

No. 809
HOUSING COMPANIES ACT
May 17, 1991

Chapter 1
General provisions

Section 1
The housing company

A limited-liability company is considered to be a housing company if:

- 1) its purpose is the ownership and possession of one or more buildings in which over half of the total floor space of the apartments is specified in the articles of association as residential apartments in the possession of shareholders; and
- 2) each share in it confers the right to the possession of an apartment or other part of a company building or real estate in its possession specified in the articles of association, either alone or together with other shares.

Section 2
Application to other limited-liability companies

Unless the articles of association specify otherwise, this Act shall also apply to a limited-liability company whose purpose is the ownership and possession of one or more buildings, each share in which confers the right to the possession of an apartment or other part of a company building or real estate in its possession specified in the articles of association, either alone or in combination with other shares, but in which over half of the total floor area of the apartments is not specified as residential apartments in the possession of shareholders.

This Act shall also apply to a limited-liability company registered before March 1, 1926 in which the apartments are reserved for shareholders in the manner referred to in section 1 by decision of the shareholders' meeting.

Section 3
Application of the Limited-Liability Companies Act

The following provisions of the Limited-Liability Companies Act (734/78) also apply to a housing company:

- 1) the provisions of chapter 1, section 3, concerning a group of companies, and section 4, concerning insiders; notwithstanding, in applying the latter section, the provisions of

paragraph 1, subparagraph 3, shall also apply to superintendents; (14.2.1997/150)

2) the provisions of chapter 2 concerning the founding of a company, with the exception of section 3;

3) the provisions of chapter 4 concerning an increase in share capital, with the exception of the granting of options and the issue of convertible bonds; (14.2.1997/150)

3a) the provisions of chapter 5 concerning subordinated loans; (14.2.1997/150)

4) the provisions of chapter 6 concerning a reduction in share capital;

(subparagraph 5 repealed October 28, 1994);

6) chapter 12, section 1, paragraphs 1 and 3; section 2, paragraphs 1 and 2; section 4, paragraph 1; and sections 5 and 6; (14.2.1997/150)

7) the provisions of chapter 13 concerning liquidation and dissolution, with the exception of sections 2, 2a and 3; (14.2.1997/150)

8) the provisions of chapter 14 concerning merger, with the exception of sections 19-21; (14.2.1997/150)

9) the provisions of chapter 15 concerning the obligation to pay compensation for loss, in that provisions regarding a managing director shall be applied to a superintendent, and the liability resulting from procedure contrary to the Limited-Liability Companies Act shall also then arise from procedure contrary to this Act; furthermore, the provisions of section 44 of the Auditing Act (936/94) shall apply to the accountability of auditors; and (28.10.1994/938)

10) the provisions of chapter 16, with the exception of sections 7-9.

The provisions in the Auditing Act concerning audits in groups of companies and the provisions in chapter 11 of the Limited-Liability Companies Act concerning consolidated financial statements, and chapter 12, section 1, paragraph 2; section 2, paragraph 3; and section 4, paragraphs 2 and 3 of said Act shall also apply to a company as referred to in section 2, paragraph 1, above. (14.2.1997/150)

Section 4

Share capital and shares

A housing company shall have share capital divided up into shares. The said shares shall number at least three, and shall be of the same face value. The share capital shall be at least FIM 50,000.

The company shareholders are not personally liable for the company's obligations.

Section 5

Maintenance charge

Shareholders shall pay the company a maintenance charge on bases laid down in the articles of association.

The articles of association may provide for the maintenance charge to be collected on the basis of a separate charge for different kinds of expenditure, such as according to the floor area of the apartment, the number of shares held, or actual consumption of water, electricity or some other commodity.

The maintenance charge can be used to cover company expenditure arising from:

- 1) acquisition of real estate and construction;
- 2) upkeep and management of real estate and buildings;
- 3) renovations and modernizations aimed at making the real estate and building meet normal current requirements, unless the burden of the individual shareholder's liability for payment is thereby made unreasonably heavy; and
- 4) duties falling to the company by law.

Section 6

Liability of a new shareholder for the maintenance charge

When a share passes to a new holder, he shall be liable to pay the maintenance charge from such time as ownership is transferred.

The new shareholder shall be liable together with the former holder for any maintenance charge that the latter failed to pay for a period of three months prior to the transfer of ownership to the new shareholder.

Section 7

Apartments and other facilities

What this Act provides below concerning an apartment also applies to any other part of the building or real estate to the possession of which the shares confer a right.

Section 8

Articles of association

A housing company's articles of association shall state:

- 1) the company name;
- 2) the municipality where the company is domiciled;
- 3) the location of buildings owned and possessed by the company for its operating purposes, and the basis for possession of the real estate;
- 4) the share capital;
- 5) the face value of the shares;
- 6) the location of each apartment in the building, its number or letter, the floor area of apartments calculated using measurement methods generally approved in the building sector, the intended use of the apartment and the number of rooms;
- 7) which shares (*block of shares*), itemized by serial number, confer the right to the possession of which apartment, when any block of shares may comprise only one share;

- 8) the apartments and other facilities in the company's immediate possession;
- 9) the bases for defining the maintenance charge, and who specifies the amount of the charge and the method of payment;
- 10) the number of board members, deputy members, auditors and deputy auditors, or the maximum and minimum numbers, and their terms of office;
- 11) how shareholders' meetings are convened;
- 12) the matters to be dealt with at ordinary shareholders' meetings; and
- 13) the company's financial year.

Chapter 2

Shares

Section 9

The equality of shares

All the shares in a housing company confer equal rights within the company unless otherwise provided by this Act and the articles of association.

Section 10

Transferability of shares

A share can be freely acquired and assigned unless otherwise provided by this Act or the articles of association. The articles of association may limit these rights only as laid down in sections 11 and 12 and elsewhere in the law.

Shares in the same block of shares may not be separately subscribed, assigned or transferred in any other manner, nor may they be pledged, except when an apartment is being divided up or part of it combined with some other apartment.

Section 11

Redemption of shares

The articles of association may specify that a shareholder or a public corporation referred to by name is entitled to redeem a share being transferred to a new holder by notifying the company board that it wishes to do so. The articles of association shall then specify:

- 1) who has the right of redemption, and the type of acquisition of title to which it applies;
- 2) when and how the board must inform those with right of redemption that a share is being transferred to a new holder;
- 3) the basis for determining the redemption price;
- 4) the period for making a redemption claim, which may not exceed two months from the date on which the new holder notified the board of the acquisition of title: and
- 5) the period for paying the redemption price which may not exceed one month from the end of the period referred to in subparagraph 4 or, if the redemption price is still not known at that point or is subject to dispute in accordance with section 13, one month from confirmation of the redemption price.

If the title to shares in several blocks of shares have been acquired under one and the same acquisition, they must all be redeemed unless the articles of association specify otherwise.

The order of priority between those with redemption rights shall be decided by the board by lot unless the articles of association specify otherwise. The redemption price shall be paid to the board either in cash or by a means of payment for which a bank operating in Finland is liable. If the redemp-

tion price is paid by post or bank giro, the date of payment shall be considered to be the date on which the payor has paid the amount of the redemption price to the bank for transfer or completed an equivalent transaction required to make the payment. The board may not pay the redemption price to the person from whom the share is being redeemed until the said person hands over the share certificate.

What is provided in paragraphs 1 and 3 shall be in force unless otherwise provided elsewhere in the law.

Section 12

The company s own shares

A housing company may not acquire for a consideration or accept as a pledge its own shares or shares in its parent company. Any agreement contrary to this prohibition shall be null and void. The company may, however, buy at auction a share taken in execution against its own receivable and redeem a share in the cases referred to in section 87.

The articles of association can specify that the company is entitled to redeem a share on offer or when it is being transferred to a new holder without reducing the share capital and revaluation reserve, using other equity. If the redemption right applies to a share transferred to a new holder, the stipulations referred to in section 11, paragraph 1, subparagraphs 3-5, must be included in the articles of association. The company has a pre-emptive right to redemption before all others entitled to redeem shares unless otherwise provided or stipulated elsewhere in the law or in the articles of association.

The company shall inform the new shareholder of its redemp-

tion claim within the period referred to in section 11, paragraph 1, subparagraph 4.

Section 13

Redemption disputes

Disputes concerning redemption rights and the redemption price shall be brought before a court of law in the company's domicile unless the articles of association specify that such disputes must be settled by arbitration.

Until such time as agreement is reached on the redemption claim or the dispute concerning it has been legally settled, the person to whom the share has been transferred shall have no right under the share other than right to possess an apartment, together with the right to profit and pre-emptive right to subscribe for a new share when share capital is raised. During this period, the stipulations affecting a shareholder in the articles of association regarding payment of the maintenance charge shall apply to the said person. All rights and obligations arising from share subscription shall pass to the person exercising the redemption right.

If application of the stipulation in the articles of association concerning the amount of the redemption price confers unreasonable advantage on some person, the price can be adjusted.

Section 14

Increasing the share capital in certain cases

If the share capital of the company is increased in such a way that the shares offered for subscription confer right of possession to an apartment in the company's immediate possession

or a new apartment to be constructed, the decision on the increase shall state:

- 1) the number of shares entitling the holder to the possession of each of the said apartments, specified on the same bases as with the shares entitling the holder to the possession of the company's other apartments; and
- 2) the amount to be paid for the shares and the basis on which the shares will be distributed if more than one person wishes to subscribe the same shares, unless decisions on such matters are assigned to the board.

When a decision to increase share capital is made, the articles of association must be amended to cover the matters referred to in section 8, paragraphs 6 and 7, as regards apartments referred to in paragraph 1 above.

Section 15

Share certificate

For any block of shares, the shareholder shall be provided with a share certificate printed by a printing works approved for printing share certificates for housing companies.

The share certificate may only be made out to a named person and issued only to the shareholder entered in the share register. No share certificate may be issued before the company or the decision to increase the share capital has been registered and full payment has been made for the share.

The company's name, the serial numbers and face value of the share/s, the apartment to which the block of shares confers possession, and an entry on any redemption right laid down in the articles of association as referred to in section 11 or

12 shall be printed on the share certificate.

Share certificates shall be dated and signed by a number of board members having a quorum.

Section 16

Entries on the share certificate

If amendment of the articles of association leads to a change in the right of possession as entered in the share certificate or in some other circumstance affecting the shareholder's rights, the entry on the share certificate shall be corrected accordingly.

When a share has been annulled, its face value reduced, or the company dissolved, an entry to this effect must be made on the share certificate.

When a share certificate has been issued to replace another share certificate in the case of invalidation, it shall bear an entry to this effect.

Section 17

Replacement of a share certificate

If a block of shares is modified because the apartment is divided or enlarged, or because apartments are combined, or because of some other measure, the board shall issue a share certificate corresponding to the new situation, and annul the former certificate. A reasonable fee approved by the board may be charged for replacing a share certificate.

Section 18

Temporary certificate

Before issuing a share certificate, a housing company may issue a certificate made out to a named person concerning the right to one block of shares and including the condition that the share certificate will only be issued against the same certificate (*temporary certificate*). On request, this certificate shall bear an entry on any payments made for the share. What is provided regarding the share certificate in section 15, paragraphs 3 and 4, shall apply to signing of the certificate and the information to be given on it.

Section 19

Application of the Promissory Notes Act

If the share certificate or temporary certificate is assigned or pledged, what is provided in sections 13, 14 and 22 of the Promissory Notes Act (622/47) shall apply correspondingly. When these provisions are applied, the person in possession of the share certificate or temporary certificate who, according to an entry by the company on said certificate or a certificate issued by the superintendent, has been last entered as the shareholder in the share register, shall be required to have an equivalent right to dispose of the share certificate or temporary certificate as that referred to in section 13, paragraph 2, of the Promissory Notes Act.

Section 20

Share register and its accessibility

When a company is founded, the board shall compile a share register without delay. All shares shall be entered in this register by block and in numerical order, together with the apartment to which the block of shares confers right of possession, the date of issue of share certificates, the shareholder's name and postal address, and any other information

required elsewhere in the law. The date of birth of natural persons shall also be entered. If required, any restriction applicable by virtue of other legislation to right of possession concerning an apartment shall also be entered.

(30.12.1992/1619)

Anyone who asks to inspect the share register shall be provided with an opportunity to do so by the chairperson of the board or the superintendent within a reasonable period.

Everyone has the right to a copy of the share register or part of it. A reasonable fee approved by the board may be charged for the copy.

Section 21

Entry of changes in the share register

Any acquisition of title of which the company is notified by a recipient of a share and any other change that affects some matter in the share register shall be entered in the share register without delay as soon as reliable proof thereof has been provided. A further condition for entry of title in the share register is that the recipient of the share demonstrate that the required stamp duty has been paid. The entry must be dated. If there is a redemption right within the company in accordance with section 11 or 12, the entry must not be made until it is clear that said right will not be exercised.

If the latest assignment of the share is entered in the share certificate or a temporary certificate by blank transfer, the name of the new shareholder must be written on the share certificate or temporary certificate before title is entered in the register.

If the new shareholder so requests, the keeper of the share register shall write on the share certificate or temporary certificate that the entry has been made in the share register, together with the date.

Section 22

Exercising a shareholder's rights

A new shareholder may exercise a shareholder's rights within the company when he, she or it has been entered in the share register or has provided reliable proof of the acquisition of title.

However, the right of possession conferred by the share may be exercised as soon as the company has been notified of the new holder of the share for the collection of maintenance charges.

Chapter 3

Shareholders' meeting

Section 23

Power of decision

Shareholders exercise their power of decision in company affairs at shareholders' meetings, unless said power has been entrusted to the company board in the law or articles of association.

Section 24

Participation in shareholders' meetings

Every shareholder is entitled to take part in shareholders' meetings and to speak there, unless otherwise provided in this Act.

A share belonging to the company or its subsidiary or to a foundation in which either of these holds a controlling interest as referred to in chapter 1, section 3, of the Limited-Liability Companies Act does not confer the right to take part in a shareholders' meeting. No such share is taken into account when the consent of all shareholders or that of shareholders with a specified percentage of the company's shares is required for taking a valid decision or exercising a given right. (14.2.1997/150)

If a block of shares is jointly held by more than two persons, they may exercise their shareholder's right at a shareholders' meeting only through a joint representative.

Section 25

Proxy and assistant

A shareholder exercises his, her or its rights at a shareholders' meeting in person or through a proxy. A proxy must present a dated power of attorney. Some other kind of proof may also be accepted as authorization from the joint holders of a block of shares living in a company building. The authorization applies to only one meeting. Authorization given in writing may, however, remain in force for a period of not more than three years.

A shareholder or a shareholder's proxy may have an assistant at a shareholders' meeting. (14.2.1997/150)

Section 26

Voting rights

Each share confers one vote at a shareholders' meeting. The articles of association may, however, specify that each block of shares confers an equal number of votes.

No-one may vote at a shareholders' meeting by exercising more than one fifth of the total votes conferred by the shares

represented at the meeting unless the articles of association specify otherwise.

Section 27

Disqualification of a shareholder

A shareholder may not vote at a shareholders' meeting, in person or by proxy, on a matter that concerns granting the shareholder discharge from liability, a suit against the shareholder, or the shareholder's release from liability for compensation or other obligation to the company, or seizure of the shareholder's apartment by the company. Similarly, a shareholder may not vote on a matter that concerns a suit against another person or the discharge of this person from an obligation if the shareholder can be expected to gain thereby substantial benefit that could conflict with the company's interest. The provisions concerning a shareholder shall also apply to the shareholder's proxy.

Section 28

Place of meeting

Shareholders' meetings shall be held on suitable premises in the company's domicile unless the articles of association specify that the meeting must or can be held in some other named locality in Finland. If extremely pressing cause exists, the shareholders' meeting can also be held elsewhere.

Section 29

Ordinary shareholders' meeting

The ordinary shareholders' meeting shall be held within six months of the end of the financial year. The financial statements and auditors' report shall be presented at the meeting.

The meeting shall decide on the following:

- 1) approval of the profit and loss account and balance sheet;
- 2) any measures called for by the profit or loss shown in the approved balance sheet;
- 3) discharging the board members and the superintendent from liability;
- 4) the budget and amount of the maintenance charge if this rests with the shareholders' meeting; and
- 5) any other business that rests with the ordinary shareholders' meeting according to the articles of association.

The articles of association can specify that more than one ordinary meeting shall be held in the company during the financial year. In this case, the matters referred to in subparagraphs 4 and 5 of paragraph 2 can be decided at a shareholders' meeting held later than is provided in paragraph 1.

Section 30

Extraordinary shareholders' meeting

An extraordinary shareholders' meeting shall be held when the shareholders' meeting or board considers that there is cause, or when an auditor or shareholders with at least one tenth of the total shares, or some smaller proportion laid down in the articles of association, so requests in writing to deal with a matter stated in the request.

The invitation to the meeting shall be issued within fourteen days of the request being made.

Section 31

Bringing a matter before the shareholders' meeting

A shareholder is entitled to place a matter before the shareholders' meeting if he so requests the board in writing in such good time that the matter can be included in the invitation to the meeting.

Section 32

Convening a meeting

The board convenes shareholders' meetings. A board member is entitled to convene a meeting in cases referred to in section 51, paragraph 3 below. If a shareholders' meeting which should have been held according to this Act, the articles of association or the decision of a shareholders' meeting has not been convened in the manner provided, the provincial government concerned shall, on the application of a board member, the superintendent, an auditor or a shareholder, authorize the applicant to convene the meeting at the company's expense.

Section 33

Invitation to a meeting

The invitation to a shareholders' meeting shall be issued at the earliest four weeks and, unless the articles of association specify a longer period, at the latest one week before the meeting. If the decision on a matter being dealt with by a shareholders' meeting is postponed to a follow-up meeting, a separate invitation to this shall be issued if the meeting is held more than four weeks later. If the articles of association state that a decision must be taken at two shareholders' meetings in order to be valid, the invitation to the latter meeting may not be issued before the first meeting has been held. The invitation shall state the decision taken at the former meeting.

Invitations shall be issued in accordance with the articles of association. If the meeting deals with an amendment of the articles of association in the manner referred to in section 41 or 42, or a matter referred to in section 45, a written invitation shall also be sent to each shareholder, to the address given to the company.

The invitation shall state the business to be dealt with at the meeting. The main substance of a proposal for an amendment to the articles of association shall be stated in the invitation.

Section 34

Placing the financial statement documents on view

When a shareholders' meeting is to deal with financial statements, the relevant documents or copies of them shall be supplied to shareholders with the invitation to the meeting or placed on view to shareholders for at least a week before the meeting on the premises of the superintendent or chairperson of the board or in some other place stated in the invitation. In the last-mentioned case, the meeting invitation must also state a time during which the documents can be viewed, unless the company has an office with regular opening hours.

A copy of the documents shall be sent by post to any shareholder so requesting. A reasonable fee approved by the board may be charged for this.

Section 35

Effect of an incomplete invitation to a meeting

If the provisions of this Act or of the articles of association regarding invitations to meetings or the placing of doc-

uments on view have not been observed, no decision may be taken on the matter concerned without the consent of the shareholders affected by the omission. If the articles of association require some matter to be dealt with by the shareholders' meeting, the meeting may take a decision on it even if it was not mentioned in the invitation.

Section 36

Procedure at a shareholders' meeting

The shareholders' meeting shall elect a chairperson, unless the articles of association specify otherwise.

The share register must be available for inspection at shareholders' meetings. The chairperson shall see to it that a list is made of all shareholders, proxies and assistants present, on which the number of shares and votes held by each shareholder is entered (*list of votes*).

The chairperson shall see to it that minutes are kept of decisions taken at meetings. The list of votes shall be entered in the minutes or appended to them. Decisions taken at a meeting and, whenever a vote is taken, the result of the vote shall be recorded in the minutes. The minutes shall also include any proposals concerning the amendment of the articles of association which have not been approved. The minutes shall be signed by the chairperson and at least one person elected by the meeting to scrutinize them. The minutes shall be made available for inspection to any shareholder who so requests by either the superintendent or the chairperson of the board not later than one month from the meeting. Shareholders are entitled to a copy of the minutes or part of them. A reasonable fee approved by the board may be charged for the copy.

The minutes shall be stored in a reliable manner.

Section 37

Company management's duty to provide information

At the request of a shareholder, the board and the superintendent must provide further details at a shareholders' meeting of any matters that may affect the meeting's assessment of the company financial statements or financial standing or any other matter on the agenda.

If it is only possible to answer a shareholder's question using information that is not available to the meeting, the reply may be given in writing within two weeks. This reply shall be sent to the shareholder posing the question and, on request, also made available to other shareholders.

Section 38

Decision-making

Unless otherwise provided in this Act, the decision of a shareholders' meeting shall be the opinion supported by more than half of the votes cast or, if the votes fall even, that favoured by the chairperson. In elections, the persons gaining most votes shall be considered elected. A shareholders' meeting may, however, decide before an election that a person will be elected only on receiving over half of the votes cast. If the votes fall even, the election shall be decided by lot.

The majority requirement laid down in this Act can be tightened in the articles of association and, in the case of elections, also moderated.

Section 39

Decisions on the maintenance charge in certain cases

Without the consent of each shareholder, no decision may be made on collecting a maintenance charge to be used for additional building or to purchase additional land unless the building or purchase is insignificant and serves the common need of shareholders. Section 87 contains provisions on the duty to pay a maintenance charge in the case of the destruction of a building or apartment.

When a decision is taken to carry out repairs or modernizations at the company's expense in apartments in the possession of shareholders, in the case of which the benefit gained by and cost accruing to each apartment will be equally great, the shareholders' meeting may at the same time decide that the holder of each block of shares shall pay an equal amount of maintenance charge for the measure. A decision of this kind on an equal sharing of costs can only be taken if it is supported by shareholders with at least two thirds of the votes cast and the shares represented at the meeting.

A shareholders' meeting may decide to carry out a renovation or modernization as referred to in section 5, paragraph 3, subparagraph 3, the aim of which is to raise the amenity level of apartments in the sole possession of shareholders if it is decided at the same time that the maintenance charge collected to cover the resultant costs will be paid only by the shareholders who wish to have the measure/s in question carried out in their apartments. The shareholders involved can then agree on how to share the liability for costs. At a shareholders' meeting, the shareholders concerned may also decide among themselves to divide the costs equally, while otherwise following the provisions of paragraph 2. If the agreement or decision referred to above is not made, the duty to pay the maintenance charge shall be divided between them in accordance with the articles of association.

Notwithstanding what is provided in paragraph 3 above, a decision binding on every shareholder concerning renovations or modernizations can be made in the manner laid down in section 38 if the measure is necessary to make the apartments meet housing standards that can be considered fundamental.

Section 40

Amending the articles of association

Any amendment to the articles of association shall be decided by the shareholders' meeting. Unless provided otherwise below or specified otherwise in the articles of association in accordance with section 38, a decision to amend the articles of association shall be valid if shareholders with at least two thirds of the votes cast and shares represented at the meeting voted in favour of the amendment.

Section 41

Consent to an amendment of the articles of association

A decision to amend the articles of association in such a way that, in respect of shares already issued,

- 1) the right conferred by the shares to the possession of an apartment is changed,
- 2) the intended use of an apartment is altered,
- 3) a redemption clause as referred to in section 11 or section 12, paragraph 2, is added or an existing redemption clause is expanded, or
- 4) the shareholders' payment obligations to the company are increased in a manner other than that referred to in section 42,

requires not only the qualified majority support referred to in section 40, but also the consent of the shareholders whose shares are directly affected by the change.

Section 42

Changing the grounds for determining the maintenance charge

A decision to change the grounds for the maintenance charge laid down in the articles of association in respect of shares already issued requires not only the support of the fixed majority referred to in section 40 but also the consent of shareholders whose payment obligation would increase as a result of the change.

A decision to change the grounds for the maintenance charge in such a way as to replace the former grounds with the actual consumption of a commodity that can be reliably measured or assessed shall, however, be valid if the decision is made in the manner laid down in section 40.

Section 43

Modifying the articles of association

A shareholders is entitled to have any stipulation in the articles of association that is unreasonable in its effect amended so as to eliminate this effect. If the shareholders' meeting does not accept a proposal to amend the articles of association to this end or the consent required for it is not given, the board and any shareholder is entitled to bring a suit to have the articles of association amended in the lower court of the company's domicile. The board may not bring a suit unless the proposal was supported at a meeting by shareholders having over half of the votes cast. The suit shall be brought within three months of the shareholders' meeting concerned.

The suit shall be brought against the shareholders who

opposed the amendment of the articles of association at the meeting or who failed to give it their support. The court shall provide the company with an opportunity to present its case.

The court may amend the articles of association if the stipulation in them is unreasonable in its effect in that it confers significant benefit on one shareholder at the expense of other shareholders, or places a considerable burden on a shareholder compared with other shareholders. In evaluating unreasonable effect, the court shall take account of the entire substance of the articles of association, the conditions prevailing when the articles of association were drawn up and thereafter, and other factors.

Section 44

Registering an amendment of the articles of association

A decision by the shareholders' meeting to amend the articles of association shall be submitted for registration without delay, and may not be observed until the registration has been completed. A court decision to amend the articles of association as referred to in section 43 above shall be observed and registered as soon as it takes legal effect.

If an amendment concerning share capital or the face value of a share presupposes raising or lowering the registered share capital, the decision shall only be submitted for registration and registered at the same time as the increase or decrease.

Section 45

Closing down operations and assigning assets

A decision to change the form of the company, to place the company in liquidation, to merge with another company, or to assign real estate, a building or the right to use a building owned or possessed by the company shall be valid only if all the shareholders concur. If the assignment concerns an unbuilt part of real estate or a part that is to be left unbuilt, or an insignificant building, however, the consent of all the shareholders is not required.

The consent of all the shareholders to a decision as referred to in paragraph 1 is also not required if continuing to operate the company would cause the shareholders substantial loss. The decision shall then be valid if shareholders with at least four fifths of all the company shares concur.

Section 46

General clause on decisions prohibited at shareholders' meetings

Shareholders' meetings may not take any decision that would confer unjustified advantage on a shareholder or other person at the expense of the company or another shareholder.

Section 47

Protesting a decision by the shareholders' meeting

If a shareholders' meeting decision has not been taken in the proper manner or if it is otherwise contrary to this Act or the articles of association, a shareholder, the company board, a board member or the superintendent may bring a suit against the company to have the decision declared invalid or to have it changed.

The suit shall be brought within three months of the decision

having been taken. If a shareholder has had some acceptable reason for delay, and allowing the decision to remain in force would obviously be unreasonable for the shareholder, the suit may be brought at the latest within one year of the decision having been taken. If no suit is brought within the prescribed period, the decision shall be considered to be valid.

A court judgement by which a decision is declared invalid or changed shall also apply to those shareholders who did not concur with the suit. A court may change a decision by the shareholders' meeting only if it can be shown what the substance of the decision should have been.

Section 48

Nullity of a decision taken at a shareholders' meeting

Even without an action for annulment, a decision by the shareholders' meeting shall be null and void if:

- 1) the decision is one which cannot be taken according to the law, even with the consent of all the shareholders;
- 2) the decision requires the consent of all or certain shareholders under this Act or the articles of association, and no such consent was given; or
- 3) no invitation was issued to the meeting, or the provisions or stipulations in force concerning invitations to meetings were materially violated.

A shareholder, the board, a board member or the superintendent may bring a suit against the company to obtain confirmation that a decision by the shareholders' meeting is null and void.

Section 49

Residents' participatory right

In a company with at least five blocks of shares and different holders for at least five blocks of shares, residents living in a company building under right of lease or a similar basis are entitled to take part in a shareholders' meeting dealing with the use or modernization of the company's shared-access facilities or the house rules to be followed in the company. In such matters, residents have the right to speak at meetings.

If several persons live in an apartment, they may be represented at a meeting by one person of their choice. A resident is entitled to use a proxy or assistant as referred to in section 25, and has the right mentioned in section 31 to place a matter as referred to in paragraph 1 before a shareholders' meeting.

If the shareholders' meeting is to deal with a matter as referred to in paragraph 1, a notice to this effect shall be placed on view on public noticeboards in the company buildings at least one week before the meeting or delivered to each apartment where a resident as referred to in paragraph 1 lives.

The minutes made of shareholders' meetings shall include a reference to the participation of the residents referred to in paragraph 1. A resident has the same right as a shareholder to inspect the minutes of a meeting referred to in paragraph 1 and to obtain a copy of them.

Chapter 4

Company management

Section 50

Board

A housing company shall have a board comprising at least three members. If a building owned by the company has less than five residential apartments in the possession of shareholders, the board may have less than three members. The board shall then have at least one deputy member.

The term of office of a board member shall be specified in the articles of association. The term shall end at the latest in the fourth financial year after election, at the end either of the shareholders' meeting electing a new member or of the financial year.

The board is elected by the shareholders' meeting. The articles of association may specify that some board members, though fewer than half, shall be elected in some other way.

The provisions of this Act concerning board members shall also apply to deputy members.

Section 51

Resignation of a board member

A board member may resign before the end of his or her term of office. The board and, if the member resigning was not elected by a shareholders' meeting, the person who selected the member must be informed of such premature resignation. A board member may be discharged from office by the person who selected him or her.

If the position of board member becomes vacant in mid-term or a member forfeits qualification as referred to in section 53 and there is no deputy member, the other members of the board shall see to it that a new member is elected for the remaining

term unless the board with its remaining members and deputy members constitutes a quorum.

If all the board members resign, each of them shall be responsible for ensuring that a shareholders' meeting is convened to elect a new board.

Section 52

Superintendent

A housing company can have a superintendent if the articles of association so specify or the shareholders' meeting so decides.

The superintendent is appointed and discharged by the board.

Section 53

Qualifications for a board member and the superintendent

At least half of the board members and the superintendent shall be domiciled in the European Economic Area, unless the Ministry of Trade and Industry grants the company a derogation. (8.1.1993/93)

No legally incompetent or bankrupt person may be a board member or superintendent.

Section 54

Powers of the board and superintendent

The board sees to the management of the company and the proper organization of operations. If the company has a superintendent, he or she shall see to the day-to-day management of the company according to instructions and orders issued by the board.

The board or superintendent may only embark on action that is unusual or far-reaching in effect in view of the company's size and operations, or which has a material impact on housing or housing costs, by decision of the shareholders' meeting, except when a decision by the meeting cannot be awaited without substantial detriment to the company's operations.

The board shall see to it that the bookkeeping and financial management are properly supervised. The superintendent shall see to it that the bookkeeping is in accordance with the law and that financial management is reliably arranged.

Section 55

Superintendent's certificate

On request, the superintendent or, if the company does not have a superintendent or he or she is prevented, the chairperson of the board shall provide a shareholder, any person in possession of shares by virtue of a pledge, and an estate agent who has a valid sales commission to act as agent for the shares, with a superintendent's certificate pertaining to the apartment concerned.

This certificate shall contain information on the following:

- 1) the company's financial state;
- 2) the company's buildings,
- 3) the ownership of the land;
- 4) whether there is a redemption clause in the articles of association;
- 5) data on the apartment;
- 6) the name of the owner of a block of shares entered in the share register;
- 7) any restriction on use or assignment affecting the shares or possession of the apartment entered in the share register;

- 8) any decision to take possession of the apartment by the company and the duration of this possession;
- 9) any unpaid maintenance charges due from the shareholder;
- 10) an explanation of liability for loans if liability for the company's loans affects different shareholders in different ways;
- 11) any suit brought against the company as referred to in section 43 and the item in the articles of association that the suit concerns;
- 12) if the shareholder is married and, if the shareholder or his or her spouse so requests, whether the apartment is being used solely or mainly as the common home of the shareholder and his or her spouse; and
- 13) any information that must be given in the certificate according to other legislation.

A reasonable fee approved by the board may be charged for the certificate.

Section 56

How the board comes to order and is convened

The board shall have a chairperson if there is more than one member. The chairperson is elected by the board unless the articles of association specify otherwise or it is decided otherwise when the board is elected. If the votes of the board fall even, the election of the chairperson shall be decided by lot. The superintendent may not be the chairperson of the board.

The chairperson shall see to it that the board meets as necessary. The chairperson shall convene the board if a board member or the superintendent so requests. If no chairperson has been elected, or the chairperson is prevented from

attending to his or her duties, or if he or she does not convene the board despite being requested to do so, a board member or the superintendent can do so. The superintendent is entitled to be present at board meetings and to speak there, unless the board decides otherwise in a particular case.

Minutes shall be kept of board meetings, signed by the chairperson of the meeting and, if there are several board members, one member so elected by the board or the superintendent, if he or she is present at the meeting. Board members and the superintendent are entitled to have a dissenting opinion entered in the minutes. The minutes must be numbered consecutively and stored in a reliable manner.

Section 57

Quorum of the board

The board shall have a quorum when more than half of the elected members are present, unless the articles of association call for a higher number. A decision may not be taken, however, unless all the board members are given an adequate opportunity to take part in dealing with the matter. If a board member is prevented from attending, the deputy member taking his or her place shall be given this opportunity.

Unless the articles of association call for a qualified majority, the board's decision shall be the opinion supported by more than half of those present or, if the vote falls even, the opinion favoured by the chairperson.

Section 58

Disqualification of a board member and the superintendent

A board member and the superintendent may not be involved in

dealing with a matter which concerns:

- 1) an agreement or other legal transaction between him or her and the company; or
- 2) an agreement or other legal transaction between the company and a third party if he or she can expect to gain from it significant advantage that may conflict with the company's interests.

Such disqualification also applies to acting as an attorney and other exercise of the right to speak on behalf of the company in the situations referred to in paragraph 1, subparagraphs 1 and 2.

Section 59

Representing and signing for the company

The board represents the company and signs for it.

The superintendent is entitled to represent the company in any matter that is part of his or her functions in accordance with section 54.

The articles of association can specify that a board member or superintendent is entitled to sign for the company or that the board can confer this right on one of its members, the superintendent or some other person. The provisions of sections 53 and 58 shall apply to such person. The right to sign for the company can be restricted in such a way that only two or more persons together are entitled to sign for the company. No other restriction may be entered in the trade register.

The board may cancel the right it has granted to sign for the company at any time.

Section 60

Prohibited action

A board member, the superintendent or some other company representative as referred to in section 59 may not embark upon any legal action or other measure likely to confer unjustified advantage on a shareholder or other person at the company's or a shareholder's expense.

Section 61

Prohibition on the implementation of an invalid decision

A board member, the superintendent or some other company representative as referred to in section 59 may not comply with a decision by the shareholders' meeting, board or superintendent that is invalid in that it is contrary to this Act or the articles of association.

Section 62

Whether a legal transaction is binding on the company

If a company representative exceeds his or her authority in performing a legal transaction on the company's behalf, the legal transaction shall not be binding on the company if the person affected by the transaction knew or should have known that the representative was exceeding his or her authority.

Chapter 5

Audit

Section 63

Election of an auditor

The provisions of this chapter and the Auditing Act shall

apply to the auditing of housing companies. Notwithstanding the above, the provisions of sections 17-22 and 25 of the Auditing Act on the auditing of groups of companies shall not apply to the auditing of housing companies. (28.10.1994/938)

A housing company shall have at least one auditor. The auditor is elected by the shareholders' meeting. (28.10.1994/938)

The shareholders' meeting may also elect one or more deputy auditors. The provisions of this Act and of the Auditing Act concerning an auditor shall also apply to a deputy auditor. (28.10.1994/938)

Section 64

Auditor's term of office

The term of office of an auditor shall be specified in the articles of association. The duties of an auditor end at the conclusion of the ordinary shareholders' meeting held at the end of the last financial year covered by his or her term of office or, if he or she was elected to the office for an indefinite period, when a new auditor is elected as a replacement.

(Subparagraphs 2 and 3 repealed October 28, 1994.)

Section 65 (28.10.1994/938)

Qualifications for auditors

At least one auditor shall be an auditor authorized by the Central Chamber of Commerce or a local chamber of commerce, or a corporation as referred to in sections 5 and 6 of the Auditing Act:

1) if there are at least 100 apartments in the company build-

ing/s; or

2) if shareholders with at least one tenth of all the shares or one third of the shares represented at a shareholders' meeting so request at the meeting at which the auditor is to be elected.

(Section 66 repealed October 28, 1994.)

Section 67

Auditor appointed by the provincial government

In addition to what is provided in section 27 of the Auditing Act the provincial government shall appoint, upon notification, an auditor who meets the qualifications for the company if:

- 1) the shareholder s meeting has not elected the auditor referred to in the provision, even though the situation referred to in section 65, subparagraph 1, exists;
- 2) the shareholders' meeting has not elected an auditor even though the situation referred to in section 65, subparagraph 2, exists. (28.10.1994/938)

Any person may make a notification to the provincial government under paragraph 1, subparagraph 1 and any shareholder under paragraph 1, subparagraph 2. In the last-mentioned case, the notification must be made within a month of the shareholders' meeting. The board is required to make the notification if the shareholders' meeting fails to elect without delay an auditor who meets the qualifications. (28.10.1994/938)

Before the provincial government appoints an auditor, the company board shall be provided with an opportunity to be heard. The appointment shall be in force until an auditor is

elected for the company in the proper manner to replace the person appointed by the provincial government.

Section 68
Special audit

A shareholder may request a special audit of the company management and bookkeeping over a given past period, or of specific actions or matters. The proposal to this effect must be made at an ordinary shareholders' meeting or at the shareholders' meeting where the matter is to be dealt with according to the invitation to the meeting. If the proposal is supported by shareholders with at least one tenth of all the shares or one third of the shares represented at the meeting, a shareholder may apply, within one month of the meeting, to the provincial government to appoint a special auditor.
(28.10.1994/938)

The provincial government shall give the company board an opportunity to be heard. If the application concerns the actions of a particular person, he or she must also be given this opportunity. The application must be agreed to if there are considered to be weighty reasons for a special audit. The provincial government may appoint one or more special auditors. Special auditors are entitled to remuneration from the company.

The provisions of this Act concerning auditors shall apply to special auditors. The shareholders' meeting may not, however, discharge a special auditor.

The shareholders' meeting must be presented with a report on the special audit, and this must also be sent to any shareholder on request. For at least a week before the sharehold-

ers' meeting, the superintendent or chairperson of the board shall provide any shareholder who so requests with an opportunity to study the report. The report must be available for inspection at the shareholders' meeting.

Chapter 6

Financial statements and use of company funds

Section 69

Duty to draw up financial statements

Financial statements shall be drawn up on each financial year, comprising a profit and loss account, a balance sheet and an annual report. The financial statements shall be drawn up according to the provisions of the Accounting Act (655/73) and this chapter. The Accounting Board may issue instructions and opinions on how a housing company's financial statements shall be drawn up, as laid down in the Accounting Act.

The auditors shall be provided with the documents comprising the financial statements at least one month before the ordinary shareholders' meeting unless the articles of association specify otherwise.

Section 70

Contents of the financial statements

The board and superintendent shall date and sign the financial statements. If a board member or the superintendent has expressed a dissenting opinion about the financial statements, a note to this effect shall be appended to them at his request.

The financial statements shall include the profit and loss account and balance sheet for the financial year previous to the one reported on. If the itemization of the profit and loss account or balance sheet was changed during the financial year, data from the previous financial statements shall be merged as far as possible, so as to allow a comparison with the later financial statements.

Section 71

Information to be appended to the financial statements

The profit and loss account or balance sheet, or an appendix to them, shall provide information on the following in addition to what is otherwise provided:

- 1) the company shares in its own possession and the apartments to which they confer possession;
- 2) stocks and shares in other corporations owned by the company; and
- 3) any permanent easements and mortgages on the company's assets, and information on the present whereabouts of mortgaged promissory notes.

Section 72

Annual report

The annual report shall be drawn up according to sound accounting procedure. It must provide the following information:

- 1) use of the maintenance charge if the charge can be collected for different purposes on different grounds;
- 2) implementation of the budget;
- 3) any important factors affecting the state of the company and its buildings that are not explained in the profit and loss account or balance sheet;

- 4) any events of material importance since the end of the financial year; and
- 5) the name of the parent company if the company is a subsidiary.

Section 73

Shareholders' equity

In the balance sheet, a housing company's shareholders' equity shall be divided into restricted and non-restricted equity.

Restricted equity comprises share capital, a building reserve and a revaluation reserve, which may all be reduced only following the provisions of sections 74 and 75 and, in the case of share capital, as separately provided.

The remaining shareholders' equity is non-restricted. A profit for the financial year and profit from previous financial years are given separately as an increase in non-restricted equity, and a loss for the financial year and losses from previous financial years as a decrease.

Section 74

Increasing the value of fixed assets

If the value of a company building or other fixed assets is increased during the financial year, the sum corresponding to the increase shall be entered as liabilities in a revaluation reserve. The reserve may only be used for a bonus share issue.

Section 75

Building reserve

Any premium earned from shares in excess of face value in a subscription of shares shall be transferred to the building reserve, together with any sum to be transferred to the reserve in accordance with the articles of association or a decision by the shareholders' meeting.

The reserve may be reduced if an amount corresponding to the reduction is to be used:

- 1) for a bonus share issue;
- 2) to cover a loss shown in an approved balance sheet if this cannot be covered using non-restricted equity; or
- 3) to redeem the company's own shares.

Section 76

Prohibition on lending and provision of security

The company may not grant a money loan to anyone who is an insider in the company as referred to in chapter 1, section 4 of the Limited-Liability Companies Act. The same applies to the provision of security for a debt. (14.2.1997/150)

The company may grant a money loan or provide security for a debt in the case of a person other than those referred to in paragraph 1 only if this is necessary for the maintenance or use of a company building or its real estate.

The prohibition referred to in paragraph 1 above does not apply to granting a loan to a company belonging to the same group of companies or to providing security for such a company's debt if the measure is in the interests of the company and its shareholders.

Chapter 7

Provisions concerning apartments

Section 77
Alterations

Shareholders are entitled to make alterations in facilities to which they have right of possession by virtue of their shares. If the alteration may damage the building or cause other loss to the company or another shareholder, the consent of the company board or shareholder shall be obtained. The board or superintendent shall be notified before the commencement of any alteration work that may affect the load-bearing structures of the building, its insulation, its water and gas piping, electrical wiring and the like, or a ventilation system installed in it. The board and the superintendent are entitled to supervise that the alteration work is carried out without damaging the building and in accordance with sound building practice. If the alteration calls for an amendment to the articles of association, the relevant provisions of chapter 3 shall be observed.

If the alteration calls for an official permit, the board shall apply for the permit at the shareholder's expense or authorize the shareholder to do so.

If the board or shareholder concerned does not agree to the alteration, a court may authorize the shareholder to make the alteration if failing to make it would be unreasonable taking account both of the amount of loss or damage caused and the benefit to the shareholder. If a court gives permission for the alteration, it shall at the same time require the shareholder to compensate for any loss or damage caused in full, and also lay down any other necessary conditions. The court may also authorize the shareholder to apply for any official permit needed.

What is provided above concerning alterations shall also apply to additional building.

Section 78

Responsibility for upkeep

The articles of association may specify that responsibility for the upkeep of a company building and other premises shall be divided between the shareholders and the company. However, the company is always entitled to carry out necessary repairs. Where the articles of association do not specify that responsibility for upkeep shall be shared, it shall be divided as provided in paragraphs 2-4 below.

A shareholder must care for the internal parts of an apartment in his possession and other premises in his possession by virtue of shares. However, the company is required to repair internal faults arising from the structures and to maintain all piping, ducts and wiring installed in the apartment for heating, electricity, telecommunications, gas, water, sewerage, ventilation and the like, together with water taps of the same quality in all apartments throughout the building. Shareholders must inform the company without delay of any fault or deficiency in an apartment for the repair of which the company is responsible.

The shareholders' meeting may decide to have upkeep resting with the shareholders done at the company's expense, if this can be done without infringing the equality of all shareholders.

The company is responsible for upkeep insofar as this does not rest with shareholders.

Section 79

Access to apartments

A company board member and the superintendent and any person so authorized by the board or superintendent shall be entitled to access to an apartment when this is necessary for care of the apartment or for repair work being done by the company. Visits to apartments shall be arranged at times suitable to shareholders and occupants of apartments unless the urgency or nature of the work precludes this. If access is not granted, a board member and the superintendent are entitled to ask the police for executive assistance.

Section 80

Assigning use of an apartment to another person

A shareholder is entitled to assign use of an apartment wholly or partly to another person unless otherwise provided in the law or otherwise specified in the articles of association.

Chapter 8

Coercive means available to the company

Section 81

Taking possession of an apartment by the company

The shareholders' meeting may decide that the company should take over, for a period of not more than three years, an apartment in the possession of a shareholder if:

- 1) the shareholder does not pay a due maintenance charge;
- 2) the apartment is cared for so badly as to cause loss to the company or another shareholder;
- 3) the apartment is used for a purpose essentially different

from what it was intended for or otherwise contrary to the articles of association;

4) the way of life of those living in the apartment creates a disturbance; or

5) the shareholder or other person living in the apartment violates rules necessary to maintain order in the company's facilities.

An apartment may not be taken over by the company if the violation is only of minor significance. The decision shall state the grounds for taking possession of the apartment, the duration and the facilities affected.

Section 82

Issue of a warning

A decision may not be made for the company to take possession of an apartment unless the board has issued the shareholder with a written warning. If the shareholder has leased out the apartment or its part or has otherwise assigned the apartment to another person's use, notice of the warning must also be served to the tenant or person living in the apartment and having the right to use it. The warning shall state the grounds for issuing it, and point out that the company may take possession of the apartment. The warning shall be served as provided for the service of summons or otherwise verifiably. If it proves impossible to reach the shareholder or tenant, or any other person living in the apartment and having the right to use it, the warning may be delivered to him by registered letter, which shall be deemed to have come to his attention on the seventh day from posting. If the shareholder or tenant or other person living in the apartment and having the right to use it is not known, the warning can be issued by publishing it in the Official Gazette or in some

other journal distributed widely in the locality, and by serving notice of the warning to the apartment concerned by the warning to take possession. The warning is then considered to have come to the attention of the shareholder, tenant or other person with the right to use the apartment on the date of publication of the journal. (31.3.1995/483).

If the shareholder fulfils his obligations without delay as a result of the warning, or the matter is otherwise corrected, the company is not entitled to take possession of the apartment.

Section 83 (31.3.1995/483)

Notification of a decision

The shareholder, tenant and other person living in the apartment and having the right to use it shall be notified of a shareholders' meeting decision that the company shall take possession of the apartment within 60 days of the decision being made, in the manner provided for a warning in section 82, at the risk of the decision otherwise becoming ineffective.

Section 84

Protesting and enforcing a decision (31.3.1995/483)

A shareholder or tenant or other person living in the apartment and having the right to use it may ask a court to examine whether the grounds as laid down in section 81 exist for the company to take possession of the apartment. An action for annulment of a decision by the shareholders' meeting as being contrary to section 81 shall be brought against the company within 30 days of being notified of a decision to take possession as provided in section 83. (31.3.1995/483)

If the decision is not protested in accordance with paragraph 1, the company is entitled to executive assistance in accordance with chapter 7, section 15, of the Execution Act in taking possession of the facilities.

If the decision to take possession is not declared invalid, it may be put into effect like an eviction order concerning a tenant. If the company takes possession of the apartment on the basis of section 81, paragraph 1, subparagraph 1, the tenant or other person living in the apartment with the right to use it must not be evicted unless he or she has been notified of the company's decision to take possession of the apartment. (31.3.1995/483)

Section 85

Leasing an apartment taken into the company's possession

When an apartment has been taken into the company's possession, the board shall without delay lease it to a suitable tenant at the current rent in the locality for such time as it remains in the company's possession. If the taking into possession is not due to the behaviour of the tenant or other person living in the apartment or having the right to use it, the company shall in the first place conclude a lease with this tenant or other person for the period of possession. If the apartment is not in a suitable state for renting, the necessary repairs shall first be made at the shareholder's expense. The lease shall expire without notice at the latest when the company's possession of the apartment ends, irrespective of what was agreed regarding the duration of the lease. (31.3.1995/483)

The company is entitled to collect from the rent the costs incurred in taking possession of the apartment, the cost to the company of repairing the apartment and any unpaid maintenance charges, together with all maintenance charges that fall due to the shareholder while the apartment is in the company's possession. Any excess shall be credited to the shareholder without delay.

Section 86 (31.3.1995/483)

Right of a new shareholder to take possession of an apartment

If the shares pass to a new holder after the decision to take possession of the apartment has been made, the new holder shall gain possession of the apartment once he, she or it has paid all sums due for which rent obtained for the apartment could be used in accordance with section 85, paragraph 2. If the apartment has been leased out in accordance with section 85, paragraph 1, the legal validity of the lease with regard to the new holder shall be defined according to the Act on Residential Leases or the Act on Leases on Business Premises.

Chapter 9

Miscellaneous provisions

Section 87

Destruction of the building or apartment

If a residential building belonging to the company is destroyed or, when the company has several residential buildings, they are all destroyed in such a manner as to mean that getting them repaired is equivalent to completely reconstructing them, no decision on collecting a maintenance charge for such construction may be made without the consent of every shareholder. The company is entitled to redeem the shares of a shareholder who fails to give his, her or its consent if the other shareholders are unanimous about this redemption. The redemption price payable is the current value of the shares, in the determining of which the decrease in company assets arising from the destruction concerned must be taken into account, the compensation obtained by the company from the insurance or other compensation, and other factors.

If some of the apartments in a residential building of the company or if some of the company's residential buildings have been destroyed and the company does not build new apartments to replace those destroyed, the holder of shares conferring right of possession to a destroyed apartment is entitled to insist that the company redeems his or her shares at a value in accordance with paragraph 1.

Until such time as a destroyed apartment is rebuilt, the holder of the shares conferring right of possession thereto shall be required to pay the maintenance charge only to cover the costs of building the apartment and to make a reasonable contribution to covering management and upkeep costs; when this contribution is determined, the fact that the shareholder is unable to use the apartment for living purposes must be taken into account.

Section 88 (14.2.1997/150)

Housing company offence

Whosoever deliberately

- 1) gives a registry authority or a court of law a false notification, assurance or certificate of payment of share capital or debt in a case referred to in chapter 2, section 9; chapter 4, section 9; chapter 13, section 15; or chapter 14, section 16; of the Limited-Liability Companies Act;
- 2) violates the provisions on statements issued by an auditor operating in an independent expert capacity;
- 3) violates the provisions of the Limited-Liability Companies Act applicable under this Act concerning the repayment of the principal on a subordinated loan, the payment of interest or other compensation, or the provision of security;
- 4) distributes company funds contrary to the provisions of the Limited-Liability Companies Act applicable under this Act; or
- 5) grants a money loan or security contrary to section 76,

shall be sentenced to a fine or not more than one year in prison for a *housing company offence*, unless the action is of

minor significance or more severe punishment is provided for it elsewhere in the law.

Section 89

Housing company violation (14.2.1997/150)

Whosoever deliberately

- 1) issues a share certificate contrary to section 5 of this Act or proceeds contrary to this Act in issuing a share certificate or temporary certificate;
- 2) violates the provision on making the minutes of shareholders' meetings available for inspection;
- 3) fails to keep a share register or to make it available for inspection, or
- 4) violates the provisions of this Act regarding the compilation of financial statements, the provisions of chapter 6, section 3, paragraph 2, of the Limited-Liability Companies Act concerning the compilation of interim financial statements, the provisions of chapter 11 of the Limited-Liability Companies Act concerning consolidated financial statements or the provisions of the Limited-Liability Companies Act concerning the issue of a final account on the merger or liquidation of a company,

shall be sentenced to a fine for a *housing company violation*, unless the action is of minor significance or more severe punishment is provided for it elsewhere.

Whosoever acts with gross negligence in the manner referred to in paragraph 1, subparagraph 4, shall also be sentenced for a housing company violation.

Section 90

More detailed provisions

More detailed provisions on the measurement methods to be observed in calculating the floor areas of apartments, on the approval of printing works for printing share certificates and the contents of the superintendent's certificate and the documents to be appended to it can be issued by decree as necessary.

Implementing and transitional provisions

Section 91

Entry into force

This Act comes into force on January 1, 1992. It repeals the Act on Housing Companies of February 5, 1926 (30/26) and all later amendments to it.

If the articles of association of a housing company registered before the entry into force of this Act contain stipulations contrary to it, the present Act shall be observed instead unless otherwise provided later in this chapter.

Section 92

Application of the Act to certain old companies

Sections 9 and 26 shall not be applied to a housing company registered before March 1, 1926, or to a limited-liability company as referred to in section 2, paragraph 2. Instead, the corresponding provisions of the Limited-Liability Companies Act shall be observed.

This Act shall not apply to a limited-liability company as referred to in section 2, paragraph 1, if the notification concerning its foundation was made before the entry into force of this Act, unless its articles of association specify otherwise.

Notwithstanding section 26, paragraph 1, the stipulation in the articles of association of a company registered before the entry into force of this Act concerning the number of votes conferred by shares shall be observed.

Section 93

Share capital and old restrictions on assignment and purchase

The provision in section 4 regarding the minimum amount of share capital shall not apply to a housing company registered before this Act comes into force. Even in such a company, the share capital may not, however, be reduced by decision of the shareholders' meeting to a sum lower than that provided in the said section. If the notification of the foundation of the company is made after this Act is ratified, the company may not be registered if its share capital is less than laid down in section 4.

If a stipulation restricting the assignment or purchase of a share is included in the articles of association before the entry into force of this Act, the provisions in force at that time shall apply to it. However, the shareholders' meeting can decide as laid down in section 40, unless provided otherwise elsewhere in the law, to amend the provisions regarding redemption procedure in the articles of association to conform with the provisions of this Act.

Section 94

Share certificates according to the old law

Section 15 concerning share certificates shall not apply to a company registered before the entry into force of this Act unless new share certificates are issued for all the company's shares.

Section 95

Financial statements

Earlier legislation may be applied to financial statements drawn up on a financial year that started before the entry

into force of this Act.

A reserve in a housing company balance sheet shall be converted into a building reserve as referred to in section 75 at the latest in the second financial statements compiled after the entry into force of this Act.

Section 96

Amendment of articles of association to conform with this Act

If the articles of association of a housing company registered before the entry into force of this Act do not conform with this Act, the company shall amend its articles of association accordingly at the same time as it makes other amendments. This does not, however, apply to data on the floor area of apartments.