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# Buying in Sweden

On this page we give a description of a typical real-estate transaction, from the time you see a house you want to purchase, or enter into negotiations to purchase, until the deed is granted. We also describe what information we need from you as a buyer to enter into contracts, and later apply for land registration (deed).

National Housing Board and the Consumer Agency has also developed a website: "[Om Boende](#)" (in swedish), with information about buying, selling and owning property in Sweden, which is worth visiting. You can use [Google Translate](#) to get a reasonable translation. [The Swedish Board of Supervision of Estate Agents](#) (Fastighetsmäklarnämnden) also has several [fact sheets](#) in english, targeted at consumers, that may be helpful.

On this page we go through the following topics:

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## [Core values and bidding policies.](#)

We are known and respected for always marketing properties at a fixed price, for which you can actually buy the property. In our opinion it is irresponsible to ask for a price lower than the actual market value and then expose buyers to a more or less disguised bidding war. In particular when dealing with buyers from abroad, who have no idea if they are being cheated. We are aware that most buyers will be travelling a long way to visit the properties, and spend a great deal of time, effort and money on the journey in order to find "their place in the forest".

Many have discovered that the price was only "bait" and not at all in relation to what the property finally sold for. We often hear many variations of the above scenario and we have chosen to be an alternative to this, with realistic prices, honest and detailed descriptions and numerous photos, which also show what is less good about the properties.

We have great respect for our clients, both buyers and sellers. It is certainly also in the interest of the seller to market a property at a fixed price that you yourself are happy with and for which one can argue factually and accurately. It is ultimately the seller that determines what price he would ask for his property, and if he wishes us to market it at a slightly higher price than our appraisal, we usually go along with this, as long as it is within reasonable limits. An appraisal is never absolutely certain, and it is better that there is a little room for negotiation, than the seller should feel he has sold too cheaply. In return, you as a buyer is able to quickly compare what you get for your money and know that if you place a bid equal to the advertised price, you can also buy the property at this price. Of course you are always welcome to give a lower bid, but must then be prepared for the possibility that another buyer may bid higher - up to the advertised price. Whatever the current bid may be, the seller always has the final decision and does not have to choose the highest bidder (although this is usually the case) and can always choose not to sell at all.

Our rule of thumb is that the first buyer who has seen the property in reality, has the [financing](#) in order and announces that he wants to buy the property at the advertised price, may buy it. Should there be more buyers at the same time fulfilling these requirements, it is up to the seller to choose which buyer he prefers. What the seller will base this choice on is up to him, but most sellers choose the buyer who has the strongest economy,

or the buyer he likes the most for personal reasons.

**Bidding over the advertised price does not occur via Ødegårde.dk**, which is also a standard term in our written property mediation contract with all sellers. Should a situation arise where the seller feels that he could get a much higher price through bidding, the seller is of course free to terminate the mediation contract and sell his property on his own or use another estate agent. This has not yet occurred however, and our historical experiences with this procedure have been very positive and both sellers and buyers have been happy that the process is so concise and transparent. Buyers do not have to spend time, money and energy on looking at properties they do not have the finances to purchase and sellers get in contact with prospective buyers who have the means to buy and get a price they are satisfied with.

### **Overview of a typical transaction. (top)**

When you see a house on our website which you are interested to look at, please **contact us** by phone or **e-mail** to arrange the date and time for a viewing. As we mediate properties throughout southern Sweden, we do not arrange views in the normal fashion. In most cases the properties are second homes where the owners are not there and we will have a key place either in our office, somewhere on the property, or with a neighbor. To gain access to the keys, you need to tell us who you are, where you live and how we can contact you, ie. name, address, phone and e-mail. In addition, we want to know when you intend to visit the property, so we can avoid sending out other prospective buyers simultaneously.

After the viewing you may have questions or want to enter into negotiations about the price and terms. Please do not hesitate to **contact** estate agents Jens Christian Nielsen or Ingvar Elmehag.

When you and the seller broadly agree on price and other terms of the transaction, you can have the house reserved for a period, so you have time to get a **surveyor** if you wish, talk to the bank regarding **financing**, or to get the necessary time to get all your questions answered and any doubts resolved. How long you can have a property reserved is determined in each case, depending on the circumstances, but is typically one to two weeks. The time may be extended if the parties agree and if there are special circumstances. When the period of reservation is up and it is not extended, you must decide to either go ahead and sign the contract, or refrain from buying and the property will again be available to other potential buyers.

When both parties are satisfied and everything is agreed upon, we proceed to formalize the agreement in a contract of sale. When the contract is signed by all parties and released to the counterparty or broker, the contract is legally binding. In connection with the signing of the contract, a downpayment ("handpenning") is made, normally about 10% of the purchase price. The money is normally transferred directly to the seller, but if the property is highly mortgaged, or there are other circumstances, the downpayment can also be deposited on the estate agents trust account. In this case, the parties and the estate agent must sign an escrow agreement, governing how the money is to be treated and the conditions under which they shall be paid out.

On the closing day you and the seller meet again and sign a deed of sale ("köpebrev") and a settlement account ("likvidavräkning"). It is often prudent to meet in on the property, so that you as the buyer then can get a final tour and explanation from the seller about how everything works. This can also be done on another day, if it is more appropriate. In some cases, the lending bank demands that the signing be done in the bank and the parties must adjust to this. If a meeting is not practical because of distance or other hindrances, the closing can also be via the mail. However, this is only in exceptional cases, and should be considered as a last resort.

In connection with the signing of the deed, the residual purchase price is paid to the seller, and his signature on the deed of sale is also a receipt for the purchase price. The payment is normally done through a bank transfer to the seller's account. If the parties have different banks, or if the parties are living in different countries, the transfer can take several days. In such cases it may be preferable that the money be deposited on the estate agents trust account. In this case, the parties and the estate agent must sign an escrow agreement, governing

how the money is to be treated and the conditions under which they shall be paid out. If one parties is Danish, it is normal that the purchase price be deposited, until the deed has been granted to the buyer, but this is to be agreed upon in each case, depending on the wishes of the parties and the general circumstances.

On closing day, the seller shall submit all relevant documents he has regarding the property (eg, site map, user manuals, easement agreements, mortgage deeds and keys). In addition, fixed costs are to be transferred to the buyer, such as insurance, electricity, water/sewage, chimney sweep, telephone, etc. If the parties wish, we can help with this and make all arrangements, so nothing is forgotten.

Once everything is signed and the money is paid/deposited, the buyer must apply for registration of ownership of the Swedish mapping, cadastral and land registration authority - "Lantmäteriet". We are happy to help you with this, unless the lending bank does this in conjunction with the mortgage application. Applications are normally processed within 14-30 days, after which they will send an invoice for stamp duty, which you as a buyer must pay. The stamp duty is 1.5% of the purchase price + SEK 825 as a fixed fee, for registration of ownership and 2% of the mortgage amount + 375 SEK as a fixed fee, for new mortgages. If you purchase in the form of a company (legal person) it will cost double stamp duty on land registration, ie. 3% of the purchase price + 825 SEK. After the duty is paid, you will receive the "köpebrev" (deed of sale) and a notification of land registration ("underrättelse om lagfart"). Thus the deal is closed, and you are hopefully the happy new owner of a swedish property.

### **Reserved, what does this mean? (top)**

Reservation is not a legal term and there are no specific laws or regulations governing it. Reservations are therefore not legally binding, but if the seller agrees to reserve a house, he is at least morally bound not to sell to another during the reservation period. If the seller chooses to ignore morality and sells to another anyway, there is no legal action we can take, since real estate requires a formal contract and oral agreements are not binding (nor is written agreements that do not live up to the formal requirements). However, we will look very negatively on a seller who is not a man of his word and if a seller feels unsure about binding himself to a buyer, he should simply not grant reservation to the prospective buyer. During the 10 years we have used this system, it has not yet happened that a seller has not stood by his word and we estimate that the risk for that to happen in the future is very small.

When you and the seller broadly agree on price and other terms of the transaction, you can have the house reserved for a period, so you have time to get a surveyor if you wish, talk to the bank regarding financing, or to get the necessary time to get all your questions answered and any doubts resolved. As a buyer, this means you don't need to feel pressured into buying, but can investigate properly and make sure that everything is as you expect. Reservation also gives you ample opportunities to fulfill your duty to investigate (see below), before you sign a contract of sale. Of course you can also impose conditions on a purchase contract, for example inspection and loan clauses, but we believe it is best for all parties involved, if all inspections and loans are taken care of before the contract is signed. This will minimize the risk of litigation after the sale.

**As a buyer, you cannot ask to have a property reserved, before you have visited the property physically, and broadly agree with the seller on price and terms. It is not a way for you to "lock" a property, until you have time to visit it!**

The length of the reservation period is determined from the circumstances in each case, but is typically one to two weeks. The time may be extended, if the parties agree, and there are special circumstances. When the period of reservation is up and it is not extended, you must decide to either go ahead and sign the contract of sale, or refrain from buying and then the property will be "free" to other potential buyers.

During the reservation period other prospective buyers may show up, and if they choose to place a bid on the property, we will convey this to the seller, who then must decide what to do. We place all new prospective buyers in a "queue" in numerical order, whom in turn may have the opportunity to get the property reserved, if

the first prospective buyer chooses not to go through with the deal.

### **Buyers duty to investigate, seller's disclosure and "hidden defects". (top)**

Buyer's duty to investigate is specifically regulated by law (see **Chapter 4 of the Land Code § 19**) and there is every reason to take this seriously. The duty to investigate should however not be interpreted in the way that you absolutely must investigate/examine the property you are buying, but rather that you cannot take legal action against the seller and demand compensation for any defects you **ought** to have discovered, by a **thorough** inspection of the property in its entirety (not only the buildings).

If the seller also want to exclude himself from his responsibilities with a disclaimer in the contract, there is even greater reason to be thorough in their investigation. The seller, however, in that case, has an explicit duty of disclosure and must provide you with information on all defects known by him about the property (including any defects known to him, but that could not be considered detectable by a normal thorough inspection - so-called "hidden defects").

It is therefore in your own interest to find out as much as possible about the property by asking the seller, conduct your own inspection, contact the municipality and if necessary hire a **surveyor** or eg **Anticimex**. The law does not presume that you must hire a surveyor to be deemed to have fulfilled your duty of investigation, it is enough that you conduct a thorough inspection yourself, if you are a "reasonably knowledgeable layperson". Exactly where the dividing line is, for what this hypothetical layperson should be able to discover, is not easy to say, so if you are in any way unsure of your own skills, we recommend that you hire a surveyor.

When you investigate, you must not do damage to the house (drilling holes in walls and floors, etc.), without first receiving permission from the property owner. The investigation duty usually does not require you to make such an aggressive investigation - unless you suspect that there may be a problem (eg moisture odor, discolored wallpaper, springy floors or similar signs). If you have such a suspicion, you must investigate further, because any defect discovered later, would be considered discoverable at the time of purchase, and not a so-called "hidden defects", for which the seller normally is responsible (up to 10 years after the sale).

**How much should I investigate?** The answer to that question depends entirely on what type of property is in question, the price, age of the buildings, the general condition, how it is constructed, where it is located (some areas are more vulnerable than others) and how it smells.

To quote the **Land Code (Jordabalken) 4:19, subsection 2**, loosely translated: "*A deviation which the buyer ought to have discovered in the course of such examination of the property as was warranted by the state of the property, the normal state of comparable properties and the circumstances attending the purchase may not be adduced as defects.*"

Generally you can say that the longer a seller has owned the property and the longer the house on the property has existed, the fewer problems there should be. Regarding newer houses, you should generally be more investigative, compared to an old cottage from 1700- or 1800's, where most of it is visible and relatively easy to access. Such old houses have also proven their quality through more than 100 years and if there were serious problems, they would already have been detected and corrected. A holiday house or villa built after approx. 1950 may be a bit more difficult to investigate, but it is worth making the extra effort, as this was the time modular built houses started to appear and later with slab on ground (with wooden rails cast in concrete). The nose is a really good "tool", in the most literal sense - if a house smells fresh, it is a very good sign. If there is a smell of confinement and/or dampness, there are reasons to be more vigilant and look closer.

Of course you must ask yourself what you can reasonably expect, in relation to the age of the buildings, the general state of repair, and not least the asking price. You cannot expect the same from a "fixer-upper" as from a newer house in good repair. For example, if a roof is 50 years old, you cannot expect anything else than that it will soon will need replacing and if the draining around the house is clogged after approx. 25 years, the same applies. Such "defects" are not counted as defects in the legal sense, even if they should be hidden from you

as a buyer. This is important to keep in mind.

The points where problems most often occur, and therefore always should be investigated are: ventilation, chimneys and fireplaces, water well, sewagesystem and electricity/water/drainage installations. Especially if these are not in order, it is important to investigate what it would cost to get them in legal/usable condition. These issues should be reflected in the asking price and we take the issues we are aware of into account in our appraisals and descriptions. That we might not have detected a problem, does not mean that they do not exist, and our descriptions can not be taken as a substitute for conducting your own investigation.

**A real estate agent is generally NOT responsible for the house or building's condition**, although some may have this idea. The real estate agent is however responsible for marketing the property as honest and accurate as possible, verify who is the owner and what is charged to the property (eg mortgages, easements, rights, etc.) and report this to the buyer. The real estate agent is of course also responsible for the completion of the transaction legally correctly and not least, he must advise and guide the parties and draw their attention to the applicable laws.

**What is the seller's disclosure?** As described initially, the seller has an explicit duty of disclosure if he chooses to exclude himself from his responsibilities with a disclaimer in the contract. This disclosure is comprehensive and if the seller fails to inform the buyer of any known defect, the disclaimer is voided in regard to this defect - no matter how the disclaimer is worded in the contract.

If the seller doesn't demand a disclaimer in the contract, he is responsible as a general rule for such defects that are considered to be hidden to the buyer, ie. the buyer ought not to have been able to discover the defect during his investigation (see above). In this case the seller has no absolute duty of disclosure, but by disclosing everything he knows, he can effectively limit the potential defects you as a buyer later could come to claim compensation for. If you know of the defects beforehand, they can never be considered "hidden" from a legal standpoint, and the seller cannot be held responsible later. It is therefore in the seller's best interest to be as generous with information about potential defects as possible.

For such defects the seller did not know (and thus cannot disclose) and also cannot be considered detectable during the buyers investigation, the seller is responsible, as a general rule. Provided, however, that there really is a defect in the legal sense (ie the technical life has not yet expired). It is these defects that are popularly known as "hidden defects". A final condition for being able to adduce such a defect, is that you as a buyer make an explicit complaint to the seller "within a reasonable time", from the time you discovered, or ought to have discovered, the defect. It is not enough to just call and complain to the seller in a general way or to call the real estate agent - there must be an explicit complaint addressed directly to the seller (preferably in writing) and it should happen as soon as possible after the defect has been detected. If more than 10 years has passed since the time of purchase, all claims are barred as being too old, and it's no use to complain.

If you have read this far you understand, it is not always easy to make the seller liable for defects and there is no guarantee that the court will rule in your favour - even if you are right. This should be seen as yet another reason to take the duty to investigate seriously.

### **Formalization of the contract - the contract and deed. (top)**

When all inspections and negotiations are completed, we are ready to formalize the deal on paper. Often, we start with this already during the reservation period, so we can have a contract of purchase ready for signing when the reservation period expires - or sooner, if the parties are ready for it. In order to prepare the contract of sale, we need some information from you as a buyer, which we describe below, first as a bullet list and in more detail further below.

- **Information on income, credit requirements, etc. if you want a housing cost estimate (or information that you do not want such an estimate).**
- **Information about if the property will be bought by private individual(s) or by legal persons**

(companies).

- **All buyer's name, address, social security number, phone number and e-mail.**
- **Purchase shares (eg, half or quarter, only if there is more than one buyer).**
- **Certified copy of passport / driving license (only if the transaction is entered at a distance).**
- **Desired date for closing day.**
- **Any restrictions or special conditions to be included in the purchase contract.**
- **Information about if you need to borrow money with the property as security.**

Estate agents have a duty to offer all buyers a personalized estimate of their housing costs. In that connection, we need information on buyers' income, expenditure and current lending and housing conditions, so we are able to make an as accurate and detailed estimate as possible. Often, the lending bank also offers to make a similar estimate and if you therefore believe that another estimate is unnecessary, or if you have money to purchase in cash, you can notify us that you refrain from a housing cost estimate. This waiver of your right to an estimate must be in writing, as it is required by law and we must be able to show that you received the offer, but declined. It is important that we get the information needed for the estimate, or information that you don't want it, early in the process, at the very least before the purchase contract is signed. The purpose of the estimate is so that you shall be able to decide whether you can afford to buy the property or not. The Consumer Agency (Konsumentverket) has made a good **budget tool** online, which can also be useful, whether you choose a housing cost estimate or not.

The most common is that a property is purchased by one or two individuals, but there is nothing to prevent ownership spread among many more individuals, or a company. If you are many individuals who wish to purchase a property together, it is often wise to establish an agreement of joint ownership, which regulates what happens in case of an owner's death, divorce, or if there should be disagreements among the owners. Please ask us about this possibility and we will be happy to tell you more.

Due to the law on money laundering, we need to verify the identity of all buyers and sellers. If we meet all parties individually, we take a photo of your passport or driving license. If the deal is closed by mail, we need a certified copy of your passport or driving license, by a bank, solicitor or similar.

Restrictions and special conditions can be of many different types. The most common are loan clauses and inspection clauses. It could also be a condition that the parties have agreed that the seller must repair damage to the property within a certain time, or an agreement to purchase furniture together with the purchase of the property, or as a separate transaction. If possible, we prefer that the buyer has received a loan before the contract is signed (pre-approved by the bank) and that the inspection has also taken place before the contract is signed (during the reservation period, see above). This may not always be possible, and in such cases a loan clause or inspection clause can be added to the contract of purchase.

If you need to borrow money with the property as security, we can help with applying for a mortgage. Virtually all Swedish banks prefer to do so themselves, but if you borrow from a private person or through a foreign bank, we can help you with the application for mortgage in connection with the application for land registration (deed).

When we receive the information described above, preferably by **e-mail or by phone**, we send a draft of the contract of purchase (via letter or e-mail), together with a detailed cover letter, where we try to describe the transaction based on the specific conditions of that particular transaction. When the contract is approved by all parties, it is ready to sign. Where and how the contract is signed depends on the situation, but the best is, of course, that the parties meet and sign. When the contract is signed by all parties, the deposit is paid and the contract is issued to the counterparty (or us), the deal is legally binding.

On the closing day you and the seller meet again and sign a deed of sale ("köpebrev") and a settlement account ("likvidavräkning"). It is often prudent to meet on the property itself, so that you as the buyer can get a final tour and explanation from the seller about how everything works. The rest of the purchase price must be

paid to the seller or deposited on the closing day. If you borrow money from a bank, the meeting often takes place in the bank, but for cash transactions the meeting and signing can take place in the house, in our office or even by mail. Signing by mail should be seen as an emergency solution, if nothing else is possible. On closing day, the seller must free up any mortgages concerning the property and fixed costs are transferred to the buyer (eg insurance, electricity, water, sewage, garbage disposal, chimney sweep, etc.).

Once everything is signed and the purchase price is paid (or deposited) the deal is done. As a buyer, however, you must apply for registration of ownership within three months after the purchase. If you have borrowed money to purchase, the bank often helps with the application for land registration at the same time that they apply for a mortgage.

We are also happy to help with applying for registration of ownership on the buyer's behalf, if there is no Swedish bank involved or if the bank agrees to let us do this. We do not charge anything for this help, it is included in our fee paid by the seller. The application normally takes between 14-30 days after which an invoice for stamp duty arrives, which you as a buyer must pay. Stamp duty is 1.5% of the purchase price + SEK 825 + handling fee. If you buy in the form of a company or association the stamp duty is 3% instead. Application for a mortgage will cost 2% of mortgage amount + SEK 375 + handling fee. If there are old mortgages on the property, you will "inherit" these and need only pay stamp duty on the amount above the existing mortgages and up to what you need to borrow. Together with the invoice for stamp duty, you will receive a notification of the deed from the National Land Survey and the deed of sale signed on closing day will be sent back to you.

Thus the deal is completed, and hopefully you are a happy owner of a Swedish property.

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