THE PUBLIC FINANCE MANAGEMENT ACT (CAP. 412A)

PUBLIC FINANCE MANAGEMENT

(PUBLIC UNIVERSITIES STAFF CAR LOAN AND MORTGAGE SCHEME) REGULATIONS, 2026

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IN EXERCISE of the powers conferred by Section 24 (4) of the Public Finance Management Act, CAP. 412A and the guidance in the Legal Notice No. 195 of 2015 (The Public Finance Management, State Officers and Public Officers, Car Loan and Mortgage Scheme Fund) regulations, Salaries and Remuneration Commission Circular Ref. No. SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014, as read together with the advisory by SRC reference No. SRC/TS/10 Vol. VI (46) dated 25th September, 2025, on Car Loan and Mortgage Scheme for State Officers and other Public Officers of the Government of Kenya, the Public Universities through the Inter Public Universities Councils Consultative Forum (IPUCCF) of the Federation of Kenya Employers (FKE), and in consultation with Universities Academic Staff Union (UASU), Kenya Universities Staff Union (KUSU), and Kenya Union of Domestic, Hotels, Educational Institutions, Hospitals, and Allied (KUDHEIHA), makes the following Regulations: -

Citation	**1.** (a) These Regulations shall be cited as the "Public Universities Staff Car Loan and Mortgage Scheme Regulations, 2026". (b) These Regulations are made in line with the Public Finance Management (State Officers and Public Officers Car Loan and Mortgage Scheme) Regulations, 2015, and the Salaries & Remuneration Commission Circular No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014.
Interpretation	**2.** In these Regulations, unless the context otherwise requires: - "**Applicant**" means a public university employee who has applied for a loan under the Scheme. "**Borrower**" means a public university employee in receipt of a loan out of the Scheme Fund. "**Committee**" means the Scheme Management Committee established under these Regulations. "**Employee**" means an employee of public universities on either permanent employment or contract. "**Equity Release**" means a loan facility to assist property owners to obtain cash from the value of their residential property. "**Financial Institution**" means a registered bank appointed by the Committee to administer the fund. "**Financial Year**" means the period of twelve (12) months ending June 30th of each year. "**Fund**" means the Public Universities Staff Car Loan and Mortgage Fund established under these regulations. "**Fund Administrator**" means a person appointed by the Fund Management Committee to provide administrative and operational services to the fund. "**Government**" means the Government of Kenya. "**IPUCCF**" of FKE means the Inter-Public Universities Councils Consultative Forum (comprises the Chairpersons of Councils and Vice

	Chancellors/ Principals of public universities) of the Federation of Kenya Employers (FKE). **"KUDHEIHA"** means Kenya Union of Domestic, Hotels, Educational Institutions and Hospitals Workers **"KUSU"** means Kenya Universities Staff Union "**National Implementation Committee**" means the joint oversight and coordination committee of Public Universities established by IPUCCF and the Unions to monitor and evaluate implementation of Collective Bargaining Agreements, including the Car Loan and Mortgage scheme. "**Public University**" means a university established under the Universities Act, 2012, and related amendments thereto, and also maintained out of public funds. "**Residential House**" means a property that must be a residential status as per the existing laws and for use as a dwelling for the employee and/or his/her family. "**Scheme**" means the Public Universities Staff Car Loan and Mortgage Scheme established by these Regulations. "**Service Providers**" means relevant professionals contracted by the Committee or the financial institutions to provide services. "**Spouse**" means the person of the opposite gender lawfully married to the applicant. "UASU" means Universities' Academic Staff Union "**Valuer**" means a person registered as a valuer under the Valuers Act.
PART II—ESTABLISHMENT OF THE SCHEME FUND	
Establishment of the Fund	**3.** (a) There shall be established a public fund to be known as the "Public Universities Staff Car Loan and Mortgage Scheme Fund". (b) The Fund shall be a revolving fund. (c) The Fund shall cater for employees of public universities who are permanent and pensionable or on contractual employment.
Object and Purpose of the Fund	**4.** (a) The object and purpose of the Fund is: - (i) To provide car loans for successful applicants under these Regulations; (ii) To provide a Mortgage scheme for employees for the purchase of an existing residential property, Purchase of land to construct a residential house, construction of a residential house, renovation and improvement of an existing residential house, takeover of existing car and mortgage loans, and equity release; (on deleted)

	(iii) To improve the welfare of public universities' employees and to motivate, attract, and retain staff.
Sources of the Fund **Administration of the Fund**	**5.** The Fund shall consist of: - (a) Monies appropriated by the National Treasury and Economic Planning through the Ministry of Education for the purpose of granting car and mortgage loans to applicants in each financial year. (b) Interests accruing to the Scheme where such interests constitute a surplus in the Fund after meeting the expenses of its administration. (c) All other sums of money that may in any manner become payable to or vested in the Fund, including gifts, grants, and donations. **6.** (a)The Fund shall be administered by a Fund Management Committee. (b) The Fund Management Committee shall appoint a Fund Administrator who shall perform the following functions: - i. Run the day-to-day operations of the Fund; ii. Cause to be kept books of accounts, and other records in relation to the Fund and for all loans financed from the Fund; iii. Carry out other duties as may be directed by the Fund Management Committee.
PART III—THE FUND MANAGEMENT COMMITTEE	
Operation of the Fund	**7.** (a) An applicant for a car loan or a mortgage from the Fund shall present an application in the prescribed form to the officer(s) designated by the University for recommendation. (b) The University officer(s) shall confirm applicants' details and financial capability to service the loan, and the individual applicant shall submit the application form to the Fund Administrator. (c) The Fund Administrator shall review and process the application for consideration by the Fund Management Committee. (d) The Fund Management Committee shall recommend the application of the loan for approval by the Financial Institution. (e) Upon approval, the application will remain valid for a period of ninety (90) days. All applicants shall be notified, in writing of the status of their loan applications by the Fund Management Committee within thirty (30) days after the Fund Management Committee decision, in any event, not later than ninety (90) days from the date of application.

The Fund Management Committee	**8**. (a) There shall be established a Fund Management Committee to be known as "The Fund Management Committee". (b) The Fund Management Committee shall comprise nine (9) members; three (3) nominated by IPUCCF of FKE and two (2) members nominated by each union (UASU, KUSU, and KUDHEIHA workers). (c) The composition of members shall serve for three (3) years, renewable once, and one-third will retire every three years through seeded ballot. (d) The members shall elect the Chairperson. (e) The Fund Administrator appointed under these Regulations shall be an ex officio member and the Secretary to the Fund Management Committee. (f) Three signatories shall be mandatory for any transaction, and the Fund Administrator shall be a mandatory signatory. (g) The Fund Management Committee shall:- i) Provide policy oversight; ii) Appoint the Fund Administrator of the Fund; iii) Establish management guidelines for the Fund; iv) Consider, verify, and forward the applications with recommendations to the financial institution for approval; v) Prepare annual budgets, work plans, and procurement plans for the Scheme; vi) Obtain necessary approvals to open and operate a bank account; vii) Maintain and operate a bank account, with four (4) signatories: the Chairperson, the Fund Administrator, and any two (2) members appointed by the Committee; viii) Employ officers as may be necessary to perform such duties as may be directed by the Fund Management Committee; ix) Mobilize resources for the Fund; x) Sensitize employees about the fund; xi) Establish partnerships and collaborations to enhance the Fund; xii) Prepare and maintain financial records for audit by the Office of the Auditor General; xiii) Monitor and evaluate the performance of the fund; (h) The Committee shall report biannually to the National Implementation Committee (NIC). (i) The Fund Management Committee shall competitively appoint a recognized financial institution to administer the Fund or any other service provider.

	(j) The meetings of the Fund Management Committee shall be convened and presided over by the Chairperson or, in the absence of the Chairperson, a member appointed by the Fund Management Committee. (k) The Fund Management Committee shall be convened quarterly, but not more than two meetings in any one quarter. (l) The decision of the Fund Management committee shall be by simple majority, and in the case of a tie, the Chairperson shall have a casting vote. (m)The quorum for meetings of the Fund Management Committee shall be five (5) members, at least one member from IPUCCF, UASU, KUSU, KUDHEIHA workers, and the Fund Administrator, who shall be an ex officio member.
The Financial Institution	**9.** (a) There shall be established a Technical or Financial Partner to be known as "The Financial Institution. (b) The Financial Institution shall: - i) Receive and be custodian of funds from the Government and other financiers; ii) Receive and verify recommended loan application forms from the Fund Management Committee; iii) Maintain and operate an account for each borrower; iv) Perform the necessary due diligence; v) Disburse funds for newly approved loans to various vendors/borrowers after the Fund Management Committee completes the necessary documentation; vi) Return the rejected loan application with a report stating the reasons for non-approval; vii) Hold and safeguard the physical and/or electronic documents related to the loan; viii) Update borrowers' statements to ensure that disbursements of, and payments from borrowers are accurately recorded; ix) Maintain proper records that are essential for audits and regulatory inspections; x) Issue monthly loan statements; xi) Submit periodic reports to the Fund Management Committee on the status of the Fund; xii) Charge security on properties acquired through loans from the scheme, protect the interest of the scheme, and act as a custodian of such charges; xiii) Issue demand notices to the defaulters three (3) months before further action is taken; xiv) Upon default, to call in the loan and, on behalf of the Fund Management Committee, sell the charged property by

	public auction or private treaty, in which event the staff shall meet any shortfall between the loan outstanding and the proceeds of the sale. Any excess proceeds from the sale shall be refunded to the borrower; xv) Provide the Fund Management Committee with the list of defaulters and the intended actions before execution; xvi) Release documents in their custody after loan clearance; xvii) Issue a loan discharge certificate upon full payment of the loan; xviii) Perform such other duties as may be assigned to it by the Fund Management Committee from time to time;
PART IV—PROCEDURE FOR APPLICATION OF A CAR LOAN	
Application for a Car Loan **Conditions for Disbursement of Funds** **Temporary Release of Logbook**	**10.** (a) An application for a car loan shall be accompanied by: - i) Original sale agreement drawn by an advocate; ii) Valuation report of the vehicle (photo of the vehicle should be included); iii) Copy of the logbook and search certificate; iv) Copy of KRA Pin Certificate; v) Proforma invoice (where applicable); vi) Evidence of down payment/deposit (where applicable). (b) The borrower shall bear the cost of loan processing, transfer costs, and any other relevant charges. (c) No borrower shall be eligible for more than one car loan at any one time. **11.** A loan approved under these Regulations shall be disbursed from the fund in such manner, taking into account the security of the funds, as may be prescribed by the Fund Management Committee and the Financial Institution. **12**. The logbook of a vehicle subject to a loan from the Fund shall be registered jointly between the Financial Institution and the applicant, and shall be kept in the custody of the Financial Institution until the loan is repaid in full.
Repayment Period **Insurance** **Loan Discharge**	**13.** A loan advanced under these Regulations shall be repaid in full over a maximum period of sixty (60) months. **14**. A successful applicant shall comprehensively insure the Motor vehicle purchased with an insurer approved by the Financial Institution. **15.** (a) Upon full repayment of the loan, a signed loan discharge certificate in such form as may be prescribed by the Financial Institution shall be issued to the borrower, and a copy thereof shall be forwarded to the Registrar of Motor Vehicles to facilitate transfer to the borrower. (b) The loan discharge certificate shall release the borrower 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 these Regulations.

PART V—PROCEDURE FOR APPLICATION OF A MORTGAGE	
Application for a Mortgage	**16.** (a) An application for a mortgage to purchase, construct, renovate, or repair a house, purchase of land to construct a residential house, equity release, and takeover of existing mortgage shall be accompanied by: - i) Copies of the designs of the proposed residential property duly approved by the relevant authority within whose area it is to be situated; ii) Bills of quantities in respect of the proposed development, renovation, or repair; iii) Valuation of the property; iv) An official search of the title deed of the property intended to be purchased; and v) Certified copy of the sale agreement or evidence of ownership relating to the property. vi) A letter of offer; vii) Any other documents that the Committee may require for the purchase of the property. (b) The borrower shall bear the cost of loan processing, stamp duty, and any other charges. (c) All legal transactions in respect of the property being purchased shall be conducted by an advocate of the High Court. (d) All residential properties purchased through the scheme shall be constructed with such materials as may be acceptable by the State Department for Public Works. (e) No borrower shall be eligible for more than one mortgage loan at any one time.
Leasehold Property	**17.** Where the property intended to be purchased through a mortgage from the Fund is leasehold property, such a loan shall be granted where the expiry date of such lease is at least forty-five (45) years beyond the final loan repayment date.
Maximum Repayment Period	**18.** A mortgage granted under these Regulations shall be repaid fully within a maximum period of twenty (20) years.
Lien	**19.** (a) The Financial Institution shall have a charge registered on the property financed through a mortgage. (b)The borrower shall: - i) Not mortgage, charge, surrender the lease, or sell or agree to sell or part with possession of the charged property or any part thereof without the prior written consent of the Financial Institution; ii) Meet and pay all rates, rents, insurances, and any other direct outgoings in respect of the property and send the proof of such payments to the Financial Institution;

	iii) Provide a transfer deed duly signed by the borrower and a letter authorizing the Financial Institution to sell the property in case of default of payment; iv) Maintain the property in a satisfactory state of repair; v) Not alter or make any structural alterations of the property, carry out any valuation, assessment, and investigation relating to the property or title deed thereto, without the approval of the Financial Institution.
Mortgage Insurance	**20.** (a) A borrower shall take out and maintain a mortgage protection policy and a fire policy with a reputable insurance firm approved by the Financial Institution, the cost of which shall be borne by the borrower. (b) The originals of all documents relating to property financed by a loan from the Fund shall be kept in safe custody by the Financial Institution, and copies held by the Fund Management Committee.
Utilization of Loan Monies	**21.** A loan obtained under these regulations shall be solemnly utilized for the purchase of an existing residential property; purchase of land for construction of a residential house; construction of a residential house; renovation and improvement of an existing property; takeover of loans on existing mortgages or equity release.
PART VI—GENERAL PROVISIONS	
Default	**22.** (a) The Financial Institution may call in a mortgage, and in default, sell the charged property by public auction or private treaty where the borrower is in breach of the terms and conditions under the loan agreement or the covenant contained in the charge or the mortgage instrument. (b) Where a borrower leaves public service employment for whatever reason other than disciplinary grounds, the terms of the loan shall remain in force and shall not change for the life of the loan, unless in cases of default, in which case it shall revert to commercial terms. (c) Where a borrower leaves the public service on disciplinary grounds, the terms of the loan shall convert to commercial terms after six (6) months from the effective date of leaving the service. (d) Where a default occurs for whatever reason, there shall be a grace period of three (3) months, after which the property or car that is subject to the loan shall be repossessed and sold to recover the balance of the loan. (e) Where a repossession of a motor car occurs under 20 (d) above, the Financial Institution shall repossess the motor vehicle within thirty (30) days, and the motor vehicle shall be disposed-off after thirty (30) days from the date of repossession to recover the loan balance.

Loan Amounts **Loan Repayment** **Management Costs** **Administrative Cost of the Fund**	(f) Members of the Fund Management Committee and staff shall not be eligible to purchase the repossessed property. **23.** Subject to these Regulations, an applicant shall be eligible for the loan threshold amount of his/her grade as is specified in the guidelines gazetted by the Salaries and Remuneration Commission (SRC) on Car Loans and Mortgages for State Officers and Public Officers, as may be reviewed from time to time. **24.** The loan repayment shall be through check-off system. **25**. (a) The Fund or where applicable, the financial institution referred to under these Regulations may charge an interest of not more than one (1) percent per annum of the value of loan to cover its management costs. (b) The interest charged under regulation 24 (a) shall be paid by the borrower. **26.** (a) This shall comprise, among others; salaries and wages, office expenses, operation costs, travel, insurance, communication, and subsistence. (b) The funds to meet administrative costs shall be drawn from the following; i) Application fee for car loan and mortgage scheme. ii) Amounts not exceeding two (2) % of the total value of the fund.
Interest Rate **Supplementary Terms** **Effective Date** **Review of Regulations**	**27.** (a) The rate of interest applicable to both the car loan and mortgage shall be three (3) percent per annum on a reducing balance. (b) The interest charged under 27 (a) shall be payable by the borrower. **28**. These Regulations shall be supplemented by such terms as may, from time to time, be detailed in the application form provided by the Fund Management Committee. **29.** The Public Universities Car loan and Mortgage scheme shall be effective from1st July, 2026. **30**. (a)These Regulations shall be reviewed every three (3) years jointly by IPUCCF, UASU, KUSU, and KUDHEIHA workers or from time to time as need arises. (b) Any new changes to these Regulations shall not affect the existing contracts.

SCHEDULES

APPENDIX 1

CAR LOAN

Grade 19 and 20	Up to Kshs. 5 million
Grade 15,16,17 and 18	Up to Kshs .4 million
Grade 12,13 and 14	Up to Kshs. 3 million
Grade 8(D),9(E),10(F) and 11	Up to Kshs.1.5 million
Grade III(3) , IV(4), 5(A), 6(B) & 7(C)	Up to Kshs. 800,000
Grade I (1) & II (2)	Up to Kshs. 600,000

APPENDIX 2

MORTGAGE SCHEME

Grade 19 and 20	Up to Kshs. 25 million
Grade 15,16,17 and 18	Up to Kshs. 20 million
Grade 12,13 and 14	Up to Kshs. 15 million
Grade 8(D),9(E),10(F) and 11	Up to Kshs. 10 million
Grade III(3) , IV(4), 5(A), 6(B) & 7(C)	Up to Kshs. 6 million
Grade I (1) & II (2)	Up to Kshs. 4 million

Forwarded by;



Prof. Daniel Mugendi, EBS,
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Dated: **Wednesday 21st January, 2026**