



15 April 2011

LENDING RULES

1. Applicants must be members of the Gildi Pension Fund or right holders in the Gildi private pension scheme.
2. Applications are processed in the order they are received.
3. Loans are indexed and linked to the consumer price index. Applicants can choose between fixed or variable interest. Fixed interest is based on the date of issue of the bond, currently 4.5%. Variable interest is adjusted regularly based on the decision of the Fund's Board. Variable interest is currently 3.9%. Applicants can also choose between fixed instalments or fixed payments (annuity loan).
4. The term of a loan can range from 5 – 40 years.
5. The minimum loan granted by the Fund is ISK 500,000.
6. Instalments are paid twice a year, or more frequently, at the choice of the Borrower.
7. The borrowing charge is 1.0% of the loan amount. Public registration and stamp duties, as well as any bank collection costs, are paid by the Borrower.
8. Mortgage: Loans are granted only against a mortgage on residential premises owned by the Borrower, its spouse, its domestic partner or cohabiting partner. Loans can though be granted to applicants' parents against a mortgage on their residential premises. The mortgage ratio shall not exceed 65% of the official real estate valuation of the property. In place of 65% of the official real estate valuation, the mortgage ratio may be calculated as 65% of the price valuation of a licensed real estate agent chosen in consultation with the staff of the Fund. The Borrower shall pay the cost of such valuation if necessary. Whether 65% of the official real estate valuation or 65% of the market price valuation is used the mortgage shall never exceed 100% of the fire insurance valuation of the property.

Loans are not granted against property with an official valuation under ISK 4,000,000.-

Stricter mortgaging rules may be applied if the market value of a property warrants. Proof of payment ability must also be submitted if requested by the Fund.

Loans may be granted against a mortgage on housing which is subject to social housing encumbrances provided that the obligation of the municipality to buy the property has expired and the mortgage burden is within the limits set by the Fund.