

**Unofficial translation**  
Ministry of the Environment

No. 1634

**ACT**

**ON BONUS FOR HOME SAVERS**

December 30, 1992

**Section 1**

*Objective*

Home saving agreements as laid down in this Act can be made in order to improve young people's opportunities to purchase their first home and to promote home saving.

Provisions on State interest subsidies paid for loans granted under home saving agreements are laid down in the Act (639/82) on Interest Subsidy for Loans Granted for Home Purchase and rules and regulations issued under it.

**Section 2**

*Home*

For the purposes of this Act, a home means at least half of the shares or interest conferring possession of an apartment or at least half of a one-family house.

**Section 3**

*Requirements to be met by home savers*

Anyone who has reached the age of 18 but not 31 when making the first deposit is eligible to become a home saver. Spouses may jointly become home savers even if one of them has reached the age of 31.

A person who has previously owned a home cannot, however, become a home saver. The acquisition of ownership of a specified share of a home without consideration shall not be regarded as owning a home.

## **Section 4**

### *Home saving agreement*

A home saving agreement means an agreement between a home saver and a financial institution in which the saver under-takes to deposit funds in a home saver's bonus interest account for the purchase of his/her first home, and in which the financial institution and the saver agree on a bridging loan. Before the last deposit is made, a new party who meets the requirements laid down in section 3 may join the home saving agreement.

For the purposes of this Act, a financial institution is any credit institution which accepts deposits from the public.

## **Section 5**

### *Required savings*

Deposits shall be made in the home saver's bonus interest account in at least eight calendar quarters. The minimum and maximum amount of such deposits shall be laid down by decree. The sum of the deposits and the interest and bonus interest paid thereon shall correspond to ten per cent of the trade or purchase price of the home. The bonus interest part of this sum shall be calculated up to the date when the amount of the bridging loan is agreed upon. (13.5.2005/288)

The home saver may agree with the financial institution that funds other than those deposited in the home saver's account will be used to finance the home. In this case, the total sum of the deposits may be less than the percentage laid down in paragraph 1. In calculating the amount of the bridging loan, funds other than those deposited in the home saver's bonus interest account shall be disregarded.

## **Section 6**

### *Prerequisites for the home to be purchased*

Any home purchased under a home saving agreement must be located in Finland.

No home in which the home saver is already living, de facto and de jure, before the transaction takes place can be purchased under a home saving agreement, unless occupancy is based on tenancy or the saver is purchasing the home from his/her own parents.

Notwithstanding, the provisions of paragraph 2 regarding the purchase of a home occupied on the basis of tenancy shall not apply if the home was already partly or wholly in the saver's use before the lease was drawn up.

## **Section 7**

### *Interest and bonus interest payable on home saving deposits*

The financial institution shall pay interest on home saving deposits the amount of which shall be laid down by decree. In addition, the financial institution shall pay bonus interest on the deposits for the year in which the first deposit was made and for up to five calendar years thereafter. The bonus interest rate shall be set in the saving agreement. The minimum and maximum amount of the bonus interest shall be laid down by decree. (23.12.1999/1300)

The bonus interest shall be paid once the home saver has fulfilled the terms of the saving agreement and the contract of sale for the home has been concluded or the building supervision authority has performed the final inspection required for approval for use of the home built by or for the saver.

## **Section 8**

### *Combining and dividing home saving agreements.*

If two home saving agreements that were originally separate are combined or a single home is otherwise purchased on the basis of separate agreements, no more than the maximum amount prescribed for deposits shall be taken into account for each calendar quarter in calculating the amount of the bridging loan.

Home savers who have jointly concluded a home saving agreement may agree with the financial institution on dividing the deposits between them. In this event, each saver shall have the right to conclude a separate home saving agreement and continue to make deposits provided that he/she does not withdraw the funds for some other purpose in conjunction with the division. If spouses divide a joint home saving agreement, each spouse may purchase a home under his/her own agreement only after their divorce has gained legal force.

## **Section 9**

### *Suspension of a home saving agreement*

A home saving agreement shall be suspended and the saver shall not be entitled to a loan under the agreement if:

- 1) the saver withdraws funds deposited or interest accrued in the home saver's bonus interest account before fulfilling the terms of the home saving agreement and before a contract of sale has been drawn up for the home or construction has begun; or
- 2) the saver acquires a home for consideration during the saving period before having deposited at least half of the instalments stipulated in a current home saving agreement.

### **Section 10**

#### *Exemption from tax*

Any deposit made in accordance with this Act or any part thereof made before the end of a tax year shall not be regarded as a taxable asset; nor shall any interest or bonus interest paid by a financial institution on such deposit be regarded as taxable income in the taxation of income and property; nor shall the tax at source referred to in the Act (1341/90) on Tax at Source on Interest Income be paid on interest or bonus interest.

### **Section 11**

#### *Notification duty*

Home savers shall provide the financial institution with their own personal identity number and that of their spouse in order to enable verification that the conditions for granting an interest subsidy are fulfilled. If the saver acquires a specified share of a home under a home saving agreement, he/she shall also provide the financial institution with the personal identity numbers of any other owners of the home.

In order to enable verification that the conditions for granting an interest subsidy are fulfilled, the financial institution shall provide the State Treasury with said personal identity numbers when the first application for the payment of interest compensation is submitted.

### **Section 12**

#### *More detailed provisions*

More detailed provisions on the conditions set for homes and home savers, on the drawing up and amending of home saving agreements and on the general terms for home saving agreements, as laid down in this Act, may be issued by decree.

**Section 13**  
*Entry into force*

This Act comes into force on January 1, 1993.

This Act repeals the Act (862/80) on Bonus Interest for Home Savers of December 19, 1980 and subsequent amendments thereto.

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

**Section 14**  
*Transitional provisions*

Without prejudice to section 3, paragraph 1, of this Act, a person who has not reached the age of 40 before making the first deposit may become a home saver if the home saving agreement is concluded within six months of this Act's entry into force.

After the entry into force of this Act, the provisions of the Act repealed by Section 13, paragraph 2, above, as they stood when this Act came into force, shall continue to apply, except for the provisions on paying the home saver's bonus to home saving agreements concluded under the repealed Act. Notwithstanding, a specified share of a home may in this event, and subject to the restrictions laid down in Section 2 of this Act, be purchased under a home saving agreement if the home saver and financial institution so agree. (27.7.2001/703)

*Entry into force of amended provisions:*

**28.3.1996/206:**

This Act comes into force on April 1, 1996.

It shall apply to home saving agreements made prior to the entry into force of the Act only if the home saver and the financial institution so agree.

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

**23.12.1999/1300:**

This Act comes into force on January 1, 2000.

The Act shall apply to the interest and bonus interest accrued on June 1, 2000 and thereafter also in cases where the interest is paid before June 1, 2000.

**27.7.2001/703:**

This Act comes into force on January 1, 2002.

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

**13.5.2005/288:**

This Act comes into force on June 1, 2005.

It shall apply to home saving agreements made prior to the entry into force of the Act only if the home saver and the financial institution so agree.