

No. 650

RIGHT-OF-OCCUPANCY HOUSING ACT

July 16, 1990

Chapter 1. General provisions

Section 1

Right of occupancy

Right of occupancy in this Act shall mean a right of possession conferred on a private person for a residential apartment and possibly other premises in a building for the construction of which a loan under Section 6, paragraph 1, subparagraph 8 of the Housing Production Act (247/1966) has been granted, which has been financed under Section 21 of the Act on State-Subsidised Housing Loans (ARAVA loans) (1189/1993) or Section 3 of the Act on Interest Subsidy for Right of Occupancy Housing Loans (1205/1993) or Section 20 of the Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans (604/2001) or the construction, acquisition or renovation of which has been financed otherwise and which is owned by a corporation referred to in Section 22 or Section 44, paragraph 3 of the Act on State-Subsidised Housing Loans (ARAVA loans), Section 4 of the Act on Interest Subsidy for Right of Occupancy Housing Loans or Section 5 of Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans or by some other corporation or foundation referred to in Section 1 a (*right of occupancy building*). The right of occupancy is established by an agreement between the owner of the right of occupancy building and the holder of the right of occupancy (*right of occupancy agreement*). (February 14, 2003/127)

Section 1 a (14.2.2003/127)

Owners of right of occupancy buildings

The following corporations or foundations may be owners of right of occupancy buildings:

- 1) owners as prescribed in the Acts referred to in Section 1;

2) unless otherwise provided by paragraph 2, limited-liability companies, foundations or right of occupancy associations the purpose of which is to offer rights of occupancy as referred to in this Act in one or more buildings owned by them.

Shareholders in a limited-liability company referred to in paragraph 1, subparagraph 2 above can only include local authorities, joint municipal boards or other public corporations or corporations and foundations the purpose of which is to be shareholders in a holding company to bring about activity as referred to in this Act.

A corporation or foundation owning a right of occupancy building can also pursue activity or be a shareholder in another corporation or foundation the purpose of which is to produce services relating to the activity referred to in this Act.

Provisions for the obligation of a buyer at a compulsory auction to meet the criteria for ownership prescribed in this Act are laid down in Section 49.

Section 1 b (14.2.2003/127)

Limited-liability company as an owner of a right of occupancy building

The share capital of a limited-liability company owning a right of occupancy building shall amount to at least EUR 8,000. If the company does not own other right of occupancy buildings than those referred to in Section 3, paragraph 3, the share capital shall amount to at least EUR 80,000.

Limited-liability companies owning right of occupancy buildings are always private companies.

Section 1 c(14.2.2003/127)

Legal protection of the name of the owner of a right of occupancy building and of a right of occupancy agreement

The name of the owner of a building concluding right of occupancy agreements shall include the word "asumisoikeus" (right of occupancy) or the abbreviation "asoasunnot" (right of occupancy dwellings). Other corporations or persons shall not use these words in their name or activity; neither shall they, when assigning the possession of a building or a part thereof (*dwelling*) to another party on the basis of an agreement, a share or a part use the term right of occupancy agreement or the term right of occupancy for the right of possession of the building or a part thereof. In addition, separate provisions apply to right of occupancy associations.

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 mini-mum, 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 combined right of occupancy payments collected for the construction phase or other acquisition phase of a right of occupancy building shall not exceed the amount needed in addition to the loans taken out and the equity to finance a share of the acquisition value, as confirmed in accordance with the Act on State-Subsidised Housing Loans (ARAVA loans) or the Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans, forming the basis of state-subsidy (ARAVA) loans or interest-subsidy loans. (14.2.2003/127)

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.

If the construction or acquisition of a right of occupancy building is financed in another manner than provided for in paragraph 1, the combined right of occupancy payments collected for the construction phase or other acquisition phase of the right of occupancy building shall not exceed the amount needed in addition to loans and equity to finance the acquisition value of the right of occupancy building stated by the owner. In that case, a maximum of 30 per cent of this acquisition value can be collected in right of occupancy payments. (14.2.2003/127)

Section 3 a (14.2.2003/127)

Financial account for a right of occupancy building under construction

The owner of a right of occupancy building shall open up a separate bank account into which the following shall be paid prior to the completion of the right of occupancy building:

- 1) loans taken out for the construction or acquisition of the building; and

2) right of occupancy payments collected for the construction or other acquisition phase of the right of occupancy building.

The funds in the account shall not be used for a purpose other than for the construction or other acquisition of said right of occupancy building, unless otherwise provided for by this Act or other Acts.

If the owner of the building has collected booking fees or other payments from persons registering as holders of a right of occupancy prior to concluding a right of occupancy agreement or from holders of a right of occupancy prior to the completion of the building, these payments shall also be deposited in a separate account. The account shall not be used for a purpose other than for the collection of funds, unless otherwise provided for by this Act or other Acts.

Section 4

Holders of occupancy rights

In addition to what is prescribed in the present Section, only one or more persons fulfilling the criteria prescribed in Sections 4 a and 4 b can be accepted as holders of a right of occupancy. If there are no such applicants at the time, a person other than one referred to above can be accepted. If there are several such applicants, the person holding the lowest consecutive number has priority to the dwelling.
(29.12.2005/1210)

The recipient of a right of occupancy shall be a person approved by a local authority, as referred to in paragraph 1, or a person to whom the right of occupancy can be assigned in accordance with this Act. (29.12.2005/1210)

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 4 a (14.2.2003/127)

Selection as holders of right of occupancy and criteria for accepting a holder of right of occupancy

The local authority approves applicants for a right of occupancy fulfilling the criteria in this Section as holders of a right of occupancy in the order according to their consecutive number, unless otherwise provided by Section 4b. An applicant whose application the offered right of occupancy corresponds to has the right to be approved as a holder of a right of occupancy before an applicant having a higher consecutive number. Prior to approving a holder of a right of occupancy, the local authority shall check that the applicants' right to be accepted in the order according to their consecutive numbers has not been violated in offering the right of occupancy. Prior to approving a holder of a right of occupancy, it shall also be established that the applicant wishes to accept the right of occupancy offered. An applicant can also be accepted on the condition that he or she fulfils the criteria set for approval as a holder of a right of occupancy as set forth in this Section within a set time, which may not be longer than six months. A right of occupancy is assigned to a given or sufficiently specified dwelling in a completed right of occupancy building or right of occupancy building under planning or to be planned and completed at a later stage.

When the application period closes, or upon filing the application if rights of occupancy can be issued continuously, the applicant for a right of occupancy shall be:

- 1) at least 18 years of age; or
- 2) additionally a member of a specified age group or other special group if the dwellings to be distributed are primarily intended for such persons and the minimum age or other requirements have been publicly announced in due manner when the rights of occupancy have been announced.

(29.12.2005/1210)

A precondition for approval as a holder of a right of occupancy is the applicant's need for a right of occupancy dwelling. The applicant is not considered to be in need of a right of occupancy dwelling if he or she has:

- 1) an owner-occupied dwelling in the application area, said dwelling reasonably corresponding to the right of occupancy dwelling applied for in respect of location, size, amenity standard, cost of housing and other properties; or
- 2) financial means in an amount to be able to finance at least 50 per cent of the current free price of the dwelling applied for or a dwelling equivalent to the dwelling applied for or to renovate his or her owner-occupied dwelling located in the application area to correspond to the dwelling he or she desires.

(29.12.2005/1210)

The need for a right of occupancy dwelling is evaluated at the time the applicant is approved as a holder of a right of occupancy. This evaluation shall not be based on evidence that is older than one year. The applicant's means are taken into account as means referred to in paragraph 3, subparagraph 2 above unless its value is small or unless it is required by the applicant for obtaining a reasonable livelihood derived from carrying on a trade or profession. If there is a significant change in the applicant's means after the evidence produced, the means are taken into account as they stand at the time of approval.

The provisions of paragraph 3 on the criteria for approving a holder of a right of occupancy shall not apply to:

- 1) an applicant moving from one right of occupancy dwelling to another; or
- 2) an applicant who has reached the age of 55 years.

(29.12.2005/1210)

When a right of occupancy dwelling or group of dwellings have been constructed or purchased for special group habitation, such a dwelling or group of dwellings may be advertised to be applied for by the group. When an individual member of the group changes, the provisions of paragraphs 3 and 4 of this Section shall not apply. Nor do the provisions of this Section apply when persons approved as holders of a right of occupancy or persons having otherwise obtained a right of occupancy under this Act switch their rights of occupancy.

Section 4 b (29.12.2005/1210)

Priority of a residing tenant for holding a right of occupancy

When a building is changed into a right of occupancy building, a person of at least 18 years of age currently occupying a dwelling by virtue of share ownership or leasehold right or a family member living in the dwelling and deriving his or her right from such a person may be approved as a holder of a right of occupancy without prejudice to Section 4 a, or he or she may continue possession of the dwelling as a tenant or an owner or partial owner of the shares entitling him or her to the possession of the dwelling. In such a case, the person may be later approved as a holder of a right of occupancy in the dwelling he or she or his or her family already possessed prior to the conversion of the building into a right of occupancy building. When such a dwelling is vacated, the holder of the right of occupancy shall be selected as prescribed in Sections 4 and 4 a.

Section 4 c (14.2.2003/127)

Application procedure

A person desiring a right of occupancy shall apply to the local authority of the municipality where the right of occupancy is applied for. Municipalities can also form a joint application area. The local authority shall issue a consecutive number to the applicant as provided for in paragraphs 2 to 4 of this Section. The applicant shall also register where the applicant wishes to obtain a right of occupancy with the owner or prospective owner of a building. When applying for a right of occupancy, the applicant shall give his or her name, address and social security number and present the evidence required of a person approved as a holder of a right of occupancy. Offering rights of occupancy and receiving answers to the offers is the task of the owner of the building.

To specify holders of rights of occupancy to be introduced or released in the application area, the local authority shall announce the consecutive numbers referred to in paragraph 1 openly and publicly for application. The consecutive numbers shall be announced for application within a set time (*application period*). Applications filed within the application period shall be processed in accordance with Section 3, paragraph 1. After the application period, consecutive numbers can be applied for continuously. Applications filed after the expiry of the application period shall be processed in accordance with Section 3, paragraph 2. If the number of applications is not sufficient, a new application period can be set, and the applications filed during this period shall be processed in accordance with said paragraph 1. A consecutive number previously applied for or obtained does not constitute a hindrance to obtaining new consecutive numbers either in the same or a different application area. If the applicant has several consecutive numbers in the application area, for which he has not gained a right of occupancy dwelling, he may decide which of the numbers he is going to use when applying the right. (29.12.2005/1210)

Applicants for a right of occupancy shall obtain their consecutive numbers on the basis of the applications referred to in paragraph 2 as follows:

- 1) the order of applicants who applied within the application period is determined by lot;
- 2) the order of applicants who filed their applications during continuous applying is determined, after the applicants who filed their applications within the application period, in accordance with the filing date of the applications in such a way that the order of applicants who filed their applications on the same date is determined by lot.

If an applicant has been offered a dwelling in accordance with his or her registration, reasonably corresponding to his or her housing need, and he or she refuses the third dwelling of such a nature, the local authority shall place his or her consecutive number below the other applicants. If the applicant does not respond to the offer made to him or her or a request to specify his or her registration, or does not produce the necessary account of the facts required to evaluate the need for a right of occupancy dwelling within a reasonable time set by the owner of the building, this is also considered refusal of an offered right of occupancy. The set time shall not be shorter than two weeks.

The applicant may change or specify the registration made to the owner of the building on what kind of a right of occupancy dwelling he or she desires without his or her consecutive number being changed. Before offers are made, the owner of the building may request applicants for the rights of occupancy to be dispensed at that time to specify their registrations. The request to specify a registration shall be served in writing to the address given by the application to those applicants to whom it relates.

Section 4 d (14.2.2003/127)

Registration with the owner of a building and offering of rights of occupancy

The owner of a building is under obligation to openly and publicly announce when he or she is ready to receive registrations of persons wishing to become holders of a right of occupancy. Registrations can be received during the announced registration period or continuously or only for a given building or generally for buildings that the owner in question owns or will own in the future. The owner of the building may also stipulate that the registrations of applicants of a right of occupancy are in force for a given period, which shall be stated in the announcement referred to above. The owner of the building may also require that the continued validity of the registrations requires them to be renewed after a specific time. Also this requirement shall be stated in the statement referred to above or, if the requirement to renew registrations is imputed on the applicants after they have filed their registrations, the requirement shall be openly and publicly announced and separately served to each applicant in writing to the address given by the applicant.

An applicant for a right of occupancy may register with several house owners and inform him or her of the house owners he or she has registered with previously, which he or she expects to offer him or her a right of occupancy in their building. An applicant for a right of occupancy may also cancel a registration with the owner of a building if he or she is no longer interested in obtaining a right of occupancy in the building owned, or owned in the future, by him or her.

An owner of a building shall inform the local authority of the municipality in which the building offering rights of occupancy is located of his or her announcement to receive registrations of persons desiring to become holders of rights of occupancy. The local authority shall see to it that applicants of rights of occupancy also receive information on which house owners receive registrations at a given time from the local authority.

Section 4 e (14.2.2003/127)

Holders of a non-subsidised housing right

The provisions of Sections 4, 4 a, 4 c and 4 d shall not be applied to a holder of a right of occupancy in a right of occupancy building referred to in Section 3, paragraph 3 unless the owner of the building decides otherwise. The provisions of Section 4 b shall only apply insofar as they relate to the priority of a current resident for a right of occupancy.

Section 4 f (14.2.2003/127)

Rights to participate based on right of occupancy

A holder of a right of occupancy and a person dwelling with him or her in a right of occupancy dwelling has the right to participate in the management of the right of occupancy building and decision-making relating to it, and to obtain information on it at least to the extent prescribed in the Act on Joint Management of Rental Buildings (649/1990). However, the jurisdiction of the Housing Fund of Finland referred in Section 20 of said Act does not pertain to the right of occupancy buildings referred to in Section 3, paragraph 3 of this Act. (12.1.2007/22)

The provisions of paragraph 1 shall not apply if the building is owned by a right of occupancy association. Provisions on the right of the holder of the right of occupancy and of a person deriving his or her right from such a person to participate in the decision-making in the right of occupancy association are given in the Act on Right of Occupancy Associations (1072/1994).

Section 4 g (12.1.2007/22)

Guiding power of the Housing Fund of Finland in selecting a holder of a right of occupancy

The Housing Fund of Finland can give general guidance in selecting holders of a right of occupancy for right of occupancy buildings other than those referred to in Section 3, paragraph 3.

Section 5 (29.12.2005/1210)

Permanence, peremptory nature and termination of application of provisions

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

Right of occupancy agreements cannot deviate from the provisions of this Act to the detriment of the holder of a right of occupancy or a person deriving his right from such a person.

When a right of occupancy building or the shares entitling the holder to the possession of a dwelling therein are free from the restrictions on use and assignment in accordance with this Act and the entries referred to in Section 51 have been duly

removed, application of the provisions of this Act and the regulations issued by virtue thereof to the building and to the shares entitling the holder to the possession of a dwelling therein shall also cease. Section 50 b contains provisions on release from restrictions. (29.12.2005/1210)

If the house owner no longer owns a building subject to the restrictions on use and assignment in accordance with this Act, application of this Act to such an owner, to his shares and shareholders shall also cease, nevertheless taking into account the provisions of Section 1 c. (29.12.2005/1210)

If a dwelling in a building released from restrictions is again offered for possession by virtue of a right of occupancy, the provisions of this Act shall be applied to the building and its owner. (29.12.2005/1210)

Section 5 a (29.12.2005/1210)

Production outside the scope of application of this Act

If an owner referred to in this Act also owns buildings or dwellings that have not been offered for possession by virtue of a right of occupancy, this Act shall not be applied to such buildings or dwellings or shares entitling the holder to the possession thereof.

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 9 a (22.12.2009/1582)

Neglect of the duties of the owner of a building

If the owner of the building neglects the duty prescribed for the owner of the building in this Act or otherwise acts contrary to this Act or the regulations issued by virtue thereof, the Regional State Administrative Agency may set a time during which the task shall be performed or the procedure rectified. The Regional State Administrative Agency may order the owner to perform the task or rectify the procedure under penalty of a fine.

Before an order referred to in Section 1 is issued, the owner of the building shall be reserved an opportunity to be heard in the matter. The decision on imposing a fine shall be served as prescribed in the Act on Conditional Imposition of a Fine (1113/1990).

The owner of the building is under obligation to compensate, in a reasonable amount, for immediate loss incurred when a person applying to be approved as a holder of a right of occupancy or a transferee or a person approved as a holder of a right of occupancy or a transferee does not obtain the right of occupancy he has applied for, as a result of the erroneous action of the owner of the building or his representative.

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 therefore 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.

When the owner of the building has been given a notice of surrender of the right of occupancy in accordance with Section 23, paragraph 2, the owner of the building has the right to show the dwelling at a time suitable to the owner of the building and the holder of the right of occupancy. (14.2.2003/127)

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 the general principles to be followed in determining maintenance charges. The Housing Fund of Finland may give general guidance on maintenance charges for dwellings other than dwellings possessed by virtue of a right of occupancy in right of occupancy buildings referred to in Section 3, paragraph 3. (12.1.2007/22)

Section 16 a (14.2.2003/127)

Expenses covered by maintenance charges

Maintenance charges may cover expenses of the corporation arising, for example, from:

1) acquisition or construction of real estate and dwellings;

- 2) maintenance and upkeep of real estate, buildings and dwellings;
- 3) renovations, renewals, additional construction and acquisition of any additional area, by which the real estate, building or dwelling is made to be compatible with normal requirements at each time;
- 4) obligations of the corporation under law;
- 5) preparation for the measures referred to in subparagraphs 2 and 3 and to the obligations referred to in subparagraph 4;
- 6) the interest payable on the equity to be taken into account in the transfer price of a share in a right of occupancy building or holding company referred to in Section 48, which shall not exceed the 12-month euribor rate calculated according to 360 days by more than 5 percentage points, unless otherwise provided by other Acts;
- 7) dividend or reimbursement referred to in Section 16 b.
The corporation shall draw up a calculation indicating what expenses have been covered by maintenance charges during the accounting period and for which expenses maintenance charges are to be collected during the next accounting period.

The corporation shall invite tenders for the most significant and expensive housing management, service and other property management services and maintenance work it purchases, which are to be covered by maintenance charges collected presently or in the future. If the value of a service contract excluding V.A.T. exceeds EUR 20,000, tenders shall be invited unless there are special reasons not to do so or unless otherwise provided for by other Acts.

Section 16 b(14.2.2003/127)

Payment of dividend or other reimbursement

A dividend or other reimbursement may be paid to a shareholder or to any other person who has made an equity-subordinated investment in the corporation owning the right of occupancy building, unless otherwise provided for by other Acts, and to collect maintenance charges for this purpose, nevertheless taking into account the provisions of Section 16 on the determination of maintenance charges and the provisions of Section 18 on the reasonableness of maintenance charges.

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 (14.2.2003/127)

Consideration of the reasonableness and correctness of a maintenance charge

A holder of a right of occupancy may submit the reasonableness and correctness of the maintenance charges of his or her dwelling or other premises possessed by him or her by virtue of a right of occupancy agreement for the consideration of a court. The court shall not, however, reduce the amount of the maintenance charge if it only slightly exceeds the amount that is to be considered reasonable. The maintenance charge may nevertheless be reduced if it is contrary to law or the agreement. (14.2.2003/127)

A request for consideration of the reasonableness or correctness of a maintenance charge cannot be filed after the possession of the dwelling by virtue of a right of occupancy agreement has ended. (14.2.2003/127)

In a decision concerning the reduction of a maintenance charge, the court shall impose a time when the reduction will come into force. If such a decision by a district court is appealed, the maintenance charge shall nevertheless be paid in full until after a decision by the court of appeal has been issued, if not 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.

If the owner of the building assigns the possession of the dwelling to a new holder of a right of occupancy or other right during the time when a person resigning his or her right of occupancy is obliged to pay maintenance charge in accordance with paragraph 1, the obligation of the person resigning his or her right of occupancy shall cease, unless otherwise agreed between the person resigning his or her right of occupancy and the new resident. (29.12.2005/1210)

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 other-wise 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

A holder of a right of occupancy may assign the right of occupancy for a consideration not exceeding the confirmed transfer price in accordance with Section 24:

- 1) to a person whom the local authority has approved as an assignee in accordance with this Act and the provisions issued by virtue thereof;

- 2) to his or her spouse, to a direct descendant or an ascending relative, or to a family member permanently living in the dwelling at the time of assignment; or

- 3) to a person other than referred to in subparagraph 1 or 2, if a right of dwelling as referred to in Section 3, paragraph 3 is concerned and unless otherwise prescribed by Section 4 b.

(14.2.2003/127)

If the holder of a right of occupancy wishes to assign his right of occupancy to a person other than referred to paragraph 1, subparagraph 2, he or she shall notify the owner of the building thereof. If the owner of the building has not appointed an assignee within three months from the notification, the owner of the building is obliged to redeem the right of occupancy upon the request of the holder of the right of occupancy for a transfer price in accordance with Section 24. However, there is no obligation to redeem before the actual possession of the right of occupancy dwelling has ended. The owner of the building may collect no more than the transfer price referred to in Section 24 from the person to whom the owner of the building subsequently assigns the redeemed right of occupancy. (14.2.2003/127)

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 reasonable 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 local authority shall confirm the maximum price for the right of occupancy for a dwelling located in a building other than referred to in Section 3, paragraph 3 in accordance with paragraph 2 of this Section. For confirming the maximum price, the owner of the building shall submit the necessary evidence to the local authority. (12.1.2007/22)

Paragraph 4 repealed by Act 17.12.1993/1195.

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 pledgee 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 pledgee. The pledgee 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 pledgee's rights are not violated in conjunction with assignment or redemption of the right of occupancy and shall compensate for any losses that the pledgee 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 pledgee'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 pledgee.

Chapter 5 a (14.2.2003/127)

Redemption payments for rights of occupancy

Section 26 a (14.2.2003/127)

Obligation to be prepared

The owner of a right of occupancy building shall see to it that in accordance with the provisions below, funds are available for redeeming rights of occupancy, either by funding procedure or otherwise, the use of such funds not violating the rights of the creditors.

Section 51 e contains provisions on funds for redeeming rights of occupancy.

Section 9 of the Act on Right of Occupancy Associations contains provisions on security funds for redemption of right of occupancy associations.

Upon consideration whether the obligation to be prepared referred to in this Section has been properly fulfilled, the current demand and supply situation of dwellings can be taken into account. The preparedness can be regarded as sufficient if it covers the payment obligation arising from known and probable redemptions during the current and next accounting period, unless there are special reasons otherwise provided for. (29.12.2005/1210)

Section 26 b (14.2.2003/127)

Funds available for redemptions and liability for a faulty redemption

Unless otherwise provided for in paragraph 2 or Section 26 c, the owner of the building may use the funds referred to in Section 51 e or other equity accrued during the previous accounting period or earlier accounting periods as indicated in the final accounts or his or her other means to redeem rights of occupancy. However, other means or other equity than the item 'maintenance charges' in the balance sheet shall primarily be used for paying the index adjustment included in the redemption price of a right of occupancy in accordance with Section 24, paragraph 2, subparagraphs 2 and 3 and the contribution for dwelling renovation. Section 51 d contains provisions on reducing the item 'maintenance charges' in the balance sheet on the basis of redemption of a right of occupancy and increasing said item on the basis of reassignment of the right of occupancy. (29.12.2005/1210)

When the owner is a limited-liability company, the redemption price for a right of occupancy may be paid if a full coverage remains for the tied equity and other non-distributable assets in accordance with the balance sheet confirmed for the last accounting period of the company and, if the company is a parent company, of its group.

The owner or a corporation belonging to the same group therewith shall not lodge security for the payment of the redemption price of a right of occupancy or

instalments thereof. The Act on Right of Occupancy Associations contains provisions on the owner's right to be a member of the security funds for redemption of a right of occupancy association. The instalments of the redemption price reduce the amount that can be used for the distribution of profits for the last accounting period.

If funds that are not allowable under this Act have been used to redeem rights of occupancy, the Board of Directors of the holding corporation and, if the distribution of assets is based on an incorrect balance sheet, the auditor who took part in confirming or auditing the balance sheet, are liable to compensate for the loss incurred by the holding corporation in accordance with Section 51 of the Accounting Act (459/2007). Chapter 25, Section 1 of the Limited Liability Companies Act (624/2006) contains provisions on penalties for a limited-liability offence, and Chapter 27, Sections 1 and 2 of the Housing Companies Act (809/1991) contain provisions on penalties for a housing company offence and violation. If the owner is a right of occupancy association, the provisions in Section 76 of the Act on Right of Occupancy Associations shall also apply. Section 83 of the Act on Right of Occupancy Associations contains provisions on penalties for a right of occupancy association offence. If the owner is a foundation, the provisions of Section 12 a of the Foundations Act (109/1930) are also applied. (22.12.2009/1608)

Redemptions of rights of occupancy are paid in the order they have fallen due. If several redemptions fall due on the same date, they shall be paid as far as is possible in accordance with this Section, unless the owner of the building and the persons entitled to redemption agree otherwise. Insofar as the owner of the building is not able to pay redemption of a right of occupancy that has fallen due on account of the provisions of this Section, the owner of the building is obliged to pay a penalty interest on the delayed amount in accordance with the Interest Act (633/1982). The provisions of paragraphs 1 to 4 also apply to a delayed payment referred to in this paragraph with penalty interest.

Section 26 c (14.2.2003/127)

Order of payment

When a corporation or foundation owning a right of occupancy is dissolved and in a bankruptcy thereof, the debts shall first be paid, except for the subordinated loan capital, and thereafter the redemptions shall be paid to persons renouncing their right of occupancy by virtue of Section 23. If the owner is a limited-liability company, the redemptions of rights of occupancy shall be paid before funds can be distributed to the creditors of the subordinated loan capital or shareholders on the basis of their shareholding.

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 (14.2.2003/127)

Temporary assignment of an apartment

A holder of a right of occupancy may assign the dwelling to another person for use if he or she is temporarily residing in another locality because of his or her work, study or for some other comparable reason or there is any other special reason for the assignment. The dwelling may, however, be assigned for a maximum continuous period of two years. The dwelling may be assigned for a longer period than this if a reason for this as referred to above exists and the owner of the building has no justifiable cause to object to the assignment.

Prior to the assignment of the possession, a holder of a right of occupancy shall notify the owner of the building thereof in writing. At the same time, the probable period for the assignment of the possession shall be given.

If the possession of the dwelling is assigned for a longer time than two years, the holder of the right of occupancy shall notify the owner of the building thereof in writing at least one month before two years have passed from the assignment. If the owner of the building does not approve the assignment, the owner of the building must submit the grounds for his or her objection for the consideration of the court within 14 days of receipt of the notification. If the court accepts the grounds for objection, it shall prohibit the assignment. If the court rejects the suit brought by the owner of the building, the owner's appeal from the decision does not prevent assignment of the dwelling for temporary use of another.

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 by virtue of an inheritance or a will a right of occupancy passes to a person who cannot be an assignee under this Act or the provisions issued by virtue thereof, and the right of occupancy is not redeemed in accordance with paragraph 2 or assigned to a person referred to in paragraph 2 or in Section 23, paragraph 1, subparagraph 1 or 3 within a reasonable time set by the owner of the building, the owner of the building has the right to redeem the right of occupancy for a consideration according to Section 24. (14.2.2003/127)

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 for the eviction of the holder of the right of occupancy on account of the cancellation of the right of occupancy agreement is also a notification of dissolution. (1.11.1996/807)

Section 39 (14.2.2003/127)

Date of removal

The removal date upon termination of a right of occupancy agreement on the basis of the dissolution of the agreement is the first working day after the termination of the agreement. On the day of removal, the holder of the right of occupancy shall vacate half of the dwelling for use by the owner of the building and surrender the entire dwelling on the next day to the owner's possession. If the removal date or the day following it is a working Saturday or holiday, Independence Day, 1 May, Christmas Eve or Midsummer Eve, the dwelling shall be available for the use of the owner of the building in the manner set out above on the first working day thereafter.**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

Section 43 has been repealed by Act 30.12.1992/1578.

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

Residential dwellings in a right of occupancy building may be used as permanent or temporary dwellings for holders of rights of occupancy or tenants. (29.12.2005/1210)

For special reasons, the local authority may grant permission to use the dwelling for other purposes than housing purposes if the permission relates to an insignificant portion of dwellings in the building. Before the change in purpose of use, the local authority shall notify the Housing Finance and Development Centre of Finland of the permission, and the Centre can order repayment of that part of the state housing loan or state-subsidised housing loan corresponding to the dwelling which the permission concerns or to order the state to be exempted from the state guarantee relating to the dwelling in accordance with the Act on State Guarantees for Repayment of State-Subsidised Housing Loans (ARAVA loans) (868/2008). The loan cannot be ordered to be repaid or the state guarantee liability terminated if residential premises are converted into shared-access facilities for residential or some other use, thus improving the residents' living conditions. (19.12.2008/870).

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)

The provisions of paragraphs 2 and 3 shall not apply to a right of occupancy building referred to in Section 3, paragraph 3. (12.1.2007/22)

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.

By way of derogation from paragraph 1 above, permission by the State Treasury is not needed if the corporation does not own other right of occupancy buildings than those referred to in Section 3, paragraph 3. (14.2.2003/127)

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 the holding company thereof can only be assigned to a local authority or to an assignee approved by the Housing Fund of Finland to whom a state-subsidised loan or an interest-subsidy loan for a right of occupancy building could be granted. A share can also be assigned to any other assignee approved by the Housing Fund of Finland who can be considered to correspond to an assignor of shares. Other assignments shall be null and void. (12.1.2007/22)

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

Provisions on the assignment of a right of occupancy building or a share in the holding company thereof referred to in Section 3, paragraph 3 are issued in Section 47 b. If the same owner has dwellings referred to in this Section as well as in Section 47 b and a share in the company is assigned, the provisions of this Section shall apply. (14.2.2003/127)

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 47 b (14.2.2003/127)

Assignment of a market-financed right of occupancy building or a share in the holding company thereof

A right of occupancy building as referred to in Section 3, paragraph 3 above or a share in the holding company thereof can be assigned without consent of the local authority for an assignee as referred to in Section 47 and also to any other corporation referred to in Section 1 a. Other assignments shall be null and void.

If the owner of a right of occupancy building changes, the right of occupancy agreements relating to the dwellings in the building are binding on the new owner.

Section 48

Transfer price of a right of occupancy building and a share in the holding company thereof

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 instalment 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 instalments referred to in paragraphs 2 and 3 above.

(17.12.1993/1195)

The Housing Fund of Finland shall confirm the transfer price referred to in this Section. (12.1.2007/22)

Section 48 a (14.2.2003/127)

Transfer price of shares of a holding company of a right of occupancy building in certain cases

The shares of the holding company of a right of occupancy building which the assignor has obtained by purchasing the entire stock of the company or a part thereof may be assigned for a maximum consideration determined in accordance with paragraph 2.

The following items are included in the transfer price:

- 1) purchase price of the shares to be assigned, adjusted in accordance with the change in building cost index insofar as housing loans taken out to purchase the shares or loans taken in lieu thereof and approved with a higher priority are not concerned;
- 2) the portion of housing loans taken out for the purchase of shares or loans taken in lieu thereof and approved with a higher priority which remains the liability of the assignor;
- 3) the portion of loans needed to finance renovations carried out or to cover necessary expenses on the building which remains the liability of the assignor, and increase in equity for the same purpose.

The allowable transfer price of a share in the company is calculated as the transfer price of the entire stock in proportion to the number of shares if the share to be assigned does not have a purchase price of its own and the assignor owns the entire stock.

The Housing Fund of Finland shall confirm the transfer price referred to in this Section. (12.1.2007/22)

Section 48 b (14.2.2003/127)

Transfer price of a right of occupancy building in certain cases

If a right of occupancy building which the assignor has obtained by merger of the company that owned the building into said company is assigned, the right of occupancy building can be assigned for a maximum consideration determined in accordance with paragraph 2.

The following items are included in the transfer price:

- 1) purchase price of the shares of the company that owned the building, adjusted in accordance with the change in building cost index insofar as housing loans taken out to purchase the shares or loans taken out in lieu thereof and approved with a higher priority are not concerned;
- 2) the portion of housing loans, as referred to in paragraph 1, taken out for the purchase of shares or loans taken out in lieu thereof and approved with higher priority which remains the liability of the assignor;
- 3) the portion of loans needed to finance renovations carried out or to cover necessary expenses on the building which remains the liability of the assignor, and increase in equity for the same purpose.

If a merged company has owned other buildings at the time of merger, the purchase price of the building to be assigned is the portion of the sales price of the company stock in accordance with the difference in the book values of the houses.

The provisions of paragraphs 1 to 3 shall also apply to assignments in which the building to be assigned has been obtained in some other manner than by merger, but the assignor has also purchased the stock of the company that owned the building, which it still owns or which it has already assigned or which no longer existed after the assignor dissolved the company.

The Housing Fund of Finland shall confirm the transfer price referred to in this Section. (12.1.2007/22)

Section 48 c (14.2.2003/127)

Transfer price of a market-financed right of occupancy building or a share in the holding company thereof

A right of occupancy building pursuant to Section 3, paragraph 3 above or a share in the holding company thereof may be assigned without the local authority confirming the transfer price, but for a maximum consideration referred to in Section 48, 48 a or 48 b.

Section 48 d (12.1.2007/22)

Obligation to seek opinion and notify of an assignee

When necessary, the Housing Fund of Finland may before taking a decision as referred to in Section 47 seek the opinion of the local authority of the municipality where the building to be assigned is located or, if a share in the holding company of the building is assigned, the local authority of the domicile of the company. A prerequisite for seeking an opinion is that the local authority is not a direct or indirect party to the assignment.

After the Housing Fund has taken a decision as referred to in Section 47, it shall notify thereof the local authority of the municipality where the building is located, or if a share in the holding company of the building is assigned, the local authority of the domicile of the company.

Section 49 (14.2.2003/127)

Compulsory auction price

Without prejudice to this Act, a right of occupancy building and a share in the holding company thereof can be sold at public auction as prescribed in the bankruptcy regulations or the Execution Act, or as provided in the pledging contract on a pledged share. The party on whose behalf the auction is held shall, however, receive a maximum transfer price determined in this Chapter.

The difference between the sales price and the transfer price referred to in this Chapter shall be paid to the Housing Fund of Finland. (12.1.2007/22)

When an owner of a right of occupancy building or a shareholder has changed in the manner intended in paragraph 1, the buyer shall forthwith attend to fulfilling the criteria for ownership set forth in Sections 1 a to 1 c of this Act. (14.2.2003/127)

If the State Treasury buys the assets referred to in this Act at an auction, it shall take action forthwith, and within five years at the latest, unless there is reasonable cause to keep the assets in the possession of the State Treasury longer, to assign the assets to a corporation or foundation that can be an owner in accordance with this Act. (14.2.2003/127)

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 50 a (14.2.2003/127)

Debts not forming part of the transfer price

The loans taken out to purchase the real estate or shares in the holding company thereof or other loans for which the assignor is liable or the parts of such loans for which the assignee assumes liability are not included in the assignment price referred to in Sections 48, 48 a, 48 b, 49 and 50 of this Act.

Section 50 b (29.12.2005/1210)

Release from restrictions

The owner of a right of occupancy building has the right to obtain a release from the restrictions on use and assignment in accordance with this Act if the residential dwellings in the building to be released are already in other use than residential or will be in such use later on, in accordance with the agreements governing their possession.

A further precondition for the release from restrictions is that the measures promote the functionality of the housing market in the area or prevent dwellings from standing empty and financial losses are incurred as a result, and:

- 1) the state housing loan or state-subsidised housing loan (ARAVA loan) or the portion of such a loan represented by the building to be released is repaid in its entirety, however not when it has not been possible to secure the loan receivable through execution;
- 2) the loan approved as an interest-subsidy loan or the portion of such a loan represented by the building to be released is repaid together with the possible compensation for premature payment and other costs, or the amount of loan entitling the holder to an interest subsidy is diminished for the portion corresponding to the building to be released and furthermore the lender releases the state from the guarantee liability relating to the loan and pertaining to the building to be released; or

3) a loan approved as a guaranteed loan on the basis of the Act on State Guarantees for Repayment of State-Subsidised Loans (ARAVA loans) or the portion of such a loan represented by the building to be released is repaid in its entirety with possible compensation for premature repayment and other costs, or the lender releases the state from the guarantee liability relating to the loan and pertaining to the building to be released.

(19.12.2008/870)

If a loan referred to in paragraph 2 has been granted for the building, the release shall be sought from the Housing Fund of Finland. A release shall be granted if the preconditions set in paragraphs 1 and 2 are found to exist. A release can also be granted on the condition that the applicant meets the criteria for obtaining release set forth in this Section within a set time.

The owner of a house other than one referred to in paragraph 2 may release the building and the shares entitling the holder to the possession of a dwelling therein from the restrictions on use and assignment starting from the time the criteria referred to in paragraph 1 are fulfilled.

Section 5 contains provisions relating to the effects of the release from restrictions on use and assignment.

Section 50 c (29.12.2005/1210)

Duty to notify of the release from restrictions

In order to remove entries referred to in Section 51 relating to a building and to shares entitling the owner to the possession of dwellings therein, the Housing Fund of Finland shall make a notification forthwith or, if the decision on release was conditional, immediately after it has found that the criteria are fulfilled. Detailed provisions on the notification procedure can be issued by decree. The Housing Fund of Finland shall also keep publicly available information on which buildings and shares entitling the owner to the possession of dwellings therein it has released, as well as information on whether the release is conditional and whether a time has been set for fulfilling the criteria.

On account of the release decision, the owner referred to in Section 50 b, paragraph 4 shall forthwith take measures to remove the entries referred to in Section 51. On account of the release decision, the owner referred to Section 50 b, paragraph 2 shall also forthwith take measures to remove the entries referred to in Section 51, paragraph 2. Provisions on how the fulfilment of the obligation referred to in this paragraph is demonstrated can be issued by decree.

On account of the release decision, the owner of a building as referred to in Section 50 b, paragraph 2 or 4 shall keep publicly available information on which buildings and shares entitling the holder to the possession of a dwelling therein have been released or shall be released from the restrictions on use and assignment pursuant to this Act and when the entries relating to the released building or building to be released and to the shares entitling the holder to the possession of a dwelling therein are removed from the articles of association and the shares.

If it is found that the owner of a building as referred to in Section 50 b, paragraph 2 has neglected his or her duty as set out in this Section or that an entry concerning the release of a building is incorrect, the entry shall be corrected upon notification to the State Treasury.

Section 51 (14.2.2003/127)

Entries concerning restrictions on use and assignment

An entry concerning the restrictions referred to in Section 45, paragraph 1, Section 47 and 47 b, Section 48, paragraph 1, Section 48 b and 48 c shall be made in the mortgage register.

The articles of association of a limited-liability company owning a building shall include reference to restrictions in accordance with Section 46, 47 and 47 b, Section 48, paragraphs 2 to 4 and Section 48 a. In addition, the share certificates shall include reference to the restriction referred to in Sections 47 and 47 b, Section 48 and Sections 48 a to 48 c as well as Section 49, paragraph 4.

When the Housing Fund of Finland has granted a loan referred to in Section 50 b, paragraph 2 or approved a loan as an interest-subsidy loan or guarantee loan in accordance with Section 50 b, paragraph 2, the Housing Fund is obliged to take measures to produce entries as referred to in paragraphs 1 and 2 in a manner prescribed in detail by decree. (29.12.2005/1210)

The owner of a right-of-occupancy building is responsible for the fact that the entries in accordance with paragraphs 1 and 2 have been made before the owner offers right of occupancy agreements to be concluded on buildings owned by him or her or buildings that will come to his or her ownership. Detailed provisions on how the fulfilment of the obligation referred to in this paragraph is demonstrated can be given by a degree. (29.12.2005/1210)

Section 50 c contains provisions on the obligation to remove the entries referred to in paragraph 1 and 2 when the restrictions on use and assignment have ceased. (29.12.2005/1210)

Paragraph 11 a (14.2.2003/127)

Final accounts and use of the assets of the owner of the building

Section 51 a (29.12.2005/1210)

Obligation to draw up final accounts

Final accounts shall, unless otherwise prescribed by paragraph 2, be drafted in accordance with the Accountancy Act (1336/1997) and the special legislation on a house-owning corporation and the provisions in this Chapter. The Accounting Board may issue instructions and statements as prescribed in the Accountancy Act for drawing up final accounts for the holding corporation or foundation of a right of occupancy building in accordance with this Act.

If an owner of a right of occupancy building pursues other activity than that referred to in this Act, the owner's accounts shall be arranged in such a way that correct and sufficient information on the activity according to this Act can be presented in the owner's final accounts. A separate statement on profit and loss for the activity in accordance with the present Act shall be drawn up and appended to the final accounts of such an owner, and other information relating to the activity in accordance with this Act shall be stated in data accompanying information as prescribed in this Act and in the relevant portions of the Accountancy Act.

Section 51 b (14.2.2003/127)

Accompanying information to final accounts

In addition with the provisions of the Accountancy Act, the accompanying information to the final accounts shall include:

- 1) dwellings in the possession of the holding corporation or foundation, the right of occupancy relating to which has been redeemed;
- 2) permanent easements and mortgages on the assets of the holding corporation or foundation as well as information on where the promissory notes secured by a mortgage are located;

3) shares and portions in other corporations owned by the holding corporation or foundation;

4) redemption liability of the holder corporation or foundation as referred to in Section 23 to those renouncing their right of occupancy entered for the value in accordance with section 24, paragraph 1, subparagraphs 1 and 2 at the end of the accounting period and the outstanding right of occupancy redemption payment which the owner has not been able to pay, for the value in accordance with Section 26, paragraph 5 at the end of the accounting period;

5) calculations referred to in Section 16 a, paragraph 2.

Section 51 c (14.2.2003/127)

Annual report

In addition to the provisions of the Accountancy Act, the annual report shall include information on:

1) the use of the maintenance charge if the charge can be collected for different purposes on different grounds; and

2) realisation of the budget.

In the annual report, the Board shall make a proposal regarding the measures to be taken in respect of the profit or loss of the holding corporation or foundation.

Section 51 d (14.2.2003/127)

Inclusion of the right of occupancy payments collected in the construction and acquisition phase of buildings in the balance sheet

When in the balance sheet of the owner of the building assets are divided into paid-up capital and current liabilities for covering the share of the acquisition value referred to in Section 3, the right of occupancy payments paid to the holder corporation or foundation shall be entered in the balance sheet as a separate item in the equity. If the owner is a limited-liability company, the right of occupancy payments shall be entered in the balance sheet as a separate item in the unrestricted equity.

The item 'right of occupancy payments' in the balance sheet shall be diminished insofar as other equity or, if the owner is a limited-liability company, other unrestricted equity has not been used for redemption of a right of occupancy in accordance with the balance sheet to be confirmed for the last accounting period. If the item 'right of occupancy payments' has been diminished on account of the redemption of a right of occupancy, the addition of a corresponding amount in the item 'right of occupancy payments' shall be made after the owner of the building has again assigned the right of occupancy. (29.12.2005/1210)

Assets as referred to in paragraph 1 above shall not be distributed to shareholders, to an owner of a share in a corporation owning a right of occupancy building corresponding to a shareholder, or a member of the corporation or a person who has invested equity in the corporation during the activity in accordance with this Act, unless a situation referred to in paragraph 2 is concerned. After the cessation of activity in accordance with this Act, assets may be distributed to the persons referred to above only on similar conditions and only if special legislation pertaining to the holding corporation authorises the distribution of share capital or other company assets to owners of the company or to a person who has invested equity in the corporation.

Section 51 e (14.2.2003/127)

Redemption fund for rights of occupancy

An owner of a right of occupancy building shall set up an appropriate redemption fund in order to fulfil his or her obligation to redeem rights of occupancy. The fund is increased by an amount that shall be transferred into this fund on the basis of the articles of association, the corporation's rules or on the basis of a decision taken by a competent body in accordance with the legislation pertaining to a corporation. If the owner is a limited-liability company, the fund may only be increased from funds that could have been used for distribution of profit pursuant to Chapter 12, Section 2 of the Limited Companies Act.

The redemption fund for rights of occupancy may only be employed to redeem rights of occupancy referred to in Section 23 or to cover a loss indicated by the balance sheet of the last accounting period, unless the loss can be covered with other equity or, if the owner is a limited-liability company, with other unrestricted equity.

Insofar as the assets transferred into the fund have been collected in maintenance charges, after the use of the redemption fund the amount corresponding to the redemption or other use shall, in accordance with the special legislation pertaining to a corporation, be transferred into the fund as soon as possible.

When assets are divided into paid-up capital and current liabilities in the balance sheet of the owner of the building, the redemption fund for rights of occupancy shall be entered in the balance sheet as a separate item in the equity. If the owner is a limited-liability company, the fund shall be entered in the balance sheet as a separate item in the unrestricted equity.

Section 51 f (14.2.2003/127)

Prohibition to give out a loan or pledge

The owner of the building shall not give out a loan to a shareholder or member of the holding corporation or foundation or to a member of the Board of Directors, administrative board or a corresponding competent body of the corporation or foundation or a member of the residential committee or the like, the property manager, an auditor or controller or to a person being in a relationship in accordance with Section 25, paragraph 1, subparagraph 6 of the Accounting Act. The same applies to giving a pledge for a debt. (13.4.2007/482)

The owner of the building may give out a loan to other persons than those referred to in paragraph 1 or a pledge for their debt only if issuing the loan or pledge is necessary for the maintenance or use of a real estate, building or right of occupancy dwelling owned by the house owner.

Furthermore, the provisions on giving out a loan or giving a pledge on another person's loan in the Act on State-Subsidised Housing Loans (ARAVA Act) shall apply to the owner referred to in Section 15 a of the Act on State-Subsidised Housing Loans (ARAVA Act).

Furthermore, the provisions on giving out a loan or giving a pledge on another person's loan in the Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans shall apply to an owner referred to in Section 24 of said Act.

If the owner is a limited-liability company, the provisions of Chapter 12, Sections 7 and 8 of the Limited Companies Act shall apply in addition to the provisions of paragraphs 1 to 3.

Section 51 g (14.2.2003/127)

Consolidated final accounts

In drawing up consolidated final accounts, the provisions of Sections 51 b to 51 e shall apply in relevant parts, in addition to the provisions of the Accountancy Act and other legislation.

The annual report of the parent corporation shall provide information of the group referred to in Section 51 c. The annual report of the subsidiary company shall indicate the name of the parent company.

The accompanying information to consolidated final accounts shall always include a mention of which assets are subject to the restrictions on use and assignment as referred to in this Act and which corporation or foundation belonging to the group owns it and what the manner of ownership is.

Section 51 h (14.2.2003/127)

Final accounts of a shareholder in the holding company of a right of occupancy building

The accompanying information to the final accounts of a corporation or foundation owning a right of occupancy building shall include a mention of which shares are subject to the restrictions of use and assignment in accordance with this Act.

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 thereunder, 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 (5.3.1999/276)

Appeal

A decision issued on a request for rectification can be appealed as provided for in the Administrative Judicial Procedure Act (586/1996), unless otherwise prescribed by paragraph 2.

However, a decision concerning the approval as a holder of a right of occupancy or a recipient of an assignment can only be appealed if the appellant's application has been rejected because he or she does not fulfil the criteria set for a holder of a right of occupancy or a recipient of an assignment, or that a faulty procedure has had an adverse effect on the appellant. A decision of the county administrative court issued on account of the appeal cannot be appealed.

Section 54 a (29.12.2005/1210)

Appeal

An applicant who is dissatisfied with a decision issued by the Housing Fund of Finland in matters referred to in this Act or in provisions issued by virtue thereof may request rectification within 14 days of having been informed of the decision. The request for rectification shall be made to the Housing Fund of Finland. Instructions on requesting rectification shall be appended to a decision which can be appealed. The request shall be processed without delay.

A decision on a request for rectification can be appealed as provided for in the Administrative Judicial Procedure Act.

Section 55 (29.12.2005/1210)

Notification of decision

A decision in accordance with this Act is served as prescribed in the Administrative Procedure Act (434/2003). A decision concerning approval as a holder of a right of occupation or a recipient of an assignment can, however, be served by laying the minutes of a Municipal Board or a local committee open for public inspection in the manner prescribed in the Finnish Local Government Act (365/1995), in which case service is considered to have taken place on the date when the decision was laid open for public inspection.

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 (14.2.2003/127)

Sheet formulae

The Ministry of the Environment may confirm the sheet formulae for application of a right of occupancy, for a right of occupancy agreement and the necessary notifications between the owner of a building and the holder of the right of occupancy, as well as other documents.

Section 58 a (14.2.2003/127)

Prohibition to restrict the right of selection

The right of an owner of a right of occupancy building to select the builder of the right of occupancy building or a supplier for the articles required by the owner shall not be restricted by arrangements based on membership or share hold in another corporation or an agreement or other undertaking. An order, proviso or undertaking contrary to this prohibition shall be null and void.

If the building is owned by a right-of-occupancy association, the provisions of the Act on Right of Occupancy Associations shall apply in addition to what is prescribed in Section 1.

Section 58 b (14.2.2003/127)

Right to plead the agreement concerning construction, acquisition or renovation

The owner of a right of occupancy building is entitled to plead the agreement pertaining to the construction of right of occupancy buildings to be constructed for him or her or acquired by him or her or of real estate, or maintenance and upkeep, renovation or other renewal of buildings and real estate owned by him or her, even if he or she is not a party to the agreement.

Section 58 c (14.2.2003/127)

Setting and releasing of a security pertaining to construction

The builder is obliged to see to it that, to guarantee the fulfilling of the construction agreement, a security for the construction phase and a security for the time after the construction phase is set for the benefit of the owner of the right of occupancy building in accordance with this Section. The security shall be a bank deposit, bank guarantee or other security suited to the purpose.

The security for the construction phase shall amount to at least ten per cent, or a minimum portion higher than this prescribed by Government decree, of the contract price in accordance with the construction agreement when the process of offering for rights of occupancy starts. The security shall be in force until the owner of the building releases it. However, the security shall be valid at least three months after the building has been approved for use.

When a security for the construction phase ceases to be valid, a security for the time after the construction phase shall be set, which shall amount to at least two per cent, or a minimum portion higher than this prescribed by Government decree, of the

contract price in accordance with the construction agreement. The security shall remain in force for at least one year when the security for the construction time has ceased to be valid.

If the owner of the building has refused to release a security or it is not possible to obtain permission from the owner of the building without undue disadvantage or delay, a court may issue permission to release the security entirely or in part.

Section 59 29.12.2005/1210)

Detailed provisions

Detailed provisions on the enforcement of this Act will be issued by Government decree when necessary, on the provisions of Sections 50 c and 51, and by decree of the Ministry of the Environment on the provisions of Section 16, paragraph 4 and Section 51 a, paragraph 2, and section 58.

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.

Entry into force of amended provisions:

30.12.1992/1578

16.4.1994/356:

This Act comes into force on December 1, 1993.

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

Pending matters in the National Housing Board are transferred to be handled in the County Administrative Court.

17.12.1993/1195:

This Act comes into force on January 1, 1994.

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

17.12.1993/1206:

This Act comes into force on January 1, 1994.

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

28.11.1994/1073:

This Act comes into force on March 1, 1995.

1.11.1996/807:

This Act comes into force on December 1, 1996.

5.3.1999/276:

This Act comes into force on April 1, 1999.

The provisions that were in force upon the entry into force of this Act shall apply to a decision made before the entry into force of this Act.

14.2.2003/127:

This Act comes into force on March 1, 2003.

This Act repeals the decision taken by the Council of State on September 27, 1990 on the selection of holders of rights of occupancy (900/1990), including the subsequent amendments. The provisions of Section 6, paragraph 2 and Section 8, paragraph 2 shall apply, however, to the end of the fifth calendar year starting from the entry into force of this Act.

The provisions of Sections 1a to 1 c shall also apply to a limited-liability company registered prior to the entry of the Act, offering rights of occupancy only from housing production referred to in Section 3, paragraph 3.

In addition to the provisions of Section 1 b, the provisions of the Act on Amending the Limited Companies Act (824/1998) and on amending certain transitional provisions in the Act on Amending the Limited Companies Act (825/1998) shall apply to the denomination of the share capital and the nominal value of the shares in Finnish marks or euros or conversion into euros.

Sections 4 a to 4 e of the Act shall also apply to applications filed prior to the entry into force of the Act if a right of occupancy is offered to an application after the entry into force of this Act.

The provisions of Section 26 shall not apply to bankruptcy or dissolution proceedings that have commenced prior to the entry into force of this Act.

Section 51 d of this Act shall also apply to right of occupancy payments collected for the construction or other acquisition phase of buildings prior to the entry into force of this Act.

If final accounts drawn up and approved before the entry into force of this Act shall be rectified on account of the transfers referred to in Section 51d or 51 e or the notification obligation relating to a right of occupancy in accordance with this Act, the rectification shall be made without delay and at the latest in connection with the final accounts that are drawn up for the current financial period when this Act comes into force. If the final accounts relate to a financial period upon which taxation has already been performed or the tax return filed, a new tax return shall be filed forthwith to rectify the taxation. The final accounts are registered and published in a manner separately provided for.

The provisions of Section 58 a to 58 c shall not apply to memberships, shares or agreements that were in force when this Law came into effect, unless a matter referred to in Section 81 or 82 of the Act on Right of Occupancy Associations is concerned.

A limited-liability company, cooperative society or other corporation or foundation that was registered when this Act entered into force, whose name contains the words "asumisoiikeus" (right of occupancy) or "asoasunnot" (right of occupancy dwellings), may retain its name without prejudice to the provisions of Section 1 c.

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

29.12.2005/1210:

This Act comes into force on January 1, 2006.

Sections 4 a and 4 b of this Act shall also apply to applications filed prior to the entry into force thereof if a right of occupancy is offered to an applicant after the entry into force of this Act.

Section 26 a, paragraph 4, Section 26 b, paragraph 1, and Section 51 d can also be applied to the accounting period current at the entry into force of the Act and to the final accounts to be drawn up for it.

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

12.1.2007/22:

This Act comes into force on April 1, 2007.

Section 24, paragraph 3, Section 47, paragraph 1, Section 48, paragraph 5, Section 48 a, paragraph 4, Section 48 b, paragraph 5 and Section 48 d shall be applied to applications filed after the entry into force of this Act.

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

13.4.2007/482:

This Act comes into force on July 1, 2007.

19.12.2008/870:

This Act comes into force on January 1, 2009.

22.12.2009/1582:

This Act comes into force on January 1, 2010.

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

22.12.2009/1608:

This Act comes into force on July 1, 2010.