

CHAPTER 117

THE HOUSING ACT

SUBSIDIARY LEGISLATION

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THE CIVIL SERVANTS (HOUSING SCHEME FUND) REGULATIONS

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SCHEDULES

SCHEDULE —

FUNDS



THE CIVIL SERVANTS (HOUSING SCHEME FUND) REGULATIONS

[Legal Notice 98 of 2004, Legal Notice 17 of 2015, Legal Notice 231 of 2015]

1. Citation and commencement

These Regulations may be cited as the Civil Servants (Housing Scheme Fund) Regulations, 2004, and shall be deemed to have come into operation on the 1st September, 2004.

2. Interpretation

In these Regulations, unless the context otherwise requires—

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

“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for housing;

“civil servant” means an employee in a Ministry within the National Government;

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

“equity release” means a loan that allows the home owner to access equity in his or her home without having to sell it for purposes of improving it;

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

“Fund” means the Civil Servant Housing Scheme Fund established by regulation 3 of these Regulations;

“mortgage finance company” has the meaning assigned to it under section 2 of the Banking Act (Cap. 488);

“officer administering the Fund” means the accounting officer of the Ministry for the time being responsible for housing;

“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.

[L.N. 17/2015, r. 2, L.N. 231/2015, r. 2.]

3. Establishment of the Fund

There is hereby established a Fund to be Known as the Civil Servant Housing Scheme Fund.

[L.N. 17/2015, r. 3, L.N. 231/2015, r. 3.]

4. Objective and purpose of the Fund

The objective and purpose for which the Fund is established is to—

- (a) provide housing loan facilities to civil servants for the purposes of either purchasing or constructing a residential house;
- (b) develop housing units for sale and for rental by civil servants; and
- (c) raise funds for the implementation of the objectives stated under paragraphs (a) and (b) of this regulation.

5. Capital of the Fund

The capital of the Fund shall consist of—

- (a) the initial capital of three hundred million shillings paid out of the vote of the Ministry of Lands and Housing for the 2004/2005 financial year and such other funds as may be voted in subsequent financial years;

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- (b) proceeds from the sale of non-strategic houses; and
- (c) all monies that shall be paid into the account operated by the officer administering the Fund.

6. Management of the Fund

(1) The Fund shall be administered by the Scheme Management Committee which shall consist of—

- (a) the Officer administering the Fund;
- (b) the Principal Secretary responsible for the National Treasury;
- (c) the Principal Secretary responsible for Labour, Social Security and Services;
- (d) the Principal Secretary responsible for Human Resource Management and Development;
- (e) the Principal Secretary responsible for infrastructure;
- (f) the Principal Secretary responsible for Coordination of National Government; and
- (g) the Attorney-General.

(2) The functions of the Committee shall be to—

- (a) supervise and control the day to day administration of the Fund;
- (b) determine and regulate interest payable by loanees;
- (c) approve all housing development and financing proposals;
- (d) enter into agreement with persons or legal entities for the purposes of providing services to the Fund;
- (e) develop an equitable criteria for the beneficiaries of the Fund;
- (f) establish management guidelines and engage such staff as may be necessary to assist the Committee and the officer administering the Fund; and
- (g) such other duty as may be directed by the Cabinet Secretary for the purposes of the proper management of the Fund.

(3) The Committee shall meet at least four times in a year.

(4) The officer administering the Fund shall be the chairman of the Committee.

(4A) The officer in charge of the Fund Secretariat shall be the Secretary to the Committee.

(5) The quorum for a meeting of the Committee shall be the chairman and three other members.

(6) The decision of the Committee shall be by simple majority and in the case of a tie, the chairman shall have a casting vote.

[L.N. 17/2015, r. 4, L.N. 231/2015, r. 4.]

7. Purpose of Loan

(1) A loan granted under these Regulations shall solely be utilized for—

- (a) purchase of a residential house for the occupation of the applicant;
- (b) improvement of a residential house occupied by the applicant;
- (c) development of a residential house for the occupation of the applicant;
- (d) purchase of land and development of a residential house for occupation by the applicant;
- (e) equity release for improvement or development of a residential property; and

Provided that, a loan granted under these Regulations shall not be utilised for commercial purposes.

(2) A loan for development of residential property shall be granted at the discretion of the Committee to a civil servant who is in possession of a title deed to the land on which the development is to be carried out.

[L.N. 231/2015, r. 5.]

7A. Maximum funding

(1) The funds that may be loaned to a civil servant under these Regulations shall be as provided in the Schedule.

(2) The Cabinet Secretary, in consultation with the Committee, may from time to time vary the maximum funds that may be loaned to a civil servant under these Regulations.

[L.N. 17/2015, r. 5, L.N. 231/2015, r. 6.]

7B. Criteria for grant of loan

The maximum loan that may be granted under these Regulations shall be based on the ability to pay and shall be payable by check off system.

[L.N. 17/2015, r. 5, L.N. 231/2015, r. 6.]

7C. Eligibility

Eligibility for a loan under these Regulations shall be for a civil servant who has been confirmed in employment provided that any civil servant on contract terms of service shall have an unexpired contract period of more than twelve months.

[L.N. 231/2015, r. 6.]

8. Disbursement of Loans for development

(1) A loan granted for the development of residential property, shall be released to the borrower in phases in accordance with subregulations (2) and (3) of this regulation.

(2) The first disbursement of a loan released to a civil servant shall be—

(a) twenty five *per centum* of the cost of construction:

Provided that the cost of construction shall not exceed the maximum funding under these Regulations; or

(b) twice the open market value of the land on which the residential property is proposed to be constructed;

whichever is lesser.

(3) The subsequent disbursements shall be based on the rate of completion of the various phases of development as certified by a valuer, registered as such under the Valuers Act (Cap. 532), at the cost of the borrower.

[L.N. 17/2015, r. 6, L.N. 231/2015, r. 7.]

9. Application for Loan

(1) A civil servant 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.

(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 relevant authority within whose area it is to be situated;

(b) priced bills of quantities in respect of the proposed development;

(c) proof of ownership of the land on which the construction is to be carried out.

(d) *deleted by L.N. 231/2015, r. 8(a)(iv).*

(3) An application for a loan to purchase a house shall be submitted together with the following documents—

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- (a) a certified copy of the sale agreement relating to the purchase;
- (b) proof of ownership of the property by the seller;
- (c) proof of the availability of funds specified under paragraph 3C;
- (d) any other document that the Committee may require for the purpose of determining the application.

(3A) An applicant under this regulation shall meet any other condition imposed by the Committee under these Regulations.

(3B) A loan granted under these Regulations—

- (a) shall be funded at the rate of ninety per centum of the value of the property; and
- (b) shall not exceed the maximum loan amount set under regulation 7A.

(3C) The balance over and above the maximum loan amount under regulation 7A and all other monies payable including stamp duty, transfer fees and other related charges shall be paid by the borrower.

(4) The borrower shall be required to deposit the balance under paragraph (3) with the Fund together with all monies payable as stamp duty and other legal fees.

(5) The Committee may, where it deems appropriate, appoint an advocate to act on his behalf in respect of transactions relating to the property under these Regulations.

[L.N. 17/2015, r. 7, L.N. 231/2015. r. 8.]

10. Leasehold property

Where the property intended to be purchased through a loan from the Fund is leasehold property, no loan shall be granted unless the expiry date of such lease is at least forty-five years from the date the loan was granted.

[L.N. 17/2015, r. 8, L.N. 231/2015. r. 9.]

11. Repayment of Loan

(1) A loan granted under these Regulations shall be repayable within a period of twenty years or before the loanee attains the age of sixty years, whichever is earlier.

(2) A borrower may give prior authority in writing for his pension dues to be utilised to clear any outstanding debt in case he retires before repaying the loan.

(3) Where the property is developed by the Fund for the purposes of tenant purchase, the borrower shall pay a deposit of ten per centum of the value of the property and shall subject to paragraph (4) be granted a loan of the remaining ninety per centum to be repaid monthly and in accordance with these Regulations.

(4) The loan granted to a borrower under paragraph (3) shall not exceed the maximum loan under regulation 7A.

[L.N. 17/2015, r. 9, L.N. 231/2015. r. 10.]

12. Interest of Loan

(1) The interest rate payable on a loan under these Regulations shall be a minimum of three percent and a maximum of five percent per annum on a monthly reducing balance inclusive of administration costs.

(2) The interest charged under this regulation shall be paid by the borrower.

(3) The Fund, tenant purchase institution or mortgage finance company as the case may be, may utilise not more than two decimal five *per centum* of the interest charged under paragraph (1) to cover its management costs.

[L.N. 17/2015, r. 10, L.N. 231/2015. r. 11.]

13. *Lien* under Loan property

(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 chargor—

- (a) not to 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 Committee;
- (b) to 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 Committee; and
- (c) to 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.

(2) All residential properties purchased or developed through the Fund shall be constructed of such standards and material as being acceptable and to which the Committee may approve.

(3) 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 to the property or title thereto without the prior approval of the Committee.

(4) (a) A civil servant shall be eligible to two loans provided that the loans shall not run concurrently;

- (b) Where one is applying for the second benefit or the spouse has benefited before, priority shall be given to those who have never benefited;
- (c) the two loans shall not exceed the officer's current entitlement at the time of the application.

(5) All legal documentation and disbursement of funds shall be supervised by the officer administering the Fund.

(6) A civil servant covered under any other public funded scheme shall not be eligible to benefit from the Fund.

(7) A civil servant occupying a Government house who is granted a loan under these Regulations shall, within six months of such grant, vacate the Government house.

[L.N. 17/2015, r. 11, L.N. 231/2015. r. 12.]

14. Insurance in respect of loan property

(1) Every borrower shall take and maintain a life insurance policy and a fire insurance policy with an insurance company approved by the Committee, whose cost shall be paid out of the Fund, as group cover, and debited in the borrower's account.

(2) Every beneficiary of a house under construction by the Fund shall take a mortgage protection cover for the provisional sale price of the property.

[L.N. 17/2015, r. 12, L.N. 231/2015. r. 13.]

14A. Safe custody of document

The original documents relating to property financed by a loan from the Fund shall be kept in safe custody by the officer administering the Fund.

[L.N. 17/2015, r. 13, L.N. 231/2015. r. 14.]

14B. Protection of Government interest

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

[L.N. 17/2015, r. 13, L.N. 231/2015. r. 14.]

15. Default in repayment

(1) Where a borrower who has benefited from sale of a house constructed through the Fund defaults in repayment of the loan for a period of three consecutive months, the Committee shall repossess and sell the property to another deserving civil servant.

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(2) Where a borrower leaves service, the borrower shall continue to service the loan at the same terms and conditions as set out in these Regulations, provided that where the borrower defaults for a period of four months in repayment, the interest shall be converted to prevailing commercial rates.

(3) Notwithstanding these Regulations, where a borrower leaves service on disciplinary grounds or resigns before serving for a period of ten years, the Committee may grant the borrower a maximum period of four months to repay the full outstanding loan or permit the borrower to repay the outstanding loan at the prevailing market rate and on such other terms and conditions as the Committee may from time to time prescribe.

(4) Where the commercial rates are applicable and the borrower is in default for a period of four months, the Fund may call in the loan and sell the charged property by public auction or private treaty.

[L.N. 17/2015, r. 14, L.N. 231/2015. r. 15.]

16. Administration of the Fund

The officer administering 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, and may impose any reasonable restriction or other requirement concerning such use;
- (d) cause to be kept books of account and other records in relation to the Fund;
- (e) 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, in such details as the Treasury may, from time to time, direct in accordance with section 18(2) of the Exchequer and Audit Act (Cap. 412).

[L.N. 17/2015, r. 15, L.N. 231/2015. r. 16.]

17. Transfer or sale of Loan property

No person shall sell or in anyway transfer any property acquired from or through 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.

[L.N. 17/2015, r. 16(a), L.N. 231/2015. r. 17(a).]

17A. Financing Partnerships

The Fund may enter into a viable financing or development partnership with a person or legal entity for the purposes of implementing the objectives and purposes of the Fund.

[L.N. 17/2015, r. 16 (b), L.N. 231/2015, r. 17 (b).]

17B. Management partnerships

The scheme may enter into viable management partnerships with a scheme from any other public body.

[L.N. 17/2015, r. 16 (b), L.N. 231/2015, r. 17 (b).]

18. Duties of mortgage institution

Where the Committee, pursuant to regulation 6(2)(d) 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 or transfer funds 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;
- (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; and
- (f) perform such other duties as may be assigned to it from time to time by the Committee.

[L.N. 17/2015, r. 18, L.N. 231/2015, r. 18.]

19.

[Deleted by L.N. 231/2015, r. 19.]

20. Miscellaneous

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.

21. Amendment to Regulations

The Committee may, from time to time recommend to the Cabinet Secretary any amendment to these Regulations.

SCHEDULE

FUNDS

[L.N. 17/2015, Sch., L.N. 231/2015, Sch.]

Beneficiaries**Mortgage Scheme
Threshold**

Civil Service Grades S, T, U and equivalent grades in Public Service	<i>Up to twenty million shillings.</i>
Civil Service Grades P, Q, R and Equivalent grades in Public Service	<i>Up to fifteen million shillings.</i>
Civil Service Grades K, L, M, N and Equivalent grades in Public Service	<i>Up to ten million shillings.</i>
Civil Service Grades G, H, J and Equivalent grades in Public Service	<i>Up to six million shillings.</i>
Civil Service Grades A, B, C, D, E, F and Equivalent grades in Public Service	<i>Up to four million shillings.</i>

THE HOUSING FUND REGULATIONS

ARRANGEMENT OF REGULATIONS

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THE HOUSING FUND REGULATIONS

[Legal Notice 238 of 2018]

1. Citation

These Regulations may be cited as the Housing Fund Regulations.

2. Interpretation

In these Regulations, unless the context otherwise requires—

"Act" means the Housing Act (Cap. 117);

"Cabinet Secretary" means the Cabinet Secretary for the time being responsible for matters relating to housing;

"contribution" means a contribution - payable under these Regulations;

"contributor" means a person making a contribution under these Regulations;

"Corporation" means the National Housing Corporation established by section 3 of the Act;

"dependent" in relation to a deceased member of the Fund, means a relative of the deceased or a person who survives the deceased and who, on the date of the deceased's death was—

- (a) a spouse of the deceased;
- (b) a child of the deceased; or
- (c) a beneficiary nominated by the deceased.

"employee" has the meaning assigned to it under section 2 of the Employment Act (Cap. 226);

"employer" has the meaning assigned to it under section 2 of the Employment Act (Cap. 226);

"Housing Fund Account" means an account created for each member where mandatory and voluntary contributions accrue;

"member" means a person who is registered with the Housing Fund; and

"voluntary member" means a member who is self-employed, retired or not registered under an employer but makes monthly contributions in accordance with these Regulations.

3. Affordable housing scheme

(1) The Housing Fund established under section 6(1) of the Act shall be an affordable housing scheme for the purposes of section 30A of the Income Tax Act (Cap. 470).

(2) For the purposes of these Regulations, an "affordable housing scheme" means—

- (a) social housing designated for monthly income earners earning up to 19,999 shillings;
- (b) low cost housing designated for monthly income earners earning between 20,000 to 49,999 shillings;
- (c) mortgage gap housing designated for monthly income earners earning between 50,000 to 149,999 shillings; or
- (d) middle to high income housing designated for monthly income earners earning 150,000 shillings and above:

Provided that an individual's affordable housing scheme shall be based on the monthly income as at the date of application for a loan, housing or any other benefit or entitlement from the Housing Fund.

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4. Registration of employer and employee

(1) Every employer who, under a contract of service, employs one employee or more shall register with the Housing Fund as a contributing employer and shall register his or her employee or employees as members of the Housing Fund.

(2) Every employee who is under a contract of service shall register with the Housing Fund as a contributing employee, unless that employee is a foreigner working in Kenya.

(3) Without prejudice to the provisions of paragraph (1), a self-employed person who wishes to become a member of the Housing Fund may register as a voluntary member.

(4) Any person who is registrable as an employer under this regulation shall—

- (a) produce proof of registration with the affordable housing scheme; and
- (b) be a citizen of Kenya of at least 18 years of age.

(5) Any person who fails, neglects or refuses to register under this regulation commits an offence and shall, upon conviction, be liable to imprisonment for a term of two years or to a fine not exceeding ten thousand shillings or to both.

(6) Any employer who fails, neglects or refuses to make a contribution under this regulation commits an offence and shall, upon conviction, be liable to imprisonment for a term of two years or to a fine not exceeding ten thousand shillings or to both.

5. The Register

(1) An employer registered under these Regulations shall—

- (a) keep a proper and up-to-date register or record of the earnings and any other particulars of employees as may be specified by the Corporation;
- (b) at all times produce the register or record on demand by a compliance or other officer of the Fund; and
- (c) retain such register or record for such period as the Corporation may specify, but such period shall not exceed six years after termination.

(2) A person who violates any of the provisions of paragraph (1) commits an offence and shall, upon conviction, be liable to imprisonment for a term of two years or to a fine not exceeding ten thousand shillings or to both.

6. Voluntary contributions

(1) Every voluntary member shall contribute to the Housing Fund—

- (a) one hundred shillings per month that shall accrue to the Housing Fund; and
- (b) a minimum of one hundred shillings per month that shall accrue to the member's Housing Fund Account.

(2) The contributions made under paragraph (1) shall be paid into the Housing Fund as provided for under section 31A of the Employment Act (Cap. 226) and immediately credited to the member's individual account as the Housing Fund Account provided for under regulation 9.

7. Mode of payment

(1) Contributions shall be paid directly to a designated Housing Fund Account as may be specified by the Corporation.

(2) The Housing Fund shall notify the member of the receipt of the contribution as soon as the contribution is received.

8. Additional contributions

Every member of the Housing Fund may make additional contributions which shall be credited to member's individual account as the Housing Fund Account.

9. Creation of individual accounts for members of the Housing Fund

(1) The Corporation shall cause to be established and maintained for each member of the Housing Fund, an individual account to be known as the member's Housing Fund Account to which shall be credited all contributions made to the Housing Fund by and in respect of each member of the Housing Fund.

(2) The individual Housing Fund Account shall, in respect of each member of the Housing Fund, at any particular date, show a full break down of—

- (a) credit showing the member contributions;
- (b) voluntary contributions;
- (c) additional contributions;
- (d) transfer payments into the account, if any;
- (e) transfer payments out of the account, if any; and
- (f) interest credited into the account, if any.

(3) Each member shall receive from the Housing Fund, at the end of every financial year, an annual benefit statement indicating the summary of the member's Housing Fund Account.

(4) Notwithstanding the provisions of paragraph (3), a member may, upon giving sufficient written notice to the Housing Fund, obtain a benefit statement.

(5) Where the Housing Fund has availed the information herein required online, a member may obtain the same online information and the Housing Fund shall ensure that the information online is up to date and sufficient for purposes of getting the information required under this regulation.

(6) Where the information required cannot be obtained or a member is incapacitated to access the information electronically, the Housing Fund shall give general notice to members informing them to access the information from the Housing Fund manually at specified offices situated in locations convenient to the members.

10. Termination of a member's account

The account of a member established under regulation 9, shall be deemed closed when

- (a) all the moneys due from that account have been paid out of that account in accordance with these Regulations;
- (b) the member has ceased to be a member of the Housing Fund; and
- (c) no claim by or on behalf of that member to any benefit is pending determination.

11. Incorrect contributions

(1) Where it is established by a member or officer of the Fund to the satisfaction of the Corporation that any amount has been paid to the Fund as a contribution when it was not payable under these Regulations and the amount was paid as a result of a *bona fide* error, the amount paid in error shall be refunded without interest thereon or may be applied, with the consent of the person who made the payment, to any current liability of that person to the Fund.

(2) Any amount which is payable as a contribution by an employer in respect of himself or herself or his or her employee that is in excess of the statutory contribution payable under the relevant law or these Regulations for any period, the amount in excess shall be refunded to the employer or employee, as the case may be, within three months and without interest thereon or may be applied, with the consent of the employer or employee, to any current liability or future obligation of the employer or employee to the Housing Fund.

(3) Where excess contributions are to be applied to any current or future obligations, they shall be applied immediately the consent of the employer or employee is obtained.

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12. Return on investment on savings by members

The Corporation shall set out the rate of return on contributions made by members.

13. Return on contributions by members

The Corporation shall, on an annual basis specify the return applicable on members' contributions into the Housing Fund.

14. Eligibility criteria that for affordable housing scheme

A person shall qualify for the affordable housing scheme if that person—

- (a) is a Kenyan citizen of 18 years of age;
- (b) has proof of registration with the affordable housing scheme;
- (c) has proof of up to date remittance of the contribution; and
- (d) is a first time home owner under the affordable housing scheme.

15. Loan application procedure for direct lending by the Fund

(1) Subject to regulation 14, a member shall qualify for a loan for affordable housing if that member meets the criteria set out in these Regulations and guidelines by the Corporation.

(2) A person who wishes to be granted a loan from the Housing Fund shall make an application to the Corporation in such a manner as may be specified by the Corporation.

(3) Despite the generality of paragraph (2), an application for a loan under these Regulations shall be accompanied by the following documents, where appropriate—

- (a) duly filled application Form by the applicant;
- (b) certified copies of pay-slips for the immediate last three months by the respective accounting officers or certified current bank statements for the last six months;
- (c) a certified copy of the National Identity card or Passport; and
- (d) a non-refundable application fees of one thousand shillings or as determined from time to time by the Corporation.

16. Eligibility criteria

The Corporation shall use the following eligibility criteria when evaluating a loan application—

- (a) first in first out principle of loan processing;
- (b) applicable loan threshold for each grade of the beneficiary;
- (c) compliance with the provisions of regulation 15(3);
- (d) ability to repay the loan within existing statutes and the stipulated time;
- (e) no borrower shall be eligible for more than one loan at a time from the Housing Fund within a five year period; and
- (f) any other conditions as may be specified by the Corporation.

17. Conditions for disbursement of Funds

(1) A loan approved by the Corporation under these Regulations shall be released from the Housing Fund to the Individual Housing Fund Account.

(2) During the loan repayment period the beneficiary shall—

- (a) not lease, sell or agree to sell or part with possession of the charged house or any part of the house without the prior written consent of the Corporation;
- (b) meet costs for the insurance cover, if any, and pay such sum of money as may be determined by the Corporation from time to time;
- (c) maintain the house in a satisfactory state of repair.

(3) All legal documentation and disbursement of funds shall be with the Corporation.

18. Loan interest

A loan granted to a member under these Regulations shall carry an interest rate of up to seven per cent per annum on a reducing balance basis which shall be retained in the Housing Fund or such other rate as may from time to time be determined by the Corporation in a gazette notice.

19. Loan charges and fees

A person granted a loan under these Regulations shall be and responsible for the charges and fees to be determined by the Corporation in relation—

- (a) to preservation of the value of the Housing Fund;
- (b) to management costs;
- (c) to insurance for both life and asset; and
- (d) to facility management costs.

20. Nomination of dependants to receive benefits

(1) Every person entitled to become a member of the Housing Fund shall furnish to the Housing Fund, in the manner specified, particulars concerning himself or herself and his or her dependants who shall receive benefits upon his or her death.

(2) A member of the Housing Fund shall update his or her nomination under paragraph (1) at any time and, in any event, annually and the revised nomination shall be submitted to the Housing Fund.

(3) A member's nomination under this regulation shall be regarded by the Corporation to be his or her absolute intention and the Corporation shall not be responsible for any errors of omission or inclusion contained in the nomination.

(4) Where a person has been validly nominated under this regulation, the Corporation may decline to pay or vary the nominated beneficiary and shall furnish in writing its reasons thereof.

21. Survivors' benefit

(1) A deceased member's contribution shall be paid to the dependants, if the member dies and was contributing to the Fund at the time of his or her death.

(2) The deceased member's contribution payable under paragraph (1) shall, in aggregate, be equal in value to the member's Housing Fund Account and interest accrued.

(3) The deceased member's contribution payable under paragraph (2) shall be held by the Corporation on trust, and paid to the nominated beneficiary upon application by the beneficiaries in such proportions as stipulated by the member for the absolute use and benefit of the beneficiary.

(4) Despite the provisions of paragraph (3), the Corporation may exercise its option under regulation 20(4) with regard to any nomination under this regulation.

(5) Subject to any other written law, a benefit payable by the Fund upon the death of a member shall not form part of the assets in the estate of a member.

22. Retention of receipts and earnings

All receipts, earnings and accruals to the Housing Fund, and the balance of the Housing Fund at the close of each financial year shall be retained by the Fund for the purposes of the Fund.

23. Budget approval

The budget of the Housing Fund shall be approved by the Corporation.

24. Offences and penalties

A person who misappropriates any funds or assets of the Housing Fund, or assists or causes any person to misappropriate or apply the funds otherwise than in the manner

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provided in these Regulations, commits an offence and shall, upon conviction, be liable to imprisonment for a term of two years or to a fine not exceeding ten thousand shillings or to both.

25. Winding up

In the event of winding up of the Housing Fund, the cash balances shall be transferred to the Exchequer while other assets of the Fund shall be transferred to the Ministry in charge of housing to facilitate appropriate refunds to the contributors.
