



WHAT ARE THE RISKS TO CONSIDER BEFORE PURCHASING A STRATA PROPERTY?

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In the Cayman islands, a [strata property](#) is managed on a day-to-day basis by the strata corporation, which is made up of the individual unit owners within the development. The strata corporation is responsible for overseeing the operation and maintenance of the common areas and amenities, and for making decisions about the development.

What do strata corporations do?

Strata corporations typically hold regular meetings, where unit owners can discuss and vote on important issues related to the development, such as budgeting, repairs and maintenance, and new rules and regulations. The strata corporation may also appoint a management company or a property manager to handle the day-to-day operations and maintenance of the development, but they don't have to.

One of the functions of a strata corporation is collecting fees from unit owners to pay for the upkeep and maintenance of the common areas and amenities. These fees may be collected on a monthly, quarterly, or annual basis, and are usually based on the size of the unit or the percentage of ownership.

The strata corporation is also responsible for enforcing the rules and regulations outlined in the Strata Titles Registration Act and the strata bye-laws. This can include issuing fines or taking legal action against unit owners who violate the rules.

It is important for unit owners to actively participate in the strata corporation, attend meetings, and stay informed about the developments and decisions being made, to ensure that the strata property is well managed and maintained.

What are the risks of owning a strata property?

Being a part of a strata property in the Cayman Islands can have some potential risks, including:

- **Financial risks:** Unit owners are responsible for paying a portion of the costs associated with maintaining and repairing the common areas and amenities. If the strata corporation is not effectively managing the budget or if there is a significant unexpected expense, individual unit owners may be responsible for paying a larger share of the costs.
- **Maintenance and repair risks:** Unit owners are also responsible for maintaining and repairing their individual units, and for ensuring that their units do not negatively impact the common areas or other units. If a unit owner does not properly maintain their unit, it can lead to damage or wear and tear on the common areas or other units, and the strata

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corporation may take legal action to recover the costs.

- **Dispute risks:** Being part of a strata property means living in close proximity to other people, and conflicts can arise between unit owners over issues such as noise, parking, or the use of common areas. The strata corporation may have a dispute resolution process in place, but if the issue cannot be resolved amicably, it may require legal action to resolve.
- **Insurance risks:** Strata properties must be insured against risks such as fire, flood, and liability. However, if the strata corporation does not purchase adequate insurance, or if the insurance policy does not cover certain types of losses, individual unit owners may be liable for damages.
- **Limited control:** Unit owners have a limited control over the management and maintenance of the common areas, and may not agree with the decisions made by the strata corporation.

It is important for potential unit owners to carefully review the strata bye-laws. An Attorney can help you understand these rights, responsibilities and risks before purchasing a strata unit. Please get in touch with our [property team](#) if you are considering buying a strata property, or require advice regarding a strata property.

FOR MORE INFORMATION PLEASE CONTACT:



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