



ISSUES IN OWNERSHIP OF REAL ESTATE

NORWAY

Thommessen Krefting Greve Lund AS Advokatfirma

CONTACT INFORMATION:

Christopher Borch

Thommessen Krefting Greve Lund AS Advokatfirma

Haakon VII's gate 10

P.O. Box 1484 Vika

N-0116 Oslo, Norway

Email: cbo@thommessen.no

Web Site: www.thommessen.no

1. Is perpetual fee simple ownership of real property permitted? If not, what are the principal forms of ownership, or other principal form of ownership, of real property?

Perpetual fee simple ownership (freehold) is the most common way of owning Norwegian real estate. An owner (or several co-owners (No: "sameie")) has, in principle, complete legal and actual beneficial right over the property and can use it himself, let it out, sell it and/or mortgage it.

Most freehold properties are independent buildings. However, the building may be organized as condominiums (No: "eierseksjoner"). Condominiums are used where two or more co-owners have divided the use of a larger property with more than one unit in such a way that they have a permanent sole right to use specific parts of it. When the right of occupancy is organised in this fashion, property owners have a right of ownership to the unit itself practically in the same way as a detached freehold building.

In a number of cases you can own the building itself while leasing the ground it is built on for an annual fee. This type of land lease is known as ground leasehold (No: "tomtefeste") and is regulated by the Ground Leasehold Act no. 106, 1996.

Another way of owning real estate in Norway is a housing cooperative. Characteristic of a housing cooperative is the combination of a form of right of use and a right of ownership:

You can either own the right of occupancy combined with an ownership position in a housing cooperative which owns the property (No: “borettslag”), or you can rent the property in combination with owning shares in the residential limited company which holds the formal position of property owner and lessor (No: “aksjeleilighet”).

2. What instruments are used to convey fee simple ownership, or other principal form of ownership, of real estate?

The legal title to freehold property is conveyed through registering a title deed in the land register.

3. How in this jurisdiction is the ownership of real property recorded or searched? Who generally performs the search?

All Norwegian properties are registered in the land register, owned by the Norwegian state and administered by the Cadastre and Land Register Division of the Norwegian Mapping and Cadastre Authority (NMCA).

Each property has an assigned land register number according to the following system: Land number, title number and possibly a unit number if the property is sectioned – in addition to the municipal number. Each independent piece of property, i.e. both detached freehold properties and freehold units (condominiums), constitutes a register unit in which ownership, mortgage rights etc. can be registered.

If the property is subject to a ground leasehold the registered right of ownership will contain information about both the title to the land and the ground leasehold title. The leasehold is registered as an encumbrance on the land, but is regarded as a “separate property” in the land register which is subject to transfer and mortgaging.

Ownership interests in housing cooperatives are entered in their own register under the land register known as the “Register of ownership interests” (No: “buretsregisteret”) and these ownership interests can, in the same way as independent properties, be encumbered with rights and obligations. Rights in shares in residential limited companies are not subject to the same registration system and therefore, in principle, lack the publicity and notoriety that rights in the other forms of ownership have.

In general, professional participants in the real estate market, such as banks, estate agents and lawyers, subscribe to the online land register. However, the information may also be obtained orally through the land register telephone of the Norwegian Mapping and Cadastre Authority.

4. What assurances of ownership are available to purchasers of real property (e.g., title insurance or title opinions)? What is the cost of obtaining such assurances?

The Cadastre and Land Registry Division of the Norwegian Mapping and Cadastre Authority issues and authorizes Land Registry Certificates containing information about titles, encumbrances and easements as guarantee of ownership against a fee (at present NOK 172). Thus, title opinions are in most cases superfluous.

5. What are the most common forms of investment vehicles? What are the most common entities employed to own investment real estate in a tax efficient manner?

The most common forms of investment vehicles are various segments of business properties, such as offices, shopping malls etc., but also larger development projects related to both business and housing purposes. Normally the investments will take place through purchase of shares in companies owning the property in question.

6. Has this jurisdiction adopted, or is it considering, legislation permitting the creation of real estate investment trusts or similar entities?

Yes – Norway has adopted legislation permitting the creation of real estate investment trusts or similar entities.

7. What state or local transfer, stamp or similar taxes are levied generally on sellers or buyers upon the direct transfer of real estate?

Registering a title deed to a property is - under the prevailing regulation - subject to a stamp duty of 2.5% of the property's market value.

8. What state or local transfer, stamp or similar taxes are levied generally on sellers or buyers upon the transfer of interests in entities which own real estate?

The transfer of interests in entities which own real estate is under the prevailing regulation not subject to transfer, stamp or similar taxes.

9. How significant is local regulation and taxation of real estate? How significant is the variation of real estate law among political subdivisions of this jurisdiction?

The significance of local regulation and taxation of real estate may vary. Municipal zoning plans are significant in case of development properties, less significant in case of developed properties. Furthermore, property value taxation is subject to decisions by local authorities and may thus be imposed, if required, by the local municipal board.

10. Must ultimate beneficial owners of entities which own real estate be disclosed as a matter of public record?

Ultimate beneficial owners of entities which own real estate are under the prevailing regulation normally not subject to direct disclosure as a matter of public record.

However, please be advised that ownership of Norwegian (public) limited liability companies is disclosed, either through the register of shareholders or the Norwegian Electronic Securities Register (No: "Verdipapirsentralen"). Thus, anyone may seek information about the shareholders of companies owning real estate.