



## REPUBLIC OF KENYA

### THE NATIONAL TREASURY

# GUIDELINES FOR APPLICATION OF STATE OFFICERS AND CIVIL SERVANTS MOTOR CAR LOAN

## **I Introduction**

The State Officers and Civil Servants Car Loan Scheme Fund was established vide Legal Notice 195 of 25<sup>th</sup> September 2015 under the Public Finance Management Act (No. 18 of 2012). The objective of and purpose for which the Fund became established was to provide a car loan facility to State Officers and Civil Servants of the National Government to purchase a motor car.

## **II Terms and conditions of Granting a Motorcar Loan**

The terms and conditions of the Fund shall include;

1. The applicant (borrower) must be a serving State Officer or Civil Servant in the National Government (excluding Judiciary and Parliament).
2. The applicant (borrower) must demonstrate ability to repay the loan.
3. The applicant (borrower) must undertake to have the car registered jointly in the name of State Officers and Civil Servants Motor Car Loan Scheme Fund and him/her.
4. The applicant (borrower) must ensure that the vehicle is covered by full comprehensive insurance throughout the period, failure to which the Board will renew the insurance and debit applicants loan account.
5. The applicant (borrower) must accept for the Fund to take a life insurance on the Loan advanced and the premium be debited to his/her Loan account.
6. The applicant (borrower) must undertake to register a charge in favour of the State Officers and Civil Servants Motor Car Loan Scheme Fund entitling the

Fund to sell the Car in the event of breach of terms and conditions of the loan agreement.

7. The applicant must undertake to meet the cost of valuation and other legal fees.
8. The applicant (borrower) must have a valid driving license.
9. The applicant (borrower) must be willing to pay the amount due under the Purchase Agreement by monthly installments that will be effected by monthly deductions from his/her salary and or any other benefits.
10. The applicant (borrower) shall provide a certified copy of the Sale Agreement relating to the Car being purchased.
11. The applicant (borrower) shall provide current valuation report on the Car being financed from a registered valuer.
12. The supplier of the Motor Car must be a recognized dealer/owner.
13. The Motor Car Loan applications for State Officers and Civil Servants of the National Government will be processed on first come first served basis upon return of the duly completed application form.
14. Where a borrower ceases to be a State Officer or Civil Servant before repayment in full, he/she will continue repaying for the Motor Car loan as stipulated in the regulations.

### **III Application Procedure**

#### **Application to the Chief Executive Officer of the Fund:**

It is only Serving State Officers and Civil Servants of the National Government who are eligible to apply for the loans. The application procedure is as follows: -

- 1) Interested applicant (borrower) will pay a non-refundable application fees of Kenya Shillings one thousand (Ksh.1000.00) to the designated account of the Fund.
- 2) Interested applicant (borrower) to apply by filling an application form for the loan and return it to the Chief Executive Officer of the Fund with proof of payment of the application fees upon recommendation by their respective Accounting Officers.

- 3) The Chief Executive Officer of the Fund will undertake an evaluation of the application to ascertain if it meets all the requirements for financing.
- 4) The list of eligible applicants (borrowers) will be forwarded with recommendations to the Advisory Board for approval.

#### **IV Responsibilities of the State Officer/Civil Servant**

- 1) Download the Application Form from the National Treasury website.
- 2) Pay Kshs.1000 as Application Fees.
- 3) Submit a duly filled Application Form to the Chief Executive Officer of the Fund.
- 4) Provide all the necessary documents required.
- 5) Identify car and negotiate the sale price with the dealer/ owner.
- 6) Sign Sale Agreement.
- 7) Sign Acceptance letter.
- 8) Execute the charge documents.
- 9) Ensure that the monthly Loan repayment is made not later than the 10<sup>th</sup> day of the following month to avoid penalty charges for late remittances.
- 10) Meet any other requirements of the Chief Executive Officer of the Fund.
- 11) Ensure that the tracking device installed in the Motor car is not tampered with.

For more information contact the Principal Secretary to the National Treasury at [ps@treasury.go.ke](mailto:ps@treasury.go.ke), [www.treasury.go.ke](http://www.treasury.go.ke) , P.O Box 30007, NAIROBI