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## 1. Extent of guarantee liability and key concepts

**1.1. Guarantee** refers to a promise by which its maker (guarantor) answers to a creditor for the obligation (principal debt) of another person (debtor).

**1.2. Principal debt** refers to the capital, interest, penalty interest of one or several loans or the bank's other receivable, charges and fees based on the bank's list of service charges and fees and other charges and payment obligations.

The principal debt may comprise a debt agreement, guarantee agreement, bank guarantee counter-obligation or some other obligation. If the principal debt is a credit limit type debt whose amount may vary up to an agreed limit, the guarantor answers for the amount of this limit and payments under the credit facility agreement and any exceeded limits and related interest.

**1.3. Private guarantor** refers to a natural person as guarantor. A person who is a member of a body of a debtor entity or its parent entity or a foundation, or a person who exercises ownership-based influence in a debtor entity or its parent entity is regarded as a guarantor other than the private guarantor.

**1.4 Directly enforceable guarantee** refers to a guarantee by which the guarantor answers for the principal debt as for his/her own debt. The bank may demand a payment from the guarantor as soon as the main debt has fallen due either in full or in part.

**1.5. Joint and several guarantee.** If more than one guarantor has issued a guarantee in security for the same principal debt, each guarantor is severally liable to the bank for the entire principal debt unless otherwise agreed in writing. If the amount of the guarantee is limited, each guarantor is liable to repay the debt up to the amount guaranteed until the debt has been repaid in full. Amortisation of the principal debt performed by one guarantor will not reduce the amount for which the other guarantor is liable, if the unpaid debt remaining after such amortisation comes at least to the amount for which the other guarantor is liable.

**1.6. Itemised guarantee** refers to a guarantee under which the guarantor is liable to the bank only for one or several principal debts specified in the guarantee agreement.

**1.7. General guarantee** refers to a guarantee under which the guarantor is liable to the bank for all present and future principal debts of the debtor specified in the guarantee agreement. In such a case, the principal debt comprises, for example, an obligation based on the debtor's debt or guarantee agreement or on a bank guarantee counter-obligation.

Under a general guarantee, the guarantor's liability is, however, always limited to the upper limit of the monetary amount specified in the guarantee agreement and to those principal debts which arise under the guarantee agreement during the agreed period.

**1.8. Deficiency guarantee** refers to a guarantee in which the guarantor is liable to the bank for the part of the main debt which cannot be collected from the value of the primary pledge. A guarantor who has issued a deficiency guarantee answers for the principal debt only if the bank cannot receive sufficient payment from the assets lodged as the primary pledge for the principal debt.

If the guarantor under deficiency guarantee signs a deficiency guarantee agreement before title to the primary pledge has transferred to the pledgor, the deficiency guarantee will take effect once the pledgor has given the primary pledge to the bank and the pledge has taken effect.

Under the deficiency guarantee, the guarantor's liability does not increase even if any new loan were granted against the primary pledge or the primary pledge were replaced with another one, unless the guarantor gives his/her permission thereto.

**1.9. Right of recourse** refers to the guarantor's right to collect from the debtor the amount of money which the guarantor has paid on the basis of the guarantee. The right of recourse also refers to the guarantor's right to collect from other guarantors their portion of the amount they have paid.

## 2. Guarantor's duty to disclose information

The guarantor must notify the bank without delay of any change in his/her name and address. The bank will notify the guarantor of notifications related to the guarantee in a permanent form. Provision of information in permanent form refers to providing information on OP eServices or to a written notification to the address given to the bank or the Population Register Centre.

## 3. Effects of changes in the principal debt on guarantee liability

### 3.1. Itemised guarantee

If a change increasing the debtor's liability is included in the terms and conditions of the principal debt, the bank must request the itemised guarantee issuer to give his/her written consent in order for such change to bind on the guarantor.

Without the guarantor's permission, it is, however, possible to agree on such an extension of the payment term or some other change in the terms and conditions of the principal debt with a minor effect on the guarantor's liability or the grounds for which are specified in the agreement concerning the principal debt.

Minor changes to which the guarantor's consent is not required include deferring repayment instalments of the principal debt in such a way that the loan repayment holiday during the loan term totals a maximum of two (2) years, and/or changing the repayment period of the principal debt in such a way that the loan term is extended by a maximum of two (2) years if the principal debt's original loan term is ten (10) years or more. However, if the original loan period of the principal debt is less than ten (10) years, the loan repayment holiday may total a maximum of one (1) year and/or the extension of the loan term a maximum of one (1) year without the guarantor's permission. Changing the reference rate applicable to the principal debt is also regarded as a minor change in case the rate is changed to OP Prime or a Euribor rate.

### 3.2. General guarantee

Under a general guarantee, the terms and conditions of the principal debt may be changed without the guarantor's consent. However, the guarantor's liability will not exceed the upper monetary limit specified in the guarantee agreement.

## 4. Bank notifications to a guarantor

### 4.1. Notification of delayed payments, and sale and surrender of collateral

The bank will inform the guarantor of any delayed payment of the principal debt or the debtor's bankruptcy within one month of the beginning of such delayed payment or bankruptcy. The guarantor answers for penalty interest accrued on the overdue claim due to the bankruptcy from the date of bankruptcy declaration.

The bank will inform the guarantor of the sale of pledges related to the principal debt and lodged by the debtor.

The bank will inform the guarantor if it surrenders the pledge owned by the debtor altogether without the bank receiving a payment for the pledge or a new pledge.

### 4.2. Notification to a general pledge issuer of granting a new loan

The bank will promptly notify a guarantor of granting a new loan against the general guarantee.

Upon request, the guarantor has the right to receive from the bank a copy of the loan document by virtue of which the new loan has been granted to the debtor.

### 4.3. Notifications of the credit limit type debt capital and exceeding the limit

The bank will inform a private guarantor of any unpaid debt capital of the credit limit type principal debt at six-month intervals.

If the debtor exceeds the agreed upper limit of this credit facility, the bank will send the guarantor a notification of the overdrawn amount. The



guarantor will not be notified of an exceeded credit limit that has been agreed if this is due to the entry in the account of interest, penalty interest, the bank's charges and fees as well as other payment obligations under the principal debt agreement so as to constitute the bank's receivable.

#### 4.4. Receipt of notification

When the bank sends the guarantor a message on OP eServices or to his/her address, the guarantor is considered to have received such a message no later than the seventh day of the date of sending the message.

#### 5. Guarantor's right to receive information

Upon request, the guarantor has the right to receive information from the bank on the principal debt and matters affecting the debtor's repayment capacity.

#### 6. Guarantor's right to limit his/her liability during the validity of the guarantee

During the validity of a general guarantee, the guarantor may notify the bank of the time after which he/she will no longer answer for principal debts that may arise. The limitation will enter into force as soon as the guarantor's notification has arrived at the bank, unless a later time is stated in the notification.

During the validity of a guarantee, a private guarantor who has issued the guarantee in security for credit limit type debt may notify the bank of the time after which he/she will no longer answer for the principal debt that may rise. The limitation will enter into force as soon as the guarantor's notification has arrived at the bank, unless a later time is stated in the notification.

An itemised guarantee issuer may not limit his/her liability after he/she has entered into a guarantee agreement.

#### 7. Bank's right to discharge other guarantors of principal debt from liability

For a justified reason, the bank has the right, without the guarantor's permission, to discharge the principal debt's other guarantors from liability without the bank receiving a payment or some other collateral replacing guarantees. In such a case, the remaining responsible guarantor's liability to the bank does not decrease from that specified in the guarantee agreement. Discharging the other guarantors from liability does not affect any mutual rights of recovery under recourse that the guarantors may have.

The bank will inform the guarantor of discharging the same principal debt's other guarantors from liability.

#### 8. Surrender of collateral

The bank may surrender any third party pledge lodged in security for the principal debt without the guarantor's liability diminishing thereby. For a justified reason, the bank may surrender the pledge, owned by the debtor and lodged in security for the principal debt, without the guarantor's permission even if the bank did not receive a payment for the debt or replacement collateral security. In such a case, the guarantor's liability does not diminish.

If the guarantee is a deficiency guarantee, surrendering a primary pledge will not increase the guarantor's liability unless he/she has given his/her consent to the surrender of the pledge.

#### 9. Guarantor's right to a pledge lodged by the debtor

##### 9.1. Granting a new loan against the pledge lodged by the debtor

The bank has the right to grant a new loan against the pledge without a guarantor's permission. In such a case, the bank also has a better right to the pledge in respect of the new loan. If a deficiency guarantee is involved or the guarantor has paid the principal debt or part thereof upon the bank's demand, the bank will have a better right to the pledge in the case of a new loan only if the guarantor has given his/her consent thereto.

##### 9.2. Guarantor's right to a pledge after his/her payment

If the guarantor pays the principal debt or part thereof, the debtor's assets which stand as pledge for the principal debt at the time of payment shall also stand as pledge for the guarantor's claim under the right of recourse,

in which case the bank shall have no right to give the pledge to the debtor without the guarantor's permission. However, the bank has a better right than the guarantor to the assets lodged by the debtor as a pledge if the principal debt has been paid only in part or the debtor's assets also serve as collateral for the bank's other claim.

In the case of a deficiency guarantee, the bank has a better right to a primary pledge only if the principal debt has been paid only in part or if the primary pledge has also been lodged as security, prior to entering into a guarantee agreement, for the bank's other claim, or if the guarantor has given his/her permission to the bank having a better right to the pledge in respect of a new loan too.

If the guarantor has amortised the principal debt, he/she must, in order to safeguard his/her right to the pledge, inform the bank thereof in writing and present a necessary statement concerning such payment.

#### 9.3. Bank's right to transfer any return on the pledge

The bank has the right to transfer to the pledge owner any return on the pledge upon maturity and rights related to the pledge without the guarantor's liability diminishing thereby.

#### 10. Bank's right to transfer or divide the guarantee

The bank has the right to transfer or divide a guarantee in connection with the transfer of the principal debt or part thereof, and to agree with the transferee on how the guarantee covers the bank's and the transferee's claim following the transfer of the claim. The guarantor's liability will not increase as a result of such a transfer or division.

#### 11. Recovery to a bankruptcy estate

Despite the repayment of the principal debt, the guarantee will remain in force if the principal debt is withdrawn for recovery on the basis of the Act on the Recovery of Assets to a Bankruptcy Estate, a court decision or for some other similar reason.

#### 12. Calling of the principal debt for repayment

If the falling due for payment of the principal debt requires termination in respect of the debtor or other action to call the debt for repayment, the bank may demand payment from the guarantor only if the debt has been called for repayment in respect of both the debtor and the guarantor.

If the debtor has been declared bankrupt or has filed for debt rescheduling or financial restructuring, or a temporary prohibition regarding the principal debt has been issued in such a procedure, the bank may demand payment of the principal debt from the guarantor without any action to call the debt for repayment in respect of the debtor.

#### 13. Early payment by a guarantor

A guarantor has the right to repay an undue principal debt if the debtor had the right of early loan repayment. If the debtor were to pay charges to the bank for the repayment of the principal debt, the guarantor must pay the same charges in case he/she repays the debt.

#### 14. Use of credit history

When granting and monitoring a loan and accepting a guarantee, the bank uses the personal credit data of the person making a commitment. Such credit history is available from the credit information register maintained by a credit reference agency (such as Suomen Asiakastieto Oy).

#### 15. Recording guarantor's payment default in the credit information register

The bank has the right to report and the registrar has the right to record an entry of default of payment in the credit information register related to a guarantee agreement, if at least 60 days have passed from the original due date mentioned in a reminder and the bank and the debtor have not made any new payment agreement after the original due date, or if the registration of entry of such payment default is otherwise permitted under applicable legislation or a ruling by the data protection authorities.

#### 16. Force majeure

Either party is not liable for any loss arising from force majeure or unreasonable impairment of the party's operations resulting from a similar cause.



Either party shall notify the other party as soon as possible of a force majeure circumstance it has encountered. If the force majeure event applies to the bank, the bank may announce the matter in a national daily newspaper or on its website.

**17. Jurisdiction and applicable law**

A guarantor may bring an action against the bank concerning disputes that may arise from this guarantee agreement in the district court of the jurisdiction of which the bank is domiciled or its management is mainly based or in the district court of the Finnish municipality in the jurisdiction of which he/she resides or has a permanent residence. If the guarantor is not a resident of Finland, any disputes will be submitted to the district court of the jurisdiction of which the bank is domiciled or its management is mainly based.

The laws of Finland shall apply to this guarantee.



## INFORMATION FOR GUARANTORS

The purpose of this document is to provide guarantors with general information on guarantees and the rights and obligations of guarantors vis-à-vis the bank as a lender. The terms and conditions of an individual guarantee can be found in the guarantee agreement.

### 1. Definition of a guarantee

Under a guarantee agreement, the guarantor assumes liability for payment of another person's debt. If the debtor does not repay his/her loan as agreed, the lender may collect the amount of the debt outstanding from the guarantor. It is strongly recommended that people should consider carefully before they enter into a guarantee agreement.

The guarantor is liable for the loan he/she has guaranteed through all of his/her personal assets. In practice, guarantees given to a bank are always directly enforceable guarantees, i.e. the bank may demand payment directly from the guarantor as soon as the loan has fallen due.

An itemised guarantee applies to one or several debts specified in the guarantee agreement.

The agreement on a general guarantee does not specify for what debts the guarantor is liable. The guarantee secures all present and future principal debts of the debtor. The debtor may take out new loans and the guarantor will also be liable for them.

### 2. Guarantor

Either a natural person or a legal person, such as a company, association or foundation, may act as a guarantor.

A private guarantor refers to a natural person as guarantor. No exceptions to the provisions protecting private guarantors may be made by the contract terms and conditions.

However, the owner or director of a debtor company or its parent company is not regarded as a private guarantor. These include the managing director, a member of the board of directors, a general partner or a person who owns at least a third of the debtor company or its parent company.

### 3. For what is a guarantor liable?

A guarantor is liable for the principal, interest on the principal and charges and fees. If the reference interest rate or the exchange rate of a non-euro loan changes, the guarantee liability will change accordingly. The loan terms and conditions are binding on the guarantor.

If the purpose is that the bank may collect from the guarantor only a certain amount or percentage of the loan amount, the guarantee agreement must include a stipulation in this respect.

### 4. Several guarantors

Even if there are several guarantors, a single guarantor may have to pay the entire debt. The bank is under no obligation to collect the debt from the other guarantors even if they were solvent. Moreover, the guarantor should take account of the fact that the financial standing of the other guarantors may worsen after they have guaranteed a loan.

### 5. General guarantee

A natural person issuing a general guarantee is protected by limiting his/her guarantee liability in terms of amount and time. The guarantor and the bank agree on the maximum amount which may be collected from the guarantor. This amount must be fixed (e.g. 100,000 euros). Any interest and other associated costs are included in this amount unless the parties involved have agreed on a separate maximum amount.

Setting a time limit for the guarantee liability is usually based on a provision whereby the guarantee secures only loans taken out before the agreed deadline. In such a case, exceeding the deadline does not annul the guarantor's liability but determines what debts are included in the guarantee.

Unless the guarantee liability is limited as stated above, the guarantor is liable only for debts for which the guarantee was given when they were granted or which had arisen prior to entry into the guarantee agreement and which were at that time known to the guarantor.

In addition to the limit set for the amount and time in the guarantee agreement, the person who has issued a general guarantee always has the right to fix the date after which he/she will not be liable for any debt that arises. The limitation will enter into force as soon as the



guarantor's notification has arrived at the bank, unless a later time is stated in the notification. It is strongly recommended that this notification be made in writing. The limitation does not diminish the guarantor's liability for debts, including interest and associated costs, that have arisen before the entry into force of the limitation.

A limitation set by a single guarantor does not diminish other guarantors' liability.

## 6. Guarantee on credit limit type debt

With respect to a guarantee in security for credit limit type debt, such as an account with credit facility, a private guarantor may limit his/her guarantee liability by fixing the date after which he/she will no longer be liable for any debt that arises. The limitation does not diminish the guarantor's liability for debt, including interest and associated costs, that have arisen before the entry into force of the limitation. The limitation will enter into force as soon as the guarantor's notification has arrived at the bank, unless a later time is stated in the notification. It is strongly recommended that this notification be made in writing.

A limitation set by a single private guarantor does not diminish other guarantors' liability.

## 7. Deficiency guarantee in security for a home loan

A guarantee issued by a private guarantor will always stand as a deficiency guarantee if the loan has mainly been granted for the purpose of buying or renovating a home or a holiday home and if the home or holiday home stands as collateral for the loan. In such a case, the home stands as a primary pledge. The deficiency pledge secures only the portion of the debt which the proceeds from the sale of the debtor's home are insufficient to cover.

A home is regarded mainly as property intended for permanent residence or leisure-time residence, which may be real property or, for example, shares entitling their holder(s) to possession of his/her flat/house. Such a home does not need to be in the debtor's own use.

In the case of real property as collateral, the contracts of pledge pledged as collateral for the home loan stand as the primary pledge. Real property may also be encumbered by contracts of pledge taking priority over these, whose holders have a better right to the sale price of the real property.

A primary pledge may also stand as collateral for other debts. If the debtor's home also first stands as collateral for other debts, the proceeds from the sale of his/her home may be primarily used to pay those debts.

If a state guarantee, as referred to in the Act on State Guarantees for Owner-occupied Housing Loans, stands as collateral for the home loan, the home always primarily stands as collateral for the state-guaranteed loan.

## 8. Changing the loan terms and conditions

Changing the loan terms and conditions to the detriment of the guarantor requires the guarantor's permission.

However, his/her permission is not required for extension of the repayment period deemed usual or for otherwise minor changes in the loan terms and conditions. Neither is permission required if a general guarantee is involved or the change has been specified in the terms and conditions governing the loan or the guarantee.

On the basis of the debt relationship, the amount collected from the guarantor upon default may not exceed that collected from the debtor. If the bank releases the debtor or any of the debtors from repayment of some portion of the debt, the guarantor will also be released in the same proportion. However, reducing the debt amount or releasing the debtor from his/her payment obligation as a result of debt rescheduling affirmed by the court will not diminish the guarantor's liability.

## 9. Disclosing information to a guarantor

Before the bank makes a loan decision, it will analyse the debtor's repayment capacity. The bank mainly obtains information on such capacity from the debtor himself/herself and the credit information register. The debtor's repayment capacity is determined by his/her income, expenditure, debts and other commitments.

The bank will notify the guarantor of the information affecting the debtor's repayment capacity before signing a guarantee agreement.

The bank will notify the guarantor of any delayed payment of the debt in security for which the guarantee has been given. If the bank has not notified of such



delayed payment within a month, it may charge the guarantor interest or penalty interest on the delayed amount only for the period following the sending of the notification.

As long as the guarantee remains valid, the private guarantor may ask the bank to provide information on the debt and on how the debtor repays his/her debt. Moreover, a private guarantor also has the right to receive, upon request, from the bank information on the debtor's other debts and commitments and on other matters relevant to the debtor's repayment capacity. This right applies to matters and the debtor's credit information known to the bank. The information requested must be of relevance to the assessment of risks exposed by the guarantor. The bank will charge the guarantor for disclosing such information based on its list of service charges and fees.

Under a general guarantee, the bank will inform the private guarantor separately of any new loan raised by the debtor. Alternatively, it is possible to agree that the bank will inform the private guarantor of the debts under the guarantee at least six months' interval.

In the case of the credit limit type debt, the bank will inform the private guarantor of the amount of debt at six months' interval.

## 10. Collecting the debt from a guarantor

The bank may collect the debt from a guarantor as soon as the debt has fallen due. The debt falling due may result from the expiry of the agreed loan term or from the fact that the loan has been called in owing to default.

The bank is under no obligation to first collect the debt from the debtor. Furthermore, the bank is under no obligation to recover the debt under other collateral securities, with the exception of a deficiency guarantee.

The bank has the right demand payment from the guarantor who has given a deficiency guarantee only after the debtor's home has been sold or it has been discovered during execution that there is an obstacle to the sale of the home. The person who has given a deficiency guarantee may pay off the debt in order to prevent the sale of the debtor's home or penalty interest.

## 11. Payment of a called-in loan according to the original terms and conditions

A private guarantor may amortise the loan in

accordance with the loan terms and conditions that were effective before termination although the loan has been called in during the loan term due to delayed payment, provided that the guarantor pays the creditor the outstanding debt and lodges sufficient security for the unpaid principal.

## 12. Guarantors right of recourse vis-à-vis the debtor

If the guarantor amortises the debt, he/she has the right to recover from the debtor the amount he/she has paid to the bank, including interest and costs (right of recourse). The guarantor should retain all receipts and vouchers for this purpose.

If the debtor has lodged a pledge in security for the debt, the guarantor has the right to receive a payment for the pledge lodged by the debtor after the banks claims. If the pledge is owned jointly by the debtor and another person, the portion owned by the other person does not stand as a pledge for the guarantor's claim under the right of recourse unless otherwise agreed thereupon.

## 13. Guarantors right of recourse vis-à-vis other guarantors

If there are several guarantors involved, each of them is mutually liable for the debt in equal portions.

Any limitations that may have been set for guarantee liabilities in guarantee agreements affect the guarantors' mutual liability. The guarantor who has repaid the debt has the right to demand the amount he/she has paid from the other guarantors if the remaining amount of the debt is less than the total amount of guarantees and the amount repaid by the guarantor has reduced the other guarantors' guarantee liability.

### Example 1

The debt amounts to 30,000 euros and one of the three guarantors pays off the debt. He/she may demand 10,000 euros from each of the other two guarantors.

### Example 2

The debt amounts to 20,000 euros. Guarantor A has guaranteed the entire debt and guarantor B has given a guarantee worth 6,000 euros. If A pays off the debt, he/she may demand 3,000 euros from B, i.e. half of the 6,000 euros they have jointly guaranteed.



### Example 3

Both guarantor A and B have given a guarantee worth 6,000 euros for a 20,000-euro loan. If the amount of the remaining debt comes to 12,000 euros or more and A pays the full amount he/she has guaranteed, he/she may not demand payment from B. If the amount of the remaining debt comes only to 5,000 euros and A pays 3,000 euros and B 2,000 euros to the bank, A may demand 500 euros from B.

If a new guarantee is subsequently given for the loan that was not required when granting the loan, the guarantor who later entered into the guarantee agreement has the right to collect from the previous guarantors the full amount he/she has paid.

Guarantors who previously entered into the guarantee agreement have not, however, any right to collect the amount they have paid from subsequent guarantors.

Guarantors may also agree on their mutual right of recourse otherwise.

### **14. Falling of a claim under the statute of limitations**

The bank's claim from a guarantor becomes statute-barred if the bank does not demand it within three years of the date when the debt falls due. This falling of a claim under the statute of limitations is suspended when the bank reminds the guarantor of the guarantee or the guarantor amortises the debt.

The guarantor's claim from the debtor or the other guarantor will become statute-barred if the guarantor does not demand it within three years of the date when the guarantor amortised the debt. This falling of a claim under the statute of limitations is also suspended when the guarantor reminds the debtor or the other guarantor of the claim or the claim is paid.

The falling of a claim under the statute of limitations must be suspended separately for each debtor and each guarantor.

A new three-year limitation period begins from the date of suspension.

### **15. Effects of debt rescheduling and financial restructuring on a guarantor's position**

The bank may collect the debt from the guarantor

according to its previous terms and conditions even if the loan terms and conditions applicable to the debtor were changed in debt rescheduling or financial restructuring.

If the debtor retains his/her collateralised assets in debt rescheduling or financial restructuring, the bank may demand from the guarantor only the portion of the debt under the deficiency guarantee for which no payment is accrued under the repayment programme. However, if the pledge lodged by the debtor has to be sold, the bank may demand payment from the guarantor under the deficiency guarantee in accordance with the previous terms and conditions. The guarantor under the deficiency guarantee is not nevertheless liable for any penalty interest that would accrue during the repayment programme on the debt which the debtor has been ordered to pay.

### **16. Death of a debtor or guarantor**

The bank will retain its right to a guarantee despite a debtor's or guarantor's death. In the case of the debtor's death, the bank has the right to call in the loan in accordance with the loan terms and conditions and demand debt repayment from the guarantor or agree with the decedent's estate on servicing the debt.

### **17. Company as a debtor**

If a company, entity or foundation acts as the debtor, its owners, members or representatives are not primarily personally liable for the debt. Only partners of a general partnership and general partners of a limited partnership are personally liable for their company's debt. A person working under a sole proprietorship is personally liable for all the debts of his/her business through all of his/her assets.