



MINISTRY OF LAND, HOUSING AND URBAN DEVELOPMENT State Department of Housing and Urban Development

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Attorney General
All Principal Secretaries
All CEOs – Independent Constitutional Commissions
Auditor General
Controller of Budget
Director of Public Prosecutions
Registrar of Political Parties

MORTGAGE FACILITIES TO STATE OFFICERS

The State Officers House Mortgage Scheme Fund was established under the Public Finance Management (State Officers House Mortgage Scheme Fund) Regulations, 2015 vide Legal Notice No.23 dated 6th March, 2015. The administration and management of the Scheme has been delegated by the National Treasury to the Civil Servants Housing Scheme Fund under my Ministry. During the implementation of the Fund, it has become necessary to highlight some of the salient features of the Regulations.

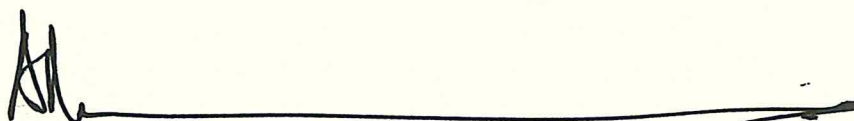
The key features of the Regulations are:-

1. Only designated State Officers working in the National Government, Independent Constitutional Commissions, Independent Offices, Directorate of Public Prosecutions and Registrar of Political parties are eligible under the Fund.
2. The maximum loan eligibility ranges between twenty five million Kenya shillings (Ksh.25 million) and forty million Kenya shillings (Ksh.40 million). The maximum loan that may be granted shall be based on ability to pay and shall be through Check-off-System. Furthermore, State Officers will be required to give satisfactory evidence of additional sources of income to support the mortgage repayments upon exit from service.
3. Repayment period is up to twenty (20) years or before one attains the age of seventy (70) years whichever is earlier. A State Officer who is appointed at the age of seventy (70) years or above shall be required to repay the loan for the duration of the State Officer's appointment.
4. The interest payable on the loan shall be at the rate of five (5) per centum per annum on a monthly reducing balance and is inclusive of management cost.

5. The loan granted to a State Officer shall be solely utilized for the purchase or development of residential property or equity release for improvement of a residential house.
6. A State Officer is entitled to only one loan or one house. Where the spouse is also a State Officer, the granting of a loan or house to one spouse shall not bar the other spouse from benefitting from the Fund.
7. A borrower will be required to raise at-least 10% deposit of the purchase price or cost of construction.
8. For a construction loan, a State Officer will be required to have the following:
 - (i) Title Deed to the land being developed. The land shall not be in the rural areas or be an ancestral land.
 - (ii) Approved Architectural Plan and priced Bill of Quantities
9. Where the property intended to be purchased through a loan from the Fund is leasehold property, no loan shall be granted unless the unexpired term of the lease is at-least forty five (45) years from the date the loan is granted.
10. The borrower shall bear the costs of stamp duty, legal and valuation fees, transfer fees and all other charges related to the transaction.
11. Where a borrower ceases to be a State Officer before full loan repayment, the borrower may be allowed to continue to repay the loan on the same terms as set out in the Regulations but when the borrower defaults for a period of four (4) months the outstanding loan shall revert to prevailing commercial interest rate.
12. Where a borrower leaves service on disciplinary grounds or resigns before serving for the contract period, the borrower may be granted a maximum period of four (4) months to repay the full outstanding loan or the borrower will be permitted to repay the outstanding loan at the prevailing market rate.

State Officers are encouraged to familiarize themselves with the Public Finance Management Act Legal Notice No.23 dated 6th March, 2015 on the Public Finance Management (State Officers House Mortgage Scheme Fund) Regulations, 2015. For any further clarification on the circular, please contact the Office of the Director, Civil Servants Housing Department on telephone no. 020-2716040 located at Ardhi House Ground Floor Wing 'A'.

Please communicate the contents of this circular to State Officers working in your organization.



**Arch. Aidah N. Munano, HSC
PRINCIPAL SECRETARY**

**Copy to: Joseph K. Kinyua, EGH
Chief of Staff and Head of Public Service
Executive Office of the President
NAIROBI**

All Cabinet Secretaries