

# THE ESSENTIAL OFF-PLAN DUE DILIGENCE CHECKLIST

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Inspired by the wisdom of "Don't Buy That House" by Nashon Okowa, this checklist empowers you to navigate the complexities of buying off-plan property in Nairobi with confidence. Thorough due diligence is your best defense against potential pitfalls. Let's get started!

## Section 1: Vetting the Developer & Project

### Developer's Track Record & Reputation:

- Is the developer a legally registered company in Kenya?
- How long have they been in business? What other projects have they completed? Visit those projects if possible to assess quality.
- Request audited financial statements or inquire about outstanding debts or legal issues.
- Search for online reviews, testimonials, and news articles about the developer. Talk to previous buyers if possible.

### Project Team Expertise:

- Verify the credentials and licenses of the architect, engineer, quantity surveyor, and project manager. Are they registered with their professional bodies?
- Look into the team's experience with similar projects. Have they successfully delivered projects on time and within budget?
- Ask for references from previous clients or projects they've worked on.

### Project Legalities & Approvals:

- Ensure the project has ALL necessary approvals & permits from:
  - County Government approvals
  - National Environment Management Authority (NEMA)
  - National Construction Authority (NCA)
  - Kenya Civil Aviation Authority (KCAA) – if near an airport
  - Water Resources Management Authority (WARMA) – if near riparian land etc

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- Verify that the developer has legal ownership of the land through a title search on ardhisa.
- Confirm the project has the required building permits.

## Section 2: Understanding the Financials & Contracts

### Sale Agreement:

- Have a lawyer carefully review the sale agreement BEFORE signing.
- Understand the payment schedule, penalties for default, interest rates, and dispute resolution mechanisms.
- What are the obligations of the developer? What happens if the developer doesn't deliver on time or to the agreed-upon standards?
- Are there any hidden fees or charges not mentioned?

### Service Charge:

- What is the estimated monthly/annual service charge?
- What services does it cover (security, cleaning, landscaping, etc.)?
- Is there a clause allowing for future increases in the service charge?

### Project Financing Model:

- How is the project being financed? Is it through bank loans, equity, off-plan sales, or a combination?
- Understand the risks associated with each financing model. For example, heavy reliance on off-plan sales could lead to delays if sales are slow.

### Need More Help?

This checklist is a starting point. Due diligence can be complex, especially with off-plan purchases. Don't hesitate to reach out to a trusted real estate lawyer for personalized guidance.

Remember, a well-informed buyer is a protected buyer!