

Reykjavik, 19.09.2014

**Eygló Harðardóttir Minister of Social Affairs and Housing.**

I hereby inform you of my resignation from the Board of Directors of the Housing Financing Fund (HFF).

During the period in which I have been a member of the Board of HFF, I have found that the Board of Directors is in no way involved in establishing policies with regards large issues that relate to the HFF's future. Moreover, decisions on the operation of the Fund have been made without the involvement of the Board.

Major decisions and actual policy formulation, therefore, is being carried out elsewhere. At the same time, the HFF Board members carry immense responsibility without being actually involved in various policy formulating decisions. Board members in financial undertakings carry heavy responsibilities and the administration of the Fund is not in accordance with good methods of governance as published in e.g. the guidelines issued by the Confederation of Icelandic Employers and the Iceland Chamber of Commerce.

In accordance with the Act on the Housing Financing Fund, the Board has established rules of procedure for itself which state that "The Fund's Board of Directors is the supreme authority in the affairs of the Fund and shall ensure that the organisation the Fund and its operations are always in order and in accordance with the law and regulations that apply to it. Thus the Board shall make all decisions regarding the Fund's policy formulation and its operations". It is very clear, in my opinion, that the Funds governance is not in accordance with that stated herein.

I would like to make it absolutely clear that I am not criticising the fact that democratically elected authorities are influencing and even making decisions as regards the affairs of the Fund. It cannot however, be acceptable to have such influence and decision making in one place and the responsibility in another.

I would like to thank the Board and staff of the Housing Financing Fund for our time together and wish them all the best in the difficult tasks ahead.

Steinunn Valdís Óskarsdóttir [*sign.*]

Copy: Ingibjörg Ólöf Valdimarsdóttir, Chairman of the Board of HFF  
The Financial Supervisory Authority, Iceland  
CEO of the Housing Financing Fund