

LEASE — RESIDENTIAL PREMISES

1. Parties to the lease

Landlord

Name: 1. _____

Name: 2. _____

Address: 1. _____

Address: 2. _____

ID No.: 1. _____ /2. _____

Phone number: 1. _____ /2. _____

E-mail: 1. _____

E-mail: 2. _____

Tenant

Name: 1. _____

Name: 2. _____

Address: 1. _____

Address: 2. _____

ID No.:1. _____ /2. _____

Phone number: 1. _____ /2. _____

E-mail: 1. _____

E-mail: 2. _____

When the Rent Act states the requirement that communications of any type whatever are to be in writing, messages that are capable of being preserved and submitted in an electronic form shall be regarded as meeting this requirement if they were sent to the telephone, e-mail address or other destination stated in the lease (cf. Article 13 of the Rent Act, No. 26/1994).

If the landlord is unable to discharge his obligations towards the tenant, e.g. due to prolonged absence or illness, he shall be obliged to have an agent to whom the tenant may apply (cf. Article 7 of the Rent Act).

Landlord's agent:

Name: _____

Address: _____

ID No.: _____

Phone number: _____

E-mail: _____

2. Description of the rented premises

Location

Property unit/Floor: _____

Street name/House number: _____

Local government area: _____

Size

Area (m2): _____

Number of rooms: _____

Property identification number : _____

Further description of premises (types of rooms, storerooms, common parts, restriction on utilisation, etc.):

3. Rental period

The lease shall be regarded as being for an indefinite period unless other terms are unequivocally agreed. For further details, see Chapter II of the Rent Act, The lease.

At the end of the agreed rental period, the tenant shall have a priority right to rent the premises, providing that they are available for rent, for at least one year, unless one or more of the circumstances listed in paragraph 2 of Article 51 of the Rent Act applies. If the tenant wishes to exercise his priority right, he 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 agreed rental period. If the landlord considers that the tenant does not have a priority right for reasons listed in paragraph 2 of Article 51 of the Rent Act, he shall state his viewpoint to the tenant in writing within 14 days of receiving the tenant's notification, citing the circumstances that preclude the tenant's exercise of his priority right. Otherwise, the general rule shall be that the landlord is regarded as recognising the tenant's priority right. For further details, see paragraph 4 of Article 9 and Chapter X of the Rent Act, "Priority rights of the tenant."

A. Lease for a definite period:

Rental period begins (day, month, year): _____

Rental period ends (day, month, year): _____

A lease for a definite period shall expire on the agreed date without any special notice or announcement being given by the parties. A lease for 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 covered in the Rent Act, in which case they shall then be stated in the lease. Termination of this type shall be made in writing, with reasons stated, and the mutual notice period for termination shall be at least three months. For further details, see paragraph 3 of Article 9 and Chapter XI of the Rent Act, "Expiry of the lease, termination, etc."

Special grounds, events or circumstances on which termination of the lease may be based during the agreed rental period shall be listed below:

B. Lease for an indefinite period:

Rental period begins (day, month, year): _____

Notice of termination shall be stated in writing and sent in a verifiable manner. In the case of individual rooms, the notice period for both parties shall be three months. In the case of dwellings, the notice period for both parties shall be six months except when the landlord is a legal person which lets out premises on a commercial basis and the tenant has rented the dwelling for more than twelve months, in which case the notice period for termination by the landlord shall be twelve months. 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. For further details, see Chapter XI of the Rent Act, "Expiry of the lease, termination, etc."

4. Condition of the rented premises

When the rented premises are handed over to the tenant, they shall be in such a condition as may generally be regarded as satisfactory in terms of their intended use and their location. When the premises are handed over to the tenant, they shall be clean, with whole window-panes, the locks and electrical switches in working order, and the sanitary, heating and household appliances that are regarded as belonging to the premises, and also the water-supply and drainage systems, smoke detectors and fire extinguishers, in working order. Furthermore, the premises shall, in other respects, meet the requirements set out in legislation and regulations regarding fire prevention. 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. The tenant shall, within four weeks of the handing over of the premises, inform the landlord in writing of his criticisms and objections and state the remedial measures he demands to be taken. The tenant shall give the landlord a written account of any defects 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 notice. For further details, see Chapter III of the Rent Act, "Condition of the rented premises."

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 took them over. For further details, see Chapter XIII of the Rent Act, "Return of the Rented Premises."

Any agreement that the parties may make immediately regarding repair work on the premises, the parties who are to carry it out and the payment of costs shall be recorded here:

5. Maintenance of the rented premises

The tenant shall repair damage to the rented premises or their fixtures caused by himself, members of his household or other persons whom he permits to make use of the premises or to enter them and move about in them. The tenant shall be obliged to see to minor maintenance, such as replacing light bulbs and the batteries in smoke-detectors, and cleaning drains, at his own expense.

The landlord shall see to all other maintenance of the rented premises, both internally and externally. The landlord shall see to the repair of windows, household appliances that are regarded as belonging to the premises, sanitary appliances, locks, water taps, electrical sockets, smoke detector, fire extinguisher and other fixtures of the premises if the tenant demonstrates that malfunctions can not be attributed to neglect or oversight on the part of the tenant or persons for whom he is responsible. The landlord shall at all times maintain the rented premises in a condition fit for rent, this including having them painted and replacing flooring and other protective surfacings at suitable intervals, and checking and maintaining fire protection measures, as appropriate in terms of good practice in the maintenance of premises. The landlord shall at all times bear the cost of damage for which compensation must be paid under the conditions of ordinary homeowners' insurance, including the insured party's 'own liability' undertakings specified in the terms and conditions of insurance policies covering loss and damage.

If the tenant considers that the premises are not being properly maintained, he shall give the landlord a written account of what he regards as needing to be put right and call on him to rectify the situation. For further details, see Chapter IV of the Rent Act, "Maintenance of rented premises."

It may be agreed that the tenant will, at his own expense, see to maintenance inside the premises, partially or entirely, which the landlord is otherwise supposed to see to. A provision to this effect shall be recorded here, stating exactly what is to be included in the tenant's maintenance obligations:

6. Operating expenses

Operating expenses paid by the tenant shall include water, electricity and heating costs in the premises rented. The tenant shall inform the appropriate utilities that he is the new consumer. However, when there is not a special hot-water meter for the rented unit, the tenant is not required to inform the utility of his occupation.

Number and status of meters at beginning of lease period; date of reading

Electricity meter No. _____ Status: _____

Hot-water meter No. _____ Status: _____

The landlord shall pay all property rates, including property tax and insurance premiums. When the rented premises are in a multi-owner building, the landlord shall pay the common costs under Article 43 of the Multi-Owner Buildings Act, No. 26/1994, such as the contribution to the operation and maintenance of the common parts, including charges for lift equipment, heating, lighting and water consumption in the common parts and the cost of improvements to the lot or property. The landlord shall pay the annual fees charged by utilities which are based on the valuation of the property, its volume or other similar bases for charges, which are not directly related to the purchase of water or energy. Where utilities collect a special fee for the hire of meters or other such equipment which they provide, the landlord shall pay this fee.

For further details, see Chapter V of the Rent Act, "Operating expenses."

These expenses may be divided in another way, providing that such deviations are clearly stated in the lease. Such deviations shall be recorded here:

7. Use of the premises and access by the landlord to the rented premises

The premises may not be used in a manner other than that agreed in the lease. 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 may not carry out modifications or make improvements to the premises or their fixtures without first having obtained the landlord's approval and made a written agreement on the division of the cost and what is to be done at the end of the rental period. Furthermore, written permission must be obtained from the landlord before the tenant sets up permanent fixtures or appurtenances of this type. The same applies if the tenant intends to change locks in the premises. The landlord shall be informed without delay of things, both inside and outside the building, that need repair or maintenance. For further details, see Chapter VI of the Rent Act, "Use of the rented premises."

The landlord shall have the right of access to the rented premises, with suitable notice and in consultation with 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 agent is not present without first obtaining the tenant's permission. During the last six months of the rental period, the landlord may display the rented premises, though never for more than two hours per day, to prospective tenants or purchasers. Such visits shall at all times be announced with at least one day's notice, and the tenant or his agent shall always be present. The parties may, however, agree between themselves on another arrangement. For further details, see Chapter VIII of the Rent Act, "Access by the landlord to rented premises."

8. Rent and payment arrangements

The rent is ISK _____ per month.

Included in the above amount is ISK _____ which is direct payment for the use of the premises

(other payments and cost items that the tenant is to pay, either by agreement or by law, e.g. for heat, water and electricity, etc., should not be included in this figure).

The due date for payment of the rent shall be the first day of each month. If this is a public holiday, it shall be the next banking day thereafter.

When the rent amount is determined with reference to the area of the rented premises, the lease shall state the premises of which the calculation of the area is based. The premises of the calculation of the area shall be stated under Section 13 on p. 4 of this form.

- Provisions on changes to the rent:

- The rent is to remain unchanged throughout the rental period.
- The rent is to be changed according to terms to be agreed later.
- Other provisions on changes to the rent:

9. Where the rent is to be paid

The rent is to be paid into a bank account.

Bank account: Account number _____ at the bank/savings bank: _____

At the landlord's home (see Section 1 on p. 1).

At the landlord's place of work, i.e.:

To the landlord's agent (see Section 1 on p. 1).

Elsewhere, as agreed:

Payment Location:

For further details, see Chapter VII of the Rent Act, "Payment of rent. Deposits."

10. Deposits and insurance

Is the tenant required to pay a deposit to ensure compliance with the lease? Yes No

The agreed deposit sum is ISK _____

The landlord may choose one of the following five (or, as appropriate, six) forms of deposit. However, the tenant shall have the right to refuse to advance a monetary deposit according to item 4, providing he offers another type of deposit instead which the landlord regards as satisfactory:

1. A guarantee from a bank or comparable party (a bank guarantee).

Guarantor: _____

2. A personal guarantee by one or more third parties.

Personal guarantees under this item may not amount to more than three months' rent.

Personal guarantor (s): _____

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.

Insurance company: _____

4. A monetary deposit paid by the tenant to the landlord and kept safe by the latter.

A deposit under this item may not amount to more than the equivalent of three months' rent.

5. Payment into the joint insurance fund of a landlord which is a legal person that lets out premises on a commercial basis.

Payment under this item may never amount to more than $\frac{1}{10}$ of the rent.

6. A deposit of a type other than those listed above which the tenant proposes and the landlord accepts as valid and satisfactory.

Other form of deposit as agreed: _____

The deposit is intended to ensure correct compliance with the lease, i.e. regarding the payment of rent and compensation for damage to the rented premises for which the tenant is liable under the terms of Rent Act or ordinary rules regarding compensation.

For further details, see Chapter VII of the Rent Act, "Payment of rent. Deposits."

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

The sale of rented premises shall not be subject to the approval of the tenant. In general, the legal status of the tenant shall remain unaltered and be the same as it was, notwithstanding a change of ownership. Special rules apply under the Bankruptcy Act, No. 21/1991, and the Sales in Execution Act, 90/1991. The landlord shall inform the tenant of the sale in a verifiable manner without unreasonable delay and not less than 30 days after the signing of the purchase agreement.

The tenant may not assign his right of tenancy or sub-let the rented premises without the landlord's approval. 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 or his 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.

For further details, see Chapter IX of the Rent Act, "Sale of rented premises, assignment of the right to let, sub-let, etc."

If the tenant dies before the end of the rental period, then his or her surviving spouse, family relations or relatives by marriage who were members of the household may take over the lease with its rights and obligations unless the landlord presents valid arguments to the contrary. The tenant's spouse shall have the same right regarding the continuing rent of the premises if the tenant moves out of the premises or if the marriage is dissolved

12. Inspection of the rented premises

The tenant and the landlord, or their agents, shall make an inspection of the condition of the rented premises before they are made over to the other party at the beginning and end of the lease period. If either party so requests, the inspection shall be made by an impartial person, the cost of the inspection being divided equally between them. Reference shall be made to the inspection report if disagreement arises regarding the liability of the tenant to pay compensation when he returns the premises to the landlord. For further details, see Chapter XIV of the Rent Act, "Inspection of rented premises."

Is the inspection of the rented premises to be made by an impartial person? Yes No

13. Special provisions

Special provisions agreed and permitted by law (cf. item 11 of Article 6 of the Rent Act) shall be recorded here:

Is the landlord married (cf. Chapter IX of the Marriage Act, No. 31/1993)? Yes No

Are the rented premises the dwelling place of the landlord's family or are they used for, or intended for, the married couple's business operations (cf. Chapter IX of the Marriage Act, No. 31/1993)?

Yes

Spouse's approval: _____

No

This lease is subject to the provisions of the Rent Act, No 36/1994. The lease has been prepared in two identical copies, one to be retained by each party. If this lease is to be registered (cf. Article 12 of the Rent Act), one more copy, on official document paper, shall be required. The landlord and the tenant sign their names below in confirmation of this lease, in the presence of two persons called as witnesses.

Place: _____ Date: _____

Landlord: 1. _____ 2. _____

Tenant: 1. _____ 2. _____

Witnesses to correct signature, date and financial competence of the parties:

Name: _____ ID No.: _____

Name: _____ ID No.: _____