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# Types of dwelling in Denmark

**In Denmark we have four groups of dwellings: owner-occupied, housing cooperative, rented accommodation and social housing.**

## **Owner-occupied dwellings**

An owner-occupied dwelling is characterised by the person who buys the dwelling getting the full property rights to the property. He/she is free to determine the decoration, mortgaging, etc. An owner-occupied dwelling could be a villa, a two-dwelling house, a terraced house, a second home or a flat.

There are special formal requirements when buying an owner-occupied dwelling in Denmark. Besides entering a purchase agreement, a deed of transfer must be entered in the Land Register and a statement of completion must be prepared.

Although you as the owner are primarily in charge of decisions concerning the property, you will also be subject to a number of rules regarding the construction etc., of the property by way of local plans, homeowners' association rules or house owners' association rules.

## **Rented accommodations**

You may also rent your accommodation and here the owner of the estate gives you the right to use the accommodation according to specific guidelines in the prepared rental

agreement, in accordance with the Danish Rent Act.

The tenancy starts when entering the rental agreement and typically when the deposit and the first month's rent are paid. As tenant, you cannot make changes to the rented accommodation without the landlord's acceptance. The tenancy ends when notice is given on terminating the tenancy pursuant to the contract and the keys are handed over.

Please note that there are special rules for preparing a report when moving in and out and that requirements regarding redecoration may occur when moving out.

Unfortunately, there have been examples of fraud where someone pretends to be the landlord but does not own the property and therefore cannot legally rent it out, or deposits are received from tenants who are then unable to get access to the dwelling.

## **Housing cooperative dwellings**

A housing cooperative dwelling is a cross between an owner-occupied dwelling and a rented accommodation. Housing cooperative dwellings are owned by the housing cooperative society and you buy a share of the society whereupon you get the right of use/the right to rent a certain residence in the society's buildings.

In a housing cooperative dwelling you do not have an owner's rights, since in the housing cooperative society it is the majority which determines operations, loan finances, etc. According to the rules of the housing cooperative society, you may have to redecorate your own dwelling if the society requests it.

A housing cooperative dwelling is subject to the Danish Act on housing cooperatives which prescribes a calculation of a maximum price determined by the share value with a supplement of values of improvements and special decorations, plus deductions of any faults.

The right of use of the housing cooperative dwelling can be terminated but as a member of the cooperative society you are liable for the housing costs until a new member has joined the society.

A housing cooperative dwelling can be a detached property with an accompanying garden or a terraced house or a flat in a block of flats.

## **Social housing**

Social housing is for everybody and there are approx. 550,000 social housing dwellings in Denmark. Typically there is a waiting list in the housing associations which can make it difficult to get a social housing dwelling.

A social housing dwelling is a rented accommodation; a rental agreement is prepared before residence can begin. The rent is based on the housing department's expenses for daily operations and ongoing future maintenance. The housing department will not be able to establish a profit.

In a social housing society there is a residence democracy and as a resident within a social housing society you are involved in determining the operation of the housing society by having a say at departmental meetings and by becoming a member of the **department board**.

## **The estate agent must not advise the buyer**

In Denmark, the estate agent is exclusively a representative of the seller. Their job is to sell the house as quickly and for as high a price as possible. The estate agent receives their fee for taking care of the seller's interests and must NOT advise the buyer.

Buying or selling a house will probably be the biggest sales deal you'll make in your life. There is a lot of money at stake; your money!



New property

You want a new property. But you don't know what kind of property or exactly where you want to live.

Get the overview

You'll want an overview of your upcoming property buying process, the pitfalls you need to avoid and the phases you need to go through before you can move into your new property.

In order to get this overview you should contact a BOLIGadvokat.

The first meeting with a Dansk BOLIGadvokat is always free of charge.

BEFORE

What can you afford?

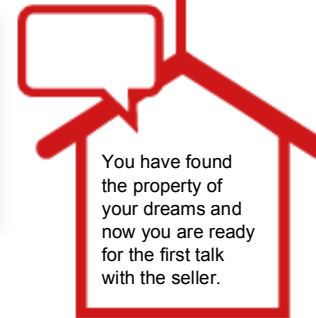
You should start off your property hunt by paying a visit to your financial adviser in order to get an idea of how much you are able to spend on a property. It is your own responsibility to ensure that the bank receives a true picture (a fair insight) of your household's finances. Also be aware of the differences between loan types and conditions with banks as well as mortgage associations.

On the web

Most people start off their property search on the web. Here you can see the properties for sale in the area in which you want to live, and you can see sales periods, compare prices and much more.

You visit the properties you like the most, inspect the interior, the location and other things that are important for your choice of property. It is a good idea to take a walk around the area to get an impression of the surroundings.

Open House



'We want to live here'

You have found the property of your dreams and now you are ready for the first talk with the seller.

Negotiating prices and conditions for handing over a property is not an easy process. On the one hand you really want the property so you might skip over some of the details. At the same time you want your money's worth, and a guarantee that there won't be any problems once you have moved into your new home. Ask the BOLIGadvokat to attend your meetings with the seller from the start. If the BOLIGadvokat has read through the documents and is able to offer you advice, the process of negotiating terms and price will go much more smoothly.

Get your money's worth

### The property's condition

The Home Condition Report specifies the condition of the property, detailing what needs to be changed and what needs to be attended to immediately. The BOLIGadvokat may advise you to bring along a building expert to give an estimate of the costs for repairing the Ks (damages) and to investigate the UNs (unnoticed areas), as serious defects can be hidden here.

### Lawyer reservation

You and your BOLIGadvokat have negotiated every condition with the seller, and you have signed the most important document of the deal, The Purchase Agreement. Make sure to insert a lawyer's reservation so that you and your BOLIGadvokat have time to make sure there are no unexpected issues in the contract. A lawyer's reservation ensures that you are not bound by the agreement in case the BOLIGadvokat, after a thorough examination of the documents, is unable to approve it, or in case you discover something that makes it important to renegotiate the price.

### Documents!

There are on average 150 pages of information to be read during a property buying process. Your BOLIGadvokat goes through them all, from the chimney certificate to the district plan and the easements. In this way you are secured against any surprises once you have moved in.

## UNDER

### Financing

Before the deal is complete the financing and insurances need to be in place. Together with your BOLIGadvokat you should go through the different offers you have collected and choose the perfect offer for you.

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### Right of cancellation

The right of cancellation runs alongside the lawyer's reservation. The right of cancellation is always max. six weekdays after both parties have signed the contract, but the cost of utilising this right is 1 % of the purchase price. This is why it is important that a given cancellation takes place within the estimated time of the lawyer's reservation.

The deal is final



You do not utilise the lawyer's reservation or the right of cancellation.

Money on the table

You deposit the payment. Your payment will sit in a locked account until you receive a note free deed, which means that the paperwork is approved and there are no other loans secured against the property but yours.

Guarantee for payment

Your financial institution stipulates guarantee for the rest of the payment and you take home the mortgage.

Digital registration of the deed

Denmark is the first country in the world to register deeds electronically. This means that you and your BOLIGadvokat can register the deal quickly and easily once the seller has given his/ her permission. The next step is to print out the proof that the property is yours. This electronic deed is your receipt for ownership of the property.

AFTER

The key is yours

In the purchase agreement you and the seller agree on a day for handing over the property. On that day at 12 p.m. you will receive the key and you can read off the energy meter etc. Now the property is yours and so are the expenses. Your BOLIGadvokat will release the payment provided the deed is note free, i.e when it is stated that the seller is unencumbered.

Completion statement

Your BOLIGadvokat draws up an inventory of any monetary transactions between you and the seller. Normally it is the distribution of costs (consumption of electricity and water, renovation, home owner's association etc).

CONGRATULATIONS



You have completed a secure property purchase and can safely move into your new home.



## Danske BOLIGadvokater

Danske BOLIGadvokater (Danish lawyers specialising in the purchase and/or rental of real estate) offers consultancy services across all aspects involved in the sale of property or entering a rental agreement.

A Dansk BOLIGadvokat is one of the few independent advisers you will meet in the property market. A BOLIGadvokat has no interest in recommending one product in preference to another. The BOLIGadvokat only advises what is best for you. When using the services of a Danish lawyer from Danske BOLIGadvokater, you are ensured a lawyer who will attend to your interests only and is therefore completely independent when advising you.

Danske BOLIGadvokater also offers a 360° consultancy where all aspects of your situation are included in the consultancy, e.g. family matters, including consultancy in connection with prenuptial agreements, co-ownership agreements and wills, consultancy regarding local matters concerning both the actual residence and your family life.



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