

Lease Agreement Summary

Here you can see an overview of the main points of the Blær Housing Foundation lease agreement. The landlord always urges prospective tenants to read the lease agreement carefully. This is not an exhaustive list.

Communication during the lease period

Blær Housing Foundation manages all communications with the landlord after the apartments have been handed over. Communication generally takes place through "My Pages" at Bjarg. All messages and requests are sent to Bjarg, and all messages and requests sent from Bjarg to the tenant are equivalent to those being sent directly to or from the landlord.

Contract duration and termination

The notice period for both parties is six months during the first twelve months of the lease term. After a twelve-month lease period, the notice period for the landlord is twelve months, but six months for the tenant.

When terminating the lease, the tenant may request to be released earlier, in which case the apartment is advertised as available according to the tenant's wishes. However, the tenant is still responsible for paying rent during the notice period if the apartment is not rented out. Termination takes place on "**My Pages**".

Rent and security deposit

The rent changes monthly in accordance with the **Consumer Price Index**.

The deposit must be equivalent to **three months' rent**, which may need to be revised later during the lease period.

In addition to rent, the tenant pays for **electricity, heating, and homeowner association fees** for the leased property.

Shared costs with other tenants are collected through the **Residents' Association**.

Violation of the Residents' Association rules or default on payments is considered a breach of the lease agreement and may result in its termination.

Payment slips are not sent unless specifically requested. Rent is **prepaid** with a due date of **the 1st of the month** and the same day as the final due date.

Rent at VR Blær Housing Foundation must always be set in such a way that the rent covers the operational cost of the apartment. Therefore, rent increases or decreases can occur with short notice. Notifications about rent increases or decreases are made available on **My Pages** at Bjarg Housing Association.

Index-linking

The monthly rent for VR Blær is **indexed**. This means that the base rent changes monthly in proportion to changes in Iceland's general price levels. The measure used to track this change is the **Consumer Price Index (CPI)**. This is an index that measures the general price level in the economy. The index is published by **Statistics Iceland**. The index tracks price changes in a basket of specific goods and services, which forms the basis of the index. Prices are collected for a large sample of goods and services during a week in the middle of each month to measure price changes. The basket reflects the average household's expenditure on items like **food, services,**

fuel, and housing. A price increase is referred to as **inflation**, meaning that rent increases nominally in line with inflation.

Handover, return, inspections, and deadline for comments

The apartment is handed over to the tenant in **good condition**, with walls, ceilings, and windows newly painted or in good shape.

At the end of the lease term, the tenant must return the apartment in the same condition, i.e., carefully cleaned, with all nails, fixtures, wallpaper, and additions to fittings that the landlord does not agree to leave in place removed. Any damage must be repaired.

If walls have been painted a different color, e.g., a very dark shade or a lacquer finish that requires additional effort to restore to its original state, the tenant is responsible for the cost of this work.

If the flooring is more worn than considered normal wear and tear, it may be regarded as damage, and the tenant may be required to compensate for it according to the law.

The tenant is free to put nails in walls, paint walls, and hang curtains to create a home-like environment, but all these changes must be undone at the end of the lease period.

The tenant may, without special permission, add fittings but may be required to restore the apartment to its original condition or approach the landlord to discuss whether the changes can remain after the lease ends.

If the landlord agrees to keep the changes, they become the landlord's property, and the tenant has no right to compensation for them.

The tenant is responsible for:

- Replacing light bulbs.
- Refilling and inspecting fire extinguishers.
- Replacing batteries in smoke detectors.
- Cleaning drains in floors, bathrooms, sinks, and balconies.
- Replacing toilet seats, showerheads, hoses, and filters.

The tenant must inspect the smoke detector **at least every 12 months** and report any issues to the landlord immediately if the detector needs to be replaced.

The tenant is responsible for any damage to fittings and flooring, except for normal wear and tear (e.g., broken doors, broken sockets, or torn/damaged flooring). Care must be taken to ensure that furniture does not damage the flooring.

An **inspection** is carried out upon **handover and return** of the property and is signed by both parties. These inspections serve as a basis for resolving any disputes over the condition of the apartment at the end of the lease.

If either party is dissatisfied with the inspection, they may request an **independent third-party inspection**, and the cost of this inspection is shared equally between both parties.

The tenant has **14 days** to report issues with the apartment that were not identified during the handover inspection. Such comments are sent via **"My Pages"**.

Pets

Pet ownership in apartments at Blær must comply with the **Multi-Owner Property Act No. 26/1994**. Under current law, keeping cats and dogs in a multi-owner property requires the approval of **2/3 of the owners** who share a common entrance or stairwell.

Return of the apartment

If everything is in order at the end of the lease and no issues are identified, there is no charge for the return of the apartment.

However, if issues arise, such as the need for painting or additional cleaning, the total cost can be significant. The cost varies depending on the condition of the apartment and the tenant's maintenance of it.

According to the law, the tenant bears full responsibility for **any depreciation** of the property.

If the depreciation is deemed excessive and the apartment is no longer suitable for rental, the tenant may also be required to pay rent for the time it takes to restore the apartment to a suitable and rentable condition.

It is possible to get a **cost estimate** for moving-out expenses since apartments typically require repainting during the move-out process. This is evaluated during the inspection.

Subletting

It is prohibited to **sublet the apartment or any part of it** or to engage in **apartment swaps** unless explicitly approved by the landlord.

Rent Payments and Arrears

The process for collecting payments and handling arrears follows **Bjarg's debt collection procedure**. You can find more information under **Payments and Arrears**.

This is a translation, in matters of dispute please refer to the original document in Icelandic.