

Section I. Courses of Study Which Qualify for Loans

1.1 General

The Fund grants student loans for higher educational courses at recognized educational institutions which provide higher education leading to university (third-level) degrees. The Fund may grant student loans for special studies.

Courses of study qualify for loans if they are organised as full-time studies in the syllabus of an educational institution, 60 ECTS units of study in each academic year or at least 30 ECTS units each semester in cases where the course structure does not cover a complete academic year. ('ECTS' stands for 'European Credit Transfer and Accumulation System').

Only loans to cover tuition fees may be granted for courses that are not organised as 60 ECTS units during the academic year (*cf.* the second paragraph of this Article). However, such courses must be organised as at least 45 ECTS units of study in each academic year, i.e. 75% of full studies (*cf.* Article 2.1), these to be completed in not more than 12 months.

Loans are not offered for studies that form part of paid employment under an employment contract. This applies, for example, to paid postgraduate studies by physicians.

Loans are not offered for preparatory studies or for studies which are further to a doctorate degree or a comparable qualification.

A condition for receiving a loan from the Fund is that the applicant is financially competent. Furthermore, the person in question shall have pursued paid employment in Iceland for at least the last 12 months preceding the date of application, and shall have been resident in Iceland over the same period, or else worked for less than 12 months but been resident in Iceland for a total of two years over a period of five continuous years (*cf.* Article 3 of the Regulation No. 478/2011).

Applicants who neither work as paid employees nor are self-employed shall be entitled to student loans if they have been continuously resident in Iceland for five continuous years preceding the application date, providing that the residence period was initiated for a purpose other than to pursue studies in Iceland (*cf.* Article 3 of the Regulation No. 478/2011).

If the student has fully utilised his entitlement to receive loans for a particular course of study or a particular level of the educational system (*cf.* Article 2.1), then further studies in the relevant course or level shall not qualify for loans.

1.2 Courses of Study in Iceland Which Qualify for Loans

1.2.1 University Courses

University courses and other courses which make demands regarding preparatory study comparable to those made regarding university studies, qualify for loans. Courses at university level at the following institutions qualify for loans:

University of Iceland
University of Akureyri
Bifröst University
University of Hólar
Reykjavík University

College of Agriculture (Landbúnaðarháskólinn)
Iceland Academy of the Arts

1.2.2 Special Studies in Iceland

Courses of study in comprehensive schools, grammar schools and other schools which are primarily a part of preparation for the matriculation examination or a comparable examination do not qualify for loans under this Article.

Courses of special study in Iceland that qualify for loans include those that confer the legally protected right to engage in an industrial trade, and other, special upper-secondary level courses approved by the Ministry of Education, Science and Culture, that have been approved by the relevant professional council and for which the student does not receive wages under a collective agreement over and above the level of basic support in Iceland (*cf.* Articles 3.1.1 and 3.2). These courses shall qualify for loans for the periods during which they are taught in educational institutions, with the exception of the first semester, or first two semesters (*cf.* the third paragraph of this Article) if it is possible to pursue them directly after completing the final junior (compulsory) school examination. If preparatory studies are necessary at the upper secondary level, the preparatory studies shall not qualify for a loan either. The studies shall qualify for loans for a maximum of 75% of the entire study period, including the paid working period.

If special studies following directly after the final junior (compulsory) school examination are structured as a course of five semesters or less in an educational establishment, then they shall not qualify for a loan during the first semester, and otherwise (in the case of a course lasting 6-8 semesters) not for the first two semesters.

Further information on special studies in Iceland that qualify for loans can be found in Appendix III.

1.2.3 Rights of Foreign Students

Students from the Nordic countries who are resident in Iceland and pursue courses of study in Iceland which qualify for loans have the right to loans on the same basis as Icelandic students, provided they do not receive loans from their home countries under the agreement in place at any given time between the Nordic countries on these matters. This provision may be applied to other individual foreign nationals if Icelandic students have comparable rights in the home countries of those students.

Foreign nationals become eligible for loans in the academic semester in which it is agreed to grant them Icelandic citizenship. Foreign nationals, other than citizens of EEA Member States, who are married to Icelandic citizens who meet the requirements of the sixth and seventh paragraphs of Article 1.1, and who have been domiciled in Iceland for a minimum of two years during the five years preceding the beginning of studies, may apply for student loans for studies pursued in Iceland or the other Nordic Countries.

Citizens of states in the European Economic Area who are resident in Iceland in connection with their work, and their families and others who are or have been supported by them, shall be entitled to student loans on the same basis as Icelandic students (*cf.* Article 4 of the Regulation No. 478/2011).

Citizens of EEA Member States who do not work as paid employees or self-employed individuals in Iceland, their families and others who are, or have been, dependent on them, are entitled to student loans after five years' continuous residence in Iceland (*cf.* Article 5 of the Regulation No. 478/2011).

1.3 Courses of Study Abroad Which Qualify for Loans.

1.3.1 University Courses

Loans are granted for higher education at educational institutions abroad which make demands of the students comparable to those made regarding university studies in Iceland (see, however, Articles 4.8 regarding loans for tuition fees).

1.3.2 Special Studies

Loans may be granted for special studies abroad. Eligibility for a loan is subject to the condition that the educational institution is recognized by the educational authorities in the country, that the course is structured as at least a one-year programme of studies and that it is deemed sufficiently substantial, by the board of the Fund, in terms of its nature, structure and the professional entitlements it confers. Loans are not made for vocational studies for which the student receives wages under a collective agreement over and above the level of basic support in Iceland as defined in Articles 3.1.2 and 3.2.

1.3.3 Private Studies in Music

The condition for qualifying for a loan for private studies in music shall be that the applicant has taken a recognized university degree in music. The maximum period for which a loan may be granted for private study shall be two academic years, or 120 ECTS units (*cf.*, however, Article 2.3.1).

Applicants shall submit information on the names and positions of their teachers, the subjects of study, the structure of the study, concerts (with programme details) and confirmations from their teachers.

1.3.4 Language Courses as Preparatory Courses

Loans may be granted for language courses held by the foreign students' departments at universities if these constitute preparation for studies in a country where languages other than English or the Nordic languages (excluding Finnish) are spoken. Preparatory language courses may be regarded as studies at the master's or doctorate level (*cf.* Article 2.3.1) if the student has completed undergraduate studies and intends to pursue master's or doctorate studies in the same subject

If the student has previously received a loan to study the language in question, then no loan shall be granted for preparatory language studies.

The maximum number of units for which loans are granted under this Article depends on the language involved, ranging from 30 to 90 ECTS units. Further details are to be found in Appendix II.

If, on completion of a language course, the recipient of a loan changes the country in which he pursues his course of study, he shall be denied a loan for the same length of time as he received a loan for the language course. If the student has the preparatory course assessed in order to shorten the new course of studies, the assessment shall have the effect of reducing the time during which he does not qualify for a loan.

Eligibility of a preparatory language course for a loan is subject to the condition that the course in question consists of at least a two-month programme of organised study that is deemed as sufficiently substantial, by the board of the Fund, in terms of its nature and structure (a minimum of 15 academic hours per week). Loans shall only be granted once for preparatory language studies.

Confirmation of admission to studies in another subject must be submitted before loans for preparatory language studies are fully processed.

1.3.5 Information about Courses Abroad that Qualify for Loans

The Fund possesses information on educational institutions and courses of study for which loans have been granted. If an application is submitted for a loan for studies at educational institutions, or courses

of study, for which loans have not been granted before, it must be discussed by the board of the Fund. In such cases, the student must provide detailed information on the course.

Section II. Academic Progress

2.1 General

Generally, a student is considered as being in full-time studies if he completes 60 ECTS units, or the equivalent, in an academic year in one programme of study. If the student changes to a new educational institution, a new subject of study or a new academic degree, this shall constitute a new study programme.

Loans are granted for a maximum of 30 ECTS units in each semester, or 20 ECTS units in each quarter. Loans are granted for a maximum of 20 ECTS units during the summer semester. At no time are loans granted for more than 80 ECTS units during each academic year.

The total number of ECTS units for which loans are granted in individual courses of study shall take account of the structure of the academic institution approved by the board of the Fund. Only courses which lead to a final examination are taken into account; units assessed from previous studies are not counted as part of academic progress.

The amount of latitude permitted in order to complete studies depends on the rules of the Fund regarding academic progress (see the second paragraph of this Article) and the permitted total length of studies (*cf.* Article 2.3.). When the total permitted latitude in undergraduate university studies in US universities is assessed, the first year shall not be included. The student shall be regarded as having fully utilised his latitude when he has received a loan, or a postponement of the closure of the bond, for the number of ECTS units permitted with full latitude.

2.1.1 Summer

Studies during the summer semester shall be considered as part of the previous academic year. Students must complete a minimum of 12 ECTS units in a summer semester in order to qualify for summer loans. At no time shall loans be granted for more than 20 ECTS units during the summer semester and a total of 80 ECTS units during each academic year. Special applications must be submitted for summer loans. In order to be entitled to a special loan to cover tuition fees during a summer semester, the student must complete at least 60 ECTS during the academic year (*cf.* Article 4.8).

2.2 Units (Credits) Qualifying for Loans

In order to be entitled to a loan, a student must complete at least 18 ECTS units or the equivalent each semester, or the corresponding proportion per term in the case of educational institutions operating on a quarterly (four-term) basis. Units completed in one or more academic programmes shall confer the right to loans if the student pursues two undergraduate degrees or two master's degrees concurrently (*cf.* Article 2.3). This shall also apply if the student is completing an undergraduate university course and has received permission from the university to begin master's studies in the same subject, providing that both degrees are for the same purpose. The same shall apply if a student is required by the educational institution to take additional courses in an undergraduate programme of studies that qualifies for a loan concurrently with his master's studies. This authorisation shall be subject to the condition that the student shall not previously have fully utilised his latitude to draw loans (*cf.* Article 2.3).

A student who completes 18-30 ECTS units in a semester shall be entitled to a loan for the completed units (i.e., up to 30 units).

Loans are granted only once in respect of each completed unit, except in studies where student number restrictions (*numerus clausus*) are in force (*cf.* Article 2.4.1).

2.3 Length of Studies

2.3.1 Basic (undergraduate) studies and master's studies

Students are entitled to receive loans for 180 ECTS units of basic study. 'Basic study' here refers to special studies, undergraduate (first degree) university studies and private studies in Music.

Students are entitled to loans for 120 ECTS units of master's studies, or comparable studies following the completion of three years' university studies according to the structure of an educational institution approved by the board of the Fund. This also applies to university studies following three years' study according to the structure of the educational institution, in courses that are organised to last longer than three years. In US universities, however, this shall apply to studies in excess of four years. Additional employment-related university studies lasting up to one year, which do not end with a higher degree, e.g. pedagogy (education) courses in order to gain the right to teach, social counselling, arts courses and academic counselling, may be considered as studies at master's level.

In addition, each student shall be entitled to a loan for an additional 120 ECTS units, at the undergraduate or master's level, at his own choice.

A student may be granted exemption from the above maximum and be granted a loan for up to a further 60 ECTS if he fulfils one of the following conditions:

- a) The total amount he has received in previous loans from the Fund is less than ISK 3.0 million.
- b) He has previously passed a final examination in a course of studies that qualifies for a loan, and has yet to complete 60 ECTS units, or fewer, leading to a final examination in another course of studies that qualifies for a loan. 'Final examination' here refers to an examination that confers a vocational or university degree, and not an examination in preparatory course, an introductory course or an examination in a basic subject.
- c) He has previously, for at least three loan-years during the period of study, received exemption from the ordinary conditions regarding academic progress under Article 2.4.5 on account of disability or dyslexia. However, the overall latitude allowed for in order to complete a particular course of study may never be greater than 600 ECTS units.

2.3.2 Doctorate Studies

A student in a doctorate study programme shall be entitled to a loan for 180 ECTS units for such studies; however, his loans from the Fund may never exceed 600 ECTS units.

ECTS units qualifying for loans at each level

	Basic studies	Master's studies	Doctorate studies
Normal	180	120	180
Latitude	120		0
Exemption	+60		-60

2.4 Additional Latitude in Studies

Students who do not fulfil the Fund's conditions regarding minimum academic performance (*cf.* Article 2.2) may apply for exemption due to circumstances listed in Articles 2.4.1 – 2.4.5. In those instances where approval is given for exemptions, entitlement to loans shall be based on the minimum number of units, i.e. 18 ECTS units per semester at educational institutions using a semester structure or 12 ECTS units at institutions based on a quarterly (four-term) structure.

2.4.1 General

A student who completes more than 30 ECTS units in a semester shall be entitled to utilise the extra units in another semester in the same academic year providing that he fulfils the minimum requirements regarding achievement during that semester (*cf.* Article 2.2) or to transfer them to later years of study in the same study programme. If the student changes to a new educational institution, a new subject of study or a new academic degree, this shall constitute a new study programme.

If the student loses his right to units that he has previously earned, and received a loan to complete, he shall be considered as owing the number of units to which he has lost the right, and this debt shall be deducted from the units that he completes before his loan entitlement is assessed. However, unit debts that are more than ten years old shall not be counted. This applies, for example, when the student is obliged to repeat a course because of student number restrictions (*numerus clausus*) that are laid down in the regulations of the educational institution. However, a student who has achieved satisfactory results in the first semester, and has not made further academic progress solely because of the rules on student number restrictions, may be granted a loan to repeat the semester once.

A student may be entitled to a loan for the minimum number of units (*cf.* Article 2.4) in the following cases:

- a) The student is completing his studies and has fewer units remaining than the number specified in the conditions regarding minimum academic achievement (*cf.* Article 2.2) in order to complete them. If the student takes the remaining units, it shall be possible to base his loan entitlement on the minimum number of units (*cf.* Article 2.4), irrespective of his study programme or degree (*cf.* Article 2.2).
- b) The student has lived overseas as an exchange student (*e.g.* on ERASMUS or NORDPLUS schemes) and had his courses assessed as elective courses over and above the minimum number of units required to complete a final examination according to the structure of an educational institution approved by the board of the Fund.
- c) The student is involved in master's degree or doctoral studies and has drawn up an individual study schedule covering the achievement of full academic progress which has been approved by the directors of the subject. The final disbursement of a loan under the authorisation of this item may not take place until confirmation has been received that the student has met all the requirements for graduation.

2.4.2 Assessment of Diligence

A loan may be made on submission of a statement of the student's diligence in cases where the student takes examinations only once a year or at longer intervals. In such cases, loans are then made in accordance with academic results if academic progress is assessed in the statement. Loans may be granted for 30 ECTS credits if it is stated clearly in the assessment that the student has been engaged in full-time studies. Loans shall be reviewed when the results for the academic year are available; loans granted previously in excess of the correct amount may then become repayable (*cf.* Article 5.7).

If the student is completing his studies, final disbursement of loans for the academic year may not take place until confirmation of his completion of studies has been received.

2.4.3 Illness

The condition for qualifying for additional latitude under this Article is that the student shall previously have attained satisfactory achievement in a course of study eligible for a loan, or that he attains satisfactory achievement in the semester following the period in which he requires latitude.

When progress of studies is assessed, consideration may be given to situations in which the student falls seriously ill during the study period. In such cases, up to 6 ECTS credits (in the case of educational institutions operating on a semester basis, and a corresponding proportion in those operating on a quarterly (four-term) basis) may be added to the credits he has completed, so basing his loan entitlement on the minimum number of units (*cf.* Article 2.4). If the student falls ill in the latter half of a semester, or during examinations, up to 18 ECTS units (in the case of educational institutions operating on a semester basis, and a corresponding proportion in those operating on a quarterly (four-term) basis) may be added to the units he has completed, so that his loan entitlement will be based on the minimum number of units (*cf.* Article 2.4). In cases where the student is obliged to discontinue studies due to illness, a loan may be granted for the proportion of the time during which he did pursue studies, this being confirmed by the authorities of the educational institution, up to a maximum of 18 ECTS units (in the case of educational institutions operating on a semester basis, and a corresponding proportion in those operating on a quarterly (four-term) basis). In cases where the student has paid fees for the period, and receives no reimbursement from the institution (this being attested by the institution in question), he shall not be required to reimburse the loan for the fee to the institution as he would be in the case of an excessive loan disbursement. Generally, the maximum latitude permitted shall not be increased because of this.

The exceptions provided for here may also apply if serious illness affecting the student's spouse, child or parent has necessitated hospitalisation or comparable care, so substantially disrupting the student's personal circumstances. The condition for this concession shall be that the student submit a medical

certificate stating clearly when he consulted the doctor and for what period he was incapacitated, due to illness, in the opinion of the doctor, from pursuing studies. The condition for granting exemption due to illness of the student's spouse, child or parent shall be that a medical certificate be submitted stating when the a doctor was consulted, confirming that a substantial case of illness was involved and stating when care was required.

Similarly, a death in the student's immediate family may be taken into account when assessing academic achievement. 'Immediate family' for this purpose shall be considered as covering the student's spouse, children, the student's parents and those of his/her spouse, the grandparents of the student and his/her spouse, the siblings of the student and his/her spouse and the siblings' children.

A student who has received exemption due to illness but achieves less than 12 ECTS credits (in the case of educational institutions operating on a semester basis, and a corresponding proportion in those operating on a quarterly (four-term) basis) shall not be entitled to have illness taken into consideration again until he has made up the amount by which his achievement fell short this sum, so completing the aforementioned 12 ECTS units (in the case of educational institutions operating on a semester basis, and a corresponding proportion in those operating on a quarterly (four-term) basis).

2.4.4 Childbirth

The general condition for the student's being entitled to additional latitude under this Article is that he or she shall have previously attained satisfactory results in a course of studies qualifying for a loan or that he or she shall achieve satisfactory results in the semester following that in which the latitude is necessary.

If a student has a baby during the period of study, up to 13 ECTS credits (in the case of educational institutions operating on a semester basis, and a corresponding proportion in those operating on a quarterly (four-term) basis) may be added to the number of units completed when the loan is calculated, the student's loan entitlement then being based on the minimum number of units (*cf.* Article 2.4).

The maximum amount of latitude shall not normally be increased for this reason. The student may take advantage of this latitude during the later part of pregnancy and up until the child has reached the age of 12 months. Birth certificates/medical certificates shall be submitted in such cases.

A condition for this concession is that the student has custody of the child and that the child is legally domiciled with him or her, or demonstrably lives with him or her during the period of study. However, the combined additional latitude enjoyed by both parents in connection with childbirth shall not exceed 13 ECTS credits (in the case of educational institutions operating on a semester basis, and a corresponding proportion in those operating on a quarterly (four-term) basis).

2.4.5 Disability and Dyslexia

If, due to a disability, a student is unable to attain minimum academic achievement (*cf.* Article 2.2), up to 9 ECTS units (in the case of educational institutions operating on a semester basis, and a corresponding proportion in those operating on a quarterly (four-term) basis) may be added to the units he has completed, his loan entitlement then being based on the minimum number of units (*cf.* Article 2.4).

The condition for the concession provided for under this Article is that an assessment by a physician shall have been submitted stating that the disability rating of the student concerned is at least 75%. A special application must be submitted to the board of the Fund for the aforementioned concession. The application must be accompanied by a certified schedule of studies and a medical certificate. The provisions of this Article shall also apply if the student is substantially adversely affected by dyslexia or other specific learning difficulties and this inevitably slows his academic progress in the opinion of a specialist and the educational institution.

2.5 Closure of Bonds

2.5.1 General

Bonds are closed when the student ceases to receive the loan, based on the end of the last loan period. This is the point in time which is considered as the end of studies in the sense of the Icelandic Student Loan Fund Act, No. 21/1992 and the Regulation No. 602/1997 on the Icelandic Student Loan Fund. Repayment of the loan shall begin two years after the closure of the bond. If the student has begun repaying older student loans and resumes studies, no new period of grace is granted from the repayment of the earlier loans.

2.5.2 Deferment of Closure of Bonds

The closure of the bond may be deferred if the student completes the academic attainments eligible for a loan in the academic year following that in which he last received a loan. In such cases, the student shall apply specially for the deferment before 1 December 2011 and, as appropriate, the same rules regarding the closure of the bond shall apply as apply regarding loan applications and academic achievement (*cf.* Section II – Academic Achievement).

If the student takes a break of more than one academic year in his studies, he may not defer the closure of the bond, and the closing date shall be based on the end of the last loan period before the break in studies. When the student resumes studies following such a break, this shall be regarded as a new period of studies, with a new bond being issued.

2.5.3 Completion of graduation requirements

If the student is entitled to defer the closure of the bond (*cf.* Article 2.5.2), the date of closure shall be based on the end of the study period in which the student completes all the requirements for graduation. Deferment of the disbursement of student loans, e.g. because information is submitted late, shall not result in any deferment of the closure of the bond.

2.5.4 Latitude in Loan Entitlement Fully Utilised

If the student is not entitled to further loans, having fully utilised the latitude available for drawing loans (*cf.* Articles 2.1 and 2.3), the closure of the bond shall be based on the end of the last loan period.

2.5.5 Uncertainty Regarding the Closure of Bonds

In cases of uncertainty, the board of the Fund shall decide when bonds are closed.

Section III - Support and Income

3.1 Basic Support

3.1.1 Basic Support in Iceland

All assistance for support during periods of study in the academic year 2011-2012 shall be based on the level of basic support in Iceland, which is defined by the Fund. This amount is ISK 132,792 (for further details see Appendix I), or ISK 19,919 for each ECTS credit completed by the student.

3.1.2 Basic Support Abroad

The level of basic support abroad during periods of study in the academic year 2011-2012, which may vary according to the country and city in question, shall be a proportion of the level of basic support in Iceland. Support levels for students abroad are based on the country/city in which the educational institutions are located. (For further details see Appendix II).

3.1.3 Exchange Student Support

Exchange students may apply to have their support rates take account of the cost of support in the country where they pursue their studies as exchange students. Calculations shall be based on the exchange rate as of 1 June 2011.

3.1.4 Support for Students in Distance-Learning Programmes

Support for students in distance-learning programmes shall be based on support costs in the countries where they are resident. Proof of residence abroad shall be required by means of certified documents.

3.2 Student Support

In addition to locality, the factors in Articles 4.2 - 4.6 have an effect on the rate of student support. The rate of student support increases with respect to dependent children aged 18 or younger. Loans under Articles 4.4 and 4.7 - 4.12 are additional to loans for student support. Consequently, income may cause a reduction of these loans in accordance with the provisions of Articles 3.3.

3.3 Income

3.3.1 Income

The income of the student and his or her spouse during the year 2011, as defined by the board of the Fund, may affect the amount of the loan he or she receives during the study period of the academic year 2011-2012. If the student pursues studies abroad, his or her income will be converted into the currency of the country of study, based on the exchange rate valid on 1 June 2011.

Thirty-five per cent of the student's income in 2011 over ISK 750,000 shall be deducted from the student loan. In cases where loans are granted for spouses, 35% of the joint income of the couple or individuals in a registered partnership or registered civil union in 2011 over ISK 1,125,000 shall be deducted. Deductions made in respect of earnings shall normally be spread evenly over 60 ECTS credits.

3.3.2 Resumption of studies after a break

The level of income allowed without entailing a reduction of the student loan may be multiplied by five in the case of a student resuming studies after a break (*cf.* Article 3.3.1), providing that it is demonstrated that he has not been studying during the past 6 months. The Fund reserves the right to demand materials in support of this if this is considered necessary.

3.3.3 Income Estimate – Tax Returns

Before a loan is granted for study during the autumn semester, the student shall declare his estimated income during the year 2011.

Before a loan is granted for study during the spring semester, confirmed tax-return information regarding the student's income during 2011 shall have been submitted to the Fund.

3.3.4 Final Adjustment According to Income

A final adjustment shall take place after the tax authorities have assessed tax. If a loan recipient's income is estimated at that time, the Fund shall determine the amount of the student loan he is to receive in accordance with the estimate. This decision shall be final unless the loan recipient raises an objection against it within three months. It may then be reviewed, taking account of new income data that has been confirmed by the tax authorities.

3.3.5 Unsatisfactory Income Estimates

The board of the Fund may amend an unsatisfactory income estimate.

3.4 What is Considered as Income?

3.4.1 Income during 2011

All income forming the tax base for the year 2011 shall be regarded as income for the purpose of calculating loans under Article 3.3.

3.4.2 Student Grants, Bursaries, etc.

Taxable student grants, research grants and payments for teaching, e.g., teaching assistantships and 'utbildningsbidrag', shall be considered income (*cf.* Article 4.8).

3.4.3 Special Student Grants

Grants made by NORDPLUS and ERASMUS have no effect on loans, provided that the student does not apply for additional loans to cover expenses he may incur in connection with his studies abroad. Recipients of grants from NORDPLUS and ERASMUS are not entitled to travel grants from the Icelandic Student Loan Fund.

3.4.4 Deductions from Income

The following is deducted from income: university (college, etc.) fees for which the student does not receive a loan under Article 4.8 and fixed repayments of student loans which fall due and are paid during the loan period.

3.4.5 Disbursement of Private Pension Savings in 2011

Applicants who received disbursements of their private pension savings during 2011 may request to have them excluded when their student loans for the academic year 2011-2012 are calculated. Applications for adjustment for the academic year must be submitted by 1 May 2012.

3.5 Obligations of Students and their Spouses to Declare Their Incomes

By signing an application, the student and his spouse grant the Fund an authorization to examine their tax returns during the period in which loans are granted or repaid. Information regarding income shall be given in response to requests from the Fund.

Section IV – Loan Categories

4.1. General Premises

Loans generally take account of students' personal circumstances, family size and place of residence as recorded in the National Register on 1 September each year. If changes occur in their personal circumstances during the academic year after 1 September, these are nevertheless taken into account when loans are determined under Articles 4.2-4.6 and 4.12, resulting in a 50% increase or reduction of that item, as appropriate.

4.2 Loans to Single Students

4.2.1 Students Living in Rented Accommodation or Their Own Accommodation

The amount of support for an unmarried student shall be the level of basic support, but income shall be deducted (*cf.* Article 3.3.). Unmarried students and childless married or cohabiting couples shall provide proof of normal rent payments by submitting copies of payment slips to the tax authorities, or demonstrate that they own a flat or house by submitting a copy of confirmation from the Land Registry of Iceland or a certificate of registration of ownership.

4.2.2 Loans to Students Living neither in Rented Accommodation nor Their Own Accommodation

The rate of support for students who live neither in rented accommodation nor their own accommodation shall be 60% of the basic support level, with income being deducted (*cf.* Article 3.3).

4.2.3 Students Living with Low-Income Parents/Single Parents

Rates of support for students living with low-income parents may be raised to 100% if the income of each parent is under the reference threshold. The reference threshold for this purpose shall be the basic rate of support for a single parent. The rate for the support of a single parent shall take account of the number of the parent's dependent children under the age of 21 years, including the student.

4.3 Loans to Single Parents

The rate of support shall be the basic support level, raised by ISK 8,142 for the first child for each ECTS credit completed when studies are pursued in Iceland, and by the comparable proportion of the basic support level when studies are pursued abroad (*cf.* Article 3.1.). The increase for the second child is ISK 7,745 (95%); for the third ISK 6,514 (80%); for the fourth ISK 6,107 (75%) and for the fifth child or each further child ISK 5,699 (70%) for each ECTS credit. Loans are granted for support during the period of study, with income deducted (*cf.* Article 3.3).

Students are only granted loans as single parents if they have custody of the child and the child is domiciled with them or demonstrably lives with them during the study period, e.g. in cases of joint custody. In cases of joint custody, where the child is not domiciled with the student, students shall submit an access agreement, confirmed by a district commissioner, confirming their right of access if they wish to apply for additional loans to cover child support. If both parents are loan recipients, additional support loans for the child shall be divided between them according to the access agreement.

4.4 Loans to Cover Child Maintenance Payments

Students may apply specially for additional loans to cover child maintenance (support) payments that they demonstrably pay in respect of children aged 18 years and younger. When loans are granted to cover child maintenance payments, the Fund pays them directly to the Local Authorities' Claims Department (Innheimtustofnun sveitarfélaga). Loans are granted to cover child support payments during the study period, amounting to ISK 3,250 for each ECTS credit completed, or the equivalent in other currencies, based on exchange rates as of 1 June 2011.

4.5 Loans to Married or Cohabiting Students

The rate of support for married students or those in registered partnership or registered cohabiting union shall be the basic rate, raised with respect to the first child of the student or spouse if the child is legally domiciled with the student or demonstrably lives with him during the period of study. For the first child, the support allowance shall be raised by ISK 4,507 for each ECTS credit completed if studies are pursued in Iceland, and by a corresponding proportion of the basic support rate in the case of studies pursued abroad (*cf.* Article 3.1). For the second child, the increase shall be ISK 4,282 (95%), for the third ISK 3,606 (80%); for the fourth ISK 3,380 (75%) and for the fifth child and further children ISK 3,155 (70%) for each ECTS credit.

Loans shall be granted for support during the study period, with income deducted (*cf.* Article 3.3). Loans for spouses are made only in certain exceptional cases (*cf.* Section 4.6).

If both members of the couple are pursuing courses of study that qualify for loans, then the amount loaned to each of them shall be determined separately.

4.6 Loans for Spouses

The following circumstances may lead to rate of support for a married student or a student in a registered partnership or registered cohabiting union being raised by 50% of the basic support level with respect to his or her spouse:

- a) Due to the spouse's illness or disability according to a medical certificate.
- b) If the student and spouse have a chronically ill or disabled child whom they support and the spouse does not work in paid employment outside the home in order to care for the child. A condition for this is that the child must be legally domiciled with the student and spouse, and that a medical certificate be produced.

- c) If the student and spouse are resident abroad and have a dependent child, and the spouse does not qualify for a work permit in the country where studies are pursued. Students who received loans for spouses in the academic year 2009-2010 and who continue with the same programme of studies in the academic year 2011-2012 shall retain their entitlement to apply for loans for their spouses.

If a loan is granted with respect to a spouse, the spouse's income shall be deducted from the loan (*cf.* Article 3.1.1).

No loan is granted with respect to a spouse if the spouse himself or herself is a loan recipient during the academic year.

4.7 Loans for the Purchase of Books, Equipment and Materials

Students are entitled to additional loans to cover the purchase of books. These loans shall be ISK 800 for each ECTS credit completed if studies are pursued in Iceland, and a comparable proportion of the basic rate of support in the case of studies pursued abroad (*cf.* Article 3.1).

4.8 Loans for Tuition Fees

Additional loans for tuition fees abroad in excess of non-taxable grants received are granted for basic study ('basic study' here refers to special studies, undergraduate (first degree) university studies and private studies in Music), master's studies and doctorate studies (*cf.* Article 2.3). Loans are granted only for annual tuition fees above ISK 45,000. Loans for tuition fees are not granted for the following expenses: study trips or other travelling, accommodation, meals, computer or other equipment, the purchase of materials or books or other comparable expenses. The Fund reserves the right to demand an itemization of tuition fees and, where appropriate, to deduct from tuition fees all the above expense items before disbursing a loan for tuition fees.

Applicants should note that students' income may have an effect on the amount granted for tuition fees (*cf.* Article 3.4).

Loans for tuition fees are granted for one semester following completion of 18 ECTS units, two semesters following completion of 36 ECTS units and for the summer semester following completion of 60 ECTS units. If the academic year is divided into three periods, loans for tuition fees shall be granted for one quarter following completion of 12 ECTS units, two quarters following completion of 24 ECTS units, for three quarters following completion of 36 ECTS units and for studies during the summer semester following completion of 60 ECTS units.

The maximum aggregate loan for tuition fees shall be based on the maximum stipulated for the last country of study. At the end of each programme of study, a calculation is made to see what proportion the student has used of the maximum tuition-fee loan for the country in question. This proportion is then applied to the next programme of study when latitude for further tuition fee loans is calculated. The total amount loaned to a student for tuition fees in Iceland may never exceed ISK 3.5 million, and the total amount loaned to a student for tuition fees abroad may never exceed a certain proportion of this sum (*cf.* Appendix II).

In the Academic Year 2011-2012, the annual maximum loaned for tuition fees in connection with basic studies shall be 1/3 of the combined maximum loan according to the third paragraph of this Article.

Loans may be disbursed for tuition fees for one semester at the beginning of the study period to students other than first-year students, for the second semester following completion of 18 ECTS units and for the third semester on completion of 36 ECTS units. If the academic year is divided into three periods, payment in advance shall be permitted in the same way for the second quarter following completion of 18 ECTS units, for the second quarter following completion of 12 ECTS credits, for the

third quarters following completion of 24 ECTS units and for studies during the summer term following completion of 36 ECTS units.

4.9 Loans to Cover Disruption of the Student's Personal Circumstances

In the event of an unforeseeable disruption of the student's personal circumstances which is not covered in another way by these rules, a student may be granted an additional loan corresponding to support for up to 7 ECTS units, taking his family size into account. This shall apply, for example, if it becomes practically impossible for a student to pursue his studies due to illness, disability, the support of his children or spouse, or for other reasons and he has utilized his full right to a loan. Any benefits he receives under the current insurance legislation shall be taken into account.

A student may be granted a special loan under this Article to cover additional travel if he has to go home at short notice because of a serious illness or death in his immediate family. Full information regarding the reasons for the journey, together with the appropriate medical certificate or death certificate, shall be presented. For the purpose of this rule, immediate family is defined as consisting of the student's spouse, the student's children parents and grandparents and those of his or her spouse and the student's siblings and those of his or her spouse, and their children. If an additional loan of this type is granted, it shall be disbursed together with the support loan (*cf.* Article 5.2.1).

4.10 Loans for Medical Insurance

Students who pay large sums for medical insurance may apply for loans to meet these expenses. Information from Icelandic insurance companies is taken into account when reasonable health insurance expenses are assessed. If loans are granted for medical insurance, they shall only be for that part of the expenses that is in excess of 5% of support expenses, taking family size and place of residence into account, though with a maximum of ISK 350,000 during the academic year. Additional loans may be granted for medical expenses abroad, part of which the student has had reimbursed by the Icelandic State Social Security Institute. When applications for this type of loan are processed, consideration shall be given to whether the student purchased normal health insurance. Loans may be granted to pay reasonable expenses in connection with pre- and post-natal care abroad if it is clear that neither the student's insurer nor the appropriate local authority in Iceland will cover any of the cost. Loans may also be granted during the study period to pay travel expenses if a pregnant student or student's spouse chooses to have her child in Iceland because of the excessive cost abroad. Consideration may not be given to medical expenses which the Icelandic State Social Security Institute has refused to pay.

4.11 Grants for Interest Expenses

When a student loan which is paid after each term, semester or academic year, is disbursed, a grant of ISK 400 to cover interest shall be paid for each ECTS credit completed. If it is found, on re-calculation of the student loan after the academic year, that a student has been allocated too high an interest grant, it shall be corrected by recording the excess grant amount paid as a loan during the academic year.

4.12 Loans for Travel Expenses

4.12.1. Travel Expenses of the Student, Spouse and Children

Loans for travel expenses shall be based on a certain sum; this varies according to the country of study and the locality where studies are pursued. If the student's spouse also applies for a loan during the academic year, the student shall not be entitled to an additional loan to cover travel by the spouse, and loans to cover children's travel shall then be based on half the amounts stated in Articles 4.12.2 and 4.12.3.

4.12.2 Loans for Travel to a Place of Study Abroad

Travel loans in connection with studies abroad shall be determined as follows in the case of applications for student loans during the academic year. For each individual, the travel loan for students and their spouses for travel to Denmark, Norway and Sweden shall be ISK 35,000 per person,

and ISK 40,500 per individual for students and their spouses in other parts of Europe, ISK 52,000 in North America and ISK 92,000 per individual for students and their spouses in other places. Loans for children's travel shall be 10% of the amounts above if the child is under two years old, 75% in the case of children between the ages of two and twelve years old and 100% in the case of children over twelve years old. It is not necessary to submit evidence of the journey. Recipients of grants from NORDPLUS and ERASMUS are not entitled for travel loans from the Icelandic Student Loan Fund.

The sums above will be converted into the currency of the country of study based on the exchange rate as of 1 June 2011.

4.12.3 Loans for Travel to a Place of Study in Iceland

Travel loans in connection with studies in Iceland shall be determined as follows in the case of applications for student loans during the academic year. For an individual and his or her spouse, ISK 18,000; loans for children's travelling shall be 10% of the amount above in the case of a child under two years old, 50% in the case of children between the age of two and twelve years old and 100% in the case of children over twelve years old. The precondition for students in Iceland qualifying for travel loans is that they must be domiciled at least 100 km from the metropolitan area or other location of the educational institution. It is not necessary to submit evidence of the journey.

4.12.4 Disbursement Time of Travel Loans

Travel loans shall be disbursed together with support loans to those who meet the Fund's conditions regarding minimum academic achievement (*cf.* Article 2.2).

Section V. Applications and Disbursement of Loans

5.1 Applications for Student Loans

5.1.1 Application Forms

Applications for student loans shall be made on special electronic forms that can be accessed on the Internet (www.lin.is). These forms are also available from the Fund's office.

5.1.2 Applications and Periods of Validity

Applications for student loans shall be submitted for each year for which a loan is sought. Applications must be received by:

1 December 2011 for studies in autumn 2011;

1 May 2012 for studies in spring 2012;

1 July 2012 for studies in summer 2012.

5.1.3 Accompanying Documents and Deadlines

Students shall be informed in good time about the documents they are required to submit so that they will have sufficient time to send them to the Fund. Documents accompanying applications must be received by the Fund not later than two months after they are requested. Otherwise it may be regarded that the student has withdrawn his application. The same applies to certificates of examination results; these shall be submitted no later than two months after the end of the examination period; otherwise it may be regarded that the student has withdrawn his application for a loan for the relevant period.

5.1.4 Assistance

The Fund's employees, and the students' organisations that nominate representatives to the board of the Fund, shall provide assistance and guidance on matters concerning the Fund's operations.

5.1.5 Processing of Applications and Other Communications

The board's decisions on communications received by the Fund shall be reported in writing unless this is obviously unnecessary. Decisions shall be binding when they have reached the parties concerned. The student or other persons involved shall have the right to know the reasoning behind a decision (*cf.* Article 5.10.3), to have a matter re-examined (*cf.* Article 5.10.4) or to request a ruling from the appeals committee (*cf.* Article 5.10.5). In other respects, procedure shall be subject to the Administrative Procedure Act, No. 37/1993.

5.1.6 Loan Schedule

Based on information submitted by the student regarding, amongst other things, his income and family status, he may receive a completed loan schedule from the Fund. This schedule makes possible temporary credit arrangements with commercial banks (*cf.* Article 5.2.4). After examining the loan schedule, the student shall inform the Fund if the information on which it is based is incorrect.

5.1.7 Agents

A student abroad must have an agent in Iceland who shall, among other things, have authority to sign bonds on his behalf.

5.1.8 Conditions to Be Met by Recipients of Loans

Conditions to be met by recipients of loans in order to qualify as creditworthy and eligible to take loans from the Fund shall include not being on the arrears register or in arrears to the Fund when they apply for new loans and that their estates are not undergoing bankruptcy proceedings.

If a student is not regarded as creditworthy for the reasons stated above, he may apply for exemption from this Article provided he is able to demonstrate the contrary or if he produces other guarantees that the Fund considers adequate, such as a security or a personal guarantee advanced by a third party.

5.2 Disbursement of Student Loans

5.2.1 Disbursement of Student Loans

The calculation of student loans and the publication of loan schedules for the academic year 2011-2012 commence at the beginning of August 2011. At that time, loans for tuition fees (*cf.* Article 4.8) for the autumn semester shall be disbursed in advance to those who have previously completed studies that qualify for loans and requested such disbursement in advance in their applications.

Disbursement of support, book and travel loans in respect of the autumn semester and advance payment of tuition fees for the spring semester shall commence at the beginning of January 2012 to those who meet the Fund's conditions regarding minimum academic achievement during the semester (*cf.* Article 2.2). Subject to these same aforementioned conditions, disbursement of support, book and travel loans in respect of the spring semester and advance payment of tuition fees for the summer semester shall commence at the end of April 2012.

The condition for this is that the student shall have submitted evidence of his academic achievement, income estimate or tax return and other relevant information. Loans shall be paid into an account in a commercial or saving bank in Iceland, which shall be in the name of the student.

Loans may be paid out at other times providing evidence is available to show that the student has met the Fund's requirements concerning productivity and academic achievement. However, the granting of loans for the academic year 2011-2012 shall be complete by 15 January 2013; after that date no loans shall be processed for that academic year.

A condition for a student's receiving payment of tuition fees under Article 4.8 in advance is that he shall have previously completed a unit of academic achievement that qualifies for a loan.

If the student fails to achieve the required minimum results following the relevant academic year, loans disbursed in advance shall be recoverable according to the rules on excess disbursement of loans.

5.2.2 Calculation of Loans Abroad

Student loans are normally calculated in the currency of the relevant country of study. Income and grants are converted into the currency of the country of study based on the exchange rate on 1 June 2011. When a loan, or part thereof, is due for disbursement, the sum to be disbursed is converted into Icelandic krónur (ISK) at the exchange rate on the day of disbursement.

5.2.3 Confirmation of Income

Students shall submit a confirmation or amendment of their previous income estimates for 2011 before loans are paid out. If there is a substantial difference between the estimate and the actual income of the student and his spouse, the loan may be made repayable.

5.2.4 Credit at Commercial Banks and Savings Banks

The board of the Fund has made an agreement with the commercial and savings banks by which they will give students temporary credit within an academic year, if this is desired, provided that the normal conditions set by the financial institution after receiving the student's loan schedule have been met and the student's loan schedule has been submitted.

5.2.5 Bonds and Bank Accounts

The disbursement of a loan is subject to the condition that the student shall have signed a bond and guaranteed the repayment of the loan with the aid of personal guarantors or securities. The loan shall be paid into the bank account of the recipient involved; this account shall be in his own name at a commercial or savings bank.

5.3 Guarantees Applying to Student Loans; Rights and Obligations of Guarantors

5.3.1 The Nature of Personal Guarantees

Those who act as guarantors for a student loan undertake personal liability for the debt; such liability obliges the guarantor to pay the debt for which a guarantee has been undertaken as soon as it is revealed that the borrower has not fulfilled his obligation to repay the loan.

The Fund may collect the guarantee directly from the guarantor, and shall not be required to make special attempts to have the debt paid by the borrower. The Fund may not, however, have recourse to the guarantor until it has been demonstrated that the borrower has not repaid any part of the loan on the due date.

The Fund may take enforcement measures (attachment) for the payment of a debt by a personal guarantor without a previous court judgement or settlement before a court.

Personal liability shall always be limited to a specific maximum sum, which shall change according to the consumer price index; in addition, personal liability shall cover the payment, with interest, interest on arrears and all costs that may be incurred due to the late payment of the debt, including court costs and collection fees.

The stated sum guaranteed by a guarantor shall be based on the aforementioned index, and shall not normally exceed ISK 7 million. A personal guarantor may, however, undertake liability in excess of this amount in connection with a loan that is calculated as due to the student in the academic year when the guarantor's liability reaches ISK 7 million. The minimum amount of a personal guarantee shall be ISK 100,000.

5.3.2 Conditions to Be Met by Guarantors

Guarantors shall confirm, by their signature on the bond or guarantee declaration, that they have acquainted themselves with the terms of the bond.

Guarantors shall have reached the age of 18 and shall be competent to manage their financial affairs; no maximum age limit applies. A guarantee given by a legal entity instead of an individual shall be subject to the approval of the board, and the legal entity must be a state agency or financial institution that is monitored by the Financial Supervisory Authority. In such cases, the minimum guarantee period shall be 10 years following the first repayment due date or 15 years after the guarantee is given. The Fund shall then be able, with the approval of the loan recipient, to collect a fee for the guarantor party when the loan is disbursed. In other respects, guarantees given by legal entities shall be subject to the same rules as generally apply to personal guarantees given by individuals.

A minimum of one guarantor shall undertake personal liability for the recipient of a loan. Guarantors shall normally be Icelandic citizens domiciled in Iceland. Individuals who are on the arrears register, or are in arrears to the Fund, or who are undergoing bankruptcy proceedings, may not be approved as guarantors for student loans.

If the status of a guarantor changes such that he is no longer regarded as meeting the above conditions, the borrower shall provide a new guarantor for his student loan before receiving further loans disbursed from the Fund. In such cases, the new guarantor shall guarantee all the loans that the borrower has received together with those that he may receive thereafter. The older guarantee shall not expire unless it is terminated and replaced by a new one with the approval of the Fund.

5.3.3 Legal Standing of Guarantors; Right of Recourse

Where there is more than one guarantor, they shall bear undivided (*in solidum*) liability towards the Fund; they also bear equal liability between themselves, taking into account the specific maximum applying to each of them. Consequently, the guarantor who pays the debt may have a right of recourse both towards the borrower and the other guarantors.

In the event of the non-payment of a student loan, each guarantor shall be able to pay his guarantee amount, together with interest and costs.

A guarantor may exercise the rights that the borrower has according to the bond and keep the loan paid up to date. In doing this, he may request that the Fund use the payment to reduce that part of the total debt that he has guaranteed.

The provisions of the bond regarding exemptions from payment shall not apply to a guarantor whose guarantee is called in and who has undertaken the repayment of the loan.

In the event of the death of a guarantor, the borrower may provide a new guarantor who meets the conditions set forth above; otherwise, the guarantor's heirs shall take over the guarantee in accordance with the ordinary rules, provided that the heirs have undertaken liability for the debts of the estate at death.

A guarantor may give notice of termination of his guarantee. This shall be done in a written letter to the Fund. The effect of this shall be only that his liability shall not increase above the level already agreed. The guarantor will nevertheless continue to be liable for the loans that have already been granted. The termination shall take effect as soon as the Fund has informed the borrower of it.

5.3.4 Mortgages

If the student wishes to put up real estate as collateral to guarantee the repayment of a student loan, he must submit the following items: a statement of mortgage loans from the mortgage registry, a copy of

the last payment slips for current mortgages and the market valuation (*fasteignamat*) and replacement valuation (*brunabótamat*) of the property.

When student loans from the Fund are guaranteed by mortgages, the rule shall be that the encumbering loans, including the loan from the Fund, shall not exceed 65% of the market value of the residential property and that they shall be less than 65% of the replacement value. It shall also be possible to request a sale evaluation by a chartered property agent, in which case the criterion shall be that loans from the Fund shall not exceed 60% of the sale valuation.

5.4 Payment of Membership Fees

If the student so desires, the Fund will see to the payment of membership fees for the Association of Icelandic Students Abroad (SÍNE). The Fund will then deduct their membership fees from their student loans.

5.5 Changes in Assistance

5.5.1 Students' Obligation to Report Changes

Applicants shall be obliged to report all changes in their personal circumstances which could have a bearing on the provision of student loans, e.g. altered family circumstances, changes in financial position, changes of address and study programme, or illness which may lead to a lengthening of studies. Among other things, the Fund must be informed if a student marries or enters into a cohabitational partnership. Students shall also send the Fund all information that may be requested in connection with their loan applications or the postponement of the closure of bonds.

5.5.2 Correction of Calculations

If it is revealed that the Fund has granted assistance or calculated the amount of a loan based on false information, this shall be corrected in accordance with further provisions of this section. When this is done, consideration shall be given as to whether the student gave misleading or incorrect information intentionally, or whether negligence on his part or a mistake on the part of the Fund was involved. It shall normally be possible to negotiate the means by which repayment is made.

5.6 Intentionally Misleading Information

If a student intentionally gives the Fund incorrect or misleading information, all assistance to him shall be discontinued and any assistance which he may have received already on the basis of such information shall be reclaimable immediately with accrued indexation adjustment and the associated costs. This shall also apply if it is deemed regarding that the student made false statements of his income, according to the Fund's definition of income, when the relevant taxation year is over.

Conduct which infringes the law (e.g. forgery) may entail criminal liability.

5.7 Excess Disbursement of Loans

5.7.1 Excess Disbursement of Loans

If a student receives a loan payment in excess of the correct amount, e.g., because his income has been underestimated, because he has failed to attain the required academic achievement or for other reasons, he shall be expected to repay the loan in a special manner. The student shall have the choice of repaying the excessive loan in cash or issuing a special repayment bond with one guarantor, the credit period of this bond normally not being longer than 15 months. In the case of excess loan disbursements in connection with tuition fees which have demonstrably been paid, when it is not possible to obtain a refund from the academic institution, the collection of the excess amount loaned may be postponed until the beginning of the next semester. If the student does not submit confirmation of his registration certificate at the same academic institution for the semester in question, a bond shall be prepared, the loan period normally not exceeding 10 months.

Further student loans shall be discontinued until the student has repaid the excess disbursed amount. Excess disbursement made to students abroad shall be converted into Icelandic krónur (ISK) at the rate of exchange applying on the date of disbursement.

5.7.2 Bonds

Bonds for the repayment of excess disbursements shall normally carry interest at the ordinary rates on non-indexed loans determined by the Central Bank of Iceland, interest being calculated on the amount which the student is to repay from the disbursement date of the excessive loan amount.

5.7.3 Interest

The first interest date shall be stated in the bond.

5.7.4 Collection

Excess loan disbursement shall be collected after the date on which a report on the student's academic achievement, and other documents are supposed to have been received by the Fund. If the student fails to repay excess disbursements by the deadline set, the bond shall be closed (*cf.* Article 2.5.1) and the excess disbursement shall be collected as an extra instalment on his student loan.

5.8 Monitoring of Income for the Previous Year

5.8.1 Students in Iceland

The Fund shall receive information from the Director of Internal Revenue on students' income according to their tax returns for the income year used as the basis for the last loan granted.

5.8.2 Students in the Nordic Countries

Students elsewhere in the Nordic countries shall present certificates stating their income during the past year; in Denmark "*årsopgørelse*"; in Norway "*skatteopgjør*" and in Sweden, "*slutlig skattsedel*".

5.8.3 Students in Other Countries

The Fund may request tax certificates from students in other countries.

5.8.4 Repayment

If it is revealed that income according to a statement from the tax authorities is higher than was stated by the student, he shall be obliged to repay the amount loaned to him in excess of the correct amount, together with indexation adjustment.

5.9 Mistakes on the Part of the Fund

If the Fund makes a mistake in connection with the granting of a loan to the disadvantage of a student, it shall be rectified as soon as it is discovered. Students are urged to acquaint themselves thoroughly with the provisions of these rules which apply to their individual cases and thereby help to have such mistakes rectified as soon as possible. The student will be informed of such mistakes and then a decision will be taken in each individual case as to how repayment is to be made.

5.10 Doubtful Cases

5.10.1 The Role of the Board

One of the roles of the board is to make rulings on doubtful or unclear cases concerning individual loan recipients and other cases, its decisions being recorded in the form of minutes. Rulings by the board may be referred to the appeals committee (*cf.* Article 5.10.5).

5.10.2 Procedure

Before the board makes a ruling on a doubtful or unclear case, a special subcommittee appointed from among the members of the board, a 'repayment committee' or 'doubtful cases committee', as appropriate, shall prepare and make proposals on the conclusion to be recorded by the board of the Fund. The committee shall examine how comparable cases, or cases considered to be closest to the one

under discussion, have been dealt with. The decisions recorded by the board in doubtful or unclear cases shall be of a general nature, and shall be preserved specially so as to be accessible by all those who have reason to consult or deal with the Fund.

5.10.3 Reasons

In stating reasons, reference shall be made to the legal principles on which the Fund's decisions are based, legislation, regulations, allocation rules or minutes recorded by the board, as appropriate. To the extent that a decision is based on an estimate or evaluation, the principal considerations behind the estimate or evaluation shall be stated when reasons for the decision are given.

5.10.4 Re-Examination

After the board of the Fund has taken a decision and it has been announced, the party to the case shall have the right to have it re-examined if the decision was based on insufficient or incorrect information on the facts of the case.

5.10.5 Appeals Committee

The Minister of Education shall appoint an appeals committee consisting of three persons. The committee shall determine whether rulings made by the board are in accordance with the provisions of laws and regulations. The committee may uphold, amend or set aside decisions by the board of the Fund. The committee shall state reasons for its decisions, which shall be final.

Section VI – Common Nordic Rules on Loans in the Nordic Countries

An applicant who is studying in the Nordic countries outside his home country may, if he meets certain conditions, qualify for a student loan from the country in which he is studying. The condition for study assistance from the Icelandic Student Loan Fund (LÍN) shall be that the applicant does not receive study assistance (a loan or grant) from other Nordic loan funds (see below).

Further details may be obtained from the loan funds in each country.

DENMARK

Styrelsen for Statens Uddannelsesstøtte (SU)
Danasvej 30
DK-1780 København V
Tel: 00-45-33268600
Fax: 00-45-33268611
Website:<http://www.su.dk/>

NORWAY

Statens lånekasse for utdanning (SLK)
P.boks 195, Østre Aker vei 20
N-0510 Oslo 5
Tel: 00-47-22726700
Fax: 00-47-22642636
Website:<http://www.lanekassen.no>

FINLAND

Folkpensionsanstaltens Studiestödscentral
P.O. Box 228
SF-40 101 Jyväskylä 10
Tel: 00-358-20-4346710
Fax: 00-358-20-4346710
Website:<http://www.kela.fi>

SWEDEN

Centrala studiestödsnämnden (CSN)
Norra Tjörngatan 2-6
S-851 82 Sundsvall
Tel.: 00-46-60-186290
Fax: 00-46-60-186006
Website:<http://www.csn.se>

Section VII – Loan Terms

7.1 Repayment of Student Loans

Repayment of student loans shall be based on the terms of each bond and the legislation in force at the time when the loans were taken. In other respects, the Allocation Rules approved at any given time shall apply.

7.2 Interest and Indexation on G-Loans

7.2.1 Loan Terms

Loans under the Act No. 21/1992 are index-linked and carry interest of up to 3% from the date of closure of the bond.

Indexation adjustment is based on changes in the consumer price index. Loan recipients shall pay a borrowing fee of 1.2% each time a loan is taken, and also the collection cost on each due date.

7.2.2 Indexation

Loans from the Fund shall be indexed with the consumer price index, based on the index on the first day of the month following disbursement. Following the decision to close the bond, the amount owed shall be updated and the basic index of the bond shall be based on the consumer price index on the date of closure.

7.2.3 Closure of Bonds

When the bond has been closed (*cf.* Article 2.5), the borrower shall be sent a letter containing itemised information on the payments of the bond, the date of closure and when interest will begin to be calculated on the bond. He is given a period of two weeks in which to make comments. At the end of that period, the bond may be filled in.

7.2.4 Fully-Utilised Latitude

When a student has fully utilised his permitted latitude (*cf.* Article 2.5.4), his studies shall be regarded as completed.

7.2.5 Completion of the Bond

When a bond is completed, a notice is sent to all the guarantors informing them of the amount of the bond and the amount for which each is regarded as liable.

7.2.6 Interruption of Studies, etc.

If the recipient of a loan does not apply for a loan in a new academic year before the stated deadline, yet has not completed his studies, he shall be informed that his bond will be closed within two weeks. Closure of the bond shall be based on the end of the last assistance period. He shall also be sent a statement of the payments made to him which are to be entered at their current value in the bond. In such cases, no deferment is allowed for the completion of the bond. If the student announces that he has interrupted his studies for a period of not more than one year, the completion of the bond shall be deferred in accordance with the rules on the definition of the closure of the bond.

7.3 Repayment Period

7.3.1 No Instalments During the First Two Years

Repayment shall commence when two years have elapsed after the closure of the bond (*cf.* Article 2.5). This shall not apply, however, in cases where the loan recipient has begun repaying a loan but repayments have been deferred, e.g. due to exemption from repayment (*cf.* Article 7.5) or because student loans have been frozen (*cf.* Article 7.6). If the closure of the bond takes place in the first half of the year, i.e., in the period from 1 January to 30 June, the due date of the first fixed payment shall be 30 June two years later. If the completion of studies takes place in the latter half of the year, i.e., on 1

July or later, then the due date of the first fixed payment shall be 1 March in the third year following the closure. The second payment each year shall always be due on 1 September.

7.3.2 Interest

Interest shall always be calculated as from the closure of the bond. If a student receives a loan that is disbursed after the closure of the bond, interest shall be calculated on that payment as from the day after the disbursement.

7.3.3 Payment of Outstanding Balance

Loan recipients may pay off their student loans before the dates specified in the bond.

A loan recipient who has paid off the outstanding balance of his student loan may apply for a reimbursement equivalent to the costs that this has saved the Fund. The condition for this is that the loan recipient shall have paid off the loan at least five years before the scheduled final date.

When assessing the repayment period and the size of repayments in the future (without early repayment), the recipient's estimated future earnings shall be taken into account, these being calculated at a present value with the interest which the Fund pays on loans it has taken. However, the recipient's future earnings may not be estimated at such a low level that the repayment period (without early repayment) would be longer than 15 years.

Before the lowering of the cost is assessed, the loan recipient shall provide the board of the Fund with all the information it considers necessary in order to estimate his future earnings.

7.4 Annual Repayments

Annual repayments fall into two parts. One is a fixed payment which is collected on 1 March, though the first due date may fall on another day. The other is a supplementary payment which is collected on 1 September and depends on the loan recipient's income during the previous year. The fixed annual payment during 2011 is ISK 108,330 based on the consumer price index of 365.5 points. This amount shall be revised each year according to the consumer price index on 1 January each year. The supplementary payment is based on 3.75% of the recipient's income base in the year prior to the repayment year; 'income base' here refers to the recipient's income base for municipal tax purposes with the addition of his investment earnings (*cf.* item *c* of Article 7 of the Act No. 90/2003). If the loan recipient is married or cohabiting, the reference figure shall be 50% of his/her investment income and that of the spouse/partner, irrespective of whether this income is defined as private under a marriage settlement or is regarded as joint property. The figure so found shall be multiplied by the coefficient representing the change in the consumer price index between 1 July in the year in which the income is acquired and 1 July in the year of repayment. As is stated above, the previously mentioned fixed payment shall be deducted from the supplementary payment.

If the recipient's income base for municipal tax purposes is estimated by the tax authorities, then that estimate shall be employed. Loan recipients who are not liable for tax on all their income and assets in Iceland shall be given the option of sending the Fund officially confirmed information on their income, and the supplementary payment will be determined accordingly. Overseas income shall be converted into Icelandic krónur at the Central Bank of Iceland's average exchange rate of the relevant currency for the income year on which it is based when the due date is determined. If they do not do so, or if their information is regarded as improbable, and it is not possible to establish whether their income bases as stated are, in fact, accurate, then the board of the Fund shall estimate income bases for the calculation of the annual supplementary payment.

Loan recipients shall have the right to have their annual supplementary repayments recalculated if they are based on estimated income. They shall apply for recalculation not later than 60 days after the due date of the payment and submit to the board of the Fund the best available information on their income.

The recalculation will then be made when the Fund has received officially confirmed information regarding their income, or when their income has been re-assessed in accordance with a special decision by the board. If the income base has been overestimated, the loan recipient shall have the amount he has paid in excess reimbursed with ordinary interest rates applying to non-indexed bank loans.

In cases of serious arrears on the repayment of student loans, or where the loan recipient has understated his income, the whole loan sum may be called in. Increases in the supplementary payment due to re-assessment of tax become due for payment immediately, with arrears interest as from the due date of the payment.

7.5 Exemptions.

7.5.1 Exemption in View of Substantial Financial Difficulty

The board of the Fund may grant exemption from the repayment of student loans if the pursuit of studies that qualify for a loan, illness, unemployment, unfitness for work due to illness, pregnancy, the care of children, the care of a spouse or other comparable circumstances cause the recipient substantial financial difficulty. A person who is entitled to receive disability benefit under the definition of the State Social Security Institute shall be regarded as unfit for work due to illness. Generally, the circumstances causing the difficulty shall have applied for at least four months prior to the due date of the payment.

7.5.2 Exemptions Due to Sudden and Substantial Changes

The board of the Fund may also grant an exemption from the annual repayment, either by reducing or waiving payments as appropriate, in the event of sudden and substantial changes in the personal circumstances of the loan recipient so his income base for municipal tax purposes, calculated in terms of his previous year's income, no longer fairly represents his financial position during a year in which repayment is to be made. Exemptions may be granted in cases of sudden and serious illness, accidents or other comparable circumstances leading to a substantial reduction of disposable income and the ability to earn income.

7.5.3 Application for Exemption

Recipients who seek exemptions from the repayment of their student loans, either in the form of reductions or the waiving of repayments, shall apply for them on special application forms and submit with them the information required on the form.

Applications for exemption from the repayment of a student loan shall be received by the Fund not later than 60 days after the due date of the repayment. If an application for exemption is received after this time, exemption may not be granted (*cf.* the seventh paragraph of Article 8 of the Act on the Fund).

If exemption is granted from the repayment of an S- and/or V-loan, this exemption shall have no effect on the number of repayment years, i.e., the repayment period shall be lengthened by the time granted in the exemption.

7.6 Freezing of Student Loans

Loan recipients may apply to have their student loans frozen if they have already had other loans frozen (e.g. mortgage loans), have begun a special debt adjustment programme at their banks or have been told by the Debtors' Ombudsman that they need to have their student loans frozen.

It is not possible to freeze student loans if the borrower is in arrears to the Fund with sums from the period before 2009. The freezing of student loans shall be based on the length of time taken by the remedial measure on which freezing is based, but may only be for a maximum of three years.

7.7 Loans Granted by the Fund

The following loans have been granted by the Fund:

Category	Granted	Interest	Interval between completion of studies and first repayment	Repaym. Period	Due dates
M	1952-61	3.5%	3 years	10 years	1 May and 1 Nov
N	1952-61	3.5%	3 years	10 years	1 Feb and 1 Jun
M	1961-67	3.5%	3 years	15 years	1 May and 1 Nov
N	1961-67	3.5%	3 years	15 years	1 Feb and 1 Jun
L	1967-75	5%	5 years	15 years	1 Jun
K	1975	13%	1 year	4 years	1 Apr and 1 Nov
X •	1976-82	index-linked	3 years	20 years	1 Jul and 1 Nov
T ••	1982-92	index-linked	3 years	40 years	1 Mar and 1 Sep
R	1992-2005	up to 3% +ind.-link.	2 years	indefinite	1 Mar and 1 Sep
G	2005-	up to 3% +ind.-link.	2 years	indefinite	1 Mar and 1 Sep

- known as V-loans after merger
- known as S-loans when repayment begins

7.8 Payment According to More Than One System.

Recipients who owe loans that are older than G-loans shall first repay the older loans. In the calendar year following that in which these repayments are completed, they shall begin repaying their G-loans.

Loan recipients who own R-loans and also V- or S-loans shall first repay their R-loans. If they are paying instalments on both V- and S-loans, their payments of their V-loans shall be deducted from those of their S-loans.

7.9 Arrears

If a loan recipient does not pay an instalment due at the correct time and has not made an agreement with the Fund regarding payment, the Fund will send the matter to a lawyer for collection. If a claim against the loan recipient is already being collected by a lawyer, the new claim will also go straight into the collection process. When the collection of an instalment is in the hands of a lawyer, the loan recipient is expected to negotiate the settlement of the claim directly with the lawyer, without the mediation of the Fund. If the recipient still does not pay the instalment, the Fund shall have the right to make the entire debt payable and to claim it with the maximum rate of arrears interest permitted by law.

Appendix I

Basic support rates and explanations of the calculation of the basic support level for the academic year 2011-2012.

Basic Support Rates Used by the Fund.

The basic support rate used by the Fund in the academic year 2011-2012 assumes that annual expenditure by an individual living in rented accommodation in Iceland is ISK 1,945,128, and that this may be itemised as follows.

Principal expense items	Basic support level (<i>cf.</i> cpi index) used by the fund (ISK)
Food and beverages	461,904
Clothing and shoes	102,636
Housing, heat and electricity	906,768
Furniture, domestic appliances, etc.	14,604
Health care	89,124
Travelling and transport	67,200
Post and telecom	89,868
Education, leisure activities and culture	169,428
Miscellaneous goods and services	43,569
Total	1,945,128

Calculation of this basic support figure draws on the Ministry of Welfare's basic support reference figure and a rent expense component which reflects both this support reference figure and the rent charged in the university student residences.

Basic Support Rate Used by the Fund

In accordance with the decision of the board of the Fund (*cf.* Article 3.1.1 in these Allocation Rules), the basic support level is to reflect the monthly loan requirement of a student in rented housing over the study period, which under the present rules is generally regarded as being 9 months.

In the Fund's Allocation Rules it is assumed that students can have annual income of ISK 750,000 without this reducing their loans. When this allowance figure was adopted, it was based on normal wages earned by a student over the summer months; this sum is therefore used as a basis for estimating disposable income, other than student loans, when the basic support rates is calculated.

The basic support level per month is thus defined as 1/9 of the difference between the basic support requirement and disposable income as described above, i.e. 1/9 of ISK 1,195,128 (1,945,128 – 750,000 = 1,195,128). Thus, the basic monthly support rate used by the Fund is ISK 132,792 during the academic year 2011-2012.

This represents a 10% increase in the basic support rate since the academic year 2010-2011.

Appendix II for the Academic Year 2011-2012

Support Abroad, Maximum Loans for Tuition Fees and Maximum Times Allowed for Language Courses as Preparation for Study.

Country	Currency	Support 2011-12	Support per ECTS credit qualifying for loan	Max. tuition fees	Max. prep. lang. course
Argentina	USD	1,127	169	44,100	0.5 acad. year
Austria	EUR	1,747	262	40,000	0.5 acad. year
Australia	AUD	2,008	301	48,200	
Belgium	EUR	1,218	183	40,000	0.5 acad. year
Brazil	USD	1,341	201	44,100	1 acad. year
Bulgaria	EUR	1,161	174	40,000	1 acad. year
Canada	CAD	1,776	266	57,800	
China	USD	1,419	213	44,100	1.5 acad. years
Costa Rica	USD	1,211	182	44,100	0.5 acad. year
Croatia	EUR	1,126	169	40,000	1 acad. year
Cuba	USD	1,602	240	44,100	0.5 acad. year
Cyprus	EUR	1,028	154	40,000	1 acad. year
Czech Republic	EUR	1,184	178	40,000	1 acad. year
Denmark	DKK	9,660	1,449	295,000	
Egypt	EUR	1,046	157	40,000	1.5 acad. years
England	GBP	1,181	177	27,400	
□ London	GBP	1,313	197	27,400	
Estonia	EUR	1,161	174	40,000	1 acad. year
Finland	EUR	1,163	174	40,000	1 acad. year
France	EUR	1,239	186	40,000	0.5 acad. year
□ Paris	EUR	1,362	204	40,000	0.5 acad. year
Germany	EUR	1,231	185	40,000	0.5 acad. year
□ Munich	EUR	1,353	2033	40,000	0.5 acad. year
Greece	EUR	1,416	212	40,000	1 acad. year
Hong Kong	USD	1,419	213	44,100	1.5 acad. year
Hungary	EUR	1,442	216	40,000	1 acad. year
India	USD	1,155	173	44,100	1.5 acad. years
Irish Republic	EUR	1,402	210	40,000	
Israel	EUR	1,123	168	40,000	1.5 acad. years
Italy	EUR	1,483	222	40,000	0.5 acad. year
Japan	JPY	210,934	31,640	4,560,000	1.5 acad. year
Latvia	EUR	1,161	174	40,000	1 acad. year
Lithuania	EUR	1,161	174	40,000	1 acad. year
Luxembourg	EUR	1,248	187	40,000	0.5 acad. year
Malaysia	USD	1,518	228	44,100	0.5 acad. year
Malta	EUR	1,265	190	40,000	
Mexico	USD	1,907	286	44,100	0.5 acad. year
Netherlands	EUR	1,273	191	40,000	1 acad. year
Northern Ireland	GBP	1,181	177	27,400	
Norway	NOK	10,078	1,512	301,000	
New Zealand	AUD	1,971	296	48,950	
Peru	USD	1,305	196	44,100	0.5 acad. year
Portugal	EUR	973	146	40,000	0.5 acad. year
Poland	EUR	1,161	174	40,000	1 acad. year
Romania	EUR	1,184	178	40,000	1 acad. year
Russia	EUR	1,192	179	40,000	1 acad. year

Scotland	GBP	1,181	177	27,400	
Slovakia	EUR	1,126	169	40,000	1 acad. year
Slovenia	EUR	1,126	169	40,000	1 acad. year
Spain	EUR	1,293	194	40,000	0.5 acad. year
South Africa	EUR	1,032	155	40,000	
South Korea	USD	1,841	276	44,100	1.5 acad. year
Switzerland	CHF	2,864	430	57,700	0.5 acad. year
Sweden	SEK	10,765	1,615	359,000	
Turkey	EUR	1,175	176	40,000	1 acad. year
Thailand	EUR	973	146	40,000	1.5 acad. years
United Arab Emirates	USD	1,415	212	44,100	1.5 acad. years
USA A	USD	2,140	321	44,100	
USA B	USD	1,894	284	44,100	
Wales	GBP	1,181	177	27,400	

Appendix III

Special studies in Iceland (*cf.* Article 1.2.2).

	Status/number of non-qualifying semesters	No. of qualifying semesters
Comprehensive, industrial and vocational colleges		
Industrial trades		
Automobile trades, basic studies	Non-qualifying	0
Automobile trades,	None	6
Civil Engineering /Construction, basic studies	Non-qualifying	0
Carpentry and furniture-making	None	6
Painting	None	6
Plastering	None	6
Tailoring/dressmaking	1 st and 2 nd semesters	2
Clothing trade studies	None	6
Food and catering, basic studies	Non-qualifying	0
Food and catering trades	None	5-6
Metalworking trades, basic studies	1 st and 2 nd semesters	2
Metalworking trades	None	4
Electrical trades, basic studies	1 st and 2 nd semesters	2
Electrical trades	None	4
Gold- and silversmithing	1 st semester	6
Hairdressing	1 st semester	6
Master craftsman's studies	None	1-4
Plumbing	1 st semester	6
Telephone lineman	1 st semester	6
Cosmetology	Preliminary	6
Media and Information Studies	1 st semester	5
Other vocational courses		
Commercial Pilot's training (JAR)	None	2
Tourism	Practical training	2
Social support worker	1 st semester	3
Massage	1 st semester	4
Air traffic controller training	None	1
Sound technician	None	3
Healthcare sector receptionist	1 st semester	3
Travel guiding	None	2
Pharmacy technician	Prolegomena	6
Medical secretary	Practical training	3
Multimedia studies	None	4
Food technician	1 st semester	5
Practical nursing	1 st and 2 nd semesters	5
Dental technician	1 st semester	4
Technical drawing (Draftsman)	1 st and 2 nd semesters	4
West Fjords University Studies Centre		
Conversion course division	1 st semester	3
Bifröst University		
Conversion course division	None	2

Reykjavík University		
Conversion course division	1 st semester	3
Isavia		
Air traffic controller training	None	3
Keilir		
Personal fitness trainer	None	2
Air traffic control	None	1
Flight attendant	None	2
Háskólabrú	None	3
Icelandic Cinematic School		
Film making	None	4
Icelandic College of Agriculture		
Flower arrangement	None	6
Agronomy	None	4
Horticulture and forestry plants	None	6
Forestry	None	6
Horticulture	None	6
Environmental studies	None	6
Geothermal cultivation	None	6
National Police College		
Police training	Practical training	2
Akureyri College of Art		
Art	None	6
Graphic design	None	6
Reykjavík College of Art		
Three-dimensional art (sculpture, modelling)	None	4
Drawing	None	4
Textiles	None	4
Beauticians' College		
Cosmetology	None	5
Chiropody	None	3
Music schools		
Postgraduate studies, instrum. and singing	None	2-4
Teachers' departments	None	2
Icelandic Technical College		
Vessel captain's training	1 st and 2 nd semesters	6
Marine engineering	1 st and 2 nd semesters	8