

## USEFUL INFORMATION

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### Bidding when selling property, land or tenant-owned apartments mediated by estate agents

When buying a property, land or tenant-owned apartment, neither the seller nor the buyer is bound by the agreement until a written purchase contract has been signed by both parties. Prior to this, the seller and the buyer can change their minds without the other party having any claim on them.

#### **The estate agent's role in a sale**

The estate agent's role is to act as an impartial link between the seller and the buyer. The estate agent should therefore not work as the representative of one party, but should provide assistance to both.

#### **Bidding is not regulated by law**

There are no specific regulations in Swedish legislation regarding how the bidding process should be organised. There are many different types of bidding procedure. Often there is spontaneous bidding when several prospective buyers are interested in a property.

#### **Different forms of bidding**

In practice, there are usually two different models for the bidding.

In what is known as "closed bidding", the prospective buyers are given a set time to present their bids, usually in writing. The estate agent reports the bids to the seller. The prospective buyers are not given any information about one another's bids.

In what is known as "open bidding", the bids are given to the estate agent, who reports the highest bid to the seller and other prospective buyers, who then have the possibility to bid over one another.

#### **The seller determines the bidding**

The seller determines, in consultation with the estate agent, whether there shall be a bidding procedure and how this should be organised. However, the seller is never legally bound by any agreements regarding the bidding, but can change the procedure at any time or break it off completely.

### **The estate agent's information about the bidding procedure**

Prospective buyers should be informed as to how a potential bidding procedure will be organised.

They all have the right to know what conditions apply and to receive factual and correct information.

If the seller has set certain conditions for the sale, the estate agent should inform prospective buyers that this is the case.

### **The seller decides to whom he/she will sell and at what price**

The seller does not need to sell to the person who offers the highest bid.

Nor is the seller legally bound to sell at the price stated in an advertisement or in any other way during the sale proceedings.

### **The seller can terminate a sale procedure at any time**

This also applies if he or she has used the services of an estate agent. The seller is not legally bound by a promise to sell, not even if this is made in writing, and can change his/her mind at any time before the purchase contract has been signed.

### **The estate agent may not take any decisions of his/her own regarding the sale**

The estate agent can not give any promises to any person to buy the property but must make it clear to prospective buyers that this is the seller's decision.

However, the estate agent may give the seller impartial advice in the choice between different prospective buyers.

### **The estate agent must always forward bids**

Until a purchase contract has been signed by the seller and the buyer, the estate agent must receive and forward all bids to the seller, even if the bids are not presented in the way that had been decided. It is only the seller who can decide whether a bid should be refused for any reason; the estate agent can not decide this.

### **The estate agent does not need to give a prospective buyer the opportunity to bid over another prospective buyer**

As it is the seller who decides over the bidding process, a prospective buyer does not have an unconditional right to bid over another bid that has been offered. However, it is often in the seller's interests that the estate agent allows prospective buyers to raise their bids.

### **The prospective buyer's rights during the bidding process**

- Anyone may offer a bid orally or in writing. However, the estate agent and the seller can require that the bid is specified as an exact amount.
- The fact that a prospective buyer has offered the highest bid does not give him or her automatic right to buy the property.
- A prospective buyer can attach certain conditions to his or her bid.
- A person who offers a bid is not legally bound to stand by the bid, not even if it has been made in writing.
- A prospective buyer can not expect to receive regular information from the estate agent as to how the bidding process and the sale are progressing.
- A prospective buyer does not have the right to know who the other bidders are, what bids have been offered or what terms have been discussed with other prospective buyers.

### **Information to prospective buyers following a completed sale**

A prospective buyer does not have the right to receive any other information than the fact that he or she has not been allowed to purchase the property.

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The Swedish Board of Supervision of Estate Agents is a government agency with responsibility for supervising registered estate agents.

The Board issues fact sheets in a series entitled - USEFUL INFORMATION

These fact sheets can be ordered from the Swedish Board of Supervision of Estate Agents or downloaded from the Board's website.



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