



VELFERÐARRÁÐUNEYTIÐ

Ministry of Welfare

Rent Act, No. 36/1994, as amended by Act No. 65/2006, No. 65/2010, No. 66/2010, No. 162/2010, No. 77/2011, No. 126/2011 and No. 63/2016.

CHAPTER I

Scope, etc.

Article 1

[This Act shall apply to all leases covering the use of premises, or parts of premises, in return for a consideration (*cf.*, however, the fourth paragraph), including leases covering the sub-letting of premises, even though the consideration may be rendered, in its entirety or in part, by a means other than with money, e.g. by means of a labour contribution.

This Act shall apply to the use of premises under a work contract or an appendix to such a contract. It shall also apply to contracts which cover, amongst other things, the use of premises in return for a consideration, provided that this constitutes the principal content of the contracts. If a lease concerns land which is to be used in connection with the use of premises, then such a lease shall also be subject to this Act except in the case of use for agricultural purposes.

Leases covered by the first and second paragraphs may cover the letting of residential premises, business premises and other premises. If premises are let both for residential and for other purposes, the provisions of this Act regarding residential premises shall apply to such leases. Provisions of this Act which are worded so as to apply to residential premises shall apply to business premises as appropriate and where no special provisions are included in the Act applying to business premises.

This Act shall not apply to agreements on the use of premises under the Housing Cooperatives Act and the Catering Establishments, Guest Accommodation and Entertainment Act. Nor shall this Act apply to the leasing of gymnasiums and storage premises when the lease period is shorter than one week or to leases covering the use of premises which are subject to special rules under other legislation.]¹⁾

¹⁾ Act No. 63/2016, Article 1.

Article 2

Leases may not be made under which the tenant of residential premises undertakes more extensive obligations and acquires less extensive rights than are provided for by this Act unless the Act contains special provisions allowing for such deviations.

The provisions of this Act regarding business premises, on the other hand, are non-obligatory, and shall therefore apply to such premises only where no other terms are agreed. [The same applies to other premises which are regarded as neither residential nor business premises.]¹⁾

[In the case of the leasing of residential premises in a half-way house or the leasing of residential premises to students by a legal person operating on a non-profit basis with service to students as its main objective, deviations may be made from individual provisions of this Act by agreement, without prejudice to the first paragraph, in view of the special nature and purpose of the activity. The deviations involved shall be stated in the lease. 'Half-way house' denotes a residential home operated with the aim of promoting the rehabilitation of individuals who in most cases have been in treatment or rehabilitation institutions, or in prison.]¹⁾

¹⁾ Act No. 63/2016, Article 2.

Article 3

[The provisions of this Act referring to married couples and spouses shall also apply to two individuals living in a registered partnership or partnership of another type that has lasted for one continuous year. “Registered partnership” refers to the partnership (cohabitation) of two individuals which is registered at the National Registry, providing that they have a child together, are expecting a child of which they are the parents or their partnership has been registered for a minimum of one continuous year.]¹⁾

¹⁾ Act No. 65/2010, Article 29.

[Article 3 a

A landlord which is a legal person operating on a non-profit basis may set legitimate and relevant conditions for the leasing of residential premises.

If in accordance with the first paragraph the landlord has set legitimate and relevant conditions for the leasing of residential premises, it may also make it a condition for the leasing of the residential premises that the tenant submit the information necessary to assess whether he/she meets the aforementioned conditions set by the landlord. If information of a personal nature is involved, its processing shall be in accordance with the Act on the Protection of Privacy as regards the processing of Personal Data.

Landlords as referred to in the first paragraph shall treat information submitted under the second paragraph in confidence.

When a landlord is a legal person operating on a non-profit basis, it may make it a condition for the leasing of residential premises that housing benefit to which the tenant may be entitled is to be paid directly to the landlord during the lease period.]¹⁾

¹⁾ Act No. 63/2016, Article 3.

CHAPTER II

The lease.

Article 4

A lease covering premises shall be in writing.

[The Ministry]¹⁾ shall prepare special forms, one for leases covering residential premises and one for leases covering business premises, and also forms for inspection declarations and sample notices of termination and other announcements that are to be made in writing under this Act. [The forms shall be accessible to the public in electronic format.]¹⁾

...¹⁾
¹⁾ Act No. 63/2016, Article 4.

Article 5

...¹⁾
¹⁾ Act No. 63/2016, Article 5.

Article 6

The following information shall, amongst other things, be included in the lease:

1. The names, addresses and ID numbers of the parties.
 2. A clear description of the premises to be rented (*cf.* e.g. Article 38).
 3. The ownership share of [the multi-owner building]¹⁾ or property that is let to the tenant.
 4. [The reading on the electricity and hot-water meters at the time when the premises are handed over (when such meters are marked separately for the leased premises) and the date on which the reading was taken.]¹⁾
- [5]¹⁾ Whether the lease is for a definite period of time or for an indefinite period.
[6]¹⁾ The rent, and whether and how it is to be liable to changes during the rental period.
[7]¹⁾ Where and how the rent is to be paid.
[8]¹⁾ Whether the tenant is required to put up a deposit, and if so, in what form.
[9]¹⁾ Whether an inspection of the rented premises is to be carried out when the premises are handed over.

[10]¹⁾ The tenant's priority right according to Chapter X.

[11]¹⁾ Special provisions, where these are agreed and are permitted by law.

¹⁾ Act No. 63/2016, Article 6.

Article 7

If the landlord is unable to honour his/her obligations towards the tenant, e.g. due to prolonged absence or illness, he/she shall be obliged to have an agent to whom the tenant may apply. The agent's name, address and ID No. shall be stated in the lease.

Article 8

All amendments or additions to the lease that are permitted under this Act shall be made in writing and signed by the parties to the lease.

If either party is required according to this Act or according to the lease to obtain the approval of the other, he/she may demand to have it stated in writing.

Article 9

Leases may be made either for a definite period of time or for an indefinite period.

Leases shall be regarded as being for an indefinite period unless other provisions are clearly agreed upon. The provisions of Article 56 shall apply to termination and notice of termination in the case of indefinite-period leases.

Leases made for definite periods shall expire without special notice of termination unless other arrangements are agreed (*cf.* Article 58).

The provisions of Chapter X shall apply to both definite-period and indefinite-period leases regarding the tenant's priority right.

Article 10

If the parties neglect to make a written lease, they shall be regarded as having made a lease for an indefinite period, and all provisions of this Act shall apply regarding their legal relations.

The rent shall be the sum that the landlord is able to demonstrate that the tenant has agreed to pay.

Article 11

The provisions of the Act on Contracts, Agency and Void Undertakings, No. 7/1936, shall apply regarding grounds for setting a lease aside, in its entirety or in part, or amending it, if it could be considered unfair or opposed to good commercial practice to enforce it.

Article 12

Tenants' rights that are based on or derived from the provisions of this Act shall be valid regarding all persons without being specially registered (*cf.*, however, the provisions of the second paragraph).

In other respects, the question of which tenants' rights shall depend on registration, and when and vis-à-vis what persons, shall be subject to the provisions of the Registration Act.

A tenant who by agreement secures more extensive rights than are provided for under the first and second paragraphs, and wishes to ensure such rights, may have the lease registered.

When the rental period ends, the tenant shall have the lease, which has been registered, revoked. If he/she fails to do this within one week, the lease may be revoked at the landlord's demand.

Article 13

If in accordance with the provisions of this Act a party to a lease is obliged to send the opposite party a written communication of any type whatever, such a communication shall be dispatched in a verifiable and secure manner and within the period allowed or by the deadline specified, where appropriate. If this is done, then the communication shall have the significance and the legal effect it is intended to have, even if it arrives in a corrupt form, or late, or does not reach the recipient.

[When it is stipulated in this Act that any communications are to be written, then messages in electronic form which are capable of being preserved and submitted shall be considered to meet this requirement if they are sent to a telephone, e-mail address or other destination specified in the lease.]¹⁾

¹⁾ Act No. 63/2016, Article 7.

CHAPTER III Condition of the rented premises.

Article 14

When they are handed over to the tenant, rented premises shall be in such a condition as may generally be regarded as satisfactory in terms of their intended use and their location.

[When they are handed over, the premises shall be clean; the window-panes shall be whole; the locks and electrical switches shall be in working order; the sanitary, heating and domestic appliances regarded as fixtures pertaining to the premises shall be in order, as shall the water-supply and drainage pipes, the smoke detector and the fire-extinguisher. Furthermore, residential premises shall in other respects meet the requirements of laws and regulations regarding fire-prevention and fire-safety measures.]¹⁾

Premises that are let for residential occupation shall include the fixtures that were *in situ* when the premises were displayed unless other arrangements are agreed specially.

¹⁾ Act No. 63/2016, Article 8.

Article 15

If the quality of the rented premises deteriorates before the beginning of the rental period, as a consequence of which they become unsuitable for the purpose intended, the lease shall become invalid.

In such a case, the tenant shall not be entitled to compensation unless the damage to the premises is the fault of the landlord himself/herself or he/she has failed to inform the tenant of it.

Article 16

If it is found that the premises rented are not in the condition described in the lease, or the condition that the tenant could naturally be expected to assume, the tenant shall within [four weeks],¹⁾ from when the premises are handed over, inform the landlord in writing of his/her criticisms and objections and state the remedial measures he/she demands to have taken. Otherwise, the tenant shall be regarded as being satisfied with the premises.

The tenant shall [report deficiencies to the landlord in writing]¹⁾ in the premises that come to light at a later date and were not evident during a normal inspection within 14 days of their coming to his/her notice.

¹⁾ Act No. 63/2016, Article 9.

Article 17

[If the landlord does not begin measures to rectify deficiencies in the premises within four weeks of receiving a written notification as provided for in the first or second paragraph of Article 16, the tenant may take remedial measures regarding these deficiencies and deduct the resulting expenses from the rent, providing he/she first obtains the approval of an inspector (*cf.* Chapter XIV).]¹⁾

If the landlord does not [rectify the deficiencies in the premises within eight weeks of receiving a notification],¹⁾ and if the tenant does not avail himself/herself of his/her rights under the first paragraph, the tenant may revoke the lease providing there are serious deficiencies in terms of the intended use of the premises.

The tenant shall be entitled to demand a proportional reduction of the rent during the time in which nothing is done to remedy deficiencies in the premises rented.

[An inspector shall assess the reduction of rent under the third paragraph if this is requested by the tenant or the landlord; these parties shall have the right to refer the inspector's assessment to the Housing Complaints Committee (*cf.* Article 85).]¹⁾

¹⁾ Act No. 63/2016, Article 10.

CHAPTER IV
Maintenance of rented premises.

Article 18

Tenants shall be obliged to treat rented premises well and in accordance with the use of them that was agreed.

If the rented premises or their fixtures are damaged by the tenant, members of his/her household or other persons whom he/she permits to make use of the premises or to enter and move about in them, the tenant shall take measures to repair the damage as soon as possible. If the tenant neglects this duty, the landlord may have repairs carried out at the tenant's expense. [Prior to this, however, the landlord shall inform the tenant in writing of his/her criticisms, stating the remedial measures required and giving the tenant four weeks from the date of receipt of these criticisms from the landlord in which to complete the repairs.]¹⁾ Before having repairs carried out, the landlord shall seek the opinion of [an inspector (*cf.* Chapter XIV)],¹⁾ and seek his/her approval of the expense involved after the work has been completed.

In the circumstances referred to in the second paragraph, the tenant shall be obliged to put up with the movements and activities of the repairmen without any reduction of the rent, even though the tenant's use of the premises is temporarily limited as a result of the repair work.

¹⁾ *Act No. 63/2016, Article 11.*

Article 19

[The landlord shall see to the maintenance of the leased premises, both indoors and outdoors (*cf.*, however, Article 19 a).

The landlord shall see to repairs of windows, domestic appliances regarded as fixtures pertaining to the premises, sanitary appliances, locks, taps, electrical sockets, the smoke detector, the fire-extinguisher and other fixtures in the premises if the tenant is able to demonstrate that the malfunctions cannot be attributed to neglect or oversight on the part of the tenant or of persons associated with him/her.

The landlord shall at all times maintain the rented premises in a condition fit for leasing, this including having the premises painted and replacing floor coverings, carpets and other protective surfacings at suitable intervals and maintaining fire-prevention equipment and fire-safety precautionary measures as appropriate in terms of good practice in the maintenance of premises.

In all cases where residential premises are involved, damage to the leased premises for which compensation is to be paid under the terms of ordinary house-owners' insurance, including the own-risk liability of the policyholder according to the terms of the policy, shall be borne by the landlord.]¹⁾

¹⁾ *Act No. 63/2016, Article 12.*

[Article 19 a

Tenants shall be obliged to carry out, at their own expense, minor maintenance such as replacing light bulbs and batteries in smoke detectors and clearing drains.]¹⁾

¹⁾ *Act No. 63/2016, Article 13.*

Article 20

[If the tenant considers that maintenance carried out by the landlord is insufficient, he/she shall inform the landlord in writing of where he/she considers that improvements should be made and call on the landlord to remedy the situation.

If the landlord does not begin measures to rectify deficiencies in the premises within four weeks of receiving a written notification as provided for in the first paragraph, the tenant may take remedial measures regarding these deficiencies and deduct the resulting expenses from the rent, providing he/she first obtains the approval of an inspector (*cf.* Chapter XIV).

If the landlord has not rectified the deficiencies in the premises within eight weeks of receiving a notification as provided for in the first paragraph, and if the tenant has not availed himself/herself of his/her rights under the second paragraph, the tenant may revoke the lease providing there are serious deficiencies in terms of the intended use of the premises.

The tenant shall be entitled to demand a proportional reduction of the rent during the time in which nothing is done to remedy deficiencies in the leased premises.

An inspector shall assess the reduction of rent under the fourth paragraph if this is requested by the tenant or the landlord; these parties shall have the right to refer the inspector's assessment to the Housing Complaints Committee (*cf.* Article 85).¹⁾

¹⁾ *Act No. 63/2016, Article 14.*

Article 21

The landlord shall at all times have repair and maintenance work carried out quickly and effectively so as to cause the tenant the minimum inconvenience.

If, in the opinion of [an inspector (*cf.* Chapter XIV)],¹⁾ repair and maintenance work carried out at the landlord's instigation results in substantially reduced use, or loss of use, the landlord shall compensate the tenant for this by means of a proportional reduction of the rent or in another manner agreed on by the parties. If the parties cannot agree on compensation or a reduction of the rent, they may seek the opinion of [an inspector (*cf.* Chapter XIV)],¹⁾ whose opinion either party may refer to [the Housing Complaints Committee]²⁾ (*cf.* Article 85).

¹⁾ *Act No. 63/2016, Article 15.* ²⁾ *Act No. 66/2010, Article 3.*

Article 22

It may be agreed in a lease covering residential premises that the tenant shall, at his/her own expense, see to the maintenance inside the premises, partially or entirely, which the landlord is supposed to see to according to this Chapter ...¹⁾. In such cases the lease shall state exactly what is covered by the tenant's maintenance obligations.

¹⁾ *Act No. 63/2016, Article 16.*

CHAPTER V

Operating expenses.

Article 23

[The landlord shall pay all property rates, including property tax and insurance premiums.

In the case of residential premises in multi-dwelling buildings, the landlord shall pay the shared costs as provided for in Article 43 of the Multi-Owner Dwellings Act, such as the contribution to the joint operation and maintenance of the common parts, including lift equipment, heating, lighting and water consumption in the common parts, and also costs connected with improvements to the lot or property.

The landlord shall pay annual fees charged by utilities which are calculated on the basis of the assessed value of the premises, their volume or other bases for levying charges and which are not directly related to the purchase of water or power. Where such utilities levy a special fee for the rent of meters or other such equipment which they provide, the landlord shall pay that fee.]¹⁾

¹⁾ *Act No. 63/2016, Article 17.*

[Article 23 a

The tenant shall pay the cost of water, electricity and heating in the leased premises. The tenant shall inform the utility in question that he/she is the new consumer. The tenant shall not be obliged to make such notification where there is no hot-water meter marked separately for the leased premises.]¹⁾

¹⁾ *Act No. 63/2016, Article 18.*

[Article 23 b

Deviations may be made from the arrangements regarding the division of operating costs specified in Articles 23 and 23 a providing that such deviations are stated in the lease.]¹⁾

¹⁾ *Act No. 63/2016, Article 18.*

Article 24

When the service to be paid for by the tenant is sold jointly to several parties, the cost shall be divided according to the provisions of statutes or agreements on the division of the right of use, where

this right is jointly owned, and otherwise according to the proportions stated in the declaration of division of ownership. Where no such declaration has been prepared, the cost shall be divided according to the ownership share of each dwelling in accordance with the legal provisions applying to the determination of ownership shares in [multi-owner buildings.]¹⁾

¹⁾ Act No. 63/2016, Article 19.

Article 25

If the landlord makes outlays for operating costs that are to be borne by the tenant ...¹⁾, they shall fall due for payment on the next rent payment date. If the tenant makes outlays for operating costs that are to be borne by the landlord, he/she may deduct such costs from the next rent payment.

¹⁾ Act No. 63/2016, Article 20.

Article 26

When work is done to connect rented premises with a heating system or district heating system, or when other improvements are made to the premises which reduce the operating expenses for the tenant, the landlord may raise the agreed rent by up to one half the reduction in operating expenses for the tenant that results from such changes.

If the landlord receives a rebate of the outlays he/she has made in connection with the improvements under the first paragraph, the subsequent reduction of operating expenses shall be to the equal benefit of both parties until the end of the rental period.

CHAPTER VI

Use of the rented premises.

Article 27

The tenant may not use the rented premises in a manner other than that agreed in the lease. However, the landlord may not object to deviations from this provision that are of no significance to him/her or to other persons who live or work in the building.

Article 28

The tenant may not make alterations or improvements to the rented premises or their fixtures and furnishings without having obtained the approval of the landlord and come to a [written]¹⁾ agreement on the division of the cost and the measures to be taken at the end of the rental period. ...¹⁾

[The landlord's approval, in writing, shall also be obtained before the tenant installs permanent fixtures or other fixtures of this type. The same shall apply if the tenant intends to replace locks in the premises.]¹⁾

¹⁾ Act No. 63/2016, Article 21.

Article 29

The tenant shall in all respects treat the rented premises in a manner that conforms to good practice regarding the treatment of premises and their intended use.

The tenant shall inform the landlord without delay of things, both inside and outside the building, that need repair or maintenance.

Article 30

The tenant shall be obliged to treat the rented premises well and keep them tidy and observe the rules set and good practice regarding hygiene and health.

The tenant shall follow accepted patterns of conduct in the treatment of the premises and shall take care not to interfere with the use made of the building by others who have the right to use it or to cause them inconvenience or disturbance.

If rules of conduct have been set in [a multi-owner building]¹⁾, the tenant shall be obliged to comply with them, and such rules shall be brought to the tenant's attention.

The landlord shall be obliged to use his/her influence to have other persons, who have the right to use the building in which the rented premises are situated, comply with the set rules of conduct and observe the other provisions of this chapter so as to ensure the interests of the tenant.

¹⁾ Act No. 63/2016, Article 19.

Article 31

Tenants of [business premises]¹⁾ shall be obliged to maintain normal daily operations in the accepted manner except when closures are necessitated due to exceptional circumstances.

¹⁾ Act No. 63/2016, Article 22.

Article 32

If the rented premises are in a building that comes under the provisions of [the Multi-Owner Buildings]¹⁾ Act, the provisions of this Chapter shall apply both to the privately owned unit and, as appropriate, to the common parts, both inside and outside the building.

¹⁾ Act No. 63/2016, Article 19.

CHAPTER VII

Payment of rent. Deposits.

Article 33

Rent shall be paid on the first day of each month, in advance, for one month at a time, unless other terms are agreed. If a due date falls on a public holiday, it shall be deferred to the next working day thereafter.

Rent and other payments to be made by the tenant shall be paid at an agreed place, and alternatively at the landlord's home, place of work or other place in Iceland that he/she may specify.

However, the tenant may always make payment in a bank or send payment by post in a verifiable manner. Payment made in this way shall be regarded as having been made in the correct place and on the date that it is handed over in the bank or post office.

If the tenant fails to make payment within seven days of the due date, the landlord shall be entitled to demand arrears interest on the rent at the maximum rate permitted by law up to the date of payment.

Article 34

[The tenant may not be required to pay rent in advance (*cf.*, however, the first paragraph of Article 33).]¹⁾

¹⁾ Act No. 63/2016, Article 23.

Article 35

...¹⁾

¹⁾ Act No. 63/2016, Article 24.

Article 36

[When the tenant is entitled to make a deduction from a rent payment in view of costs incurred, e.g. due to the premises' having been in an unsatisfactory condition at the beginning of the lease period under the first paragraph of Article 17, or neglect regarding maintenance under the second paragraph of Article 20, he/she shall submit an invoice, with accompanying documents and the signed approval of an inspector (*cf.* Chapter XIV), to the landlord not later than the next due date for the payment of the rent.

When the tenant is entitled to a reduction of the rent, e.g. due to the premises' having been in an unsatisfactory condition at the beginning of the lease period under the third paragraph of Article 17, neglect regarding maintenance under the fourth paragraph of Article 20, or a reduction of the right to utilise the property under the second paragraph of Article 21, the rent amount shall be reduced according to what has been agreed between the parties or according to an assessment by an inspector (*cf.* Chapter XIV) on the next due date for payment of the rent.]¹⁾

A decision by the landlord to have a court rule on the legality of such an invoice shall not release him/her from the obligation to regard the invoice provisionally as the equivalent of lawful payment of rent.

The landlord's right to refer the legality of the invoice to a court shall lapse if no proceedings have been instituted within [twelve weeks]¹⁾ of the presentation of the invoice by the tenant or the

completion of assessment in cases where [an assessment by an inspector (*cf.* Chapter XIV) has been referred]¹⁾ to court-appointed assessors.

¹⁾ *Act No. 63/2016, Article 25.*

Article 37

The parties may agree on the rent, and on whether, and if so how, it is to be liable to changes during the rental period. However, the rent shall at all times be fair and natural from the point of view of both parties.

Article 38

When the rent is determined with reference to the rented premises size in square meters, the lease shall state the basis on which the calculation of the area is made. If this is not done, and a dispute arises between the parties, the most commonly used basis and methods shall be used. The party who considers his/her rights are being encroached upon may demand a fresh calculation of the area and a corresponding adjustment of the rent.

[The Minister]¹⁾ may issue instructions on the calculation of the area of rented premises in the form of regulations, which shall then be used as a reference base unless clear and unequivocal provisions in the lease specify other terms of reference.

¹⁾ *Act No. 126/2011, Article 187.*

Article 39

Before the rented premises are handed over, the landlord may demand that the tenant put up a deposit for the full performance of his/her side of the lease, i.e. for the payment of rent and of compensation for damage to the rented premises for which the tenant is liable according to the provisions of this Act and general rules.

Article 40

[If the landlord demands surety as provided for in Article 39, this shall take one of the following forms]:¹⁾

1. A guarantee from a bank or comparable party (a bank guarantee).
2. A personal guarantee by one or more third parties.
3. An insurance policy covering rent payments and the return of the rented premises in good order, purchased by the tenant from a recognised insurance company.
4. [A deposit paid by the tenant to the landlord. The landlord shall keep this money in a separately marked demand deposit account with a commercial bank or savings bank bearing the maximum available rate of interest until the payment date, and it shall be paid to the tenant if it does not prove necessary to draw on the deposit. No attachment may be made in this money while it is in the landlord's keeping. The landlord may not dispose of the money or make deductions from it without the tenant's approval unless a final conclusion has been reached establishing an obligation on the part of the tenant to pay compensation. The landlord may, however, use the deposit money to pay outstanding balances of rent, both during the lease period and at the end of the lease period.]¹⁾
5. [Payment to a landlords' mutual insurance fund of which the landlord, being a legal person which lets out premises on a commercial basis, is a member. This fund may only be used to meet damages resulting from default on the landlord's leases. The landlord shall keep the mutual insurance fund separate from other parts of its operations.]¹⁾
- [6. A deposit of a type other than those listed in [items 1–5]¹⁾ above which the tenant proposes and the landlord accepts as valid and satisfactory.]¹⁾

[The monetary amount, or maximum insurance or guarantee provided for under items 1, 3 or 6 of the first paragraph shall be determined by agreement between the parties. A payment as provided for under item 5 may never be a sum greater than the equivalent of 1/10 of the rent as agreed between the parties. The personal guarantee by a third party under item 2 of the first paragraph and the deposit provided for under item 4 of the first paragraph may not amount to more than the equivalent of three months' rent as agreed between the parties.]¹⁾

The landlord may choose between the types of deposit in the first paragraph, but the tenant shall have the right to refuse to advance a monetary deposit according to item 4 of the first paragraph, providing he/she offers another type of deposit instead which the landlord regards as satisfactory.

[At the first opportunity, and no later than four weeks after the leased residential premises have been returned, the landlord shall inform the tenant in writing as to whether he/she lays claim to the deposit as provided for in item 4 of the first paragraph or reserves the right to do so (*cf.* also the first paragraph of Article 64). If the landlord has not laid a claim in accordance with the first sentence of this paragraph, he/she shall return the deposit sum to the tenant, with interest and without unreasonable delay, and shall pay the tenant arrears interest in accordance with the first paragraph of Article 6 of the Interest and Indexation Act as from the day on which four weeks have passed since the return of the leased premises until the day on which he/she returns the deposit.

If the landlord lays claim to the deposit within four weeks of the return of the leased premises as provided for in the fourth paragraph, the tenant shall inform the landlord in writing of whether he/she rejects or accepts the claim within four weeks of receiving it. If the tenant rejects the landlord's claim, the landlord shall submit the dispute regarding the tenant's obligation to pay compensation to the Housing Complaints Committee, or bring a court action regarding the tenant's obligation to pay compensation, within four weeks of the day on which the tenant rejected the claim; otherwise, he/she shall return the deposit to the tenant, with interest and without unreasonable delay.

If a dispute regarding the tenant's obligation to pay compensation is referred to the Housing Complaints Committee or brought before the ordinary courts, the deposit shall remain in the landlord's keeping according to item 4 of the first paragraph, until a final conclusion has been reached regarding the tenant's payment obligation.

At the first opportunity, and no later than four weeks after the return of the leased premises, the landlord shall inform the tenant in writing as to whether he/she claims the deposit as provided for in items 1–3 and item 6 of the first paragraph or reserves the right to do so (*cf.* also the first paragraph of Article 64). If the landlord has not made a claim in accordance with the first sentence of this paragraph, the surety or guarantee shall lapse. When the surety or guarantee has lapsed in accordance with this paragraph, the landlord shall return to the tenant the negotiable documents or other items which the tenant submitted and has a legally enforceable interest in having returned.

If the landlord lays claim to a surety or guarantee within four weeks of the return of the leased premises in accordance with the seventh paragraph, the tenant shall inform the landlord in writing of whether he/she accepts the claim within four weeks of receiving it. If the tenant rejects the landlord's claim, the landlord shall the dispute regarding the tenant's obligation to pay compensation to the Housing Complaints Committee, or bring a court action regarding the tenant's obligation to pay compensation, within four weeks of the day on which the tenant rejected the claim, or else the surety or guarantee shall lapse. The surety or guarantee shall retain its validity until a final conclusion has been reached regarding the tenant's payment obligation.

A payment made by a tenant to the landlords' mutual insurance fund under item 5 of the first paragraph shall not be paid back at the end of the lease period.]¹⁾

When a deposit is put up under items 1–3 and [6]¹⁾ of the first paragraph, the landlord shall take measures, to the extent that can be regarded as natural and reasonable, to ensure that the guarantors or insurers are informed of non-performance by the tenant and of other matters that may have a bearing on their interests and liability.

¹⁾ Act No. 63/2016, Article 26.

CHAPTER VIII

Access by the landlord to the rented premises.

Article 41

The landlord shall have the right of access to the rented premises, with suitable notice and in consultation with the tenant so as to avoid going against his/her interests and those of the tenant, in order to have improvements made to the rented premises and to inspect their condition and the way they are being treated. However, the landlord may never enter the rented premises when the tenant or his/her agent is not present without first obtaining the tenant's permission.

During the last six months of the rental period, the landlord may (*cf.* the first paragraph) display the rented premises for a certain length of time each day, though never for more than two hours per day, to prospective tenants or purchasers, but shall at all times announce such visits with at least one day's notice. When the premises are displayed in this way, the tenant or his/her agent shall always be present. The parties may, however, agree between themselves on another arrangement.

CHAPTER IX

Sale of rented premises, assignment of the right to rent, sub-letting, etc.

Article 42

The sale of rented premises shall not be subject to the approval of the tenant. Thus, the landlord may assign his/her right of ownership of the rented premises, and thus his/her rights and obligations vis-à-vis the tenant under this Act and the lease.

When such an assignment takes place, the original landlord shall normally be released from all connections and obligations towards the tenant, and the purchaser shall replace him/her completely in this respect.

If no other arrangements are agreed, the purchaser shall take over all the seller's rights and obligations regarding the tenant as from the agreed day of transfer of the property.

The general legal status of the tenant shall remain unaltered and identical despite the change of ownership: his/her obligations shall not be increased nor his/her rights reduced.

When a change of ownership of rented premises takes place as a result of the bankruptcy of the landlord or a sale in execution, special rules shall apply under the Bankruptcy Act and the Sales in Execution Act, which provide for exceptions from the general rules set forth above.

Article 43

When rented premises are sold, the original landlord shall inform the tenant of the sale and change of ownership in a verifiable manner without unreasonable delay and not less than 30 days after the signature of the purchase agreement.

The announcement shall state the name, address and ID No. of the new owner, the time on which the change of ownership is based as regards the tenant, how rent payments are to be made and all other matters and details which it is necessary for the tenant to be informed about.

The tenant should pay rent, and direct all communications, complaints and notices concerning the rented premises, to the original landlord until he/she has received a notification regarding a different arrangement in accordance with the first and second paragraphs.

Article 44

The tenant may not assign his/her right of tenancy or sub-let the rented premises without the landlord's approval unless other provisions are made in this Chapter.

It shall not be regarded as constituting assignment of the right of tenancy or as sub-letting if the tenant permits close family relations or relatives by marriage to live in the rented premises together with him/her or his/her immediate family, providing that the number of persons in the home remains within normal limits in terms of the size and design of the rented premises.

Article 45

If the tenant dies before the end of the rental period, the tenant's estate at death may terminate the lease with the normal notice even though the lease was made for a longer term. The tenant's surviving spouse, family relations or relatives by marriage who were members of the tenant's household at the time of his/her death, or made their living from employment pursued in the premises, and who wish to take over the lease with its rights and obligations, shall be permitted to do so in place of the tenant unless the landlord presents valid reasons why they should not do this.

Article 46

If a tenant moves out of premises on which he/she has entered into a lease, his/her spouse who has lived with him/her in the premises shall have the right to retain the lease in the same way as is provided for in Article 45.

Article 47

When a married couple have rented residential premises jointly and their marriage is dissolved, the entitlement to rent the premises shall be subject to the provisions of the Act in Respect of Marriage.

The spouse who uses business premises to the greater extent due to his/her employment shall have a priority right to the continuing rental of the premises, irrespective of which spouse signed the lease.

The landlord's right to terminate a lease due to a dissolution of marriage shall be subject to the final provision of Article 45, as appropriate.

Article 48

Neither spouse shall be able to waive in a legally binding manner the right guaranteed to the other under the provisions of this Chapter to take over the lease.

Article 49

If the tenant of business premises dies and his/her estate at death decides to sell the business operations that were pursued there, the landlord shall not be able to base the termination of the lease or a demand for an amendment to the substance of the lease specifically on these circumstances, providing that the sale value of such business operations depends on the continuing use of the leased premises and the fact that the same use will continue to be made of them. The same shall apply, as appropriate, if the reason for the sale of the business operations is the dissolution of the tenant's cohabitational relationship or marriage, or the tenant's bankruptcy.

Article 50

When the tenant is an employee of the landlord and has received residential premises for rent as a consequence of this employment, the lease shall expire without special notice if the tenant stops work at his/her own request or is lawfully dismissed from his/her job because of offences committed at work or because his/her period of employment, as agreed in advance, has expired.

CHAPTER X

Priority rights of the tenant.

Article 51

At the end of an agreed rental period, the tenant of residential premises shall have a priority right to rent the premises, providing that they are available for rent for at least one year.

The tenant's priority right to rent shall not apply:

1. In the case of a single person's room.
2. If the rented premises are in the same building as the landlord himself/herself lives in.
3. If the dwelling is rented with furniture, either fully-furnished or furnished to a substantial degree.
4. If the landlord takes the premises over for his/her own use.
5. If the landlord puts, or intends to put, the premises at the disposal of his/her relations in direct line of descent, adoptive children, foster-children, siblings, nephews or nieces or parents-in-law.
6. If the landlord intends to sell the premises during the six months following the end of the rental period. If the sale is intended during this period, or during the six months following, the parties may, notwithstanding other provisions of this Act, agree on an end to the rental period with particular conditions and on evacuation when the premises are to be handed over to the new owner. If the new owner intends to continue to let the premises out, the tenant shall have a priority right to rent them, though with the same limitations that applies under the other items of this paragraph.
7. If substantial repairs, maintenance work or alterations are planned during the six months following the end of the rental period, which, in the opinion of [an inspector (*cf.* Chapter XIV)],¹⁾ would render the premises, unfit for habitation for at least two months.
8. If the tenant is an employee of the landlord and has been provided with the rented premises because of the job or in connection with it.

9. If the tenant has, during the rental period, been guilty of non-performance or violation of the lease that may justify its rescission.
10. If the tenant has in some other way neglected his/her obligations or conducted himself/herself in such a way as to make it natural to suppose that the landlord does not wish to continue to rent him/her the premises, or if important reasons of another type argue against the tenant's having a priority right.
11. If a fair assessment of the interests of both parties and the overall circumstances argues against the tenant's having a priority right.
- [12. When the landlord is a legal person operating on a non-profit basis and the tenant no longer meets the landlord's legitimate and relevant conditions for the leasing of residential premises or fails to provide the necessary information to make it possible to verify whether he/she meets the conditions, providing that it is stated in the lease that the priority right is contingent on the aforementioned conditions.]¹⁾

¹⁾ Act No. 63/2016, Article 27.

Article 52

If the tenant wishes to exercise his/her priority right under the first paragraph of Article 51, he/she shall notify the landlord of this in writing by verifiable means at least three months before the expiry of the lease at the end of the notice period or the end of the rental period. Otherwise his/her priority right will lapse.

If the landlord considers that the tenant does not have a priority right due to the reasons stated in the second paragraph of Article 51, he/she shall, within 14 days of his/her receipt of the notification according to the first paragraph, give the tenant a reasoned account of his/her point of view, in writing, stating the reasons preventing the tenant from exercising his/her priority right. If he/she does not do this, he/she shall be regarded as having recognised the tenant's priority right, unless circumstances are such as to make such an announcement unnecessary, e.g. if reasons are stated clearly in the lease or the notice of termination which exclude the exercising of the priority right.

Article 53

When a lease is renewed under the provisions of Articles 51 and 52, the rent shall be normal and fair from the point of view of both parties. It is likely that the rent that applied previously will be fair, and it shall be up to the party who disagrees with this view to demonstrate the contrary. Other conditions set for the renewal of the lease shall also apply providing they are not unfair or contrary to good rental custom.

In other respects, the conditions of a renewed lease shall be the same as those of the original lease.

Article 54

If, e.g. by means of an agreement concluded purely as a simulated contract or by deception, the landlord intentionally takes over rented premises, or takes action that results in the tenant's losing his/her priority right, then he/she shall compensate the tenant for any demonstrable financial loss incurred.

The tenant shall submit a claim for compensation under the first paragraph in a verifiable manner within six months of the date on which he/she vacates the premises. Otherwise his/her right to compensation shall lapse, except where the landlord has employed deception.

CHAPTER XI

Expiry of the lease, termination, etc.

Article 55

Either party to a lease that is for an indefinite period may terminate the lease.

Notice of termination shall be stated in writing and sent in a verifiable manner.

Article 56

The notice period for termination of a lease that is for an indefinite period shall be:

1. [One month for both parties in the case of storage sheds and similar types of premises, irrespective of the purpose for which they are used.
2. Three months for both parties in the case of single rooms.]¹⁾
3. Six months for both parties in the case of [dwellings]¹⁾; by [“dwelling”]¹⁾ is meant any type of premises in which a family is able to have normal home facilities. [If the tenant has rented a dwelling for more than twelve months, the notice period given by the landlord for termination of the lease shall be twelve months when the landlord is a legal person which leases out the dwelling in question on a commercial basis.]¹⁾

[4.]¹⁾ Six months for both parties in the case of business premises for the first five years of the rental period, nine months for the next five years and then one year after a rental period of ten years.

[Without prejudice to item 3 of the first paragraph, a landlord which is a legal person operating on a non-profit basis may terminate a lease for an indefinite period with three months' notice when the tenant no longer meets the legitimate and relevant conditions set by the landlord for leasing the premises, these being stated in the lease, or fails to provide the information necessary to verify whether he/she meets the conditions. Such terminations shall be made in writing, stating the reason for the termination.]¹⁾

¹⁾ Act No. 63/2016, Article 28.

Article 57

The notice period shall be regarded as beginning on the first day of the month following that in which the notice of termination is sent. The tenant shall have completed the evacuation and clearing up of the rented premises by 13.00 hours on the day following the end of the notice period.

Where the length of the notice period under Article 56 depends on the length of the rental period, this shall be the time up to the date when the notice of termination is sent.

Article 58

A lease made for a definite period shall expire on the agreed date without special notice of termination or announcement by the parties.

A lease made for a definite period may not be dissolved by termination during the agreed rental period. It may, however, be agreed that such a lease may be terminated due to special grounds, events or circumstances [which are not listed in this Act, in which case they shall then]¹⁾ be stated in the lease. [The mutual notice period for termination shall be at least three months. In addition, a landlord which is a legal person that is operated on a non-profit basis may terminate a lease made for a definite period with three months' notice when the tenant no longer meets the legitimate and relevant conditions set by the landlord for leasing the premises, these being stated in the lease, or fails to provide the information necessary to verify whether he/she meets the conditions. Such terminations shall be made in writing, stating the reason for the termination.]¹⁾

¹⁾ Act No. 63/2016, Article 29.

Article 59

[If eight weeks elapse since the termination of a lease made for an indefinite period or according to the provisions of a lease for a definite period, and the tenant continues to utilise the leased premises and honour the terms of the lease, the lease shall be extended indefinitely providing that the landlord did not call upon the tenant to vacate the premises after termination of the lease.]¹⁾

¹⁾ Act No. 63/2016, Article 30.

CHAPTER XII

Rescission of the lease.

Article 60

The tenant may revoke the lease in the following cases:

1. If the landlord does not rectify deficiencies in the rented premises in accordance with Article 17.

2. If there is a substantial delay in the handing over of the premises. If the landlord is responsible for such a delay, the tenant shall also be entitled to compensation.
3. If, for reasons that cannot be attributed to the tenant, the quality of the premises deteriorates during the rental period to such an extent that they can no longer be used for the intended purpose or are regarded as posing a health hazard in the opinion of the health authorities.
4. [If the landlord fails to rectify deficiencies in the premises leased as provided for under Article 20.]¹⁾
5. If the tenant's right is substantially abridged as a result of legislation or other public instructions or because it is at variance with other restrictions that rest on the property. The landlord shall also be liable to compensate for direct loss sustained by the tenant as a result of such abridgement if he/she knew of the abridgement, or could have been expected to know of it, when the lease was made and neglected to bring it to the tenant's attention.
6. If the tenant's normal use or domestic peace is substantially disrupted by disturbances or inconvenience arising from substantial or repeated violations, by other persons who are entitled to make use of the same building, of the rules of conduct or local rules, providing that the landlord has neglected his/her obligation under the fourth paragraph of [Article 30],¹⁾ in spite of the tenants [written]¹⁾ requisition, or the circumstances are in other respects such that it is fair and natural that the tenant should be able to revoke the lease. Such circumstances may depend, for example, on the nature of the violations and disturbance, and also on whether further violations and disturbances are foreseeable and likely.
7. If the landlord repeatedly or substantially violates the tenant's right to have the agreed undiminished control and use of the rented premises, e.g. by obstructing or restricting utilisation or by entering or occupying the rented premises without authorisation, or if the landlord is guilty of a punishable offence against the tenant or his/her family.
8. If the landlord fails to honour other obligations under the lease or this Act in such a substantial or deceitful manner as to make rescission by the tenant natural or necessary.

[Announcements of revocation under items 1–8 of the first paragraph shall be made in writing and contain the reason for the revocation.

The landlord's and the tenant's rights and obligations under the lease shall lapse as from the date of revocation and the tenant shall vacate the leased premises immediately unless the parties agree otherwise, in which case the landlord shall be entitled to receive payments of rent for the time which elapses from the revocation until the tenant has vacated the leased premises according to the agreement.]¹⁾

If the tenant does not exercise his/her right of rescission under the first paragraph within [eight weeks]¹⁾ of his/her becoming aware of the non-performance by the landlord, or if the landlord has fully rectified whatever was found to be deficient, the tenant's right of rescission shall lapse.

The tenant's right to claim compensation from the landlord following rescission shall be subject to the general rules of the law of claims and obligations.

¹⁾ Act No. 63/2016, Article 31.

Article 61

The landlord shall be entitled to revoke the lease in the following circumstances:

1. If the tenant does not pay the rent or his/her contribution to the shared expenses under Chapter V on the correct due date and does not respond within seven days to a written demand by the landlord for payment, providing that the demand was sent after the due date and that the landlord stated in it his/her intention to exercise his/her right of rescission.
2. If the tenant is to pay part or all of the rent in the form of labour and grossly neglects this obligation or displays gross incompetence in his/her work.
3. [If the tenant uses the premises, the common parts (if the premises are in a multi-owner building) or the lot in a manner other than that provided for in this Act or in the lease and otherwise permitted in law and does not desist from misusing them in this way despite a written demand by the landlord.]¹⁾

4. If the tenant assigns his/her right of tenancy or misuses his/her right to sub-let the premises according to Chapter IX, or if the sub-tenant is guilty of any conduct of the type that entitles the landlord to revoke the lease with the original tenant.
5. If, without valid reasons, the tenant denies the landlord, or other persons, access to the rented premises in violation of Article 18.
6. If the tenant vacates the premises before the end of the rental period without having taken the necessary measures to look after them and protect them.
7. If the quality of the premises deteriorates while they are in the care of the tenant due to bad treatment and carelessness on the part of persons for whom the tenant is responsible and he/she does not respond immediately to a [written]¹⁾ demand by the landlord to rectify the situation, (*cf.* Article 18).
8. If, despite [written]¹⁾ demands from the landlord, the tenant neglects his/her duty to ensure that good order is maintained in the rented premises and that they are treated well (*cf.* Article 30), or is guilty of acts of personal malice against the landlord or his/her family.
9. If, notwithstanding [written]¹⁾ complaints by the landlord, the tenant of [business premises]¹⁾ neglects his/her duty to maintain normal activities and traditional operations (*cf.* Article 31).
10. If the tenant neglects his/her obligations under the lease or this Act in ways other than those listed above in such a gross manner as to make it natural or necessary that he/she should be made to vacate the premises.
- [11. If the landlord has set legitimate and relevant conditions for the leasing of the premises as provided for in Article 3 a, these being stated in the lease, and the tenant has submitted incorrect or misleading information with the result that he/she has wrongly been considered as meeting the conditions for allocation of leased premises.]¹⁾

[Announcements of revocation under items 1–11 of the first paragraph shall be made in writing and contain the reason for the revocation.

The landlord's and the tenant's rights and obligations under the lease shall lapse as from the date of revocation and the tenant shall vacate the leased premises immediately unless the parties agree otherwise, in which case the landlord shall be entitled to receive payments of rent for the time which elapses from the revocation until the tenant has vacated the leased premises according to the agreement.]¹⁾

If the landlord does not exercise his/her right of rescission under the first paragraph within [eight weeks]¹⁾ of becoming aware of non-performance on the part of the tenant, or if the tenant completely remedies the situation, the landlord's right of rescission shall then lapse. This shall not apply, however, when the tenant has failed in a deceitful manner to perform his/her obligations or when the grounds for rescission are failure to pay the rent at the right time (*cf.* item 1 of the first paragraph).

¹⁾ Act No. 63/2016, Article 32.

Article 62

If the lease is revoked for any of the reasons listed in Article 61, the tenant shall compensate the landlord for the damages resulting directly from his/her non-performance. If the lease was for a definite period, the tenant shall also pay compensation equivalent to rent until the end of the rental period, or alternatively until the time when he/she should have vacated the premises according to the notice of termination.

However, the landlord shall immediately take the necessary measures to let the premises out as soon as possible in return for suitable rent, and the rent income he/she receives, or should receive, in this manner shall set off the rent compensation under the first paragraph.

CHAPTER XIII

Return of the rented premises.

Article 63

At the end of the rental period, the tenant shall return the premises to the landlord, together with their fixtures, in the same condition as when he/she took them over. The tenant shall be liable, without limit, for all deterioration in the condition of the premises or damage to them to the extent that such cannot be considered the natural consequence of the normal or agreed utilisation of the premises, or to

the extent that it results from circumstances or events in which the tenant was demonstrably not involved.

Article 64

The landlord shall present his/her demand for compensation from the tenant in writing, or reserve the right to do so, within [four weeks]¹⁾ of the date on which the premises are returned to him/her.

If the damage or deterioration was not evident when the premises were returned to the landlord, then it shall also be described in the same way within [four weeks]¹⁾ of its being noticed.

If this time limit is not observed, the landlord's right to compensation shall lapse except where the tenant has acted deceitfully.

¹⁾ Act No. 63/2016, Article 33.

Article 65

If the landlord and tenant do not agree on a compensation sum to cover damage to the rented premises, [an inspector (*cf.* Chapter XIV),¹⁾ shall assess the damage. Either party shall nevertheless have the right to demand an assessment of the compensation amount by court-appointed assessors within [eight weeks]¹⁾ of their being informed of [the inspector's]¹⁾ assessment.

¹⁾ Act No. 63/2016, Article 34.

Article 66

[The agreement between tenant and landlord provided for in the first paragraph of Article 28 shall apply regarding alterations or improvements to the leased premises at the time that they are returned. If the tenant has not made an agreement under the first paragraph of Article 28 with the landlord regarding alterations or improvements to the leased premises or their fixtures and furnishings then the landlord shall acquire such improvements at the end of the lease period unless he/she chooses, then or prior to that time, to demand that the tenant restore the items leased to their original condition.

The tenant may remove permanent fixtures and other similar fixtures pertaining to the premises, the cost of which he/she has borne, when what is involved does not constitute alterations or improvements to the leased premises or their fixtures and furnishings under the first paragraph of Article 28, providing that the tenant returns the leased premises to their original condition.]¹⁾

¹⁾ Act No. 63/2016, Article 35.

Article 67

If the tenant has changed locks in the premises, he/she shall be obliged to hand over to the landlord all the keys to the locks without any special consideration.

Article 68

Before vacating the premises, the tenant shall give the landlord an address to which any communications and announcements that the landlord have to deliver to him/her, including announcements under Article 64, may and shall be sent.

CHAPTER XIV

Inspection of rented premises.

Article 69

[The tenant and the landlord, or their agents, shall make an inspection of the condition of the leased premises before they are handed over to the tenant and at the end of the lease period. An impartial inspector shall see to this inspection if either party so requests, in which case the cost of the inspection shall be divided equally between them.

If an inspection by an inspector of the condition of the leased premises is requested in circumstances other than those provided for under the first paragraph, the party requesting the inspection shall pay the cost of the inspection. Nevertheless, the tenant and the landlord may at all times agree on another division of the cost of the inspection.

The tenant and the landlord shall agree on an inspector.

In the event of a dispute between the parties over the application of this Article, it may be referred to the Housing Complaints Committee.]¹⁾

The person who makes the inspection shall perform his/her inspection duties with diligence, at all times preserving complete impartiality towards both parties. He/she shall also be treated as confidential all information regarding persons' private lives and circumstances of which he/she may become aware in the course of his/her work.

[The second, third, fourth and fifth paragraphs shall also apply to other tasks which the inspector is expected to carry out under this Act.]¹⁾

¹⁾ Act No. 63/2016, Article 36.

Article 70

...¹⁾
¹⁾ Act No. 63/2016, Article 37.

Article 71

...¹⁾
[Inspections by an inspector under the first or second paragraphs of Article 69 shall be carried out by the inspector on whom the tenant and the landlord have agreed under the third paragraph of Article 69]¹⁾ in the presence of the landlord and the tenant or their agents. The most detailed possible description of the rented premises shall be recorded in a special inspection report, ...¹⁾ and the tenant [or the landlord]¹⁾ shall be able to state his/her criticisms immediately and request that matters at fault be rectified.

The inspection report shall state the property reference number of the rented premises, list all fixtures and state the date of the lease and the names of the parties to the lease.

¹⁾ Act No. 63/2016, Article 38.

Article 72

Inspection reports shall be prepared in triplicate and signed by the parties to the lease and [the inspector according to the third paragraph of Article 69]¹⁾, and each of these persons shall retain one copy. The inspection report shall be used as a foundation if disagreement arises regarding the liability of the tenant to pay compensation when he/she returns the premises to the landlord.

...¹⁾
¹⁾ Act No. 63/2016, Article 39.

CHAPTER XV Rental agencies.

Article 73

Only those who have received a special license from [the Minister]¹⁾ may operate agencies covering rented premises under this Act, with the aim of arranging leases or handling sub-letting or exchanges of rented premises. The professional designation of a person who operates a rental agency shall be "rental agent".

[The Minister]¹⁾ shall issue licences to rental agents, who shall pay licence fees to the Treasury under the Treasury Additional Revenues Act. Licences shall be issued for five years at a time.

¹⁾ Act No. 162/2010, Article 14.

Article 74

Any person who meets the following conditions may receive a licence from [the Minister]¹⁾ to operate a rental agency (*cf.* the first paragraph of Article 73):

1. ...²⁾
2. Is legally competent and has the right to manage his/her own financial affairs.
3. Can demonstrate that he/she has a good knowledge of the legislation on rent and other relevant legislation, and has the necessary bookkeeping skills according to the provisions of regulations set by [the Minister]¹⁾.

4. Puts up security, as determined by [the Minister]¹⁾ in regulations, for the payment of costs and damages that the parties to leases may incur due to him/her.

A person may be denied this licence if the second paragraph of Article 68 of the Criminal Code applies to him/her.

Announcements of the granting of licences to persons to operate as rental agents shall be published in the Official Gazette. Announcements of the withdrawal of licences (*cf.* Article 81), shall be published in the same way.

¹⁾ Act No. 162/2010, Article 14. ²⁾ Act No. 77/2011, Article 11.

Article 75

Landlords' or house-owners' associations, tenants' associations, local authorities and societies or institutions may operate rental agencies in normal connection with their other activities, provided that the rental agency is under the direction of a rental agent licensed under Article 74.

Article 76

A rental agent shall have an office where he/she runs his/her business.

Rental agents shall be responsible for ensuring that leases are made in accordance with this Act. They shall be obliged to inform the parties of the rights and obligations they undertake by signing a lease, and also of the general legal effects of the lease, to the extent that there is reason to do so.

Rental agents shall at all times exercise care when drawing up leases and ensure that they contain all important information.

A rental agent may not become a party to a lease, which he/she has been entrusted with arranging.

Article 77

Rental agents shall be entitled to a fee from the landlord for arranging a lease. This fee shall be fair in terms of the work done by the agent and the interests involved.

Rental agents may not collect fees from tenants for arranging and drawing up leases. A rental agent may, however, demand a reasonable fee or charge for costs from the tenant in cases involving special services provided for the tenant. This shall be agreed in advance.

Article 78

Rental agents may undertake the collection and receipt of rent, supervision of the way premises are treated and the execution of maintenance work, the division of operating costs, the safekeeping of deposits and such other work in connection with the implementation of the lease as the parties, jointly or separately, may entrust them with on their behalf.

Authorisation entrusting a rental agent to carry out such functions shall be in writing and witnessed, and both parties to the lease shall receive a copy of it.

Consideration to the rental agent for carrying out these functions shall be fair and in proportion to the effort it costs him/her.

Article 79

Rental agents may not divulge anything they find out about in the course of their work concerning the personal circumstances of their customers, or matters that they entrust him/her with in confidence.

Article 80

Rental agents shall be obliged to keep books in accordance with the Bookkeeping Act.

Rental agents shall keep a register of the premises that they are entrusted with renting out, and shall keep copies of all leases that they make.

[Rental agents shall be obliged to furnish the Ministry with all information necessary for it to be able to carry out supervision in accordance with Article 81.]¹⁾

[Rental agents shall, before 15 October each year, send the Minister confirmation of their being in possession of satisfactory insurance in accordance with item 4 of the first paragraph of Article 74.]¹⁾

¹⁾ Act No. 63/2016, Article 40.

Article 81

[The Minister shall monitor to ensure that rental agents meet the legal requirements for licences to operate agencies offering rental accommodation. If a rental agency no longer meets any one of the conditions set for the issue of a licence, the Minister may revoke his/her licence, either temporarily or for the remainder of the licence period. A rental agent whose licence is revoked shall cease rental agency operations. The relevant police commissioner shall be obliged to assist in stopping the operations and, if necessary, sealing the premises of the rental agency.]¹⁾

¹⁾ Act No. 63/2016, Article 41.

Article 82

[The Minister]¹⁾ shall issue regulations²⁾ containing further provisions on rental agencies, including the conditions for granting them rental agents' licences ...¹⁾.

¹⁾ Act No. 162/2010, Article 14. ²⁾ Regulations No. 675/1994. ³⁾ Act No. 63/2016, Article 42.

CHAPTER XVI

Housing committees.

Article 83

Where local authorities' housing committees are [appointed by the local authorities under Article 13 of the Housing Act, No. 44/1998],¹⁾ they shall monitor renting affairs under this Act and gather information about those affairs in their respective local authorities' areas to the extent that they are able. They are also obliged to provide guidance to those parties to leases who so request regarding their disputes and attempt to resolve such disputes.

¹⁾ Act No. 66/2010, Article 5.

CHAPTER XVII

[The Housing Complaints Committee.]¹⁾

¹⁾ Act No. 66/2010, Article 3.

Article 84

[The Minister shall appoint three representatives to the Housing Complaints Committee for terms of three years at a time in accordance with nominations by the Supreme Court of Iceland. Two of them shall be lawyers and one shall have expert knowledge in the field of building construction. One of the lawyers shall be the chairman of the committee and shall meet the eligibility requirements for being appointed to the position of a district court judge. Alternates shall be appointed in the same way. The committee may summon experts to provide advice and assistance if it deems this necessary.

Expenses arising from the functions of the committee shall be paid by the State Treasury.]¹⁾

¹⁾ Act No. 63/2016, Article 43.

Article 85

[If a dispute arises between the parties to a lease regarding its contents and/or its application, they may, individually or jointly, seek the assistance of the Housing Complaints Committee, which shall deliver a ruling in writing at the first opportunity, normally within two months of its receipt of the request.

Requests submitted to the complaints committee shall be made in writing, stating clearly the matter in dispute, the party's demands and the reasoning on which they are based.

The complaints committee shall give the opposite party an opportunity to express his/her views and state his/her demands. The party shall be granted a suitable amount of time for this purpose. Furthermore, the complaints committee may call for all necessary information and evidence regarding the matter if this is necessary.

The complaints committee shall normally deal with the matter in writing, though it shall be able to summon the parties to the dispute, or their agents, to a meeting. In other respects, processing of the matter before the committee shall be in accordance with the provisions of the Administrative Procedure Act and further rules issued by the Minister after receiving proposals from the committee.

Rulings by the complaints committee shall be binding for the parties and no appeal may be made against them to a higher authority. The parties may refer a ruling by the complaints committee to the

courts within eight weeks of delivery of the ruling, in which case its legal effect shall be deferred until the court has delivered its judgment. If a case is brought before a court involving a ruling by the complaints committee, the committee may defer the processing of comparable cases under its examination until judgment has been delivered in the case.

If, in the opinion of the complaints committee, a complaint is evidently groundless, the committee may order the plaintiff to pay the opposite party's costs in connection with the matter. An attachment may be made, without a prior court judgment, in order to collect the costs of the case.

Rulings by the Housing Complaints Committee are enforceable without a prior court judgment.

The complaints committee shall publish its rulings.

The Minister shall, by means of a regulation, issue further provisions on applications to the complaints committee, its functions, tasks, the scope of its powers, its working conditions, etc.]¹⁾

¹⁾ Act No. 63/2016, Article 44.

CHAPTER XVIII

Publicising of this Act, etc.

Article 86

[The Ministry]¹⁾ shall see to the publicising of this Act and of regulations issued hereunder.

[The Housing Financing Fund]²⁾ shall monitor the state of affairs and changes in the rental market in consultation with the local authorities' housing committees.

[The Minister]³⁾ may issue regulations containing further provisions on the application of this Act.

¹⁾ Act No. 63/2016, Article 45. ²⁾ Act No. 66/2010, Article 1. ³⁾ Act No. 162/2010, Article 14.

CHAPTER XIX

Commencement.

Article 87

This Act shall take effect as from 1 January 1995. Leases made before that date shall be reviewed in accordance with this Act by 1 March 1995.

...

*[This translation is published for information only.
The original Icelandic text is published in the Law Gazette.
In case of a possible discrepancy, the original Icelandic text applies.]*