

Act on Building Unit Ownership, etc.

(Act No. 69 of April 4, 1962)

Chapter I Building Unit Ownership

Section 1 General Provisions (Articles 1 through 10)

Section 2 Common Areas (Articles 11 through 21)

Section 3 Right to Use the Grounds (Articles 22 through 24)

Section 4 Managers (Articles 25 through 29)

Section 5 Bylaws and Meetings (Articles 30 through 46)

Section 6 Incorporated Management Associations (Articles 47 through 56-7)

Section 7 Measures Against Persons Who Violate Their Obligations (Articles 57 through 60)

Section 8 Restoration and Reconstruction (Articles 61 through 64)

Chapter II Housing Complexes (Articles 65 through 70)

Chapter III Penal Provisions (Article 71 and Article 72)

Supplementary Provisions

Chapter I Building Unit Ownership

Section 1 General Provisions

(Building Unit Ownership)

Article 1 When there are multiple portions into which a single building is structurally divided that can be used as independent residences, stores, offices, warehouses, or other buildings, each of those portions may be made the subject of ownership, pursuant to the provisions of this Act.

(Definitions)

Article 2 (1) The term "unit ownership" as used in this Act means ownership whose subject is the portion of a building provided for in the preceding Article (excluding the portion that is treated as a common area pursuant to the provisions of Article 4, paragraph (2)).

(2) The term "unit owner" as used in this Act means a person with unit ownership.

(3) The term "exclusively-owned area" means a portion of a building that is the subject of unit ownership.

(4) The term "common area" as used in this Act means a portion of a building that is not an exclusively-owned area, the ancillary components of a building that are not included in an exclusively-owned area, and an attached building that is treated as a common area pursuant to the provisions of Article 4,

paragraph (2).

- (5) The term "grounds of the building" or "building's grounds" as used in this Act means the land on which the building is located and the land that is treated as the grounds of the building pursuant to the provisions of Article 5, paragraph (1).
- (6) The term "right to use the grounds" as used in this Act means the rights related to the grounds of the building for the ownership of an exclusively-owned area.

(Association of Unit Owners)

Article 3 All of the unit owners together may organize an association to manage the building, its grounds, and its attached facilities and, pursuant to the provisions of this Act, may hold meetings, establish bylaws, and assign a manager. The same applies when a common area that should clearly be provided for the common use of only a part of the unit owners (hereinafter referred to as a "partial common area"), are managed by those unit owners.

(Common Areas)

- Article 4 (1) No corridor or stairway leading to multiple exclusively-owned areas, nor any other portion of the building that, due to the structure, should be provided for the common use of all or some of the unit owners, is to be the object of unit ownership.
- (2) The portion of the building and attached buildings set forth in Article 1 may be treated as common areas pursuant to the bylaws. In this case, the portion of the building and attached buildings may not be duly asserted as a common area against a third party unless it has been registered to that effect.

(Specification of the Grounds of the Building by the Bylaws)

- Article 5 (1) Gardens, passages, and other land managed or used by the unit owner as an integral part of the building and the land on which the building is located may be treated as the grounds of the building pursuant to the bylaws.
- (2) If land on which a building is located has become land other than that on which the building is located due to the partial destruction of the building, the land is deemed to have been specified as the grounds of the building by the bylaws pursuant to the provisions of the preceding paragraph. The same applies when part of the land on which a building is located has become land other than that on which the building is located due to the division of the land.

(Rights and Obligations of Unit Owners)

Article 6 (1) Unit owners must not perform an act that is harmful to the preservation of the building or other acts that are contrary to the common

interest of the unit owners with regard to the management or use of the building.

- (2) Unit owners may, within the scope necessary to preserve or improve their exclusively-owned area or a common area, request the use of the exclusively-owned area of another unit owner or of a common area not in their ownership. In this case, when the other unit owner has incurred any damage, the requesting unit owner must pay compensation therefor.
- (3) The provisions of paragraph (1) apply mutatis mutandis to a possessor of an exclusively-owned area who is not a unit owner (hereinafter referred to as the "possessor").

(Statutory Liens)

- Article 7 (1) With regard to a claim a unit owner holds against another unit owner in relation to a common area, the grounds of the building, or attached facilities of the building that are other than a common area, or to a claim that a unit holder holds against another unit owner based on the bylaws or meeting resolutions, the first unit holder holds a statutory lien on the debtor's unit ownership (including the rights related to the common areas and the right to use the grounds) and on the movables with which they have furnished the building. The same applies to claims held against a unit owner by the manager or by the incorporated management association in relation to the performance of their duties or work.
- (2) The statutory lien referred to in the preceding paragraph is deemed to be a statutory lien on the expenses for common benefits, with regard to its order of priority and its effect.
 - (3) The provisions of Article 319 of the Civil Code (Act No. 89 of 1896) apply mutatis mutandis to the statutory lien provided for in paragraph (1).

(Liability of a Specific Successor)

Article 8 The claims provided for in paragraph (1) of the preceding Article may be exercised against the specific successor of the unit owner who is the debtor.

(Presumption on Defects in the Erection or Preservation of Buildings)

Article 9 When a defect in the erection or preservation of a building has caused damage to other persons, the defect is presumed to exist in the erection or preservation of the common area.

(Right to Demand the Sale and Transfer of Unit Ownership)

Article 10 When a unit owner does not have the right to use the grounds, a person who has the right to claim the removal of the unit owner's exclusively-owned area may demand that the unit owner sell and transfer their unit

ownership at its market value.

Section 2 Common Areas

(Co-ownership of Common Areas)

Article 11 (1) Common areas are co-owned by all the unit owners; provided, however, that partial common areas are to be co-owned by the unit owners who should have the common use of the areas.

(2) The provisions of the preceding paragraph do not preclude any provisions to the contrary in the bylaws; provided, however, that except in the case provided for in Article 27, paragraph (1), a person other than a unit owner may not be specified as the owner of a common area.

(3) The provisions of Article 177 of the Civil Code do not apply to a common area.

Article 12 Where a common area is co-owned by all or some of the unit owners, that common area is to be co-owned as provided for in the provisions of the following Article through Article 19.

(Use of Common Areas)

Article 13 Each co-owner may use a common area in accordance with the purpose of its use.

(Proportion of Shares in a Common Area)

Article 14 (1) The share of each co-owner is to be in proportion to the floor space of the exclusively-owned area held by the co-owner.

(2) In the case referred to in the preceding paragraph, when a partial common area (excluding those that are attached buildings) has a floor space, the floor space of that partial common area is to be divided in proportion to the floor space of the exclusive area held by each unit owner who is to co-own that partial common area, and the relevant proportions are to be included in the calculations of the floor space of each of those unit owners' exclusively-owned areas.

(3) The floor space referred to in the preceding two paragraphs is calculated as the horizontally projected area of the part that is bounded by the inner lines of the walls and other partitions.

(4) The provisions of the preceding three paragraphs do not preclude any provisions to the contrary in the bylaws.

(Disposal of Shares in a Common Area)

Article 15 (1) The share of a co-owner conforms to the disposition of the exclusively-owned area held by that co-owner.

(2) A co-owner may not, unless otherwise provided for in this Act, dispose of their share separately from the exclusively-owned area held thereby.

(Management of a Partial Common Area)

Article 16 In the management of a partial common area, management that is related to the interests of all unit owners or that is provided for in the bylaws under Article 31, paragraph (2) is to be carried out by all unit owners, and any other management is to be carried out by the unit owners who are to co-own the partial common area.

(Changes to a Common Area)

Article 17 (1) Changes to a common area (excluding those that do not involve significant changes to the shape or function of a common area) are decided by resolution at a meeting, by at least a three-fourths majority of the unit owners and a three-fourths majority of the votes; provided, however, that the fixed number of unit owners may be reduced to a one-half majority by the bylaws.
(2) In the case referred to in the preceding paragraph, when the changes to the common area are to have a particular influence on the use of an exclusively-owned area, the approval of the owner of that exclusively-owned area must be obtained.

(Management of Common Areas)

Article 18 (1) Matters concerning the management of the common areas may, except in the case referred to in the preceding Article, be decided by resolution at a meeting; provided, however, that each co-owner may perform the act of preservation.
(2) The provisions of the preceding paragraph do not preclude any provisions to the contrary in the bylaws.
(3) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis pursuant to the case referred to in the main clause of paragraph (1).
(4) Entering into a non-life insurance contract with regard to a common area is deemed to be a matter that concerns the management of the common areas.

(Burdens and Collection of Profits from Common Areas)

Article 19 Each co-owner assumes the burdens of the common areas and collects profits arising from the common areas in proportion to their share, except as otherwise provided for in the bylaws.

(Authority of the Managing Owner)

Article 20 (1) A unit owner specified as the owner of a common area by the bylaws pursuant to the provisions of Article 11, paragraph (2) assumes the

obligation of managing the common area on behalf of all the unit owners (with regard to a partial common area, the unit owners who are to co-own the partial common area). In this case, the first-mentioned unit owner is entitled to demand that the relevant unit owners pay reasonable management expenses.

(2) The owner of a common area referred to in the preceding paragraph may not make changes to a common area prescribed in Article 17, paragraph (1).

(Mutatis Mutandis Application of Provisions Concerning Common Areas)

Article 21 Where the grounds of the building or attached facilities that are other than a common area (including rights related thereto) are co-owned by unit owners, the provisions of Articles 17 through 19 apply mutatis mutandis to the grounds or attached facilities.

Section 3 Right to Use the Grounds

(Prohibition of Separate Disposition)

Article 22 (1) Where the right to use the grounds is an ownership right or other rights held by multiple persons, the unit owner may not dispose of their exclusively-owned area separately from the right to use the grounds that is connected with their exclusively-owned area; provided, however, that this does not apply when otherwise provided by the bylaws.

(2) In the case referred to in the main clause of the preceding paragraph, where the unit owner holds two or more exclusively-owned areas, the proportion of the right to use the grounds for each exclusively-owned area is to be based on the proportion specified in Article 14, paragraphs (1) through (3); provided, however, that when a proportion different from this proportion is specified in the bylaws, the right to use the grounds for each exclusively-owned area is to be based on that proportion.

(3) The provisions of the preceding two paragraphs apply mutatis mutandis where the right to use the grounds that is held by the person who owns all the exclusively-owned areas in the building is an ownership right or any other right that is held by a single person.

(Limitations on Claims of Invalidity of Separate Disposition)

Article 23 With regard to disposition of an exclusively-owned area or of the right to use the grounds that is in violation of the provisions of the main clause of paragraph (1) of the preceding Article (including as applied mutatis mutandis pursuant to paragraph (3) of the same Article), the invalidity of the disposition may not be asserted against another party who is without knowledge of the invalidity; provided, however, that this does not apply where the exclusively-owned areas and the right to use the grounds are disposed of after it has been

registered that they may not be disposed of separately, as provided for in the Real Property Registration Act (Act No. 123 of 2004).

(Exclusion from Application of Article 255 of the Civil Code)

Article 24 In the case referred to in the main clause of Article 22, paragraph (1), the provisions of Article 255 of the Civil Code (including as applied mutatis mutandis pursuant to Article 264 of the same Act) do not apply to the right to use the grounds.

Section 4 Managers

(Appointment and Dismissal)

Article 25 (1) Unit owners may, except as otherwise provided for in the bylaws, appoint or dismiss a manager by resolution at a meeting.

(2) When the manager has committed a wrongful act or where there are other circumstances whereby it is not suitable for them to carry out their duties, each of the unit owners may file a request for the dismissal of that manager to the court.

(Authority)

Article 26 (1) The manager has the right and bears the obligation to preserve the common areas, and the grounds and attached facilities of the relevant building in the case prescribed in Article 21 (referred to as the "common area, etc." in the following paragraph and Article 47, paragraph (6)), to implement meeting resolutions, and to engage in the acts specified in the bylaws.

(2) The manager represents the unit owners in connection with their duties. The same applies to claims for and the receipt of insurance money based on a non-life insurance contract pursuant to the provisions of Article 18, paragraph (4) (including as applied mutatis mutandis pursuant to Article 21) as well as compensation for damages arising with regard to a common area, etc. and refund for unjust enrichment.

(3) Limitation on a manager's authority of representation may not be duly asserted against a third party without knowledge of the limitation.

(4) The manager may, pursuant to the provisions of the bylaws or meeting resolutions, serve as a plaintiff or defendant for the unit owner, in connection with their duties (including the matters prescribed in the second sentence of paragraph (2)).

(5) When the manager has served as a plaintiff or defendant pursuant to the bylaws under the preceding paragraph, they must notify the unit owner to that effect without delay. In this case, the provisions of Article 35, paragraphs (2) through (4) apply mutatis mutandis.

(Administrative Ownership)

Article 27 (1) Where special provisions are provided for in the bylaws, the manager may own common areas.

(2) The provisions of Article 6, paragraph (2) and Article 20 apply mutatis mutandis to the case referred to in the preceding paragraph.

(Mutatis Mutandis Application of Provisions on Delegation)

Article 28 Beyond what is prescribed in this Act and in the bylaws, the rights and obligations of a manager are governed by the provisions on delegation.

(Liability of the Unit Owners)

Article 29 (1) The proportion of liability that a unit owner must assume with regard to the acts the manager has performed within the scope of their duties in connection with a third party is to be the same proportion as that specified in Article 14; provided, however, that when the bylaws have specified a proportion of burden for the expenses necessary for the management of the building, its grounds, and its attached facilities, the proportion of liability is to be based on that proportion.

(2) A claim held by a third party against a unit owner due to an act under the preceding paragraph may be brought against the specific successor thereof.

Section 5 Bylaws and Meetings

(Matters Provided for in Bylaws)

Article 30 (1) Matters among the unit owners concerning the management or use of a building or, its grounds or attached facilities may be provided for in the bylaws, in addition to what is provided for in this Act.

(2) Matters concerning a partial common area that do not affect the interests of all of the unit owners may be provided for in the bylaws of the unit owners who are to have common use of that area, except where provisions are provided for in the bylaws of all the unit owners.

(3) The bylaws prescribed in the preceding two paragraphs must be set forth in a manner that ensures equity in the interests among unit owners by comprehensively taking into consideration the shapes, areas, positional relationships, purpose of use, and status of use, as well as the price paid by each unit owner and any other circumstances with regard to the exclusively-owned areas, common areas, or grounds or attached facilities of the building (including rights related to the grounds or attached facilities of the building).

(4) In the cases referred to in paragraph (1) and paragraph (2), the bylaws may not prejudice the rights of persons other than unit owners.

(5) The bylaws must be prepared in writing or by means of electronic or magnetic records (meaning records made in an electronic format, a magnetic format, or any other format not recognizable by human perception, which is specified by Order of the Ministry of Justice as suitable for use in information processing by computers; the same applies hereinafter).

(Establishment, Amendment, and Repeal of Bylaws)

Article 31 (1) The establishment, amendment, or repeal of the bylaws is effected by resolution at a meeting, by at least a three-fourths majority of the unit owners and a three-fourths majority of the votes. In this case, when the establishment, amendment, or repeal of the bylaws has a special influence on the rights of some unit owners, the approval of those unit owners must be obtained.

(2) The establishment, amendment, or repeal of the bylaws of all the unit owners for the matters prescribed in paragraph (2) of the preceding Article, may not be effected when more than one-fourth of the unit owners who co-own the partial common area or persons who hold more than one-fourth of the voting rights connected with the partial common area oppose the establishment, amendment, or repeal.

(Establishment of Bylaws by Notarial Instrument)

Article 32 A person who initially owns all the exclusively-owned areas of a building may establish the bylaws provided for in Article 4, paragraph (2), Article 5, paragraph (1), the proviso to Article 22, paragraph (1), and the proviso to paragraph (2) of that Article (including as applied *mutatis mutandis* pursuant to paragraph (3) of the same Article) by a notarial instrument.

(Retention and Inspection of the Bylaws)

Article 33 (1) The bylaws must be retained by the manager; provided, however, that when there is no manager, the bylaws must be retained by a unit owner who is using the building or their agent who has been specified in the bylaws or by resolution at a meeting.

(2) When the person who has retained the bylaws pursuant to the provisions of the preceding paragraph receives any request from an interested party, the person must not refuse the inspection of the bylaws (when the bylaws have been prepared in the form of electronic or magnetic records, inspection of the content of the information recorded in the electronic or magnetic records, presented in a way that is specified by the Order of the Ministry of Justice at the place where the bylaws are retained), except where there are legitimate grounds for doing so.

(3) The place where the bylaws are retained must be posted at a conspicuous

place within the building.

(Convocation of Meetings)

Article 34 (1) Meetings are to be called by the manager.

(2) The manager must call a meeting at least once a year.

(3) One-fifth or more of the unit owners who hold at least one-fifth of all of the voting rights may indicate a subject matter of the meeting and request that the manager call a meeting; provided, however, that this fixed number may be reduced by the bylaws.

(4) Where a request under the preceding paragraph has been made, when, within two weeks, the manager does not send any convocation notice for a meeting setting a day within four weeks from the request date as the date of the meeting, the unit owners who have made the request may call a meeting.

(5) When there is no manager, one-fifth or more of the unit owners who hold at least one-fifth of all the voting rights may call a meeting; provided, however, that this fixed number may be reduced by the bylaws.

(Convocation Notice)

Article 35 (1) The convocation notice for a meeting must indicate the subject matter of the meeting and be sent to each unit owner at least one week prior to the date of the meeting; provided, however that this period may be extended or reduced by the bylaws.

(2) Where an exclusively-owned area is under the co-ownership of multiple persons, it is sufficient to send the notice under the preceding paragraph to the person who is to exercise the voting rights as specified by the provisions of Article 40 (when there is no such person, one of the co-owners).

(3) It is sufficient to send the notice under paragraph (1) to the place where the unit owner has notified the manager that they will receive notices, and when the unit owner has not notified the manager of such a place, to the place where the exclusively-owned area owned by the unit owner is located. In this case, the notice under the same paragraph is deemed to have arrived at the time when the notice should have normally arrived.

(4) When a special provision is provided in the bylaws, the notice under paragraph (1) may be given to a unit owner whose address is in the building, or to a unit owner who has not notified the manager of the place where they are to receive notices under the preceding paragraph, by posting the notice at a conspicuous place within the building. In this case, the notice under paragraph (1) is deemed to have arrived at the time when the notice is posted.

(5) Where the notice under paragraph (1) is given, when the subject matter of the meeting is a matter for resolution pursuant to Article 17, paragraph (1), Article 31, paragraph (1), Article 61, paragraph (5), Article 62, paragraph (1), Article

68, paragraph (1) or Article 69, paragraph (7), the gist of the proposal must also be notified to each unit owner.

(Omission of Convocation Procedures)

Article 36 When all of the unit owners have given their consent, a meeting may be held without going through convocation procedures.

(Limitation on the Matters for Resolution)

Article 37 (1) Resolutions may be brought before a meeting only with regard to matters for which notice has been given in advance pursuant to the provisions of Article 35.

(2) The provisions of the preceding paragraph do not preclude any provisions to the contrary in the bylaws, except for matters for which a special fixed number has been specified with regard to meeting resolutions in this Act.

(3) The provisions of the preceding two paragraphs do not apply to a meeting under the preceding Article.

(Voting Rights)

Article 38 The voting rights of each unit owner are to be in accordance with the proportion specified in Article 14, except as otherwise provided for in the bylaws.

(Decisions)

Article 39 (1) A meeting's decisions are to be decided by a majority of the unit owners and with a majority of the votes, except as otherwise provided for in this Act or in the bylaws.

(2) Voting rights may be exercised in writing or by proxy.

(3) A unit owner may exercise their voting rights by electronic or magnetic means (meaning a method that uses an electronic data processing system or any other method that uses information and communications technology that is specified by Order of the Ministry of Justice; the same applies hereinafter) in lieu of exercising their voting rights in writing as provided in the preceding paragraph, pursuant to the bylaws or a meeting resolution.

(Designation of a Person to Exercise Voting Rights)

Article 40 Where an exclusively-owned area is under the co-ownership of multiple persons, the co-owners must specify one person who is to exercise their voting rights.

(Chairperson)

Article 41 The manager or one of the unit owners who called the meeting is to

serve as the chairperson at the meeting, except when otherwise provided by the bylaws or when it has been otherwise resolved.

(Minutes)

- Article 42 (1) With regard to decisions at a meeting, the chairperson must prepare the minutes in writing or in the form of electronic or magnetic records.
- (2) An outline of the decision-making process and the results thereof must be entered or recorded in the minutes.
- (3) In the case referred to in the preceding paragraph, when the minutes have been prepared in writing, the chairperson and two unit owners who attended the meeting must sign and affix their seals to the minutes.
- (4) In the case referred to in paragraph (2), when the minutes have been prepared in the form of electronic or magnetic records, with regard to the information recorded in the electronic or magnetic records, measures specified by Order of the Ministry of Justice must be taken in lieu of the chairperson and two unit owners who attended the meeting signing and affixing their seals to the minutes.
- (5) The provisions of Article 33 apply mutatis mutandis to the minutes.

(Administrative Report)

Article 43 A manager must report on their administrative affairs at a meeting, at a specified time once a year.

(Possessors' Right to State Their Opinions)

- Article 44 (1) Where a person who possesses an exclusively-owned area with the consent of the unit owner holds an interest in the subject matter of the meeting, the person may attend the meeting and state their opinion.
- (2) In the case prescribed in the preceding paragraph, the person who called the meeting must, without delay after sending the convocation notice pursuant to the provisions of Article 35, post the date and place of the meeting and the subject matter of the meeting at a conspicuous place within the building.

(Resolutions Adopted in Writing or by Electronic or Magnetic Means)

- Article 45 (1) Where a resolution is to be brought before a meeting pursuant to the provisions of this Act or the bylaws, when it is with the consent of all of the unit owners, the resolution may be adopted either in writing or by electronic or magnetic means; provided, however, that the consent of the unit owners concerning a resolution adopted by electronic or magnetic means must be obtained pursuant to the provisions of Order of the Ministry of Justice.
- (2) With regard to a matter that should have been resolved by bringing it before a meeting pursuant to the provisions of this Act or the bylaws, when there is

unanimous agreement by all of the unit owners in writing or by electronic or magnetic means, a resolution is deemed to have been adopted in writing or by electronic or magnetic means.

- (3) A resolution that has been adopted in writing or by electronic or magnetic means with regard to a matter that should have been resolved by bringing it before a meeting pursuant to the provisions of this Act or the bylaws, is to have the same effect as a meeting resolution.
- (4) The provisions of Article 33 apply mutatis mutandis to documents related to a resolution adopted in writing or by electronic or magnetic means, and to the electronic or magnetic records that are prepared by electronic or magnetic means where the electronic or magnetic means referred to in paragraph (1) or paragraph (2) are used.
- (5) The provisions concerning meetings apply mutatis mutandis to resolutions adopted in writing or by electronic or magnetic means.

(Effects of Bylaws and Meeting Resolutions)

Article 46 (1) Bylaws and meeting resolutions also become effective against the specific successor of a unit owner.

- (2) A possessor, with regard to the way in which the possessor uses the building or, its grounds or attached facilities, is to bear the same obligations as those borne by the unit owners based on the bylaws or meeting resolutions.

Section 6 Incorporated Management Associations

(Establishment)

Article 47 (1) The association referred to in Article 3 becomes a corporation by specifying to the effect that it is to become a corporation as a result of a meeting resolution adopted by at least a three-fourths majority of the unit owners and a three-fourths majority of the votes, by specifying its name and office, and by making a registration in the location of its principal office.

- (2) The corporation under the preceding paragraph is to be called an "incorporated management association."
- (3) Beyond what is provided for in this Act, the necessary matters for the registration of an incorporated management association are prescribed by Cabinet Order.
- (4) The matters that should be registered in regard to an incorporated management association may not be duly asserted against a third party until after those matters have been registered.
- (5) The meeting resolutions, the bylaws, and the acts performed within the scope of the duties of a manager before the establishment of an incorporated management association, become effective against the incorporated

management association.

- (6) An incorporated management association, in connection with its affairs, represent the unit owners. The same applies to claims for and the receipt of insurance money based on a non-life insurance contract pursuant to the provisions of Article 18, paragraph (4) (including as applied *mutatis mutandis* pursuant to Article 21) as well as compensation for damages arising with regard to a common area, etc. and refunds due to unjust enrichment.
- (7) No limitation on the authority of representation of an incorporated management association may be duly asserted against a third party without knowledge of the limitation.
- (8) An incorporated management association may, pursuant to the bylaws or a meeting resolution, serve as a plaintiff or defendant for a unit owner, in connection with its affairs (including the matters prescribed in the second sentence of paragraph (6)).
- (9) When the incorporated management association has served as a plaintiff or defendant pursuant to the bylaws referred to in the preceding paragraph, it must notify the unit owners to that effect without delay. In this case, the provisions of Article 35, paragraphs (2) through (4) apply *mutatis mutandis*.
- (10) The provisions of Article 4 and Article 78 of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) apply *mutatis mutandis* to an incorporated management association, and the provisions of Article 16, paragraph (2) of the Bankruptcy Act (Act No. 75 of 2004) apply *mutatis mutandis* to an existing incorporated management association.
- (11) The provisions of Section 4 and the proviso to Article 33, paragraph (1) (including as applied *mutatis mutandis* pursuant to Article 42, paragraph (5) and Article 45, paragraph (4)) do not apply to an incorporated management association.
- (12) With regard to an incorporated management association, where the provisions of the main clause of Article 33, paragraph (1) (including as applied *mutatis mutandis* pursuant to Article 42, paragraph (5) and Article 45, paragraph (4); hereinafter the same applies in this paragraph) apply, the phrase "by the manager" in the main clause of Article 33, paragraph (1) is deemed to be replaced with "by the director at the office of the incorporated management association," and in cases where the provisions of Article 34, paragraphs (1) through (3) and paragraph (5), Article 35, paragraph (3), Article 41, and Article 43 apply, the term "manager" in these provisions is deemed to be replaced with "director."
- (13) With regard to the application of the provisions of the Corporation Tax Act (Act No. 34 of 1965) and other laws and regulations related to corporation tax, an incorporated management association is deemed to be a corporation in the

public interest, etc. as prescribed in Article 2, item (vi) of that Act. In this case, where the provisions of Article 37 of the same Act apply, the term "corporation in the public interest, etc. (excluding" in Article 37, paragraph (4) of the Act is deemed to be replaced with "corporation in the public interest, etc. (excluding an incorporated management association," and where the provisions of Article 66 of the same Article apply, the term "ordinary corporation" in paragraph (1) and paragraph (2) of Article 66 of the Act is deemed to be replaced with "ordinary corporation (including an incorporated management association)," and the term "corporation in the public interest, etc. (excluding" in Article 66, paragraph (3) of the Act is deemed to be replaced with "corporation in the public interest, etc. (excluding an incorporated management association."

(14) With regard to the application of the provisions of the Consumption Tax Act (Act No. 108 of 1988) and other laws and regulations related to consumption tax, an incorporated management association is deemed to be a corporation as set forth in the Appended Table No. 3 of the same Act.

(Name)

Article 48 (1) An incorporated management association must use the characters "管理組合法人" (kanrikumiaihoujin [incorporated management association]) in its name.

(2) No person other than an incorporated management association may use in its name the characters "管理組合法人" (kanrikumiaihoujin [incorporated management association]).

(Inventory of Assets and Register of Unit Owners)

Article 48-2 (1) An incorporated management association must prepare its inventory of assets at the time of its establishment, and at any time between January and March each year, and must keep it at its principal office at all times; provided, however, that when an incorporated management association establishes a specific business year, it must prepare an inventory of assets at the time of its establishment and at the end of each business year.

(2) An incorporated management association must keep a register of the unit owners and make necessary changes to the register whenever there is a change in the unit owners.

(Directors)

Article 49 (1) An incorporated management association must have a director.

(2) When there are multiple directors, the affairs of an incorporated management association are to be decided by the majority of the directors, unless otherwise provided for in the bylaws.

(3) The director represents the incorporated management association.

- (4) When there are multiple directors, each director represents the incorporated management association.
- (5) The provisions of the preceding paragraph do not preclude an incorporated management association from designating a director to represent the incorporated management association or providing the fact that multiple directors are to jointly represent the incorporated management association in its bylaws or by resolution at a meeting, or from specifying that the director who is to represent the incorporated management association is to be chosen by the election of a director from among the directors themselves under the provisions of the bylaws.
- (6) The director's term of office is to be two years; provided, however, that when the bylaws specify a different period of no longer than three years, that period is to be the director's term of office.
- (7) Where there is an vacancy in the office of a director, or a shortfall in the number of directors as specified in the bylaws, a director who has retired due to expiration of their term of office or resignation is to perform the duties of a director until a newly appointed director (including a provisional director as prescribed in Article 49-4, paragraph (1)) assumes office.
- (8) The provisions of Article 25 apply mutatis mutandis to a director.

(Director's Authority of Representation)

Article 49-2 No limitation on a director's authority of representation may be duly asserted against a third party without knowledge of the limitation.

(Delegation of Director's Authority)

Article 49-3 A director may delegate their authority for a specific act to other persons, only when such delegation is not prohibited by the bylaws or a meeting resolution.

(Provisional Director)

Article 49-4 (1) Where there is a vacancy in the office of a director, and a damage is likely to occur due to a delay in the affairs, the court must appoint a provisional director, at the request of an interested person or a public prosecutor.

(2) Cases concerning the appointment of a provisional director are to be subject to the jurisdiction of the district court with jurisdiction over the location of the incorporated management association's principal office.

(Auditor)

Article 50 (1) An incorporated management association is to have an auditor.

(2) No auditor may hold concurrently the position of the director or employee of

an incorporated management association.

(3) The duties of an auditor are to be as follows:

- (i) auditing the status of the assets of the incorporated management association;
- (ii) auditing the performance of affairs by the directors;
- (iii) giving a report to the meeting when the auditor finds matters that are in violation of the applicable laws and regulations or the bylaws, or matters that are significantly improper with respect to the status of the assets or the execution of the affairs; and
- (iv) calling a meeting when it is necessary for the auditor to give a report as prescribed in the preceding item.

(4) The provisions of Article 25, Article 49, paragraph (6) and paragraph (7), and the preceding Article apply *mutatis mutandis* to an auditor.

(Auditor's Authority of Representation)

Article 51 With regard to a matter involving a conflict of interest between an incorporated management association and directors, the auditor represents the incorporated management association.

(Execution of Affairs)

Article 52 (1) Beyond what is provided for in this Act, the affairs of an incorporated management association are executed based on meeting resolutions; provided, however, that except for matters for which a special fixed number is specified in this Act with regard to meeting resolutions and the matters provided in Article 57, paragraph (2), the bylaws may provide that matters are to be decided by the directors and other officers.

(2) Notwithstanding the provisions of the preceding paragraph, the director may decide on the act of preservation.

(Liability of Unit Owners)

Article 53 (1) When an incorporated management association is unable to fully perform its obligations out of its assets, the unit owners are liable for the performance of the obligations in the same proportion as that specified in Article 14; provided, however, that when a proportion of burden as provided in the proviso to Article 29, paragraph (1) has been specified, the unit owners' liability is to be in accordance with that proportion.

(2) The provisions of the preceding paragraph also apply when a compulsory execution against the assets of the incorporated management association do not prove to be effective.

(3) The provisions of the preceding paragraph do not apply when the unit owners have proved that the incorporated management association has sufficient

financial resources and that a compulsory execution can be easily performed.

(Liability of Specific Successors)

Article 54 The specific successor of a unit owner bears the same liability as that borne by the unit owner pursuant to the preceding Article, even with regard to obligations of the incorporated management association that arose before their succession.

(Dissolution)

Article 55 (1) An incorporated management association is dissolved on the following grounds:

- (i) the total destruction of the building (for an incorporated management association consisting of unit owners who co-own a partial common area, that common area);
- (ii) the fact that the exclusively-owned areas in the building have ceased to exist; and
- (iii) a resolution at a meeting.

(2) The resolution referred to in item (iii) of the preceding paragraph is to be adopted by at least a three-fourths majority of the unit owners and a three-fourths majority of the votes.

(Capacity of an Incorporated Management Association under Liquidation)

Article 55-2 A dissolved incorporated management association is deemed to continue to exist to the extent of the purpose of liquidation, until the completion of the liquidation.

(Liquidators)

Article 55-3 When an incorporated management association is dissolved, except when the dissolution has been effected pursuant to an order commencing bankruptcy proceedings, the director is to be the liquidator; provided, however, that this does not apply when otherwise provided by the bylaws or when a person other than a director has been appointed at a meeting.

(Appointment of a Liquidator by the Court)

Article 55-4 When there is no person to become a liquidator pursuant to the provisions of the preceding Article or when a damage is likely to occur due to a vacancy in the office of liquidator, the court may appoint a liquidator at the request of an interested person or a public prosecutor, or by its own authority.

(Dismissal of a Liquidator)

Article 55-5 When there are material grounds, the court may dismiss a

liquidator at the request of an interested person or a public prosecutor, or by its own authority.

(Duties and Authority of a Liquidator)

Article 55-6 (1) The duties of a liquidator are as follows:

- (i) completion of pending affairs;
- (ii) collection of claims and performance of obligations; and
- (iii) delivery of residual assets.

(2) A liquidator may engage in any and all acts necessary for the performance of the duties set forth in the items of the preceding paragraph.

(Requests for Filing of Claims)

Article 55-7 (1) Within two months from the day on which a liquidator takes office, the liquidator must request that a creditor file their claims within a stated period of time, by releasing a public notice on at least three occasions. In this case, the period of time may not be shorter than two months.

(2) The public notice set forth in the preceding paragraph must be attached with a supplementary note stating that if a creditor does not file a claim within the stated period the creditor is to be excluded from the liquidation; provided, however, that the liquidator may not exclude a known creditor.

(3) A liquidator must separately request known creditors to file their claims.

(4) The public notice pursuant to the provisions of paragraph (1) is given by publication in the official gazette.

(Filing of Claims After the Lapse of the Stated Period)

Article 55-8 A creditor who files a claim after the lapse of the period provided for in paragraph (1) of the preceding Article may only make a claim against the assets that have not been delivered to persons with vested rights, after all obligations of the incorporated management association have been fully performed.

(Commencement of Bankruptcy Proceedings with Respect to an Incorporated Management Association under Liquidation)

Article 55-9 (1) When it becomes apparent during liquidation that the assets of an incorporated management association are insufficient for the full performance of its obligations, the liquidator must immediately file a petition for the commencement of bankruptcy proceedings and give public notice to that effect.

(2) Where an incorporated management association under liquidation has been issued an order to commence bankruptcy proceedings, when its affairs have been transferred to a bankruptcy trustee, the duties of the liquidator is

considered to have been completed.

- (3) In the case prescribed in the preceding paragraph, when the incorporated management association under liquidation has already paid any money to the creditors, or has delivered any assets to persons with vested rights, the bankruptcy trustee may retrieve such money or assets.
- (4) The public notice pursuant to the provisions of paragraph (1) is given by publication in the official gazette.

(Vesting of Residual Assets)

Article 56 The assets of a dissolved incorporated management association, except where otherwise provided in the bylaws, are to vest in each unit owner in the same proportion as that specified in Article 14.

(Supervision by the Court)

- Article 56-2 (1) The dissolution and liquidation of an incorporated management association are subject to the supervision of the court.
- (2) The court may, on its own authority, conduct any inspection that is necessary for the supervision set forth in the preceding paragraph, at any time.

(Jurisdiction over Cases Concerning Supervision of Dissolution and Liquidation)

Article 56-3 Cases concerning the supervision of the dissolution and liquidation of an incorporated management association and cases concerning the liquidator are subject to the jurisdiction of the district court with jurisdiction over the location of the incorporated management association's principal office.

(Restriction on Appeals)

Article 56-4 No appeal may be entered against a judicial decision on the appointment of a liquidator.

(Remuneration for a Liquidator Appointed by the Court)

Article 56-5 Where the court has appointed a liquidator pursuant to the provisions of Article 55-4, it may fix the amount of remuneration that the incorporated management association is to pay to the liquidator. In this case, the court must hear statements from the liquidator and the auditor.

(Immediate Appeal Against a Ruling)

Article 56-6 An immediate appeal against a ruling may be filed against a judicial decision on the dismissal of the liquidator or against a judicial decision pursuant to the provisions of the preceding Article.

(Appointment of Inspectors)

- Article 56-7 (1) The court may appoint an inspector for the purpose of having them carry out any investigation that is necessary for the supervision of the dissolution and liquidation of an incorporated management association.
- (2) The provisions of the preceding three Articles apply mutatis mutandis to cases where the court has appointed an inspector pursuant to the provisions of the preceding paragraph. In this case, the term "the liquidator and the auditor" in Article 56-5 is deemed to be replaced with "the incorporated management association and the inspector."

Section 7 Measures Against Persons Who Violate Obligations

(Demand for the Discontinuance of Acts Contrary to Common Interest)

- Article 57 (1) Where a unit owner has performed an act set forth in Article 6, paragraph (1) or where a unit owner is likely to perform such an act, all of the other unit owners or the incorporated management association may, for the common interest of the unit owners, demand that the unit owner discontinue the act, remove the outcome of the act, or take the necessary measures to prevent the act.
- (2) An action filed based on the provisions of the preceding paragraph must be in accordance with a meeting resolution.
- (3) A manager or a unit owner who has been designated at a meeting, in accordance with a meeting resolution, may file an action prescribed in the preceding paragraph on behalf of all of the other unit owners referred to in paragraph (1).
- (4) The provisions of the preceding three paragraphs apply mutatis mutandis to the case where the possessor has performed an act set forth in Article 6, paragraph (1) as applied mutatis mutandis pursuant to paragraph (3) of that Article and where the possessor is likely to perform such an act.

(Demand for Prohibition of Use)

- Article 58 (1) In the case prescribed in paragraph (1) of the preceding Article, when the act set forth in Article 6, paragraph (1) significantly impedes the unit owners' community life and when there is difficulty in removing the impediment and securing the use of the common area or maintaining the other unit owners' community life by making a demand under paragraph (1) of the preceding Article, all of the other unit owners or the incorporated management association may, based on a meeting resolution, file an action demanding that the unit owner involved in the act be prohibited from using the exclusively-owned area for a reasonable period of time.
- (2) A resolution referred to in the preceding paragraph is to be adopted by at

least a three-fourths majority of the unit owners and a three-fourths majority of the votes.

- (3) In order for the resolution under paragraph (1) to be decided, the relevant unit owner must be given the opportunity to give an explanation in advance.
- (4) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the filing of an action as referred to in paragraph (1).

(Demand for Auction of Unit Ownership)

Article 59 (1) In the case prescribed in Article 57, paragraph (1), when the act set forth in Article 6, paragraph (1) significantly impedes the unit owners' community life and when there is difficulty in removing the impediment and securing the use of the common area or maintaining the other unit owners' community life through other means, all of the other unit owners or the incorporated management association may, based on a meeting resolution, file an action demanding that the unit ownership and the right to use the grounds held by the unit owner who is involved in the act be auctioned.

- (2) The provisions of Article 57, paragraph (3) apply mutatis mutandis to the filing of an action set forth in the preceding paragraph, and the provisions of paragraph (2) and paragraph (3) of the preceding Article apply mutatis mutandis to the resolution set forth in the preceding paragraph.
- (3) A petition for an auction based on the judgment pursuant to the provisions of paragraph (1) may not be filed after six months have elapsed from the day on which the judgment has become final and binding.
- (4) In the auction set forth in the preceding paragraph, neither the unit owner who is subject to the petition for the auction nor any person seeking to purchase the unit ownership or the right to use the grounds on the unit owner's account may make a purchase offer.

(Demand for Transfer Against the Possessor)

Article 60 (1) In the case prescribed in Article 57, paragraph (4), when the act set forth in Article 6, paragraph (1) as applied mutatis mutandis pursuant to Article 6, paragraph (3) significantly impedes the unit owners' community life and when there is difficulty in removing the impediment and securing the use of the common area or maintaining the other unit owners' community life through other means, all of the unit owners or the incorporated management association may, based on a meeting resolution, file an action demanding the cancellation of the contract concluded for the purpose of using or profiting from the exclusively-owned area in the possession of the possessor involved in the act and the transfer of that exclusively-owned area.

- (2) The provisions of Article 57, paragraph (3) apply mutatis mutandis to the filing of the action set forth in the preceding paragraph, and the provisions of

Article 58, paragraph (2) and paragraph (3) apply mutatis mutandis to the resolution set forth in the preceding paragraph.

- (3) A person to whom an exclusively-owned area has been transferred based on the judgment pursuant to the provisions of paragraph (1) must further transfer the exclusively-owned area to the person who holds the title to possess the area without delay.

Section 8 Restoration and Reconstruction

(Restoration in Cases Where Part of the Building Has Been Destroyed)

- Article 61 (1) When a part of a building equivalent to up to half of the price of the building has been destroyed, each unit owner may restore the common areas and their own exclusively-owned area that have been destroyed; provided, however, that this does not apply to the common areas where the resolution set forth in paragraph (3), paragraph (1) of the following Article, or Article 70, paragraph (1) has been adopted before the commencement of restoration work.
- (2) A unit owner who has restored a common area pursuant to the provisions of the preceding paragraph may demand the other unit owners to reimburse them for the amount required for the restoration in accordance with the proportion specified in Article 14.
 - (3) In the case prescribed in the main clause of paragraph (1), a resolution to restore the destroyed common areas may be brought before a meeting.
 - (4) The provisions of the preceding three paragraphs do not preclude any provisions to the contrary in the bylaws.
 - (5) Except in cases prescribed in the main clause of paragraph (1), when part of a building has been destroyed, a resolution to restore the destroyed common areas may be adopted at a meeting by at least a three-fourths majority of the unit owners and a three-fourths majority of the votes.
 - (6) The minutes of a meeting before which a resolution under the preceding paragraph has been brought, must state or record whether each unit owner's vote is in favor of or against the resolution.
 - (7) Where a resolution under paragraph (5) has been adopted, when two weeks have elapsed from the day of the resolution, except for cases specified in the following paragraph, unit owners other than those who supported the resolution (including the successors of those unit owners; hereinafter referred to as "supporters of the resolution" in this Article) may demand that some or all of the supporters of the resolution purchase the building and the rights to the grounds thereof at their market value. In this case, the supporters of the resolution who have been so demanded may, within two months from the day of the demand, demand that all or some of the other supporters of the resolution purchase the building and the rights to its grounds at their market value in

accordance with the proportion specified in Article 14, calculated by excluding the unit owners who were not supporters of the resolution.

- (8) When a person who is capable of purchasing the building and the rights to its grounds has been designated by the supporters of the resolution by unanimous consent, and the designated person (hereinafter referred to as the "designated purchaser" in this Article) has notified the unit owners who were not supporters of the resolution to that effect in writing within two weeks from the day of the resolution under paragraph (5), the unit owners who have been so notified may only make the demand prescribed in the first sentence of the preceding paragraph against the designated purchaser.
- (9) If a designated purchaser does not perform all or part of the obligations connected with the purchase money in a transaction that is based on a demand prescribed in the first sentence of paragraph (7), the supporters of the resolution (excluding those who have become designated purchasers; hereinafter the same applies in this paragraph and paragraph (13)) will be jointly and severally liable to perform those obligations in whole or in part; provided, however, that this does not apply when the supporters of the resolution have proved that the designated purchaser has sufficient financial resources, and that performance can be easily enforced.
- (10) The person who has called a meeting under paragraph (5) (when the designated purchaser has already been designated, the designated purchaser) may specify a period of four months or more and request in writing that unit owners who were not supporters of the resolution give a definite answer within that period as to whether they will make the demand prescribed in the first sentence of paragraph (7) within that period.
- (11) A unit owner who has been requested as under the preceding paragraph may not make the demand prescribed in the first sentence of paragraph (7) after the period specified pursuant to the provisions of the preceding paragraph has elapsed.
- (12) In the case prescribed in paragraph (5), when a resolution under that paragraph, paragraph (1) of the following Article, or Article 70, paragraph (1) has not been adopted within six months after the day of the partial destruction of the building, each unit owner may demand that other unit owners purchase the building and the rights to its grounds at their market value.
- (13) In the cases referred to in paragraph (2), paragraph (7), paragraph (8) and the preceding paragraph, the court may grant a reasonable period for the payment of the reimbursement or purchase money at the request of a unit owner who has been demanded to make the reimbursement or purchase, a designated purchaser who has been demanded to make the purchase, or a supporter of the resolution who has been demanded to perform an obligation pursuant to the main clause of paragraph (9).

(Resolution on Reconstruction)

- Article 62 (1) A resolution to the effect that the building will be demolished, and a new building will be constructed on the grounds of the building to be demolished or on part of its land, or on the land that includes the whole or part of the grounds of the building to be demolished (hereinafter the resolution is referred to as the "resolution on reconstruction") may be adopted at a meeting by at least a four-fifths majority of the unit owners and at least a four-fifths majority of the votes.
- (2) A resolution on reconstruction must specify the following matters:
- (i) an outline of the design of the building that is to be newly constructed (hereinafter referred to as the "reconstructed building" in this paragraph);
 - (ii) the estimated amount of expenses necessary for the demolition of the building and the construction of the reconstructed building;
 - (iii) the matters concerning the sharing of expenses referred to in the preceding item; and
 - (iv) the matters concerning the attribution of the unit ownership of the reconstructed building.
- (3) The matters provided for in item (iii) and item (iv) of the preceding paragraph must be specified in a way that does not undermine the equity of each unit owner.
- (4) When a meeting is called at which the matters for resolution prescribed in paragraph (1) is the subject matter, the notice under Article 35, paragraph (1) must, notwithstanding the provisions of that paragraph, be sent at least two months prior to the date of the meeting; provided, however that this period may be extended by the bylaws.
- (5) In the case prescribed in the preceding paragraph, when giving the notice under Article 35, paragraph (1), the following matters must be notified, in addition to the gist of the proposal prescribed in paragraph (5) of that Article:
- (i) the reasons that necessitate the reconstruction;
 - (ii) if it has been decided that the building will not be reconstructed, the amount of expenses necessary to maintain or recover the utility of the building (including securing the utility that a building normally should have), and a breakdown of the expenses;
 - (iii) when a plan for repairing the building has been established, the content of the plan; and
 - (iv) the amount of reserve funds reserved for the repair of the building.
- (6) A person who has called a meeting under paragraph (4) must hold an explanatory meeting to explain to the unit owners the matters that should be notified when the meeting was called, by at least one month prior to the date of the meeting.

- (7) The provisions of Article 35, paragraphs (1) through (4) and Article 36 apply mutatis mutandis to the holding of an explanatory meeting provided in the preceding paragraph. In this case, the term "extended or shortened" in the proviso to Article 35, paragraph (1) is deemed to be replaced with "extended."
- (8) The provisions of paragraph (6) of the preceding Article apply mutatis mutandis to the minutes of a meeting before which a resolution on reconstruction has been brought.

(Demand for the Sale of Unit Ownership)

Article 63 (1) When a resolution on reconstruction has been adopted, the person who called the meeting must, without delay, request in writing that the unit owners who did not support the resolution on reconstruction (including their successors) answer whether or not they will participate in the reconstruction in accordance with the content of the resolution on reconstruction.

- (2) The unit owners referred to in the preceding paragraph must give their answers within two months from the day on which they received the request under that paragraph.
- (3) A unit owner referred to in paragraph (1) who has failed to give an answer within the period under the preceding paragraph is deemed to have given an answer to the effect that they will not participate in the reconstruction.
- (4) After the period under paragraph (2) has elapsed, each unit owner who supported the resolution on reconstruction or each unit owner who has answered to the effect that they will participate in the reconstruction in accordance with the content of the resolution on reconstruction (including the successors of those unit owners), or any person who has been designated as the person who may purchase the unit ownership or the rights to use the grounds with the unanimous consent of the unit owners (hereinafter referred to as the "designated purchaser") may demand that the unit owners who have answered to the effect that they will not participate in the reconstruction (including their successors) sell and transfer their unit ownership and the rights to use the grounds at the market value, within two months from the day that the period under paragraph (2) expires. The same applies to the rights to use the grounds that are held by a person who has acquired only the rights to use the grounds from a unit owner who has answered to the effect that they will not participate in the reconstruction after the adoption of the resolution on reconstruction (including the successor of that person).
- (5) Where a demand has been made under the preceding paragraph, when a unit owner who has answered to the effect that they will not participate in the reconstruction is likely to suffer extreme difficulty in their daily life as a result of vacating the building, and when there are obvious grounds for finding that it would not have a significant influence on the implementation of the resolution

on reconstruction, the court may, at the request of that person, grant the person a reasonable period to vacate the building, within the scope of one year from the day of the payment or provision of the purchase money.

(6) Where demolition work on the building has not commenced within two years after the day the resolution on reconstruction was passed, a person who has sold their unit ownership or rights to use the grounds pursuant to the provisions of paragraph (4) may, within six months from the day of the expiration of that period, demand that the person who holds the unit ownership or the rights to use the grounds at the time in question sell and transfer the rights thereto, by offering the current holder money equivalent to the purchase money paid to them by the purchaser; provided, however, that this does not apply where there are legitimate grounds for the demolition work on the building not having commenced.

(7) In the case prescribed in the proviso to the preceding paragraph, the provisions of the main clause of the preceding paragraph apply mutatis mutandis to cases where demolition work on the building has not commenced within six months from the day on which the reasons preventing the commencement of the demolition work have ceased to exist. In this case, the phrase "within six months from the day of the expiration of that period" in the main clause of the preceding paragraph is deemed to be replaced with "by the time six months have elapsed from the day on which the person who sold the unit ownership or the rights to use the grounds became aware that the reasons preventing the commencement of demolition work on the building have ceased to exist, or two years from the day on which the reasons ceased to exist, whichever comes earlier."

(Agreement on Reconstruction)

Article 64 Each unit owner who supported the resolution on reconstruction, each unit owner who answered to the effect that they will participate in the reconstruction in accordance with the content of the resolution on reconstruction, and each designated purchaser who purchased the unit ownership or the rights to use the grounds (including the successors of those persons) are deemed to have agreed to implement the reconstruction in accordance with the content of the resolution on reconstruction.

Chapter II Housing Complexes

(Association of Building Owners in a Housing Complex)

Article 65 Where two or more buildings are located in a single housing complex and where the land or attached facilities (including the rights related thereto) located in the housing complex are co-owned by the owners of the buildings

(with regard to buildings with exclusively-owned areas, the unit owners), all of the owners thereof together (hereinafter referred to as the "owners of buildings in a housing complex") may organize an association to manage the land, attached facilities, and buildings with exclusively-owned areas that are located within the housing complex, and may, pursuant to the provisions of this Act, hold meetings, establish bylaws, and assign a manager.

(Mutatis Mutandis Application of Provisions Concerning Unit Ownership in a Building)

Article 66 The provisions of Article 7, Article 8, Articles 17 through 19, Article 25, Article 26, Article 28, Article 29, Article 30, paragraph (1,) and paragraphs (3) through (5), Article 31, paragraph (1), and Articles 33 through 56-7 apply mutatis mutandis to the case referred to in the preceding Article. In this case, the terms "unit owner" and "incorporated management association" in these provisions (excluding Article 55, paragraph (1), item (i)) are deemed to be replaced with "owners of the buildings in a housing complex as prescribed in Article 65" and "incorporated housing complex management association" respectively; the phrases "common areas, grounds of the building, or attached facilities of the building that are other than common areas" and "unit ownership" in Article 7, paragraph (1) are deemed to be replaced with "the land or the attached facilities (hereinafter referred to as the 'land, etc.')" in the case referred to in Article 65" and "rights to the land, etc., building, or unit ownership" respectively; the phrases "common areas" in Article 17, Article 18, paragraph (1) and paragraph (4), and Article 19, "the common areas, and the grounds and attached facilities of the relevant building in the case prescribed in Article 21" in Article 26, paragraph (1), and "the building, its grounds and its attached facilities" in Article 29, paragraph (1) are deemed to be replaced with "the land, etc., as well as the land, etc. and attached facilities set forth in Article 68, paragraph (1), item (i) and the common areas of the building set forth in Article 68, paragraph (1), item (ii) that are specified for management pursuant to the bylaws under the provisions of Article 68"; the term "exclusively-owned area" in Article 17, paragraph (2), Article 35, paragraph (2) and paragraph (3), Article 40 and Article 44, paragraph (1) is be deemed to be replaced with "building or exclusively-owned area"; the phrase "specified in Article 14" in Article 29, paragraph (1), Article 38, Article 53, paragraph (1) and Article 56 is deemed to be replaced with "of the share in the land, etc. (including the rights related thereto)"; the phrase "building or its grounds or attached facilities" in Article 30, paragraph (1) and Article 46, paragraph (2) is deemed to be replaced with "land, etc. or the land, etc. or attached facilities set forth in the items of Article 68, paragraph (1)"; the phrase "the exclusively-owned areas or common areas or the grounds or attached facilities of the

building (including the rights related to the grounds or attached facilities of the building)" in Article 30, paragraph (3) is deemed to be replaced with "the building or common areas, or land, etc. (including the rights related thereto), or the land, etc. or attached facilities set forth in Article 68, paragraph (1), item (i) (including the rights related thereto) or the common areas of the building set forth in Article 68, paragraph (1), item (ii), that are specified for management pursuant to the bylaws under the provisions of Article 68"; the phrase "within the building" in Article 33, paragraph (3), Article 35, paragraph (4) and Article 44, paragraph (2) is deemed to be replaced with "within the housing complex"; the phrase "Article 61, paragraph (5), Article 62, paragraph (1), Article 68, paragraph (1) or Article 69, paragraph (7)" in Article 35, paragraph (5) is deemed to be replaced with "Article 69, paragraph (1), or Article 70, paragraph (1)"; the term "possessor" in Article 46, paragraph (2) is deemed to be replaced with "the person who possesses a building or an exclusively-owned area but who is not the owner of a building in the housing complex as prescribed in Article 65"; the term "Article 3" in Article 47, paragraph (1) is deemed to be replaced with "Article 65"; the phrase "building (for an incorporated management association consisting of unit owners who jointly own a partial common area, the common area)" in Article 55, paragraph (1), item (i) is deemed to be replaced with "land, etc. (including the rights related thereto)"; and the phrase "the exclusively-owned areas in the building have ceased to exist" in Article 55, paragraph (1), item (ii) is deemed to be replaced with "the land, etc. (including the rights related thereto) has ceased to be jointly held by the owners of the buildings in the housing complex as prescribed in Article 65."

(Common Areas in a Housing Complex)

- Article 67 (1) The buildings that comprise the attached facilities of a single housing complex (including the portions of a building provided for in Article 1 that comprise the attached facilities) may be treated as common areas in a housing complex pursuant to the bylaws under Article 30, paragraph (1) as applied mutatis mutandis pursuant to the preceding Article. In this case, the common areas may not be duly asserted as common areas against a third party unless they are registered as such.
- (2) A person who wholly owns two or more buildings that are located in a single housing complex may establish bylaws under the preceding paragraph by a notarial instrument.
- (3) The provisions of the main clause of Article 11, paragraph (1), Article 11, paragraph (3) and Articles 13 through 15 apply mutatis mutandis to the common areas in a housing complex. In this case, the term "unit owner" in the main clause of Article 11, paragraph (1) is deemed to be replaced with "the

owner of a building in the housing complex as prescribed in Article 65" and the term "exclusively-owned area" in Article 14, paragraph (1) and Article 15 is deemed to be replaced with "building or exclusively-owned area."

(Special Provisions on the Establishment of Bylaws)

Article 68 (1) In order to establish the bylaws provided for in Article 30, paragraph (1) as applied mutatis mutandis pursuant to Article 66 with regard to the following objects, for the land or attached facilities set forth in item (i), the consent of more than three-fourths of the co-owners who hold more than three-fourths of the share in all of the land or all of the attached facilities is required, and for the building set forth in item (ii), the adoption of a resolution by at least a three-fourths majority of the unit holders and a four-fifths majority of the votes, at a meeting under the provisions of Article 34 for the whole building is required:

- (i) where land or attached facilities located in a single housing complex (including rights related thereto) are co-owned by the owners of some of the buildings located in the housing complex (with regard to buildings with exclusively-owned areas, the unit owners), that land or attached facilities (excluding land and attached facilities co-owned only by the owners of buildings that are other than buildings with exclusively-owned areas); and
- (ii) a building with exclusively-owned areas that is located in the housing complex.

(2) The provisions of Article 31, paragraph (2) apply mutatis mutandis to a meeting resolution as set forth in the preceding paragraph for the matters concerning the partial common areas of the building set forth in item (ii) of the preceding paragraph that do not affect the interests of all of the unit owners.

(Resolutions to Approve the Reconstruction of Buildings Located in a Housing Complex)

Article 69 (1) Where all or some of the buildings in a single housing complex (hereinafter referred to as the "buildings in the housing complex" in this Article and the following Article) are buildings with exclusively-owned areas, and where the land on which a specific building in the housing complex (hereinafter referred to as the "specific building" in this Article) is located is co-owned by the owners of buildings in the housing complex as prescribed in Article 65 (hereinafter simply referred to as the "owners of the buildings in the housing complex" in this Article) who own the buildings in the housing complex, where the requirements specified in the following items are satisfied in accordance with the categories set forth in each of those items and when a resolution for approval has been adopted by at least a three-fourths majority of the votes at the meeting of the association provided for in Article 65 that has

been organized by the owners of the buildings in the housing complex who own the buildings in a housing complex and who are the co-owners of the land (including the rights related thereto) or the incorporated housing complex management association (such a resolution is hereinafter referred to as the "resolution to approve reconstruction"), the owners of buildings in the housing complex who own the specific building may demolish the specific building and construct a new building on the land or on land within the housing complex that is managed or used as a single unit with that land (limited to the land co-owned by the owners of buildings in the housing complex who own the building in the housing complex):

(i) where the specific building is a building with exclusively-owned areas: a resolution on reconstruction has been adopted for the specific building or the consent of all of the unit owners of that specific building has been obtained;
or

(ii) where the specific building is a building other than a building with exclusively-owned areas: the consent of the owners of that specific building has been obtained.

(2) Notwithstanding the provisions of Article 38 as applied mutatis mutandis pursuant to Article 66, the voting rights of each owner of the buildings in a housing complex at the meeting provided for in the preceding paragraph are to be in proportion to the share in the land on which the specific building (including the rights related thereto) is located, even if it is otherwise provided for in the bylaws under Article 30, paragraph (1) as applied mutatis mutandis pursuant to Article 66.

(3) An owner of a building in a housing complex who owns the specific building for which the requirements specified in the items of paragraph (1) are satisfied is deemed to have exercised voting rights in favor of the resolution to approve reconstruction; provided, however, that this does not apply to the exercise of voting rights by the unit owners of the specific building who hold the voting rights based on the right to use the grounds of a building other than the specific building from among the buildings in the housing complex, in the case prescribed in paragraph (1), item (i).

(4) Notwithstanding the provisions of Article 35, paragraph (1), when a meeting under paragraph (1) is called, the notice under Article 35, paragraph (1) as applied mutatis mutandis pursuant to Article 66 must indicate an outline of the design of the building that is to be newly constructed (including the place in the housing complex where the building is to be located) in addition to the gist of the proposal provided for in Article 35, paragraph (5), and be sent by at least two months prior to the meeting date of the meeting; provided, however, that this period may be extended by the bylaws under Article 30, paragraph (1) as applied mutatis mutandis pursuant to Article 66.

- (5) In the case referred to in paragraph (1), when the reconstruction under a resolution to approve reconstruction is to have a special influence on the reconstruction of a building other than the specific building (hereinafter referred to as "the other building" in this paragraph), the specific building may only be reconstructed when the persons specified in the following items in accordance with the categories set forth in each of those items support the resolution to approve reconstruction:
- (i) where the other building is a building with exclusively-owned areas: unit owners at the meeting set forth in paragraph (1) who hold at least three-fourths of the voting rights of all of the unit owners of the other building; or
 - (ii) where the other building is a building other than a building with exclusively-owned areas: the owner of the other building.
- (6) In the case referred to in paragraph (1), when there are two or more specific buildings, the owners of buildings in the housing complex who own the two or more specific buildings may bring a resolution to approve combined reconstruction with regard to the reconstruction of the two or more specific buildings, with the consent of the owners of the buildings in a housing complex for each specific building.
- (7) In the case referred to in the preceding paragraph, when the specific buildings are buildings with exclusively-owned areas, a resolution to bring a resolution to approve combined reconstruction with regard to the reconstruction of the two or more specific buildings may be adopted by at least a four-fifths majority of the unit owners of the specific buildings and at least a four-fifths majority of the votes, at a meeting set forth in Article 62, paragraph (1) at which the reconstruction of the specific buildings is the subject matter. In this case, when such a resolution has been adopted, the consent prescribed in the preceding paragraph is deemed to have been obtained from the owners of the buildings in the housing complex who own the specific buildings (limited to unit owners).

(Resolutions for Combined Reconstruction of Buildings Located in a Housing Complex)

Article 70 (1) Where all of the buildings in a housing complex are buildings with exclusively-owned areas, and where the grounds of the relevant buildings in the housing complex (meaning the land on which the buildings in a housing complex are located and the land that is treated as the grounds of the buildings in a housing complex pursuant to the provisions of Article 5, paragraph (1), and including the rights related thereto; hereinafter the same applies in this paragraph and the following paragraph) are co-owned by the unit owners of the buildings in the housing complex, when the bylaws under Article 30, paragraph (1) as applied mutatis mutandis pursuant to Article 66 have been established

for the buildings in the housing complex pursuant to the provisions of Article 68, paragraph (1) (excluding item (i)), notwithstanding the provisions of Article 62, paragraph (1), a resolution regarding the buildings in a housing complex may be adopted to collectively demolish all of the buildings in the housing complex and construct new buildings on the grounds of those buildings in the housing complex (excluding the rights related thereto; hereinafter the same applies in this paragraph), on part of the land thereof, or on the land that includes the whole or part of the grounds of the buildings in the housing complex (such land is referred to as the "grounds within the reconstructed housing complex" in paragraph (3), item (i)) (hereinafter such a resolution is referred to as the "resolution for combined reconstruction" in this Article), by at least a four-fifths majority of the unit owners of the relevant buildings in the housing complex and by at least a four-fifths majority of the votes, at a meeting of the association as set forth in Article 65 that consists of the unit owners of the buildings in the housing complex who are the co-owners of the grounds of the buildings in the housing complex, or at a meeting of an incorporated housing complex association; provided, however, that this is limited to cases where, with regard to each building in the housing complex, at least two-thirds of the unit owners thereof who hold at least two-thirds of the total votes as provided in Article 38 support the resolution for combined reconstruction at the meetings.

(2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis pursuant to the voting rights of each unit owner prescribed in the main clause of the preceding paragraph. In this case, the phrase "the land where the specific building (including the rights related thereto) is located" in paragraph (2) of the preceding Article is deemed to be replaced with "the grounds of the buildings in the housing complex."

(3) The following matters must be provided for by a resolution for combined reconstruction of the buildings in a housing complex:

- (i) an outline of the plan for the integrated use of the grounds of the reconstructed housing complex;
- (ii) an outline of the designs of the buildings that are to be newly constructed (hereinafter referred to as the "reconstructed buildings in the housing complex" in this paragraph);
- (iii) the estimated amount of expenses necessary for the demolition of all of the buildings in the housing complex and for constructing the reconstructed buildings in the housing complex;
- (iv) the matters concerning the sharing of expenses provided for in the preceding item; and
- (v) the matters concerning the attribution of unit ownership in the reconstructed buildings in the housing complex.

(4) The provisions of Article 62, paragraphs (3) through (8), Article 63, and Article 64 apply mutatis mutandis to a resolution for combined reconstruction of the buildings in a housing complex. In this case, the phrase "item (iii) and item (iv) of the preceding paragraph" in Article 62, paragraph (3) is deemed to be replaced with "Article 70, paragraph (3), item (iv) and item (v)"; the phrases "prescribed in paragraph (1)," "Article 35, paragraph (1)" and "bylaws" in Article 62, paragraph (4) are deemed to be replaced with "prescribed in Article 70, paragraph (1)," "Article 35, paragraph (1) as applied mutatis mutandis pursuant to Article 66," and "the bylaws under Article 30, paragraph (1) as applied mutatis mutandis pursuant to Article 66," respectively; the phrase "Article 35, paragraph (1)" in Article 62, paragraph (5) is deemed to be replaced with "Article 35, paragraph (1) as applied mutatis mutandis pursuant to Article 66"; the phrases "Article 35, paragraphs (1) through (4) and Article 36" and "the proviso to Article 35, paragraph (1)" in Article 62, paragraph (7) are deemed to be replaced with "Article 35, paragraphs (1) through (4) and Article 36 as applied mutatis mutandis pursuant to Article 66" and "the proviso to Article 35, paragraph (1) as applied mutatis mutandis pursuant to Article 66," respectively; and the phrase "paragraph (6) of the preceding Article" in Article 62, paragraph (8) is deemed to be replaced with "Article 61, paragraph (6)."

Chapter III Penal Provisions

Article 71 In cases that fall under any of the following items, the manager, director, person retaining the bylaws, chairperson, or liquidator who has performed the acts set forth therein is punished by a civil fine of up to 200 thousand yen:

- (i) when the person has failed to retain the bylaws, minutes, or documents or electronic or magnetic records set forth in Article 45, paragraph (4) (including as applied mutatis mutandis pursuant to Article 66), in violation of the provisions of the main clause of Article 33, paragraph (1) (including as applied mutatis mutandis pursuant to Article 42, paragraph (5) and Article 45, paragraph (4) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 66) and Article 66; hereinafter the same applies in this item) or the main clause of Article 33, paragraph (1) as applied by the deemed replacement of terms pursuant to Article 47, paragraph (12) (including as applied mutatis mutandis pursuant to Article 66);
- (ii) when the person has refused to offer for inspection the contents of the information recorded in the documents or electronic or magnetic records referred to in the preceding item, shown in accordance with the manner specified by the Order of the Ministry of Justice without legitimate grounds,

- in violation of the provisions of Article 33, paragraph (2) (including as applied mutatis mutandis pursuant to Article 42, paragraph (5) and Article 45, paragraph (4) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 66) and Article 66);
- (iii) when the person has failed to prepare minutes, or to enter or record the matters to be entered or recorded in the minutes, or has made a false statement or record, in violation of the provisions of Article 42, paragraphs (1) through (4) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 66);
 - (iv) when the person has failed to make a report or has made a false report, in violation of the provisions of Article 43 (including the cases which are applied by deemed replacement of terms pursuant to Article 47, paragraph (12) (including as applied mutatis mutandis pursuant to Article 66) and where applied mutatis mutandis pursuant to Article 66);
 - (v) when the person has neglected to make the registration specified by Cabinet Order based on the provisions of Article 47, paragraph (3) (including as applied mutatis mutandis pursuant to Article 66);
 - (vi) when the relevant person has failed to prepare an inventory of assets, or has made a false entry or record in the inventory of assets, in violation of the provisions of Article 48-2, paragraph (1) (including the cases where applied mutatis mutandis pursuant to Article 66);
 - (vii) where there are no directors or auditors or where there is a vacancy that results in a shortfall in the numbers of directors or auditors prescribed in the bylaws, when the person has neglected to follow the procedures for appointing someone to the relevant position;
 - (viii) when the person has neglected to give public notice under the provisions of Article 55-7, paragraph (1) and Article 55-9, paragraph (1) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 66), or has given a false public notice;
 - (ix) when the person has neglected to file a petition for the commencement of bankruptcy proceedings under the provisions Article 55-9, paragraph (1) (including as applied mutatis mutandis pursuant to Article 66); or
 - (x) when the person has obstructed an inspection under the provisions of Article 56-2, paragraph (2) (including as applied mutatis mutandis pursuant to Article 66).

Article 72 A person who has violated the provisions of Article 48, paragraph (2) (including as applied mutatis mutandis pursuant to Article 66) is punished by a civil fine of up to 100 thousand yen.