such payments to the County Assembly Service Board; and

- (c) provide a transfer deed duly signed by the borrower and a letter authorizing the Fund to sell the property in case of default in payment.
- (3) All residential properties purchased or developed through the Fund shall be constructed of such standards and material as are acceptable and to which the County Assembly Service Board shall approve.
- (4) During the tenant purchase or loan repayment period, the 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) make no extension or any structural alteration, carry out any valuation, assessment, or investigation relating to the property or title thereto, as the case maybe without the prior approval of the Committee.
- (5) No borrower shall be eligible for more than one loan at a time or more than a total of two loans from the fund
- (6) All legal documentation and disbursement of funds shall be supervised by the officer administering the Fund.
- (7) The Committee shall grant only one loan or one house to either the Member or employee or a spouse where the spouse is also a Member or employee and the granting of a loan or house to one spouse shall bar the other spouse from benefiting from the Fund.

*Insurance in respect of Loan property*

17. (1) Every borrower shall take and maintain a life insurance policy and a fire insurance policy with an insurance company approved by the County Assembly Service 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 Administrator.

(3) The Committee shall be entitled to do everything lawful and necessary to protect its interest in the property in respect of which a loan is granted.

*Default in repayment*

18. (1) Where a borrower defaults in repayment of the loan for a period of four consecutive months, the Committee shall repossess and sell the property to another deserving Member or employee.

(2) Notwithstanding these Regulations, where a borrower ceases to be a Member or employee before repayment in full, the Committee may, in its discretion, grant a maximum period of four months in which they may make the outstanding loan repayment in full.

*Administration of the Fund*

- 19. (1) The Administrator of the Fund shall—
  - (a) open and manage a bank account for the Fund;
  - (b) supervise and control the administration of the Fund;
  - (c) utilize the interest accruing thereto to defray operating expenses;
  - (d) may impose any reasonable restriction or other requirement concerning such use;
  - (e) cause to be kept books of account and other records in relation to the Fund;

- (f) prepare, sign and transmit to the Auditor-General in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, and such details as the Treasury may, from time to time, direct in accordance with law relating to audit of public funds;
- (g) Designate and appoint such staff as may be necessary to assist him 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.

*Transfer or sale of loan property*

20. No person shall sell or in any way transfer any property acquired from the proceeds of the Fund under these Regulations unless—

- (a) a period of not less than eight years has expired from the date—
  - (i) of the payment of the full purchase price of the property together with such interest as may be due; or
  - (ii) of the payment in full of the loan advanced by the Fund together with such interest as may be due;
- (b) the sale or transfer has been approved by the Committee.

*Duties of mortgage institution*

21. Where the Committee, pursuant to regulation 8 of these Regulations, appoints a tenant purchase institution or a mortgage finance company to administer the Fund, the institution shall—

- (a) operate individual accounts for each borrower and provide details of recoveries of the loan;
- (b) charge security on properties acquired through loans from the Fund to protect the interests of the Fund and act as a custodian for such charges;
- (c) disburse cheques for newly approved loans to borrowers after the necessary documentation has been completed by the Committee;
- (d) pay all outgoing and issue demand notices to defaulting borrowers through the officer administering the Fund; and
- (e) upon repayment of the loan, interest and other expenses which may be outstanding, discharge the charge and release the security documents to the borrowers.
- (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.

*Management costs*

22. The Fund or, where applicable, the tenant purchase institution or mortgage finance company referred to under regulation 21, may charge an interest of not more than two per cent per annum of the value of the loan to cover the management costs.

*Miscellaneous*

23. These Regulations shall be supplemented by such requirements as may be detailed in the loan application form supplied by the Fund and by the contract between Fund and the borrower.

*Supplementary terms*

24. Subject to these regulations, the Committee 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.

*Amendment to Regulations*

25. The Committee may, from time to time recommend to the Executive Committee Member any amendment to these Regulations.

Legal Notice No.2 of 2014 is Revoked.

Made on the 5th July, 2018.

NERRY OTIENO ACHAR,  
*Ag. Kisumu County Executive Committee Member, Finance.*