

**Unofficial translation**  
Ministry of the Environment

No. 639

**ACT**  
**ON INTEREST SUBSIDY FOR LOANS GRANTED FOR HOME PURCHASE**  
August 20, 1982

**Section 1**

A financial institution subject to public supervision can grant loans for the purchase of a home or for financing the construction of a home. The State shall pay interest compensation to the financial institution on such loans, referred to in this Act as interest-subsidy loans.

**Section 2 (30.12.1992/1635)**

A loan designated in a home saving agreement in accordance with the Act (1634/92) on Bonus for Home Savers, or part thereof, can be approved as an interest-subsidy loan. No interest compensation can be paid, however, if the borrower has been granted a loan from State funds other than under the present Act, or receives interest subsidy for the same purpose from State funds.

The provisions of this Act concerning homes shall apply correspondingly to a specified share of a home as referred to in the Act on Bonus for Home Savers.

No more than one interest-subsidy loan at a time can be taken out for a single home. Only one interest-subsidy loan can be granted to spouses. Loans drawn by spouses under separate home saving agreements shall be regarded as a single interest-subsidy loan.

**Section 3 (21.12.2000/1283)**

Section 3 has been repealed by Act december 21, 2000/1283.

**Section 4 (21.12.2000/1283)**

The interest-subsidy loan shall not exceed the maximum amount confirmed regionally by Government decree.

## **Section 5**

The interest charged by a financial institution on interest-subsidy loans shall be lower than the interest customarily applied by the institution to similar loans granted for the purchase of a first owner-occupied home. Any other loan costs charged by the financial institution shall not exceed the costs customarily charged by the institution for similar loans. (30.12.1993/1635)

The general terms for interest-subsidy loans will be laid down by decree.

## **Section 6**

An interest subsidy is paid for the first ten loan years at the most. (13.5.2005/290)

The amount of the interest subsidy to be paid at any time will be laid down by decree.

## **Section 7**

The financial institution shall charge the recipient of the interest-subsidy loan the difference between the loan interest and the interest subsidy.

## **Section 8 (30.12.1992/1635)**

Section 8 has been repealed by Act december 30, 1992/1635.

## **Section 9 (30.12.1992/1635)**

The State Treasury shall pay the interest compensation to the financial institution.

## **Section 10**

If an interest-subsidy loan is repaid or a home is assigned or transferred to a new owner for reasons other than marital right or right of inheritance, payment of interest compensation shall cease as of the date of repayment of the loan or assignment of the home, unless otherwise provided in paragraph 2.

Notwithstanding, interest subsidy may continue to be paid after such assignment if the borrower re-uses the interest-subsidy loan to finance the purchase of a new home.

If special cause exists, a home for which an interest-subsidy loan has been taken out may be leased for up to two years. (26.11.1993/1006)

### **Section 10 a**

(30.12.1992/1635)An interest-subsidy loan may be transferred to another financial institution or divided into two separate loans. The financial institution shall notify the State Treasury of such division of a loan.

If two recipients of interest-subsidy loans living in different homes purchase a joint home, the portion of their total loans approved for interest subsidy shall not exceed the maximum amount laid down in section 4. In this case, the maximum amount of the interest-subsidy loan shall be calculated according to the date of purchase of the joint home.

### **Section 11 (21.12.2000/1283)**

If the recipient of an interest-subsidy loan has used the loan for a purpose other than that laid down in this Act, has provided essentially false information in applying for approval of an interest-subsidy loan or has concealed information materially affecting approval of the interest-subsidy loan, the payment of the interest subsidy can be suspended. By decision of the State Treasury, the debtor can then be obliged to repay to the state any interest subsidy which the state has paid on the loan to a maximum of fivefold.

### **Section 11 a (21.12.2000/1283)**

An applicant who is dissatisfied with a decision taken by the State Treasury in a matter referred to in Section 11 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. Instructions on requesting rectification shall be appended to a decision which can be appealed. The request shall be processed without delay.

A decision on a request for rectification can be appealed as provided for in the Administrative Judicial Procedure Act (586/1996).

### **Section 12 (21.12.2000/1283)**

The State Treasury shall supervise that the interest subsidy is in accordance with this Act. The local authority shall supervise that the use of loan funds is in accordance with this Act.

The financial institution and the recipient of an interest-subsidy loan are under obligation to provide the State Treasury and the local authority with information that is necessary for establishing that the interest-subsidy loan has been used for the approved purpose in accordance with this Act and the provisions issued by virtue thereof and the terms of the loan have been otherwise observed.

### **Section 13**

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

### **Section 14**

This Act comes into force on October 1, 1982.

*Entry into force of amended provisions:*

#### **30.12.1992/1635:**

This act comes into force on 1 January 1993.

This Act is applied also to interest subsidy loans that are granted on the basis of a home saving agreement made in accordance with the Act (1634/92) on Bonus for Home Savers and that was made before this Act came into force. These interest subsidy loans are however still subject to the rules on section 5 paragraph 1 and provisions concerning credit reserve compensation such as those provisions stood when this Act came into force.

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

#### **26.11.1993/1006:**

This act comes into force on 1 December 1993.

An apartment that has been leased when this act comes into force can be held leased for two years in the time on paying the interest-subsidy loan.

#### **21.12.2000/1283:**

This Act comes into force on 1 March 2001.

If the purchase or assignment agreement of a dwelling has been concluded or construction work on a single family house has been commenced prior to the entry into force of this Act, the provisions of Sections and 4 shall apply to the interest-subsidy loan, as they stood when this Act came into force.

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

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

**13.5.2005/290:**

This Act comes into force on 1 June 2005.

If the purchase or assignment agreement of a dwelling has been concluded or construction work for a single family house has been commenced prior to the entry into force of this Act, Section 6, paragraph 1 shall apply to the interest-subsidy loan, as it stood when this Act came into force.