

Act on Building Unit Ownership

(Act No. 69 of April 4, 1962)

Chapter I Building Unit Ownership

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Chapter I Building Unit Ownership

Section 1 General Provisions

(Building Unit Ownership)

Article 1 If 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 a portion of a building provided for in the preceding Article (excluding a portion that has been established 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" as used in this Act 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; an appurtenance to a building that is not a part of an exclusively-owned area; or an attached building that has been established as a common area pursuant to the provisions of Article 4,

paragraph (2).

- (5) The term "grounds of a building" or "building's grounds" as used in this Act means the land on which a building is located and the land that has been established as part of 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 associated with the grounds of a building due to 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 appoint a manager. The same applies if a common area that should clearly be available for the common use of only some of the unit owners (hereinafter referred to as a "private common area") is managed by those unit owners.

(Common Areas)

- Article 4 (1) A corridor or staircase leading to multiple exclusively-owned areas, or any other portion of the building that, due to its structure, should be available for the common use of all or some of the unit owners, is not to be made the object of unit ownership.
- (2) The bylaws may establish that a portion of a building or an attached building provided for in Article 1 is a common area. In such a case, that portion of the building or that attached building may not be asserted against a third party as a common area unless it has been registered as such.

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

- Article 5 (1) The bylaws may establish that a garden, passage, or other land managed or used by a unit owner as an integral part of the building or of the land on which the building is located is part of the grounds of the building.
- (2) If land on which a building is located has become land that does not constitute that on which the building is located due to the partial destruction of the building, it is deemed to have been established as the grounds of the building by the bylaws pursuant to the provisions of the preceding paragraph. The same applies if part of the land on which a building is located has become land that does not constitute that on which the building is located due to the division of the land.

(Rights and Obligations of Unit Owners)

Article 6 (1) A unit owner must not perform an act that is harmful to the

preservation of the building or any other act that goes against the common interest of the unit owners in connection with the management or use of the building.

- (2) Within the scope necessary to preserve or improve an exclusively-owned area or a common area, a unit owner may request to use the exclusively-owned area of another unit owner or to use a common area not under their ownership. In such a case, if another unit owner incurs damage, the requesting unit owner must pay them compensation.
- (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").
- (4) The provisions of Article 264-8 and Article 264-14 of the Civil Code (Act No. 89 of 1896) do not apply to exclusively-owned areas and common areas.

(Statutory Liens)

Article 7 (1) A unit owner 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 in connection with a claim that involves a common area, the grounds of the building, or attached facilities of the building other than a common area, or in connection with a claim that the unit holder holds against another unit owner based on the bylaws or a meeting resolution. The same applies to a claim that the manager or incorporated management association holds against a unit owner and that involves the manager's or association's 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 in terms of its order of priority and its effect.
- (3) The provisions of Article 319 of the Civil Code apply mutatis mutandis to the statutory lien referred to 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 If 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 areas.

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

Article 10 If there is a unit owner who does not have the right to use the grounds, a person who has the right to request the removal of the owner's exclusively-owned area may request that the owner should 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 a private common area is co-owned by the unit owners who should have common use of it.
- (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 referred to in Article 27, paragraph (1), a person other than a unit owner may not be established as an owner of a common area.
- (3) The provisions of Article 177 of the Civil Code do not apply to a common area.

Article 12 If a common area is co-owned by some or all of the unit owners, co-ownership of that common area is governed by 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) Each co-owner's share in a common area is proportionate to the floor area of the exclusively-owned area the co-owner owns.
- (2) The preceding paragraph being the case, if a private common area (excluding one that is an attached building) has a floor area, the floor area of that private common area is to be divided in proportion to the floor area of the exclusive area held by each unit owner who should have common use of that private common area, and this is to be included in the calculation of the floor area of each unit owner's exclusively-owned area.
- (3) The floor area 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) A co-owner's share in a common area follows any disposition of the exclusively-owned area they own.

(2) Unless otherwise provided for in this Act, a co-owner may not dispose of their share separately from the exclusively-owned area they own.

(Management of a Private Common Area)

Article 16 The part of the management of a private common area that is related to the interests of all unit owners or that is provided for in the bylaws under Article 31, paragraph (2) is carried out by all unit owners, and all other management of that private common area is carried out only by the unit owners who should have common use of it.

(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 quorum of unit owners may be reduced to a one-half majority by the bylaws.

(2) In the case referred to in the preceding paragraph, if the changes to the common area will 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) Except in the case referred to in the preceding Article, matters concerning the management of the common areas may be decided by resolution at a meeting; provided, however, that each co-owner may perform an 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 for 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) The 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 for the benefit of all the unit owners (or, if applicable, for the benefit of all the unit owners who should have common use of the private common area). This being the case, that unit owner may request reasonable management expenses from the relevant unit owners.

(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).

(Application Mutatis Mutandis of Provisions Concerning Common Areas)

Article 21 If the grounds of the building or attached facilities not constituting a common area (including rights related to the grounds or facilities) is 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) If the right to use the grounds is a right of ownership or other such right that is held by multiple persons, a 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 if otherwise provided for in the bylaws.

(2) In the case referred to in the main clause of the preceding paragraph, if 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 if 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 if 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 such right that is held by a single person.

(Limitations on Claims of Invalidity of Separate Disposition)

Article 23 The invalidity of a 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 that Article), may not be asserted against the other party if they acted in good faith; provided, however, that this

does not apply if 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 that Act) do not apply to the right to use the grounds.

Section 4 Managers

(Appointment and Dismissal)

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

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

(Authority)

Article 26 (1) The manager has the right and the obligation to preserve the common areas and to preserve the building's grounds and attached facilities in the case prescribed in Article 21 (each of these is referred to as a "common area or co-owned grounds or attached facilities" 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 acts as the unit owners' agent in matters connected with managerial duties. The same applies for claims for and the receipt of insurance money based on a non-life insurance contract under the provisions of Article 18, paragraph (4) (including as applied mutatis mutandis pursuant to Article 21) as well as requests for and the receipt of compensation for damages arising in connection with a common area or co-owned grounds or attached facilities and monies to be returned due to unjust enrichment.

(3) A limitation on a manager's authority to act as agent may not be asserted against a third party in good faith.

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

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

(Administrative Ownership)

Article 27 (1) The manager may own common areas if there are special provisions in the bylaws permitting this.

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

(Application Mutatis Mutandis 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 Unit Owners)

Article 29 (1) The proportion of liability that a unit owner assumes in connection with the acts the manager has performed with a third party within the scope of their duties is the same as the proportion specified in Article 14; provided, however, that if the bylaws have specified a proportion for sharing in 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 that a third party holds against a unit owner due to an act under the preceding paragraph may be brought against the specific successor of the unit owner.

Section 5 Bylaws and Meetings

(Matters Provided for in Bylaws)

Article 30 (1) Beyond what is provided for in this Act, the bylaws may provide for matters among the unit owners that concern the management or use of a building or its grounds or attached facilities.

(2) Matters concerning a private 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, unless these are provided for in the bylaws of all the unit owners.

(3) The bylaws prescribed in the preceding two paragraphs must be established 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 concerning the exclusively-owned

areas, common areas, or grounds or attached facilities of the building (including rights related to the grounds or attached facilities).

- (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 a record that is created in an electronic format, a magnetic format, or any other format that cannot be perceived by the human senses, and that is specified by Ministry of Justice Order as being used in computerized information processing; 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 such a case, if the establishment, amendment, or repeal of the bylaws will have a special influence on the rights of some unit owners, their approval must be obtained.
- (2) The establishment, amendment, or repeal of the bylaws of all the unit owners concerning a matter prescribed in paragraph (2) of the preceding Article may not be effected if more than one-fourth of the unit owners who should have common use of the private common area or persons who hold more than one-fourth of the voting rights connected with the private common area oppose the establishment, amendment, or repeal.

(Establishment of Bylaws by Notarial Deed)

Article 32 A person who initially owns all the exclusively-owned areas of a building may establish the bylaws under 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 that Article) by a notarial deed.

(Retention and Inspection of the Bylaws)

- Article 33 (1) The bylaws must be retained by the manager; provided, however, that if 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 meeting resolution.
- (2) If the person who has retained the bylaws pursuant to the provisions of the preceding paragraph receives a request from an interested party, the person must not refuse to allow them to inspect the bylaws (or, if the bylaws have been prepared in the form of electronic or magnetic records, to inspect the content of the data recorded in the electronic or magnetic records, displayed in a means that is specified by Ministry of Justice Order at the place where the

bylaws are retained), unless there are legitimate grounds for doing so.

- (3) The place where the bylaws are retained must be posted somewhere conspicuous within the building.

(Convocation of Meetings)

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

- (2) The manager must convene 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 for a meeting and request that the manager convene one; provided, however, that this quorum may be reduced by the bylaws.
- (4) If a request under the preceding paragraph has been made, but, 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 made the request may convene a meeting.
- (5) If there is no manager, one-fifth or more of the unit owners who hold at least one-fifth of all the voting rights may convene a meeting; provided, however, that this quorum 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) If 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 whom it has been decided will exercise their voting rights (or to one of the co-owners, if there is no such person) pursuant to the provisions of Article 40.
- (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 if 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 such a case, the notice under that paragraph is deemed to have arrived at the time when the notice should have normally arrived.
- (4) If 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 somewhere conspicuous within the building. In such a case, the notice under paragraph (1) is deemed to have arrived at the time when the notice is posted.
- (5) If a notice referred to in paragraph (1) is given, and the subject matter of the

meeting is a matter for a resolution provided for in 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), each unit owner must also be notified of an outline of the proposal.

(Omission of Convocation Procedures)

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

(Limitation on Matters for Resolution)

- Article 37 (1) Only a matter for which notice has been given in advance pursuant to the provisions of Article 35 may be voted on as a resolution at a meeting.
- (2) The provisions of the preceding paragraph do not preclude any provisions to the contrary in the bylaws, except for matters concerning which this Act prescribes a special quorum for meeting resolutions.
- (3) The provisions of the preceding two paragraphs do not apply to a meeting under the provisions of 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 the means of using an electronic data processing system or of making use of information and communications technology that is specified by Ministry of Justice Order; the same applies hereinafter) in lieu of exercising their voting rights in writing as provided for in the preceding paragraph, pursuant to the bylaws or a meeting resolution.

(Designation of a Person to Exercise Voting Rights)

Article 40 If an exclusively-owned area is co-owned by multiple persons, the co-owners must decide upon one person who will exercise their voting rights.

(Chairperson)

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

to serve as the chairperson at the meeting, unless otherwise provided for in the bylaws or if it has been otherwise resolved.

(Minutes)

- Article 42 (1) The chairperson must prepare minutes of the proceedings of a meeting in writing or in the form of electronic or magnetic records.
- (2) An outline of the proceedings of the meeting and their results must be entered or recorded in the minutes.
- (3) In the case referred to in the preceding paragraph, if the minutes have been prepared in writing, the chairperson and two unit owners who attended the meeting must sign them.
- (4) In the case referred to in paragraph (2), if the minutes have been prepared in the form of electronic or magnetic records, measures specified by Ministry of Justice Order that are used in place of signatures and that are implemented by the chairperson and two unit owners who attended the meeting must be taken for the data recorded in the electronic or magnetic records.
- (5) The provisions of Article 33 apply mutatis mutandis to the minutes.

(Report of Administrative Affairs)

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

(Possessors' Right to State Their Opinions)

- Article 44 (1) If a person who has possession of 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 convened the meeting must post the date and place of the meeting and the subject matter of the meeting somewhere conspicuous within the building without delay after sending the convocation notice pursuant to the provisions of Article 35.

(Resolutions Decided on in Writing or by Electronic or Magnetic Means)

- Article 45 (1) If a resolution is required to be voted on at a meeting pursuant to the provisions of this Act or the bylaws and if all of the unit owners consent, the resolution may be voted on either in writing or by electronic or magnetic means; provided, however, that the consent of the unit owners concerning a resolution voted on by electronic or magnetic means must be obtained pursuant to the provisions of Ministry of Justice Order.
- (2) If all of the unit owners agree unanimously in writing or by electronic or magnetic means, a matter that was required to have been decided by a resolution voted on at a meeting pursuant to the provisions of this Act or the

bylaws, is deemed to have been decided by a resolution voted on in writing or by electronic or magnetic means.

- (3) A resolution that has been voted on in writing or by electronic or magnetic means concerning a matter that was required to have been decided by a resolution voted on at a meeting pursuant to the provisions of this Act or the bylaws has the same effect as a meeting resolution.
- (4) The provisions of Article 33 apply mutatis mutandis to documents related to a resolution voted on in writing or by electronic or magnetic means, and to the electronic or magnetic records that are prepared by electronic or magnetic means in a case in which 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 voted on 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 has the same obligations as the obligations that the unit owners have based on the bylaws or meeting resolutions, as it concerns the way in which the possessor uses the building, its grounds, or its attached facilities.

Section 6 Incorporated Management Associations

(Establishment)

- Article 47 (1) The association prescribed in Article 3 becomes a corporation by deciding that it is to become a corporation and its name and office through a meeting resolution adopted by at least a three-fourths majority of the unit owners and a three-fourths majority of the votes, and by making a registration in the locality of its principal office.
- (2) A corporation under the provisions of the preceding paragraph is called an "incorporated management association".
 - (3) Beyond what is provided for in this Act, Cabinet Order prescribes the necessary matters for the registration of an incorporated management association.
 - (4) A matter that is required to be registered for an incorporated management association may not be asserted against a third party until after it has 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 acts as the unit owners' agent in matters connected with its administrative affairs. The same applies for claims for and the receipt of insurance money based on a non-life insurance contract under the provisions of Article 18, paragraph (4) (including as applied mutatis mutandis pursuant to Article 21), as well as requests for and the receipt of compensation for damages arising in connection with a common area or co-owned grounds or attached facilities and monies to be returned due to unjust enrichment.
- (7) A limitation on an incorporated management association's authority to act as agent may not be asserted against a third party in good faith.
- (8) Pursuant to the provisions of the bylaws or meeting resolutions, an incorporated management association may be named as plaintiff or defendant for a unit owner, in connection with its administrative affairs (including the matters prescribed in the second sentence of paragraph (6)).
- (9) If the incorporated management association has been named as a plaintiff or defendant pursuant to the bylaws under the preceding paragraph, it must notify the unit owners of this without delay. In such a 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) When 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 to an incorporated management association, the term "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 an incorporated management association", and when 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 those provisions is deemed to be replaced with "director".
- (13) To apply 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. prescribed in Article 2, item (vi) of that Act. This being the case, when the

provisions of Article 37 of that Act apply, the phrase "corporation in the public interest, etc. (excluding" in Article 37, paragraph (4) of that Act is deemed to be replaced with "corporation in the public interest, etc. (excluding an incorporated management association"; and when the provisions of Article 66 of that Act apply, the term "ordinary corporation" in paragraph (1) of Article 66 of that Act is deemed to be replaced with "ordinary corporation (including an incorporated management association)", the phrase "excluding a mutual company as prescribed in the Insurance Business Act" in paragraph (2) of that Article is deemed to be replaced with "excluding a mutual company as prescribed in the Insurance Business Act, and including an incorporated management association", and the phrase "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 and".

- (14) To apply 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 set forth in the Appended Table No. 3 of that Act.

(Name)

Article 48 (1) An incorporated management association must use the characters "管理組合法人" [transliterated as "kanri-kumiai-houjin" and meaning "incorporated management association"] in its name.

- (2) No person other than an incorporated management association may use the characters "管理組合法人" [transliterated as "kanri-kumiai-houjin" and meaning "incorporated management association"] in its name.

(Inventory of Assets and Register of Unit Owners)

Article 48-2 (1) An incorporated management association must prepare an inventory of assets at the time of its establishment and also annually at a time between January and March, and must keep this at its principal office at all times; provided, however, that if an incorporated management association expressly establishes a 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 unit owners and make the 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) If there are multiple directors, an incorporated management association's

administrative affairs are decided by the majority of the directors, unless otherwise provided for in the bylaws.

- (3) The director acts as the representative of the incorporated management association.
- (4) If there are multiple directors, each director acts as a representative of the incorporated management association.
- (5) The provisions of the preceding paragraph do not preclude an incorporated management association from designating a director to act as the incorporated management association's representative or from providing for multiple directors to jointly act as the incorporated management association's representatives in its bylaws or by resolution at a meeting, or from specifying that the director who is to act as the incorporated management association's representative is to be chosen by the election of a director by and 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 if the bylaws specify a different period of no longer than three years, that period is to be the director's term of office.
- (7) If there is a 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 has resigned from their office is to perform the duties of a director until a newly appointed director (including a provisional director referred to in Article 49-4, paragraph (1)) assumes office.
- (8) The provisions of Article 25 apply mutatis mutandis to a director.

(Director's Authority to Act as Agent)

Article 49-2 A limitation on a director's authority to act as agent may not be asserted against a third party in good faith.

(Delegation of Director's Authority for Acts as Agent)

Article 49-3 A director may delegate their authority to undertake a specific act as an agent to other persons, but only if that delegation is not prohibited by the bylaws or a meeting resolution.

(Provisional Director)

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

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

(Auditor)

- Article 50 (1) An incorporated management association is to have an auditor.
- (2) An auditor may not concurrently hold the position of the director or employee of an incorporated management association.
- (3) The duties of an auditor are as follows:
- (i) auditing the financial status of the incorporated management association;
 - (ii) auditing the execution of duties by the directors;
 - (iii) giving reports to the meeting if the auditor finds a violation of laws and regulations or the bylaws, or a significant impropriety, with respect to the financial status or the execution of duties; and
 - (iv) convening a meeting if it is necessary for the auditor to give a report referred to 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 to Act as Representative)

Article 51 The auditor represents an incorporated management association in connection with a matter involving a conflict of interest between an incorporated management association and directors.

(Execution of Administrative Affairs)

- Article 52 (1) Beyond what is provided for in this Act, all administrative affairs of an incorporated management association are carried out based on meeting resolutions; provided, however, that except for matters concerning which this Act prescribes a special quorum for meeting resolutions and the matters prescribed 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 an act of preservation.

(Liability of Unit Owners)

- Article 53 (1) If an incorporated management association is unable to satisfy its obligations in full with its assets, the unit owners are liable for the performance of obligations in the same proportion as that specified in Article 14; provided, however, that if a proportion for sharing expenses prescribed 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 if enforcement against the assets of the incorporated management association does not prove to be effective.

(3) The provisions of the preceding paragraph do not apply if the unit owners have proved that the incorporated management association has sufficient financial resources and that the execution can be easily performed.

(Liability of Specific Successors)

Article 54 A unit owner's specific successor has the same liability as that which the unit owner has pursuant to the preceding Article, even if it concerns obligations of the incorporated management association that arose before the succession.

(Dissolution)

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

- (i) the total destruction of the building (or, for an incorporated management association consisting of unit owners who should have common use of private common areas, the total destruction of those common areas);
 - (ii) the exclusively-owned areas in the building having ceased to exist; and
 - (iii) a resolution at a meeting.
- (2) The resolution referred to in item (iii) of the preceding paragraph is 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 inasmuch as the purpose of liquidation is concerned, until the completion of the liquidation.

(Liquidators)

Article 55-3 If an incorporated management association is dissolved, unless it is dissolved due to an order commencing bankruptcy proceedings, the director is to be the liquidator; provided, however, that this does not apply if otherwise provided for in the bylaws or if a person other than a director has been appointed at a meeting.

(Appointment of a Liquidator by the Court)

Article 55-4 If there is no person to become a liquidator pursuant to the provisions of the preceding Article or if 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 the public prosecutor, or by its own authority.

(Dismissal of a Liquidator)

Article 55-5 If there are material grounds, the court may dismiss a liquidator at the request of an interested person or the 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.

(Demands to File Claims)

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

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

(3) A liquidator must separately make a demand to each known creditor to file their claims.

(4) The public notice referred to in 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 referred to 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) If 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 to commence bankruptcy proceedings and give public notice to that effect.

(2) If an incorporated management association under liquidation has become subject to an order commencing bankruptcy proceedings, the liquidator is

considered to have completed their duties once the association's administrative affairs are transferred to a bankruptcy trustee.

- (3) In the case prescribed in the preceding paragraph, if 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 that money or those 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, unless otherwise provided for 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, on its own authority, may conduct any inspection that is necessary for the supervision referred to 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 in the locality 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 If 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 such a case, the court must hear statements from the liquidator and the auditor.

Article 56-6 Deleted

(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 Article 56-4 and Article 56-5 apply mutatis mutandis if the court has appointed an inspector pursuant to the provisions of the preceding paragraph. In such a case, the term "the liquidator and the auditor" in that Article is deemed to be replaced with "the incorporated management association and the inspector".

Section 7 Measures Against Persons Who Violate Obligations

(Request to Discontinue Acts Contrary to Common Interest)

Article 57 (1) If a unit owner has performed an act prescribed in Article 6, paragraph (1) or if a unit owner is likely to perform such an act, all of the other unit owners or the incorporated management association may request that the unit owner discontinue the act, remove the outcome of the act, or take necessary measures to prevent the act, for the common interest of the unit owners.

- (2) In order for an action to be filed based on the provisions of the preceding paragraph, the decision to file must be adopted as a meeting resolution.
- (3) Pursuant to a meeting resolution, a manager or a unit owner who has been designated at a meeting 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 if 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 if the possessor is likely to perform such an act.

(Seeking to Prohibit Use)

Article 58 (1) In the case prescribed in paragraph (1) of the preceding Article, if the act specified in Article 6, paragraph (1) significantly impedes the unit owners' community life and if 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 request under the provisions of paragraph (1) of the preceding Article, all of the other unit owners or the incorporated management association, based on a meeting resolution, may file an action seeking to prohibit the unit owner involved in the act from using the exclusively-owned area for a reasonable period of time.

- (2) A resolution referred to in the preceding paragraph is adopted with at least a three-fourths majority of the unit owners and a three-fourths majority of the votes.
- (3) In order for the resolution referred to in paragraph (1) to be decided on, 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).

(Request for Auction of Unit Ownership)

Article 59 (1) In the case prescribed in Article 57, paragraph (1), if the act prescribed in Article 6, paragraph (1) significantly impedes the unit owners' community life and if 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, based on a meeting resolution, may file an action seeking to auction off the unit ownership and the right to use the grounds held by the unit owner who is involved in the act.

- (2) The provisions of Article 57, paragraph (3) apply mutatis mutandis to the filing of an action referred to in the preceding paragraph, and the provisions of paragraph (2) and paragraph (3) of the preceding Article apply mutatis mutandis to the resolution referred to 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 once six months have elapsed from the day on which the judgment has become final and binding.
- (4) In the auction referred to 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.

(Seeking a Transfer from the Possessor)

Article 60 (1) In the case prescribed in Article 57, paragraph (4), if the act prescribed in Article 6, paragraph (1) as applied mutatis mutandis pursuant to paragraph (3) of that Article significantly impedes the unit owners' community life and if 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, based on a meeting resolution, may file an action seeking to cancel 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 seeking the transfer of that exclusively-owned area.

- (2) The provisions of Article 57, paragraph (3) apply mutatis mutandis to the filing of the action referred to in the preceding paragraph, and the provisions of Article 58, paragraph (2) and paragraph (3) apply mutatis mutandis to the resolution referred to in the preceding paragraph.

- (3) A person to whom an exclusively-owned area has been transferred based on a judgment under 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 If Part of a Building Is Destroyed)

Article 61 (1) If part of a building equivalent to up to half of the building's value 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 if the resolution referred to 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 request 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 the cases prescribed in the main clause of paragraph (1), if 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) In the minutes of a meeting at which a resolution under the preceding paragraph was adopted, whether each unit owner's vote was in favor of or against the resolution must be entered or recorded.

- (7) Other than in the cases referred to in the following paragraph, if a resolution under paragraph (5) has been adopted, once two weeks have elapsed from the day of the resolution, unit owners other than those who were in favor of the resolution (including the successors of those who were in favor of the resolution; hereinafter referred to as "those in favor of the resolution" in this Article) may request that some or all of those in favor of the resolution purchase the building and the rights to the building's grounds at their market value. In such a case, within two months from the day of the request, those in favor of the resolution who have been so requested may request that some or all of the others who were in favor 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

other than those in favor of the resolution.

- (8) If a person who is capable of purchasing the building and the rights to its grounds has been designated by those in favor 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 other than those in favor 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 request prescribed in the first sentence of the preceding paragraph against the designated purchaser.
- (9) Pursuant to the provisions of Ministry of Justice Order and with the consent of the unit owners who are to be notified under the preceding paragraph, a designated purchaser may use electronic or magnetic means to notify the unit owners that a designated purchaser has been designated, in lieu of the written notice under the preceding paragraph. In such a case, the designated purchaser is deemed to have given the written notice.
- (10) If a designated purchaser does not perform all or part of the obligations connected with the purchase money for the transaction based on a request prescribed in the first sentence of paragraph (7), those in favor of the resolution (excluding those who have become designated purchasers; hereinafter the same applies in this paragraph and paragraph (15)) will be jointly and severally liable to perform those obligations in whole or in part; provided, however, that this does not apply if those in favor of the resolution have proved that the designated purchaser has sufficient financial resources, and that the execution can be easily performed.
- (11) A person who has convened a meeting referred to in paragraph (5) (if the designated purchaser has already been designated, the designated purchaser; the same applies in the following paragraph) may specify a period of four months or more and demand in writing that unit owners other than those in favor of the resolution give a definite answer within that period as to whether they will make the request prescribed in the first sentence of paragraph (7).
- (12) Pursuant to the provisions of Ministry of Justice Order and with the consent of the unit owners provided for in the preceding paragraph, in lieu of a demand in writing under the preceding paragraph, a person who has convened a meeting referred to in paragraph (5) may use electronic or magnetic means to make a demand that the unit owners other than those in favor of the resolution give a definite answer as to whether or not they will make the request prescribed in the first sentence of paragraph (7). In such a case, the person who convened the meeting referred to in paragraph (5) is deemed to have made the demand in writing.
- (13) A unit owner who has received a demand prescribed in paragraph (11) may not make the request prescribed in the first sentence of paragraph (7) after the

- period specified pursuant to the provisions of the paragraph (11) has elapsed.
- (14) In the case prescribed in paragraph (5), if 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 request that other unit owners purchase the building and the rights to its grounds at their market value.
- (15) 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 redemption money or the purchase money at the request of a unit owner who has been requested to make the redemption or the purchase, a designated purchaser who has been requested to make the purchase, or those in favor of the resolution who has been requested to perform the obligations under the provisions of the main clause of paragraph (10).

(Resolutions to Reconstruct)

- Article 62 (1) A resolution to demolish a building and construct a new building on the grounds of the building being demolished or on part of its land, or on land that includes all or part of the grounds of the building being demolished (hereinafter this is referred to as a "resolution to reconstruct") 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 to reconstruct must establish 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) matters concerning the sharing of expenses prescribed in the preceding item; and
 - (iv) matters concerning the attribution of the unit ownership of the reconstructed building.
- (3) The matters referred to in item (iii) and item (iv) of the preceding paragraph must be established in a manner that does not undermine the equity of each unit owner.
- (4) Notwithstanding the provisions of Article 35, paragraph (1), if a meeting whose subject matter is a matter subject to a resolution provided for in paragraph (1) is convened, the notice under Article 35, paragraph (1) must 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 a person gives the notice referred to in Article 35, paragraph (1), they must give notice of the following matters, in addition to the outline 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 the breakdown of the expenses;
 - (iii) if 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 convened a meeting referred to in paragraph (4) must hold an explanatory meeting to explain to the unit owners the matters of which the person is required to notify them when convening a meeting, 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 referred to in the preceding paragraph. In such a 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 that has adopted a resolution to reconstruct.

(Requesting the Sale of Unit Ownership)

- Article 63 (1) If a resolution to reconstruct has been adopted, the person who convened the meeting must, without delay, demand in writing that the unit owners who were not in favor of the resolution to reconstruct (including their successors) answer whether or not they will participate in the reconstruction in accordance with the content of the resolution to reconstruct.
- (2) Pursuant to the provisions of Ministry of Justice Order and with the consent of the unit owners provided for in the preceding paragraph, in lieu of a demand in writing under the provisions of the preceding paragraph, the person who convened the meeting may use electronic or magnetic means to make a demand that those who were not in favor of the resolution to reconstruct answer whether or not they will participate in the reconstruction in accordance with the content of the resolution to reconstruct. In such a case, the person who convened the meeting is deemed to have made the demand in writing.
- (3) A unit owner provided for in paragraph (1) must give their answers within two months from the day on which they received the demand under that paragraph.
- (4) A unit owner provided for in paragraph (1) who has failed to give an answer within the period under the preceding paragraph is deemed to have answered that they will not participate in the reconstruction.

- (5) After the period under paragraph (3) has expired, each unit owner who was in favor of the resolution to reconstruct or each unit owner who has answered that they will participate in the reconstruction in accordance with the content of the resolution to reconstruct (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 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 their 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 that they will not participate in the reconstruction after the adoption of the resolution to reconstruct (including that person's successor).
- (6) If a request under the preceding paragraph has been made, and if a unit owner who has answered 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 there are obvious grounds for finding that the evacuation will not have a significant influence on the implementation of the resolution to reconstruct, the court, at the request of that person, may 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.
- (7) If demolition work on the building has not commenced within two years after the day a resolution to reconstruct was adopted, within six months from the day of the expiration of that period, a person who has sold their unit ownership or rights to use the grounds pursuant to the provisions of paragraph (5) may demand that the person who holds the unit ownership or the rights to use the grounds at the time in question sell and transfer those rights, by offering the current holder money equivalent to the purchase money paid to them by the purchaser; provided, however, that this does not apply if there are legitimate grounds for not commencing the demolition work on the building.
- (8) In the case prescribed in the proviso to the preceding paragraph, the provisions of the main clause of the preceding paragraph apply *mutatis mutandis* if 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 such a 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 those reasons ceased to exist, whichever comes earlier".

(Agreement on Reconstruction)

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

Chapter II Housing Complexes

(Association of Building Owners in a Housing Complex)

Article 65 If two or more buildings are located in a single housing complex and the land or attached facilities located in the housing complex (including rights related to the land or facilities) is co-owned by the buildings' owners (or the unit owners, for buildings with exclusively-owned areas), all of those owners 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 hold meetings, establish bylaws, and assign a manager, pursuant to the provisions of this Act.

(Application Mutatis Mutandis 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 such cases, the terms "unit owner" and "incorporated management association" in those 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 or attached facilities) in the case referred to in Article 65" and "rights to the land or

attached facilities, 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 or attached facilities, as well as the land or 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 term "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 or attached facilities (including rights related to them)"; 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 or attached facilities or the things 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 them)" in Article 30, paragraph (3) is deemed to be replaced with "the building or common areas, or land or attached facilities (including rights related to them), or the land or attached facilities set forth in Article 68, paragraph (1), item (i) (including rights related to them) 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 (or, for an incorporated management association consisting of unit owners who should have common use of private common areas, the total destruction of those common areas)" in Article 55, paragraph (1), item (i) is deemed to be replaced with "land or attached facilities (including rights related to them)"; 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 or attached facilities (including rights related to them) 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 bylaws referred to in Article 30, paragraph (1) as applied mutatis mutandis pursuant to the preceding Article may establish that a building (inclusive of a portion of a building provided for in Article 1) constituting the attached facilities of a single housing complex is a common area in a housing complex. This being the case, a common area may not be asserted against a third party as a common area unless it is 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 deed.
- (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. This being the 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 referred to in Article 30, paragraph (1) as applied mutatis mutandis pursuant to Article 66 concerning the following things, 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 a three-fourths 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) the land or attached facilities that are located in a single housing complex (including rights related to the land or facilities), if these are co-owned by the owners of some of the buildings located in the housing complex (or unit owners, for buildings with exclusively-owned areas) (excluding land and attached facilities co-owned only by the owners of buildings not constituting 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 referred to in the preceding paragraph for the matters concerning the private 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) If some or all of the buildings in a single housing complex (hereinafter referred to as the "buildings in a housing complex" in this Article and the following Article) are buildings with exclusively-owned areas, and the land on which a specific building in the housing complex (hereinafter referred to as a "specific building" in this Article) is located is co-owned by the owners of buildings in a housing complex provided for 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 relevant housing complex, and if the requirements that the relevant of the following items specifies for the category set forth in that item are satisfied and 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 that housing complex who are the co-owners of the land (including the rights related to it) 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 that 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 the buildings in the housing complex):

(i) if the specific building is a building with exclusively-owned areas: a resolution to reconstruct 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) if 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 referred to in the preceding paragraph are to be in proportion to the share in the land on which the specific building is located (including rights related to that land), even if it is otherwise provided for in the bylaws referred to in Article 30, paragraph (1) as applied mutatis mutandis pursuant to Article 66.

- (3) Owners of a building in a housing complex who own the specific building for which the requirements specified in the items of paragraph (1) are satisfied are 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), if a meeting under paragraph (1) is convened, 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 outline of the proposal provided for in Article 35, paragraph (5), and be sent by at least two months prior to the meeting date; provided, however, that this period may be extended by the bylaws referred to in Article 30, paragraph (1) as applied mutatis mutandis pursuant to Article 66.
- (5) In the case referred to in paragraph (1), if the reconstruction under a resolution to approve reconstruction will 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 if the persons specified in the relevant of the following items for the category set forth in that item are in favor of the resolution to approve reconstruction:
 - (i) if the other building is a building with exclusively-owned areas: unit owners who hold at least three-fourths of the voting rights of all of the other building's unit owners at the meeting referred to in paragraph (1); or
 - (ii) if 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), if there are two or more specific buildings, the owners of buildings in the housing complex who own them may bring a resolution to approve the reconstruction of all of those 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, if the specific buildings are buildings with exclusively-owned areas, a resolution to bring a resolution to approve the reconstruction of all of those 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 referred to in Article 62, paragraph (1) for which the reconstruction of the specific buildings is the subject matter. In such a case, if the resolution is 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 to Reconstruct All Buildings Located in a Housing Complex)

Article 70 (1) Notwithstanding the provisions of Article 62, paragraph (1), if all of the buildings in a housing complex are buildings with exclusively-owned areas, and 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 has been established as part of the grounds of the buildings in a housing complex pursuant to the provisions of Article 5, paragraph (1), and including the rights related to that land; 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, and the bylaws referred to in 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)), a resolution regarding the buildings in a housing complex may be adopted to demolish all of the buildings in the housing complex and construct new buildings on the their grounds (exclusive of the rights related to those grounds; hereinafter the same applies in this paragraph), on part of that land, or on land that includes all 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 the resolution is referred to as the "resolution to reconstruct all buildings" 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 prescribed 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 in which, at that meeting, at least two-thirds of the unit owners who hold at least two-thirds of the total votes prescribed in Article 38 for each building in the housing complex were in favor of the resolution to reconstruct all buildings.

(2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to the voting rights of each unit owner referred to in the main clause of the preceding paragraph. In such a case, the phrase "the land where the specific building is located (including the rights related to that land)" 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 established by a resolution to reconstruct all

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) matters concerning the sharing of expenses provided for in the preceding item; and
 - (v) 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 to reconstruct all buildings in a housing complex. In such a 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 referred to in 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 in that item is punished by a civil fine of not more than 200 thousand yen:

- (i) if the person has failed to retain the bylaws, minutes, or documents, or electronic or magnetic records referred to 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 as 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 pursuant to Article 47, paragraph (12) following the deemed replacement of terms (including as applied mutatis mutandis pursuant to Article 66);
- (ii) if the person has refused to offer for inspection the documents or content of the data recorded in the electronic or magnetic records prescribed in the preceding item, displayed through a means that is specified by Ministry of Justice Order 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 as applied mutatis mutandis pursuant to Article 66) and Article 66);
 - (iii) if the person has failed to prepare minutes, or to enter or record the matters required 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 as applied mutatis mutandis pursuant to Article 66);
 - (iv) if the person has failed to make a report or has made a false report, in violation of the provisions of Article 43 (including as applied pursuant to Article 47, paragraph (12) (including as applied mutatis mutandis pursuant to Article 66) following the deemed replacement of terms and as applied mutatis mutandis pursuant to Article 66);
 - (v) if 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) if the 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 as applied mutatis mutandis pursuant to Article 66);
 - (vii) if there are no directors or auditors or if there is a vacancy that results in a shortfall in the numbers of directors or auditors prescribed in the bylaws, and the person has neglected to follow the procedures for appointing someone to the relevant position;
 - (viii) if the person has neglected to give public notice under the provisions of Article 55-7, paragraph (1) or Article 55-9, paragraph (1) (including as applied mutatis mutandis pursuant to Article 66), or has given a false public notice;
 - (ix) if the person has neglected to file a petition to commence bankruptcy

proceedings under the provisions of Article 55-9, paragraph (1) (including as applied mutatis mutandis pursuant to Article 66); or
(x) if 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 violating the provisions of Article 48, paragraph (2) (including as applied mutatis mutandis pursuant to Article 66) is punished by a civil fine of not more than 100 thousand yen.