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Strata property: What are they and how do they work?

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Properties located within a strata can be an attractive option for buyers looking to have sophisticated facilities, a "ready-made" community or perhaps address concerns for a unit which might remain vacant for periods of time throughout the year, but how do they work and what does a potential buyer need to consider?

What is a 'strata' property?

In the Cayman Islands, a strata property refers to a specific type of ownership where the individual units within a larger building or development are owned by the buyer, but common areas and amenities are jointly owned and maintained by a strata corporation which is collectively owned by all of the unit owners.

What are the rules for strata property?

The general rules and regulations for strata properties are governed by Strata Laws, which outline the rights and responsibilities of strata owners, as well as the procedures required of the strata corporation for managing and maintaining the common areas. These include:

- **Division of ownership:** How the ownership of a strata property is divided among the individual unit owners, including the percentage of ownership for each unit and the rights and responsibilities associated with that ownership.
- **Common areas and amenities:** Rules for the maintenance, repair, and use of common areas and amenities within the development, such as hallways, elevators, swimming pools, and gyms.
- **Meetings and decision-making:** Procedures for holding meetings of the strata owners and for making decisions about the operation and maintenance of the development.
- **Fees:** Process for collecting fees from the unit owners to pay for the upkeep and maintenance of the common areas and amenities.
- **Dispute resolution:** How disputes between unit owners, or between unit owners and the strata corporation, are dealt with.
- **Alterations and renovations:** Rules for making alterations or renovations to individual units, including the need for permission from the strata corporation and the requirement to comply with building codes and regulations.
- **Insurance:** Strata properties must be insured against risks such as fire, flood, and other liabilities, and the law specifies how the insurance costs are shared among the unit owners.

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In addition to the Strata Laws, strata property is bound by rules and regulations specific to a particular development called Bye-Laws. Bye-Laws are created by the strata corporation and are intended to supplement the more general rules outlined in the Strata Laws. Typically, Bye-Laws expressly include all the relevant provisions of the Strata Law as well as covering additional elements such as:

- Quiet hours
- Restrictions on pets
- Parking and traffic regulations
- Use of common areas and amenities
- Restrictions on renting or leasing units, including AirBnB
- Restrictions on use of the unit
- Limitations on the number of occupants in a unit
- Regulations on smoking.

Strata Bye-Laws are usually recorded with the title register of the property and are legally binding on all unit owners. It is essential for anyone considering purchasing a strata unit to review the Strata Bye-Laws, in addition to the Strata Laws, and ensure they are comfortable with all the rules and regulations before making a purchase. It is important to note that until tailor-made Strata Bye-Laws are created by a strata corporation, the standard form Bye-Laws set out in the Strata Laws will be in force.

An Attorney's job is to ensure buyers understand all the terms of the strata and how they dictate use of the property. Please get in touch with our property team if you are considering buying a strata property, or require advice regarding a strata property.

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