

Unofficial translation
Ministry of the Environment

No. 1144

ACT ON THE HOUSING FUND OF FINLAND

December 15, 1989

Section 1

(16.4.1993/351)

The Housing Fund of Finland shall be set up under the Ministry of the Environment, outside the State budget, in order to finance measures to improve housing conditions.

The Housing Fund's off-budget assets referred to in section 2 shall be used for the granting of loans and for other support for housing finance as separately provided in law or in the State budget. (28.3.1996/208)

Paragraph 3 has been repealed by Act 2.2.2007/72.

Section 2

The Housing Fund's assets shall derive:

- 1) from receivables to be transferred to the Fund on its establishment, deriving from loans granted under the Act on Housing Loans, Guarantees and Grants (224/49), the Act on Supporting Housing Construction in Population Centres with State Funds (226/49), the Housing Production Acts (488/53 and 247/66), the Housing Renovation Act (34/79), the Act on the Redemption of Rental Dwellings (82/82) and the Act on Loans and Interest Subsidies Granted to Certain Heating Plant Projects (83/82), and from housing loans granted under the State budgets for 1987-1989;
- 2) from an appropriation to be transferred to the Fund out of the State budget;
- 3) from amortizations and interest and other income from loans granted out of Fund assets; and

4) from the difference between the redemption price and the assignment compensation for redeemed State-subsidized (ARAVA) rental dwellings in accordance with the Act on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Buildings (1190/93); in cases of transfer as provided in section 9 of the said Act, from the difference between the sales price and the assignment compensation; and from compensation related to activities supported out of Fund assets. (17.12.1993/1194)

A loan can be contracted for the Housing Fund within the limits of borrowing authorizations granted by Parliament when considering the State budget, as prescribed by the Council of State. (28.3.1996/208)

The Housing Fund can, within the limits of authorizations granted when Parliament considers the State budget, and as prescribed by the Council of State, transfer its receivables from housing and ARAVA loans to a domestic or foreign corporation serving this purpose (special corporation) or to a party specified by this corporation, to which the right to use the housing or ARAVA loan collateral to recover the receivable shall be transferred at the same time (securitization of ARAVA loans). In conjunction with securitization, the Fund may undertake to pay the special corporation or a party specified by it the difference between the interest on housing and ARAVA loans and the interest payable to investors. The Fund also has the right to replace receivables transferred to the special corporation or a party specified by it with other comparable receivables. In order to securitize those housing and ARAVA loans in which the original creditor is a local authority, consent is needed from that local authority as provided in the Act on State-subsidized Housing Loans (ARAVA Loans) (1189/93). (17.12.1993/1194)

Within the limits of authorizations granted when Parliament considers the State budget, and as prescribed by the Council of State, the Housing Fund is entitled to re-purchase securities that it has issued, or that have been issued by a special corporation, in order to finance securitization. Within these limits, the Housing Fund may also undertake the provision of additional collateral as security for the repayment of securitized housing and ARAVA loans. (28.3.1996/208)

Paragraph 5 has been repealed by Act 14.12.1998/947.

Section 3 (16.4.1993/351)

The Housing Fund shall have a Board of Directors whose composition and appointment shall be provided for in more detail by decree.

Paragraph 2 has been repealed by Act 2.2.2007/72

Section 4

The Board of Directors of the Housing Fund is charged with:

1) ensuring that the Fund has sufficient liquidity and, within the limits of the authorizations referred to in section 2, paragraphs 2-4, deciding on loans to be contracted for Fund operations and their terms, on securitization and related payment of additional interest, on replacement of receivables, and on the purchase of securities and arrangement of additional collateral; (17.12.1993/1194)

2) confirming the Fund's regulations;

3) approving and signing the Fund's annual accounts; and

4) making a proposal to the Ministry of the Environment on the use of the excess of the Fund or on covering the loss from assets of the Fund. (2.2.2007/72)

(16.4.1993/351)

Paragraph 2 has been repealed by Act 2.2.2007/72.

The Ministry of Finance and the State Treasury are charged with contracting the loans, deciding on their exact terms and carrying out other measures related to the Fund's borrowing and securitization, payment of related additional interest, replacement of receivables, purchase of securities and arrangement of additional collateral. (17.12.1993/1194)

Section 5 (2.2.2007/72)

The accounting period of the Housing Fund of Finland is a calendar year. The Ministry of the Environment shall appoint two auditors for the Housing Fund, one of whom shall be an auditor approved by the Central Chamber of Commerce (KHT) and the other shall be a CPFA auditor (JHTT).

If the auditor finds significant objection to the governance or finances of the Housing Fund in the course of the accounting period, this shall be reported to the Ministry of the Environment without delay.

The auditors shall audit the governance, accounting and final accounts of the Housing Fund. They shall issue an audit report for each accounting period. The audit report shall especially state:

1) whether the final accounts have been drawn up in accordance with the provisions and regulations on the drawing up of final accounts;

2) whether the final accounts give correct and sufficient information on the result of the operations and the financial standing of the Housing Fund;

- 3) whether the Housing Fund has been managed in accordance with the provisions and regulations governing it;
- 4) opinion on confirming the final accounts; and
- 5) opinion on disposing of the result of the Housing Fund in accordance with the proposal of the Board of Directors.

The Ministry of the Environment shall decide by the end of April on confirming the final accounts of the Housing Fund and on measures arising from the final accounts of the Fund.

Section 6
(17.12.1993/1194)

The off-budget assets of the Housing Fund referred to in section 2 shall be used to pay the amortization and interest on loans contracted by the Fund for the purpose of its activities, to pay other expenses arising from contracting, managing and repaying loans, and expenses arising from securitization and the payment of related additional interest, from the replacement of receivables and from the purchase of securities. These assets shall also be used to meet any obligations arising from State guarantees and other liabilities for which the State is responsible under section 2, paragraph 4, and under section 27 and section 45, paragraph 4, of the Act on State-subsidized Housing Loans (ARAVA Loans).

Section 7
(28.3.1996/208)

In connection with handling the state budget,

- 1) the maximum amount of loans which are granted or for which interest subsidy is granted from the Housing Fund assets outside the state budget as referred to in Section 2 shall be confirmed, except for loans in accordance with the Act on Interest Subsidy for Loans Granted for Home Purchase (639/1982) shall be confirmed;
- 2) the maximum amount of state guarantees relating to housing loans the compensations for which are paid from the Housing Fund assets outside the state budget as referred to in Section 2 shall be confirmed;
- 3) the maximum amounts of loans to be taken out by the Housing Fund, loans to be securitised, bonds to be purchased and additional surety shall be confirmed; and
- 4) possible transfer to the Housing Fund or from the Housing Fund to the state budget shall be decided upon.

(14.12.1998/947)

The amount of the appropriation in the State budget to be transferred to the Fund shall be such that, together with the assets acquired under the borrowing and securitization authorizations referred to in section 2, paragraphs 2 and 3, and the monetary reserves accruing to the Fund at the beginning of the year from previous years and the fiscal year concerned, it is expected to suffice for the payments which under law or regulation must be paid from the Fund's off-bud-get assets referred to in section 2.

Section 8

The Council of State shall confirm the plan for utilizing the grant and approval authorization for loans to be granted or subsidized out of the Housing Fund's off-budget assets as referred to in section 2. (16.4.1993/351)

In confirming the utilization plan, the housing needs of different areas and municipalities shall be taken into account. The grounds for assessing housing needs shall be the housing shortfall, housing density, population, housing replacement need and other factors affecting housing needs.

Section 9

More detailed provisions on the enforcement of this Act will be issued by decree.

Section 10

This Act comes into force on January 1, 1990. The Fund's assets may be used before the Act comes into force in order to disburse loans granted under the provisions and stipulations referred to in section 2, subparagraph 1, but not yet paid, for additions to said loans, and for interest subsidies and service charges on loans granted under the Act on interest subsidy for loans for home purchase granted in place of a State loan (76/89).

Measures needed to enforce this Act can be taken before it comes into effect.

Entry into force of amended provisions:

16.4.1993/351:

This Act comes into force on 1 December, 1993.

Before this Act comes into force, measures for constituting and fulfilling posts in the Housing Fund as well as other measures needed for enforcing this Act can be taken. In these cases, the Ministry of the Environment decides the matters referred to in the Act on State Officials sections 6 and 7 except for the posts specified in the State budget.

What is enacted on the Housing development Fund pertains the Housing Fund after this Act is in force.

What is enacted on the National Board of Housing pertains the Housing Fund after this Act is in force unless otherwise enacted or provided.

17.12.1993/1194:

This Act comes into force on 1 January, 1994.

Measures needed to enforce this Act may be taken before it comes into effect.

28.3.1996/208:

This Act comes into force on 1 April, 1996.

Measures needed to enforce this Act may be taken before it comes into effect.

14.12.1998/947:

This Act comes into force on 1 January, 1999.

This Act also applies to interests accrued on funds in the bridging account of the Housing Fund of Finland, lodged in the State central accounting system, unsecuritised prior to the entry into force of this Act.

2.2.2007/72:

This Act comes into force on January 1, 2008.

Measures needed to enforce this Act may be taken before it comes into effect.