

No. 1189

ACT ON STATE-SUBSIDIZED HOUSING LOANS (ARAVA LOANS)

December 17, 1993

Chapter 1

General Provisions

Section 1

Scope of application

State-subsidized housing loans (*ARAVA loans*) shall be granted out of the funds of the Housing Fund of Finland to build, purchase and renovate owner-occupied, rental and right-of-occupancy dwellings as provided in this Act.

Under this Act, no loan shall be granted for dwellings for which a loan or interest subsidy can be granted from the Agricultural Development Fund under the Rural Businesses Act (1295/90) or other legislation.

Section 2

Types of ARAVA loans

ARAVA loans can be granted for *building*, which refers to building one or several residential buildings, or for *purchasing*, which refers to the purchase of one or several apartments or other residential facilities from the existing building stock. The purchase of a lot can be included in the building and purchase of dwellings. The degree to which the purchase of a newly completed building or apartment shall be regarded as new building shall be laid down by decree.

State-subsidized housing loans can also be granted for *renovation* whereby:

- 1) the original amenity standard or other quality of a dwelling or residential building, or the yard area or other immediate surroundings thereof, is enhanced or the original standard or quality, or a standard or quality comparable to new, is restored with measures other than annual repairs; or
- 2) existing facilities are converted or expanded mainly into dwellings or related premises.

Section 3

Authorization and funding of ARAVA loans

ARAVA loans can be granted within the limits set for the grant authorization confirmed in the State budget.

The Council of State shall confirm regional and other grounds for authorization of the loans. Within these limits, the Ministry of the Environment can approve the necessary grant authorizations for individual local authorities as proposed by the Housing Fund of Finland. The local authority shall select the projects for which the authorization can be used if the general conditions for granting ARAVA loans are met. The Act on the Housing Fund of Finland (1144/89) contains provisions on financing ARAVA loans through amortizations and interest income accruing to the Housing Fund from loans granted, borrowing approved in connection with the State budget, securitization of ARAVA loans and appropriations transferred to the Housing Fund, or in some other manner. The Housing Fund shall control payment of the loans.

Section 4

ARAVA loan authorities

ARAVA loans are granted by the Housing Fund of Finland and local authorities as prescribed in more detail by decree. A local authority shall provide the Ministry of the Environment and the Housing Fund with the plans, information and documents necessary for the implementation of ARAVA lending.

The State Treasury shall pay and collect the ARAVA loans granted by the Housing Fund and local authorities the loans granted by them.

The duties and responsibility of a local authority in respect of ARAVA loans rest with the local authority where the object of the loan is located unless the local authorities agree otherwise among themselves.

Section 5

General conditions for granting ARAVA loans

ARAVA loans shall be granted for the improvement of housing conditions on the basis of social appropriateness and financial need. The Council of State shall determine more detailed grounds for granting ARAVA loans.

Subsidized dwellings shall be appropriate in terms of habitability, their living environment functional, and the cost of a new building, purchase or renovation, and of upkeep and living reasonable. New building and renovation shall be based on competitive bidding, with the exception of building on residents' own initiative, unless the Housing Fund of Finland grants an exception for a special reason. The Ministry of the Environment is entitled to issue regulations and instructions

on what is decreed in this paragraph.

Before an ARAVA loan is granted, the borrower must be judged to meet sufficient conditions for repaying the loan.

The authority granting the ARAVA loan shall verify that the general conditions laid down in this section exist when the loan is granted.

Section 6

Restrictions related to use and assignment

The Act on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Buildings (1190/93) and the Act on Right-of-Occupancy Housing (650/90) lay down restrictions on the use and assignment of an ARAVA residential building and of shares in the company owning it, plus an ARAVA apartment and shares entitling the holder to its possession. An entry on the restrictions shall be made in the land and mortgage registers, on the share certificates and in the share register (*restrictive entry*).

Only what is valid in respect of the ARAVA loan decision and transfer of the loan shall apply to the use and assignment of ARAVA owner-occupied housing.

Chapter 2

ARAVA loans for owner-occupied housing

Section 7

Types of ARAVA loan for owner-occupied housing

An ARAVA loan for owner-occupied housing can be granted to a private person:

- 1) to build a new one-family house (*one-family house loan*);
- 2) to purchase a one-family house (*loan to purchase a one-family house*);
- 3) for shares entitling the holder to the possession of an apartment in a housing company building under construction or recently completed and approved as eligible for an ARAVA loan (*apartment loan*);
- 4) to purchase shares entitling the holder to the possession of an apartment in an existing housing company building (*loan to purchase housing company shares*); or
- 5) to renovate a one-family house (*loan to renovate a one-family house*)

when these are to be used as the borrower's residence.

A loan to purchase housing company shares can also be granted

to a person who is entitled to redeem the dwelling in accordance with the Act on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Buildings.

Housing companies can be granted a short-term ARAVA loan for the construction of a housing company building (*construction-time loan*). That part of a construction-time loan corresponding to an apartment can be entirely or partly converted into an apartment loan or into a rental dwelling loan referred to in section 13, paragraph 1, subparagraph 3.

An ARAVA loan can be granted to a housing company or other corporation owning a building with at least two apartments for renovation (*corporation's renovation loan*). In respect of the part corresponding to the apartment, a corporation's renovation loan can be entirely or partly converted into one to be paid by the owner of the apartment (*apartment renovation loan*).

A loan to purchase a one-family house or housing company shares, with the exception of a purchase loan for the redemption of a dwelling, can be used to acquire only a one-family house or an apartment for the construction or purchase of which no ARAVA loan has been granted previously or a loan granted has been repaid. Grant of this loan presupposes that the construction of housing in the area concerned is not justified considering the long-term housing need, and that purchasing the dwelling is more economical than building a new comparable dwelling.

Section 8

Competent authority in matters related to ARAVA loans for owner-occupied housing

A local authority shall grant an ARAVA loan for owner-occupied housing to a private person.

A construction-time loan and a corporation's renovation loan shall be granted by the Housing Fund of Finland. The corporation's renovation loan shall, however, be granted by a local authority if there are at most two apartments in the building following the renovation.

In respect of the part corresponding to an apartment, a local authority shall decide whether to convert a construction-time loan into an apartment loan or a rental dwelling loan, and a corporation's renovation loan into an apartment renovation loan.

Upon a local authority's application, the Ministry of the Environment can transfer the Housing Fund's authority in the case of a construction-time loan and a corporation's renovation loan to the local authority either entirely or partly. Upon the local authority's application or for a special reason, the Ministry can cancel the transfer of authority.

The Housing Fund shall approve the housing company building to be built as eligible for an ARAVA loan before an apartment loan can be granted.

Section 9

ARAVA loans for owner-occupied housing collected in annual payments

ARAVA loans for owner-occupied housing which are collected in annual payments are the one-family house loan, the loan to purchase a one-family house, apartment loan and the loan to purchase housing company shares.

The annual payment, which is collected each year in two instalments, includes interest on the loan and amortizations. Interest on the loan has priority in the annual payments. The amount of the annual payment can be determined either in such a manner that it always includes at least the entire interest, or that the annual payment is insufficient to pay the entire interest, in which case the remaining interest is added to the principal.

Section 10

Amount of ARAVA loans for owner-occupied housing collected in annual payments

ARAVA loans for owner-occupied housing collected in annual payments shall be at most 80 per cent of the loan value of the object of the loan. A loan to purchase housing company shares, granted to redeem an ARAVA rental dwelling, shall, however, be at most 80 per cent of the redemption price referred to in section 12 of the Act on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Buildings. The loan can also be the maximum loan in Finnish marks determined for a one-family house or an apartment or per net square metre.

Provisions on the interest and amortization included in the annual payment, remittance and adjustment of the annual payment and the fixed interest charged on the loan before the first annual payment takes effect will be laid down by decree.

Section 11

ARAVA loans for owner-occupied housing other than those collected in annual payments

A construction-time loan shall be at most 80 per cent of the loan value of the object of the loan and a corporation's renovation loan, a one-family house renovation loan and an apartment renovation loan at most 60 per cent or, if the object is valuable in terms of cultural history or architecture, at most 80 per cent of the approved renovation costs. The loan can also be the maximum loan in Finnish marks determined for a one-family house or an apartment or per net square metre.

The loan period of a construction-time loan shall be at most two years. The loan period of a corporation's renovation loan shall be at most 10 years and that of one-family house and apartment renovation loans at most 25 years.

Provisions on the interest on construction-time loans, corporation's renovation loans, one-family renovation loans and apartment renovation loans, plus the remittance of interest and amortizations, will be laid down by decree.

Section 12

Transfer of an ARAVA loan for owner-occupied housing

If the object of an ARAVA loan for owner-occupied housing becomes the property of a local authority, the ARAVA loan shall become the local authority's responsibility. Otherwise, the transfer of an ARAVA loan or part thereof requires that the new owner of the object of the loan meets the conditions concerning the recipient of the loan in question based on an act or rules or regulations issued under it. The State Treasury shall decide on the transfer of a loan granted by the Housing Fund of Finland and local authorities on loans granted by them. If the transfer of the loan is not approved, the State Treasury or local authority shall call in the loan for immediate payment.

A decision concerning the transfer of an ARAVA loan for owner-occupied housing and collected in annual payments shall at the same time prescribe the level and amount of the annual payment corresponding to the changed situation.

Chapter 3

ARAVA Loans for Rental Housing

Section 13
Types of ARAVA loan for rental housing

An ARAVA loan for rental housing can be granted:

- 1) to build a new rental building (*rental building loan*);
- 2) to purchase a rental building (*loan to purchase a rental building*);
- 3) for shares entitling the holder to the possession of an apartment to be used as a rental dwelling in a housing company building under construction or recently completed and approved as qualifying for an ARAVA loan (*rental dwelling loan*);
- 4) to purchase shares entitling the holder to the possession of an apartment to be used as a rental dwelling in an existing housing company building (*loan to purchase a rental dwelling*); or
- 5) to renovate a rental building or an apartment to be used as a rental dwelling (*long-term renovation loan for rental housing* or *short-term renovation loan for rental housing*).

The loan to purchase a rental building or a loan to purchase a rental dwelling can be used to purchase a rental building or an apartment for the construction or purchase of which no ARAVA loan has been granted earlier or a loan granted has been repaid. If the loan is used to purchase a dwelling for use by a person other than one who is homeless, a refugee, a Romany or in a comparable special group, it can only be granted if:

- 1) construction of housing in the area concerned is not justified considering the long-term housing need, unless the recipient of the loan is a local authority or a company owned de facto by a local authority; and
- 2) purchasing the dwelling is more economical than building a new comparable dwelling.

Section 14
Combined loan

When a long-term renovation loan for rental housing is granted to a rental building, any principal outstanding on a loan granted under this Act or the Housing Production Act (247/66) for new building, purchase or renovation and collected in annual payments shall be combined with it.

The combination of loans shall come into force on the date as of which the first annual payment on the combined loan is determined.

In the case of a combined loan, the borrower shall inform the

State Treasury, unless the State Treasury has stipulated generally otherwise, of any loans approved with priority higher than that of an ARAVA loan, and of their terms, plus any other later changes in the loan terms which materially affect capital expenditure.

What is provided on a long-term renovation loan for rental housing shall apply to a combined loan unless otherwise prescribed later in this Act or rules or regulations issued under it.

Section 15

Recipients of ARAVA loans for rental housing

ARAVA loans for rental housing can be granted:

- 1) to a local authority or other public corporation;
- 2) corporations engaged in insurance business;
- 3) a corporation engaged in the renting of housing on social grounds and so designated by the Housing Fund of Finland; and
- 4) a limited-liability company which is owned de facto by one or several of the corporations referred to in subparagraphs 1-3.

A rental building loan can also be granted to a housing company and a long-term and short-term renovation loan for rental housing to some other loan applicant.

Section 16

Competent authority in matters connected with ARAVA loans for rental housing

A rental dwelling loan and a loan to purchase a rental dwelling shall be granted by a local authority. The loan shall, however, be granted by the Housing Fund of Finland if the applicant is a corporation which engages in nationwide procurement of housing mainly for the homeless, refugees or Romanians.

The rental building loan, the loan to purchase a rental building and the long-term and short-term renovation loan for rental housing shall be granted by the Housing Fund. The rental building loan and the loan to purchase a rental building, if there are at most two apartments in the building, and the long-term and short-term renovation loan for rental housing, if there are at most two apartments in the building after renovation, shall, however, be granted by a local authority.

Upon a local authority's application, the Ministry of the

Environment can transfer the Housing Fund's authority in respect of granting ARAVA loans for rental housing to a local authority either entirely or partly. Upon the local authority's application or for a special reason, the Ministry can cancel the transfer of authority.

For a rental dwelling loan to be granted, the Housing Fund shall approve the housing company building to be built as eligible for an ARAVA loan.

Section 17

ARAVA loans for rental housing collected in annual payments

Rental loans other than the short-term renovation loan for rental housing are ARAVA loans for rental housing to be collected in annual payments.

The annual payment, which is collected each year in two instalments, includes interest on the loan and amortizations. Interest on the loan has priority in the annual payments. The amount of the annual payment can be determined either in such a manner that it always includes at least the entire interest, or that the annual payment is insufficient to pay the entire interest, in which case the remaining interest is added to the principal.

Section 18

Amount of an ARAVA loan for rental housing collected in annual payments

ARAVA loans for rental housing, collected in annual payments, shall be at most 95 per cent of the loan value of the object of the loan, and long-term renovation loans for rental housing at most 95 per cent of the approved renovation costs. The long-term renovation loan for rental housing can also be the maximum loan in Finnish marks determined for a rental building or an apartment or per net square metre.

Provisions on the interest and amortization included in the annual payment, remittance and adjustment of the annual payment, reduction of the annual payment for a special reason and the fixed interest charged on the loan before the first annual payment takes effect will be laid down by decree.

Section 19

Payment of a short-term renovation loan for rental housing

Short-term renovation loans for rental housing shall be at most 60 per cent or, if the object is valuable in terms of

cultural history or architecture, at most 80 per cent of the approved renovation costs. The loan can also be the maximum loan in Finnish marks determined for a rental building or an apartment or per net square metre.

The loan period of a short-term renovation loan for rental housing shall be at most 10 years. Provisions on remittance of the interest on the loan and amortization will be laid down by decree.

Section 20

Transfer of an ARAVA loan for rental housing

If the object of an ARAVA loan for rental housing becomes the property of a local authority, the loan shall become the local authority's responsibility. Otherwise, the transfer of an ARAVA loan or part thereof requires that the new owner of the object of the loan meets the conditions concerning the recipient of the loan in question based on an act or rules or regulations issued under it. The State Treasury shall decide on the transfer of a loan granted by the Housing Fund of Finland and local authorities on loans granted by them. If the transfer of the loan is not approved, the State Treasury or local authority shall call in the loan for immediate payment.

Chapter 4

ARAVA Loans for a Right-of-Occupancy Building

Section 21

Types of ARAVA loan for a right-of-occupancy building

An ARAVA loan can be granted for the construction of a right-of-occupancy building as referred to in section 1 of the Act on Right-of-Occupancy Housing as a rental building loan, for a purchase as a loan to purchase a rental building, and for renovation as a long-term or short-term renovation loan for rental housing.

Section 22

Recipients of ARAVA loans for a right-of-occupancy building

An ARAVA loan for a right-of-occupancy building can be granted:

- 1) to a local authority or other public corporation;
- 2) a corporation engaged in the renting or production and upkeep of housing on social grounds and so designated by the Housing Fund of Finland; and
- 3) a limited-liability company which is owned de facto by one or several of the corporations referred to in subparagraphs 1

or 2.

Section 23
Other terms

The amount of an ARAVA loan for a right-of-occupancy building as a rental building loan and a loan to purchase a rental building shall be at most 90 per cent of the loan value of the object of the loan. Otherwise, what is prescribed or provided on a rental building loan, a loan to purchase a rental building or a long-term or short-term renovation loan for rental housing shall apply to a right-of-occupancy loan, unless otherwise provided in this or some other act or regulations issued under them.

Chapter 5
**Total Maximum Amount of Loans, Collateral
and State guarantee**

Section 24

Total maximum amount of an ARAVA loan and another loan

When an ARAVA loan is granted, the total amount of an apartment loan and apartment renovation loan and loans with higher priority and the proportion of housing company loans calculated per apartment may not exceed 90 per cent of the building's acquisition value confirmed as the apartment's share. The total amount of some other ARAVA loan for owner-occupied housing and loans with higher priority may not exceed 90 per cent of the acquisition value of the object of the loan or, in the case of a loan to purchase housing company shares granted to redeem an ARAVA rental dwelling, of the redemption price referred to in section 12 of the Act on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Rental Buildings. The total amount of an ARAVA loan for rental housing and some other loan may not exceed 95 per cent, calculated on corresponding grounds, but in the case of a short-term renovation loan for rental housing 90 per cent, of the above-mentioned acquisition values.

Section 25
Collateral

As security for the repayment of an ARAVA loan, the shares entitling the holder to the possession of the apartment shall be given as a pledge or a secondary mortgage on them, or a mortgage or some other collateral must be acquired and sufficient additional security given, if necessary. As security for the repayment of a long-term renovation loan for rental

housing, collateral which exceeds the principal, but not more than one and a half times, can be required, depending on the applicant's repayment capacity.

The authority granting the loan shall approve the collateral. No additional security can be required later. The State Treasury can accept temporary collateral for an ARAVA loan granted by the Housing Fund of Finland.

If the borrower is a local authority or a joint municipal board no collateral shall be required.

Section 26

Loans approved with higher priority than ARAVA loans

When granting an ARAVA loan for owner-occupied housing, a local authority can accept, as collateral for a loan needed as a down payment, pledging of the shares entitling the holder to possession of the apartment or a confirmation of a mortgage with higher priority than an ARAVA loan. The permission of the local authority must be gained for reuse of such collateral.

When granting a loan to purchase a rental building or a renovation loan for rental housing, the lending authority can accept a mortgage with higher priority as security for repayment of some other loan. A mortgage can be confirmed as security for the repayment of some other loan with higher priority than an ARAVA loan for rental housing, if the State Treasury, in respect of a loan granted by the Housing Fund of Finland, and the local authority, in respect of a loan granted by it, gives permission for this for a special reason. The reuse of such collateral requires the permission of the local authority in respect of a loan granted by it and otherwise of the State Treasury.

Section 27

State guarantee

State guarantees can be granted within the limits confirmed in the State budget when ARAVA lending so requires. Provisions on granting the guarantee and its terms will be laid down in more detail by decree.

Chapter 6

Relationship between the State and a Local Authority in ARAVA lending

Section 28

Debt relationships

A local authority grants ARAVA loans within its jurisdiction out of funds which the Housing Fund of Finland allocates to it in the form of a loan from the State (*double debt relationship*). No promissory note shall be drafted between the State and the local authority on a loan thus received by the latter.

In ARAVA loans granted by the Housing Fund, the borrower is indebted to the State and in loans granted by a local authority to the said local authority. A combined loan is regarded in its entirety as a loan granted by the authority which granted the new loan.

Section 29

Remittances to the State by a local authority

A loan obtained by a local authority from the State under section 28 shall be repaid to the State Treasury in the manner that recipients of ARAVA loans must repay their loans to the local authority. If borrowers pay more than the loan terms require, the local authority shall forthwith repay its debt to the State accordingly. If, under an agreement concluded with the local authority, a private person who has been granted an ARAVA loan for owner-occupied housing pays interest or amortizations to the local authority in a number of instalments exceeding that required in the loan terms, the local authority shall, however, repay its debt to the State according to the loan terms.

Section 30

Securitization of ARAVA loans granted by a local authority

The Housing Fund of Finland has the right to securitize ARAVA loans granted by a local authority, having obtained its permission. Housing loans under a double debt relationship which were granted to private persons by the National Housing Board before 1981 shall also be regarded as ARAVA loans granted by a local authority. Securitization of ARAVA loans does not change the double debt relationship.

Section 31

Division of responsibility

If a recipient of an ARAVA loan who has a debt relationship with a local authority has become permanently insolvent, the State Treasury shall decide that the State shall be liable for 50 per cent of the uncollected part of the ARAVA loan. If

repayment is still made to a local authority after this division of responsibility, the funds obtained shall be distributed between the State and the local authority in the same proportion.

Section 32

Consent of the Housing Fund of Finland

If a local authority, a joint municipal board or a limited-liability company owned de facto by them is the applicant for a rental building loan to be granted by a local authority, the consent of the Housing Fund of Finland is required before the loan is granted.

Section 33

Calling in a local authority loan

For weighty reasons, the Housing Fund of Finland can call in for immediate repayment, either entirely or partly, a loan obtained by a local authority from the State under section 28 when the local authority has acted contrary to this Act or rules or regulations issued under it.

If the loans from the State included in the local authority's payment instalment are based on securitized ARAVA loans and the instalment is delayed beyond 30 days from the due date, the Housing Fund shall call in for repayment all loans included in the instalment and obtained by the local authority from the State. A party entitled under the securitization to use the collateral given for the loan has the right to take possession of the collateral given for ARAVA loans on the basis of the called-in loan.

Once a loan obtained by a local authority from the State has been called in as referred to in paragraph 2 above, the debt relationship between the local authority and the borrower is regarded as dissolved and the borrower is deemed to have become directly indebted to the State. The State Treasury shall then collect the payments on the ARAVA loan directly from the borrower. The State Treasury shall inform the borrower forthwith of the change in the collection of payments.

Chapter 7

Miscellaneous Provisions

Section 34

More detailed rules and regulations affecting the amount of the loan

Provisions on the confirmation of the object's loan value, acquisition value and approved costs and their grounds, and on taking plot costs into consideration, will be laid down by decree.

The Council of State is entitled to issue more detailed regulations on the amount of loan proportion and the maximum loan, and the plot costs confirmed annually.

Section 35
Use of index

Adjustment of the annual payment, interest included in the annual payment and interest collected on an ARAVA loan otherwise than in the annual payment can be prescribed by decree as dependent on any change occurring in an index on trends in prices, wages, income or other costs.

Section 36
Supervision

The Housing Fund of Finland, the State Treasury and the local authority have the right to supervise that ARAVA loans are used for the purpose laid down when they were granted, and otherwise in compliance with this Act and rules and regulations issued under it and with the loan terms. They are entitled to access to any documents necessary for supervision.

Persons authorized by the Housing Fund or the State Treasury and municipal authorities have the right, when necessary, to conduct inspections and surveys in subsidized dwellings and residential buildings to supervise compliance with this Act and rules and regulations issued under it and with the loan terms. The inspection right also pertains to any necessary ledgers and other documents. When necessary, the borrower is required to submit ledgers and other documents for inspection on the inspector's premises.

No person conducting inspections, surveys and other supervisory duties may disclose any information obtained in the course of his duties to a third party.

Section 37
Calling in an ARAVA loan

An ARAVA loan can be called in entirely or partly to be repaid forthwith if:

1) remittance of an annual payment instalment or interest on the loan or amortization is delayed by more than 30 days

beyond the due date;

- 2) the borrower has used the loan for a purpose other than that for which it was granted;
- 3) when applying for the loan or otherwise, the borrower has provided essentially incorrect information or concealed a fact materially affecting granting of the loan;
- 4) construction work deviates essentially from the approved drawings, building specification or loan terms;
- 5) the borrower acts in such a way that no adequate collateral can be obtained for the loan or the value of the collateral essentially decreases;
- 6) the object of the loan is taken in execution to be sold or the borrower or guarantor is declared bankrupt; or
- 7) the borrower does not otherwise comply with this Act or rules or regulations issued under it or with the loan terms.

An ARAVA loan granted by the Housing Fund of Finland can be called in by the Housing Fund on the grounds referred to in paragraph 1, subparagraphs 2-4 and 7, and by the State Treasury on the grounds referred to in subparagraphs 1, 3 and 5-7. An ARAVA loan granted by a local authority can be called in by a local authority.

A loan cannot be called in, however, if the failure referred to in paragraph 1 is negligible and it is corrected without delay.

When the loan falls due for payment, the pledged promissory note shall be regarded as having fallen due for payment without separate notice regardless of what the conditions in it prescribe regarding the period of payment.

The called-in loan or its part can be collected with interest from the borrower without judgement and decision, as provided regarding the collection of taxes and charges by execution.

Section 38 *Restructuring debts*

The Act on Restructuring the Debts of a Private Individual (57/93) and the Act on Restructuring of Companies (47/93) contain provisions on restructuring debts and the effect of this on the payment and calling-in of an ARAVA loan and on the relationship between the State and a local authority.

A local authority can, in connection with voluntary debt restructuring concerning an ARAVA loan granted by it, request the State Treasury to agree to extension of the debt restructuring also to a debt relationship between the local author-

ity and the State. The State Treasury may issue general guidelines on the conditions for such consent.

Section 39

Appeal

An applicant who is unsatisfied with a decision taken by the Housing Fund of Finland, the State Treasury, a local authority or an official subject to the Municipal Board or a local committee in a matter referred to in this Act or a decree issued under it may request rectification within 14 days of having been informed of the decision. The request for rectification shall be made to the authority that took the decision to the Municipal Board or local committee, in the case of a decision by an official subject to said Board or committee. Instructions on requesting rectification shall be appended to a decision which can be appealed. The request for rectification shall be processed without delay.

A decision issued by a municipal authority on a request for rectification can be appealed to the provincial administrative court in the manner provided in the Administrative Appeals Act (154/50).

A decision issued by the Housing Fund and the State Treasury and the provincial administrative court under this Act or any regulations issued under it cannot be appealed. No request for rectification of a decision taken by a local authority under section 3, paragraph 2, can be made separately concerning the loan objects nor can said decision be appealed.

Section 40

Decision notification

A decision by the Housing Fund of Finland, the State Treasury and a local authority can be sent to the party concerned by post. The notification shall be deemed to have been made, unless otherwise proven, on the seventh day from the date on which the decision was posted to the address given by the party concerned. Otherwise, the provisions of the Act on Notice in Administrative Matters (232/66) shall apply.

Section 41

Official responsibility

A person who performs duties assigned to him according to this Act or a decree issued under it is responsible for his actions in the same way as a civil servant.

Section 42
More detailed provisions

More detailed provisions on applying for an ARAVA loan, building the object, and on the withdrawal of the loan, terms of the loan, redemption, repayment, and other enforcement of this Act will be issued by decree.

Chapter 8
Implementing and Transitional Provisions

Section 43
Entry into force

This Act comes into force on January 1, 1994.

This Act repeals the Housing Production Act (247/66) of April 22, 1966, hereinafter the 1966 Housing Production Act, and the Housing Renovation Act of January 19, 1979 (34/79), and later amendments thereto.

Section 44
Transitional provision

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

When this Act comes into force, any pending applications for an ARAVA loan shall be processed in accordance with the provisions valid at the time the Act took effect if the application was submitted to the authorities before September 1, 1993. With the applicant's consent, a long-term rental housing renovation loan can be granted rather than a loan applied for before September 1, 1993 for the renovation of a rental building.

The provision in section 5, paragraph 2, on competition procedure shall apply only after a year has passed from the effective date of this Act. Corporations nominated as recipients of an ARAVA loan for rental housing or an ARAVA loan for right-of-occupancy housing will retain their eligibility as referred to in section 15 or 22. Local authorities to whom authority has been transferred under the Housing Renovation Act in matters concerning the granting of renovation loans will retain this authority.

Section 45
Application of the Act to loans granted earlier

The provisions of this Act shall also apply to loans granted in accordance with the Acts of December 15, 1989 and December 21, 1990 on Amending the Housing Production Act (1140/89 and 1185/90) and the Act on Granting Purchase Loans under the Housing Production Act in certain cases (412/92).

The provisions in sections 12, 20, 25, 28-31, 33, 36, 38-40 and 37 of this Act concerning a competent authority shall apply, regardless of what may have been provided in a promissory note in these respects, to all loans granted under the following laws:

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- 1) Act on Housing Loans, Guarantees and Grants of March 29, 1949 (224/49);
- 2) Act on Supporting Housing Construction in Population Centres with State Funds of March 29, 1949 (226/49);
- 3) Housing Production Act issued on December 4, 1953 (488/53);
- 4) the 1966 Housing Production Act, except for loans referred to in paragraph 1;
- 5) Housing Renovation Act of January 19, 1979; and
- 6) Act on the Redemption of Rental Housing of January 25, 1982 (82/82).

The right under the acts referred to in paragraph 2 above to alter the interest rates on housing loans by decree or Council of State decision shall still remain in force. What has been provided on each loan in a promissory note shall otherwise apply to the terms of these loans. Any restrictions on use and assignment of housing financed by loan that are entered in land and mortgage registers and articles of association, share certificates and promissory notes concerning owner-occupied ARAVA housing and dwellings subsidized under the Act on interest subsidy for loans for home purchase granted in place of a State loan (76/89) shall not, however, apply once this Act comes into force.

If a State guarantee or other comparable obligation as referred to in section 13 or 13a of the 1966 Housing Production Act has been granted or concerns a loan referred to in this section, it shall remain in effect as such.

Section 46

Amortization of, interest on and postponements of certain loans

The maximum loan period for a renovation loan and a personal State housing loan granted in accordance with the laws referred to in section 45, paragraph 2, is 25 years unless

otherwise prescribed in the loan promissory note, and that of a short-term renovation loan 10 years. A local authority can, within a maximum limit confirmed annually in the State budget and without extending the maximum loan period, grant a postponement of at most 10 years for payment of the interest on and amortizations of these loans, upon the borrower's application.

Under the 1966 Housing Production Act, and as an exception to the terms entered in the promissory note of a personal housing loan granted between March 1, 1982 and December 31, 1990, a local authority can, in accordance with grounds confirmed by the Council of State, fix the interest rate of such a loan, upon the borrower's application, as three or six per cent from the beginning of the eighth loan year up to the end of the eleventh.

Section 47

Grant-type renovation loan

Amortizations of and interest on a long-term renovation loan granted under the Housing Renovation Act shall be deemed as paid without remittance in accordance with the terms of the loan if the loan has been granted or transferred to a person over 65 years of age and in poor financial circumstances, or jointly to him/her and his/her spouse in poor financial circumstances, for their own dwelling and an entry to that effect has been made in a promissory note. The dwelling financed by loan must be the residence of the borrower when the amortizations and interest fall due.

If the borrower meets the preconditions laid down in paragraph 1 only after the long-term renovation loan has been granted or transferred, the provisions of paragraph 1 can be applied to the amortizations and interest, upon the borrower's application.

Section 48

Application of reference provisions elsewhere in the law

If other legislation refers to the provisions of acts repealed under this Act, the reference is deemed to pertain to a provision in this Act.