

NO. 205

ACT

ON INTEREST SUBSIDY FOR HOUSING COMPANY LOANS

March 28, 1996

Section 1

Scope of application

Interest subsidy can be paid out of State funds for loans granted by a credit institution, insurance company, pension institution or local authority (*lender*) for a housing company building as referred to in the Housing Companies Act (809/91). Such loans are referred to in this Act as interest-subsidy loans.

No interest subsidy shall be paid under this Act if the borrower is already receiving an interest subsidy for the same purpose under some other Act or if a loan has been granted to the borrower for the same purpose by the Housing Fund of Finland or from other State funds. The interest subsidy may, however, be paid if the aforementioned loan has been repaid.

Section 2

Approval authorization for interest-subsidy loans

Interest-subsidy loans can be approved within the authorization limits confirmed in the State budget.

Section 3

Purposes for which interest-subsidy loans may be granted

Interest-subsidy loans can be granted:

- 1) for the construction of a housing company building; or
- 2) for the renovation of a building referred to in section 1 or 2 of the Housing Companies Act.

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

'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 orig-

inal standard or quality, or a standard or quality comparable to new, by means other than annual repairs; or
2) converting or enlarging existing facilities, primarily into housing or related facilities.

Section 4

General conditions for the approval of an interest-subsidy loan

Housing financed with an interest-subsidy loan shall be appropriate in terms of habitability, the living environment functional, and the cost of new construction or renovation reasonable.

Contracts for new construction and renovation shall be awarded on the basis of competitive bidding, unless the Housing Fund grants an exemption from this on special grounds.

The Ministry of the Environment is entitled to issue regulations and instructions regarding what is provided in this section.

Section 5

Amount of interest-subsidy loans

The amount of an interest-subsidy loan granted for a housing company building shall not exceed 40 per cent of the costs of the type of project referred to in section 3, in which the reasonable costs of acquiring the plot and installing municipal engineering may be included.

Section 6

Terms of interest-subsidy loans

The interest charged by the lender on an interest-subsidy loan shall not exceed the interest generally charged at the time by the lender on loans granted for similar purposes.

Any other loan-related costs charged by the lender shall not exceed the type and amount of such costs generally charged at the time by the lender on similar loans.

Section 7

Interest subsidy

Interest subsidy shall not be paid for longer than 15 years after withdrawal of the first instalment on the loan. More detailed provisions on the amount and period of payment of interest subsidies and the general terms of interest-subsidy

loans shall be issued by the Council of State. The interest subsidy shall be paid from the State Treasury to the lender or to a corporation authorized by the lender.

Section 8

Authority approving the interest-subsidy loan

The Housing Fund of Finland shall decide whether to approve the loan as an interest-subsidy loan.

Section 9

Termination and continuation of interest subsidy payments

If an interest-subsidy loan has been fully repaid, payment of interest subsidy on said loan shall cease as of the date of repayment. If the borrower has repaid the interest-subsidy loan by taking out a loan for the same purpose from the same or another lender, payment of interest subsidy shall continue if the Housing Fund of Finland approves the new loan for interest subsidy. The Housing Fund of Finland shall notify the State Treasury of its approval of a new loan for interest subsidy. After assignment of the building, interest subsidy payments can continue only if the new owner of the building is also a joint-stock company as defined in section 1 or 2 of the Housing Companies Act and has assumed liability for the interest-subsidy loan.

Section 10

Suspension of interest subsidy payments

If the borrower has used the interest-subsidy loan for any purpose other than that intended in this Act or, when applying for approval of a loan for interest subsidy, has provided essentially false information or concealed information materially affecting said approval, the Housing Fund of Finland may suspend interest subsidy payments. In that case, the borrower may be required to refund to the State any interest subsidy already paid on the loan. The borrower shall also pay interest on the amount to be refunded from the date of payment of each interest subsidy instalment at the annual rate referred to in section 4, paragraph 3, of the Interest Act. If the refund and interest are not paid within the specified time, the borrower shall be further required to pay penalty interest on the sum due as of the due date at the rate referred to above.

Section 11

Supervision

The Housing Fund of Finland, State Treasury and lender shall see to it that use of the loan and the interest subsidy conforms to this Act. The lender and borrower shall provide the Housing Fund of Finland and State Treasury with any information needed to establish that the interest-subsidy loan has been used for the approved purpose and in compliance with this Act and any rules and regulations issued under it, and that the terms of the loan have been otherwise observed.

Section 12

Appeal

A decision made by the Housing Fund of Finland under section 10 may be appealed to the provincial administrative court, in the manner laid down in the Administrative Appeals Act (154/50).

A decision of the provincial administrative court or a decision by the Housing Fund of Finland on any matter other than that referred to in section 10 shall not be appealed.

Section 13

More detailed provisions

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

Section 14

Entry into force

This Act comes into force on April 1, 1996. This Act shall apply to loans granted on January 1, 1996 or thereafter, if construction or renovation began on or after January 1, 1996. Measures needed to enforce this Act may be taken before it comes into effect.