

**NB: Unofficial translation.**

No. 650

## **RIGHT-OF-OCCUPANCY HOUSING ACT**

July 16, 1990

### **Chapter 1. General provisions**

#### Section 1

##### Right of occupancy

Right of occupancy shall mean the right granted to a private individual to possess an apartment and, as appropriate, other facilities in a building (right-of-occupancy building) for the construction of which a loan has been granted under section 6, paragraph 1, subparagraph 8, of the Housing Production Act or under section 21 of the Act (1189/93) on State-subsidized Housing Loans (ARAVA Loans) or under section 3 of the Act (1205/93) on Interest Subsidy for Right-of-occupancy Housing Loans. Right of occupancy is established by a contract (right-of-occupancy contract) between the owner of a right-of-occupancy building and the person granted right of occupancy. (17.12.1993/1206)

When right of occupancy is established, the person granted the right shall remit to the owner of the building a right-of-occupancy payment. Furthermore, the holder of occupancy rights (the holder) shall pay a residence charge as provided elsewhere in this Act.

Any stipulation requiring the holder of occupancy rights to pay any charges, other than those referred to in this Act, as a condition for right of occupancy or on the basis thereof shall be null and void.

#### Section 2

##### Right-of-occupancy contracts

Right-of-occupancy contracts and revisions of them shall be made in writing. No oral agreement or oral contract term shall bind the person granted right of occupancy. At a minimum, contracts shall specify:

- 1) the parties to the contract;
- 2) the apartment and any other part of the building or property to which right of occupancy applies (the apartment);

3) the amount of the right-of-occupancy payment and the criteria by which it is determined; and (28.11.1994/1073)

4) the amount of the residence charge at the time when the contractual relationship begins and the criteria by which it is determined. (28.11.1994/1073)

### Section 3

#### Amount of the right-of-occupancy payment

The total right-of-occupancy payments payable during construction of a right-of-occupancy building shall not exceed the sum required over and above the loans contracted to finance the share of the purchase value forming the basis for ARAVA loans or interest-subsidy loans and approved under the Act on State-subsidized Housing Loans (ARAVA Loans) or the Act on Interest Subsidy for Right-of-occupancy Housing Loans, plus the purchaser's own capital. (17.12.1993/1206)

No more than 15% of the part of the purchase value on which the housing loan was based shall be collected in right-of-occupancy payments.

### Section 4

#### Holders of occupancy rights

The Council of State issues general regulations on the criteria for selecting holders of occupancy rights and the selection procedure to be observed.

Persons granted right of occupancy shall be approved by the local authority and shall fulfill the criteria referred to in paragraph 1 above or shall qualify for the transfer of occupancy rights under this Act.

A right-of-occupancy contract which confers occupancy rights on any person other than those referred to in paragraph 2 above shall be null and void.

In order to select the persons to be granted right of occupancy, the local authority shall invite applications for right of occupancy. Several local authorities may jointly invite applications for occupancy rights available within their jurisdictions. New and vacated occupancy rights shall be assigned to applicants fulfilling the criteria referred to in paragraph 1 above, in the order in which their applications were submitted.

Assignment of occupancy rights or their transfer under marital property rights or by inheritance or bequest is provided for under chapter 7.

### Section 5

#### Permanence and preemptory nature of provisions

The provisions of this Act shall remain in force after the loan referred to in section 1, paragraph 1, has been repaid.

No derogations shall be permitted from the provisions of this Act to the detriment of the holder of occupancy rights or of any person deriving rights from the holder.

## **Chapter 2. Contractual obligations of the owner**

### **Section 6**

#### **Assignment of the apartment to the holder of occupancy rights**

The owner of the building shall make the apartment available to the holder of occupancy rights on the date on which the holder is entitled to assume possession of the apartment under the right-of-occupancy contract.

### **Section 7**

#### **Condition and upkeep of apartments**

When a holder of occupancy rights assumes possession, the apartment shall be in such condition as the holder might reasonably expect, taking the content of the contract, the age of the apartment, local housing conditions and other considerations into account.

The owner of the building shall maintain the apartment in the condition referred to in paragraph 1 above throughout the holder's occupancy.

### **Section 8**

#### **Reducing the residence charge as a result of the owner's breach of contract**

The holder of occupancy rights shall be entitled to exemption from the residence charge or a reasonable reduction in its amount for any period during which the apartment cannot be used owing to delayed assignment of occupancy rights or deficient condition, or for any period during which its condition is otherwise deficient. The holder, however, shall not have this right if the delay or deficient condition is due to any reason for which he is liable. In the event of the deficient condition of the apartment arising during occupancy, the holder shall not have the right referred to above before the owner of the building has been notified of the deficiency.

### **Section 9**

#### **Compensation for losses**

The holder of occupancy rights shall be entitled to compensation for any losses that he incurs due to the owner's breach of contract as referred to in section 8 above, unless the owner can show that neither the breach of contract nor the loss was due to negligence or other carelessness on his part.

## Section 10

### Destruction of the apartment or prohibition on its use

If the apartment is destroyed or the authorities prohibit its use as a dwelling, the right-of-occupancy contract shall be terminated.

If the destruction of the apartment is due to the owner's negligence or other carelessness, the holder of occupancy rights shall be entitled to compensation for the losses he incurs.

If the right-of-occupancy contract is terminated under paragraph 1 above before the holder is entitled to assume possession, and the owner of the building, having been informed of the grounds for termination, fails to notify the holder thereof without delay, the holder shall be entitled to compensation for any losses that he incurs because of the owner's negligence.

## **Chapter 3. Rights and obligations of the holder of occupancy rights relating to use of the apartment**

### Section 11

#### Holder's right to upkeep work and alterations

The holder of occupancy rights shall be entitled to perform upkeep work and alterations in the apartment as provided in this section.

The holder shall notify the owner of the building in advance of any upkeep work or alterations of major significance.

The holder shall not undertake the following operations without the owner's permission:

- 1) any measure that might damage the building or cause other inconvenience to the owner of the building or the holder of any other apartment or facilities;
- 2) any measure that might affect the building's bearing structures, insulation, plumbing, electrical wiring, gas pipes or similar systems or air conditioning system;
- 3) any upkeep work for which the holder intends to claim compensation under section 12 below.

The owner of the building shall have the right to ensure that any upkeep work or alterations to the apartment are performed without damaging the building and in accordance with good building practice.

## Section 12

### Holder's right to compensation for upkeep work

A holder of occupancy rights who has performed necessary upkeep work in his apartment with the owner's permission shall be entitled to reasonable compensation therefor from the owner.

## Section 13

### Owner's right of entry into the apartment

The owner of the building shall have the right to enter the apartment whenever necessary to see to its care, condition, upkeep or alteration or to carry out repairs. Visits to the apartment shall be arranged at a time suitable to the holder of occupancy rights, unless the urgency or nature of the work otherwise require.

## Section 14

### Holder's liability for damage to the apartment

The holder of occupancy rights shall be liable for compensation to the owner of the building for any damage to the apartment caused by him willfully or through negligence or other carelessness. The holder shall not, however, be liable for ordinary wear and tear caused by use of the apartment for the purpose specified in the right-of-occupancy contract.

The holder shall further be liable for compensation to the owner for any damage to the apartment caused willfully or through negligence or other carelessness by a person staying in the apartment with the holder's leave. The holder shall not, however, be liable for any damage caused by a person performing work at the request or on behalf of the owner.

The provisions of paragraphs 1 and 2 above shall apply, as appropriate, to the shared-access facilities and equipment on the property or in the building and in the holder's use under the right-of-occupancy contract.

The compensation payable by the holder of occupancy rights may be adjusted if this is reasonable in view of the cause of damage, the holder's opportunities to forestall and prevent damage, current insurance and available insurance options, and other considerations.

## Section 15

### Holder's notification duty

The holder of occupancy rights shall notify the owner of the building of any damage to or deficiency in the apartment without delay. Notification shall be made immediately if, to prevent further damage, repairs must be undertaken without delay.

If the apartment is vacated for an extended period, the holder shall notify the owner thereof and arrange for the owner to be able to enter the apartment.

The holder who neglects to make the notification or entry arrangements referred to in paragraphs 1 and 2 shall be liable for any damage caused by neglect on his part.

## **Chapter 4. Residence charges and their payment**

### **Section 16 Determining the residence charge**

A reasonable residence charge may be collected from the holder of occupancy rights.

Residence charges shall be determined such that revenues from them cover reasonable expenses of financing and maintaining right-of-occupancy dwellings belonging to the corporation, and connected facilities. (28.11.1994/1073)

Furthermore, the grounds for determining the residence charge shall be such as to distribute charges reasonably between apartments. In determining the residence charge, different cost items may be based on different criteria, such as the floor area of the apartment or the actual consumption or use of water, electricity or some other commodity.

The residence charge shall not exceed the rent generally charged for apartments in the area with a similar utility value.

The Ministry of the Environment may confirm general criteria to be observed in determining residence charges. (17.12.1993/1195)

### **Section 17 Increasing the residence charge**

The owner of the building shall notify the holder of occupancy rights in writing of any intention to increase the residence charge, at the same time stating the grounds for the increase and the amount of the new charge. The increase can come into effect, at the earliest, two months after the beginning of the payment period immediately following the notification date.

The owner of the building shall not, however, be obliged to notify the holder separately of any increase payable for heating, water or any other amenity included in the use of the apartment if this increase is based on an increase in consumption or in the number of persons living in the apartment, provided that it has been agreed that such amenity be paid for separately on the basis of consumption or the number of persons living in the apartment. The holder shall be notified of the volume of

consumption for each payment period.

## Section 18

### Examining the fairness of the residence charge

The holder of occupancy rights may apply to a court for consideration of the fairness of the residence charge for his dwelling or for other facilities held by him under the right-of-occupancy contract. The court shall not, however, reduce the residence charge if the charge only slightly exceeds the amount to be considered fair.

An application for examining the fairness of the residence charge cannot be lodged after occupancy of the apartment ends.

In a decision on reducing the residence charge, the court must state the date on which the reduction takes effect. If such a decision by a lower court is appealed, the previous residence charge shall continue to be paid until the court of appeal has issued its decision, unless otherwise agreed.

## Section 19

### Refunding excess residence charges

If a court orders that the residence charge be reduced, it shall also decide ex officio, taking the extent of and the grounds for the reduction and other relevant considerations into account, whether the owner of the building must refund all or part of the excess residence charges paid. No refunds shall be ordered, however, for the time preceding the last two years before notification was made of the application for reduction.

## Section 19 a (28.11.1994/1073)

### Restrictions on application

The provisions of sections 17-19 shall not apply if the building is owned by a right-of-occupancy association. Revision of residence charges in such cases shall be regulated by the Act (1072/94) on Right-of-occupancy Associations.

## Section 20

### Duration of liability to pay the residence charge

The holder of occupancy rights shall be liable to pay the residence charge for as long as he holds possession of the apartment and, if he continues to occupy the apartment, also after termination of said rights.

## Section 21

### Payment period for and due date of the residence charge

The residence charge shall be paid no later than the second day from the beginning of its payment period, unless otherwise agreed. The payment period for the residence charge shall be considered to be one month or any other payment period prescribed by contract.

Any stipulation under which the holder of occupancy rights is liable for advance payment of the residence charge shall be null and void.

## Section 22

### Mode of payment of the residence charge

Residence charges can always be paid by postal or bank giro or by postal order. Payment shall be considered to have been effected on the date entered as the date of payment by the post office or bank on the payer's receipt or on the date when a postal order addressed to the owner of the building was presented at the post office for delivery as shown by the payer's receipt.

If the residence charge is paid in any manner other than those referred to in paragraph 1, the owner of the building shall give the holder of occupancy rights a receipt for it.

If paid in the apartment's locality, the residence charge may be paid in the owner's business offices or at any other location specified by the owner.

## **Chapter 5. Assigning and pledging occupancy rights**

### Section 23

#### Assignment of occupancy rights

The holder of occupancy rights may assign his rights, for a price no higher than that confirmed under section 24:

- 1) to a person approved by the local authority as the assignee in accordance with the provisions and regulations issued in or under this Act;
- 2) to a spouse, a relative in direct line of descent or ascent, or a member of the family who is permanently living in the apartment at the time of assignment.

If the holder wishes to assign his occupancy rights to any person other than those referred to in paragraph 1, subparagraph 2, he shall notify the owner of the building thereof. If the owner has not designated an assignee within three months of

notification, the owner shall, if the holder so requests, redeem the right of occupancy at a price conforming with section 24. The owner shall not charge the person to whom he subsequently assigns the redeemed right of occupancy more than the assignment price conforming with section 24.

The assignor of the right shall present, in conjunction with assignment or redemption, his original right-of-occupancy contract to the owner of the building, who shall make an entry in it noting the assignment of right of occupancy, the assignment price and its payment, and termination of the assignor's right of occupancy. The assignor shall not be released from his obligations as holder until the termination of his right of occupancy has been entered in the contract. Section 20 above provides for termination of liability for the residence charge. The owner of the building shall draw up a new right-of-occupancy contract on the assignee's right of occupancy.

The provisions of this Act regarding assignment of the right of occupancy shall also apply to assignment by execution.

The provisions of section 39 of the Marriage Act on the spouse's consent and its relevance shall also apply to assignment of the right of occupancy.

#### Section 24 Assignment price

The price for assignment of the right of occupancy shall not exceed the maximum price determined on the basis of paragraph 2 below.

The maximum price shall include the following items:

- 1) the right-of-occupancy payment, referred to in section 1, paragraph 2, remitted for the apartment;
- 2) an index increment to the right-of-occupancy payment corresponding to the change in the building cost index since remittance of the right-of-occupancy payment;
- 3) the value at the time of assignment of any reason-able improvements made in the apartment by the assignor or previous holders of occupancy rights and financed by them during their occupancy. In determining the value of improvements, their cost, the time at which they were made, their residual value and other considerations shall be taken into account.

The maximum price referred to in paragraph 2 shall be approved by the local authority. In order to have the maximum price confirmed, the owner of the building shall present the necessary documents to the local authority.

(Paragraph 4 repealed **December 17, 1993.**)

Section 25  
Nullity of assignment

The assignment of the right of occupancy to any one other than a person referred to in section 23 shall be null and void.

If the assignee has undertaken to pay a higher price for the right of occupancy than the maximum price under section 24, this undertaking shall be null and void to the extent that the assignment price exceeds the maximum permissible price.

Section 26  
Pledging occupancy rights

If the capital value of occupancy rights is pledged, the holder of the rights or the pledge shall notify the owner of the building thereof in order to make the pledge binding on the holder's creditors, and the holder of the rights shall assign his original right-of-occupancy contract to the pledge. The pledge shall notify the owner of the building of the expiry of the lien. The expiry notification can be made by the holder of occupancy rights if he presents his original right-of-occupancy contract to the owner at the time of notification.

If the right of occupancy is assigned or redeemed as provided in section 23, the lien shall not apply to the right of occupancy of the assignee or his successor, provided that the holder entered the right-of-occupancy contract in good faith.

Having received notification of the pledge, the owner of the building shall see to it that the pledge's rights are not violated in conjunction with assignment or redemption of the right of occupancy and shall compensate for any losses that the pledge incurs as a result of his neglect of this obligation.

The provisions of chapter 10, section 2 of the Commercial Code, including the provisions of paragraph 3 of said section, shall apply, as appropriate, to the pledge's right to collect his claim on the capital value of the right of occupancy. Similarly, the provisions of sections 23-25 above shall apply to the assignment of occupancy rights to the pledge.

**Chapter 6. Possession of an apartment and assignment of possession**

Section 27  
Possession of an apartment

The holder of occupancy rights shall use the apartment as his permanent residence or as the permanent residence of the holder and his family.

The holder of occupancy rights shall not assign more than half of the apartment to another person's use.

The holder of occupancy rights shall not otherwise assign occupancy of the apartment to another person unless otherwise provided by section 28.

#### Section 28

##### Temporary assignment of an apartment

The holder of occupancy rights may assign the apartment temporarily to another person's use if he resides temporarily in another location for reasons of occupation, employment, study or similar reasons, or has some other special reason for the assignment. Occupancy rights can be assigned for no more than two years, unless the local authority grants permission for more prolonged assignment.

The holder shall notify the owner of the building before assigning the right of occupancy.

#### Section 29

##### Liability of the holder of occupancy rights and the holder of the apartment

Any person to whom the holder of occupancy rights has assigned occupancy of the apartment or a part thereof shall be liable for any losses that he would be liable to compensate were he the holder of occupancy rights. Furthermore, unless otherwise agreed with the owner of the building, the holder of occupancy rights shall answer for any liabilities devolving upon him under the right-of-occupancy contract and for any losses for which the holder of the apartment is liable to compensate the owner of the building.

### **Chapter 7. Divorce, death or bankruptcy of the holder of occupancy rights**

#### Section 30

##### Right of occupancy and the distribution of matrimonial assets

A spouse with marital rights to the other spouse's property (property adjustment) in the distribution of matrimonial assets may claim the right of occupancy belonging to the other spouse if:

- 1) the apartment held by right of occupancy was used as the spouses' joint home; and
- 2) if the distribution is carried out between living spouses, the first spouse has the more pressing need for a dwelling.

If the capital value of the right of occupancy determined under section 24 is higher than the value of the property adjustment to which the spouse is entitled or if he/she is not entitled to an adjustment, he/she shall be entitled, in the circumstances referred to in subparagraphs 1 and 2 of paragraph 1 above, to redeem the other spouse's occupancy rights by paying the other spouse the difference between the monetary value of the right of occupancy and the property adjustment due to him/her. The above provision shall apply, as appropriate, to separation of the respective property of the spouses.

If the right of occupancy has been pledged by the spouse who is its holder for the debt incurred for the purpose of acquiring said right, the spouse acquiring the right of occupancy shall pay the debt or assume liability for it as a pre-condition for assignment of the right of occupancy as referred to in paragraphs 1 and 2 above. In this event, when the property adjustment is paid to the spouse and the difference referred to in paragraph 2 above is calculated, the amount of the debt shall be deducted from the value of the right of occupancy. The debtor shall not refuse payment of or transfer of liability for the debt referred to above unless he has weighty reasons for so doing.

The spouse shall not, however, have the right referred to in paragraphs 1 and 2 above if assignment of occupancy rights to the spouse would be unfair to the holder of occupancy rights in the light of the duration of the marriage or other circumstances.

The provisions of this section shall apply, as appropriate, if occupancy rights are held jointly by the two spouses.

### Section 31

#### Death of the holder of occupancy rights

Following the death of the holder of occupancy rights, said rights shall devolve on the estate.

If the right of occupancy devolves by succession or universal legacy on a person who resided permanently elsewhere than in the apartment concerned at the time of the decedent's death, the person referred to in section 27, paragraph 1, who resided permanently in the apartment at the time shall be entitled to redeem the right of occupancy within three months of having received notice of his title. If more persons than one are entitled to redeem said right and wish to do so, the right of redemption shall rest with them jointly. The price of redemption shall be determined pursuant to the provisions of section 24 above.

If the right of occupancy devolves by succession or bequest on a person who does not qualify as an assignee for said right under provisions or regulations issued in or under this Act, and the right of occupancy is not redeemed as provided in paragraph

2 above and is not assigned to the person referred to in paragraph 2 above or in section 23, paragraph 1, sub-paragraph 1, within a reasonable time frame set by the owner of the building, the owner shall be entitled to redeem the right of occupancy for an assignment price determined in accordance with section 24 above.

The provisions of paragraph 3 above shall not apply for as long as the apartment is held by the surviving spouse under the provisions of the Inheritance Code.

#### Section 32

##### Transfer of occupancy rights through the distribution of matrimonial assets, succession or redemption

The provisions of section 23, paragraph 3, shall apply, as appropriate, to the assignment of occupancy rights through property adjustment or redemption of said rights under section 30 or 31. The owner of the building shall draw up a new right-of-occupancy contract with the person who has obtained occupancy rights through succession or bequest.

#### Section 33

##### Bankruptcy of the holder of occupancy rights

If the property of the holder of occupancy rights has been assigned in bankruptcy, and the bankrupt's estate has not stated within a minimum period of 14 days specified by the owner of the building that it will assume liability for the obligations arising from the right-of-occupancy contract, and the holder of occupancy rights has not deposited security for the fulfillment of his obligations within the same period, the owner of the building shall be entitled to cancel the right of-occupancy contract. In this event, the provisions of section 38 below shall apply.

If the holder of occupancy rights deposits security at a date later than provided in paragraph 1 above, no right of cancellation shall exist if said security was deposited before receiving notice of cancellation.

### **Chapter 8. Right of occupancy held jointly by two or more persons**

#### Section 34

##### Assignment of a share

If right of occupancy is held jointly by two or more persons, a share thereof can be assigned only to another part-owner or, with the consent of the other part-owners, to a person referred to in section 23, paragraph 1, above. Assignment to any other person shall be null and void. The assignment price shall not exceed the proportion of the maximum price, determined under section 24 above, corresponding to the share to be assigned. Any undertaking concerning the assignment price shall be null and void to the extent that the assignment price exceeds the maximum permissible price.

The provisions of paragraphs 3 and 4 of section 23 shall apply correspondingly to assignment of a share in occupancy rights.

### Section 35 Cancellation of joint ownership

If right of occupancy is held jointly by two or more persons and one of them wishes joint ownership to terminate, and the part-owners do not reach agreement on assignment pursuant to section 34, paragraph 1, the court can, upon application by a part-owner, order assignment of all occupancy rights as provided in section 23. In this event, one of the part-owners or, if two or more part-owners wish to become assignees, the part-owners may be selected as joint assignees. Part-owners shall have priority over other persons for the right to become assignees.

## **Chapter 9. Cancellation of the right-of-occupancy contract**

### Section 36 Grounds for cancellation by the owner of the building

The owner of the building shall be entitled to cancel a right-of-occupancy contract on the following grounds:

- 1) if the holder of occupancy rights neglects to remit the agreed right-of-occupancy payment or residence charge within the time prescribed or agreed on;
- 2) if the holder has assigned possession of the apartment or part of it to another, contrary to the provisions of this Act;
- 3) if the apartment is used for any purpose other than that prescribed in this Act or the right-of-occupancy contract;
- 4) if the holder creates a disturbance or allows others to do so in the apartment ;
- 5) if the holder neglects his duty to take care of the apartment; or
- 6) if the holder violates provisions or regulations for the maintenance of health and public order.

If the actions referred to in paragraph 1 are of minor significance, however, the right

to cancel the right-of-occupancy contract shall not exist.

The provisions of paragraph 1, subparagraphs 2-6, and paragraph 2 above shall also apply, as appropriate, to the shared-access facilities and equipment located on the property or in the building and used by the holder of occupancy rights by virtue of the right-of-occupancy contract.

The owner of the building shall state the grounds for cancellation within a reasonable time after they have come to his notice. The owner shall not, however, forfeit his right to cancellation for as long as the state of affairs referred to in paragraph 1 continues.

Sections 33 and 42 contain further provisions on the owner's right to cancel the contract.

### Section 37

#### Warning of the intention to exercise the right of cancellation

The owner of the building cannot cancel the right-of-occupancy contract on grounds referred to in section 36, paragraph 1, subparagraphs 3-6, if he has not issued a written warning to the holder of occupancy rights. The warning shall be served in accordance with the provisions on the service of summons or otherwise verifiably.

If, upon receiving the warning, the holder of occupancy rights fulfils his obligations without delay or the matter is otherwise corrected, the owner of the building shall not be entitled to cancel the right-of-occupancy contract.

No warning shall be necessary, however, if the holder has repeatedly acted as referred to in section 36, paragraph 1, or if he has already been warned about such actions or if the holder has acted in a particularly reprehensible manner in one of the cases referred to in section 36, paragraph 1, sub-paragraphs 4 and 6.

### Section 38

#### Notice of cancellation

An owner of a building who wishes to invoke his right to cancel the right-of-occupancy contract prescribed in this Act shall provide written notice of cancellation, containing the grounds for cancellation and the date of termination, if he wishes to terminate the contract later than immediately following the service of notice of cancellation.

The notice of cancellation shall be served in accordance with the provisions on the service of summons or otherwise verifiably.

A summons or an application to the executor in chief on the eviction of the holder of occupancy rights pursuant to cancellation of the right-of-occupancy contract shall also qualify as a notice of cancellation.

Section 39  
Date of removal

The date of removal following the termination by cancellation of the right-of-occupancy contract shall be the next working day following the date of termination. On the date of removal, the holder of occupancy rights shall vacate half of the apartment for the use of the owner of the building, and before the end of the third day following the date of removal the holder shall surrender the entire apartment to the owner.

**Chapter 10. Other provisions on right of occupancy**

Section 40

Refund of the right-of-occupancy payment and a new right-of-occupancy contract

After a right-of-occupancy contract has been terminated through cancellation by the owner of the building or under section 10, the owner of the building shall refund to the holder of occupancy rights, within three months of termination, the assignment price referred to in section 24.

The owner of the building shall charge the person with whom the owner enters a new right-of-occupancy contract no more than the assignment price referred to in section 24.

The provisions of section 23, paragraph 3, shall also apply if the contract is terminated as referred to in paragraph 1 above.

Section 41

Joint liability of spouses

If the spouses use an apartment held by virtue of right of occupancy as their joint residence, they shall be jointly and severally liable for any obligations arising from the right-of-occupancy contract. If the other spouse moves from the apartment, the spouse who is not a party to the right-of-occupancy contract shall continue to be liable for obligations arising from said contract for as long as he or she resides in the apartment.

In matters concerning the apartment referred to in paragraph 1 above, both spouses shall be given a hearing if this is deemed appropriate.

A person living in circumstances similar to marriage with the holder of occupancy rights shall be equated with a spouse

Section 42  
Provision of security

When a right-of-occupancy contract is made or its terms are altered, when the holder of occupancy rights changes and in other comparable situations, it can be agreed that the holder of occupancy rights shall provide reasonable security against any loss caused to the owner of the building from the holder's neglect of his obligations.

If the security referred to in paragraph 1 above is not provided, the owner of the building shall be entitled to cancel the contract. No cancellation right shall exist, however, if security was provided before receipt of the cancellation notice.

(Section 43 repealed December 30, 1992.)

Section 44  
Duty to report

Excluding notice of cancellation of contract, the notifications referred to in this Act can be delivered by registered letter to the addressee's regular address. If a notification has been appropriately posted, the sender can appeal to it even if it is delayed or never reaches the addressee.

The summons referred to in this Act can be served to either spouse if the spouses use the apartment referred to in the right-of-occupancy contract as their joint residence.

**Chapter 11. Permanence of the right-of-occupancy system**

Section 45  
Use of apartments in a right-of-occupancy building

The residential apartments in a right-of-occupancy building financed with loans granted under the Housing Production Act, the Act on State-subsidized Housing Loans (ARAVA Loans) or the Act on Interest Subsidy for Right-of-occupancy Housing Loans shall be used as the permanent dwellings of holders of occupancy rights or temporarily as rental dwellings.

(17.12.1993/1206)

The local authority may grant a permit to use a residential apartment for purposes other than residential for special reasons if the permit applies to only a small proportion of the total number of residential apartments in the building. Before the change in use, the local authority shall notify the State Treasury of the permit; the State Treasury may order the refund of that part of the State housing loan or ARAVA

loan which corresponds to the apartment designated in the permit. Refund of the loan cannot be ordered if residential facilities are converted into shared-access facilities for the residents or into some other use that improves the residents' living conditions. (17.12.1993/1195)

For the time that an apartment is used contrary to the provisions of paragraphs 1 and 2, the owner of a right-of-occupancy building shall pay the State one-half a per cent of the acquisition value of the apartment per calendar month, calculated in proportion to the overall residential floor area of the building or group of buildings. If the above sum is not remitted voluntarily, the matter shall be decided, at the local authority's request, by the provincial administrative court. The sum due to the State can be reduced if it would otherwise be unreasonable. (17.12.1993/1195)

#### Section 46 (17.12.1993/1195)

##### Merger, alteration or dissolution of a corporation

A corporation owning a right-of-occupancy building shall not merge with another corporation, nor shall its form of association be altered, without the State Treasury's permission. Nor shall the corporation be dissolved without such permit except by court order or under an obligation laid down by law.

#### Section 47

##### Assignment of a right-of-occupancy building or shares in the company owning it

A right-of-occupancy building or a share in a company owning a right-of-occupancy building can be assigned only to a local authority or to an assignee who has been approved by the local authority and is eligible for a State-subsidized housing loan (ARAVA loan) or interest-subsidy loan for a right-of-occupancy building. Moreover, such share can be assigned to any other assignee approved by the local authority who can be considered to correspond to the assignor of shares. Any other assignment shall be null and void. (17.12.1993/1206)

If a right-of-occupancy building changes ownership, the right-of-occupancy contracts concerning the apartments in the building shall bind the new owner.

#### Section 47a (17.12.1993/1195)

##### Business premises and their assignment

If a right-of-occupancy building contains premises other than residential apartments, and shares in the company that owns said building confer possession of such premises, the provisions of sections 47 and 48-51 shall not apply to such shares.

#### Section 48

##### Assignment price of a right-of-occupancy building or shares in the company owning it

The assignor is entitled to receive, as the assignment price for a right-of-occupancy

building, no more than the sum remitted by him to finance the acquisition value, adjusted in accordance with the change in the building cost index. Furthermore, the assignor shall be entitled to receive any portion of the housing loans for which he remains liable or of loans obtained in lieu of housing loans and approved with higher priority. Any portion of such indispensable loans as were obtained to finance implemented improvements or to otherwise cover the building's acceptable expenses and remaining the liability of the assignor, and any increase in capital undertaken for the same purpose, shall be taken into account in calculating the assignment price.

A share in the company owning a right-of-occupancy building can be assigned for no more than its subscription price revised in accordance with the building cost index.

Any other capital installment related to the subscription of shares and paid in order to finance the purchase value of a right-of-occupancy building shall be treated in an assignment in the same way as the subscription price for the share. Any increase in capital paid by the owner in order to cover the approved expenses of a right-of-occupancy building shall be taken into account in calculating the assignment price of a share.

If, under the Act on State-subsidized Housing Loans (ARAVA Loans), a company has been granted any loan other than the kind referred to under section 21 of said Act, the assignment price determined under section 9 of the Act (1190/93) on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Buildings (1190/93) shall be taken into account in calculating the assignment price over and above the installments referred to in paragraphs 2 and 3 above. (17.12.1993/1195)

The assignment price referred to in this section shall be approved by a local authority.

#### Section 49 Compulsory auction price

Notwithstanding the provisions of this Act, a right-of-occupancy building and shares in the company that owns it can be sold by public auction as laid down in the Bankruptcy Act or the Execution Act or as prescribed for pledged shares in a contract of pledge. The party for the benefit of whom the public auction is held shall, however, receive no more than the assignment price determined on the basis of the provisions of this chapter.

The difference between the sale price and the assignment price referred to in this chapter shall be remitted to the Housing Fund of Finland. (17.12.1993/1195)

#### Section 50 Nullity of the assignment price

If assignment to the local authority or an assignee approved by the local authority

takes place in accordance with this chapter, but for a price higher than the prescribed assignment price, the contractual clause applying to the price shall be null and void to the extent that the agreed price exceeds the permissible assignment price.

#### Section 51

##### Entries concerning restrictions on use and assignment

Entries shall be made in the register of mortgages on the restrictions referred to in section 45, paragraph 1, section 47, and section 48, paragraph 1.

The articles of association of a joint-stock company owning a building shall contain a reference to the restrictions referred to in sections 46 and 47 and section 48, paragraphs 2-4. Furthermore, the share certificates shall contain a reference to the restrictions referred to in paragraphs 47 and 48.

### **Chapter 12. Miscellaneous provisions**

#### Section 52

##### Competent local authorities and municipal bodies

For the purposes of this Act, a local authority means the municipality in which the relevant right-of-occupancy building is located. Notwithstanding, if a share in a company owning a right-of-occupancy building is assigned, the local authority referred to in section 47 is the municipality in which said company's domicile is located.

Pursuant to this Act and regulations and provisions issued there under, matters in the purview of the local authority shall be handled by the Municipal Board unless the Municipal Council has assigned them entirely or in part to one of the local committees, or unless otherwise provided by law.

#### Section 53

##### Rectification

An applicant who is not satisfied with the decision of a local authority may request rectification. The request for rectification of a decision issued by the Municipal Board or the local committee referred to in section 52, paragraph 2, shall be submitted to the body which issued the decision. The request for rectification of a decision issued by any other body, elective official or civil servant shall be submitted to the Municipal Board or the local committee referred to in section 52, paragraph 2. The request for rectification shall be made in writing within 14 days of having been informed of the decision. Instructions on requesting rectification shall be appended to decisions which can be appealed. Requests for rectification shall be processed without delay.

## Section 54 Appeal

A decision issued on a request for rectification can be appealed to the provincial administrative court in the manner provided in the Administrative Appeals Act (154/50). The appeal can also be delivered to the local authority which issued the decision; said authority shall forward the appeal, together with its opinion on the matter, to the provincial administrative court without delay. (16.4.1993/356)

A decision on approval or rejection of a grantee or assignee of occupancy rights or a decision confirming the assignment price cannot be appealed. A decision on appeal issued by the provincial administrative court cannot be appealed. (16.4.1993/356)

A decision issued by the National Housing Board under this Act cannot be appealed.

## Section 55 Notification of decisions issued by municipal bodies

A decision issued by a municipal body can be delivered to the party concerned by letter. The notification shall be deemed to have been made, unless otherwise proven, on the seventh day from the date on which the decision was posted to the address given by the party concerned. The notification of a decision concerning approval of a grantee or assignee of occupancy rights may, however, be made by placing the minutes of the Municipal Board or local committee on display as provided in the Municipal Act, in which case the notification shall be deemed to have been made on the day that the decision was placed on display. Otherwise, the provisions of the Act on Notice in Administrative Matters (232/66) shall apply.

## Section 56 Enforceability of decisions

A decision issued by a municipal body may be enforced before it has gained legal force, provided that its enforcement does not render appeal futile and that the appeal authority does not forbid enforcement.

## Section 57 (17.12.1993/1195) Executive assistance

The owner of the building shall be entitled to executive assistance from the police if he is denied entry to the apartment as referred to in section 13.

The holder of occupancy rights shall be entitled to executive assistance from the police if the owner of the building, in a manifestly unlawful manner, prevents the holder from exercising his legal rights under the right-of-occupancy contract or this Act.

Section 58  
Official forms

The Ministry of the Environment can approve official forms for right-of-occupancy contracts and any notifications or other documents necessary in the relationship between the owner of the building and the holder of occupancy rights.

Section 59  
More detailed provisions

More detailed provisions on the enforcement and application of this Act will be issued by decree if necessary.

Section 60  
Entry into force

This Act comes into force on August 1, 1990.

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