

THE COUNTY GOVERNMENT OF TAITA TAVETA

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TAITA TAVETA COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE GUIDELINES

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Preamble

The Taita Taveta County Executive staff car and mortgage scheme came in to effect on 1st March 2016 following the gazettment of the Taita Taveta Executive Employees car loan and mortgage regulations 2015. The purpose of this scheme is to facilitate County employees to benefit from Government funded loans to purchase cars and access mortgage facilities.

1. MORTGAGE

PRODUCT AND LOAN RATIOS

1. PURCHASE OF A RESIDENTIAL UNIT

To purchase a ready built residential house, the fund shall finance a maximum of 100% of the purchase price or valuation whichever is lower subject to availability of resources and threshold as per the S.R.C guidelines.

2. CONSTRUCTION OF A RESIDENTIAL UNIT

To construct a residential house, the fund shall finance a maximum of 100% of the total cost of construction as indicated in the BQ subject to Availability of resources and threshold as per the S.R.C. guidelines

3. PURCHASE OF A PLOT (ALONE)

For purchase of a plot, the fund shall finance a maximum of 100% of the Purchase price or valuation whichever is lower subject to availability of Resources and threshold as per the S.R.C guidelines

4. PURCHASE OF A PLOT AND CONSTRUCTION OF A RESIDENTIAL UNIT

For purchase of a plot and construction of a residential house at the Same time, the fund shall finance a maximum of 100% of the purchase Price of the plot and construction costs as indicated as the BQ subject to Availability of resources and threshold as per the S.R.C guidelines.

2. CAR LOAN

Loan Ration

The fund shall finance a loan of 100% of the motor vehicle purchase price subject to a valuation report by a registered motor vehicle valuer. However this will be subject to member's financial capability as guided by a 2/3 rule of the pay slip, availability of resources and threshold as per SRC guidelines.

NB Under the fund, motor vehicles referred to are for personal and private use and not for commercial purposes, and do not include vans, pickups, Lorries or buses.

Car loan request shall be determined On a first come first served basis as envisaged in the request register.

A car older than seven years shall not be considered for financing under this fund

A borrower shall comprehensively insure any vehicle purchased through the fund

3. THRESHOLDS.

BENEFICIARIES	CAR LOAN	MORTGAGE SCHEME
Civil Servants Job Group 'S', 'T', 'U' and Equivalent Grades in Public Service	Up to Ksh.4m.	Up to ksh. 20m.
Civil Servants J. G. 'P', 'Q', 'R' and Equivalent Grades in Public Services	Up to Ksh 3m	Up to Ksh 15m
Civil Servants Job Group 'K', 'L', 'M, N and Equivalent Grades in Public Service	Up to Ksh.1.5m	Up to Ksh.10m

Civil Servants Job Group 'G', 'H', J and Equivalent Grades in Public Service	Up to Ksh.800,000	Up to Ksh.6m.
Civil Servants Job Group 'A', 'B', 'C', 'D', 'E', 'F' and Equivalent in Public Service	Up to Ksh.600,000	Up to Ksh.4m.

This excludes other auxiliary costs such as stamp duty, valuation and legal fees etc incidental to car loan and mortgage facility.

4. SOURCE OF REPAYMENTS

- The source of repayment is salary, under the employment act, the total month repayment of all loans including this one, will not exceed 2/3 of the borrower's basic monthly salary after statutory deductions
- Upon default to repay the loan, the fund shall sell the charged security by public auction or private treat.
- The repayment shall be through a check off system with the applicant signing an irrevocable instruction form

5. INTEREST RATE CHARGE

The rate of interest applicable to both the carload and mortgage scheme shall be three (3%) percent p.a on a reducing balance for the duration of the loan.

6 .LOAN TERM

- The duration of the scheme shall be maximum of twenty (20) years for mortgage scheme and five (5) years for car loan.
- Upon borrower's separation from employment by the county government, the borrower shall pay the outstanding amount at once, or enter in to a settlement arrangement with the financier.

7. GENERAL REQUIREMENTS

(a) The applicant will provide the fund with the following minimum documents to enable the processing of the mortgage.

- Pay slips for the last 3 months

- Copy of National Identification or valid passport
- Copy of KRA pin certificate
- Three passport size photographs.
- Sales agreement duly signed by both parties and witnessed by a lawyer (this will apply to purchase case only)
- Copy of title to property being purchase/charged (min. lease term of 35 years)
- Valuation report together with certificate of official search from land registry
- Irrevocable letter of authority
- Spouse consent/sworn affidavit (new land laws with effect from 1st May, 2012)

(b) Construction Requirements

In addition to the general requirements above, the applicant shall be required to provide

- Approved building plans drawn by a registered Architect.
- Approved structural drawings drawn by a registered structural engineer
- Bills of quantities done by a registered quantity surveyor
- Copies of current practicing licenses for the professionals.

(c) Car Loan Requirements

The applicant will provide the fund with the following minimum documents to enable the processing of the car loan:

- Pay slips for the last 3 months
- Copy of National Identification card or valid passport
- Profomer Invoice from Sales agent or a log book in case of second hand motor vehicle.
- Insurance form (insurance company to fill).
- Valuation report by a registered motor vehicle valuer
- Irrevocable letter of authority
- Copy of KRA PIN certificate
- Tracking/alarm installation certificate(within weeks after purchase)

8. MORTGAGE PROCESS

STAGE 1- Preliminary Appraisal (no. of Days-1)

The applicant submits all general requirements and a complete mortgage application form

Stage 2- Instructions to Valuer (No of Days-7)

The fund issues instructions the valuer to carry out a valuation report. At this point the applicant will be required to pay valuation fees

Stage 3-Approval Process (no. of Days 4-7)

After receiving a favorable report, the loan shall be processed and formal approval/offer letter duly executed shall be issued to the applicant

Stage 4-Acceptance of letter of offer

The applicant shall have 30 days to accept and return the offer letter

Stage 5- Conveyancing Process (No. of Days -14)

After applicant's acceptance, the fund shall issue instruction to the legal officer to begin convincing or perfection of security documentation. At this stage the applicant will pay stamp duty, stamp duty on charge and legal fees where applicable

Stage 6- Release/Disbursement Process (no. of Days- 14)

The funds will be released to the beneficiary within 14 days of receiving the security documents duly perfected. At this stage the applicant will be required to:

Have met all drawn conditions on the offer letter

Pay the initial initial insurance premiums for the mortgage.

9. MORTGAGE RELATED COSTS

The following mortgage costs are borne by the applicant;

No.	Item	Fees	Remarks
1.	Interest rate	3 % on a reducing balance basis	Applicable for both mortgage and car loan
2.	Valuation fees	Negotiable	Payable to approved and practicing valuer.
3.	Stamp duty	4% of cost of property for purchase case only.	This is paid to the government on transfer of title.
4.	Stamp duty on charge	0.1% Of loan amount	This is payable to the government to register the charge
5.	Mortgage protection insurance(MPI)	0.42% of loan amount	At the release of funds the premium is released in full or prorated, Thereafter on a monthly basis and is included in the loan repayment. The benefit of the insurance is that in the event of death of the borrower, the loan outstanding will be paid in full. In the event of total disability of the borrower, the loan outstanding will also be paid in full.
6	House Owners Comprehensive Insurance (HOCD) plus social perils.	Residential 1.25 per 1000 plus 0.05% of the insurance value	At the release of funds the premium is paid in full or prorated. Thereafter on a monthly basis and is included in the loan repayment. In case of damage by fire from all causes, Earth quake, floods, Aerial devices, and acts of God, the house will be restored 100% on the condition that it was before the damage.

For further clarification on any item above, please do not hesitate to contact either of the following mortgage and car loan committee members;

1. Mr. Bonaventure FM Mwakio –Chairman 0721671194

2. Mr. Kenneth Mwaita - lands issues 0722230036
3. Mr. Samuel Mwanyasi- H/R Issues 0726428756
4. Mr. Fredrick Mwabili - Legal issues 0712886688
5. Mr. Peter Salai- Payroll issues 0725649122
6. Mr. Harris Kirombo –Building issues 0721818056
7. Mr. Erick Mwamburi – Fund Administrator 0721406800.