



VELFERÐARRÁÐUNEYTIÐ

Ministry of Welfare

Housing Act, No. 44/1998,

as amended by Act No. 84/1998, No. 157/1998, No. 121/1999, No. 32/2000, No. 77/2001,
No. 155/2001, No. 86/2002, No. 163/2002, No. 57/2004, No. 120/2004, No. 137/2005,
No. 125/2008, No. 138/2008, No. 87/2009, No. 107/2009, No. 120/2009, No. 66/2010,
No. 152/2010, No. 162/2010, No. 29/2011, No. 126/2011, No. 134/2011, No. 180/2011,
No. 84/2012, No. 40/2014, No. 56/2014, No. 85/2015, No. 115/2015, No. 52/2016,
No. 118/2016 and No. 130/2016.

Part 1 General Provisions. Chapter I Purpose and Definitions.

Article 1

Purpose.

The purpose of this Act is, through the granting of loans and organisation of matters relating to housing, to contribute towards a situation in which Icelanders will enjoy security and equal rights as regards housing, and in which funds will be allocated specifically to increase people's chances of acquiring or renting housing on manageable terms.

Article 2 *Definitions.*

In this Act, the following terms shall have the following meaning:

[*General loans* shall be loans granted by the Housing Financing Fund for purchase, construction or renovation of residential housing against the delivery of a HFF mortgage.]¹⁾

...¹⁾

Associations shall mean general or public associations active within the field of housing, with the long term objective of providing and managing housing for the benefit of their members.

Companies shall mean organisations operated in the manner of co-operative societies, joint stock companies, private limited companies or self-owning institutions, or enterprises with unlimited liability, that have the objective of building, owning and managing rental housing.

[*Financing bonds* shall be marketable debt instruments issued in the name of the Housing Financing Fund (HFF Bonds), or such instruments that have been issued in the name of the Housing Financing Fund, the State Housing Fund or the Workers' Housing Fund (housing bonds or residence bonds) in connection with their lending and financing.]¹⁾

...¹⁾

Housing loans shall be loans administered by the Housing Financing Fund under this Act.

[*HFF bonds* shall be marketable debt instruments issued in the name of the Housing Financing Fund and sold by the Fund in the general market for financing its lending activities.]¹⁾

[*HFF mortgages* shall be marketable debt instruments owned by the Housing Financing Fund, issued by a purchaser or owner of residential housing and secured by mortgage upon the relevant property.]¹⁾

Loans for rental housing shall be loans extended by the Housing Financing Fund to municipalities, municipal entities, companies or associations for construction or purchase of rental housing, secured by mortgage upon the relevant property.

Supplementary loans shall be loans extended by the Housing Financing Fund to individuals in addition to a general loan for acquisition of their own housing, secured by mortgage upon the relevant property [or HFF mortgages]¹⁾, as recommended by a municipal housing committee.

[*Loans for nursing homes* are loans which the Housing Financing Fund grants to local authorities for the purchase or construction of nursing homes under an agreement on the construction and leasing of nursing homes for the elderly, made between [the Ministry]²⁾ and [the Ministry in charge of public finances],³⁾ on the one hand, and the relevant local authority, on the other, with mortgage rights in the property in question.]⁴⁾

¹⁾ Act No. 57/2004, Article 1. ²⁾ Act No. 162/2010, Article 19. ³⁾ Act No. 126/2011, Article 264. ⁴⁾ Act No. 120/2009, Article 20.

Part 2
Management.
Chapter II
Organisation.
Article 3
Direction.

[The Minister]¹⁾ shall exercise supreme direction of the matters provided for in this Act.

¹⁾ Act No. 126/2011, Article 264.

Article 4
The Housing Financing Fund.

A particular loan fund, named the Housing Financing Fund, shall be established, [which shall provide loans for purchase, construction and renovation of residential housing in Iceland].¹⁾ The Housing Financing Fund shall be in charge of management and implementation as provided for in this Act. The Fund shall provide advice to [the Minister]²⁾ and other public authorities in the field of housing, and discharge the functions provided for in this Act and those which the Minister may commit to it by administrative regulations. [The Minister]²⁾ may request from the Fund's board any documents and information pertaining to its affairs.

The Housing Financing Fund shall be an independent State-owned institution subject to a separate board of directors within the administrative purview of [the Minister].²⁾ [The institution shall be based in Reykjavík unless the Minister decides otherwise].³⁾

¹⁾ Act No. 57/2004, Article 2. ²⁾ Act No. 162/2010, Article 19. ²⁾ Act No. 121/1999, Article 2.

Article 5
Local authorities.

Local authorities shall, on their own initiative, be responsible for solving the housing needs of the persons within each municipality who need assistance as regards acquisition of housing. For this purpose, each local authority shall monitor the needs for housing within the municipality.

Article 6
Housing committees.

Local authorities shall appoint municipal housing committees.

Each municipal housing committee shall exercise control and co-ordination of matters concerning housing on behalf of the municipality.

Chapter III

The Housing Financing Fund.

Article 7

Direction.

[After each general election, the Minister shall appoint five representatives, with the same number of alternates, to the board of the Housing Financing Fund for a term of four years at a time. However, the chairman and vice-chairman of the board, whom the Minister shall appoint from among the directors, shall be appointed for the same period of service as that of the minister who appoints them. The Minister shall determine remuneration to the directors.

The board of the Housing Financing Fund shall set itself rules of procedure, in which further details on the execution of the board's functions shall be laid down. These rules of procedure shall include, amongst other things, special provisions on the board's authorisation to take decisions in individual matters and the participation by the directors in the examination of matters, the application of rules regarding directors' special qualifications and the application of rules on the examination of applications from the directors regarding the granting of loans or other decisions relating to them (*cf.* also Article 8 c). These procedural rules shall be approved by the Financial Supervisory Authority.

The chairman of the board of the Housing Financing Fund may not undertake functions for the Fund other than those that are regarded as constituting normal part of his work as chairman of the board, with the exception of individual tasks that the board entrusts to him/her to carry out on its behalf.]¹⁾

¹⁾ *Act No. 84/2012, Article 1.*

Article 8

[Manager.]¹⁾

The board of the Housing Financing Fund shall engage [a manager]¹⁾ for a term of five years at a time. [Salaries and other wage terms of the manager are subject to Article 39 a of the Government Employees Act, No. 70/1996.]²⁾ [The manager]¹⁾ shall engage other staff. [The manager]¹⁾ shall be in charge of the day-to-day operation of the Fund's office, its financial management and accounting. [The manager]¹⁾ shall implement the decisions of the board.

¹⁾ *Act No. 84/2012, Article 2.* ²⁾ *Act No. 130/2016, Article 8.*

[Article 8 a

Qualifications of the directors and the manager.

The directors and the manager of the Housing Financing Fund shall be legally competent and have an unblemished reputation, in addition to which they may not have been declared bankrupt during the past five years. They may not have received sentences in connection with business operations during the past 10 years for actions punishable under the General Penal Code, the Competition Act, the Limited Companies Act, the Private Limited Companies Act, the Accounts Act, the Financial Statements Act, the Bankruptcy (Etc.) Act and provisions of the Deduction at Source of Public Levies Act, and also separate acts of law which apply to persons who are subject to public monitoring of financial activities.

The directors and manager shall be financially independent and shall hold a university degree which is relevant to their work. The Financial Supervisory Authority may grant exemption from the educational requirement in the first sentence on the grounds of the experience and knowledge of the persons concerned. In addition, the directors and the manager shall have sufficient knowledge and working experience to be able to discharge their duties in an appropriate manner, including a knowledge of the activities in which the Housing Financing Fund engages. They may not have conducted themselves in a manner that gives occasion to call in question their ability to preside over firm and healthy operations or to suspect that they might abuse their position or harm the fund. The Financial Supervisory Authority shall set rules¹⁾ on the financial independence of the directors and the manager and on how their qualifications are to be assessed.

Directors of the Housing Financing Fund may neither sit on the board of another entity subject to supervision under the Official Supervision of Financial Activities Act, or of a closely related entity, nor

be employees or auditors of another entity subject to supervision under the Official Supervision of Financial Activities Act, or of a closely related entity.

Directors of the Housing Financing Fund may not carry out lawyers' functions for financial entities. Employees of the Housing Financing Fund may not sit on the board of the Fund.

The Housing Financing Fund shall notify the Financial Supervisory Authority of the appointment of the board and the manager, and of subsequent amendments to these appointments, and notifications shall be accompanied with satisfactory information to make it possible to assess whether the requirements of this provision are met.]²⁾

¹⁾ Regulation No. 181/2013. ²⁾ Act No. 84/2012, Article 3. (cf. also Article 19 of the Act No. 84/2012).

[Article 8 b

Duty of the board and the manager regarding information.

The board and the manager of the Housing Financing Fund shall, without delay, alert the Minister and the Financial Supervisory Authority if they are aware of matters that are of crucial significance for the continuing operation of the Housing Financing Fund.]¹⁾

¹⁾ Act No. 84/2012, Article 3 (cf. also Article 19 of the Act No. 84/2012).

[Article 8 c

Participation by directors in the examination of matters.

The board of the Housing Financing Fund shall not participate in the examination of individual matters, including the granting of loans or related decisions, unless they are of substantial scope in terms of the size of the fund or other provisions are made in this Act. Individual directors shall not exert an influence on decisions on the examination of individual matters, including the granting of loans or related decisions.

Directors of the Housing Financing Fund shall not participate in the examination of a matter if the matter concerns:

1. decisions on the granting of loans, or related decisions, concerning municipalities, non-governmental organisations and companies on whose boards they serve or for which they are responsible officers or in which they have substantial interests of other types, or
2. decisions on the granting of loans, or related decisions, concerning entities that are in competition with the entities listed in indent 1 above, or
3. decisions on the granting of loans, or related decisions, concerning entities that could entail disqualification of the directors under Chapter II of the Administrative Procedure Act.

Applications from directors, and also from municipalities, non-governmental organisations and companies which they represent, concerning decisions on the granting of loans or related decisions, shall be submitted to the board of the Housing Financing Fund for approval or rejection. The board of the Housing Financing Fund may nevertheless set general rules on the examination of such cases in which it is decided in advance what decisions must and must not receive special discussion by the board before they are finally taken (cf. the second paragraph of Article 7).]¹⁾

¹⁾ Act No. 84/2012, Article 3 (cf. also Article 19 of the Act No. 84/2012).

[Article 8 d

Participation by employees in business operations.

The manager of the Housing Financing Fund may not sit on the board of a business undertaking or participate in other ways in business operations. The board of the Housing Financing Fund may grant authorisation for such participation on the basis of rules which it sets (cf. also Article 20 of the Civil Servants' Rights and Obligations Act, with subsequent amendments). The rules set by the board of the Housing Financing Fund shall be approved by the Financial Supervisory Authority. The holding of a share in a company shall constitute participation in business operations except in cases of negligible shares which do not confer direct influence on the company's management. Article 20 of the Civil Servants' Rights and Obligations Act shall apply regarding other employees of the Fund.]¹⁾

¹⁾ Act No. 84/2012, Article 3 (cf. also Article 19 of the Act No. 84/2012).

[Article 8 e

Granting of loans by the Housing Financing Fund to its employees.

The board of the Housing Financing Fund shall discuss loans made by the Fund under this Act, and other related decisions concerning employees of the Fund in order to ensure that these decisions are subject to the same rules as loans to other borrowers.]¹⁾

¹⁾ Act No. 84/2012, Article 3 (cf. also Article 19 of the Act No. 84/2012).

[Article 8 f

Confidentiality (non-disclosure).

The directors of the Housing Financing Fund, its manager, auditors, employees and all those who undertake work in the service of the Fund, shall be bound by a confidentiality (non-disclosure) obligation regarding all matters of which they become aware in the course of their work and which concern the commercial or personal affairs of the Fund's borrowers unless they are obliged to make this information according to law. This confidentiality obligation shall remain in force even after they leave the Fund's employment.

Those who receive information of the type referred to in the first paragraph shall be bound by a confidentiality obligation in the same way as is described there. Those who release the information shall remind the recipients of this confidentiality obligation.]¹⁾

¹⁾ Act No. 84/2012, Article 3 (cf. also Article 19 of the Act No. 84/2012).

[Article 8 g

Consent by borrowers for the release of confidential information.

Information about borrowers of the type referred to in Article 8 f may be released to a third party after the written consent of the borrower in question has been obtained. The declaration of consent shall specify the information to which it applies, the party or parties to whom the information may be released on the basis of the consent and the purpose for which it is released.]¹⁾

¹⁾ Act No. 84/2012, Article 3 (cf. also Article 19 of the Act No. 84/2012).

Article 9

Tasks.

The tasks of the Housing Financing Fund shall be:

1. Lending and [trade in debt instruments issued by the Fund]¹⁾ in accordance with the provisions of this Act.
2. Lending to municipalities, companies and associations for construction or purchase of residential housing.
- [3.]³⁾ To handle the granting of state foundation capital contributions in accordance with the Public Rental Dwellings Act and to monitor the application of that Act.²⁾³⁾
- [4.]³⁾ Control of the Fund's finances, operations and other activities, and ensuring that the Fund conducts its activities in accordance with current law and administrative provisions.
- [5.]³⁾ Preparations of financial plans in accordance with the current Budget Act, showing a breakdown of estimated operating expenses.
- [6.]³⁾ Dissemination of information to the public concerning the functions and services of the Housing Financing Fund.
- [7.]³⁾ Promotion of technical innovation and other improvements within the building industry, including the extension of loans or grants subject to administrative provisions issued by the Minister in further detail.
8. To rent out, or entrust other parties, by contract, to handle the rental of residential property which the Housing Financing Fund has taken over at [force sale of housing (cf. Act on Force Sale of Housing)],⁴⁾ in accordance with more detailed provisions in regulations⁵⁾ issued by the Minister.⁶⁾

- [9.] To own a rental company to handle residential accommodation which the Housing Financing Fund has taken over in enforcement sales (*cf.* the Enforcement Sales Act), in accordance with further provisions set out in a regulation issued by the Minister, which shall provide, amongst other things, for the independence of the board of the rental company vis-à-vis the board of the Housing Financing Fund and for its separate identity regarding operations and bookkeeping.]⁴⁾
- [10.]⁴⁾ Monitoring the needs for residential housing in Iceland and municipal estimates concerning housing needs.
- [11.]⁴⁾ Other tasks which the Minister may, by regulations within the field of housing, commit to the Fund.

¹⁾ *Act No. 57/2004, Article 3.* ²⁾ *Act No. 52/2016, Article 29.* ³⁾ *Act No. 125/2008, Article 10.* ⁴⁾ *Act No. 84/2012, Article 4.* ⁵⁾ *Regulation No. 7/2010, cf. 352/2010.* ⁶⁾ *Act No. 138/2008, Article 1.*

Article 10 *Revenues.*

The Housing Financing Fund shall finance the tasks committed to it by this Act in the following manner:

1. By returns on the Fund's own capital, i.e. instalments, interest and price indexation payments on extended loans.
2. [By the issue and sale of HFF bonds, and by borrowing as may be provided for in the Budget Act at any particular time.]¹⁾
3. [By service charges as provided for in Article 49.]¹⁾

¹⁾ *Act No. 57/2004, Article 4.*

Article 11 *[Management of assets and liabilities.]¹⁾*

The Housing Financing Fund shall preserve and earn a return on the monies in its charge. Having obtained the approval of [the Minister],²⁾ the Fund may decide to commit safekeeping of its assets to others, in part or in whole. Care shall be taken that the Fund possesses, at all times, adequate liquid funds to honour its obligations.

[The board of the Housing Financing Fund shall, as possible and having obtained the approval of [the Minister],²⁾ conclude agreements with parties in the market on customer service and collection of loans or individual categories of loans.]¹⁾

[The Housing Financing Fund shall keep its revenues and expenses in balance, and shall make advance plans in this regard. ...]³⁾

The Housing Financing Fund may conduct trade in its own financing bonds and other securities. Having obtained the opinion of the board of the Housing Financing Fund and the Financial Supervisory Authority, the Minister shall, by regulation⁴⁾, issue provisions on the Fund's ...³⁾ trade in securities.]¹⁾

¹⁾ *Act No. 57/2004, Article 5.* ²⁾ *Act No. 162/2010, Article 19.* ³⁾ *Act No. 84/2012, Article 5.* ⁴⁾ *Regulation No. 544/2004, cf. 896/2005.*

[Article 11 a *Internal auditing.*

The board of the Housing Financing Fund shall commission a person with the requisite specialist knowledge to attend to the internal auditing of the Housing Financing Fund.

This person shall have completed a university degree relevant to the work and shall possess sufficient experience to be able to carry out the work. He/she may not have been pronounced bankrupt or have received a sentence in connection with business operations for actions punishable under the General Penal Code, the Competition Act, the Limited Companies Act, the Private Limited Companies Act, the Accounts Act, the Financial Statements Act, the Bankruptcy (Etc.) Act and provisions of the Deduction at Source of Public Levies Act, and also separate acts of law which apply to persons who are subject to

public monitoring of financial activities. The Financial Supervisory Authority may, at any time, subject the competence of the person dealing with internal auditing to a special examination if it considers there is reason to do so.

The person dealing with internal auditing on behalf of the board of the Housing Financing Fund shall give an account of his/her work to the board at regular intervals. Comments or criticisms which the person considers are important must be discussed at board meetings and recorded in the board's minutes.

Not less frequently than once a year, the person dealing with internal auditing of the Housing Financing Fund shall report to the Financial Supervisory Authority on the outcome of his/her investigations. In addition, he/she shall inform the Financial Supervisory Authority specially, and without delay, of comments and criticisms that he/she has made and sent to the board of the Fund.]¹⁾

¹⁾ Act No. 84/2012, Article 6.

[Article 11 b
Risk-monitoring system.

The Housing Financing Fund shall at all times have in place a reliable risk-monitoring system in connection with its activities. The Fund shall have in place satisfactory and documented internal procedures to assess the necessary size, composition and internal distribution of its equity base, taking account of the risk involved in operations at any given time. The internal procedures shall be reviewed regularly in order to ensure that they are satisfactory, taking into account the nature and scope of the Fund's activities.

The Housing Financing Fund shall carry out regular stress tests and document the premises on which they are based and their outcomes. The outcomes of stress tests shall be on the agenda of the next board meeting after the outcomes are known.

The Minister may issue regulations on the execution of risk management, risk criteria, the risk-monitoring system covering the Housing Financing Fund's operations and internal auditing after receiving the proposals of the board of the Housing Financing Fund and the Financial Supervisory Authority.]¹⁾

¹⁾ Act No. 84/2012, Article 6.

[Article 11 c
Annual accounts and auditing.

The Housing Financing Fund's activities are subject to Articles 87–96 of the Financial Undertakings Act, with the exception of the second paragraph of Article 91 of that Act.]¹⁾

¹⁾ Act No. 84/2012, Article 6.

[Article 11 d
Monitoring.

The Financial Supervisory Authority shall monitor to ensure that the activities of the Housing Financing Fund are in conformity with the provisions of this Act and of regulations issued hereunder, and also of other statutes as appropriate. Monitoring shall be subject to the Official Supervision of Financial Activities Act, as appropriate.]¹⁾

¹⁾ Act No. 84/2012, Article 6.

Article 12
Organisation.

Having obtained the proposals of the board of the Housing Financing Fund, the Minister may, by regulation, decide on further tasks to be committed to the Fund and on its organisation in further detail, including on departmental division to the extent not provided for in this Act.

Chapter IV
Housing committees.
Article 13
Organisation.

Following each municipal elections, each local authority shall appoint a housing committee. Such committees shall be composed of three to five members, and an equal number of alternates. A chairman shall be elected by the local authority, and in other respects each committee shall distribute its functions among the members.

Article 14
Tasks.

The main tasks of each municipal housing committee shall be:

1. Making annual plans for the municipality concerning the need for housing there and acting as an intermediary or taking the initiative to meet such needs, and assisting individual persons in obtaining housing.
2. [To act as an intermediary on behalf of the local authority regarding foundation capital contributions (*cf.* the Public Rental Dwellings Act), following consultation with employees' associations.]¹⁾
3. To act as an intermediary on behalf of the municipality in obtaining loans from the Housing Financing Fund for the acquisition of rental housing for individuals.
4. Provision of general information and counsel concerning housing and lease agreements.
5. Provision of assistance to elderly and [disabled persons]²⁾ and their associations as regards acquisition of housing, by counsel, when bids are invited, during construction and negotiation, etc.

Each housing committee shall also discharge the functions within the field of housing committed to it by the local authority. The housing committees shall issue rules of procedure for themselves, which shall be subject to approval by the local authority and to which the general public shall have easy access.

A housing committee may charge fees for services rendered in accordance with the first paragraph, on the basis of a rate to be approved by the local authority. Such fees shall not exceed the cost of the service rendered by each committee to individual persons.

¹⁾ Act No. 52/2016, Article 29. ²⁾ Act No. 115/2015, Article 12.

Part 3
Housing loans.
Chapter V
General provisions.

Article 15

[*Lending by the Housing Financing Fund.*]¹⁾

The Housing Financing Fund shall extend loans in the following categories

1. *General loans* [to individuals]¹⁾ under Chapter VI of this Act, for [renovation],²⁾ construction or purchase of residential housing.
2. [*Loans to municipalities* for the building or purchase of nursing homes in accordance with Chapter VII of this Act.]¹⁾
3. *Loans for rental housing* to municipalities, associations and companies under Chapter VIII of this Act for construction or purchase of residential housing to be rented.

...¹⁾

¹⁾ Act No. 84/2012, Article 7.²⁾ Act No. 57/2004, Article 6.

Article 16
Other loan categories.

The board of the Housing Financing Fund, having obtained the approval of [the Minister],¹⁾ may

institute new loan categories. Provision shall be made for all loan categories in the Fund's financial plan in the year in which a loan is granted.

The conditions for the extension of loans subject to this Article shall in further detail be governed by the provisions of this Act and a regulation²⁾ to be issued by [the Minister],¹⁾ having obtained the opinion of the board of the Housing Financing Fund.

¹⁾ *Act No. 162/2010, Article 19.* ²⁾ *Regulation No. 584/2001. Regulation No. 57/2009, cf. 1072/2013. Regulation No. 1042/2013, cf. 93/2014 and 147/2015.*

Article 17

[*Separation of loan categories.*]

The Housing Financing Fund shall keep separate financial records for its various loan categories, and shall issue the classes of marketable property bonds in its name with the terms and conditions laid down in this Act or in a regulation.]¹⁾

¹⁾ *Act No. 57/2004, Article 7.*

Chapter VI

[General Loans to Individuals.]¹⁾

¹⁾ *Act No. 84/2012, Article 11.*

Article 18

Evaluation of payment ability.

[The conditions for approval by the Housing Financing Fund of an application for a loan shall be governed by reference standards issued by the Fund's board concerning the degree of security provided by real estate mortgages, and each debtor's payment ability. The Fund may refuse to extend a loan if such conditions have not been fulfilled.

...¹⁾]²⁾

¹⁾ *Act No. 120/2004, Article 2.* ²⁾ *Act No. 57/2004, Article 8.*

Article 19

[*HFF mortgages.*]¹⁾

[Loans extended by the Housing Financing Fund shall be paid out in cash. Before a loan is paid out, the borrower shall issue a HFF mortgage instrument and have it officially recorded. [A HFF mortgage can be price-indexed by the consumer price index (*cf.* the Consumer Price Index Act) or non-price indexed. It shall bear interest as provided for in Article 21.]²⁾]¹⁾

[A loan extended against a HFF mortgage instrument may amount to up to [80%]³⁾ of the appraised value of a property. Senior mortgages resting upon the property shall be taken into account, so that the HFF mortgage remains within this limit. The Minister may, by regulation,⁴⁾ provide for a maximum amount of HFF mortgages, assuming mortgages of the first priority. For other mortgages, updated senior mortgages shall be subtracted from the maximum amount.]⁵⁾

[Notwithstanding the first and second paragraphs, the Housing Financing Fund may not grant loans under indent 1 of Article 15 when the maximum amount of the HFF mortgage instruments under the second paragraph is less than 40% of the tax value (fasteignamat) of the residential property.

Every two years, the Minister shall assess whether there is a need to change the maximum amount of the HFF mortgage instruments as a proportion of the tax value of residential property under the third paragraph, taking into account changes on the credit markets, price-level trends and macroeconomic premises. If the Minister considers there is a need to make changes, taking into account the rules of the Agreement on the European Economic Area regarding public aid, he/she shall lay down a changed maximum amount of HFF mortgage instruments as a proportion of the tax value of residential property according to the third paragraph after receiving the approval of the Government. However, the amount of HFF mortgage instruments, as a proportion of the tax value of residential property according to the third paragraph may never be less than 40%.]³⁾

¹⁾ *Act No. 57/2004, Article 9.* ²⁾ *Act No. 134/2011, Article 1.* ³⁾ *Act No. 84/2012, Article 8.* ⁴⁾ *Regulation No.*

522/2004, cf. 824/2004, 958/2004, 300/2006, 574/2008, 402/2009, 1038/2009 and 841/2014. Regulation No. 540/2006, cf. 156/2007, 587/2007, 575/2008, 552/2009 and 842/2014. ⁵⁾ Act No. 120/2004, Article 3.

Article 20 *Assessed value.*

The board of the Housing Financing Fund issues rules, to be confirmed by [the Minister],¹⁾ on the fair value of real property, based on the criteria of market price, fire compensation appraisal, cost of construction, and approved cost of major renewal or renovation of residential housing.

¹⁾ Act No. 162/2010, Article 19.

Article 21 *Loan periods and terms.*

[Subject to the provisions of Article 48, general loans shall be extended for a period of up to 40 years. By regulation, the Minister shall specify the period of maturity of each class of loan in further detail.

HFF mortgages shall bear interest as from the fifth day after the mortgage instrument becomes available for delivery by the Housing Financing Fund. As from that day, the Housing Financing Fund shall pay out the principal amount of a purchased HFF mortgage, without interest and price indexation, [if appropriate],¹⁾ and less the lending fee.

The board of the Housing Financing Fund shall determine the interest rate of HFF mortgages with a view to the costs of financing in regular issues of HFF bonds and financing costs due to loans paid up as referred to in Article 23, plus interest addition as referred to in Article 28.

[Interests of price indexed HFF mortgages shall be invariable the whole maturity period, but interests of non-price indexed HFF mortgages can be variable. The Housing Financing Fund shall set rules on interest rates of non-price-indexed loans.]¹⁾ Transfer of mortgages from one property to another shall be allowed. Provisions shall be issued by regulation²⁾ laying down when, and under what conditions, such transfer can take place.]³⁾

¹⁾ Act No. 134/2011, Article 2. ²⁾ Regulation No. 522/2004, cf. 1114/2007, 402/2009, 1038/2009, 439/2010, 987/2013, 841/2014 and 636/2015. ³⁾ Act No. 57/2004, Article 10.

Article 22 *[HFF bonds.*

[HFF bonds shall be issued by the Housing Financing Fund. HFF bonds shall be issued as transferable securities listed electronically in the name of their owners.]¹⁾]²⁾

¹⁾ Act No. 120/2004, Article 4. ²⁾ Act No. 57/2004, Article 11.

Article 23 *[Repayment of loans.*

The Housing Financing Fund shall collect the instalments, price indexation and interests on HFF mortgages and use the monies thus collected to repay its financing bonds. The debtors of HFF mortgages shall be free to pay extra instalments on their debts or to pay their debts in full prior to maturity.

The Minister may, under special circumstances and having obtained the opinion of the board of the Housing Financing Fund, decide that extra instalments and full payment of HFF mortgages shall only be allowed against the payment of a charge designed to compensate, partially or totally, for the difference between the prepayment value of a borrower's mortgage and the market value of a comparable HFF bond. A mentioning of this possibility shall be made in the terms of HFF mortgages.]¹⁾

[Notwithstanding the provisions of the first and second paragraphs, [the Minister]²⁾ may, by regulation issued in conformity with the legal provisions in effect at any particular time, permit the Housing Financing Fund to offer borrowers, in return for a reduced interest addition, an opportunity to waive the right to prepayment free of charge, or the right of paying extra instalments. The regulation shall also provide for the proportion the Housing Financing Fund may charge if a borrower waiving such rights

wants to pay up his loan prior to maturity. Such charge may never exceed the cost incurred by the Housing Financing Fund as a result of the full payment of the loan in question.]³⁾

¹⁾ Act No. 57/2004, Article 12. ²⁾ Act No. 162/2010, Article 19. ³⁾ Act No. 120/2004, Article 5.

Article 24

[*Payment terms of HFF bonds.*]

HFF bonds shall be issued in classes. The board of the Housing Financing Fund shall make proposals to [the Minister]¹⁾ concerning interest rates, price indexation terms, repayment terms and maturity periods for each class.]²⁾

¹⁾ Act No. 162/2010, Article 19. ²⁾ Act No. 57/2004, Article 13.

Article 25

[*Financing bonds due for payment.*]

Claims for repayment of principal and interest on financing bonds due for payment shall cease to be enforceable if not made within ten years from the due date. Financing bonds shall not bear interest and shall not be price-indexed after each due date. Financing bonds may be invalidated in accordance with the provisions of generally applicable legislation.]¹⁾

¹⁾ Act No. 57/2004, Article 14.

Article 26

[*Trade in securities.*]

HFF bonds shall be accessible for the securities market, for example at a securities exchange.

The Housing Financing Fund may establish a primary dealer system for trade in HFF bonds.

Against security, the Housing Financing Fund may lend securities to a primary dealer in order to facilitate the formation of a market price.]¹⁾

¹⁾ Act No. 57/2004, Article 15.

Article 27

...¹⁾

¹⁾ Act No. 84/2012, Article 9.

Article 28

[*Interest addition.*]

[The Housing Financing Fund may claim an interest addition to cover its operating expenses, estimated losses of outstanding loans, and its interest risks. [The Minister],¹⁾ having obtained the proposals of the board of the Housing Financing Fund, shall determine the level of the interest addition.]²⁾

¹⁾ Act No. 162/2010, Article 19. ²⁾ Act No. 57/2004, Article 17.

Article 29

[*Regulation.*]

[[The Minister]¹⁾ may, by regulation²⁾, issue provisions in further detail on lending by the Housing Financing Fund, ...³⁾ trading methods and arrangements, and the issue of HFF bonds.]⁴⁾

¹⁾ Act No. 162/2010, Article 19. ²⁾ Regulation No. 6/1996, cf. 169/1997 and 744/2001. Regulation No. 688/2001. Regulation No. 522/2004, cf. 824/2004, 958/2004, 1017/2005, 300/2006, 539/2006, 574/2008, 402/2009, 1038/2009, 439/2010, 987/2013 and 841/2014. Regulation No. 540/2006, cf. 156/2007, 587/2007, 575/2008, 552/2009 and 842/2014. ³⁾ Act No. 84/2012, Article 10. ⁴⁾ Act No. 57/2004, Article 18.

[Chapter VII Loans for nursing homes.]¹⁾

¹⁾ Act No. 120/2009, Article 21.

[Article 30.

General.

The Housing Financing Fund may grant local authorities loans of up to 100% of the building cost or purchase price of a nursing home for the elderly under an agreement on the construction and leasing of nursing homes for the elderly, made between [the Ministry]¹⁾ and [the Ministry in charge of public finances],²⁾ on the one hand, and the relevant local authority, on the other, on the construction and leasing of nursing homes.

Loans for nursing homes shall be secured by the first mortgage right in the nursing home in question. The loan shall be price-indexed, with a fixed rate of interest, without the possibility of paying it off before the end of the agreed term. The term of the loan may be up to 40 years.

The Housing Financing Fund may grant local authorities loans during the construction phase of up to 100% of the construction cost, as it is at the time of the granting of the loan, on the basis of an agreement on the construction and leasing of the nursing home (*cf.* the first paragraph) providing in the opinion of the board of the Housing Financing Fund, sufficient surety is advanced.

[The Minister]¹⁾ shall issue regulations³⁾ setting further provisions on loans for nursing homes, e.g. regarding loan applications, loan terms and the granting of loans, including the granting of loans during the construction phase.]⁴⁾

¹⁾ Act No. 162/2010, Article 19. ²⁾ Act No. 126/2011, Article 264. ³⁾ Regulation No. 355/2010. ³⁾ Act No. 120/2009, Article 21.

...¹⁾

¹⁾ Act No. 120/2004, Article 6.

Chapter VIII Loans for rental housing.

Article 33

General.

The Housing Financing Fund may make loans to municipalities, companies and non-governmental organisations that are not run for profit and that have the long-term aim of building, owning and supervising the operation of rental accommodation, for the purpose of building or purchasing rental flats.]¹⁾

¹⁾ Act No. 84/2012, Article 12.

Article 34

Articles of association.

The articles or statutes of companies and associations shall contain provisions on equity capital, financial liability, composition of the board, the number of directors and their terms of remuneration, convening of meetings, the identities of persons endowed with powers of obligation, accounting year, audit, and disposition of equity capital upon dissolution. [The Minister]¹⁾ shall, by regulation,²⁾ issue provisions in further detail on the substantial content of the articles of companies and associations, as well as conditions relating to their equity capital and financial liability.

[The Minister]¹⁾ shall have prepared model articles of association as provided for in the first paragraph.
...³⁾

¹⁾ Act No. 162/2010, Article 19. ²⁾ Regulation No. 1042/2013, *cf.* 93/2014 and 147/2015. ³⁾ Act No. 84/2012, Article 13.

Article 35

Loan applications.

When applications are made for rental housing loans under Article 33, each application shall state the

number, type and size of the properties contemplated, construction time, estimated cost of construction, and any other information necessary for deciding on the application. A statement concerning necessary additional financing shall also be enclosed. Following its examination, the Housing Financing Fund shall decide whether the project and the extension of a loan agree with the conditions set for lending.

...¹⁾

[The Minister shall issue regulations²⁾ containing further provisions on the conditions applying to loans for rental flats, including the minimum number of flats, their design and size, points of reference for determining rental amounts, economic viability and building costs, measures to ensure the lowest possible cost of the flats, restrictions on the payment of dividend and the registration of leases.]

¹⁾ Act No. 84/2012, Article 14. ²⁾ Regulation No. 1042/2013, cf. 93/2014 and 147/2015.

Article 36

Loan terms.

[Loans for rental flats that are made under Article 33 shall be secured by the first mortgage right in the flats in question. The loan may amount to up to 90% of their assessed value, but at no time more than 90% of the cost basis that has been approved for the granting of the loan. The loan period may be up to 50 years, with no fewer than four due dates each year.]¹⁾

...¹⁾

...¹⁾

[[Loans for rental flats may be index-linked or non-index-linked, and the interest on them may be fixed or variable.]¹⁾ Fixed interest rates and interest additions shall be determined in the same manner as the interest rates on HFF mortgages (cf. Articles 21 and 28) the board of the Housing Financing Fund determining the variable interest rates when preparing each year's financial plan. The Minister may, by regulation,²⁾ permit the Housing Financing Fund to offer borrowers referred to in the first paragraph, in return for a reduced interest addition, an opportunity to waive the right to prepayment free of charge, or the right of paying extra instalments. The regulation shall also provide for the proportion the Housing Financing Fund may charge if a borrower waiving such rights wants to pay up his/her loan prior to maturity. Such charge may never exceed the cost incurred by the Housing Financing Fund as a result of the prepayment of the loan in question.]³⁾

¹⁾ Act No. 84/2012, Article 15. ²⁾ Regulation No. 57/2009. Regulation No. 1042/2013, cf. 93/2014 and 147/2015.

³⁾ Act No. 120/2004, Article 7.

Article 37

Disposition of rental housing.

[The provisions of Article 10 of the Public Rental Dwellings Act regarding income and asset ceilings shall apply as income and asset ceilings for tenants in dwellings for which loans have been granted and which are intended solely for a specific group of tenants who are below specific income and asset levels.]¹⁾

Disposition of rental housing for the construction or purchase of which a loan has been granted to a co-operative housing association in accordance with the provisions of this Chapter shall in any other respects be subject to the provisions of the Act on Building and Housing Co-operative Associations.

...²⁾

Transfer of title to a property mortgaged for a rental housing loan is prohibited unless the loan is either paid up, or the board of the Housing Financing Fund grants its approval.

[Without prejudice to the fourth paragraph, municipalities and rental corporations owned by them may assign, at market prices, dwellings for which a loan has been granted under the first paragraph, to a party according to the first and second paragraphs of Article 10 of the Act on public rental dwellings, without the loan having been paid off or the board of the Housing Financing Fund having given its approval for the assignment, providing the parties meet the conditions set under this chapter. If the encumbering loan exceeds 90% of the tax value (fasteignamat) of the dwelling, the responsibility of municipality remains the same on the part of the liabilities that exceeds 90% of the tax value.]¹⁾

¹⁾ Act No. 52/2016, Article 29. ²⁾ Act No. 84/2012, Article 16.

Article 38

[Participation by municipalities in rental corporations and non-profit housing foundations.]

[Municipalities may establish, or participate in the establishment of, rental corporations and non-profit housing foundations and play a part in the operation of such legal persons, either as sole operators or in collaboration with other parties.

Legal person in which a municipality is involved as provided for in the first paragraph may not be run for profit. Furthermore, the legal persons shall have as their long-term objective the construction, purchase, ownership and supervision of the operation of dwellings which are let out in collaboration with the municipality involved, and shall function in accordance with the Rent Act.

Municipal councils may provide rental corporations or non-profit housing foundations with dwellings owned by the municipality, together with their concomitant obligations.]¹⁾

¹⁾ Act No. 52/2016, Article 29.

Article 39

Amount of rent.

[The Minister]¹⁾ may, by regulation,²⁾ provide that monthly rent payable for housing for which the Housing Financing Fund has granted a rental housing loan shall be calculated on the basis of instalments and interest on the loan and returns on the owner's contribution, in addition to general operational costs. If the debtor charges rent in excess of the standard so provided for, the board of the Housing Financing Fund is empowered to declare the rental housing loan due.

¹⁾ Act No. 162/2010, Article 19. ²⁾ Regulation No. 1042/2013, cf. 93/2014 and 147/2015.

Article 40

Monitoring of companies and associations.

Companies and associations subject to this Act shall provide the Housing Financing Fund with accounting data, annual reports, and information on work in progress, building construction, disposition of rental housing, [registered leases]¹⁾ and determination of rent, if the Housing Financing Fund so requests.

If it becomes apparent that a company or an association has failed to observe the conditions set for lending, or the conditions set for disposition of rental housing, the Housing Financing Fund may revise the loan terms or declare the loan due for payment.

¹⁾ Act No. 84/2012, Article 17.

Part 4

Other provisions.

Chapter IX

[Appeals.]¹⁾

¹⁾ Act No. 66/2010, Article 19.

Article 41

...¹⁾

¹⁾ Act No. 66/2010, Article 17.

Article 42

[Appeals to the Welfare Appeals Committee.

Parties may refer decisions by the Housing Financing Fund, the Housing Committee or any committee entrusted with tasks of the Housing Committee to the Welfare Appeals Committee (cf. the Welfare Appeals Committee Act).]¹⁾ [This does, however, not apply if the dispute is subject to the Appeals Committee on business with financial undertakings according to Act on Properties Loan for Consumers or Act on Consumer Credit.]²⁾

¹⁾ Act No. 85/2015, Article 13. ²⁾ Act No. 118/2016, Article 64.

Chapter X [Reserve Fund for Housing.]¹⁾

¹⁾ Act No. 86/2002, Article 1.

Article 43

[Reserve Fund for Housing.]

A particular Reserve Fund for Housing shall be established, in the ownership and under the responsibility of the municipalities. The Reserve Fund for Housing shall be a separate operating entity, and [the Minister]¹⁾ shall supervise its operations and issue Rules for its functions in accordance with this Act.

[The Minister]¹⁾ shall appoint a Consultative Committee of five members for the Reserve Fund for Housing, for a term of four years at a time. The committee shall be composed of five members and an equal number of alternates. Three of its members, and their alternates, shall be appointed following nomination by the Association of Local Authorities in Iceland, one member, and an alternate, shall be appointed following nomination by [the Minister in charge of public finances]²⁾ and one member, and an alternate, shall be appointed by [the Minister].¹⁾ [The Minister]¹⁾ shall appoint the chairman of the committee and his alternate from among the principal members. The remuneration of the members shall be paid by the Fund as decided by the Minister, as well as the other costs of the Committee's functions.]³⁾

¹⁾ Act No. 162/2010, Article 19. ²⁾ Act No. 126/2011, Article 264. ³⁾ Act No. 86/2002, Article 1.

Article 44

[The Role of the Reserve Fund for Housing's Consultative Committee.]

The role of the Consultative Committee shall be:

1. To allocate operating contributions to the municipalities towards deficits due to lease of social assistance housing or housing unused for prolonged periods. Such operating contributions shall be calculated [taking into account the municipalities' revenue scope and their utilisation of their revenue base]¹⁾ by use of a particular calculation model to be further defined by regulation.²⁾
2. To allocate contributions to the municipalities when privately owned or leased social assistance housing is sold in the general market. The Fund shall take part in subsidising the sale of redeemed social assistance housing in the general market if its redemption price exceeds the market price. This may also be done in cases of rented social assistance housing previously redeemed by a municipality and subsequently converted to such housing. The maximum amount subsidised may equal the difference between a paid-up mortgage and 90% of the market price of the housing in question. This shall however only be allowed after the housing has become municipal property and following consultation with the relevant municipal authorities. The municipalities shall use such contributions to make payments towards the updated amounts of older mortgages to the Workers' Housing Fund in cases when a sales price is inadequate to make full settlement.
3. To manage the Supplementary Loans' Reserve Fund provided for in Article 45, the Reserve Fund for Housing shall take over all assets, rights and liabilities of the previous Reserve Fund provided for in this Act.
4. To manage the Construction Insurance Fund provided for in Article 53, the Reserve Fund for Housing shall take over all assets, rights and liabilities of the Construction Insurance Fund.
5. To provide counsel and guidance to municipalities planning changes or rationalisation as regards the arrangements by which social assistance housing is leased.
6. To process information and assess the results of the Fund's operations.

The Reserve Fund for Housing shall exercise the functions provided for in indents 1, 2, 3 and 4 of this Article in independent and separated departments. If deemed advisable and having obtained the Minister's approval, the Consultative Committee may however transfer funds from one of the functions provided for

in indents 1, 2 or 4, to another. [Likewise, the Committee may transfer any interest gained in the exercise of the function provided for in indent 3, less inflation, to the Fund's other functions.]³⁾ The Minister, having received the Consultative Committee's proposals, shall issue Rules providing for the Fund's functions in further detail, and approve any contributions. The Minister shall, on the basis of the framework agreement on the functions of the Reserve Fund for Housing concluded between the Government and the Association of Local Authorities in Iceland, issue a regulation²⁾ governing further particulars.]⁴⁾

¹⁾ *Act No. 137/2005, Article 1.* ²⁾ *Regulation No. 656/2002, cf. 1180/2005.* ³⁾ *Act No. 120/2004, Article 8.* ⁴⁾ *Act No. 86/2002, Article 1.*

Article 45

[*The Supplementary Loans' Reserve Fund.*]

The Supplementary Loans Reserve Fund shall compensate for individual losses sustained by the Housing Financing Fund due to unrecoverable supplementary loans and forced sale of properties mortgaged for such loans. The board of the Housing Financing Fund shall notify the board of the Reserve Fund when it is foreseen that the latter will incur liability or cost.

...¹⁾

[The Minister]²⁾ shall, following consultation with the Reserve Fund for Housing Consultative Committee, issue provisions in further detail on the Supplementary Loans Reserve Fund in a regulation³⁾ on the Reserve Fund for Housing.]⁴⁾

¹⁾ *Act No. 120/2004, Article 9.* ²⁾ *Act No. 162/2010, Article 19.* ³⁾ *Regulation No. 656/2002, cf. 754/2003 and 1180/2005.* ⁴⁾ *Act No. 86/2002, Article 1.*

Chapter XI Various provisions.

Article 46

...¹⁾

¹⁾ *Act No. 157/1998, Article 2.*

Article 47

Write-offs.

The board of the Housing Financing Fund may write off any outstanding claims for which a mortgage has been cancelled as a result of forced sale of housing.

[[The board of the Housing Financing Fund may also write off outstanding mortgages in cases when housing mortgaged for a claim has been destroyed as a result of circumstances beyond control. This shall cover the Fund's claim to the extent the sales price of a property, a discount granted or a compensation paid proves inadequate to pay up the claim, taking the order of mortgages upon the property into account. Write-off as permitted in this paragraph shall be subject to the condition that the owner of the property has purchased real property insurance as customary.]]¹⁾

[The Housing Financing Fund is authorised to negotiate with individuals for the cancellation of a portion of their debt to the Fund against payment of balances in arrears, provided that debt cancellation is an element in co-ordinated measures adopted by creditors, including financial undertakings, in connection with comprehensive financial restructuring for the party in question. The Housing Financing Fund is also authorised to write off outstanding collateralised claims in accordance with the provision of the Act on Smoothing of Mortgage Loans to Individuals, no. 63/1985, and the provisions of the Act on Temporary Mitigation of Residential Mortgage Payments, no. 50/2009.]²⁾

[The board of the Housing Financing Fund, having obtained the proposals of the Reserve Fund for Housing Consultative Committee and in consultation with the relevant municipal authorities, may write off, in part or in its entirety, a claim of the Fund secured by mortgage upon social assistance housing rented by a municipality. This may be done when the mortgaged property cannot be let out due to its poor condition and must be written off according to an opinion by experts to the effect that its refurbishment,

in the light of the real estate market conditions within the municipality, will not be feasible. The municipality shall contribute an amount at least equal to that of the Housing Financing Fund. [The Minister]³⁾ shall, having obtained the opinions of the board of the Housing Financing Fund and the Reserve Fund for Housing Consultative Committee, issue a regulation including provisions on the conditions to be fulfilled for writing off any claims of the Housing Financing Fund secured by mortgage upon social assistance housing rented by a municipality.]⁴⁾

[The board of the Housing Financing Fund may, having obtained the proposals of a committee supervising municipal finances and the approval of [the Minister],³⁾ conclude an agreement with a municipal government for writing off a part of the municipal debt to the Fund against payment of arrears and a partial payment of principal, provided the finances of the relevant municipality are subject to management by a financial supervision committee as provided for in Articles 74 and 75 of the Municipal Government Act. This shall also form a part of co-ordinated measures by creditors in the context of a comprehensive revision of municipal finances, and it shall be clear that the interests of the fund are better served by the conclusion of such an agreement.]⁵⁾

[The board of the Housing Financing Fund may conclude agreements with companies or associations for a partial cancellation of their debts to the Fund against payment of arrears, provided such cancellation forms a part of co-ordinated measures by creditors in the context of a comprehensive revision of the finances of the entity in question. If the board of the Housing Financing Fund considers, with regard to the provisions of the first paragraph and other factors, that the interests of the Fund are better served by the conclusion of such agreement, the board shall make a proposal to this effect and solicit the opinion of [the Ministry],³⁾ [the Ministry in charge of public finances]⁶⁾ and the Icelandic National Audit Office. The Housing Financing Fund may only write off a claim if these parties have approved the proposal.]⁷⁾

The board of the Housing Financing Fund shall obtain the approval of the Supplementary Loans' Reserve Fund for any write-offs of mortgages securing such loans.]⁸⁾

[The Minister],³⁾ having obtained the opinion of the board of the Housing Financing Fund, shall issue a regulation⁹⁾ on the collection of claims as provided for in the first paragraph, and on the conditions to be fulfilled for write-offs according to this Article.

¹⁾ Act No. 57/2004, Article 21. ²⁾ Act No. 107/2009, Article 8. ³⁾ Act No. 162/2010, Article 19. ⁴⁾ Act No. 86/2002, Article 2. ⁵⁾ Act No. 155/2001, Article 1. ⁶⁾ Act No. 126/2011, Article 264. ⁷⁾ Act No. 163/2002, Article 1. ⁸⁾ Act No. 77/2001, Article 3. ⁹⁾ Regulation No. 359/2010, cf. 534/2015

Article 48 *Payment difficulties.*

[The board of the Housing Financing Fund may extend refinancing loans for periods of up to [30 years]¹⁾ in the purpose of solving a borrower's temporary difficulties as regards repayment of general loans, supplementary loans, or loans taken over by the Fund (*cf.* [the second paragraph of Article 15 and]²⁾ Article 53). [The board of the Housing Financing Fund may also grant recipients of loans for the construction or purchase of housing for leasing, and recipients of older loans for housing for lease which the Housing Financing Fund has taken over, loans for the refinancing of debts in arrears for up to 30 years in order to relieve temporary payment difficulties.]³⁾ This shall be conditional upon the difficulties being due to temporary and unexpected adversity, such as illness, accident, reduced employment or unemployment, or other unforeseen events.

The board of the Housing Financing Fund may, subject to the same conditions as provided for in the first paragraph, grant individual debtors of general loans, supplementary loans, or loans taken over by the Fund (*cf.* [the second paragraph of Article 15 and]²⁾ Article 53), a suspension of repayments for a period of up to three years, adding the suspended payments to the principal, provided the concession is deemed likely to forestall payment difficulties. The original loan period shall be extended by the period of the suspension. [Payments may be temporarily deferred entirely or in part, e.g. so that the loan recipient pays only interest and indexation-adjustment pertaining to interest. Furthermore, the board of the Housing Financing Fund may defer part of the payment with part of the remaining balance being transferred to an equalisation account (*cf.* the Act No. 63/1985) and decide that the repayment of the loan is to be linked to

a payment limit based on the part of the outstanding balance that has not been transferred to the equalisation account.]³⁾

Refinancing loans as provided for in the first paragraph, and payment suspensions as provided for in the second paragraph, may be granted jointly.

The board of the Housing Financing Fund may, subject to the same conditions as provided for in the first paragraph, extend the period of loans granted by the Fund to each borrower by up to [30 years]¹⁾. The maximum maturity period of each loan may not exceed [70 years].¹⁾

Assistance granted by the Housing Financing Fund according to paragraphs 1–4 on account of loans secured by mortgage upon housing mortgaged for supplementary loans, shall be subject to approval by the board of the Reserve Fund for Housing.

[The board of the Housing Financing Fund may suspend repayments from the debtors of loans granted for construction or purchase of housing for lease, and from the debtors of older loans taken over by the Housing Financing Fund, partially or totally, on account of temporary payment difficulties.]³⁾ This shall only be done if the difficulty is due to unforeseen events or to reorganisation of the finances of a company or association, and if such assistance is deemed likely to forestall payment difficulties.

[The board of the Housing Financing Fund may decide that the legal provisions applying to payment equalisation (cf. the Act No. 63/1985, with subsequent amendments) shall also apply to loans granted to local authorities, companies or non-governmental organisations for the construction or purchase of housing for lease, provided that the aim of the authorisation is that the payment equalisation is to have a direct influence on rent amounts or payments for the right of habitation.]³⁾

The Minister, having obtained the opinion of the board of the Housing Financing Fund, shall issue Rules⁴⁾ in further detail on the implementation of this provision.]⁵⁾

¹⁾ Act No. 138/2008, Article 2. ²⁾ Act No. 125/2008, Article 13. ³⁾ Act No. 107/2009, Article 9. ⁴⁾ Regulation No. 584/2001, cf. 954/2008. Regulation No. 585/2008. ⁵⁾ Act No. 77/2001, Article 4.

Article 49 *Fees.*

[The Minister],¹⁾ having obtained the proposals of the board of the Housing Financing Fund, shall, by regulation,²⁾ determine the amounts of lending fees, fees for collection of loans in arrears, and fees for refinancing, deeds of subordination, and mortgage releases, as well as for other comparable services. The costs may be distributed evenly among the debtors, so that place of residence will not affect the amounts charged.

¹⁾ Act No. 162/2010, Article 19. ²⁾ Regulation No. 1016/2005, cf. 504/2008.

Article 50 *Regulation.*

[The Minister]¹⁾ shall, by regulation,²⁾ issue provisions on the implementation of this Act in further detail.

¹⁾ Act No. 162/2010, Article 19. ²⁾ Regulation No. 783/1998, cf. 395/2001. Regulation No. 459/1999. Regulation No. 584/2001. Regulation No. 656/2002, cf. 1180/2005 and 476/2007. Regulation No. 1016/2005, cf. 504/2008. Regulation No. 57/2009, cf. 1072/2013. Regulation No. 359/2010. Regulation No. 1042/2013, cf. 93/2014 and 147/2015.

Article 51 *Sanctions.*

Fines may be ordered in case of violation of this Act or of regulations issued subject to its provisions.

Chapter XII

Entry into effect, and conflicts of law.

Article 52

Entry into effect.

This Act shall enter into effect 1 January 1999.

At the time this Act enters into effect, Act No. 97/1993 on the State Housing Board is repealed. The provisions of Act No. 97/1993 referred to in Temporary Provision I shall however remain in effect. The provisions of Act No. 97/1993 referred to in Temporary Provision II relating to redemption of social assistance housing and calculation of redemption price shall also remain in effect. Furthermore, the provisions referred to in Temporary Provision IV concerning the legal status of the owners of social assistance housing, and the provisions referred to in Temporary Provision V concerning the legal status of parties who have concluded agreements on the lease of social assistance housing for lease and lease-purchase housing shall also remain in effect. Finally, the provisions referred to in Temporary Provision VII on the processing of applications for social assistance housing in private ownership shall remain in effect.

At the time this Act enters into effect, [the Minister]¹⁾ shall publish the provisions of Act No. 97/1993 that shall remain in effect as provided for in the second paragraph.

Notwithstanding the provisions of the first paragraph, the provisions of Article 13 on the appointment of housing committees shall enter into effect immediately. As from the same time, Article 39 of Act No. 97/1993 is repealed. The provisions of Article 55 on a preparation committee, and the provisions of Article 56 on an appraisal committee, shall enter into effect immediately. [The Minister]¹⁾ shall have appointed the members of these committees not later than 1 June 1998.

The provisions of the first paragraph in Temporary Provision VII shall enter into effect immediately.

At the time this Act enters into effect, the State Housing Board shall be abolished. The Housing Financing Fund shall at that time take over the functions and rights, and all assets, liabilities and obligations, of the State Housing Board.

¹⁾ *Act No. 162/2010, Article 19.*

Article 53

Merger of funds.

At the time this Act enters into effect, the State Housing Fund and the Workers' Housing Fund shall be abolished and merged. As from the same time, the Housing Financing Fund shall take over the functions, rights, assets, liabilities and obligations of the State Housing Fund and the Workers' Housing Fund. The rights and privileges afforded the State Housing Fund and the Workers' Housing Fund under current law shall apply to the Housing Financing Fund.

The places of payment and the domicile of debt certificates owned or collected by the State Housing Fund or the Workers' Housing Fund shall be at the Housing Financing Fund when it commences its operations. The Housing Financing Fund shall take over all rights and duties related to debt certificates owned by these institutions, and take their place in any litigation against them or conducted on their behalf. The State Housing Fund and the Workers' Housing Fund shall announce this in the Official Gazette two times. The announcements shall be published at an interval of approximately two weeks, the first one at least 30 days before the Housing Financing Fund commences its operations. The provisions of mortgage certificates issued on account of loans from the State Housing Fund and the Workers' Housing Fund shall remain in effect in any other respect.

When this Act enters into effect, the Construction Insurance Fund provided for in Article 81 of Act No. 97/1993 shall be abolished. At the same time, the board of the Housing Financing Fund shall take over and separately preserve any contributions from builders other than municipalities that have been made to the Construction Insurance Fund. The Housing Financing Fund shall also, as long as necessary, assume the role of making compensation for construction defects not deemed to constitute ordinary maintenance of housing built by such parties, for which contributions have been paid. When the above

role of the Construction Insurance Fund is deemed fulfilled, any remaining monies shall be refunded those builders in the proportion of their contributions to the Fund.

When this Act enters into effect, the Reserve Fund provided for in Chapter X and Temporary Provision VIII of this Act shall take over the share contributed by the municipalities to the Construction Insurance Fund.

Article 54

Appointment of a board of directors.

The board of the Housing Financing Fund shall be appointed for the first time as from 1 January 1999. At the same time, the term of the current board of the State Housing Board shall expire, and the board of the Housing Financing Fund shall commence its functions under this act.

Article 55

Preparation Committee.

[The Minister]¹⁾ shall appoint a Preparation Committee of five members for preparing and carrying out any necessary measures on account of the establishment of the Housing Financing Fund and its taking over of rights and duties as provided for in this Act. The Committee shall be empowered to make any legal dispositions necessary on account of the planned operations of the Housing Financing Fund. When this Act enters into effect, the dispositions thus made shall be binding upon the Housing Financing Fund. The Minister shall issue a letter of commission for the Committee.

The Preparation Committee shall have full access to any documents of the State Housing Board and the funds it manages. The institution's officers and personnel shall provide the Committee with any necessary assistance it may request.

The cost of the Preparation Committee's work shall be paid from the State Treasury.

¹⁾ *Act No. 162/2010, Article 19.*

Article 56

Appraisal Committee.

[The Minister]¹⁾ shall appoint a committee of three impartial persons to appraise the assets and liabilities of the State Housing Board, the State Housing Fund, the Workers' Housing Fund, and any other funds managed or preserved by the State Housing Board. The Committee's conclusions shall be available no later than 1 March 1999. The Minister shall issue a letter of commission for the Committee.

The Appraisal Committee shall have full access to any documents of the State Housing Board and the funds it manages. The institution's officers and personnel shall provide the Committee with any necessary assistance it may request.

The cost of the Committee's work shall be paid from the State Treasury.

¹⁾ *Act No. 162/2010, Article 19.*

Temporary Provisions.

I.

The provisions of Act No. 97/1993.

Notwithstanding the provisions of this Act, the following provisions of Act No. 97/1993, as amended, and the headings of the individual Articles, shall remain in effect as applicable as regards loans extended by the State Housing Fund and the Workers' Housing Fund: The second to fourth paragraphs of Article 16; Article 36; Article 44; Article 46; the ninth to thirteenth paragraphs of Article 52; the third and fourth paragraphs of Article 58 a; Article 64; the second paragraph of Article 68; Article 77; Article 79; the first, third and fourth paragraphs of Article 82; Articles 83–86; Article 93 a, and Temporary Provision IV, subject however to the limitations provided for in this Act.

The provisions of Act no. 97/1993 referred to in Temporary Provisions II, IV, V and VII of this Act shall also remain in force.

A person capable of enjoying rights and bearing duties according to Temporary Provisions II–V and VII, who considers his/her rights infringed by a housing committee or by a municipal government where such a committee is not active, in the course of the implementation of those provisions, may refer the decision or conclusion in question to [the Welfare Appeals Committee]¹⁾ provided for in Chapter IX of this Act.

¹⁾ *Act No. 85/2015, Article 13.*

II.

Redemption of older housing.

The provisions of this Act shall apply to housing redeemed by a municipality that has not, at the time this Act enters into force, been reallocated on the basis of previous legislation, and to housing redeemed by a municipality after this Act enters into effect.

Redemption of social assistance housing shall cancel any purchase obligation of a municipality or other builder that could have been in effect following its redemption.

The pre-emptive right of a local government or other builder to purchase subsidised housing or lease-purchase housing offered for sale shall be cancelled when such housing is alienated for a second time. The local government or other builder shall then provide a declaration stating that any encumbrances relating to a pre-emptive right of purchase or limitations to powers of disposition have been cancelled. The declaration shall be officially recorded.

The obligation of municipalities to purchase housing subject to forced sale provided for in Article 86 of Act No. 97/1993 shall not remain in effect for more than 15 years from the issue of the last conveyance of title.

While a purchase obligation and a pre-emptive right to purchase social assistance housing remains in effect according to the provisions of the State Housing Board Act, No. 97/1993, housing committees, where active, shall be in charge of matters concerning housing that converts to the relevant municipality.

As regards the calculation of the redemption price of social assistance housing redeemed by municipalities according to the first paragraph, the first and fourth paragraphs of Article 87 of Act No. 97/1993 shall apply. If a property was built after the entry into effect of Act No. 51/1980, the provisions of the first and second paragraphs of Article 88 of Act No. 97/1993 shall also be observed, or the provisions of the first, second, third and eighth paragraphs of Article 89 of Act No. 97/1993, if the property was built before the entry into effect of Act No. 51/1980. The provisions of Article 90 of Act No. 97/1993 shall apply to housing under the auspices of the Workers' Housing Fund. The board of the Reserve Fund provided for in Article 43 of this Act shall consider any actions to be taken by housing committees as authorised in the fourth paragraph of Article 87 of Act no. 97/1993.

III.

Disposition of redeemed housing.

Housing redeemed by a local government according to the provisions of previous legislation may be subject to disposition as follows:

1. The local government may decide to sell the property in the general market. The local government shall then have paid up any mortgages resting upon the property for loans granted by the Workers' Housing Fund or the State Housing Fund.
2. [The local government may decide to rent the property. The local government shall then have paid up any mortgages resting upon the property for loans granted by the Workers' Housing Fund or the State Housing Fund, or have sought the approval of the Housing Financing Fund for taking over such loans. A local government, having paid up the loans granted by the Workers' Housing Fund or the State Housing Fund, shall be entitled to a new loan from the Housing Financing Fund under Chapter VIII of this Act. A local government, having taken over loans granted by the Workers' Housing Fund or the State Housing Fund, shall also be entitled to a new loan from the Housing Financing Fund according to Chapter VIII of this Act, which may amount to the difference between the loans for which a property is mortgaged and up to 90% of the property's

redemption value. The total loan extended by the Housing Financing Fund shall however not exceed 90% of the property's redemption value.]¹⁾

For two years following the entry into effect of this Act a municipality may, having obtained a proposal to that effect from its housing committee, decide that a certain proportion of annually granted supplementary loans shall be used to meet the resale price of redeemed housing, provided the sales price of such housing is determined with a view to the market price of residential housing in the relevant area.

¹⁾ *Act No. 77/2001, Article 5.*

IV.

Sale and disposition of privately owned housing.

[Notwithstanding Temporary Provisions I and II and the provisions of the State Housing Board Act, No. 97/1993, remaining in effect, [the Minister]¹⁾ may grant a municipality's request for release from its purchase obligations and cancellation of its pre-emptive purchase rights. A resolution of a municipality to this effect must relate to all social assistance housing in private ownership within its area. Having received the Minister's confirmation, the owner of social assistance housing may request that the purchase obligation and the pre-emptive purchase rights will not be exercised, and sell the property in the general market.

This possibility shall not affect the right of the owner of social assistance housing to request redemption by a municipality of a property subject to a pre-emptive right of purchase according to Temporary Provisions I and II of this Act, or when social assistance housing is sold by forced sale.

Before selling a property in the general market, the owner shall pay up any debts to the builder and any loans granted by the Workers' Housing Fund.

The legal status of an owner of social assistance housing shall in any other respects be governed by the provisions of Articles 70 and 71 of the State Housing Board Act, No. 97/1993, as applicable, and subject to the limitations provided for in this Act.]²⁾

¹⁾ *Act No. 162/2010, Article 19.* ²⁾ *Act No. 86/2002, Article 3.*

V.

Rental and lease-purchase housing.

Any agreements concluded by individuals concerning social assistance housing for rent shall remain in effect. The provisions of the Housing Lease Act shall apply to the relations between a builder and a tenant. The amount of rent shall be governed by the provisions of Article 73 of Act No. 97/1993.

Any agreements concluded by individuals concerning lease-purchase housing shall continue in effect. The legal status of such parties shall be governed by Article 72, the second, third, fifth and sixth paragraphs of Article 76 of Act No. 97/1993, subject however to any limitations provided for in this Act.

A person entitled to purchase leased housing (*cf.* the first paragraph of Article 73 of Act No. 97/1993) shall retain that right. The provisions of this Act shall apply to the granting of loans and to the loan terms relating to such purchase.

VI.

Construction loan housing.

Construction loan agreements concluded by the State Housing Board according to Article 58 of Act No. 97/1993 prior to the entry into effect of this Act shall remain in effect.

The board of the Housing Financing Fund shall, by inspection, confirm the completion of construction and the construction costs of housing completed after the entry into effect of this Act.

A local government or other builder shall submit a final statement of construction costs within one month from when a construction loan agreement expires or a final inspection takes place.

When the requirement provided for in the third paragraph has been fulfilled, the balance of a construction loan granted by the State Housing Board shall be paid.

Disposition of housing subject to the foregoing provisions, delivered after this Act enters into effect, shall be governed by Temporary Provision VII.

VII.

Processing of applications for privately owned social assistance housing.

Allocations of housing already made, and agreements concluded with individual persons concerning privately owned social assistance housing prior to 15 June 1998, shall remain in effect. Procedure relating to such housing, extension of loans, the legal status of the parties and the relations with the builder shall be governed by the provisions of Articles 42, 43 and 51, the first to eighth paragraphs of Article 52, the second paragraph of Article 54, the second paragraph of Article 56, Article 57, Article 58, the first and second paragraphs of Article 58 a, Articles 59–61, Article 64, the first paragraph of Article 68, Article 69, and Article 78 of Act No. 97/1993.

The provisions of this Act shall apply to other privately owned social assistance housing under construction or subject to reallocation at the time this Act enters into effect, which had not been allocated to individual persons prior to 15 June 1998, if a final settlement and the granting of loans according to the provisions of previous legislation has not been completed before this Act enters into effect.

Temporary Provisions II and IV shall apply to purchase obligations, pre-emptive rights of purchase, and disposition of privately owned social assistance housing.

VIII.

Reserve Fund.

[The following shall convert to the Reserve Fund for Housing provided for in Chapter X of this Act:

1. The assets, rights and obligations of the previous Reserve Fund.
 2. Municipal contributions to the Construction Insurance Fund (*cf.* Article 53). The Reserve Fund for Housing may allocate available funds from the Construction Insurance Fund for the tasks charged to the Reserve Fund for Housing. In return, the new Fund shall guarantee the payment of any approved compensation for construction defects affecting social assistance housing to the end of the year 2013.
 3. [Contributions from the State and the municipalities. In the year 2014, the Municipal Financial Equalisation Fund will contribute ISK 50 million, on behalf of the municipalities, to tasks committed to the Reserve Fund for Housing as provided for in Article 44. According to an agreement from October 5 2011, on temporary changes of division of labour between the State and municipalities, an annex to the agreement from March 5 2014 and according to an agreement on the Reserve Fund for Housing from November 23 2010, the contribution will be collected from allocation of the Municipal Financial Equalisations Fund's contribution to municipalities in proportion to number of residents December 1 last year.]¹⁾
- [[4.]]²⁾ The Reserve Fund for Housing's Consultative Committee may, in each of the years 2005, 2006 and 2007, use ISK 280 million of the funds specified in indent 3 of the first paragraph of Article 44 for the purposes stated in indents 1 and 2 of the same paragraph. The Reserve Fund may also use part of those funds in order to assist with the decommissioning of apartments owned by the municipalities, on the basis of regulation³⁾ issued by [the Minister]⁴⁾ after receiving the comments of the Housing Financing Fund and the Association of Local Authorities in Iceland.]⁵⁾[⁶⁾

¹⁾ Act No. 56/2014, Article 4. ²⁾ Act No. 180/2011, Article 4. ³⁾ Regulation No. 656/2002, *cf.* 476/2007. ⁴⁾ Act No. 162/2010, Article 19. ⁵⁾ Act No. 137/2005, Article 2, *cf.* also Article 3 of the same Act. ⁶⁾ Act No. 86/2002, Article 4.

IX.

Survey of the rental market.

When this Act has been passed [the Minister]¹⁾ shall, in consultation with representatives of the municipalities, other builders of social assistance housing, the Icelandic Confederation of Labour and the Federation of State and Municipal Employees, prepare a survey of the rental market in Iceland and examine the need for rental housing in the next few years. On the basis of these parties' collaboration a construction plan shall be presented, to be taken into consideration in the future when determining the amounts of State and municipal contributions. While the plan is under preparation and until the end of the

year 2000, loans for rental housing (*cf.* Chapter VIII of this Act) may be granted with unchanged loan terms. The number and amount of loans shall take into account the contributions of the State Treasury under the Budget Act, and estimated costs.

¹⁾ *Act No. 162/2010, Article 19.*

[X.]

In the period from 1 July 2004 to 15 September 2004, the Housing Financing Fund shall exchange mortgage instruments exchangeable for housing bonds of Classes 1 and 2 2001, for ready money. The owner shall receive the nominal value of each instrument, plus accrued interest and price adjustments, less the lending fee. All loans within the housing bond system that have not been finally paid out prior to 1 July 2004 shall be handled as provided for in Section VI of the Act.

The Housing Financing Fund may commence issue and sale of HFF bonds prior to 1 July 2004, in which case the provisions of Articles 11, 13 and 15 of this Act shall be observed as regards their terms and their issue and sale, the bonds forming a part of the total issues of HFF bonds. The Housing Financing Fund may immediately invite the owners of housing bonds and residence bonds to exchange them for HFF bonds. The board of the Housing Financing Fund shall lay down the terms of such exchange and announce this on a suitable notice.]¹⁾

¹⁾ *Act No. 57/2004, Temporary Provision I.*

[XI.]

The Housing Financing Fund shall take over all rights and duties of the Housing Bonds Department provided for in laws and regulations. Mortgage instruments that could be exchanged for housing bonds shall, subject however to the first paragraph of Temporary Provision I of this Act, retain their validity.

The validity of the housing and residence bonds issued previously in the name of the Housing Financing Fund, the State Housing Fund, or the Workers' Housing Fund on account of their lending and financing activities, shall remain unaltered. The terms of any bonds already issued shall remain in effect until the end of the loan period. The same shall apply to the various classes of housing bonds.

The Housing Financing Fund may convert housing bonds of older classes issued in paper form to electronic form, in accordance with the Act on Electronic Registration of Securities, No. 131/1997.]¹⁾

¹⁾ *Act No. 57/2004, Temporary Provision II.*

[XII.]

The Housing Financing Fund shall collect instalments and interest on purchased mortgage instruments that have been exchanged for housing bonds, and use the monies thus collected for repayment of housing bonds as determined by lot, or for relending.

Debtors of mortgage instruments exchanged for housing bonds may pay extra instalments on their debts or pay them up in full prior to maturity. In order to provide for an even cash flow following such repayments, issued housing bonds may be redeemed by lot (*cf.* the first paragraph) or purchased on the market when repurchase offers are made to the public. The Housing Financing Fund may remove from its accounts the housing bonds that may come into its ownership.

Drawing of housing bonds shall be supervised by the Sheriff. As regards electronically registered housing bonds, repayment within the relevant class shall be made in even proportion.]¹⁾

¹⁾ *Act No. 57/2004, Temporary Provision III.*

[XIII.]

On transfer of title to a property mortgaged for a supplementary loan, the approval of the Housing Financing Fund shall be sought for the taking over by the new owner of any mortgages to remain resting upon the property. If this is not done, the Fund is empowered to declare the loan due for payment.]¹⁾

¹⁾ *Act No. 120/2004, Article 10.*

[XIV.]

The Housing Financing Fund may write down the fund's mortgage liens against individuals, if the conditions of this provision are met, if the updated balance on the mortgage lien as of 1 January 2011 exceeds 110% of the value of the real-estate property owned by the borrower and his/her spouse. This applies to mortgage liens owned by the fund relating to mortgages taken by individuals for the purpose of purchasing or building real-estate property on or prior to 31 December 2008. It also applies to mortgage liens relating to loans granted for the rescheduling of the aforementioned mortgages, and to mortgage liens relating to mortgages granted with guarantees by the Additional Mortgage Reserve Fund (varasjóður viðbótarlána). This authorisation does not apply to mortgage liens relating to loans for maintenance and repairs which exceeded the value of the mortgaged property at the time they were granted.

The mortgage liens referred to in the first paragraph may be written down by up to ISK 4 million in the case of individuals and ISK 7 million in the case of married couples, cohabiting couples and single parents, providing that the lien on the mortgage right exceeds 110% of the value of the property and the borrower or his/her spouse does not possess other properties in which an attachment can be made with vacant mortgage rights corresponding, entirely or in part, to the amount by which it is proposed to write the mortgage lien down. If there are vacant mortgage rights on properties in which an attachment can be made and which belong either to the borrower or his/her spouse, the amount of the writing-down of the mortgage lien shall be reduced by an equivalent amount.

When property values are assessed under this provision, their tax value or market price shall be used, whichever is the higher. If the Housing Financing Fund considers that the tax value recorded for 2011 does not give a true picture of the value of a property, it shall, at its own expense, obtain a valuation by a chartered realtor. Where properties are still under construction, the Housing Financing Fund shall in all instances obtain a valuation by a chartered realtor at the fund's own expense.

If the updated balance on a mortgage lien as of 1 January 2011 still exceeds 110% of the value of the real-estate property owned by the borrower and his/her spouse following the writing-down allowed for in the second paragraph, and the burden of payments of mortgage loans borne by the borrower and his/her spouse amounts to more than 20% of the sum of income of the borrower and his/her spouse according to Article 7 of the Income Tax Act, No. 90/2003 and their investment income for the year 2010, the Housing Financing Fund may write the fund's mortgage liens down still further, taking into account the circumstances of the borrower and his/her spouse, including their payment capacity, income and asset and liability position (*cf.*, however, the fifth paragraph). When their income is assessed, sums withdrawn from their private savings and other irregular income, such as occasional grants or special payments which cannot be regarded as regular income, shall not be included. If the borrower had no wage income during 2010, e.g. because he or she was pursuing studies, it shall be assumed that the minimum income of the household was not lower than the equivalent of the basic rate of unemployment benefit, which is currently ISK 149,523 per month, with the addition of ISK 8,395 per month in respect of each child under the age of 18 in the home.

The writing-down of mortgage liens against individuals as provided for in the fourth paragraph shall be based on the condition that the mortgage lien at the time of the writing-down is never less than 110% of the value of the property, or that the burden of payment borne by the borrower and his/her spouse due to property mortgages is not less than 18% of their sum of their earnings under Article 7 of the Income Tax Act, No. 90/2003, and their investment earnings for 2010. When their income is assessed, sums withdrawn from their private savings and other irregular income, such as occasional grants or special payments which cannot be regarded as regular income, shall not be included. However, the total amount of the writing-down under this provision may not amount to more than ISK 15 million in the case of an individual and ISK 30 million in the case of a married couple, cohabiting couple or single parent.

The borrower shall apply to the Housing Financing Fund for the writing-down of mortgage liens under this provision if the fund's liens are last in order of mortgage rights encumbering the property. If other borrowers also require writing-down on the basis of agreements between lenders on the housing market covering procedures to alleviate the position of over-mortgaged households, the Housing Financing Fund shall make information available to them, or accept information from other lenders. Applications shall be

accompanied by all documentation considered necessary by the Housing Financing Fund. In their applications, applicants shall declare that all information given is correct to the best of their knowledge.

If it later comes to light that the information on the basis of which writing-down was carried out under this provision was incorrect, the Housing Financing Fund shall revoke its decision regarding writing-down.

[The Minister]¹⁾ may issue regulations containing more detailed rules on the implementation of this provision, including the assessment of the burden of payments borne by a borrower and his/her spouse, the assessment of income and the valuation of properties.

The Housing Financing Fund may accept applications under this provision up to 30 June 2011 (inclusive).]²⁾

¹⁾ Act No. 126/2011, Article 264. ²⁾ Act No. 29/2011, Article 1.

[XV.]

Notwithstanding the third paragraph of Article 19, it shall be permitted, when purchasing residential property, to take over a loan from the Housing Financing Fund that already rests on the residential property in question even though the maximum value of the HFF mortgage instruments under the second paragraph is less than 40% of the tax value (fasteignamat) of the property in question.]¹⁾

¹⁾ Act No. 84/2012, Article 18.

[XVI.]

Notwithstanding the provisions of the second and third paragraphs of Article 23, it is permitted to pay extra instalments or repay in full the debt according to HFF mortgage, as provided for in temporary provision XVI of the Pension Act No. 129/1997, without the payment of a charge designed to compensate, partially or totally, for the difference between the prepayment value of a borrower's mortgage and the market value of a comparable HFF bond.

The Minister may issue regulation on the implementation of this provision.]¹⁾

¹⁾ Act No. 40/2014, Article 3.

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The original Icelandic text is published in the Law Gazette.

In case of a possible discrepancy, the original Icelandic text applies.]