

Fair rental practices

| 2018



Contents

| | |
|--|----|
| Fair rental practices | 3 |
| Openness and interaction | 4 |
| Fair communications in a tenant relationship | 4 |
| Signing of a lease agreement | 5 |
| Agreement on rent increases and raising the rent in privately financed leases | 8 |
| Rent and rent changes in ARA leases | 10 |
| Collateral security | 10 |
| Condition and upkeep of the premises | 12 |
| Defects of the premises and reduction in rent | 12 |
| Renovations performed by the lessor | 14 |
| Renovations performed by the housing company | 15 |
| Renovations performed by the tenant | 15 |
| Comprehensive home insurance | 16 |
| Keys | 16 |
| Visits to the apartment | 17 |
| Giving notice on a lease agreement | 18 |
| Premature termination of a fixed term lease | 19 |
| Termination of a lease | 19 |
| What constitutes a disruptive way of life? | 21 |
| Normal wear and tear and final cleaning | 21 |
| Move-out day | 22 |

Fair rental practices

The mutual trust between the contracting parties to a residential lease is particularly important in residential lease agreements. The lessor rents their apartment for the use of another person to be used as a home. Leases are long-term in nature and may include unexpected changes, which increases the importance of loyalty and openness between the parties to the contract.

AS A GENERAL RULE, the tenant and the lessor may agree on the terms of the lease agreement. However, legislation imposes certain rights and responsibilities on the lessor and tenant which the parties cannot change by agreement.

The purpose of fair rental practices is to assist in creating a problem-free and functional residential lease and its continuous management and appropriate termination. The organisations that have compiled the fair rental practices recommend that their guidelines be observed for residential leases, particularly when the parties have not agreed concerning situations that may emerge. However, if the parties have specified operating methods for the lease, these shall be observed in accordance with the agreement.

Residential leasing activities should be profitable for the lessor in the long run. The rent should cover the costs incurred by the lessor and produce a return on the invested capital. At the same time, the tenant should receive an apartment that corresponds to what is agreed upon in exchange of the rent that they pay and a secure lease that meets their needs. Residential leasing differs from other investment business in that the investment object is the tenant's home.

Fair rental practices also include being a good neighbour within the residential community, and the building regulations and general guidelines regarding normal good behaviour should be taken into account. Fair rental practices also include that both parties in a tenant relationship contribute to the general comfort residential environment. The well-being of the residential community is based on residents being interested in common issues and taking other residents into consideration. In a pleasant residential environment, a resident understands their responsibility when using common facilities and yard areas.

Functional residential markets need a sufficient supply of housing. A sufficient supply of rental apartments is important for social development and employment.

Openness and interaction

RENTING OPERATES according to the rules of fair play, and the procedures take the views of both contracting parties into consideration. Any special terms (such as a smoking ban, responsibility for maintenance, separate reimbursements or the temporary nature of the contractual relationship) must be clearly indicated in the rental advertisement or when the apartment is offered. From the viewpoint of a tenant relationship, important aspects include taking the apartment for private use, selling it or the intended use of the occupancy. Fair rental practices involve notifying the tenant, for example, of any renovations decided upon in the housing company that the lessor is aware of and that may affect the use of the apartment. Notification of any renovations other than those planned by the lessor must be provided as soon as the lessor learns of them.

The operational environment of the rental market has changed, which is reflected, for example, in the fact that people increasingly rent apartments without first viewing them. Under such circumstances, the significance of the material available on the Internet is highlighted. The photos of an apartment must match the current condition of the apartment, and care must be taken to ensure their accuracy of other material.

Contact between the contracting parties is an important factor in lease management. To facilitate their interaction, the parties shall ensure that their contact information remains up to date throughout the lease period.

Fair rental practices include that the tenant notifies the lessor of the people living in the apartment.

The tenant's main obligation is to pay the agreed rent in full on the due date, at the latest. Fair rental practices oblige the tenant to inform the lessor of any rent payment difficulties immediately.

Fair communications in a tenant relationship

ON THE PART OF THE LESSOR, fair communication in a tenant relationship begins already when the lessor publishes a rental advertisement. This includes a clear notice of the features of the apartment and the key terms of the residential lease agreement. Similarly, the tenant, in their application, must provide sufficient information on the apartment applied for and the applicant.

Good communications entail that the negotiations between the contractual partners held during the rental process and during the tenant relationship use an agreed communication channel in order to ensure that matters can progress smoothly.



THE LEASE AGREEMENT is the most important document in a tenant relationship. The tenant should carefully familiarise themselves with its content and terms before signing it, and seek advice, if necessary. A clearly-worded agreement, of the terms of which the partners have a converging opinion, lays a foundation for a good tenant relationship.

Notifications on visits to apartment constitute part of communications. In particular, if the lessor is planning to sell the apartment, they should notify the tenant of their plans to sell the apartment and notify the tenant of a contact by the housing agent they are possibly using. Similarly, if the apartment is relet, it would be advisable to the lessor to notify the tenant of any contact by the housing agent in advance on the hire.

As a general rule, notices on the tenant relationship may be delivered to either spouse, irrespective of whether one or both of them have signed the lease agreement. If the spouses are moving to separate addresses, the notices should be delivered to both spouses separately. With respect to cohabiters, notices must always be delivered to both parties.

A notice delivered in electronic format is regarded as being made in writing, provided that its content cannot be unilaterally

changed and if it can be stored. However, in a situation where a notice is given on a lease agreement or the agreement is terminated, verifiability requires that the counterparty acknowledges that they have received the notice.

Signing of a lease agreement

FAIR RENTAL PRACTICES require that a lease agreement to always be made in writing. A lease agreement drafted in electronic format is also regarded as being a written agreement. Several templates for lease agreements are available. A template for the lease agreement should be selected carefully as, for example, while a range of templates and forms are available on the Internet, not all of them comply with the statutory regulations and fair rental practices. The agreement must be written in a clear and unequivocal manner. It is of importance that both partners familiarise themselves with the lease agreement and its terms before they sign it and, if necessary, request clarifying information.

A lease agreement must list all appendices that will be made part of the agreement, such as a condition inspection form. If the lease agreement includes appendices, they may not conflict with the lease agreement or the Act on Residential Leases (481/1995).

When signing an agreement, both parties must reliably verify their personality. The lessor must substantiate their right for the apartment to be let. Under the Credit Information Act, the lessor has the right to check the tenant's credit information.

It is in the interest of both parties that they, upon signing a lease agreement and at its termination, check the condition of the apartment and any other premises related to its possession. In the condition inspection report, any observations on the condition of the apartment are entered with sufficient accuracy, with, for example, photos taken.

If the terms of the tenant relationship need to be changed through a joint agreement, any changes must be made in writing, for example, in a separate appendix.

For lease agreements covering shared flats, three options are typically available:

| A single agreement involving joint liability | All tenants having their own agreements | Subletting model |
|---|--|---|
| <i>With regard to tenants sharing an apartment, a single agreement can be signed, under which all the tenants assume joint liability for the rent and the other responsibilities of the tenant relationship, the agreement can be terminated only jointly, and only one collateral security is associated with the agreement.</i> | <i>Another method is to draft separate agreements for all tenants, which can be separately agreed and terminated and which are associated with separate collaterals.</i> | <i>The third method is the model based on subtenancy, under which one of the tenants takes on the role of the principal tenant and signs contracts with the people sharing the apartment with them.</i> |

Normal rule of tenancy are applied to the relationship of the principal tenant and the lessor. To the relationship between the principal tenant and a subtenant, legislation on subtenancy is applied, including shorter periods of notice. Under the subtenancy model, the principal tenant has the possibility to request collateral securities of their subtenants, which ensures rental payment and careful upkeep of the apartment.

Checklist

| | A single agreement involving joint liability | Separate agreements | Principal tenants and subtenants |
|---|---|--|---|
| Responsibility for the rent | <i>Joint liability</i> | <i>Each is responsible for their own share only</i> | <i>The principal tenant is responsible for the lessor. The subtenant is responsible for the principal tenant</i> |
| Responsibility for the careful upkeep of the apartment | <i>Joint liability</i> | <i>Each is responsible for only for their own share, except for the common premises.</i> | <i>The principal tenant is responsible for everything. Shared responsibility with the subtenant for the common and sublet premises.</i> |
| Collateral security | <i>Joint collateral security</i> | <i>Separate collateral securities</i> | <i>The principal tenant provides collateral security to the lessor, and the subtenant to the principal tenant.</i> |
| Giving notice on a lease | <i>As a whole. Regarding one tenant, only with the consent of the lessor and the other tenants.</i> | <i>Separately. Consent from the others is not required</i> | <i>Once the agreement of the principal tenant ends, also subtenancy ends.</i> |
| Transfer of the lease | <i>With the consent of the lessor and the other tenants.</i> | <i>With the consent of the lessor</i> | <i>The principal tenant with the consent of the lessor. The subtenant with the consent of the principal tenant.</i> |



The tenant has the right to use the apartment with their spouse and the children in their family. Provided that the use causes no damage, the tenant has the right to use the apartment for the accommodation of their close relatives and of the close relatives of their spouse. The tenant may also sublet, or

otherwise surrender, at most half the apartment to another party, provided that this causes no inconvenience. If the tenant sublets or otherwise surrenders more than half the apartment, they will need consent from the lessor. The subletting of less than half of an apartment cannot be prohibited by contract.

Short-term home accommodation is comparable to living in the apartment. In this guideline, home accommodation refers to temporary accommodation such as a bed, a room or an apartment, which a private person may occasionally offer to visitors against a payment (for example, a private person may provide accommodation at their home for visitors during a summer event). If a tenant surrenders more than half of their apartment for home accommodation, they must obtain the consent of the lessor. For example, the surrendering of an entire apartment for a weekend is prohibited without the consent of the lessor. If less than half of the apartment is surrendered for home accommodation, no consent is required. Even then, the loyalties of the contractual parties require a discussion be held on the principles of home accommodation and on any restrictions set for home accommodation on the premises in question.

If the right to use of the apartment is surrendered without a required consent, and if the offence is material, the lessor has the right to terminate the lease agreement. For example, the provision of short-term accommodation a few times over the course of a year does probably not meet the requirements set for terminating an agreement.

Agreement on rent increases and raising the rent in privately financed leases

THE RENT IS DETERMINED according to what has been agreed between the lessor and the tenant.

Rent increase based on agreement

According to the law, rent and compensation based on use can be increased on the basis of the agreement only if an applicable provision has been included in the lease agreement. This means that the grounds for increase and the date on which the increase is to take effect must be recorded in the agreement.

In rent increase provisions where only the lessor is able to calculate the rent increase amount, the tenant must, according to the law, always be informed in writing of the new rent and the date it takes effect. The lessor should notify the tenant of such an increase in good time, for example, one month prior to the effective date.

It is also recommended that the lessor informs the tenant of the increase when the rent increase provision of the agreement indicates the exact effective date and the precise basis for calculation.

Increase in the level of the rent

If rent under a privately financed lease agreement has to be increased in a manner other than that outlined in the agreement, negotiations must be initiated at least six months prior to the intended increase. The increase must be reasonable, and the higher rent should correspond to the rental value of the apartment. Increases may not



exceed 15% per year, except in situations where extensive renovations are being made to improve the property and the rental value of the apartment. If negotiations between the parties lead to agreement on a rent increase, it is advisable to make an agreement in writing. At the same time, the grounds, date, and amount of annual rent increases to be made after the initial increase should be agreed upon and recorded.

If negotiations regarding a rent increase do not lead to agreement, the lessor is legally entitled to give notice on the lease agreement which is in force until further notice. In conjunction with giving notice, it is advisable to inform the tenant of the rent level at which the agreement could continue. Simultaneously, the tenant should be informed of the deadline for accepting this change in rent in order to avoid termination of the lease.

Rent and rent changes in ARA leases

ACCORDING TO THE LAW, rent may not be freely determined or raised for (ARA rental apartments) the rent of which is determined on the basis of a cost rent. Determination of rent on the basis of original cost also refers to the fact that all building costs are covered by rental income. This means that if one tenant neglects their rent payment, the other tenants will have to pay it. For this reason, the lessor must intervene promptly in cases of neglected rent payments.

In an ARA lease agreement, the lessor must inform the tenant of rent increases in writing. The notification must indicate the grounds for the increase and the new rent amount. At the earliest, the increase in rent shall take effect two months after the lessor's notification. If the parties have agreed on separately invoiced benefits (compensation based on use, such as a water fee), it is not necessary to inform the tenant of an increase that is based on greater consumption or a change in the number of people living in the apartment.

Collateral security

OFTEN, UNDER A LEASE AGREEMENT, a collateral security is agreed. Security provided by the tenant ensures payment of rent, proper care of the apartment, and other responsibilities related to the lease. For reasons of clarity, it is advisable to indicate in the lease agreement that security is provided to ensure the fulfilment of all the obligations associated with the agreement. To this end, a date should be agreed for the submittal of the security before the tenant possession of the apartment, The lessor must hold the security carefully and keep it separate from the security-holder's other property for the duration of the lease period. Interest on monetary security shall be agreed upon at the start of the lease period. Irrespective of if the collateral security was transferred in a situation which involved a change in ownership, each lessor is always responsible for returning the security agreed in the lease agreement to the tenant.

Under the law, the maximum collateral security set by the tenant and/or the lessor may amount to three months of rent. According to a preliminary ruling by the Supreme Court of Finland (KKO: 2017:91), the maximum amount of a collateral security, as stipulated by the law, does not limit the security placed by a third party.

Legislation also provides for the lessor to place a collateral security.

If there is no justification for using the security deposit, it shall be returned in full without delay as soon as the lease has ended. This requires that the apartment and related premises have been cleaned, the keys handed over, and, if necessary, the condition of the apartment inspected, unless otherwise agreed.

If the lessor is justified in withholding some part of the security, the difference must be returned to the tenant without delay. The tenant must be notified of the withholding of security and reasons for it in writing, at the address indicated by the tenant. The tenant must



also receive a written list of the costs incurred. Based on an assessment, a collateral security can be withheld without being subject to a penalty interest, provided the lessor acts rapidly in clarifying the real cost.

From the collateral security, only such reasonable costs can be withheld that the lessor has actually incurred on account neglect by the tenant. However, the tenant is not to be held responsible for small scrapes, dents or other similar repair costs attributable to normal wear and tear, which have been addressed in detail in guideline “The Normal Wear and Tear of an Apartment and its Cleaning”. The tenant has no right to fail to pay their last rents by referring to the collateral security.

Condition and upkeep of the premises

THE TENANT IS responsible for the condition and upkeep of the apartment. At the beginning of the tenant relationship, the lessor must hand over the apartment vacant and cleaned. At the beginning of the tenant relationship and during it, the apartment must be in a condition that the tenant may reasonably require with regard to the age of the apartment, the general apartment stock in the area and other local condition. The tenant is not to



held be responsible for normal wear and tear, attributable to the normal use and furnishing of the premises. At the termination of the tenant relationship, the tenant is to hand over the apartment vacated and cleaned and in the same conditions as it was in the beginning of the tenant relationship, excluding normal wear and tear. However, the issues addressed in this Section

can also be agreed upon otherwise. The tenant is obligated to take good care of the leased premises and any equipment and furniture in the them, and carefully follow their instructions for use and maintenance.

The tenant is responsible for compensating the lessor for a damage that the tenant, either intentionally or through negligence or other carelessness, has inflicted on the apartment, The tenant is also responsible for compensating the lessor for a damage that a person staying in the apartment with the authorisation of the tenant, either intentionally, through negligence or carelessness, has inflicted on the apartment.

Defects of the premises and reduction in rent

THE TENANT MUST inform the lessor in writing of any defects detects of the apartment. If the failure or defect endangers the condition of the apartment or the premises, a novice must be immediately submitted. The tenant should acknowledge that they have received the noticed submitted by the tenant.

If the tenant detects a defect in their apartment that may lead to damage, they must take any necessary action to prevent the damage from happening.

This may refer to protective measures, a notification to an authority, a representative of the housing company, or the lessor. If the tenant neglects his/her obligation to notify or to take protective measures, they shall be held responsible for the damage to the extent in which the expansion of the damage can be attributed to their negligence.

Under the law, if the removal of the defect is the responsibility of the lessor, they are obligated to initiate repairs in a reasonable time. However, if the defect has a material significance for the use of the apartment, repairs must be initiated without delay. Repairs must be carried out with minimum disturbance for the tenant.

If the apartment is uninhabitable, the tenant must move out. The tenant is not obligated to pay rent for an apartment, unless the apartment and any associated storage premises are used for storing the tenant's personal property. Under such circumstances, the tenant is obligated to pay a rent known as storage rent. If the tenant has rendered the apartment uninhabitable through their own action, they are obligated to pay rent for the apartment. The uninhabitable condition of the apartment must be impartially assessed, irrespective of the tenant's personal circumstances.



A tenant in an apartment that is in deficient condition or only partially in use shall pay only partial or decreased rent for this period. According to the law, the tenant is always entitled to a reasonable rent reduction unless the tenant has caused the damage to the apartment. A right to reduction is established at a point in time when the lessor is notified of a defect or they have otherwise become aware of the defect. The amount is essentially affected by the amount and duration of the defect. The tenant is entitled to a rent reduction irrespective of if the repairing of the defect is the responsibility of the lessor or the housing company.

The lessor is not responsible for providing the tenant with substitute accommodation for the duration of the defect. If the lessor offers substitute accommodation, the tenant may choose if they take accommodation on the premises appointed by the lessor. If the tenant takes accommodation at the substitute premises, they are to pay an agreed rent for it.

The tenant is entitled to a rent reduction irrespective of if the repairing of the defect is the responsibility of the lessor or the housing company. Instead, a right to damages comes into existence only if the lessor has intentionally, through negligence or carelessness caused damage.

Renovations performed by the lessor

THE AIM OF RENOVATIONS is to improve the quality and safety of living. According to the law, the lessor is entitled to perform repair and alteration work in a rented apartment. The lessor must inform the tenant of the planned renovations in writing and observe the legal or agreed dates.

By law, urgent repair and alteration work can be performed immediately.



Repairs that do not cause significant inconvenience or disturbance to the leasehold can be performed upon 14 days' notice. According to the law, the tenant must be informed of more extensive repairs and improvements to the apartment at least six months prior to the start of the work. The notice must include the contact person, extent of the renovation,

starting date and estimated duration. When the lessor is a housing company it has the same obligation to notify the tenants as other lessors do.

For reasons of flexibility and planning, the notification should include, as far as possible, a proposal regarding the rent discount during the renovation and an estimate of the intended rent after the renovation. If the tenant considers some part of the proposal to be unfair, they should contact the lessor in order to continue negotiations. If necessary, the proposal must be fine-tuned, if the scope or duration the renovation change substantially from what was assessed. The actual inconvenience caused by the renovation and the fair

final amount of reduction are generally only evident after the renovation is completed. Furthermore, the tenant may have a right to compensation for any damage caused through the carelessness of the party commissioning or performing the work.

When performing renovations, the lessor should ensure that they cause the tenant as little inconvenience as possible. In accordance with fair rental practices, the lessor shall, when providing notification of the renovation, attempt to advise the tenant on how to arrange, protect and place any property that may remain in the apartment and indicate how the post-renovation cleaning will be arranged on the part of the lessor as well as other practical measures.

Renovations performed by the housing company

NOTIFICATION TIMES laid down in the act on residential leases do not bind the housing company when a shareholder acts as a lessor. The lessor is obligated to inform the tenant of any renovations and associated substantial alterations to be performed by the housing company immediately after receiving such information. However, the tenant should also follow any communications issued by the housing company.

The housing company is obligated to inform the tenant in sufficient time of such maintenance work that will affect the use of the rental apartment.

Renovations performed by the tenant

ACCORDING TO THE LAW, the tenant is not entitled to perform alteration or repair work on rented premises without permission from the lessor. If the tenant makes alterations or performs reparations without the consent of the lessor, the tenant may incur liability for damages. For repairs and alterations requiring a permission from the housing company, such a permission must be sought from the company. The issue of seeking a permission must be agreed with the lessor.



If the tenant receives permission to do alteration, such as painting or wallpapering, the compensation paid for possible work and materials must be agreed upon in writing in advance. If an agreement on paying compensation is made, the date for the payment must be settled and, in particular, the way the alteration and repair work will be performed must be agreed upon. Such issues include the schedule, materials, performers, supervisors and the standard of quality. If the tenant has, with the permission of the lessor, performed alteration or repair work that increases the value of the apartment, the lessor shall pay compensation for this work as agreed with the tenant. If nothing has been agreed on in advance regarding compensation, the tenant may be entitled, at the termination of the tenant relationship, to reasonable compensation for alteration or repair work that significantly raises the value of the apartment.

The tenant is obliged to allow the lessor or a supervisor of the housing company to check the alternations or repairs on an agreed date.

Comprehensive home insurance

IT IS ALWAYS ADVISABLE for a tenant to purchase home insurance, regardless of whether the lessor requires it in the terms of agreement. Home insurance, including legal protection and liability insurance, purchased by a tenant should be considered part of the cost of living. A small increase in basic costs significantly improves the safety of living and usually covers the costs of damage to personal property and temporary housing for the resident in cases of accident.

The tenant should keep in mind that property insurance does not cover the tenant's personal property or the cost of residents' temporary housing.

Insurance or the lack of thereof do not change the responsibilities and liabilities of the parties. The liability may be larger or smaller than that stated in the insurance. Even if the insurance did not cover the cost, the person responsible for the damage may still be liable.

Keys

IN ACCORDANCE WITH FAIR RENTAL PRACTICES, the lessor must ensure the safety of the keys and locks for the rental apartment.

Keys are handed over after the tenant has signed for them. A sufficient number of keys must be provided in relation to the number of residents. Three keys per apartment or one key per resident plus one spare key can be considered a reasonable number.

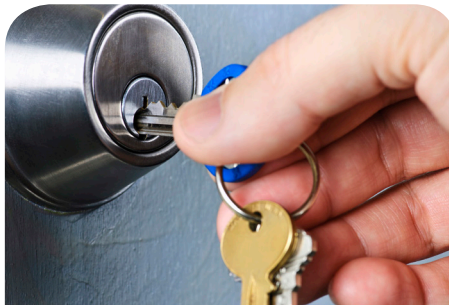
The tenant has the right to receive a reasonable number of additional keys at tenant's own expense. At the end of the lease, the tenant shall return the keys received and any additional keys made during the lease period.

For the duration of the lease period, the lessor and the tenant are responsible for the safekeeping of the keys. Information that identifies the apartment may not be kept on the keys or key chains. The lessor may also have keys to the apartment.

Visits to the apartment

THE LESSOR MUST respect the tenant's right to privacy. According to the law, the lessor is entitled to enter a rented apartment to check the condition of the premises at a time agreed on with the tenant. If the apartment is being rented again or sold, a showing to a tenant candidate must also be arranged for a time that is suitable for both parties. The tenant has the right to be present when the apartment is being presented. The tenant may not prevent or hinder entrance to the apartment without cause.

According to the law, visits to the apartment must always be agreed upon with the tenant. An example of an acceptable method is a visit notification that requests the tenant to contact the lessor if the proposed visit time is unsuitable. Such notices must always include the visitor's contact information, the reason for the visit, and its estimated duration. Such a notice must always be delivered to the apartment or electronically to the tenant. It should be noted that a general notice of renovation tacked to the noticeboard of the property is no substitute to an agreement on visiting the apartment. For reasons of safety, the notice of a visit cannot be posted for viewing by outsiders. This must also be taken into account regarding the instructions on the locking of the apartment.



The time of the visit must be indicated as precisely and accurately as possible in the visit notification, in order to cause the tenant as little inconvenience as possible in terms of, for example, arranging work or pet care. The tenant must

leave the security lock open at the time of the visit so that the lessor can enter the apartment with the master key. The tenant must ensure that the visitor has safe entrance to the apartment at the agreed time.

According to fair rental practices, the lessor shall instruct the property management personnel and also remind external service providers that they are visiting the tenant's home and that schedules must be observed in this respect. Also, notification of the visit must be left in the apartment.

Giving notice on a lease agreement

THE MOST COMMON METHOD of terminating a lease agreement that is valid until further notice is to give notice on the agreement. Under such circumstances, a lease agreement terminates after the notice period terminates. According to the law, the period of notice is calculated from the last day of the calendar month during which the notice was received, unless otherwise agreed.

However, the parties may also agree in the lease agreement as to the date on which the period of notice begins. This issue should be agreed unambiguously, for example, by using the following clause: "The first possible date for the beginning of the period of notice is dd/mm/yyyy." Irrespectively of when the notice is given, the notice period may begin at the date stated in the agreement at the earliest.



When the tenants gives notice on a lease agreement, the notice period is one calendar month, irrespective of the duration of the lease period, and the notice period cannot be agreed to be made longer. From the viewpoint of the obligation to pay rent, it does not matter whether or not the tenant is using the apartment during the notice period.

When the lessor gives notice, the notice period is three months in a tenant relationship that has lasted for less than one year and six months in a relationship in a relationship of that has lasted for more than one year.

The notice must be delivered to the other contractual party in writing and the delivery must be able to be verified.

Premature termination of a fixed term lease

A FIXED-TERM LEASE is binding and cannot, as a general rule, be terminated. However, a court may authorise the tenant or lessor to terminate a fixed-term lease on special grounds. Should such grounds be present, the tenant and lessor are primarily recommended to agree on the issue. Taking the issue to court would only be necessary if no other settlement can be found.

The tenant may have special grounds for giving notice on their tenant lease for example due to illness, relocation to another town for study, due to work or due to the spouse's work.

The lessor may have special grounds for giving notice on a fixed lease relationship when, for example, the lessor, all of a sudden, needs the apartment for themselves or for their family members.

If a fixed-term lease agreement is terminated on such appropriate grounds, the other party of the agreement has the right to obtain a reasonable compensation for the damage incurred by him/her by the premature termination of agreement.

The principle referred to above is a good premise for lease agreements for which a first possible date for giving a notice has been agreed.

Termination of a lease

IN ADDITION TO GIVING NOTICE, a lease agreement can be terminated by both parties. Termination is possible under circumstances which one party has significantly breached against the contract. Both a lease agreement in force until further notice and a fix-term agreement can be terminated, provided there are legal grounds for such a termination.

The notice on termination must be delivered to the other contractual party in writing and the delivery must be able to be verified. The notice must state the grounds and for date of the termination. The agreement can be terminated immediately on the service of the notice, or on another date to be announced later. The termination notification also contains the writ under which tenant relationship is requested to be terminated.

The tenant has the right to terminate the contract if the use of the apartment constitutes a potential danger to themselves or to their family members, if the handing over of the apartment is materially delayed, and if the lessor neglects to repair a substantial defect or otherwise engages in substantial repair work.

The lessor has the right to terminate the agreement if the tenant fails to pay their rent. Such a decision can be justified by a failure by the tenant to pay their rent for two months. The lessor may also terminate the lease when it is transferred, or the apartment or its part is otherwise transferred to another party in breach of legislation or the tenant fails to pay an agreed collateral security. In situations referred to in this chapter, there is no need to warn the tenant; rather, the tenant lease can be immediately terminated.

Grounds for terminating a tenant relationship requiring a warning are preceded by:

1. The use of the apartment for other uses or in other ways as agreed in the contract.
2. The tenant or their guests lead a life that disrupts others.
3. The tenant takes poor care of the apartment.
4. The tenant breaches against what has been stipulated in order to maintain health or order.

If the tenant above, in Section 2 or 4, has acted in a highly blameworthy manner, no warning is necessary, A warning must be served verifiably. A warning is intended to give the tenant an opportunity to rectify their conduct. Should this be the case, the lessor no longer has the right to terminate the lease agreement.

What constitutes a disruptive way of life?

LIVING INVOLVES tolerance of a certain level of noise, and it must be possible to live a normal life in the apartment. For example, the normal sound of children playing is considered normal at the times allowed in the building's regulations. Making loud noises should be avoided at night.

Activities that are normally permitted and acceptable can become a disturbing way of life if they are carried out in apartments, in common areas and the yard areas, and if the activities cause unreasonable inconvenience to neighbours. For example, several hours of piano playing each day, continuous barking of dogs, or listening to loud music can constitute a disturbing way of life.



Under the law, the lessor can give a notice or even terminate the lease contract if disruptive life lead in the tenant's apartment. This refers to the fact that regular and recurrent noise is emitted from the apartment which disturbs the living of other people.

Under the law, also the fact that the tenant breaches against the regulations laid down in order to maintain health and order entitles the lessor to terminate the agreement. Such regulations include the guidelines issued by the health and rescue authorities and the regulations of housing companies. However, regulations should not unnecessarily restrict normal living.

Normal wear and tear and final cleaning

THE TENANT IS NOT responsible for the normal wear and tear of the apartment, unless otherwise agreed in the lease agreement. Marks left by hanging mirrors, paintings of lamps on walls as shadows on floors and walls caused by furniture and textiles can be regarded as reasonable wear and tear. However, major dents, scratches or doodles on floors or on wallpapers, as well as scratches made by pets are not counted as normal wear and tear, and are regarded as being something to be compensated by the tenant.

When assessing whether or not an issue involves normal wear and tear, it can be asked whether a mark or scratch was left suddenly or was borne over time. As a general rule, sudden damage falls under the tenant's liability, while damage developing slowly over time is regarded as normal wear and tear. It is fairly normal that lease agreements prohibit smoking; naturally, then, smoking is not allowed in the apartment. If it is smoked in the apartment, the detriment caused by it cannot be regarded as normal wear and tear.

The apartment and the other premises associated with the tenant relationship must be handed over vacated and cleaned after the tenant relationship is terminated. The apartment, cupboards, floors and surfaces must be swept clean, and garbage must have been taken away. It is a good idea to agree on the level of the final cleaning at the beginning of the tenant relationship, and the tenant should be given written instructions on the level of the cleaning.

For more information on normal wear and tear, please consult guideline "Normal wear and tear of an apartment".

Move-out day

ACCORDING TO THE LAW the move-out date is the first working day after the date of termination of the lease agreement. Thus, if the agreement ends on a Friday, the move-out date is the following Monday. If the Monday is a holiday, the move-out date is Tuesday. The tenant must leave half of the apartment on the move-out date for the lessor's use. On the day after the move-out date, the tenant must hand over the entire apartment, empty and cleaned, and hand over the keys to the lessor. Time of possession continues until the keys have been handed over. Other premises in use on the basis of the lease must also be emptied.

It is also possible to agree that the move-out date is the last day of the agreement, in which case the apartment must be completely cleaned and handed over to the lessor on the move-out date. In such cases, the agreement must unequivocally specify the agreement made concerning the move-out date.

According to the law, the tenant is obliged to pay rent for the time of possession of the apartment if they continue to use the apartment after the termination of the lease agreement. Time of possession refers to that time during which the tenant actually uses the apartment for living or storing goods or during which they have the



keys in their possession. However, the parties may agree on the possibility of the tenant to surrender the possession of the apartment before the notice period expires, if a new tenant is about to move in. In connection with this, it should be agreed, which party is to pay the rent for the remainder of the notice period. Charging overlapping rents is in breach of fair rental practices.

Fair rental practices contribute a good tenant relationship which serves all parties. The preparation of fair rental practices has been participated by RAKLI The Finnish Association of Building Owners and Construction Clients, the Finnish Landlord Association, Finnish Tenants, Suomen Kiinteistönvälittäjät ry, The Consumers' Union of Finland, the Finnish Real Estate Federation, the Association of Tenants and Home Owners in Finland, the Finnish Real Estate Management Federation, the Central Federation of Finnish Real Estate Agencies and the Association for Advocating Affordable Rental Housing – KOVA.



SUOMEN
VUOKRANANTAJAT



SUOMEN
KIINTEISTÖN-
VÄLITTAJÄT
SKVL 

KULUTTAJALIITTO
KONSUMENTFÖRBUNDET



KIINTEISTÖLIITTO
Kotisi asialla



Isännöinti-liitto



Kiinteistönvälitysalan Keskusliitto ry.



KOVA