



18th November 2021

HOUSE PURCHASE RULES

1) Eligibility

An eligible member shall be one who:

- a) Is a member of the scheme and has not attained the normal retirement age of 60 years or has not retired on early retirement grounds, i.e 50 yrs. *(A member who is paid a pension by the scheme, or who has taken early retirement, or has attained retirement age shall not be eligible.)*
- b) has not previously utilized any part of their accrued benefits in the scheme to purchase a residential house. *(A member may purchase residential house with pension accrued benefits only once)*
- c) has not as at the date of application, assigned any part of their benefits to secure a mortgage loan. *(Members can either take up 40% to purchase a residential house or utilize 60% as collateral for mortgage but NOT BOTH)*
- d) is not utilizing the funds to offset an already existing mortgage

2) Benefits

- a) Members can access up to 40% of their accrued benefits (capped at KES 7 million) for purposes of purchasing a residential house from an institution (e.g. banks, SACCOs, pension schemes, microfinance organizations, insurance companies, TPS providers, etc.)
- b) 100% of AVC can be utilized for top up e.g. if 40%=2M & AVC =1M, then you may utilize 3M.
- c) Post-Retirement Medical Scheme (PRMS) funds shall not be accessed.

- d) All costs to be borne by the member (including stamp duty, valuation fees, legal fees, transaction & taxes costs).
- e) Spouses, either in the same or different schemes, may combine their benefits.
- f) A member in more than one scheme of the same Employer, may combine benefits of the different schemes.
- g) The benefits will be taxed as normal withdrawal from the Scheme.

3) Application information

- a) The trustees shall review the application and approve within 30 thirty days from the date of receipt of the complete application.
- b) The trustees may seek any additional information within seven (7) days after receipt of application and all the supporting documents but not later than the period stated above.
- c) Where the application is not approved, the trustees shall communicate the reasons in writing to the applicant within fourteen (14) days.

4) Disbursement of funds

Funds will be transferred to the selling institution when;

- a) The title of the residential house has been transferred to the member or the member and their spouse as the case may be.
- b) A certified copy of the title document to the residential house has been submitted to the trustees.
- c) The title to the residential house is encumbered by the Trustees by placing a charge on it.

5) Additional funding from a financial institution

Where an eligible member seeks to secure additional funding, the financial institution shall give an unequivocal undertaking to the scheme providing that;

- a) They will meet the balance of the purchase price in full.

- b) That the institution will allow the scheme to charge the property, as a second charge to secure the scheme interests.

6) Lifting the encumbrance

The trustees shall discharge the title at any time upon the happening of any of the following events:

- a) The member leaving service on retirement grounds.
- b) The member dies.
- c) The member becomes incapacitated by ill-health.
- d) The member is emigrating from Kenya to another country without the intention of returning to Kenya, and approval has been granted by the Authority for the encumbrance to be removed.
- e) In the case of a joint purchase by spouses, upon occurrence of any of the listed events under (a. to d.) above on either of the spouses.

7) Documents required

- a) Individual purchase (without spouse)
 - i. A duly filled out application form in the prescribed form;
 - ii. A certified copy of the title of ownership;
 - iii. Certified copy of the applicant's national identity card or passport;
 - iv. Certified copy of the KRA PIN certificate;
 - v. Original certificate of official search conducted not more than one (1) month old;
 - vi. Certified copy of the certificate of incorporation or other incorporating document of the institution selling the residential house;
 - vii. Duly executed letter of offer issued by the institution or duly executed sale agreement;
 - viii. Certificate of occupation from the respective County Government;
 - ix. Current valuation report on the property from a registered valuer;
 - x. Proof of clearance of rent and rates payable;

- xi. Provide documentary evidence (such as bank deposit slip, RTGS instructions or an Advocate's undertaking) to pay the full purchase price of the residential house after the available portion of their benefits is applied leaving a shortfall;
- xii. Any other additional documents that the trustees may require.

b) Additional requirements for joint purchase by spouses

Where a member and the member's spouse are both members of the same or different schemes, they may combine their accrued benefits and utilize the total amount available for the purchase of a residential house. In this regard, the member shall provide the following documents in addition to the documents required in (a) above;

- i. Evidence of a subsisting marriage;
- ii. Copy of spouse's national identity card or passport;
- iii. Copy of spouse's KRA PIN certificate;
- iv. Spousal consent as evidenced by a sworn affidavit;
- v. If the spouse is a member of a different scheme, a confirmation from the scheme's board that;
 - The member is eligible and
 - The specific amount of benefits available to the member for this purpose.

c) Other Requirements

- i. The title of the residential house must be free from any encumbrance;
- ii. The residential house to be purchased must be situated in Kenya;
- iii. Where the residential house to be purchased is registered as a leasehold, the member shall ensure that the unexpired term of the lease is not less than forty-five (45) years.

Attachment: Application form to purchase a residential house.