



# Decoding Some Real estate Legal Terms

## **DUE DILIGENCE**

It involves conducting essential research to identify any issues with the property that the buyer should be aware a thorough understanding of the associated benefits and risks before the final purchase.

## **CONTINGENCY**

A contingency sets certain conditions that must be met before a deal will go through. There are several types of contingences - Title verification, Financial, Building permits and approvals....

## **ESCROW**

Refers to a neutral third party hired to handle the exchange of money, property transactions and related documents.

## **DEED**

A legal document that is signed by both vendor and purchaser, transferring ownership. This document is registered as evidence of ownership

## **FORCE MAJEURE**

An unexpected and disruptive event that may operate to excuse a party from a contract.

## **CAVEAT**

A legal notice filed to prevent the transfer of a property due to a claim or dispute.

## **LAND RATE**

This is a fee paid to the national government by leaseholders of public land. If you own land on a leasehold basis (typically for a period of 99 or 999 years), you are required to pay an annual rent to the government. The amount is usually specified in the lease agreement and depends on the size and value of the land.

## **LAND RENT**

These are taxes imposed by county governments on property owners for the land they own. Land rates are used to fund local services like road maintenance, waste management, and other public utilities. The rates are calculated based on the value of the land and differ from county to county...

## **ENCUMBRANCES**

Any claims, charges, liens, or legal obligations attached to the property that may affect the transfer of ownership.

## **STAMP DUTY**

A tax paid to the government on the transfer of property, calculated as a percentage of the property's value. The rate in Kenya at the moment is 4% of the property value.

## **INDEMNITY**

A promise by one party to cover any future losses or damages that the other party may incur as a result of the transaction.

## **CONDITIONS PRECEDENT**

Specific conditions that must be fulfilled before the sale can be completed, such as obtaining financing or certain approvals.

For any further clarifications or assistance , feel free to reach out to us!

1 of 1