StrataTitle - What is it, and how is it applied?

Marty Casado Mon, Oct 24, 2011   0 8355

You are probably familiar with the concept of "Title" ….. so what is "Strata Title"?

Essentially, Title to land is documentation of ownership of a defined piece of earth.

Strata Title is a title to a defined piece of construction, as in a condominium. The title document functions to guarantee your rights of ownership.

To issue a title to land, a survey has been done and a parcel number or "meets and bounds" description has been created. These items identify a property in such a way that it can be definitively identified.

Much the same process applies to the issuance of a Strata Title, but since the title represents ownership of a piece of construction, the unit in question must be built prior to the survey taking place. After the unit construction is complete, a surveyor comes to the property and measures/defines the "Boundaries" of the condominium unit. From that information a Strata Title is created.

When the Strata Title is issued, the land upon which the unit sits must be unencumbered by loans or other liens, and property taxes must be paid up to date.

Prior to the issuance of Strata, property taxes are levied on the land. After Strata, property taxes are issued on the unit itself.

The land upon which Strata titled units sit cannot be encumbered. It cannot be borrowed against nor pledged as security for any kind of transaction.

The Strata Title to your own unit can be encumbered – that is, it can be used as a security for a loan. Since Strata is a separate and individual title, loans on a particular unit convey no liability whatsoever to other units in the condominium development.

If you are buying a condominium that is under construction, your guarantee of rights is memorialized by an Agreement for Sale. When the Strata survey is completed, your Agreement for Sale is replaced by a Strata Title document.

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