PROPERTY RELATIONS BETWEEN SPOUSES

Information on property relations between spouses according to the Marriage Act (Act no. 47 of 4 July 1991).

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INTRODUCTION

People say that one of the advantages of getting married is that the relationship becomes subject to legal rules. In many ways, this is true. Especially if the marriage ends in separation or divorce, legal rules can help to prevent disputes and make it easier to divide the property. It is of course important to know the rules if the marriage breaks down, but such knowledge can also be useful during marriage or even beforehand. Some scope does for instance exist to agree on other arrangements than those which follow from the law.

There is a great deal in a marriage which is more important than legal rules. We believe nevertheless that knowledge of one's own and one's spouse's legal position helps to lay the foundations for a good relationship.

Legal texts are not always easy to understand. That is one reason why we have issued this little folder, containing information on some of the main points concerning property relations between spouses according to the Marriage Act which came into force on 1 January 1993. The Act also applies to marriages which were contracted earlier, but not if cohabitation on was terminated before 1 January 1993.

In this folder, we shall be considering how the legal rules affect the spouses Hedda (the wife) and Morten (the husband). The rules are of course the same whether the examples relate to Hedda or to Morten.

Note that we shall only be concerned with relations between the spouses, not those between them and their children. You should also bear in mind that the legislative assembly, the Storting, can change the law. If there are points in this presentation that are of special interest to you, and you want to make sure that the rules we mention here still apply, consult a lawyer (see «Advice and aid» on p. 19).
PROPERTY RELATIONS IN MARRIAGE

Support obligations

In a marriage, the spouses are jointly responsible for meeting the expenses and doing the work necessary for the joint housekeeping, raising the children, and meeting the spouses' own needs. Both Hedda and Morten are obliged to do their best to contribute to the support of the family. How they do so depends on their individual aptitudes and the arrangements they agree on. The law lays down that work in the home is just as valuable a contribution to the support of the family as the contribution of wages.

Spouses are obliged to give each other the information needed to be able to assess their financial position. They are also entitled to obtain copies of their joint or each other's separate tax assessments from the tax office, and to demand information from banks and other financial institutions.

Each spouse is under an obligation to contribute so that the family has a reasonably good standard of living compared to other families in similar circumstances. There is no obligation beyond that, on Morten to work overtime, or on Hedda to draw on her capital, to raise the family's standard of living still further.

If Morten is in paid employment and Hedda works at home, Morten will not have met his share of the support obligations by paying for the family's food and clothing and other living expenses. Hedda is entitled to a reasonable amount with which to meet her own needs, for instance for membership fees, books and sports equipment. The money she saves out of that amount, or the things she buys, are entirely her own.

If a spouse fails to meet his or her support obligations, he or she can be ordered to make a regular maintenance payment to
the other spouse. Although this no doubt applies most often in the event of separation or divorce (see the folder «Separation and Divorce»), maintenance payments can also be ordered during marriage. A lawyer or a family counselling service can give you more details.

**Liability for debt**

It is important to realise that as a general rule, a spouse is only liable for a debt which he or she has contracted. A creditor can in other words only demand payment out of the assets of the spouse who contracted the debt.

In the case of debts contracted in connection with purchases to meet normal everyday household needs and the children's and spouses needs, however, both spouses are liable. This applies even though the spouses have not agreed on all the purchases, provided the items or goods are such as most people would consider *necessary*.

Similarly, the spouses are jointly liable for the rent of the family's residence. Even if Hedda is entered as the lessee in the contract with the landlord, Morten is also responsible for seeing that the rent is paid.

**Joint property**

A large majority of married couples in Norway have joint property. The rule is that spouses have joint property unless they have agreed on separate property. Many are not fully aware of what joint property implies, and this may not be so important as long as the marriage lasts. As we shall see, the question of whether spouses have joint or separate property assumes importance especially when a marriage ends in divorce or death.

The property spouses own when they marry, and the property they acquire while married, is included in what is known as joint property.

Joint property has no bearing on whether it is Hedda or Morten, or both, who can be said to *own* an item.
The term «joint property» might suggest that the spouses own everything jointly. That is not the case. The spouse who acquired the item is its owner. That means for one thing that each of the spouses owns what he or she owned before the marriage was contracted. Secondly, the spouse who bought, inherited or received an item of property during the marriage is the owner of that item. If Morten owns a car, for instance, when he marries Hedda, the car remains his. He can decide on his own whether to have it repaired or sold. The same is true of Hedda, should she during the marriage buy a boat with her own money. Morten has no title to the boat although he is married to Hedda.

Marriage, then, does not confer on one spouse any proprietary rights to the other spouse's things. This is of course a very «legal» attitude. For most married couples, joint use of their property, and discussion of any decisions they make, is a matter of course. In some situations, however, and especially if one of the spouses has debts, the legal rules are important.

If Morten has a debt and does not pay it, payment can be enforced. His car can be distrained upon (seized as security), and then sold to recover the debt. But Hedda's boat can not be distrained upon, although both the car and the boat are joint property.

It is thus the person who acquires the property who has the right of ownership, so that the other spouse's creditors can not seize it. It can therefore be important to ensure that receipts or other documents show which of the spouses owns the various items.

**Common property**

It is not always the case, however, that spouses buy or receive things or other assets separately. Whatever they acquire or receive together becomes their *common property*. Common property means quite simply that two or more persons own something in common. The proportion (as a percentage) owned by each may vary, but when two spouses own something together, they normally own half each.
Common property between spouses can arise in various ways. Someone who gives the couple a gift can for instance stipulate that it shall be their common property. And even when nothing is expressly stated to that effect, gifts given to them both, like wedding gifts, become their joint property.

Things which spouses buy together also become joint property. In such cases, the amount either spouse pays is not decisive. The economy of a married couple usually has to be regarded as a whole. If Hedda has spent her income on the family's current expenses, while Morten has spent his on fixed assets, for instance a holiday cabin, Hedda can be co-owner of the cabin. Whether something is common property is a question of the joint contribution behind the purchase.

That is why Hedda's or Morten's work in the home can entail that something acquired by the other spouse from his or her own income or work can become their common property. In the words of the Act:

«In assessing who has acquired items of property that have been used by the spouses jointly and personally, such as a joint residence or ordinary household goods, due consideration shall be given to the work of a spouse in the home.»

It does not appear from the law how extensive such work in the home needs to be, or how large a share of the common property the work can justify. This has to be considered specifically in each case. It can nonetheless safely be stated here that housing and furnishings bought by Hedda and Morten after they are married is normally their common property.

Common property can also arise if spouses have pooled their finances to such an extent that it is not possible to tell what one or the other has acquired.

The existence of common property between spouses also affects what one spouse's creditors can establish security in.
Morten’s creditors can for instance only establish security in his share of the item of common property. If Hedda because of her work in the home is regarded as co-owner of the home, Morten’s creditors can only establish security in his share. This applies even though Morten may have paid for the home entirely out of his own wages and is formally registered as its owner.

**Separate property**

If spouses are dissatisfied with the rules governing joint property, they can establish separate property. As long as they live together, there is little difference between joint and separate property. The differences appear if the marriage is terminated by a divorce or the death of one of the spouses. We shall come back to that below. Let us first consider how separate property is established.

Spouses who agree to establish separate property must conclude a special kind of agreement known as a *marriage settlement*. It must be in writing and signed by both spouses in the presence of two witnesses. For the marriage settlement to be valid in respect of the couple’s creditors, it must also be registered with the Register of Marriage Settlements in Brønnøysund. The Register has published a special brochure explaining the procedure for establishing a marriage settlement.

The parties can also establish a marriage settlement before marriage, in which case it enters into force from the date of the marriage.

In a marriage settlement, the spouses can agree that all they own separately or may subsequently acquire shall be separate property. In that case, they will have no joint property. But they are equally free to agree, for instance, that only their house, or only the boat, shall be the separate property of one or the other of them. The spouses will then have established *partial separate property*, and items not included in the agreement will become joint property in the normal way.
Certain items can become separate property without any decision on the spouses' part. A testator or donor can decide that the inheritance or gift shall be the separate property of one of the spouses. Some items can thus become separate property even though the spouses otherwise have completely joint property.

Although spouses have agreed to establish separate property in full, objects acquired by them jointly will become their common property. Each spouse's share in the item of common property then becomes that spouse's separate property.

There are many reasons for choosing to establish separate property. Formerly, the spouse who owned most before marriage often wanted to guard against equal division should the marriage fail and end in divorce. As we shall see below, the new rules concerning unequal division have reduced the need to set up separate property for this reason.

Another reason for which spouses frequently establish separate property is to prevent one spouse's creditors from taking property as security. This is often due to a misunderstanding of what creditors can distrain upon. As we saw above, one spouse's creditors are not entitled to recover their debts out of the other spouse's property, even though it is joint property.

**Rights of disposal of property**

As we have seen, marriage does not confer any general proprietary right to, or right to share in the disposal of, things belonging to the other spouse. If Hedda wishes to sell her boat, she is free to do so. Morten has no legal right to prevent her.

This applies to items either spouse owns separately, regardless of whether they are joint property or the separate property of one of the parties.

However, special rules apply to the residence and joint household goods. If one spouse wishes to mortgage, let or sell the residence or joint household goods, he or she must obtain the
RIGHT OF DISPOSAL OF COMMON PROPERTY

consent of the other. This applies whether the spouses have joint or separate property. Where items of separate property are concerned, however, the spouses can agree that the owner of an item shall be free to dispose of it without obtaining the other's consent.

Where disposal of the residence is concerned, consent must be in writing. Verbal consent is not sufficient.

Let us consider a couple of examples. Assuming that Morten entered into the contract to let the flat where he and Hedda are living, he needs Hedda's consent in writing to terminate the contract. The same applies if he wishes to let out a room or the whole flat. If Hedda owns the house or terrace house they live in, she must obtain Morten's written consent if she wants to sell, let out or mortgage it.

The same applies correspondingly to items which are part of the joint household goods, but for such property verbal consent is sufficient. The rules only apply to «ordinary» household goods. The owner of a valuable painting or stamp collection, for instance, will not as a rule require his or her spouse's consent in order to sell it.

Although consent is required under the Act, Hedda could conceivably mortgage the house or sell household goods without obtaining Morten's consent. To have the sale or the mortgage rescinded, Morten must institute legal proceedings within certain time limits. In such cases, legal assistance should be sought.

As we have seen, many items will be the spouses' common property. That affects what each spouse separately can do with such items. Act no. 6 of 18 June 1965, the so-called Community of Property Act, contains rules relating to items of common property. To put it briefly, both spouses must agree before legal steps are taken to dispose of property (for instance to sell or mortgage it), and they must also share and cooperate in its use.
Gifts

There is nothing to prevent spouses from giving each other gifts, like other people do, and of course they very often do. There is no objection to ordinary gifts on birthdays, wedding days or the like.

Spouses are not equally free, however, to give each other extraordinary or large gifts. The reason for this is that, as we saw earlier, one spouse’s creditors can not demand payment from the other spouse or seize the other spouse’s property. That can make it tempting for spouses, who perhaps spend their money and use their property freely irrespective of which of them is the owner, to transfer property from one spouse to the other to prevent creditors from seizing it. A marriage settlement is therefore required for such a gift to hold good.

Regardless of the size of the gift, creditors who do not obtain full satisfaction from the spouse who owes them money, can claim the amount of the gift from the other spouse. This does not apply, however, if it is clear that the donor was not in financial difficulties when the gift was given. Let us assume that Hedda is in debt, and sees trouble ahead, so she makes her cabin, worth 200,000 kroner, over to Morten. Hedda's creditors can then claim that amount from Morten if Hedda is unable to settle her debts herself. One should clearly treat such disposals with great caution: they rarely have the intended effect on creditors.
PROPERTY RELATIONS IN
THE EVENT OF SEPARATION
AND DIVORCE

We emphasised above that legal rules generally play little
part in the daily life of man and wife. If the marriage breaks
down, however, they do acquire importance. In such cases,
spouses should obtain legal advice; we will nevertheless
mention some of the most important rules here.

Divorcing spouses must share their wealth in what is known
as the distribution of an estate. Two questions then arise. The
first concerns the value of what each spouse is entitled to.
The second is how the items of property are to be divided.
We shall consider the case of joint ownership first.

It should be noted that the spouses are free to decide on the
division themselves. Each can waive one or more of his or
her legal rights - but only after the question of the distribu-
ton of the estate has arisen.

Equal division
The joint property of spouses must as a general rule be divi-
ded equally between them (equal division). However, the
new Act contains very important exceptions to this rule, to
which we shall return below.

When an estate is to be distributed, it is important to know
which of the spouses owns what. The equal division rule
requires the value of what each spouse owns to be divided
equally with the other spouse. In other words, Hedda is enti-
tled to half of the value of what Morten owns, while Morten is
entitled to half of the value of what Hedda owns.

It is only the net value of the property owned by each spouse
that is to be divided. Hedda and Morten can therefore both
deduct any debt for which they are severally liable. If Hedda for instance owns property worth 50,000 kroner and owes her parents 10,000 kroner, the net value of her property is 40,000 kroner, and that is the amount she must divide with Morten.

If Morten has more debt than his property is worth, he has no surplus that can be divided. He is still entitled to half of Hedda’s surplus, although she will not get anything from him.

When both spouses are liable for an item of debt (they have a joint debt), they can each deduct their respective shares of the debt. If Morten is liable for 3/4 of it and Hedda for 1/4, each of them can deduct an amount corresponding to his or her share.

**Unequal division etc.**

As we said above, there are important exceptions to the equal division rule. First there is the so-called *unequal division rule*, which in some cases, especially when marriages have been of short duration, can entail that little is left for equal division.

According to the unequal division rule, each spouse can generally demand that the value of property he or she owned when the marriage was contracted shall be excluded from the division. The same applies to inheritance and gifts received during the marriage.

Should the unequal division rule produce unreasonable results, it can in certain cases be set aside.

A spouse can also exclude *certain other items* of property from division. These include such personal items as clothes, as well as certain rights which are not transferable, like insurance benefits or a personal fishing right.
**Division of property**

What we were concerned with above was the division of the *value* of what spouses own, in other words what each of them is entitled to in cash. We turn now to the division of the *actual objects*. The main rule states that the spouse who owns an item is entitled to keep it.

If the value of the items one spouse keeps exceeds the amount of money to which he or she is entitled, the difference must be paid to the other spouse.

Where their items of common property are concerned, Hedda and Morten have equal claims in principle. If they can not agree who is to keep the items, they must be sold so that the amount realised can be divided, in which case the spouses have pre-emptive rights before outside buyers.

Special rules apply to the spouses' joint residence and household goods. Even if Morten owns the house or the share in a housing society which gives them the right to lease their joint residence, Hedda can in certain cases be given the right to take over the house or share. The Act lays down that a spouse can «when special reasons so indicate» be entitled to take over the joint residence and/or household goods owned by the other spouse. When the question is considered of whether there are «special reasons», importance is attached to the need of the spouse, and as the case may be of the children, to take over the residence. It is important to remember that the right to take possession of items of property does not mean that one can take them over free. In our case, for instance, Hedda would have to buy Morten out.

**Division when the spouses have separate property**

Where *separate property* is concerned, the main rule is clear: separate property is not affected by a divorce. The separate property Morten owned before the divorce remains his after the divorce, without any form of division with Hedda. Should the consequences prove very unreasonable, Hedda may be entitled to a lump-sum payment from Morten.
Right to use the residence
Although Hedda owns the house which was Morten’s and her joint residence, and although she has the right to keep it after the divorce, Morten may under certain circumstances be granted the right to use the house. The decisive question in this case, too, is his and the children’s needs, and such a right to use a residence only lasts as long as the need continues. Hedda remains the owner of the house in such a case, and Morten must pay a normal rent to live there.

The Probate Court
Hedda and Morten can if they wish undertake the division themselves. If they fail to agree on the division of the assets, they can leave the matter to the Probate Court, which can settle particular questions or undertake the whole administration, referred to as «public administration». Assistance from the Probate Court is not free of charge, however, and can take a long time, so many people prefer out of court administration, often with the help of lawyers. A demand to have an out of court settlement invalidated can only be presented if the result is unreasonable, and in the event no later than three years after the date of the division agreement.

If the spouses fail to agree on the value of specific items, they can ask the Probate Court for a so-called probate valuation. The valuation is based on the market value at the time of the valuation.
DEATH OF A SPOUSE

As a general rule, the estate of spouses must also be divided when one of them dies. It is then divided between the surviving spouse and the deceased spouse’s heirs.

Undivided estates

The surviving spouse can nevertheless in many cases retain possession of the whole estate without dividing it with the other heirs. This is called «remaining in possession of the undivided estate». What this amounts to is a postponement of the division. If Morten dies first, the division of his property can be postponed until Hedda dies or remarries.

The general rule is that the right to remain in possession of the undivided estate only relates to joint property. If Morten has separate property, Hedda must obtain the consent of his heirs in order to retain possession of such property undivided.

The spouses can nevertheless decide in a marriage settlement that whichever of them survives the other will be entitled to remain in possession of the other’s separate property in the undivided estate, without the consent of the heirs. Say that the house that Hedda and Morten live in is Hedda’s separate property. She wants Morten to be able to go on living in it if she dies first, and accordingly stipulates in the marriage settlement that Morten is to remain in possession of the house in the undivided estate. When Morten dies, the house will again be regarded as Hedda’s separate property, and will pass to her heirs.

The spouses can also lay down in a marriage settlement that separate property is to be considered joint property when one of them dies. In consequence of this arrangement, the property is regarded as separate, and not to be divided, should the marriage end in divorce. If on the other hand the marriage ends with the death of one of the spouses, the property is to
be regarded as joint. If Hedda had made such a marriage settlement in the previous example, the house would have become joint property if she had died first, in which case Morten would automatically have been entitled to remain in possession of it, without having to undertake any division with the heirs. The difference between the two cases is that in this latter case, the house would still be regarded as joint property when Morten died, and would therefore have to be divided between his and Hedda's heirs.

A surviving spouse is not entitled to remain in possession of the undivided estate if there are children or grandchildren of the deceased spouse who are not the children or grandchildren of the surviving spouse. The consent of such children or grandchildren must be obtained for the surviving spouse to remain in possession of the undivided estate.

If a surviving spouse who has retained possession of an undivided estate remARRIES, the right to retain such possession lapses.

**Inheritance**

Spouses may also prefer to have their estate divided when one of them dies. In such a case, Hedda's property is divided if she dies first. If it is separate property, it all goes to her rightful heirs. If it is joint property, Morten first gets his share of the property to be divided, as in the case of division following a divorce (see above). The rest is then divided among the heirs.

Spouses also have rights to inherit each other. How much of an estate a spouse is entitled to depends on what other heirs the deceased has.

If the deceased has heirs of the body (children, grandchildren etc.), the surviving spouse inherits 1/4 of the deceased’s estate, subject to a lower limit of 4 times the basic amount under National Insurance NOK 72 881 in May 2009.

If the deceased has no heirs of the body, but other close rela-
tives like parents or brothers or sisters, the surviving spouse inherits half the inheritance, subject to a lower limit of 6 times the National Insurance basic amount.

If the deceased had neither children nor close relatives, the surviving spouse inherits the whole estate.

The right of a spouse to a minimum inheritance of 4 or 6 times the basic amount can not be limited by a will. Otherwise, a spouse can limit the proportion of the estate to be inherited by the other spouse by will, but this is only valid if this limitation on his or her rights of inheritance is made known to the surviving spouse before the testator's death. Spouses can also increase each other's rights of inheritance by will. If they have heirs of the body, this scope is limited, however, since heirs of the body are entitled to 2/3 of the estate under any circumstances. This is known as obligatory inheritance. If the estate is large, the 2/3 rule is replaced by specifically limited amounts.

If spouses wish to limit or increase each other's inheritance rights as described above, this must as mentioned be done by means of a will. Special formal rules must be observed for a will to be valid, and it is wise to obtain legal advice to ensure this. Spouses can make wills separately or together (the latter are known as mutual wills).
FURTHER INFORMATION

This brochure attempts to give a brief survey of the rules that apply to property relations between spouses. Many readers will no doubt still have questions. You may find the answer by reading the laws. These two, in particular, are relevant:

- Act no. 47 of 4 July 1991 relating to Marriage
- Act no. 5 of 3 March 1972 relating to Inheritance, etc.

You can find them at www.lovdata.no, buy offprints of these Acts at bookshops, or read them at a library. Law texts can however be difficult to find one's way about in, and many people would find it more helpful to read books which give popular explanations of the legal rules. Such books are published from time to time. Information on which books are available can be obtained at a bookshop or library.

A number of folders have been published on the Marriage Act. The Ministry of Children and Equality Affairs has published the folders «Separation and Divorce» and «Mediation for Parents», both of which may be of interest to people in a divorce situation.

ADVICE AND AID

When help is needed with legal matters, the best answer is often to consult a lawyer. The expense may be small compared to what is at stake.

If your income and wealth are below certain limits, you are also entitled to free legal aid. This covers free legal advice: you can have the costs covered of seeking a lawyer's advice. It also offers free legal proceedings, which means that lawyer's and court fees in connection with legal proceedings will be paid for you. Further information on free legal aid is obtainable from the County Governor's office in your county.
Free legal advice is also obtainable from Juss-Buss in Oslo, Jussformidlingen in Bergen, and Juss-Hjelpa i Nord-Norge, located in Tromsø, all services provided mainly by law students. The addresses and telephone numbers are: for Juss-Buss, Arbinsgt. 7, 0253 Oslo, tel. 22 84 29 00; for Jussformidlingen, Sydneshaugen 10, 5007 Bergen, tel. 55 58 96 00; and for Juss-Hjelpa i Nord-Norge, Universitetet i Tromsø, Breivika Senter, 9037 Tromsø, tel. 77 64 45 59.

Women can also obtain free advice from Juridisk Rådgivning for Kvinner, run by a group of female law students and graduates. JURK answers inquiries from all over Norway, addresses to Postboks 2691 Solli, 0204 Oslo. tlf. 22 84 29 50.

Some family counselling services also offer legal assistance.