1. Information about lender and loan broker

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| Lender. | Housing Financing Fund, ID no. 661198-3629 |
| Address. | Borgartún 21, 105 Reykjavík |
| Telephone number. | 5696900 |
| E-mail address. | ils@ils.is |
| Facsimile. | 5696800 |
| Website. | www.ils.is |

1. Description of primary contract characteristics

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| Loan type. | HFF-mortgage bond acc. to Act about housing affairs no. 44/1998 with subsequent changes. Equal payment loan on real esatate bond, indexed acc. to consumer price index. |
| Total amount of loan.  *This refers to the maximum amount permissible to use according to loan contract.* | IKR 20.000.000.  The maximum amount of a new loan is determined on the basis of credit rating conclusions about the applicant‘s payment evaluation. Ability to pay indicates how much of the applicant‘s total income can possibly be spent on payments of loans due to real estate purchases when all other expenses have been subtracted, including the debt burden of other loans. |
| Conditions for the use of a loan *This refers to how and when the value of a loan is paid out.* | It is conditional for the loan allocation that it is provided for an individual for the purchase, building or renovation of residential property. The Housing Financial Fund purchases the HFF-mortgage bond on the initial date of interest, which is five days after the bond is ready for delivery at the Housing Financial Fund. It is conditional that the bond has been registered without remarks unto the specified property as a mortgage object in the loan contract. |
| Validity period of loan contract. | 40 years. |
| Payments and if applicable, the order of the payment break-up.  *This does not refer to an amortisation chart, which provisions of art. 25 of the Act apply to.* | The following must be paid:  480 instalments which are made monthly. The monthly instalment amount based on the validity period, loan amount and number of payments, irrespective of indexation, is IKR 86.283.  4 due dates instead of 12 pr. year can be requested.  *Interest and costs shall be paid as follows:*  Interest on each due date is determined by dividing the annual interest rate by the number of due dates. The debtor pays interest on the principal amount of the debt from the specified initial date of interest afterwards, on the same due dates as the instalments. The interest rate is fixed for the entire loan period. Notification- and transaction charge is added to each due date. |
| Total amount to be paid.  *This refers to the loan amount as well as interest and possible costs related to the loan contract.* | IKR 98.493.189  Itemisation:  Instalment                           IKR 20.000.000.  Interest                                IKR 21.324.420.  Indexation                           IKR 56.577.569.  Transaction charge            IKR 91.200.  Arrangement fee 1%         IKR 200.000.  Stamp duty 1,5% IKR 300.000.  Total paid                       IKR 98.493.189.  Indexation is estimated on the basis of average inflation of the last 12 months. |
| If applicable:  Stipulated guarantees  *This is a description of a guarantee which must be submitted in relation to the loan contract* | It is conditional for the provision of a loan acc. to an HFF-mortgage bond that it is guaranteed with mortgage against the property specified as a mortgage subject in the loan contract. |
| If applicable:  Instalments do not lead to and immediate corresponding reduction of the total amount of the loan contract. | Principal amount and balance of index-linked loans change acc. to consumer price index which is calculated simultaneously and is not official at the commencement of the loan period. Instalments of the loan do therefore not lead to a corresponding reduxtion of the total loan amount.  Developments of the index number can be viewed with calculators and explanatory material on the fund‘s website, [www.ils.is](http://www.ils.is). Their effect on the loan based on average inflation of the last 10 years is also included with the loan upon commencement of the loan period. |

1. Charge for credit

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| Loan interest, condition for its application and, if applicable, index number or reference rate which can effect initial loan interest as well as time period, conditions and procedures of changing loan interest; in the case of different loan interest applying under different circumstances, the aforementioned information shall be provided about all of them. | 4,2% fixed interest throughout the loan period. The loan is limited to comsumer price index which the National Registry of Iceland determines acc. to Act no. 12/1995 and cf. chapter VI of Act no. 38/2001. The loan changes acc. to changes of the consumer price index from the base period index of the bond to the applicable index number upon due date. |
| Annual ratio costs.  *These are the total closing costs of the loan, described as an annual percentage of the total amount of a loan.*  *Annual percentage of costs facilitates comparison between various loan offers.* | 8,6%  Annual ratio costs are the total closing costs, described as an annual percentage of the total amount of the loan provided and calculated in accordance with the clause of art. 21, Act no. 33/2013 about consumer loans.  Terms of calculation:  Amount of loan IKR 20.000.000.  Interest 4,2%  Transaction charge IKR 190.  Arrangement fee IKR 200.000.  Stamp duty IKR 300.000.  Registration fee IKR 2.000.  Average inflation of last 12 months 3,9% |
| Is it obligatory, in order to receive a loan or obtain it with advertised terms and conditions,   * to purchase a policy related to the loan or * to make a contract about additional service?   *If a lender is not familiar with costs for this service, it is not considered in the annual ratio costs.* | In the case of a loan due to the building of a residential property it is mandatory that the property is insured with fire insurance of the property being built (buildings insurance). |
| Related costs. |  |
| If applicable:  Amount of costs for using a specific method of payment (e.g. credit card and transaction fees) | Notification- and transaction fee is added to each and every loan and is now:  - IKR 95 for online banking each time for each loan.  - IKR 190 for an issued payment slip each time for each loan. |
| If applicable:  All other costs resulting from the loan contract (e.g. closing costs of loan and service fees) | 1% closing costs are calculated from the original amount.  Fees due to preparation of documents are as follows, acc. to the current Housing  Financing Fund‘s tariff:  Lifting of loans from other financial institutions: IKR 3.000 for each loan. |
| If applicable:  Conditions for altering said costs related to the loan contract | Said fees can change in accordance with stipulations of the Act and the current tariff of the Housing Financing Fund at each time. |
| If applicable:  Obligation to pay fees due to registrations or listings of contracts, stamp duties and other fees, such as for ensuring mortgage rights. | Registration fee is currently IKR 2.000 for each document acc. to par. 1, art. 8 of Act no. 88/1991 about supplementary treasury revenues.  Stamp duty is 1,5% of the loan amount acc. to par. 1, art. 24 of Act no. 36/1987 about stamp duties. |
| Costs due to payment after due date  *Unpaid instalments could have serious consequences (e.g. forced sale) and cause the consumer difficulties to obtain a loan in the future.* | In the case of unpaid instalments the consumer will be required to pay penal interest, currently 13%. Penal interest changes in accordance with current penal interest at each time acc. to the decision of the Central Bank about the basis of penal interest and default risk premium, acc. to chapter III of Act no. 38/2001.  Other costs which may occur due to unpaid instalments:  Reiterating fee: Currently IKR 500 each time for each loan.  Fee due to payment reminder: Currently IKR 7.500 plus VAT on each payment reminder.  Fee due to a forced sale request: Currently IKR 3.000 plus VAT for each request.  Fee due to a statement of claims to auction proceeds: Currently IKR 7.500 plus VAT.  Costs of presentment of payment reminder: Currently IKR 1.656 for each payment reminder.  Forced sale fee to state treasury: 1% of the amount demanded to be paid, however minimum of IKR 17.100 and maximum IKR 58.000.  Aforementioned amounts change acc. to changes in stipulations of the Act on which they are based, claimant‘s tariff and/or the presentment party‘s rate list when applicable. |

1. Other important factors

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| The right to waive a contract.  *The consumer has a deadline of fourteen calendar days to waive a loan contract without specifying a reason* | Yes. The consumer has a deadline of fourteen days to waive a loan contract without specifying a reason. The time limit commences on the day of the consumer‘s signing of the HFF-bond. If the consumer wishes to exercise this right he must notify the Housing Financing Fund by a verifiable method before the deadline. If the consumer exercises this right, he must, no later than 30 days after the notification:   1. repay the principal amount of the debt, less closing costs. 2. pay accrued interest and indexation from the time of disbursement of the loan and to the day of repayment of the principal amount. 3. pay a fee for preparation of documents acc. to the current tariff of the Housing Financing Fund at each time.   If the consumer does not pay within the specified deadline or does not make payments in full to the Housing Financing Fund it is so considered that he has waived his rights to waive his loan contract and that the contract is therefore fully valid.  It is specifically pointed out to the consumer that if the loan amount has been allocated at his request, in part or in full, to the payment of other claims, the consumer is responsible himself for and pays the settlement costs of these claims. |
| Repayment before due date.  *The consumer is entitled to repay his debt acc. to the loan contract, in full or in part, prior to the agreed time.* | Yes. |
| If applicable:  The lender is entitled to collect fair compensation, full payment fee, if the consumer pays before due date. | The consumer is entitled to repay the debt in part or in full before the due date. Under special circumstances and after receiving a statement from the board of the Housing Financing Fund the minister is at liberty to decide that accelerated payment or full repayment of HFF-bonds will only be permissible by the payment of a fee, a payment-in-full fee, which compensates in part or in full the difference between payment in full of HFF-bonds and the market terms of a comparable real estate bond, cf. par. 3, art. 23 of Act no. 44/1998 about housing affairs. The payment-in-full fee shall be maximum 1% of the amount paid before due date, if the remaining loan period is longer than one year upon payment, otherwise it shall be maximum 0,5%. The payment-in-full fee may however not exceed the interest amount which the debtor would have paid the claimant during the period from payment before due date to the end of the loan period acc. to this HFF-bond, if it had not come to payment before due date. A payment-in-full fee is not applied if the amount paid before due date is lower than IKR 1.000.000 on an annual basis. |
| Search in database.  *If a loan application is rejected on grounds of search in a database, the lender must inform the consumer immediately and at no cost to him, about the results of such a search and provide further information about the searched database* | Yes. |
| The right to receive a draft of a loan contract.  *The consumer has a right to receive, acc. to request and at no cost to him, a copy of the draft of a loan contract. This does not apply if the lender is, upon the presentment of the request, unwilling to make a loan contract with the consumer.* | Yes. |