

REGULATION
No. 478/2011
on the Icelandic Student Loan Fund
with subsequent amendments

Article 1

The Icelandic Student Loan Fund shall advertise in a reliable manner inviting applications for student loans. The advertisement shall state the type of loans involved, where application materials may be obtained, when the deadline for applications will fall and other matters of importance. Application forms and the documents accompanying them, and also information on the student assistance provided by the Fund, shall at all times be available at the Fund's office and on its website.

Article 2

A separate application shall be made for a student loan for each study year which begins in the autumn of each year. Applications shall be submitted on forms supplied by the Fund and shall be delivered to it, or posted, before the expiry of the application deadline, with the required accompanying documents. If changes occur in the applicant's circumstances after an application is submitted, the applicant shall immediately inform the Fund of these changes if they may be considered as influencing the decision concerning student loans. Loans shall be cancelled and amounts loaned shall be collected, with interest, if it comes to light that the applicant has knowingly given the Fund incorrect or misleading information.

Article 3

Students who are Icelandic citizens are entitled to student loans under Article 13 of the Icelandic Student Loan Fund Act providing they meet the following requirements:

1. Applicants for student loans shall have been in paid employment in Iceland:
 - a. for at least the last 12 months prior to the application date, and shall have been continuously resident in Iceland during the same period, or
 - b. for less than 12 months and shall have been resident in Iceland for a total of two years during a continuous five-year period.

'Paid employment' here means that the applicant shall, on the basis of a valid employment permit, either have had regular paid employment in a relationship recognised under labour law or employment as a self-employed individual. 'Employment' furthermore refers to work amounting to a minimum of 30 working hours per week. Vocational training with wages and comparable study periods with wages do not qualify as paid employment. It shall be a requirement that the employer is registered with the Register of Companies and the tax authorities as an entity that is required to pay tax deducted at source on wages paid to

employees. It shall be a requirement that self-employed individuals who apply for student loans be registered as payers of value-added tax or tax deductions at source on wages.

2. Applicants who are not working as wage-earners or self-employed individuals shall have been resident in Iceland for five continuous years prior to the date of their applications if their residence originally came about for purposes other than to pursue studies in Iceland.

3. If the paid employment referred to in sub-paragraph 1 of the first paragraph was not continuous, or has not been pursued until the commencement of studies, the applicant shall nevertheless be entitled to a student loan if:

- a. the periods in question amount to a maximum of 3 months in total,
- b. periods without employment were registered on the unemployment register,
- c. periods of up to 6 months were spent in vocational training, language courses or comparable educational activities or
- d. period of illness have occurred.

Periods of up to 1 year spent looking after a child following its birth or adoption in accordance with the rules applying on the labour market shall be regarded as equivalent to paid employment according to sub-paragraph 1 of the first paragraph.

Article 4

Students who are citizens of Member States of the European Economic Area (EEA), and their families shall be entitled to student loans in accordance with Article 13 of the Iceland Student Loan Funds Act (*cf.* Regulation (EU) No. 492/2011 of the European Parliament and of the Council of 5 April 2011 on freedom of movement for workers within the Union and European Parliament and Council Directive 2004/38/EC of 29 April 2004 on the Right of Union citizens and their family members to move and reside freely within the territory of the Member States, *cf.* Article 1 of Act No. 47/1993 on the Free Right to Employment and Residence within the European Economic Area), providing they meet the following requirements:

1. Applicants for student loans who are citizens of an EEA Member State and who are wage-earners or self-employed individuals in Iceland in accordance with the rules of EEA law shall be entitled to student loans for study in Iceland or abroad. 'Wage-earners' or 'self-employed individuals' also refers to EEA citizens who have previously been wage-earners or self-employed individuals in Iceland when there is a connection between their studies and their previous employment in Iceland in terms of substance and time.
2. An applicant for a student loan who is the spouse of a citizen of an EEA Member State who is a wage-earner or self-employed individual in Iceland according to the rules of EEA law shall be entitled to a student loan for studies in Iceland or abroad if the person in question lives, or has lived, with the EEA citizen as his or her spouse at the same time as he or she was a wage-earner or self-employed individual in Iceland.
3. An applicant for a student loan who is the direct descendent of a citizen of an EEA Member State or of his or her spouse who has been a wage-earner or self-employed individual in Iceland according to the rules of EEA law shall be entitled to a student loan for studies in Iceland providing he or she is supported by the person in question. It shall be a requirement that the circumstances of the applicant's parents be of significance in terms of his or her age

and standing according to the rules of EEA law. If the applicant is not resident in Iceland at the commencement of the study period, the applicant shall only qualify for a student loan if he or she was being supported by the EEA citizen up to that time and shall then be considered as being a wage-earner or self-employed individual in Iceland according to the rules of EEA law.

4. An applicant for a student loan who is the parent of a citizens of an EEA Member State who has been a wage-earner or self-employed individual in Iceland in accordance with the rules of EEA law shall be entitled to a student loan for study in Iceland or abroad if the person in question lives, or has lived, with the EEA citizen at the same time as the EEA citizen is, or was, a wage-earner or self-employed individual in Iceland and was supported by him or her.

Article 5

Students who are citizens of an EEA Member State and who are not wage-earners or self-employed individuals in Iceland, and their families, shall be entitled to student loans under Article 13 of the Icelandic Student Loan Fund Act in respect of studies in Iceland or abroad following five years' continuous residence in Iceland (see, however, the second paragraph). The same applies to the spouse, children and parents of a citizen of an EEA Member State who derive their right to student loans from the citizen's position.

When assessing whether the condition of the first paragraph regarding five years' continuous residence in Iceland is met, short-term periods of absence from Iceland amounting in total to not more than six months per year, or periods of absence of up to twelve continuous months for important reasons, e.g. in connection with pregnancy and childbirth, serious illnesses, study or vocational training or residence for purposes of employment in the European Economic Area under the auspices of a company which is established in Iceland, shall be ignored. Following a period of more than two years' continuous absence from Iceland, an individual may reacquire the right to study assistance following five years' continuous residence in Iceland.

Article 6

On meeting the requirements regarding academic progress, students may receive as a maximum student grants for an assistance period equivalent to 600 ECTS credits in total in respect of basic university studies, private studies and postgraduate university studies. The Fund does not grant loans for preparatory studies or post-doctoral studies. The board of the Fund shall set further rules regarding the maximum number of ECTS credits in courses of study for which loans may be granted.

The board of the Fund may set rules on maximum loan amounts, e.g. for tuition fees, and to base loan amounts on the loan recipient's academic achievement in each term, semester or academic year.

Article 7

Students who receive loans from the Fund sign bonds acknowledging that they have taken the loans. The amount is not entered on bonds taken under the provisions of this Regulation until studies are completed. If the student is on the default register, or if the Fund has previously had to write off loans taken by the person in question, he or she shall be required to submit an I.O.U. issued by 1-10 persons who undertake personal guarantees for the repayment of the principal of the loan together with indexation adjustment, interest, arrears interest and all

concomitant expenses and sign their names on the bond in confirmation of this or else on a special declaration in the presence of witnesses. Each guarantor may limit the amount of his liability to a particular sum. In these cases, the total of the personal guarantees shall be as close as possible to the sum which the student proposes to borrow in order to complete his or her studies.

Article 8

In addition to being index-linked, student loans shall bear 1% annual interest which shall be added to the inflation-adjusted principal and calculated as from the completion of studies.

Article 9

Each time student loans are disbursed, a 1.2% borrowing fee shall be charged on the loan amount. Borrowing fees shall be used to meet the Fund's operating expenses and also to offset, to the extent possible, recovery shortfalls on outstanding loans.

Article 10

Annual repayment of bonds shall normally consist of two parts. One of these consists of a fixed payment which normally falls due on 1 March each year. The first repayment of a student loan shall take place on 30 June two years after completion of studies. If completion of studies is deferred until after 30 June due to study during the summer term, the first repayment shall be transferred to 1 March the following year. The latter annual repayment shall in all cases fall on 1 September.

Article 11

If the loan recipient is domiciled abroad and is therefore not obliged to pay tax on all his earnings in Iceland, he shall be obliged to submit to the Fund certified information from the tax authorities in the country in question regarding his income for the previous year, irrespective of whether or not he has also submitted a tax return in Iceland. If the relevant information is not received, or if information submitted must be regarded as improbable in the light of other materials, the Fund shall be authorised to estimate the income of the person in question in accordance with a decision by the board of the Fund in each given instance. The income bases of loan recipients who are domiciled abroad shall be calculated in the same way as income bases are calculated by the tax authorities in Iceland at any given time.

Article 12

It may happen that the income base does not give an accurate picture of the a loan recipient's financial standing during the year in which repayment is to take place due to sudden and substantial changes in his or her personal circumstances, e.g. in cases of serious illness or accidents which substantially reduce his or her ability to earn income. If the loan recipient submits a written account of these changes in his or her personal circumstances, supporting it with the required documents, the board of the Fund may grant an exemption from the annual repayment.

Article 13

The board of the Fund may grant exemption from the repayment of student loans if the pursuit of studies that qualify for a loan, unemployment, unfitness for work due to illness, pregnancy, the care of children or other comparable circumstances cause the loan recipient substantial financial difficulty. In such cases, the loan recipient shall submit to the board of the Fund information concerning his or her assets, pension rights and other matters which the board of the Fund considers important. The board may then grant a full or partial exemption according to the circumstances. The board of the Fund shall set further general rules on the implementation of the authorisation granted under this Article.

Article 14

If a loan recipient receives an excessive loan, according to the rules of the Fund, due to having given incorrect information or for other reasons, the board of the Fund may call in the excess amount disbursed with ordinary commercial or savings bank interest as from the date on which the disbursement took place.

Article 15

General information not relating to individual loan recipients or guarantors, or applicants, is open to all according as they are able to access it at any given time. Other information held by the Fund is considered to be personal and is treated in confidence and is available only to the board and employees of the Fund, and also to external consultants when necessary, e.g. in connection with debt collection, and to the student himself and his agent, as far as it concerns the student. At any given time, the implications of this shall be made known to the board and employees. By making an application, students agree to the handling of information about them as described above. In other respects, information held by the Fund is subject to the Data Protection and Handling of Personal Information Act, No. 77/2000.

Article 16

A loan recipient who has taken a loan under Act No. 21/1992 and under Act No. 72/1982 or older legislation shall first repay the loan taken under Act No. 21/1992. In the year in which he completes repayment of the loan under Act No. 21/1992 he shall also commence repayment of the older loans, the total amount repaid during the year being the maximum amount according to Act No. 72/1982 or older legislation; nevertheless, the sum repaid during the year shall not exceed what a full year's payment would have been under Act No. 21/1992.

Article 17

This Regulation is issued under the sixth paragraph of Article 13 and the first paragraph of Article 16 of the Icelandic Student Loan Fund Act, No. 21/1992, with subsequent amendments, and shall take effect on publication. At the same time, Regulation No. 602/1997, with subsequent amendments, shall stand repealed.