

No. 1204

**ACT ON
INTEREST SUBSIDY FOR OWNER-OCCUPIED HOUSING LOANS**

December 17, 1993

Section 1
Scope of application

Interest subsidy can be paid out of State funds for owner-occupied housing loans granted by a deposit bank, a credit institution, an insurance company, a pension institution or a local authority (lender), referred to as 'interest-subsidy loans' in this Act.

This Act does not apply to owner-occupied homes for which a loan or interest subsidy can be granted from the agricultural development fund under the Rural Businesses Act (1295/90) or some other law.

Under this Act, no interest subsidy shall be paid if the borrower is paid interest subsidy for the same purpose under some other law or if he has been granted a loan by the Housing Fund of Finland or from other State funds for the same purpose. The interest subsidy can, however, be paid if the above-mentioned loan has been repaid.

Section 2
Approval authorization for interest-subsidy loans

Owner-occupied housing loans can be approved as interest-subsidy loans within the authorization limits confirmed in the State budget.

The Council of State can confirm the regional and other use criteria for the approval authorization of the loans. The Ministry of the Environment can approve the necessary approval authorizations for individual local authorities within set limits proposed by the Housing Fund. The local authority shall select the projects for which the authorization can be used if the general conditions are met.

The interest subsidy under this Act shall be allocated according to housing needs in different regions and municipalities.

Section 3

Interest-subsidy loans

An owner-occupied housing loan granted to a private individual can be accepted as an interest-subsidy loan intended

- 1) to build a new one-family house (*one-family house interest-subsidy loan*);
- 2) to purchase a one-family house (*interest-subsidy loan to purchase a one-family house*);
- 3) to purchase shares conferring possession of an apartment in a housing company building under construction or recently completed, and approved by the Housing Fund of Finland as eligible for a loan (*apartment interest-subsidy loan*);
(28.3.1996/207)
- 4) to purchase shares conferring possession of an apartment in an existing housing company building (*interest-subsidy loan to purchase an old apartment*); or
- 5) to renovate a one-family house (*interest-subsidy loan to renovate a one-family house*).

The purchase of a building shall be equated with new construction if no more than one year or, for special reasons, two years have passed since the building supervision authority approved the building for use.

'Renovation' refers to measures aimed at:

- 1) enhancing the original amenity standard or other quality of a dwelling or residential building, or the yard area or other immediate surroundings thereof, or restoring the original standard or quality, or a standard or quality comparable to new, by means other than annual repairs; or
- 2) converting or expanding existing facilities, primarily into housing or related facilities.

Section 4

General conditions for approval as an interest-subsidy loan

An owner-occupied housing loan shall be accepted as an interest-subsidy loan on the basis of social appropriateness and financial need. The Council of State will determine more detailed grounds for approving a loan as an interest-subsidy loan, as necessary.

Subsidized housing shall be appropriate in terms of habitability, the living environment functional, and the cost of a new building, purchase or renovation, and of upkeep and living reasonable. The Ministry of the Environment is entitled to issue regulations and instructions on the provisions of this paragraph.

An owner-occupied housing loan can only be accepted as an interest-subsidy loan to purchase a one-family house or an old apartment if housing construction in the area in question is not justified in view of the long-term housing need and if purchasing a dwelling is more affordable than building a comparable new dwelling.

Section 5

Amount of the interest-subsidy loan

The amount of the one-family house interest-subsidy loan and the apartment interest-subsidy loan shall be at most 80 per cent of the approved building costs concerned and of the reasonable cost of purchasing the lot and installing the municipal engineering.

The amount of an interest-subsidy loan to purchase a one-family house or an old apartment shall be at most 80 per cent of the approved purchase price concerned.

The interest-subsidy loan to renovate a one-family house shall be at most 80 per cent of the approved renovation costs.

The Council of State can confirm the maximum amount of an interest-subsidy loan per one-family house or apartment or per net square metre, plus the maximum cost and price of the dwellings and lots by area.

Section 6

Terms of an interest-subsidy loan

The Council of State can decide on the minimum loan period and general terms for an interest-subsidy loan. The interest charged by the lender on the interest-subsidy loan shall be at most the interest generally applied by the lender at the time to loans granted for similar purposes.

Section 7

Interest subsidy

The interest subsidy shall be paid for a maximum of 15 loan years. More detailed regulations on the period and amount of interest subsidy payment will be issued by the Council of State.

The State Treasury shall pay the interest subsidy to the lender or a corporation authorized by the lender.

Section 8
*Approval of an owner-occupied housing loan
as an interest-subsidy loan*

The relevant authority in the municipality where the subsidized object is situated shall decide whether the borrower meets the conditions referred to in section 4, and whether to approve the loan as an interest-subsidy loan.

In addition to what is provided above, the approval of a one-family house interest-subsidy loan and an interest-subsidy loan to renovate a one-family house presupposes that the local authority has approved the building or renovation plans and cost of the one-family house.

Section 9
Payment of interest subsidy in certain cases

If either the shares conferring possession of an apartment, or a one-family house are assigned or transferred to a new owner on grounds other than marital right or right of inheritance, payment of the interest subsidy shall cease as of the date the dwelling is so assigned.

If the borrower re-uses the interest-subsidy loan to finance the purchase of a dwelling of his own, the interest subsidy payments can continue notwithstanding paragraph 1.

Section 10
Termination of interest subsidy

If the interest-subsidy loan is repaid in full, payment of the interest subsidy shall cease as of the repayment date of the loan.

Section 11
Suspension of interest subsidy

If the borrower has used the interest-subsidy loan for a purpose other than that intended in this Act or, when applying for approval of an interest-subsidy loan, has provided essentially false information or concealed facts essentially affecting approval of the loan, the State Treasury can suspend payment of the interest subsidy. The borrower can then be ordered to reimburse the State for interest subsidy paid on the loan to a maximum of fivefold.

Section 12
Supervision

The local authority and the State Treasury shall see to it that use of the loan and the interest subsidy conform to this Act.

The lender and the borrower are responsible for providing the local authority and the State Treasury with the information necessary to establish that the interest-subsidy loan has been used for the approved purpose in compliance with this Act and any rules and regulations issued under it, and that the terms of the loan have been observed otherwise.

Section 13
Decision notification

A local authority decision can be sent to the party concerned by post. 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. Otherwise, the provisions of the Act on Notice in Administrative Matters (232/66) shall apply.

Section 14
Appeal

An applicant who is unsatisfied with the local authority decision in a matter referred to in this Act shall lodge a complaint within 14 days of receiving the decision notification. The request for rectification shall be made to the authority that made the decision or to the Municipal Board or local committee, in the case of a decision by an official subject to the Board or committee. Instructions on requesting rectification shall be appended to a decision which can be appealed. Requests for rectification shall be processed without delay.

A decision issued on a request for rectification and a State Treasury decision under section 11 can be appealed to the provincial administrative court in the manner provided in the Administrative Appeals Act (154/50).

A decision made by the provincial administrative court by virtue of this Act and any regulations issued under it shall not be appealed.

Section 15
Detailed provisions

More detailed provisions on the enforcement of this Act will

be issued by decree if necessary.

Section 16
Entry into force

This Act comes into force on January 1, 1995.

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