

**NB: Unofficial translation**

No. 481

**ACT ON RESIDENTIAL LEASES**

March 31, 1996

**CHAPTER 1  
General provisions**

Section 1

Scope of application of the Act

This Act shall apply to any agreement (residential lease agreement) by which a building or any part thereof (apartment) is leased to another person <sup>1</sup> for residential purposes.

The use of an apartment is determined on the basis of the principal use agreed for the apartment.

Under a lease agreement, a plot of land may also be assigned for use in conjunction with an apartment.

In accordance with the provisions below, this Act shall also apply to shared-access facilities or equipment located on the property or in the building, to which the tenant has access.

Section 2

Restrictions on application

The provisions of this Act shall not apply to the operations of lodging establishments.

Separate provisions or regulations shall apply to official residences of the State, a municipality or some other public corporation.

Section 3

Peremptory nature of provisions

Residential lease agreements may derogate from the provisions of this Act unless otherwise provided in this Act or such derogations are otherwise to be considered prohibited.

Section 4

Duration of lease

1. Translator's note: the term *person* in this Act refers to both natural and legal persons.

Lease agreements can be in force for a fixed term or a non-fixed term. A lease for a residential apartment is a non-fixed-term lease unless otherwise agreed or unless otherwise provided by law. If a fixed-term lease of no more than three months is agreed on with the same tenant more than twice consecutively, the lease shall be considered a non-fixed-term lease notwithstanding the fixed-term provision.

A fixed-term lease is terminated when its validity expires. A non-fixed-term lease, and also a fixed-term lease, is terminated under this Act by giving of notice, rescission or lapse, or by mutual agreement.

Chapter 9 contains provisions on the date of removal.

### Section 5

Form of lease agreement and its effect on duration of lease . Lease agreements and amendments thereto shall be made in writing. If a lease agreement has not been made in writing, it is considered non-fixed-term. Notwithstanding, a lease agreement for an apartment leased for leisure use may be made orally.

The Ministry of the Environment may issue model forms for lease agreements and for the necessary notifications and requests.

### Section 6

Adjustment of unreasonable stipulations and compensation for loss .

If application of a stipulation in the lease agreement would be contrary to sound leasing practice or otherwise unreasonable, the stipulation can be adjusted or ignored. If the stipulation is such that the agreement cannot reasonably remain in force otherwise unchanged after it has been adjusted, other parts of the agreement can be adjusted or the agreement can be declared to have lapsed.

The provisions of the Consumer Protection Act (38/78) shall apply to adjustment of a lease agreement between a consumer and a supplier. Notwithstanding, this Act's provisions on adjustment of the amount of the rent shall apply.

Compensation for loss payable under this Act can be adjusted if it is unreasonable in view of the liable party's opportunities to forestall and prevent the loss, both parties' financial status, and other considerations.

The party having suffered loss shall take reasonable action to limit said loss. If the party concerned neglects this duty, he, she or it shall bear a corresponding share of the loss.

1. Translator's note: i.e., for an unspecified period, "until further notice".

## Section 7

### Rival agreements for a residential apartment

If the tenant has taken possession of an apartment in good faith on the basis of a lease agreement, any other agreement by which the same apartment is leased or by which the right to use it is accorded to another person shall be ineffective in respect of the tenant. If, however, a valid mortgage exists as security for some other person's lease rights or other rights of use, the holder of the mortgage shall have priority. In any other event, the earlier agreement shall have priority.

In the event of rival agreements, the person whose lease agreement is ineffective shall be entitled to compensation for his, her or its loss from the lessor provided that he entered into the agreement in good faith.

## Section 8

### Security for a residential lease

The parties to a lease agreement can agree that reasonable security will be put up against any loss incurred as a result of either party's failure to fulfil his, her or its obligations. If the security is not provided within the agreed time, the party in favour of whom it was agreed that security should be provided shall have the right to rescind the agreement. The right to rescind the agreement shall not exist, however, if the other party had put up the security before receiving notice of rescission.

Any stipulation requiring either party to put up security larger than three months' rent shall be null and void.

## Section 9

Prohibited stipulation on mortgage and set-off rights. Any stipulation in the lease agreement stating that no mortgage can be applied for as security for the permanence of the leasehold or that the tenant shall not have the right to set off a counterclaim against the rent shall be null and void.

## Section 10

Statute of limitations on claims deriving from tenancy. The right to compensation for loss, or other claims based on a lease agreement, tenancy or this Act, shall expire if no suit is brought within three years of the termination of the lease.

## Section 11

Liability of spouses for a residential lease agreement. A married couple or persons living together as husband and wife without marriage (spouses) are jointly and severally liable for the obligations deriving from the lease agreement if they live together in a residential apartment leased by both spouses jointly or by one of them. If one spouse moves out, the spouse who has not leased the apartment shall continue to be liable for the obligations deriving from the lease agreement for as long as he or she lives in the apartment. Both spouses shall be given a hearing in any matter related to such apartment if this is considered necessary.

## Section 12

### Deadlines

If the date on which some action should be taken under this Act falls on a Saturday, a religious holiday, Independence Day, May Day, Christmas Eve or Midsummer Eve, the action can be taken on the first working day following said date.

The date from which the deadline prescribed by this Act begins to run shall not be included in calculating the number of days to the deadline by which action should be taken. If the deadline by which action should be taken is expressed in months or years, it shall fall on the day of the month due which corresponds by name or by ordinal number to the date from which the time prescribed by this Act began to run. If the month in which the deadline falls has no such corresponding day, the last day of that month shall be considered the deadline date.

A deadline expressed in days, months or years before a specified date shall be calculated backwards from that date using the same principles as would have been used to calculate it forwards under paragraph 2.

The provisions of this section shall also apply to the date on which the tenant must move out of the apartment.

## Section 13

### Fulfilling the duty of notification

Unless otherwise provided in this Act, notifications and requests made under this Act can be sent by registered post to the addressee's regular address. If the notification has been appropriately posted, the sender can appeal to it even if it is delayed or never reaches the addressee.

A summons or other notification or request under this Act concerning an apartment

rented jointly by spouses or used by both spouses as their joint dwelling on the basis of a lease agreement made by one of the spouses can be delivered to either of the spouses

#### Section 14

##### Executive assistance

The lessor shall be entitled to executive assistance from the police if denied entry to the apartment as provided in sections 21 and 22.

The tenant shall be entitled to executive assistance from the police if the lessor, in a manifestly unlawful manner, pre-vents the tenant from exercising the tenant's legal rights under the lease agreement or this Act.

#### Section 15

##### Housing courts

In accordance with provisions to be issued separately, tenancy disputes can be heard and decided by a special division established under a general lower court and known as a housing court.

## CHAPTER 2

### **Use, condition and upkeep of a residential apartment**

#### Section 16

##### Taking possession and delays therein

The lessor shall make the apartment available to the tenant on the date on which the tenant is entitled to take possession.

If the apartment is not ready or vacant at the time that the tenant is entitled to take possession and the delay causes the tenant significant inconvenience, he, she or it shall have the right to rescind the lease agreement. The tenant shall also have the right to rescind the lease agreement even before scheduled to take possession if it is obvious that taking possession will be delayed as referred to above.

## Section 17

### Assignment of a residential apartment to the use of another person

The tenant may use the residential apartment as his or her own home or as a joint home with his or her spouse and the children belonging to the tenant's family. The tenant may also use the apartment as a joint home with his or her near relative or a near relative of his or her spouse or assign by sub-lease or otherwise no more than half of the residential apartment to another person's use for residential purposes if this does not cause the lessor significant inconvenience or disturbance.

In any other event, the tenant shall not assign the apartment or any part of it to another person's use without consent thereto expressed in the lease agreement or given separately by the lessor.

## Section 18

### Temporary assignment of a residential apartment.

The tenant may assign a residential apartment to another person's use for no longer than two years if the tenant resides in another location for reasons of employment, study, illness or other such reason, and the lessor has no reasonable grounds for objecting to the assignment.

The tenant shall notify the lessor of the temporary assignment in writing no later than one month before it is to take place. If the lessor does not accept the assignment, he, she or it shall submit the grounds for objection to a court for consideration within 14 days of having received the notification. If the court sustains the grounds submitted by the lessor, it must prohibit the assignment. If the court rejects the lessor's claim, temporary assignment of the apartment shall not be prevented by the lessor's having appealed the decision.

## Section 19

### Assignor's and assignee's liability

When the tenant has assigned the whole apartment or part of it to another person's use, the tenant shall, unless otherwise agreed with the lessor, remain responsible for the obligations placed upon the tenant under the lease and for any loss for which the person to whom all or part of the apartment was assigned must compensate the lessor. The person to whom use of the apartment was assigned shall be liable to the lessor for any loss which he or she would have been liable to compensate had the lessor leased the apartment or part thereof to him or her.

## Section 20

### Condition of the apartment and any deficiencies.

At the commencement of the lease and throughout its duration, the apartment shall be in such condition as the tenant may reasonably require, taking the age of the apartment, the local housing stock and other local conditions into consideration, unless otherwise agreed regarding the condition of the apartment. It may also be agreed that the tenant shall be responsible for the upkeep of facilities and equipment available to him, her or it under the lease or for obligations associated with the property.

If the apartment is not in the required or agreed condition when the lease comes into force or its condition becomes deficient while the lease is in force for any reason other than the tenant's negligence or carelessness and the lessor is responsible for its condition, the tenant shall be entitled to rescind the lease agreement if the deficiency is of major significance and the lessor, having been requested to remedy the deficiency, has not done so without delay or within the agreed time, or if the deficiency cannot be remedied. If the lessor fails to remedy the deficiency, the tenant may, instead of rescinding the agreement, remedy the deficiency at the lessor's expense, unless the deficiency is due to the unfinished state of the building or the authorities have prohibited use of the apartment. The tenant shall see to it that the cost incurred by the lessor in remedying the deficiency is reasonable.

If, under a stipulation in the lease agreement, the apartment is leased "as is", the tenant may still exercise the right laid down in this section above if, at the time of signing the agreement, the tenant was unaware of the deficiency in the apartment and would not have been able to detect or foresee it by applying ordinary care, taking the apartment's age, the condition of other apartments used for similar purposes in the same area, and other local conditions into consideration.

## Section 21

### Repairs, alterations and upkeep

The lessor and the tenant can agree on any repairs, alterations or upkeep measures to be performed in the apartment. The tenant shall not have the right to perform any repairs or alterations in the apartment without the lessor's permission, except in order to remedy a deficiency as referred to in section 20, paragraph 2. The tenant shall, however, always have the right to take action to prevent or restrict immediate damage to the apartment.

The lessor shall be entitled to carry out an upkeep measure, repair or alteration immediately if it cannot be postponed without causing damage. An upkeep measure, repair or alteration that does not cause significant inconvenience or disturbance in the exercise of leasehold rights may also be performed, provided that the lessor notifies the tenant thereof no less than 14 days before work begins. The tenant shall not have the right to rescind the lease agreement in the cases referred to in this paragraph.

The lessor shall notify the tenant no less than six months before work begins of any repairs other than those referred to above that the lessor wishes to undertake in the apartment. If the tenant changes during the period following the notification, the new tenant must also be notified of the work to be done, but no new time frame shall be set for the work. Within 14 days of receiving notification, the tenant shall be entitled to rescind the agreement as of the earliest date when the repairs or alterations may begin. The work shall not be performed without the tenant's consent after notice has been given on the lease agreement.

## Section 22

### Lessor's right of entry into the apartment

Whenever necessary for supervision of the condition or upkeep of the apartment, the tenant shall immediately provide the lessor with access to the apartment at a suitable time.

If an apartment is to be sold, or leased again, the lessor shall have the right to show the apartment at a time suitable to the lessor and the tenant.

## Section 23

### Lessor's liability for his actions

The lessor shall see to it that the actions referred to in this chapter above do not cause the tenant any inconvenience or disturbance beyond that which is necessary to perform them.

The tenant shall be entitled to be exempted from paying rent or to have the rent reasonably reduced during any period when the apartment could not be used or was not in the condition required or agreed on. The tenant shall not, however, have such a right if the apartment's deficient condition is due to his negligence or other carelessness, or if the repairs or alterations were performed to repair damage for which the tenant was liable. The right referred to in this paragraph shall not exist for the time preceding the date on which the lessor received notice of the apartment's deficient condition detected during the lease period.

The tenant shall also be entitled to compensation for any inconvenience or loss caused to the tenant by the lessor's action or negligence referred to in this chapter above, unless the lessor can prove that the delay in making the apartment available or its deficient condition was not due to the lessor's action, negligence or other carelessness or that the repairs or alterations were made to repair damage for which the tenant was liable.

## Section 24

### Tenant's notification duty

The tenant shall notify the lessor without delay of any damage to or deficiency in the apartment which it is the lessor's responsibility to correct. Notification shall be made immediately if, to prevent further damage, repairs must be undertaken without delay.

If the apartment is vacated for an extended period, the tenant shall notify the lessor thereof and arrange for the lessor to be able to enter the apartment.

A tenant who fails to make the required notification shall be liable for any damage caused by such failure.

## Section 25

### Tenant's liability for damage to the apartment

The tenant shall look after the apartment with all due care. The tenant shall not, however, be liable for ordinary wear and tear caused by use of the apartment for the purpose specified in the lease agreement, provided that the lessor is responsible for the apartment's upkeep and maintenance.

The tenant shall be liable for compensation to the lessor for any damage to the apartment caused by the tenant willfully or through negligence or other carelessness.

The tenant shall further be liable for compensation to the lessor for any damage to the apartment caused willfully or through negligence or other carelessness by a person staying in the apartment with the tenant's consent. The tenant shall not, however, be liable for any damage caused by a person performing work at the lessor's request or on behalf of the owner of the building or apartment or of the shares conferring possession of the apartment.

Liability under this section shall also apply as appropriate to the shared-access facilities and equipment on the property or in the building available to the tenant under the terms of the lease.

## Section 26

Prohibited stipulations concerning the use, condition and maintenance of the apartment and liability

Any stipulation restricting the tenant's rights under sections 16-25 to obtain possession of the apartment, to use it, to assign the apartment or part thereof for another person's use, to require that the apartment be in the condition laid down in law or agreed, to rescind the agreement or gain exemption from payment of rent or a rent reduction, or to obtain compensation, or which makes the liability of the tenant, or of the person to whom the tenant has assigned the apartment or part thereof, for any damage to the facilities designated for residential purposes greater than that laid down in this chapter, shall be null and void.

### **CHAPTER 3**

#### **Amount of rent**

##### **Section 27**

###### **Determining the rent**

Rent shall be determined on the basis of what is agreed, unless otherwise provided in this Act or elsewhere in law.

Changes in rent can be agreed on with due consideration to the provisions of the Act on Indexing Restrictions (1222/94). If it has been agreed that the lessor may unilaterally decide the date or amount of the rent increase while the lease is in force, such stipulation shall be null and void unless the grounds on which the rent can be increased during the lease agreement's validity have also been agreed. Before the rent increase can take effect, the lessor shall notify the tenant in writing of the new rent and the date on which it will take effect.

For the period during which the provisions on determining rent in the Act (1190/93) on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Buildings are applied to a residential apartment, paragraph 1 of section 27, section 29, paragraph 1 of section 30 and sections 31 and 32 of this chapter, and the relevant provisions issued in or under said Act, shall apply to the amount of the rent charged.

##### **Section 28**

###### **Recommendations on rent**

The Council of State, having heard the Rents Division of the Housing Council, may issue recommendations on the revision of rents.

##### **Section 29**

###### **Examination of the reasonableness of rent**

The lessor or the tenant may submit the reasonableness of the rent or of a

stipulation on determining the rent for the consideration of a court. A suit for examination of the reasonableness of rent cannot be brought after termination of the lease.

The lessor shall not give notice on the lease agreement in the time during which the reasonableness of the rent is being examined upon the tenant's application by a lower court.

### Section 30

#### Changes in rent decided by a court

The court may, at the tenant's request, reduce the rent or alter a stipulation on determining the rent at its discretion if, without grounds considered acceptable under tenancy, the rent significantly exceeds the current market rate charged in the area for apartments of similar rental value and used for the same purpose.

The court may, at the lessor's request, increase the rent or alter a stipulation on determining the rent at its discretion if the rent or the stipulation on determining it must be considered unreasonable under section 6.

### Section 31

#### Court decision on rent

If the amount of the rent or a stipulation on determining the rent is altered, the court decision by which this is done shall state the date as of which the new rent or the stipulation on determining the rent comes into force. If a lower court decision on the amount of the rent or on a stipulation on determining the rent is appealed, however, the rent shall continue to be paid at the earlier rate until the court of appeal has pronounced its decision, unless otherwise agreed.

If the court decides to reduce the rent, it shall take into account the grounds for the rent reduction and other relevant considerations, and decide ex officio whether the lessor must return all or part of the rent paid. Notwithstanding, barring exceptionally weighty reasons, return of rent shall not be ordered for the period preceding the notification of a request for a rent reduction, and in no case for a period longer than one year preceding notification of such request.

## Section 32

### Increasing the rent for a State-subsidized (ARAVA) rental apartment

During the period that the provisions on determining rent in the Act on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Buildings apply, the lessor shall, if he desires to increase the rent, notify the tenant in writing of the increase, its grounds, and the new rent. The new rent shall take effect no sooner than two months after the beginning of the rent payment period immediately following the notification date.

Notwithstanding, the lessor referred to in this section need not separately notify the tenant of an increase in the charge payable for water, electricity or any other amenity included in the use of the apartment if it is based on an increase in consumption or in the number of persons living in the apartment, provided that it was agreed in the lease agreement that such amenity would be paid for separately on the basis of consumption or the number of persons living in the apartment. In this event, the tenant shall be notified of the volume of consumption for each payment period.

## Section 33

### Rent statistics

Statistics Finland shall produce the necessary statistics on residential apartment rents and real estate costs annually.

## **CHAPTER 4**

### **Payment of rent**

## Section 34

### Date of rent payment

Rent paid in money shall be paid no later than on the second day of the rent payment period unless another payment schedule has been agreed. The rent payment period shall be one month or any other period for which rent is payable under the lease agreement.

Payment of rent in any form other than money shall be agreed on separately.

The tenant shall pay rent for as long as he has possession of the apartment and also after the right to possession ends, if the tenant or a person deriving possession from the tenant has continued to use the apartment.

Provisions on deferral of the date of rent payment in certain cases are laid down in section 12.

### Section 35

#### Mode of rent payment

Rent paid in money can always be remitted by postal or bank giro or postal order. Payment shall be considered to have been effected on the date entered as the date of payment by the post office or bank on the payer's receipt, or on the date when a postal order addressed to the lessor was presented at the post office for delivery as proved by the payer's receipt.

If the rent is paid in any manner other than by postal or bank giro or postal order, the lessor shall give the tenant a receipt.

If paid in the apartment's locality, the rent may be paid at the lessor's apartment or business offices or at any other location specified by the lessor.

Any stipulation denying the tenant the right to pay the rent by postal or bank giro or postal order shall be null and void.

### Section 36

#### Advance collection of rent

When the lease agreement is made, advance payment of rent for more than one rent payment period may be agreed on if special cause exists. Any stipulation under which the tenant is required to pay rent in advance while the lease is in force shall be null and void. The tenant shall, however, be entitled at any time to pay rent in advance for rent payment periods not yet falling due.

Any stipulation under which the tenant is liable for advance payment for a period longer than three months or, if the rent payment period is longer, for more than one rent payment period shall be null and void.

Provisions on providing security in order to fulfill the terms of a lease agreement are laid down in section 8.

## **CHAPTER 5**

### **Change of lessor**

#### Section 37

##### Lessor's notification duty

The lessor shall notify the tenant of the grounds for the lessor's right to let the apartment or part thereof and of any restrictions on his, her or its right to let the apartment. If the lessor's right of possession to the apartment lapses, the lessor shall notify the tenant thereof without delay. If such notification is not given, the tenant shall be entitled to reasonable compensation for removal costs and for any losses caused by the lessor's failure to notify the tenant, unless the lessor can prove that the tenant was otherwise aware that the lessor's right of possession had lapsed.

#### Section 38

##### Assignment or transfer of title and housing company's right to take possession of the apartment

If a building containing a rented apartment or shares conferring possession of an apartment are voluntarily assigned or transferred to another person, or if the title thereto is transferred by virtue of marital property rights or by bequest or inheritance, or by virtue of rescission of joint ownership arrangements, the lease agreement shall bind the new owner if:

- 1) the tenant has taken possession of the apartment before the assignment or transfer takes place;
- 2) the assignment contract contains a provision on the permanence of the lease agreement; or
- 3) a mortgage has been taken out to secure the lease.

The provisions above regarding the assignment or transfer of title shall apply as relevant to the assignment or transfer of any other rights by virtue of which the lessor had the right to let the apartment. The Housing Companies Act (809/91) contains provisions on a housing company's right to take possession of an apartment and on the effect thereof on the tenant's status during the period that the housing company has possession. The tenant's right to possession of the apartment on the basis of a lease agreement concluded with the share owner shall lapse during the period for which the housing company has taken possession of the apartment under chapter 8 of the Housing Companies Act.

A lease agreement which, under paragraph 1 or 2, does not bind the new owner or the acquirer of the right of possession, shall, however, remain in force unless the person in question rescinds the agreement within one month of having acquired the

title or of the later date on which he received notification of the lease agreement.

Any stipulation restricting the tenant's rights under this section shall be null and void.

### Section 39

#### Effect of compulsory auction on the lease

The buyer of a property sold in a compulsory auction shall have the right to give notice on the lease agreement for any apartment on the property within a month of having taken possession of the property or of the later date on which he received notification of the existence of a lease, unless the property was sold subject to a stipulation guaranteeing the permanence of the residential lease. The above provisions on property shall apply as relevant to the right to lease a plot and to any lease rights that include buildings and are subject to sale by compulsory auction in the same manner as real property.

The buyer of a building containing a rental apartment or of shares conferring possession of an apartment shall have the same right to give notice on the lease agreement if the building or shares have been distrained and sold in the manner laid down for the execution and sale of movable property.

Notwithstanding, the provisions of this Act shall not apply to lease agreements made by a company for an apartment taken into the company's possession under section 85 of the Housing Companies Act.

### Section 40

#### Change of ownership of a residential apartment as a result of a suit for annulment or redemption

If a building containing a rented apartment or shares conferring possession of an apartment have been forfeited, as a result of a suit for annulment, by the lessor of the apartment or by the person to whom the building or shares have been transferred from the lessor, the rightful owner shall have the right to rescind the lease agreement within one month of the date on which the court decision on the suit for annulment took effect or, if later, of the date on which he received notification of the agreement.

Whosoever has redeemed the shares conferring possession of the apartment under the housing company's articles of association shall also have the right to rescind the lease agreement if such agreement was made at a time when the right of redemption existed or an action on such right was pending. In this event, the lease agreement shall be rescinded within one month of the redemption of shares or the court's legally valid decision on the right of redemption or of the later time when the redeemer

received notification of the lease agreement.

#### Section 41

##### Restrictions on State-subsidized (ARAVA) dwellings

The provisions in sections 39 and 40 above on compulsory auction and change of ownership as a result of a suit for annulment or redemption shall not be applied to an apartment used as a rental dwelling as referred to in section 2 of the Act on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Buildings during the time that the apartment is subject to the restrictions imposed by said Act.

#### Section 42

##### Binding nature of an amendment, stipulation or payment on a new owner

An amendment to a lease agreement or a stipulation added to said agreement or a payment due, under the lease agreement, after the assignment or transfer of the apartment shall not bind a new lessor if no entry on the amendment, stipulation or payment has been made in the lessor's copy of the agreement or no reliable proof thereof is shown, and the new lessor was not aware of the amendment, stipulation or payment at the time of assignment or transfer. The amendment, stipulation or payment shall, however, become binding on the new lessor, unless he notifies the tenant that he does not accept it within one month of having been notified of said amendment, stipulation or payment.

If the lessor makes the notification referred to in this section, the tenant shall have the right to rescind the lease agreement within one month following said notification. If the owner or other lessor in the lease has changed and no written notification thereof has been made to the tenant, the tenant may refer to a payment made under the existing lease agreement if he was not aware of the change of lessor.

#### Section 43

##### Compensation for loss incurred through termination of a lease

If a lease agreement is terminated for reasons referred to in this chapter, the tenant shall be entitled to compensation from the lessor for any loss incurred by the tenant as a result of termination of the lease, provided that the lessor was under obligation to the tenant regarding the permanence of the lease at the time that the grounds for termination arose. The tenant shall not, however, be entitled to compensation for loss incurred if the tenant knew or should have known of the grounds for termination of the lease at the time when the lease agreement or an amendment or addition thereto was made or when the tenant remitted a payment due.

If only part of the apartment falls out of the tenant's possession as a result of the change of lessor, the tenant shall be entitled to compensation for loss and, in addition, to a reasonable rent reduction.

## **CHAPTER 6**

### **Transfer and extension of a leasehold**

#### **Section 44**

##### **Transferability of a leasehold**

The tenant shall not transfer his leasehold without consent expressed in the lease agreement or given separately by the lessor, unless otherwise provided later in this chapter. If the lessor fails to respond within one month of when such consent was requested, the tenant shall have the right to give notice on the agreement within one month of the date on which the time for responding expired.

If a tenant transfers the leasehold, he, she or it shall notify the lessor thereof immediately in writing. If the tenant has the right to transfer the leasehold, he, she or it shall be released from responsibilities as a tenant from the date on which he, she or it notified the lessor of the transfer.

#### **Section 45**

##### **Transferring a residential leasehold to a family member**

The tenant may transfer a leasehold to his or her spouse or a child of their family or the parent of either spouse if the transferee is living in the apartment, unless the lessor has justifiable cause for contesting such transfer.

Section 44, paragraph 2, contains provisions on notification of transfer and release of the tenant from responsibilities.

If the lessor wishes to contest the transfer of a leasehold, the lessor shall submit the grounds for contestation to a court for consideration within one month of having received notification of the transfer. The lease shall remain in effect on the previous terms for the duration of the court proceedings considering the right to its transfer. If the court sustains the lessor's grounds, it must prohibit transfer of the leasehold.

#### **Section 46**

##### **Extension of a lease after the tenant's death**

If the tenant of a residential apartment dies, the lease shall remain in effect on the previous terms unless otherwise provided below, and the estate of the deceased is responsible for fulfilling the terms of the lease. Irrespective of what has been agreed concerning the duration of the lease or commencement of the notice period, the estate may give notice on the lease in accordance with the provisions on non-fixed-term lease agreements. If the tenant had leased the apartment jointly with another person, the estate of the deceased and the surviving tenant jointly shall have the right to give notice. The estate or the surviving tenant shall also have the right to give notice for his, her or its own part.

A person who rented the apartment jointly with the deceased tenant shall have a prior right, over the estate, to continue with the lease, unless the lessor has justifiable grounds for contesting said right. If living in the apartment, the deceased tenant's spouse, a child of their family or the tenant's or spouse's parent shall have the same right to continue with the lease. The person wishing to extend the lease shall notify the lessor thereof within three months of the time of the tenant's death. The estate's responsibility for fulfilling the terms of the lease shall lapse and be transferred to the notifier once such notification has been made.

If the lessor wishes to contest continuation of the lease, he, she or it shall submit the grounds for doing so to a court for consideration within one month of receiving the notification of continuation. The lease shall remain in effect on the previous terms during the court proceedings. If the court sustains the lessor's suit, its decision must state the date on which the lease will be terminated and require the respondent to move out thereupon.

#### Section 47

##### Prohibited stipulations on leasehold transfer and continuation of a lease

Any stipulation restricting the rights of the tenant, person living in the apartment, estate of the deceased or a beneficiary of the estate under sections 44-46 shall be null and void.

#### Section 48

##### Effect of termination of cohabitation or joint occupancy or of divorce on a residential lease

If an apartment has been rented by two spouses jointly or by one of the spouses and used as their joint home, and the spouses are ordered to live apart or divorced by court decision, the court may at the same time order that the spouse who has greater need for the apartment shall continue to hold the lease and release the other spouse from the lease, or release both spouses from the lease.

If persons who are not spouses have rented the apartment for use as their joint home, and one of them so requests after their joint occupancy has ended, the court may order that the person or persons who have the greatest need for the apartment shall continue to hold the lease and release the other person or other persons from the lease or release all of them from the lease.

Before the order referred to in paragraphs 1 and 2 above is issued, the lessor shall be given an opportunity to be heard. No order to extend the lease shall be issued if the lessor proves that it would be likely to cause him, her or it loss.

The court decision can be enforced immediately even if it has not yet come into legal effect, unless otherwise prescribed in the decision.

## Section 49

### Tenant's bankruptcy

The lessor shall have the right to rescind the lease agreement on the grounds of the tenant's bankruptcy if the estate has not announced, within a time limit of no less than one month set by the lessor, that it will fulfill the liabilities arising from the lease agreement after the commencement of bankruptcy, or if the tenant has not put up security for the fulfillment of these liabilities within the same time limit. If the tenant puts up security at a later date, but before receiving notice of rescission of the lease agreement, the right to rescind the lease agreement shall not exist.

The tenant's bankruptcy shall not preclude the giving of notice on or rescission of the lease agreement on other grounds referred to in this Act. The lessor shall not, however, have the right to rescind the agreement after the commencement of bankruptcy on the grounds of rent arrears from the period preceding bankruptcy.

The estate shall be liable for fulfillment of the obligations arising from the lease agreement for any period during which it uses the apartment, even if it has not assumed liability for their fulfillment. If a residential apartment has been leased again, the primary tenant's estate shall be liable for fulfillment of the obligations arising from the primary lease agreement from the commencement of bankruptcy until the time when the secondary tenant has been notified of the termination of the primary lease.

If a lease agreement is rescinded on the grounds referred to in paragraph 1 above, the lessor shall be entitled to compensation for his loss.

## Section 50

### Rescheduling of a private person's debts or corporate restructuring

Separate provisions will be laid down on the effect of rescheduling of a private person's debts or corporate restructuring on the permanence of a lease agreement and fulfillment of the obligations arising from the lease agreement.

## **CHAPTER 7**

### **Giving notice on a lease agreement**

#### Section 51

##### Termination of a lease agreement by giving notice

If notice is given on a non-fixed-term lease agreement, it shall be terminated upon the expiry of the notice period unless otherwise agreed or provided in this or some other Act.

A fixed-term lease agreement can be terminated by notice only as laid down in sections 39, 44, 46, 55, 90 and 91. Unless otherwise agreed or provided in law, an agreement on which notice has been given is terminated upon expiry of the notice period.

If notice is given on a fixed-term lease agreement on grounds laid down in some other Act, the agreement is terminated as provided in said Act.

#### Section 52

##### Notice period

The notice period for a lease agreement shall be calculated from the last day of the calendar month in which notice was given unless otherwise agreed or otherwise provided in this or some other Act.

When the lessor gives notice on a lease agreement the notice period shall be six months if the lease has lasted uninterruptedly for at least one year immediately prior to the giving of notice, and otherwise three months (lessor's notice period).

When the tenant gives notice the notice period shall be one month (tenant's notice period).

Any stipulation reducing the lessor's notice period or extending the tenant's notice-period shall be null and void.

## Section 53

### Spouse's consent to giving notice on a lease agreement

If both spouses live in an apartment which they have rented jointly or which one of them has rented, one spouse alone cannot give notice on the lease agreement without the other spouse's consent. Such consent shall not, however, be necessary if it cannot be obtained without undue inconvenience.

If a spouse withholds said consent without acceptable cause, the court may nevertheless authorize the giving of notice.

## Section 54

### Notice notifications and service thereof

The lessor shall give notice on a lease agreement by delivering to the tenant a written notification stating the date of the lease termination and the grounds for it. A summons for eviction requesting termination of the lease shall also qualify as a notice notification.

The tenant shall give notice on a lease agreement by delivering a written notification to the lessor or the person charged by the lessor with collecting the rent, though not a financial institution. At the same time, the grounds for giving notice must be stated if specific grounds are required for giving notice under this or some other Act.

Notice shall be served verifiably. Notice shall also be considered properly served if current provisions on the service of summons have been observed in serving it.

If the identity of the tenant is unknown, notification of notice can be served to the tenant by publishing it in the Official Gazette and, in addition, delivering the notice notification to the apartment to which the lease applies. The notification shall be considered to have been served on the Gazette's publication date.

Any notice not given as provided in this section shall be ineffective.

## Section 55

### Giving notice on a fixed-term lease agreement

A court may permit the tenant or lessor to give notice on a fixed-term lease agreement on any of the special grounds referred to in paragraph 2 or 3 below.

The tenant may be permitted to give notice on the agreement if:

- 1) the tenant's need for an apartment comes to an end or is essentially altered by his or her illness or disability or the illness or disability of a member of his or her family living in the apartment; or
- 2) the tenant moves to another locality for reasons of study, employment, or his or her spouse's employment; or
- 3) if, for some comparable reason, the agreement's remaining in force until the agreed date would be patently unreasonable from the tenant's point of view.

The lessor may be permitted to give notice on the agreement if:

- 1) the lessor needs the apartment for his or her own use or for the use of a member of his or her family for reasons of which he or she could not have been aware at the time when the agreement was made; or
- 2) if, for some comparable reason, the agreement's remaining in force until the agreed date would be patently unreasonable from the lessor's point of view.

The party that did not give notice on the lease agreement shall be entitled to reasonable compensation for any loss incurred by said party as a result of premature termination of the agreement.

The other party to the lease agreement shall be provided with an opportunity to be heard in matters referred to in this section.

## Section 56

### Protection of a tenant against illegal notice on a non-fixed-term lease

The court shall, at the tenant's request, declare notice given by the lessor ineffective if:

- 1) the grounds for giving notice consist of revision of the rent or of a stipulation on determining the rent and the requested rent or stipulation on determining the rent would be considered unreasonable under section 30; or
- 2) the notice must be considered otherwise unreasonable in view of the tenant's circumstances and there is no justifiable reason for termination.

A suit for declaring notice ineffective shall be brought while the lease is in effect and no later than three months after the notice notification was received. During the court proceedings, the lease shall continue in force on its previous terms.

If the tenant's suit for declaring notice ineffective is sustained, the lease shall continue in force on its previous terms unless the court decides otherwise at the tenant's or lessor's request. If the court rejects the tenant's suit, it shall state in its decision the date on which the lease shall be terminated by the notice given and require the tenant to move out thereupon.

## Section 57

### Compensation for loss incurred through termination of a non-fixed-term lease

If a lease agreement is terminated by the lessor by giving notice which cannot be considered to conform with acceptable tenancy practice, the tenant shall be entitled to compensation from the lessor for the cost of removal and of acquiring a new apartment and for any repairs and alterations carried out by the tenant which have increased the rental value of the apartment, the compensation for said repairs or alterations being based on their current value at the time of termination of the lease, provided that under this Act the tenant had the right to perform said work and has not previously received compensation for it. Furthermore, the tenant shall be entitled to a sum equivalent to no more than three months' rent as compensation for the inconvenience caused by removal.

If it has been agreed that the tenant shall be responsible for the upkeep or maintenance of the apartment, the tenant shall be entitled to compensation from the lessor, after the lessor has given notice on the agreement, for any repairs or alterations carried out by the tenant that have increased the rental value of the apartment. In determining said compensation, the current value of the repairs or alterations at the time of termination of the lease and any separate compensation or rent reduction already received by the tenant shall be taken into account.

## Section 58

### Compensation for repairs and alterations at the termination of a fixed-term agreement

If the tenant notifies the lessor no less than three months before termination of a fixed-term agreement that the tenant wishes to extend the lease, but the lessor refuses without grounds considered acceptable under tenancy, the tenant shall be entitled to compensation for any repairs or alterations carried out by the tenant that have increased the value of the apartment, said compensation being based on the current value of the repairs or alterations at the time of termination of the lease, provided that under this Act the tenant had the right to perform said work and has not previously received compensation for it.

## Section 59

### Forfeiture of protection against notice or right to compensation

If the tenant neglects his, her or its duties as a tenant following the giving of notice or after having made the notification referred to in section 58, the tenant shall forfeit the

claim to having said notice declared ineffective and the right to compensation for termination of the lease by notice. The tenant shall not, however, forfeit said right if the negligence was minor.

#### Section 60

##### Prohibited stipulations on protection against illegal notice and compensation, and contractual compensation

Any stipulation restricting the tenant's right to protection against illegal notice or compensation under sections 56-58 shall be null and void. If the lease is terminated as provided in this chapter, the lessor shall be liable to pay compensation to the tenant only as stipulated by agreement.

### **CHAPTER 8**

#### **Rescission and lapse of lease agreements**

##### Section 61

##### Lessor's right to rescind the lease agreement

The lessor shall have the right to rescind the lease agreement:

- 1) if the tenant neglects to pay the rent within the time prescribed by law or agreed on;
- 2) if the leasehold is transferred or the apartment or part of it is otherwise assigned for another person's use, contrary to the provisions of this Act;
- 3) if the apartment is used for any other purpose or in any other manner than that provided when the lease agreement was made;
- 4) if the tenant creates a disturbance with his or her way of life or allows others to do so in the apartment;
- 5) if the tenant fails to take good care of the apartment; or 6) if the tenant violates provisions or regulations for the maintenance of public health and order in the apartment.

Grounds for rescission of a lease agreement related to the apartment's use shall also apply, as appropriate, to the shared-access facilities and equipment located on the property or in the building and available to the tenant by virtue of the lease.

If the actions giving rise to the grounds for rescission are of minor significance, however, the right to rescind the lease agreement shall not exist.

The lessor shall state the grounds for rescission within a reasonable time after they

have come to his, her or its notice. The lessor shall not, however, forfeit the right to rescission for as long as the actions referred to in paragraph 1, subparagraph 1 or subparagraphs 4-6, continue.

Sections 8, 38, 40 and 49 contain further provisions on the lessor's right to rescind the lease agreement.

## Section 62

### Caution regarding intention to use the right of rescission

The lessor shall not rescind the lease agreement on grounds referred to in section 61, paragraph 1, subparagraphs 3-6, if he has not issued the tenant with a written caution. The caution shall be served in accordance with the provisions of section 54, paragraphs 3-5, on the service of a notice notification.

If, upon receiving the caution, the tenant promptly fulfils the tenant's obligations or the matter is otherwise corrected, the lessor shall not be entitled to rescind the lease agreement.

No caution shall be necessary, however, if the tenant has repeatedly acted in a manner giving rise to grounds for rescission and has already been cautioned about such actions or if the tenant has acted in a particularly reprehensible manner in one of the cases referred to in section 61, paragraph 1, subparagraph 4 or 6.

## Section 63

### Tenant's right to rescind the lease agreement

The tenant shall have the right to rescind the lease agreement immediately if the health of the tenant, a member of the tenant's household or a person in the tenant's service is manifestly endangered by use of the apartment for the purpose specified in the agreement.

The tenant shall have the right to rescind the lease agreement within one month of having forfeited possession of the apartment or part thereof if this is of major significance to the tenant.

Sections 8, 16, 20, 21 and 42 contain further provisions on the tenant's right to rescind the lease agreement.

## Section 64

### Compensation for loss arising from rescission

The lessor shall be entitled to compensation from the tenant for any loss caused to the lessor by rescission of the lease agreement under section 61, paragraph 1.

The tenant shall be entitled to compensation from the lessor for any loss caused to the tenant by rescission of the lease agreement under section 63, paragraphs 1 and 2, if rescission was due to a reason which must be considered the lessor's fault, negligence or other carelessness. Sections 23 and 43 contain further provisions on the tenant's right to compensation for any loss caused by rescission of the lease agreement.

## Section 65

### Prohibited stipulations on rescission

Any stipulation under which the lessor can rescind the lease agreement on any grounds other than those laid down in this Act shall be null and void.

It may be agreed that the tenant shall have the right to rescind the lease agreement on other grounds, besides those laid down in this Act.

Any stipulation under which the tenant is liable to pay rent for any period following rescission of the lease shall be null and void.

## Section 66

### Notice of rescission

Any lessor or tenant who wishes to invoke his, her or its right to rescind the lease agreement as prescribed in this Act shall provide written notice of rescission. This must contain the grounds for rescission and the date of termination of the lease, if he wishes to terminate the lease other than immediately upon the service of notice of rescission. A summons requesting rescission of the lease shall also qualify as a notice of rescission.

A notice of rescission shall be served verifiably. If the current provisions on the service of summons have been observed, the notice of rescission shall also be considered duly served.

## Section 67

### Lapse of the lease agreement

If an apartment is destroyed or the authorities prohibit its use for the purpose specified in the lease, the agreement shall lapse. If this is due to reasons which must be considered the lessor's fault, negligence or other carelessness, the tenant shall be entitled to compensation for the tenant's loss.

If the lease agreement lapses before the tenant is entitled to take possession of the apartment and the lessor, having received notification of the grounds for lapse, fails to notify the tenant thereof without delay, the tenant shall be entitled to compensation for any loss that the tenant incurs as a result of the lessor's course of action.

## **CHAPTER 9**

### **Removal**

#### **Section 68**

##### **Removal date after termination**

The removal date shall be the next working day following the lease's date of termination. The tenant shall vacate half of the apartment for the lessor's use on the removal date and shall surrender the entire apartment to the lessor on the following day.

#### **Section 69**

##### **Deferral of the removal date**

The removal date stated in a fixed-term lease cannot be deferred.

If a tenant with a non-fixed-term lease encounters substantial difficulty in obtaining another dwelling by the removal date, the court can, at the tenant's request, defer the removal date by up to one year. Deferral of the removal date can be restricted to apply to only part of the apartment.

The removal date shall not be deferred if this causes the lessor or some other person substantial inconvenience or loss. Nor shall the removal date be deferred if the lessor has given notice pursuant to section 39, or if the lessor has the right to rescind the lease agreement under paragraph 1 or 2 of section 61, or if the tenant himself, herself or itself has given notice or rescinded the agreement.

Any stipulation restricting the tenant's right to request deferral of the removal date shall be null and void.

The tenant's right to request deferral of the removal date shall not apply to a residential apartment leased for leisure use.

## Section 70

Court Request for deferral of the removal date proceedings concerning deferral of the removal date shall be instituted no later than one month before said date.

The lease shall remain in force on the previous terms for the duration of court proceedings concerning deferral of the removal date. If the tenant's request for deferral is rejected and the removal date referred to in section 68 has passed, the court must require the tenant to move out immediately.

If the tenant has instituted proceedings to have notice served by the lessor declared ineffective, the tenant may at the same time request deferral of the removal date.

## Section 71

### Effect on the lease of deferral of the removal date

If the removal date has been deferred, the lease shall remain in force on the previous terms no longer than up to the removal date ordered by the court, and it shall be terminated without notice. When deferring the removal date, the court must require the tenant to move out when the lease is terminated.

## **CHAPTER 10**

### **Secondary leasing of a residential apartment**

## Section 72

### Secondary leases and primary leases

A secondary lease means a lease which arises when the party (primary tenant) who has rented a residential apartment from the lessor leases the apartment again, under the lease agreement for the apartment or by the lessor's express consent, to one or several other tenants (secondary tenant). A primary lease means the lease between the lessor and the primary tenant.

If there is more than one secondary tenant and each secondary tenant's right to use the apartment is restricted to part of the apartment, only sections 72-75, 78 and 79 of this chapter shall apply.

The provisions on tenancy in this Act shall apply to secondary leases and primary leases unless otherwise provided by this chapter.

Any stipulation in the lease agreement by which the secondary tenant's rights under this chapter are restricted shall be null and void.

### Section 73

#### Notification duty in secondary leases

The primary tenant shall inform the secondary tenant of the primary tenant's lessor and of the terms of the primary lease, and inform the lessor of the secondary lease and the secondary tenant.

If the lessor or the primary tenant rescinds the lease agreement or gives notice or makes another notification pertaining to the lease, the lessor or the primary tenant shall immediately notify the party to the primary lease or the secondary lease to whom the notice, rescission or notification does not apply.

### Section 74

#### Right to rescind a secondary lease

If the primary tenant has the right to rescind the secondary lease, the lessor shall be entitled to invoke the same right in order to rescind the secondary lease unless rescission is based on the secondary tenant's failure to remit the rent within the prescribed or agreed time.

### Section 75

#### Ineffectiveness of notice

If the lessor wishes to give notice on the primary lease agreement, he shall serve the notice notification to both the primary tenant and the secondary tenant. Either tenant shall have the right to apply for notice to be declared ineffective or for compensation for loss as provided in sections 56 and 57. The court shall also provide the primary tenant or secondary tenant who has not applied for the notice to be declared ineffective with an opportunity to be heard in the matter.

### Section 76

#### Secondary tenant's right to extend the lease

Without prejudice to the lessor's right to rescind a secondary lease, the secondary tenant shall have the right to extend the lease for the apartment in the secondary tenant's possession if the primary lease is terminated for one of the following reasons while the secondary lease is in effect:

- 1) the parties to the primary lease have agreed on termination of the primary lease;
- 2) the primary tenant has given notice or rescinded the primary lease;
- 3) the lessor has rescinded the primary lease on the grounds of non-payment of rent or failure to put up the agreed security or the fact that the tenant has filed for bankruptcy; or
- 4) proceedings have been instituted to dissolve or liquidate the legal person that is the primary tenant.

## Section 77

### Terms of extension of the lease

A secondary tenant who wishes to invoke the right to extend the residential lease shall notify the lessor thereof in writing no later than one month after the secondary tenant has received notification of the grounds for termination of the primary lease and of the terms of the primary lease. The notification shall be served to the lessor in the manner laid down in section 54, paragraph 3. The leases shall not be terminated before the deadline referred to above.

If the lessor wishes to contest the extension of the lease, he, she or it shall submit the grounds therefor for the consideration of a court within one month of having received the extension notification. The lease shall remain in effect on the terms of the primary lease for the duration of the court proceedings. Notwithstanding, any stipulation in the primary lease under which the apartment must be leased again or made available to an employee as housing provided as an emolument shall not apply.

If the court sustains the lessor's suit contesting extension of the lease, it shall state in its decision the date on which the secondary tenant's right of occupancy shall end and require the secondary tenant to move out of the apartment.

If the secondary tenant is permitted to extend the lease on the apartment, the provisions of this Act shall apply to the lease, and its terms shall otherwise be identical with those in the primary lease agreement. Notwithstanding, any stipulation in the primary lease agreement under which the apartment must be leased again or made available to an employee as housing provided as an emolument shall not apply. If the secondary lease agreement was for a fixed term, the secondary tenant's right to extend the lease for the apartment shall continue no longer than until the expiry of this term.

## Section 78

### Termination of a secondary lease following termination of a primary lease

In any case other than those referred to in sections 76 and 77, the secondary lease

shall be terminated at the same time as the primary lease, without notice.

## Section 79

### Apartment rented by an employer as an emolument

If a lessor has leased out a residential apartment to an employer, giving the employer, in the lease agreement or otherwise, written or oral permission to use the apartment as housing provided to employees as an emolument, the provisions of this chapter on primary leases shall apply between the lessor and the employer and the provisions on secondary leases shall apply between the employer and the employee. Moreover, the provisions of this chapter on lessors and secondary tenants shall apply between the lessor and the employee.

## **CHAPTER 11**

### **Subleasing of a residential apartment**

## Section 80

### Subleases

A sublease arises when a tenant assigns part of an apartment rented by the tenant or a person other than the tenant assigns part of an apartment in his, her or its possession to another person's use for a consideration. The parties to a sublease are the sublessor and the subtenant.

The provisions on tenancy laid down elsewhere in this Act shall apply to subleases unless otherwise provided in this chapter. Notwithstanding, the provisions of sections 17 and 18 on assignment of an apartment and the provisions of sections 56-60 on the tenant's protection against notice and compensation for loss shall not apply to subleases.

## Section 81

### Notification duty in subleases

The sublessor shall notify the subtenant of the grounds for the sublessor's leasehold or other right to use the apartment and for the sublessor's right to lease out part of the apartment.

## Section 82

### Subleasing of a single-family house

The provisions on subleases shall also apply to a lease agreement for one of two residential apartments in a single-family house if the owner of the house or a person who has rented the whole house or otherwise has possession thereof lives in the other apartment. The subtenant may use the apartment as a joint home with his or her spouse, the children of the family, his or her near relative or a near relative of his or her spouse. If the subtenant is entitled to lease out the entire apartment rented by him or her, the provisions on subleases, rather than those on secondary leases, shall apply to this lease.

## Section 83

### Sublease notice period and removal date

If the sublessor gives notice on a sublease, the notice period shall be three months if the sublease has lasted without interruption for at least one year immediately preceding the giving of notice, and otherwise one month (sublessor's notice period). If the subtenant gives notice on a sublease, the notice period shall be 14 days (subtenant's notice period). Notwithstanding, if it has been agreed in the sub-lease agreement that the sublease shall be terminated without notice at a specified date, this shall be observed.

The subtenant shall move out no later than the next working day following termination of the sublease. If the subtenant uses the apartment as his or her family home or if he or she is aged or seriously ill, the removal date can be deferred as laid down in sections 69 and 70 above, though by no more than six months. In this event, any suit concerning deferral of the removal date shall be brought in court no later than 14 days before the removal date.

Any stipulation reducing the notice period of the sublessor or extending the notice period of the subtenant shall be null and void.

## Section 84

### Compensation for loss arising from termination of a sublease

If the sublessor has given notice on a sublease agreement without grounds considered acceptable under subtenancy, the subtenant shall be entitled to reasonable compensation from the sublessor for the cost of removal and of acquiring a new rental dwelling, and to a sum corresponding to up to three

months' rent as compensation for the inconvenience caused to the subtenant by the change of apartment.

Any stipulation restricting the subtenant's right to compensation for any loss due to termination of a sublease shall be null and void.

#### Section 85

##### Termination of a sublease as a result of termination of the sublessor's right of possession

A sublease is terminated without notice at the same time as the sublessor's leasehold or other right to use the apartment.

The sublessor shall notify the subtenant without delay of the date on which the sublessor's leasehold or other right to use the apartment and the sublease expire. If the lessor neglects said notification, the subtenant shall be entitled to reason-able compensation from the sublessor for the subtenant's removal costs unless the sublessor can prove that the sub-tenant was otherwise aware of the termination of the sublessor's right.

### **CHAPTER 12**

#### **Employment-related dwellings**

##### Section 86

##### Provisions to be applied to employment-related dwellings

An employment-related dwelling means a residential apartment leased on the basis of an employment relationship or civil service relationship and on which the employer has the right to decide in the capacity of lessor, on the basis of its membership or share in a corporation, or through a foundation or similar body established by it.

The provisions on tenancy laid down elsewhere in this Act shall apply to leases for employment-related dwellings, unless otherwise provided in this chapter. Notwithstanding, if the employment-related housing is rented by sublease, this chapter shall apply only if not otherwise laid down in the provisions on subleasing.

Any stipulation of a lease agreement for an employment-related dwelling restricting the rights of the tenant or the tenant's family under this chapter shall be null and void.

### Section 87

#### Transfer and assignment of a leasehold

The tenant shall not transfer his or her leasehold or other-wise assign an employment-related dwelling without the lessor's permission. The tenant may, however, use the apartment as a joint home with his or her spouse, the children of the family, his or her near relative and the near relative of his or her spouse without the lessor's permission, unless this causes substantial inconvenience to the lessor.

### Section 88

#### Extension of the lease

The provisions of sections 45-48 on the extension of leases shall apply to leases for employment-related dwellings only if the party desiring extension has an employment relationship or civil service relationship with the employer.

### Section 89

#### Amount of the rent charged after termination of an employment or civil service relationship

Unless otherwise agreed and if the tenant continues to occupy an employment-related dwelling after termination of the employment relationship or civil service relationship, the lessor may increase the rent, at most, to the maximum reasonable housing costs per square metre in the area, as determined under the Housing Allowances Act (408/75).

If the lessor wishes to increase the rent under paragraph 1 above, the lessor shall notify the tenant in writing of the increase, the new rent and the date of the increase, which shall be no sooner than the beginning of the rent payment period following the notification.

The provisions of chapter 3 on the amount of the rent shall also apply to rent increased in the manner referred to in this section.

### Section 90

#### Tenant's right to give notice

Irrespective of what has been laid down or agreed on the duration of a lease or the commencement of the notice period, the tenant shall have the right to give 14 days' notice on a lease for an employment-related dwelling or, without observing the notice period, to terminate it at the same time as the employment or civil service relationship.

## Section 91

### Lessor's right to give notice

Irrespective of what has been laid down or agreed on the duration of a lease or the commencement of the notice period, the lessor shall have the right to give notice on a lease for an employment-related dwelling on the grounds of termination of the employment or civil service relationship once notice has been given on said relationship or it has been rescinded or its termination has been otherwise decided. Notice on the lease agreement shall not be given on these grounds before termination of the employment or civil service relationship, and notice on a fixed-term lease agreement cannot in any case be given on these grounds after a year has passed from termination of the employment or civil service relationship.

## Section 92

### Lessor's notice period

If the lessor gives notice on a lease for an employment-related dwelling, the notice period shall be six months irrespective of the duration of the lease if the employment or civil service relationship on the basis of which an employment-related dwelling was leased has lasted at least one year, and otherwise three months, unless otherwise provided below or elsewhere in the law.

If the employer has rescinded an employment contract on grounds other than the employee's illness or if the employee himself or herself has given notice on the employment contract or rescinded the contract without observing the notice period and without any of the reasons referred to in section 43 of the Employment Contracts Act (320/70), and the lessor gives notice on the lease agreement for an employment-related dwelling on the grounds of termination of the employment relationship, the notice period shall be three months if the employment relationship has lasted for at least one year, and otherwise one month.

If the employment agreed on required occupancy of a designated property or apartment and this was specified in writing in the employment contract or lease agreement, the employer's notice period on a lease for an employment-related dwelling on the grounds of termination of the employment or civil service relationship shall be one month, irrespective of the duration of said relationship.

If the lessor gives notice on the lease agreement for an employment-related dwelling on the grounds of termination of the employment or civil service relationship while said relationship is still in effect, the notice period shall begin to run on the last day of the calendar month during which the notice period on the employment contract or civil service relationship begins to run or during which the employment or civil service relationship is terminated without notice, unless otherwise provided elsewhere in the law. At all events, the minimum notice period shall be one month calculated from the date on which notice was given on the lease agreement, unless otherwise provided elsewhere in the law.

### Section 93

#### Prohibited stipulations on the notice period

Any stipulation reducing the notice period of the lessor of an employment-related dwelling shall be null and void. Notwithstanding, if notice is given on the lease agreement on the grounds of the employment relationship having been terminated by giving notice, it may be agreed that the lessor shall be entitled to give notice on the lease agreement for an employment-related dwelling by observing the notice period that an employer must observe when giving notice on the tenant's employment relationship. In this event, it may be agreed that the notice period on the lease agreement shall begin on the same date as the notice period on the employment relationship. Even then, the minimum notice period shall be one month calculated from the date on which notice was given on the lease agreement, unless otherwise provided elsewhere in the law.

### Section 94

#### Providing an alternative dwelling

If weighty reasons so require, the lessor may provide another suitable dwelling for the tenant's use for the time by which the validity of a lease for an employment-related dwelling on which the lessor has given notice exceeds that of the employment or civil service relationship. Any removal costs resulting from this shall be borne by the lessor.

### Section 95

#### Deferral of the date of removal

If the lessor has given notice on the lease agreement for an employment-related dwelling on the grounds of termination of the employment or civil service relationship, the removal date can be deferred, subject to the provisions laid down in sections 69 and 70, only if the employment or civil service relationship is terminated on grounds of the tenant's illness, disability or retirement on an old-age pension. Any suit concerning deferral of the removal date shall be brought in court no later than 14

days before the removal date. The removal date shall not be deferred, however, if the employment-related dwelling is of the kind referred to in section 92, paragraph 3.

## **CHAPTER 13**

### **Provisions on entry into force**

#### **Section 96**

##### **Entry into force**

This Act comes into force on May 1, 1995.

This Act repeals the Tenancy Act (653/87) of July 10, 1987 and its later amendments.

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

#### **Section 97**

##### **Lease agreements made before the Act's entry into force**

This Act shall also apply to residential apartment lease agreements made before its entry into force, unless otherwise provided below.

Chapter 10 of this Act shall not apply to residential apartment lease agreements made before this Act's entry into force, to which the provisions on the leasing again of a residential apartment were not applied under the Tenancy Act.

Section 58 of this Act shall apply to a lease agreement made before this Act's entry into force and due to be terminated without notice on a specified date only if said lease agreement is of the kind referred to in section 129, paragraph 1 or 2, of the Tenancy Act.

Section 92, paragraph 3, of this Act shall apply to any lease for an employment-related dwelling concluded before December 1, 1987 if the employment requires occupancy of a designated property or apartment, even if the stipulation referred to in said paragraph has not been confirmed in writing.

Section 6, paragraph 2, of this Act shall apply to any residential lease agreement made on or after January 1, 1995 and before this Act's entry into force.

## Section 98

### Unexpired time limit, pending action and examination of grounds for notice

If the time limit for a notification or action under the Tenancy Act runs out after this Act comes into force, the expiry of the time limit and the effect of the notification or action shall be determined under the provisions of the Tenancy Act.

Any tenancy action pending at the time of this Act's entry into force shall be heard and decided in accordance with the provisions of the Tenancy Act.

Proceedings concerning the giving of notice on an agreement or the termination of a fixed-term agreement before this Act's entry into force can be instituted under chapter 12 of the Tenancy Act, when the case shall be decided in accordance with that Act.

## Section 99

### Revision of regulated rents

Unless the tenant and lessor in a lease other than the kind referred to in section 129, paragraph 1 or 2, of the Tenancy Act and based on an agreement made before this Act's entry into force have agreed otherwise concerning rent increases since this Act came into effect, the lessor may, when one year has passed after this Act's entry into force, increase the rent annually by an amount corresponding to the change in the consumer price index since the Act came into force by notifying the tenant in writing of the increase, the new rent and the date on which the increase takes effect. The earliest date on which the new rent may take effect shall be the date on which the following rent payment period begins.

The provisions of this section shall also apply to the rent referred to in section 27, paragraph 3, of this Act and charged in a lease based on an agreement made before this Act's entry into force, once the provisions of the Act on the Use, Assignment and Redemption of State-subsidized (ARAVA) Rental Dwellings and Buildings are no longer applied to the amount of the rent

## Section 100

### Council of State recommendations on revision of rents

The Council of State shall issue recommendations on revision of the rents referred to in section 99 after hearing the Rents Division of the Housing Council. This shall be done during three calendar years after this Act's entry into force.

