

LEASE — RESIDENTIAL PREMISES

1. Parties to the lease

Landlord

Name: _____

Address: _____

ID No.: _____

Phone number: _____

E-mail: _____

Tenant

Name: _____

Address: _____

ID No.: _____

Phone number: _____

E-mail: _____

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, No. 36/1994).

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 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 one month. In the case of dwellings, the notice period for both parties shall be six months except when the tenant has rented the dwelling for more than five years, in which case the notice period for termination by the landlord shall be one year. 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 kitchen appliances, and also the water-supply and drainage systems, in working order. 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 a month 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 report faults 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 maintenance of locks, water taps, electrical sockets and other small items 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, electrical appliances, sanitary appliances 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 associated with him. The landlord shall at all times maintain the rented premises in a condition fit for rent, this including having them painted and replacing floor coverings, carpets and other protective surfacings at suitable intervals, 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. If the tenant considers that the premises are not being properly maintained, he shall appeal to the landlord 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, providing that the rent is reduced proportionally. 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 and electricity consumption and heating, including that for the common parts, and also cleaning and all other care of the common parts in a multi-owner dwelling. The tenant shall also pay rent to the utility companies for meters and other similar equipment.

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

Electricity meter No. _____ Status:

Hot-water meter No. _____ Status:

The share of the dwelling in the operating expenses of the common parts (shared by all owners) is _____% and in the operating expenses of the common parts (shared by some owners) is _____%.

The landlord shall pay all property rates, including property tax and insurance premiums, and also the contribution to the maintenance of the common parts in a multi-owner building, including charges for lift equipment, and the cost of improvements to the lot or property and the cost of the administration of the building.

The landlord shall pay property taxes or annual fees to utilities that are not calculated directly on the basis of the purchase of water or power. 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, 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 come to an agreement on the division of the cost and what is to be done at the end of the rental period. If this is not done, then the landlord shall acquire ownership of the improvements without rendering any specific consideration, unless he chooses, at or before that time, to demand that the tenant restore the rented premises to their original condition (cf. Article 66 of

the Rent Act). 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, operating costs, dues to the residents' association fund, 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 payment in advance is agreed at the beginning of the rental period, this shall be stated here:

Number of months: _____

ISK, total _____

- If payment in advance is agreed later during the rental period:

The number of months' rent to be paid at each time shall be: _____

If the tenant has paid a deposit in accordance with item 4 of paragraph 1 of Article 40 of the Rent Act, he may not be required to pay rent in advance for more than one month. If the parties to the lease agree on the payment of rent in advance for periods of more than three months, whether this is done at the beginning of the rental period or at a later time, the tenant shall acquire the right to rent the premises for three times the length of the period for which he has paid rent. This shall apply even if the lease has been made for a shorter rental period. The tenant shall present a written demand to the landlord regarding a definite or extended rental period on the basis of this provision within two months of making the payment.

If the landlord repays the sum paid in advance which is in excess of three months' rent, with arrears interest, within 10 days of his receipt of this demand, the advance payment shall not have this legal effect.

If the tenant hands over to the landlord bonds, bills of exchange, cheques or other commercial documents as payment of rent in advance, this shall be regarded as advance payment under Article 34 of the Rent Act, with the restrictions and legal consequences specified there. For further details, see Chapter VII of the Rent Act, "Payment of rent. Deposits."

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 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 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. 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, tenant's priority right, 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 and the Sales in Execution Act. 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

Are the rented premises to be inspected at the time of handing over? Yes No

Inspections shall be carried out by a building officer, or under the auspices of a housing committee, in the presence of the parties to the lease or their agents. The parties to the lease shall pay equal shares of the cost of inspections made at the beginning or the end of the rental period. The parties to the lease shall be obliged to have an inspection of the rented premises made when they are handed over to the tenant or returned to the landlord at the end of the rental period if either party so demands. 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."

13. Special provisions

Special provisions agreed and permitted by law (cf. Article 2 and item 10 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: _____

Tenant: _____

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

Name: _____ ID No.: _____

Name: _____ ID No.: _____