

## **1 NEW NORWEGIAN SALE OF PROPERTY ACT – CHANGE OF DIRECTION**

### **1.1 Introduction**

Recently, the Norwegian Parliament voted in favour of a new law regulating the sales of properties: The Sale of Property Act. This new law will have significant impact on many real estate sellers and buyers from the day it comes into effect.

The Sale of Property Act governs the sale and purchase of real estate and is mandatory when one party is a consumer. When both parties are professionals, the law is often set aside due to freedom of contract.

### **1.2 The “as-is” clause is being removed**

The new law regulates the sale of all types of property. The biggest change from today’s law is the removal of the well-known concept of selling a property “as is” when selling a property to a private person.

The Parliament’s decision to remove the “as is” clause has been disputed and criticised, nevertheless it is now a reality. The main reason for the removal of the clause is the lawmaker’s wish to reduce the number of legal disputes. Removing the “as is” clause will also increase the seller’s obligation to present consistent sales documents and make the seller more accountable for faults that appears on a later date.

### **1.3 Level of conflicts and new limitation of costs up to NOK 10 000**

Another part that has been criticized is a new clause regulating the lower limit of claims the buyer can demand repaired after the takeover. The limit has been set to 10 000 NOK and has no basis in today’s legal practice.

Most claims processed by the Norwegian courts today involve much higher figures than 10 000 NOK. The new limit will therefore be subject to new conflicts and court proceedings, and it is unlikely that it will reduce the number of claims.

### **1.4 Selling your property in Norway**

If you are planning on selling your property, we highly recommend doing it before the new law is effective, as property sales are likely to be subject to a temporarily higher level of conflict as a result of the new law. For the moment, it is uncertain when the new law will come into effect. The best guess is in 2021.

The risk of a legal conflict with the buyer will not change with the new law. As it is today, a conflict can arise up to 5 years after the sale.

Today's legislation is well tested in the Norwegian court system. As a result, legal disputes are often solved in mediation. This is preferably the best solution for all parties.

The goal is of course to avoid disputes, and the best way to do so is to be well prepared with sufficient documents and information concerning all aspects of the property for the buyer.

Nordia Law has good expertise with real estate law and is happy to help you with any questions related to this.