

Consumer market study on the functioning of the real estate services for consumers in the European Union

Country fiche – NORWAY

General information

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| Country | Norway |
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| Main Sources Used | Legislation, regulations, public statistics. Legislation (“Lover”) and regulations (“Sentrale forskrifter”) are to be found here: lovdata.no (various types of public statistics and public information) |

1. Regulatory background

1.1 Level of regulation in the country

| Table 1: Level of regulation | | | |
|---|--|---|--|
| | Level of regulation | Source of relevant legislation | Ongoing discussion on regulation/deregulation (if applicable): current state of affairs and main arguments in the debate |
| Real estate transactions | Strictly regulated | <ul style="list-style-type: none"> • Sale of Real Property Act 1992; • Construction and Sale of New Houses Act 1997; • Tenancy Act 1999; • Preventing Money Laundering and Terror Financing Act 2009. | There is a constant discussion whether the Sale of Real Property Act is the basis of several disputes between sellers and buyers. The number of disputes before courts of law rose after the enactment in 1992. It has been argued that the act is not sufficiently clear when it comes to the rights and obligations of the parties. Suggestions have been made that the act should be amended. |
| Notary system (or lawyer/conveyancer system)¹ | No notary system, no licenced conveyancers besides licenced real estate agents and lawyers | N/A | N/A |
| Profession of estate agents | Strictly regulated | Real Estate Agency Act 2007, Real Estate Agency Regulation 2007 | N/A |

- Sales contracts and tenancy contracts for residential property are regulated in the Sale of Real Property Act 1992 and the Tenancy Act 1999. There are also other acts and regulations of interest: The Construction and Sale of New Houses Act 1997, money-laundering regulations etc.
- There is no notary system in Norway. When dealing with real estate transactions, the tasks of continental notaries are to a large extent performed by the real estate agent handling the sale (e.g. check of legal restrictions and encumbrances, transfer and registration of title deed and of payment).
- Conveyancers do not exist outside the profession of licenced real estate agents.
- Licenced advocates (lawyers, solicitors) may conduct real estate agency on the basis of their advocate licence. They must work within the legal framework of the Real Estate Agency Act.

¹ Only in countries where notaries do not exist or do not have a monopoly on conveyancing.

1.2 National legislation

Table 2: List of national legislation

| List of national legislation | Classification of national legislation | Content of the national legislation |
|---|--|--|
| Real Estate Agency Act 2007 | Consumers, regulation of professions, real estate transactions | Licencing of real estate agents, restrictions on the use of the professional title of real estate agent, codes of conduct in the real estate market, consumer protection |
| Sale of Real Property Act 1992 | Consumers | Contracts of Sale of Real Property |
| Construction and Sale of New Houses Act 1997 | Consumers | Contracts between Professionals and Consumers |
| Tenancy Act 1999 | Consumers | Contracts between Landlords and Tenants |
| Land Registration Act 1935 | All addressees | Technicalities and conditions of land registration |

1.3 Implementation of relevant EU legislation

Table 3: Implementation of relevant EU legislation

| EU legislation | Implementation achieved? | Implementation of EU legislation at the national level (e.g. the name of the law) | Source of the national implementation legislation | Content of the national legislation in keywords | Which parts of the EU legislation have been transposed? | Which parts of the EU legislation have <u>not</u> been transposed? |
|---|--------------------------|--|---|---|---|--|
| Directive 2005/29/EC on unfair commercial practices (UCPD) | Yes | <ul style="list-style-type: none"> Marketing Practices Act 2009; Black List Regulation 2009. | Ot.prp. nr. 55 (2007-2008) | As the Directive | All | None |
| Directive 93/13/EEC on unfair terms in consumer contracts | Yes | General Contracts Act 1918 sections 36 and 37 | Ot. prp. nr. 89 (1993-94) | As the Directive | All, except the Grey List | The Grey List |
| Directive 2008/122/EC on the protection of consumers, in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts | Yes | Time Share and Long-Term Holiday Products Act 2012 | Prop. 57 L (2011-2012) | As the Directive | All | None |
| Directive 2010/31/EU of Energy Performance of Buildings Directive | Yes | Several regulations | | As the directive | All(probably) | None (probably) |

| Table 3: Implementation of relevant EU legislation | | | | | | |
|--|-----|--|-------------------------|------------------|-----|------|
| Directive 2005/36/EC on Recognition of Professional Qualifications, as last amended by Directive 2013/55/EU | Yes | Professional Qualifications Act 2017 (in force 2018) | Prop. 139 L (2015–2016) | As the directive | All | None |
| Mortgage Credit Directive, 2014/17/EC | No | | | | | |

- Directive 93/13/EEC on Unfair Terms in Consumer Contracts: When implementing the Directive, the Norwegian legislator found that the existing section 36 of the General Contracts Act 1918 (as amended 1983) met the general requirements of the Directive. The Grey List was not transposed. According to the preparatory works of the Norwegian implementation act, The Grey List should be respected even though it is not part of the act itself.
- Directive 2014/17/EC on Mortgage Credit: Implementation will occur soon. The implementation of the The Consumer Credit Directive 2008/48/EC in Norwegian Law has been given effect also in the field of consumer mortgages.

1.4 Communications and strategy papers

| Table 4: Communications and strategy papers | | | | | |
|--|--|-------------------------|---------------|----------------|--|
| Communication or strategy paper | Have the following communications and strategy papers been referred to in national documents? | Name of document | Source | Content | Differences with respect to communications and strategy papers listed in the first column |
| COM(2015) 550 final Communication of the Commission Upgrading the Single Market: more opportunities for people and business | No | | | | |
| COM(2013)676 Communication from the Commission on evaluating national regulations on access to professions | No | | | | |
| COM(2016)820 Communication from the Commission on reform recommendations for regulation in professional services | No | | | | |
| European Consumer Agenda | No | | | | |
| Consumer Programme 2014-2020 | No | | | | |

It seems that there are no references to any of the documents in the table in Norwegian legislation. There are some references to documents in the table in Norwegian official documents and reports.

2. General market information

2.1 Key market data

| Table 5: Key market data | | |
|--|--|---|
| General market situation (e.g. trends in the market, recent developments in the market, price fluctuations, etc.) | Sharp rise in house prices after World War II followed by a drop in prices between 1988 and 2008. There has been a recent trend to stabilization and slight fall in prices in 2017 due to government regulations of mortgages and taxes. | |
| Total value of residential transactions for buying and renting for the year 2015 (2014 or 2013 depending on the latest available data) expressed in EUR | <ul style="list-style-type: none"> • Value buying 2015: approx. 400 billion NOK (approx. 42 billion EUR); • Renting: Figure not available | |
| Ratio house owners – tenants (i.e. the percentage of households that are owners resp. tenants of dwelling units) | 2015: Owners 78 %, tenants 22 % | |
| Usage of land (Quotas for built land, agricultural land, “wild land” (forests, lakes etc.) | Built land 2 %, agricultural land 3 %, forests 37 %, open land (little vegetation, mountains) 38 % | |
| Average prices of residential property | <i>According to the type of property</i> | <ul style="list-style-type: none"> • Flat 70 sqm 2012: NOK 2.436.000 (EUR 256.000); • Terrace house 100 sqm: n.a.; • Detached 150 sqm 2012: NOK 2.910.000 (EUR 306.000). |
| | <i>According to the type of location</i> | <ul style="list-style-type: none"> • Capital city of Oslo 2017, flat 70 sqm: NOK 5.100.000 (EUR 530.000), detached house 150 sqm: NOK 7.800.000 (EUR 820.000); |
| | <ul style="list-style-type: none"> • <i>Capital city</i> • <i>Urban areas</i> • <i>Rural areas</i> | |

Table 5: Key market data

| | | |
|---|--|--|
| | | <ul style="list-style-type: none"> For the rest of the country prices of detached houses vary from NOK 16.000 (EUR 1.700) per sqm up to NOK 33.000 (EUR 3.500) per sqm. |
| Price development of residential property | <p><i>According to the type of property</i></p> <ul style="list-style-type: none"> Average flat of ca. 70 sqm Terrace house of ca. 100 sqm Detached (one family house) of ca. 150 sqm | The general rise in house prices in Norway over the ten years up to 2016 is 76 %. |
| | <p><i>According to the type of location</i></p> <ul style="list-style-type: none"> Capital city Urban areas Rural areas | In the Capital City of Oslo, prices have risen approx. 30 % for both flats and detached houses over the five years up to 2016. In other parts of the country the development varies from 8 % (detached houses in Tromsø) to 40 % (flats in Trondheim). |
| Development of price index (Housing price index if existing, otherwise Consumer price index) | Consumer price index (2015=100): 1945:4,9 – 1970:12,8 – 1980:28,7 – 1990:59,9 – 2000:75,5 – 2010:92,1 – 2016:103,6 | |

2.2 Service providers

Table 6: Service providers

| | Total number of firms | Total number of professionals | Total number of employees | Branch offices per firm | Market concentration in % of turnover | Average turnover per firm (expressed in EUR) |
|----------------------------------|--|--------------------------------------|----------------------------------|--------------------------------|--|---|
| Estate agents | Approx. 500 | Approx. 3.500 | Approx. 5.000 | Approx. 10 | 96 % | N/A |
| Lawyer/Advocate/Solicitor | Lawyers and licenced advocates play a minor role for residential real estate transactions. Licenced advocates may however act as real estate agents | N/A | N/A | N/A | N/A | N/A |
| Notary | 0 | N/A | N/A | N/A | N/A | N/A |
| Licenced conveyancers | 0 | N/A | N/A | N/A | N/A | N/A |
| Architects | N/A | N/A | N/A | N/A | N/A | N/A |
| Surveyor | N/A | N/A | N/A | N/A | N/A | N/A |
| Engineers | N/A | N/A | N/A | N/A | N/A | N/A |

3. Roles of professionals and services in the real estate market

Table 7: Role of professionals in the real estate market

| | Estate agent | Property valuator ² | Lawyer/Advocate/ Solicitor | Notary | Bank | Licenced conveyancer | Technical expert (architect, engineer, surveyor) |
|--|---|--|--|--------|------|----------------------|---|
| Main function: does the professional typically work independently or as part of a firm or another organisation? | Part of a firm | Independent or part of a firm | Rare involvement (except when acting as estate agent). Part of a firm. | No | N/A | No | Independent or part of a firm |
| Extent of engagement (at which point(s) does each professional intervene in the process?) | The whole process, from matching the parties to transfer of title deed and payment. | Before the property is announced for sale. | May act as estate agent. Otherwise: Rare involvement. | - | - | - | Before the property is announced for sale. |
| Mandatory involvement | No | No | No | - | N/A | - | No |
| How are their fees/charges structured | Most often commission, usually 1-3 % + VAT + expenses | Fixed price | See column estate agent. Otherwise: Rate per hour. | - | - | - | Fixed price |

² In some EU countries, the real estate property valutors are regulated as a profession that is separate from estate agents (e.g. Hungary, Lithuania, Latvia); their services might be obligatory, especially when taking mortgage loans.

4. Land registration

| Table 8: Land registration | |
|---|---|
| Responsible authority(ies) dealing with land registration | Statens kartverk |
| Actors involved in the registration procedure and their main functions | The estate agent completes the registration of the title deed as soon as full payment of the property is made |
| Intermediate steps of the registration procedure | N/A |

5. The process to buy or sell a property

5.1 Main steps in the transaction process to buy or sell a property

| Table 9: Main steps of the process to buy or sell a property | | | |
|---|---|-------------------|---|
| Main steps | Main function | Applicable | National specificities/additional functions/main actors |
| Estate agent services | Matching the parties | Usual | N/A |
| Alternative matching devices | Matching the parties | Unusual | N/A |
| Preliminary contract | Securing the transaction before the final contract is concluded | Unusual | Only in a minority of cases |
| Preliminary checks (land register, administrative permits) | Ensuring that the buyer knows all legal obligations and relevant features related to the property | Usual | Mandatory part of estate agent services according to the Estate Agency Act 2007 |
| Drafting the sales contract and/or deed of conveyance | Summarising the agreement of the parties | Yes | Part of estate agent services according to the Estate Agency Act 2007 |
| Legal advice or counselling | Ensuring that the transaction is valid and that the parties know about their rights and duties | Unusual | N/A |
| Certification of signatures | Ensuring the validity of the agreement | Yes | The title deed, not the sales contract, needs to be certified |
| Contract execution (transfer of payment) | Executing the contract (and securing that both parties perform their obligations) | Yes | Part of estate agent services according to the Estate Agency Act 2007 |
| Contract execution (transfer of property) | Executing the contract (and securing that both parties perform their obligations) | Yes | Part of estate agent services according to the Estate Agency Act 2007 |

Table 9: Main steps of the process to buy or sell a property

| | | | |
|-------------------------------------|--|-------|--------------------------------------|
| Registration | Making the transaction visible to third parties and the public | Usual | Usual in practice, but not mandatory |
| Taxation (esp. transfer tax) | Creating revenue for the state | Yes | N/A |
| Post-transaction controls | Securing that the contract is duly executed | No | N/A |

5.2 Sale contract and transfer of ownership

Table 10: Contract of sale and transfer of ownership

| Main steps | Actors involved per intermediate step; | Payment details ³ | | Typical risks associated to these steps |
|--|--|--|--|---|
| | | Payments expressed : • In EUR as % of total purchase price <u>and</u> • As a fixed amount (add if VAT applies) | When is the payment made | |
| Estate agent services or alternative matching devices | Estate Agent | Commission, usually 1-3 % of the purchase price + VAT, minimum ca 4.000 EUR | As soon as a binding agreement is reached between the seller and the buyer | N/A |
| Preliminary contract (usual) | N/A | N/A | N/A | N/A |

³ Payment shall be considered as the 'discharge of an obligation by its settlement equal to the monetary value of the debtor's obligation' while fees can be defined as 'a charge for services rendered' (Retrieved from: <http://www.investorwords.com/3634/payment.html>, <http://www.investorwords.com/1922/fee.html>). Payment, therefore, includes both the cost of the service and the fees for the service in question.

| Table 10: Contract of sale and transfer of ownership | | | | |
|--|--|--|--|-----|
| Preliminary checks (land register, administrative permits) | Estate Agent | Included in the commission | As soon as a binding agreement is reached between the seller and the buyer | N/A |
| Drafting the sales contract and/or deed of conveyance | Estate Agent | Included in the commission | As soon as a binding agreement is reached between the seller and the buyer | N/A |
| Legal advice or counselling | Not usual | N/A | N/A | N/A |
| Certification of signatures | Arranged by the estate agent | Included in the commission | As soon as a binding agreement is reached between the seller and the buyer | N/A |
| Contract execution (transfer of payment and registration; transfer of property) | Estate Agent | Included in the commission | As soon as a binding agreement is reached between the seller and the buyer | N/A |
| Registration in land register or similar device | Estate Agent | Included in the commission | As soon as a binding agreement is reached between the seller and the buyer | N/A |
| Taxation (esp. transfer tax) | Land register authority (Statens kartverk) | Fixed by law: 2,5 % of the value of the property | When the title deed is registered | N/A |

▲ Legal position of a tenant occupying the dwelling to be sold. In particular: Does the rule *emptio non tollit locatum* apply?

As a general rule, selling the dwelling does not affect the rights of the tenant under the tenancy contract. The new owner has the same obligations to the tenant as the former owner. According to the Tenancy Act section 9-5, the contract may be terminated by the landlord on certain grounds. Some of these grounds can be met by the new owner although they were not met by the former owner.

5.3 Professional services performed in the real estate market related to buying and selling a property

Table 11: Professional services performed in the real estate market related to buying and selling a property

| Services in the real estate market | Minimum standards for information provided by law | Service providers involved | Quality of involvement (mandatory, optional; if optional, indicate whether usual or not) | Fees expressed: <ul style="list-style-type: none"> • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available) |
|---|--|-----------------------------------|---|--|
| Estate agent services or alternative matching devices | Building year, size of land and house, number and character of rooms, encumbrances and registered rights of others over the property, legal restrictions on use. | Estate agent | Mandatory (if an estate agent is involved in the transaction). | Estate agent's commission: usually 1-3 % of the purchase price + VAT, minimum ca 4.000 EUR. |
| Provision of mandatory information before the start of the transaction | Information on the content of the estate agent's assignment, commission or other fees to be paid. | Estate agent | Mandatory (if an estate agent is involved in the transaction). | Estate agent's commission: usually 1-3 % + VAT, minimum ca 4.000 EUR. |
| Preliminary contract (usual) | N/A | N/A | N/A | Included in the commission if a preliminary contract is concluded (only in a minority of cases) |
| Preliminary checks (land register, administrative permits) | Many checks must be performed (land register, encumbrances, restrictions on the use of the property, administrative permits etc.). | Estate agent | Mandatory (if an estate agent is involved in the transaction). | Included in the commission |
| Drafting the sales contract | Yes | Estate agent | Mandatory (if an estate agent is involved in the transaction) | Included in the commission |

Table 11: Professional services performed in the real estate market related to buying and selling a property

| | | | | |
|---|------------|------------------------------|---|--|
| and/or deed of conveyance | | | | |
| Legal advice or counselling | Not usual | N/A | N/A | N/A |
| Certification of signatures | Title deed | Arranged by the estate agent | Mandatory (if an estate agent is involved in the transaction) | Included in the commission |
| Contract execution (transfer of payment; transfer of property) | Yes | Estate agent | Mandatory (if an estate agent is involved in the transaction) | Included in the commission |
| Registration in land register or similar device | Yes | Handled by the estate agent | Mandatory (if an estate agent is involved in the transaction) | Included in the commission |
| Taxation (esp. transfer tax) | Yes | Handled by the estate agent | Mandatory (if an estate agent is involved in the transaction) | Fixed by law: 2,5 % of the value of the property |

5.4 Creating a Mortgage

Table 12: Mortgage requirements

| Main steps to create a mortgage | Actors/institutions involved | Minimum standards for information | Additional requirements for consumer mortgages | Fees expressed: • In EUR as % of total purchase price <u>and</u> • As a fixed amount | Typical risks associated to these steps |
|--|---|--|--|--|---|
| Conclusion of credit and mortgage agreement with lender (bank) | Bank or other financial institution | Yes. The requirements of the Consumer Credit Directive also comprise mortgages under Norwegian Law (According to Section 46 as of the Financial Services Act, the pieces of information that are needed for this step include: type of credit, interest to be paid, amount and duration of instalments, security etc.) | N/A | Bank costs usually contained in mortgage contract. The costs for establishing a mortgage vary a lot. A sum of 300-500 Euro could perhaps be indicated. Some banks do not charge any costs for establishing a mortgage. | N/A |
| Insertion of mortgage in the land register, usually at first rank | Bank, estate agent and land register | N/A | N/A | No separate fee by agent usual | N/A |
| Credit sum paid to mortgagor (buyer) or seller | Usually paid to the seller via the estate agent | N/A | N/A | No separate fee by agent usual | N/A |

6. The process to rent or let a property

6.1 Main steps in the transaction process to rent and let a property

| Table 13: Main steps of the process to rent and let a property | |
|---|--|
| Main steps | Process involved |
| Finding and matching landlords and tenants | Estate agent or directly performed by the parties |
| Information search by landlords or tenants (e.g. about salary, outstanding debts) | Estate agent acting on behalf of the landlord may search information about possible tenant. |
| Inspection of the property by tenants (in some cases with the help of professionals) | Yes, professionals seldom involved |
| Delivery of mandatory information to tenants prior to the conclusion of the contract | Some mandatory information must be given by the estate agent. Otherwise very little mandatory information. |
| Delivery of energy performance certificate to tenant | Yes |
| Provision of additional guarantees to landlord | Bank deposit and/or guarantee may be part of the agreement, totally maximum six months lease. |
| Conclusion of the contract in the usual form (e.g. oral, written, preformulated) | Written, usually preformulated |
| Rent payment and deposit (e.g. bank account) | Monthly payment. Deposit: up to six-month rent. |
| Registration of the contract in the land register (e.g. excluded, optional or mandatory) | Optional, not very usual |

6.2 Rent contract

Table 14: Rent contract

| Main steps | Actors involved per intermediate step | Payment details ⁴ | | Typical risks associated to these steps |
|--|---|--|---|---|
| | | Payments expressed : • In EUR as % of total purchase price <u>and</u> • As a fixed amount if available (add if VAT applies) For agent fee see above | When is the payment made | |
| Finding and matching the parties | Estate agent or no professional actor (only landlords and tenants involved) | Estate agent's commission: usually 1-3 % of the transaction value + VAT, or one-month rent | The payment of the commission is due as soon as a binding rent contract has been concluded between the landlord and the tenant. | No typical risk |
| Information search by landlord on tenant (e.g. about salary, outstanding debts) | Estate agent (information on tenant) | No separate fee usual | | No typical risk |
| Inspection of the property by tenant (in some cases with the help of professionals) | Inspection by the tenant | To be agreed, no fixed fees | | No typical risk |
| Delivery of mandatory information to tenant | Some mandatory information must be given by the estate agent, otherwise very little | No separate fee usual | | No typical risk |

⁴ Payment shall be considered as the 'discharge of an obligation by its settlement equal to the monetary value of the debtor's obligation' while fees can be defined as 'a charge for services rendered' (Retrieved from: <http://www.investorwords.com/3634/payment.html>, <http://www.investorwords.com/1922/fee.html>). Payment, therefore, includes both the cost of the service and the fees for the service in question.

| Table 14: Rent contract | | | | |
|--|---|-----------------------|--|-----------------|
| prior to the conclusion of the contract | <p>mandatory information. Examples of mandatory information to be given to the tenant by the estate agent are:</p> <ul style="list-style-type: none"> • The size of the house or apartment; • The number of rooms; • The amount of rent and other payments; • The rent period; • The right to terminate the contract, deposit or guarantee; • Duty of maintenance; • The tenant's right to sublease the property. There are no corresponding duties of information on the landlord if a real estate agent is not involved. | | | |
| Delivery of energy performance certificate to tenant | Estate agent or landlord | No separate fee usual | | No typical risk |
| Conclusion of the contract in the usual form (e.g. oral, written; if written, indicate whether preformulated are usual) | Written contract administered by the estate agent or by the parties, mostly preformulated. | No separate fee usual | | No typical risk |
| Rent payment and deposit (e.g. bank account) | Payment to landlords bank account. Deposit: see above | No separate fee usual | | No typical risk |
| Registration of the contract in the land register or other device (excluded, optional or mandatory) | Optional, not very common | N/A | | No typical risk |

6.3 Professional services performed in the real estate market related to renting and letting a property

Table 15: Professional services performed in the real estate market related to renting and letting a property

| Services in the real estate market | Minimum standards for information provided by law | Service providers involved | Quality of involvement (e.g. mandatory; exclusive rights) | Fees expressed: • In EUR as % of total purchase price <u>and</u> • As a fixed amount |
|---|---|---|---|--|
| Finding and matching landlords and tenants | A few requirements in the Real Estate Agency Act, if an Estate Agent is involved (seldom) | Sometimes estate agent | Optional | On overall agent fee see above |
| Information search by landlords or tenants (e.g. about salary, outstanding debts) | Not required by law | Sometimes estate agent | Optional | No separate fee usual |
| Inspection of the property by tenants (in some cases with the help of professionals) | Inspection by the tenant | Sometimes professional (architect etc.) | Optional, not usual | To be agreed, no fixed fee |

Table 15: Professional services performed in the real estate market related to renting and letting a property

| | | | | |
|---|--|------------------------|--------------------------|-----------------------|
| Delivery of mandatory information to tenants prior to the conclusion of the contract | <p>Some mandatory information if an estate agent is involved. Otherwise very little mandatory information.</p> <p>Examples of mandatory information to be given to the tenant by the estate agent are:</p> <ul style="list-style-type: none"> • The size of the house or apartment; • The number of rooms; • The amount of rent and other payments; • The rent period and the right to terminate the contract, deposit or guarantee; • Duty of maintenance; • The tenant's right to sublease the property. <p>There are no corresponding duties of information on the landlord if a real estate agent is not involved.</p> | Sometimes estate agent | Mandatory to some extent | No separate fee usual |
| Conclusion of the contract in the usual form (e.g. oral, written, preformulated) | Written contract, usually preformulated, some mandatory elements according to the Tenancy Act 1999 | No separate fee usual | Optional | No separate fee usual |
| Rent payment and deposit (e.g. bank account) | N/A | Sometimes agent | Optional | No separate fee usual |

Table 15: Professional services performed in the real estate market related to renting and letting a property

| | | | | |
|---|--|-----------------|----------|-----------------------|
| Registration of the contract in the land register (e.g. excluded, optional or mandatory) | Possible, but not usual; so minimum standard for information | Sometimes agent | Optional | No separate fee usual |
|---|--|-----------------|----------|-----------------------|

7. Professional services regulation: notaries (not existing)

7.1 Market entry and structure regulation

Table 16: Market entry and structure regulation

| | Regulation | |
|---------------------------------------|--|------------------|
| Subjective requirements | <i>Qualifications (diplomas, exams, concours) required to become a notary in the Country:</i> | No notary system |
| Objective requirements | <i>Do numerus clauses and other objective requirements exist?</i> | |
| Citizenship requirements | <i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i> | |
| Inter-professional cooperation | <i>Are forms of collaboration between notaries and other professionals allowed and usual?</i> | |
| Business structure | <i>Are notary associations/corporations allowed?</i> | |
| Geographical limitations | <i>Are there limitations with respect to the area in which the notary can exercise his/her activities (e.g. at the regional or municipal level)?</i> | |
| | <i>Are these limitation restricted to specific tasks?</i> | |

7.2 Market conduct regulation

Table 17: Market conduct regulation

| | Regulation | |
|---------------------------------------|---|------------------|
| Exclusive rights | <i>Specify for which transactions or parts of them only notaries may act against payment.</i> | No notary system |
| Duty to provide services | <i>Are notaries allowed to refuse a request to act?</i> | |
| Professional standards | <i>How are professional standards regulated? What are the tasks of the professional representation (e.g. Chamber of Notaries) in this context?</i> | |
| Mandatory intervention | <i>Is the intervention of a notary required for the registration procedure?</i> | |
| Compulsory indemnity insurance | <i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance? List of the different types of indemnity insurance.</i> | |
| Continuing education | <i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i> | |
| Advertising restrictions | <i>Are there limitations on advertising?</i> | |
| Fee regulation | <i>Notarial fee system</i> | |

8. Professional services regulation: lawyers or other licensed conveyancers (only relevant if legally admitted to perform real estate transactions and/or to assist the conclusion of tenancy agreements)

8.1 Market entry and structure regulation

| Table 18: Market entry and structure regulation | | |
|---|--|---|
| | Regulation | |
| Subjective requirements | <i>Conditions (diplomas, exams, concours) required to become a lawyer in your country.</i> | Five year (3+2) master degree in law. Two years practice to have advocate licence |
| Objective requirements | <i>Do numerous clauses and other objective requirements exist?</i> | No numerous clauses or other objective requirements |
| Citizenship requirements | <i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i> | Yes; if foreign law degree: knowledge of Norwegian Law is required in order to be admitted to the bar |
| Inter-professional cooperation | <i>Are forms of collaboration between lawyers and other professionals allowed and usual?</i> | Allowed, not very usual |
| Business structure | <i>Are lawyer associations/corporations allowed?</i> | Yes |
| Geographical limitations | <i>Are there limitations with respect to the area in which the lawyer can exercise his/her activities (e.g. at the regional or municipal level)?</i> | No |
| | <i>Are these limitation restricted to specific tasks?</i> | No |

8.2 Market conduct regulation

Table 19: Market conduct regulation

| Table 19: Market conduct regulation | | |
|---------------------------------------|--|--|
| | Regulation | |
| Exclusive rights | <i>Transactions or parts of them only lawyers may act against payment</i> | None as regards sale and lease of real property. Lawyers may assist the parties (seller and buyer) drafting the contract when the deal is concluded directly between the parties, without an estate agent. |
| Neutrality | <i>Is the lawyer allowed to act on behalf of both parties involved in the transaction? In this case, what type of fees apply and which party has to bear them?</i> | Yes, when the lawyer acts as real estate agent (see table 9.2, neutrality). Fee: commission, usually 1-3 % of the purchase price, or one month rent. |
| Duty to provide services | <i>Are lawyers allowed to refuse a request to act?</i> | In principle yes. Exceptions: for example, in case of discrimination. |
| Professional standards | <i>How are professional standards regulated? What are the tasks of the professional representation (e.g. Chamber of Lawyers/Advocates) in this context?</i> | By law and by code of conduct. Associations of lawyers and advocates play important roles: e.g. developing codes of conduct, administering continuing education. |
| Compulsory indemnity insurance | <i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance?</i> | Yes, minimum NOK 45 million (approx. EUR 4,7 million), minimum NOK 15 million (approx. EUR 1,6 million) per transaction. |
| Continuing education | <i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i> | Yes; yes: a number of hours yearly of continuing education is a mandatory element of membership of the professional association. |
| Advertising restrictions | <i>Are there limitations on advertising?</i> | In principle, no. |
| Fee regulation | <i>Lawyer fee system.</i> | When acting as a real estate agent: commission as explained in table 10. To be paid by the seller (who usually hires the lawyer/agent). |

9. Professional services regulation: estate agents

9.1 Market entry and structure regulation

Table 20: Market entry and structure regulation

| | Regulation | |
|---------------------------------------|--|--|
| Subjective requirements | <i>Qualifications (level and duration of education and training, diplomas, exams, traineeships or professional experience requirements, concours) required to become an estate agent in your country. Other access requirements for a professional (such as compulsory membership in professional bodies/compulsory registration, minimum age requirements, clean criminal record, etc.)</i> | Three years education, bachelor level exam. Two years practice. Licence needed. Must be over 18, clean criminal record. |
| Objective requirements | <i>Do numerus clauses and other objective requirements exist?</i> | No |
| Licence requirements | <i>Are estate agents licenced or do they work as employees?</i> | Both |
| Citizenship requirements | <i>Is unlimited access to the profession granted to foreign professionals de iure and de facto?</i> | Norwegian citizenship is not a precondition for being a real estate agent in Norway. A Norwegian licence may be issued to persons having the necessary qualifications from another EEA state. Professionals based within EEA may conduct real estate agency in Norway if they: <ul style="list-style-type: none"> • Move to Norway to conduct real estate agency; • Have the necessary indemnity insurance; • Notify the Norwegian Financial Supervision Authority. |
| Inter-professional cooperation | <i>Are estate agents allowed to exercise another profession or business activity? Is inter-professional cooperation regulated?</i> | Some limitations to other professions or businesses. Companies conducting real estate agency may as a general rule not engage in any business that is not naturally connected with real estate agency (such as evaluation services, real estate administration etc.). Employees may not be engaged in real estate trading or any other |

| Table 20: Market entry and structure regulation | | |
|---|---|---|
| | | business that may impair the public confidence of the employer company. |
| Business structure | <ul style="list-style-type: none"> • <i>Indicate the share of estate agent acts acting as sole practitioners and as companies (if data are available)?</i> • <i>Can the agent be employed by another agent or establish a partnership with other agents?</i> • <i>Are there any restrictions on the corporate structure of a real estate enterprise (such as voting rights reserved to qualified members of a profession, shareholding requirements etc.)?</i> | <p>An estate agency must as a general rule be organized as a limited company, supervised by a licenced estate agent or an advocate.</p> <p>Some restrictions on ownership of shares also exist.</p> |
| Geographical limitations | <ul style="list-style-type: none"> • <i>Are there limitations with respect to the area in which the estate agent can exercise his/her activities (e.g. at the regional or municipal level)?</i> | No |
| | <ul style="list-style-type: none"> • <i>Are these limitation restricted to specific tasks?</i> | No |

9.1 Market conduct regulation

Table 21: Market conduct regulation

| Table 21: Market conduct regulation | | |
|---------------------------------------|---|---|
| | Regulation | |
| Neutrality | <i>Is neutrality regulated? Is the agent allowed to act on behalf of both parties involved in the transaction? In this case, what type of fees applies and which party bears these?</i> | The estate agent acts on behalf of the seller, owing duties also to the buyer, until an agreement is reached between the seller and the buyer (likewise with landlord and tenant). After that point of time, the agent acts on behalf of both parties, full neutrality is required. The commission is paid by the seller. |
| Professional standards | <i>How are professional standards regulated? Are entities or associations ensuring the professional representation and respect of rules of good practice (e.g. association of real estate professionals)?</i> | Professional standards are regulated by law and by codes of conduct. Professional associations play an important role: the role of the associations is first and foremost to contribute in the development of codes of conduct |
| Compulsory indemnity insurance | <i>Is indemnity insurance compulsory for estate agents? If yes, what is the indicative amount of the insurance?</i> | Yes, minimum NOK 45 million (approx. EUR 4,7 million), minimum NOK 15 million (approx. EUR 1,6 million) per transaction |
| Continuing education | <i>Do forms of continuing education exist? If yes, is continuing education mandatory? What are the requirements related to the content and duration of continuing education? What are the consequences of non-compliance?</i> | Yes. It is mandatory and it corresponds to 15 hours per two years. The consequence of non-compliance may be the loss of licence. |
| Advertising restrictions | <i>Are there limitations on advertising?</i> | No |

| Table 21: Market conduct regulation | | |
|---|--|--|
| Fee regulation | <i>Are fees limited by statute? Which party is responsible for their payment?</i> | Commission (most usual) or rate per hour. Commission usually 1-3 % of purchase price, minimum ca 4.000 EUR. No fee limitations by statute. The party hiring the agent, usually the seller, is responsible for payment. |
| Compulsory membership in professional bodies/compulsory registration | <i>Is membership in professional bodies compulsory? If so, what are the membership conditions and the membership fees? Does the professional body have a supervisory or another important regulatory role?</i> | No compulsory membership except membership in an Alternative Dispute Resolution Board, ADR. Membership in the ADR body is mandatory for real estate agents and advocates conducting real estate agency (Real Estate Agency Act section 2-10). The ADR body does not have a supervisory role. The body gives non-binding opinions of individual disputes. |

10. The real estate market

10.1 Transaction costs for sample transactions

Table 22: Transaction costs VAT excluded

| | Estate agent ⁵ | Technical services (if usual) | Legal services (contained in agent services) | Land register fee | Transfer tax/stamp duty | Total usual transfer costs |
|---|---------------------------|-------------------------------|--|-------------------|-------------------------|----------------------------|
| €100,000 sales price (no mortgage) | 4.000 EUR | 800 EUR | N/A | 60 EUR | 2.500 EUR | 7.360 EUR |
| €100,000 sales price + 100.000€ mortgage | 4.000 EUR | 800 EUR | N/A | 120 EUR | 2.500 EUR | 7.420 EUR |
| €250,000 sales price (no mortgage) | 5.000 EUR | 800 EUR | N/A | 60 EUR | 6.250 EUR | 12.110 EUR |
| €250,000 sales price + 250,000€ mortgage | 5.000 EUR | 800 EUR | N/A | 120 EUR | 6.250 EUR | 12.170 EUR |
| €500,000 sales price (no mortgage) | 10.000 EUR | 800 EUR | N/A | 60 EUR | 12.500 EUR | 23.360 EUR |
| €500,000 sales price + €500,000 mortgage | 10.000 EUR | 800 EUR | N/A | 120 EUR | 12.500 EUR | 23.420 EUR |
| %VAT applicable | 25 % | 25 % | | 0 | 0 | |

⁵ An agent usually receives a percentage of the transaction value.

10.2 Transaction features

| Table 23: Transaction features | | | |
|--------------------------------|--|--|---|
| Transaction / service | Party bearing the costs of intermediation service (buyers or sellers, landlords or tenants) Costs expressed: • In EUR as % of total purchase price <u>and</u> • As a fixed amount | Indicate fees as expressed in the contract: • In EUR as % of total purchase price <u>and</u> • As a fixed amount | Possible hidden costs faced by buyers or tenants, if applicable |
| Estate agents | <ul style="list-style-type: none"> • Seller, 1-3 % of purchase price + VAT + some expenses; • Landlord, approx. one month lease + VAT. | <ul style="list-style-type: none"> • Seller, 1-3 % of purchase price + VAT + some expenses; • Landlord, approx. one month lease + VAT. | There should be no hidden costs for buyers or tenants |
| Technical services | Seller, approx. 800 EUR | Approx. 800 EUR | There should be no hidden costs for buyers or tenants |
| Legal services | Seller, Part of agent services | Part of agent services | There should be no hidden costs for buyers or tenants |
| Land register fees | Buyer, 60 EUR | 60 EUR | There should be no hidden costs for buyers or tenants |
| Taxes on conveyancing | VAT | VAT | There should be no hidden costs for buyers or tenants |
| Transfer taxes | Buyer, 2,5 % of purchase price | 2,5 % of purchase price | There should be no hidden costs for buyers or tenants |

The transfer tax is formally a stamp tax

10.3 Taxes during the process of buying and selling a property

Table 24: Taxes related to buying and selling a property

| | Relevance of the tax | When to pay the tax as part of the process of buying or selling | Tax amount (expressed in EUR as % of total purchase price <u>and</u> as a fixed amount if available) |
|--|----------------------|---|--|
| Registration tax⁶ | No | | |
| Mortgage tax | No | | |
| Cadastral tax | No | | |
| Stamp tax | Yes | After conclusion of contract | 2,5 % of purchase price |
| Transfer tax (tax on the acquisition of property) | No | | |
| Archives tax | No | | |

The stamp tax may alternatively be classified as registration tax or transfer tax.

⁶ Registration taxes are public levies associated with the registration act. They are not to be confused with registration fees, i.e. the payment required by the registration office to carry out the registration. Registration fees are contained in Table 10.

10.4 Taxes during the process of renting and letting a property

Table 25: Taxes related to renting or letting a property

| | Relevance of the tax | When to pay the tax in the process of renting or letting | Tax amount (expressed in EUR as % of total purchase price <u>and</u> as a fixed amount if available) |
|---|-----------------------------|---|---|
| Registration tax | No | | |
| Stamp tax | No | | |
| Other taxes concerning the use of the property | No | | |

11. Consumer situation in the market

11.1 Consumer rights

| Table 26: Consumer rights | | |
|--|---|---|
| Are there specific consumer rights in the context of real estate transactions and residential tenancies in your country? | <i>With respect to buyers</i> | Yes, primarily according to the Sale of Real Property Act 1992 and the Construction and Sale of New Houses Act 1997. The legislation secures the consumers (especially buyers and tenants) mandatory rights and remedies. |
| | <i>With respect to sellers</i> | Only a few |
| | <i>With respect to tenants</i> | Yes, primarily according to the Tenancy Act 1999. The legislation secures the consumers (especially buyers and tenants) mandatory rights and remedies. |
| | <i>With respect to landlords</i> | Some, according to the Tenancy Act 1999 |
| Which existing marketing practices are non-compliant with EU consumer legislation? | Marketing practices not always comply with consumer legislation, but it is not easy to point at specific issues. | |
| Which existing marketing practices are non-compliant with EU consumer legislation? | As above | |
| Are there existing marketing practices detrimental to consumers, even if not necessarily illegal, in both domestic and cross-border transactions? | <p>Examples of detrimental marketing practices are:</p> <ul style="list-style-type: none"> • Misleading or unbalanced information on the property • Misleading information on the price the seller will be willing to accept in order to start an auction; • Misleading information on competing bids in order to achieve a higher bid; • Misleading or false information on the legal status of rooms or parts of the house, for instance concerning the legal possibility to have a tenant in the ground floor “apartment” or in the attic etc. | |

11.2 Consumer complaints

| Table 27: Consumer complaints | |
|---|--|
| How often do buyers and sellers complain due to arising legal issues (e.g. invalid contract, missing information, hidden defects, missing building permit, delay in payment)? | 10-20 % of transactions. |
| How often do tenants and landlords complain due to arising legal issues (e.g. invalid contract, missing information, increase of rent, termination of the contract without proper notice)? | No exact information. The Consumer Council reports approx. 5.000 complaints or other inquiries per year. |
| Are consumer complaints against a professional service provider frequent, in particular as regards the fees and quality or service? | There is a number of consumer complaints against estate agents, technical experts etc., but this is not very frequent. |
| To whom can consumers complain (e.g. local or national administration, consumer protection agencies)? And through which means (e.g. formal letter, online form)? Is the procedure effective (in particular: average time needed for reply, solutions available for redress)? | The Consumer Council, the Estate Agents Alternative Dispute Resolution Board, The Technical Experts and Valuers Alternative Dispute Resolution Board. The Decisions are not enforceable, but they are generally respected by the professional. Complaints may be submitted by letter or online |