

The anatomy of a purchase and sale agreement

An interactive forum featuring an in depth look at purchase and sale agreements was conducted earlier this month by local law firm, Ogier & Boxalls. The forum, led by Counsel, Daniel Priestley, was attended by over 50 professionals with a vested interest in the Cayman real estate market.

Priestley confirmed, "It was apparent from the high level of interest in and the participation levels of the seminar that there is an obvious need in this marketplace for more sophisticated information on real estate transactions. The real estate market in Cayman is becoming increasingly complex and those closest to the business need to have the most up-to-date information on how to protect themselves and their clients when structuring deals."

The focus of the seminar was to point out the potential pitfalls of working with purchase and sale agreements and the need to be very careful in structuring deals, to the benefit of all parties concerned.



Daniel Priestley: There is an obvious need in this marketplace for more sophisticated information on real estate transactions.

In his presentation, Priestley focused on three principal areas of the agreement: the structure of a conveyancing transaction, which outlined the background knowledge for his later points; the investigation of title, and the agreement for purchase and sale itself.

There were a few raised eyebrows in the room when Priestley made his case for the importance of proper title searches and the implications of not conducting these in a thorough and precise manner. He was able to provide an example of one investor who was well into the process of developing a prime beach front parcel (including having drawn up

complete plans for the development), only to find out that a public right of way access ran straight through the middle of the property, rendering his existing plans useless and resulting in a dispute with the real estate agent company who had handled the transaction for him.

With the memory of Ivan still fresh in the minds of many investors in Cayman (both resident and non-resident), there is an increased interest in protecting oneself when embarking on the purchase of a property. Priestley was able to cite some examples of situations of post-Ivan real estate trauma where investors were obligated under the law to continue with a pre-Ivan agreement, even though the property itself had been reduced to nothing but a pile of rubble.

From these and other examples offered during the presentation, advice was given on how to avoid these types of problems and recommendations as to what professionals can offer to their clients so as to provide a comprehensive service.

Priestley promises "We are pleased to be able to offer these types of informative sessions in order to raise the awareness levels of the local businesspeople and plans for the next session are already underway."

