



ISSUES RELATING TO FINANCE

NORWAY

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1. **What instruments are used to create a lien on real estate to secure an indebtedness (e.g., a mortgage or deed of trust)?**

According to the Norwegian Mortgage Act, the following types of mortgages may be established on real estate: 1) mortgage on the property itself, 2) mortgage on a ground lease (provided that the ground lease has been registered in the Norwegian Land Register), 3) mortgage on a tenancy right (provided that the tenancy right has been registered in the Norwegian Land Register), and 4) mortgage on any other registered right on a real property – to the extent such a right can be transferred to another party. The registration of a mortgage deed in the Norwegian Land Register is the only way to obtain legal perfection towards third parties (such as a bona fide purchaser of the property, other secured creditors or the bankruptcy estate of the owner of the property).

2. **Describe [national] [state] [territorial] [provincial] or local mortgage recording or other similar taxes payable on making a loan secured by real estate or perfecting a lien on real property.**

The fee for registering a mortgage deed in the Norwegian Land Register, is currently NOK 1,935 (approximately USD 340).

3. **Describe manner in which a lien secured by real property is foreclosed.**

A mortgage is not a legal charge/assignment in the sense that the security holder (the mortgagee) can transfer the charged property directly to itself or a third party. Enforcement/foreclosure is a formalized procedure carried out through the Norwegian courts.

Sale of the property is made through a real estate agent or a public auction. Upon an event of default (but not before), the parties may agree how to enforce the mortgaged property.

4. Describe any significant costs of or impediments to foreclosing a lien on real property.

In addition to cost related to legal assistance, the public fee for a forced sale of real estate is approximately NOK 10,000 (USD 1,800).

5. What is the customary time period for foreclosing a lien on real property?

The time period for a forced sale process depends largely on the salability and complexity of the property. Normally, the process would take six to nine months.

6. Are there [national] [state] [territorial] [provincial] or other local governmental permissions, approvals or licenses required for foreign banks or other foreign lenders to make real estate loans secured by real property? If so, please describe.

No.

7. What legal limits are imposed on the amount of interest which may be charged on a loan secured by real property?

In general, lenders may charge interest at the rate agreed upon by the borrower as set forth in the loan agreement. Thus, there are no statutory provisions which specifically limit the parties' ability to agree the amount of interest. In extraordinary situations, however, an agreed interest rate may be deemed invalid pursuant to general contract law principles. Unless otherwise agreed upon by the parties and registered in the Norwegian Land Register, a mortgage deed will only cover interests accrued the last two years before the initiation of a forced sale of the property.

8. Describe any laws that restrict the ability to make a borrower or guarantor personally liable for indebtedness secured by real property.

None.