

RESIDENTIAL PROPERTY LEASE AGREEMENT

1. Parties to the Lease

Landlord:	Tenant:
Name 1	Name 1
ID No. 1	ID No. 1
Address 1	Address 1
Tel. 1	Tel. 1
E-mail 1	E-mail 1
Name 2	Name 2
ID No. 2	ID No. 2
Address 2	Address 2
Tel. 2	Tel. 2
E-mail 2	E-mail 2

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

Landlord's agent:	Tenant's agent:
Name	Name
ID No.	ID No.
Address	Address
Telephone	Telephone
Email address	Email address

2. Description of leased property

Location:	Size:
Ownership share/floor/apartment no.	Square metres
Street name/house no.	No. of rooms
Municipality	Property ID No.

Description/Apartment type and make:

- Residential premises with at least one bedroom plus a private kitchen or cooking facilities, personal grooming and bathing facilities
- Rental of individual rooms with or without access to shared toilets and/or cooking facilities

Special groups:

Are the leased premises meant for a specific group of tenants? No

- Seniors
- Students
- Others, who?

Further definition of premises (type of rooms, storage rooms, common area, limitations of use etc.):

3. Effective term of lease

Leases shall be deemed to be for an indefinite period of time unless otherwise clearly agreed upon. See more in Chapter II of the Rent Act: “The Lease.”

The tenant of residential premises or other premises rented for residential purposes under a fixed-term lease shall have a priority right to rent the premises, providing that they are available for rent for at least 1 year, unless reasons specified in Paragraph 2 of Article 51 of the Rent Act apply.

If the tenant has a priority rights, the landlord shall ascertain whether the tenant wishes to avail themselves thereof, unless circumstances render such unnecessary. This shall be done in writing and in a verifiable way when 3 months – and no less than 6 weeks – remain of the agreed rental period or until the end of the notice period. Otherwise, the landlord shall be deemed to accept the tenant’s priority right.

If a temporary lease has been entered into for a period of less than 3 months, the deadline shall be 30 days.

If the tenant wishes to exercise their priority right, they shall notify the landlord thereof in writing and by verifiable means within 30 days of receiving the enquiry from the landlord as to whether they wish to avail themselves of their priority right. Otherwise, their priority right shall lapse. If the landlord considers that the tenant does not have a priority right for any of the reasons stated in Paragraph 2 of Article 51, they shall give the tenant a reasoned account of their point of view, in writing, stating the reasons preventing the tenant from exercising their priority right, at least 3 months before the expiry of the lease at the end of the notice period or the end of the rental period. Otherwise, the landlord 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 notice of termination which exclude exercising of the priority right. If a temporary lease has been entered into for a period of less than 3 months, the deadline shall be 30 days.

If the tenant considers the circumstances causing the right of priority not to apply, are not applicable in the case, they shall object to the landlord’s position by means of a written notice that shall be sent to the landlord in a verifiable manner within 30 days from receiving the landlord’s notification or from the date on which the landlord’s position was made known to him by termination or other means.

The Housing and Construction Authority standard notification forms for tenant priority rights shall be used.

For further details, see Paragraph 4 of Article 9, and Chapter X of the Rent Act: “Priority Rights of the Tenant.”

A. Temporary lease agreement:

Start of rental period [day, month, year]
End of rental period [day, month, year]

The fixed-period agreement terminates on the agreed date without a special termination or notification by the parties. A lease entered into 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 owing to special grounds, events, or circumstances, provided that such are not listed in the Rent Act, in which case they shall be stated in the lease. Such a termination shall be in writing and substantiated, and the mutual period of notice 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.” If special grounds, events, or circumstances can lead to the termination of the agreed period they shall be specified here:

B. Unlimited lease agreement:

Start of rental period [day, month, year]

Leases shall be deemed to be for an indefinite period of time unless otherwise clearly agreed upon. The fixed-period agreement terminates on the agreed date without a special termination or notification by the parties. A lease entered into for a definite period may not be dissolved by termination during the agreed rental period, cf. Article 37a, Article 37c, and Article 50 of the Rent Act. It may, however, be agreed that such a lease may be terminated owing to special grounds, events, or circumstances, provided that such are not listed in the Rent Act, in which case they shall be stated in the lease. Such a termination shall be in writing and substantiated, and the mutual period of notice 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."

Either party to a lease that is entered into for an indefinite period may terminate the lease during the rental period, and shall the termination be written and delivered in a verifiable manner. The termination shall state the reasons for termination.

Terminating leases shall be governed by Article 55a of the Rent Act, which includes the items that can lead to termination. If the tenant considers the conditions for the termination of an open-ended lease not to be met, they may refer the dispute about the termination to the Housing Complaints Committee.

Notice period for termination for both parties of single rooms, is three months. The notice of termination of rentals for both parties is 6 months unless in cases where the landlord is a legal person who leases out the dwelling in question on a commercial basis, and the tenant has been renting the dwelling for more than 12 months, in which case the notice of termination for the landlord shall be 12 months.

The notice period begins on the first day of the next month following the sending of the termination notice. For further details, see Chapter XI of the Rent Act: "Expiry of the Lease, Termination, etc."

The Housing and Construction Authority standard notification forms for tenant priority rights shall be used for the termination notice of a indefinite rental agreement.

4. Condition of rented premises

When delivered to the tenant, the leased property must be in a condition generally considered acceptable based on the intended use and location. When premises are handed over, they shall be clean; all windowpanes shall be intact; all locks and electrical switches shall be in working order; all sanitary, heating, and domestic appliances deemed as fixtures pertaining to the premises shall be in order, as shall all water and drainage pipes, the smoke detector, and the fire extinguisher. Furthermore, rented premises shall in other respects meet the requirements of laws and regulations regarding fire prevention and fire safety. Premises that are let for residential occupation shall include all fixtures that were in place when the premises were shown, unless other arrangements are specifically agreed. The tenant shall send written comments to the landlord within four weeks of delivery, indicating what improvements are required. The tenant shall report any deficiencies to the landlord in writing that come to light in the premises at a later date and were not evident during the normal inspection within 14 days of their coming to the tenant's notice. For further details, see Chapter III of the Rent Act: "Condition of the Rented Premises".

At the end of the lease period, the tenant shall return the leased property, including accessories, in the same condition as it was delivered. For further details, see Chapter XIII of the Rent Act: "Returning Rented Premises."

An agreement immediately made by parties on the reparation of the premises, who shall carry them out, and payments of costs shall be recorded here:

5. Maintenance of the leased property

The tenant shall pay for damage to the leased property or its furnishings caused by himself, members of his household, or others that he has permitted to use the premises or have access to it. Tenants must carry out, at their own expense, minor maintenance such as replacing light bulbs and batteries in smoke detectors and clearing drains.

The landlord performs all other maintenance of the leased property, indoors as well as outdoors. The landlord shall see to repairs of windows, domestic appliances deemed as fixtures pertaining to the premises, sanitary appliances, locks, taps, electrical sockets, the smoke detector, the fire extinguisher, and any 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 them. The landlord shall at all times maintain the rented premises in a condition fit for leasing. That includes having the premises painted and replacing floor coverings and other protective surfacing at suitable intervals and maintaining fire-prevention equipment as appropriate, as dictated by good practice in the maintenance of premises. The landlord shall always be responsible for damage to the leased property that is payable according to the terms of a common homeowner insurance, including the own-risk liability of the policyholder according to the terms of the policy.

If the tenant considers that maintenance is insufficient, they shall inform the landlord in writing of where they consider that improvements should be made and call on the landlord to remedy the situation. See further details in Chapter IV of the Rent Act: "Maintenance of Rented Premises."

It is permitted to specifically negotiate that the tenant shall see to, partially or fully at their own expense, any maintenance inside the premises which the landlord is supposed to see to. In such cases, it shall be recorded here and the lease shall state exactly what is covered by the tenant's maintenance obligations:

6. Operating costs

The tenant shall pay water, electricity, and heating costs in the rented premises. The tenant must notify the relevant utility company that they are a new user. This does not need to be done, however, in cases where the hot water meter is not specifically identified for the rented premises.

The number and status of water meters at the beginning of the lease agreement, date of reading

Electrical meter no.:	Balance:	Date:
Hot water meter no.:	Balance:	Date:

The landlord shall pay all property rates, including property tax and insurance premiums. In cases where the rented premises are a part of a multi-owner building, the landlord shall pay the joint cost cf. Article 43 of Act No. 26/1994 on Multi-Owner Buildings, 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 the annual fees charged by utility companies, which are calculated on the basis of the assessed value of the premises, the volume thereof or other bases for levying charges, with no direct link to the purchase of water or power. Where such utility companies levy a special fee for the rent of meters or other such equipment which they provide, the landlord shall pay that fee.

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

This cost can be divided in a different manner, provided that such deviations are clearly stated in the lease agreement.

7. Use of the leased property and access to the leased property by the landlord

The leased property may not be used for purposes other than those stated in this agreement. The tenant shall be obliged to treat the rented premises properly, keep them tidy, and observe established rules and good practice regarding hygiene and health. The tenant may adjust or make improvements to the leased property or its furnishings only with the consent of the landlord and upon a written agreement on the division of cost and how such adjustment is to be handled at the end of the lease period. The landlord's written approval 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. The landlord shall immediately be informed of matters outdoors or indoors that need improvements or maintenance. For further details, see Chapter VI of the Rent Act: "Use of the Rented Premises."

The landlord has a right of access to the leased property with an appropriate notice and in consultation with the tenant in order to make improvements to the leased property and for purposes of supervision of its condition and treatment. However, the landlord may not enter the rented premises when the tenant or their agent is not present only if they have first obtained the tenant's permission to do so. During the last six months of the lease period, the landlord is authorised to show the premises to prospective purchasers or tenants, although no more than for two hours a day. Such a visit shall be informed with a notice of not less than 24 hours, and the tenant or their representative shall normally be present at the visit. The parties are nonetheless allowed to agree to other arrangements. For further details, see Chapter VIII of the Rent Act: "Landlord Access to Rented Premises."

8. Amount and payment of rent

The amount of rent shall be ISK _____ per month.

Thereof, direct payment for leased use amounting to ISK _____ (other payments and other costs, that the tenant shall pay according to agreement or law, such as heating, water, electricity, etc., shall not be included here.)

Due date for rent is the first day of each month. If the due date for a rent payment falls on a public holiday, it shall be deferred to the next working day. In cases where the rental amount is determined based on the number of square metres of the rented premises, the lease must specify the criteria on which the size calculation is based. Criteria for the size calculation shall be listed under Item 13.

- Provisions on amendments to the lease amount:

- The lease amount shall remain unadjusted throughout the effective term of the contract.
- The lease amount shall be adjusted during the lease period.*
- The lease amount shall be adjusted according to the consumer price index.*

*However, it is not permitted to negotiate changes to the rental amount during the rental period if a temporary lease has been entered into, for 12 months or less.

- According to what index shall the lease be adjusted to? _____ Base index at the start of the lease period: _____
- When shall the lease amount be adjusted?
 - Monthly
 - Yearly
 - Other, what?: _____
- Other provisions on amendments to the lease amount:

The rental amount shall not be changed during the rental period, unless the circumstances are as described in Article 37(a) and (c) of the Rent Act. This can occur due to a substantial increase in operating costs, adjusting of rent amount according to market assessment, and increase of rent of a non-profit rental association in accordance with similar properties under the ownership of the association.

The landlord shall request an increase or correction of the rental amount pursuant to this article, in writing and in a verifiable way, at least 3 months before it is planned to take effect.

Disputes regarding the rental amount shall be referred to the Housing Complaints Committee within 3 months from the entry into force of the lease or of an agreement made later during the lease period regarding a change to the rental amount.

For further details, see Chapter VII of the Rent Act: "Payment of Rental Deposits," and Chapter XVII of the Rent Act: "The Housing Complaints Committee."

9. Place of lease payment:

<input type="checkbox"/> The lease payment will be deposited into a bank account	Bank acc. type		Account no.	
<input type="checkbox"/> The lease payment paid by payment slip				
<input type="checkbox"/> Elsewhere according to an agreement:				

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

10. Deposits

Shall the tenant put up a deposit for the full performance of their side for their side of the lease? Yes No

Contractual deposit amount is ISK

The landlord may choose between the five types, and as the case may be six of deposit set out below, but the tenant shall have the right to refuse to advance a monetary deposit according to item 4, providing that they offer another type of deposit in its stead which the landlord deems satisfactory.

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

Responsible party

2. A personal guarantee from one or more third parties. A personal guarantee amount according to this Item cannot be a higher than what constitutes three months of rent.

Surety/sureties:

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 deposit paid by the tenant to the landlord, that they store. The deposit amount according to this Item cannot be a higher than what constitutes three months of rent.

5. Payment to a landlords' mutual insurance fund of which the landlord, being a legal person renting out housing on a commercial basis, is a member. A payment as provided for under this Item may never be a sum greater than the equivalent of 1/10 of the rent agreed upon.

6. A deposit of a type other than those listed above, as proposed by the tenant deemed by the landlord to be valid and satisfactory.

Other contractual deposit

The deposit serves as a guarantee of proper performance of the lease, i.e. for the payment of rent and compensation for damage to the rented premises for which the tenant is liable under the provisions of this Act and general rules. For further details, see Chapter VII of the Rent Act: "Payment of Rental Deposits."

11. Sale of the leased property, transfer of leasing rights, sub-leasing, etc.

The sale of the leased property is not subject to the approval of the tenant. The legal status of the tenant shall remain generally unaltered and identical despite the change of ownership. Special rules apply according to Act No. 21/1991 on Bankruptcy et al., and Act No. 90/1991 on Compulsory Auctions. The landlord shall inform the tenant of the sale in a proven manner without undue delay, and no later than 30 days after the signature of the purchase agreement.

The tenant is not permitted to transfer their lease rights or sub-lease the leased property without the approval of the landlord. It shall not be regarded as a transfer 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 them or their 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 Rent, Sub-letting, etc."

Should the tenant die, his spouse, relatives and extended family who resided with the tenant are allowed to enter into the lease with its rights and duties unless the landlord presents substantiated reasons against it. The right to a continued lease is accorded to the spouse of the tenant if he moves out of the premises or if the marriage is terminated.

12. Inspection of leased property

The tenant and the landlord, or their agents, shall inspect the condition of the rented premises, including fire-prevention equipment, at the time the lease is entered into and at the end of the lease period. The findings of the inspection carried out when the lease is entered into must be recorded in a separate inspection section in the lease. An independent inspector shall conduct that inspection if either party so requests, in which case the cost of the inspection shall be divided equally between them. The inspection report shall be used as a basis in the event of a dispute regarding the liability of the tenant to pay compensation when they return the premises to the landlord. For further details, see Chapter XIV of the Rent Act: "Inspection of Rented Premises."

A. Condition assessment

Has an assessment been carried out? Yes No

Shall an impartial inspector carry out the assessment? Yes No

Main conclusions of the assessment according to assessment report. **ATTN: It is not mandatory to complete the form, however main conclusions shall be listed here:**

Reference no.	Spaces	Flooring	Walls	Ceiling	Windows/frames	Door/Frame	Locks	Lights	Electric switches/outlets	Cabinets	Fittings	Stove	Oven	Kitchen fan	Refrigerator	Sink/faucets	Mirror	Toilet	Bathtub/faucet	Shower stall/faucet	Cleaning	Heating	Water pipes/drinking water	Sewage	Fire extinguishers	Smoke detector	Locked storage for dangerous substances
1	Foyer																										
2	Hall/hallway																										
3	Kitchen																										
4	Bathroom																										
5	Bathroom 2																										
6	Living room																										
7	Dining room																										
8	Master bedroom																										
9	Room 1																										
10	Room 2																										
11	Room 3																										
12	Room 4																										
13	Laundry room																										
14	Storage room																										
15	Intake area																										

*Assessment key

1. **A = good condition** (Undamaged and nothing of note. Mainly applies to new or unused.)
2. **B = acceptable condition** (May contain scratches or stains, normal wear and tear.)
3. **C = visibly worn** (Damage in a few places while still acceptable with respect to years of use.)
4. **D = damaged, in need of fixing** (applies to damages that exceed normal wear and tear.)
5. **E = damaged or ruined, needs renovation or repair** (needs replacement or reparation.)
6. **F = Freshly painted** (applies to painted areas, such as walls and ceilings.)
7. **G = Dirty, needs cleaning** (if a door is f. ex. marked B/G it means the door is in order but needs cleaning.)

2. Inspector's comments (along with reference no.)

3. Lease parties' comments

The inspection report shall be used as a basis in the event of a dispute regarding the liability of the tenant to pay compensation when they return the premises to the landlord, cf. Chapter XVI No. 36/1994.

B. Inspection of fire prevention

ATTN: Inspection of fire prevention does not need to be carried out by the competent parties, an inspection carried out by lease parties is sufficient and is filled in here.

Has a fire inspection been carried out? Yes No

How many active smoke detectors are in the apartment (one per each 80m²)? 1 2 3 4 5 or more

How many fire extinguishers are in the apartment that are inspected yearly by the competent service provider (at least one is required)? 1 2 or more

Emergency exit easily navigated and accessed? Yes No

Fire blankets (optional)? Yes No

13. Special provisions

Special provisions that are agreed upon and permitted by law shall be recorded here (cf. Item 12 of Article 6 of the Rent Act):

Is the landlord married (cf. Chapter IX of the Law in Respect of Marriage No. 31/1993)? Yes No

Is the leased property the home of the landlord's family or used for the business operation of a married couple or intended as such (cf. Chapter IX of the Law in Respect of Marriage No. 31/1993)?

<input type="checkbox"/> Yes	<input type="checkbox"/> No	Signature of spouse:
------------------------------	-----------------------------	----------------------

This agreement shall be subject to the Rent Act No. 36/1994. This agreement is made in two identical copies, one copy to be held by each party. If this agreement is to be officially registered, cf. Article 12 of the Rent Act, one copy must also be made on certified document paper. In confirmation of this agreement, the landlord and tenant shall sign their name below in the presence of two witnesses.

Place	Date
Landlord 1	Tenant 1
Landlord 2	Tenant 2

Witnesses to the correct signatures, date and financial competence:

Name	ID No.
Name	ID No.

Cf. Article 5 of the Rent Act, landlords whose business is renting out residential property in accordance with the Income Tax Act No 90/2003, shall register the rental amount and any changes to it in the housing database of the Housing and Construction Authority no later than 30 days from the signature of the Agreement. The landlord must de-register leases for premises according to Paragraph 1 no later than 30 days from the end of the rental period.