ACT ON CREDIT GUARANTEES FOR AGRICULTURAL, FORESTRY AND FISHERY ENTERPRISERS

Act No. 2277, Jan. 13, 1971
Amended by Act No. 2965, Dec. 31, 1976
Act No. 3396, Dec. 31, 1980
Act No. 4228, Apr. 7, 1990
Act No. 4788, Nov. 11, 1994
Act No. 4954, Aug. 4, 1995
Act No. 5454, Dec. 13, 1997
Act No. 5505, Jan. 13, 1998
Act No. 5744, Feb. 5, 1999
Act No. 6263, Dec. 30, 2000
Act No. 7311, Dec. 31, 2004
Act No. 8377, Apr. 11, 2007
Act No. 8692, Feb. 29, 2008
Act No. 8993, Feb. 29, 2008
Act No. 9457, Feb. 6, 2009
Act No. 9617, Apr. 1, 2009
Act No. 9621, Apr. 1, 2009

Article 1 (Purpose)
The purposes of this Act is to contribute to the balanced development of the economy of the farming and fishing communities by guaranteeing credit for agricultural, forestry and fishery enterprisers, etc. who have insufficient ability to provide security, and enabling them to secure financing for agriculture, forestry, and fisheries. <Amended by Act No. 5744, Feb. 5, 1999>

Article 2 (Definitions)
(1) The term “agricultural, forestry and fishery enterprisers, etc.” in this Act means persons falling under any of the following subparagraphs: <Amended by Act No. 3396, Dec. 31, 1980; Act No. 4228, Apr. 7, 1990; Act No. 4788, Nov. 11, 1994; Act No. 4954, Aug. 4, 1995; Act No. 5744, Feb. 5, 1999; Act No. 6263, Dec. 30, 2000; Act No. 7311, 2004>
1. Farmers prescribed by Articles 19 (1) and 105 (1) of the Agricultural Cooperatives Act;
2. Fisherme prescribed by subparagraph 3 of Article 2 of the Fisheries Cooperatives Act;
3. Persons prescribed by Presidential Decree as carrying on pelagic fisheries under the provisions of Article 43 (1) 2 of the Fisheries Act;
4. Persons engaged in forestry as prescribed by subparagraph 10 of Article 2 of the Forestry Cooperatives Act;
5. Persons engaged in after sales service for agricultural machinery under Article 11 (2) of the Agricultural Mechanization Promotion Act;
6. Persons prescribed by Presidential Decree as the agriculture, forestry and fishery organizations;
7. Persons prescribed by Presidential Decree as the distributors and processors of agricultural, forestry and fishery products;
8. Persons, who export agricultural, forestry and fishery products or their processed products as small and medium enterprises (hereinafter referred to as "small and medium enterprises") under the provisions of Article 2 of the Framework Act on Small and Medium Enterprises;
9. Persons prescribed by Presidential Decree as small and medium enterprises manufacturing the machinery and materials necessary for the production of agriculture, forestry and fisheries.


1. District agricultural cooperatives, district livestock industry cooperatives, cooperatives classified by item and by type of business and National Agricultural Cooperative Federation established under the provisions of the Agricultural Cooperatives Act;
2. District fisheries cooperatives, fisheries cooperatives classified by type of business, fishery products processing fisheries cooperatives and the
National Federation of Fisheries Cooperatives established under the provisions of the Fisheries Cooperatives Act;

2-2. District forestry cooperatives, forestry cooperatives classified by item and by type of business, and National Federation of Forestry Cooperatives established under the Forestry Cooperatives Act;


3. Financial institutions as prescribed by Article 2 (1) 2 of the Banking Act; an

4. Persons prescribed by Presidential Decree as persons engaging in business of financing funds to the agricultural, forestry and fishery enterprises, etc.

(3) The term "agricultural, forestry and fishery funds" in this Act means the fund as prescribed by Presidential Decree out of the funds financed to agricultural, forestry and fishery enterprises by method of loan, payment, etc. for the development of agriculture, forestry and fisheries, such as for the economic stability of farming and fishing households and the improvement of management of the agriculture, forestry and fishery, etc. <Amended by Act No. 5744, Feb. 5, 1999>

Article 3 (Credit Guarantee Council for Agricultural, Forestry and Fishery Enterprises)

(1) The credit guarantee council for agricultural, forestry and fishery enterprises (hereinafter referred to as the "Council") shall be established in the National Agricultural Cooperative Federation to deliberate and determine important matters concerning credit guarantees under the provisions of this Act.

(2) The Council shall be comprised of the following 11 members: <Amended by Act No. 6326, Dec. 30, 2000; Act No. 8852, Feb. 28, 2008>

1. A person designated by the chairperson of the National Agricultural Cooperative Federation from among the executives under his/her control;

2. A person designated by the Financial Services Commission from among public officials under its control;

3. A person designated by the Minister for Food, Agriculture, Forestry and Fisheries from among public officials under his/her control;


5. A person designated by the Minister of Strategy and Finance from
among public officials under his/her control:
6. A person designated by the Governor of the Bank of Korea from among executives under his/her control;
7. A person designated by the chairperson of the National Federation of Fisheries Cooperatives from among executives under his/her control;
8. A person designated by the chairperson of the National Forestry Cooperatives Federation from among executives under his/her control;
9. Four persons representing the agricultural, forestry and fishery business circles.
(3) Members under paragraph (2) 9 shall be commissioned by the Financial Services Commission in consultation with the Minister for Food, Agriculture, Forestry and Fisheries from among four persons recommended by the chairperson of the National Agricultural Cooperative Federation, two persons recommended by the chairperson of the National Federation of Fisheries Cooperatives and two persons recommended by the chairperson of the National Forestry Cooperatives Federation, and the term of office shall be two years. <Amended by Act No. 2963, Dec. 31, 1976; Act No. 3385, Dec. 31, 1980; Act No. 422, Aug. 4, 1963; Act No. 545, Dec. 13, 1967; Act No. 674, Feb. 5, 1979; Act No. 6326, Dec. 30, 2000; Act No. 8852, Feb. 28, 2007>
(4) The member under paragraph (2) 1 shall be the chairperson of the Council. <Newly Inserted by Act No. 6326, Dec. 30, 2000>
(5) Members under paragraph (2) 1 and 6 through 8 may have the staff of the relevant institutions attend on their behalf. <Amended by Act No. 6326, Dec. 30, 2000>
(6) Matters necessary for the operation of the Council shall be prescribed by Presidential Decree.

Article 4 (Credit Guarantee Fund for Agricultural, Forestry and Fishery Enterprisers)

(1) The credit guarantee fund for agricultural, forestry and fishery enterprisers (hereinafter referred to as the “Fund”) shall be established in the National Agricultural Cooperative Federation to guarantee credit for agricultural, forestry and fishery enterprisers, etc. <Amended by Act No. 5744, Feb. 5, 1999>
(2) The following subparagraphs shall be the financial resources of the Fund. <Amended by Act No. 2963, Dec. 31, 1976>
1. Contributions of the Government and local governments;
2. Contributions of the financial institutions;
3. Contributions of the agricultural, forestry and fishery organizations; and
4. Net profit obtained by means of the management and operation of the Fund.

(3) The scope of the obligations which the Fund may guarantee shall be the obligations falling under any of the following subparagraphs as the obligations concerning agricultural, forestry and fishery funds: <Newly Inserted by Act No. 6744, Feb. 5, 1990>

1. Monetary obligations to the financial institutions as the agricultural, forestry and fishery enterprises, etc. have borrowed the money from the financial institutions;

2. Monetary obligation, as prescribed by Presidential Decree from among the money payment obligations of the contract related to the business transactions of agricultural, forestry and fishery enterprises, etc.;

3. Monetary obligation, as prescribed by Presidential Decree from among other obligations of the agricultural, forestry and fishery enterprises, etc.

(4) Financial institutions shall contribute to the Fund the amount of money according to the rate prescribed by Ordinance of the Prime Minister, within the extent not exceeding 5/1,000 per annum for the money loaned. <Newly Inserted by Act No. 2933, Dec. 31, 1976; Act No. 4954, Aug. 4, 1995; Act No. 5744, Feb. 5, 1996; Act No. 8852, Feb. 23, 2005>

(5) The scope of financial institutions, the scope of the money loaned, the method and time of the contributions, and other matters necessary for the contributions under paragraph (4) shall be prescribed by Ordinance of the Prime Minister. <Newly Inserted by Act No. 2933, Dec. 31, 1976; Act No. 4954, Aug. 4, 1995; Act No. 5744, Feb. 5, 1996; Act No. 8852, Feb. 23, 2005>

Article 5 (Management Institution)

(1) The operation of the Fund and other business concerning credit guarantees under the provisions of this Act shall be managed by the National Agricultural Cooperative Federation.

(2) The institution managing the credit business (hereinafter referred to as the “management institution”) under the provisions of paragraph (1) shall settle the accounts of the Fund separately from other accounts of the institution. <Amended by Act No. 2933, Dec. 31, 1976>

Article 5-2 (Business of Management Institution)
The management institution shall conduct the following business: <Amended by Act No. 8852, Feb. 28, 2008>

1. Management of the Fund;
2. Credit guarantees;
3. Credit investigations related to business under subparagraph 2;
4. Exercise of claims for reimbursement related to business under subparagraph 2;
5. Investigation and research of the credit guarantee system;
6. Business approved by the Financial Services Commission as business incidental to the businesses of subparagraphs 1 through 5.

[This Article Newly Inserted by Act No. 6390, Dec. 30, 2000]

Article 5-3 (Confidentiality Agreement)

Executives, employees, or former executives or employees of any management institution shall keep confidentiality of the information acquired in the course of performing their duties.

[This Article Newly Inserted by Act No. 9457, Feb. 6, 2008]

Article 6 (Accounting of Fund)

(1) The fiscal year of the Fund shall coincide with the fiscal year of the Government.

(2) The management institution shall make up the budget with the total revenue and total expenditure of the Fund each fiscal year and obtain the resolution of the Council one month prior to the commencement of the relevant fiscal year, and obtain the resolution of the Council in advance whenever the budget is added to or modified.

(3) The management institution shall prepare a statement of accounts, balance sheet and profit and loss statement concerning the Fund within two months after the end of each business year and submit them to the Financial Services Commission through the resolution of the Council, and make a public announcement of the balance sheet without delay. <Amended by Act No. 4554, Aug. 4, 1995; Act No. 5744, Feb. 5, 1996; Act No. 8852, Feb. 28, 2008>

(4) Where a loss in the settlement of accounts of the Fund exceeds the Fund under the provisions of Article 4 (2), the Government may compensate it as prescribed by the budget. <Newly Inserted by Act No. 4554, Aug. 4, 1995>

Article 7 (Use of Fund)

(1) The Fund shall not be used for any purpose other than the fulfillment of the relevant guaranteed debts and the appropriation for the expenses
necessary for the operation of the Fund.

(2) The surplus of the Fund shall be managed by means of the following subparagraphs: Provided, That cases falling within subparagraph 4 or 5 shall be approved by the Financial Services Commission: <Amended by Act No. 3288, Dec. 31, 1980; Act No. 5744, Feb. 5, 1999; Act No. 9457, Feb. 6, 2003>

1. Deposit in the management institution and the financial institutions which have contributed to the Fund;

2. Purchase of national bonds, local government bonds and the bonds the payment for which is guaranteed by the Government;

3. Purchase of bonds issued or guaranteed for payment by financial institutions, prescribed by Presidential Decree;

4. Acquisition or purchase of stocks (including investment certificates), corporate bonds or other securities;

5. Other means necessary to achieve the purposes of raising the Fund.

Article 8 (Guarantee Relations on Monetary Obligation related to Loan of Financial Institution)

(1) The management institution shall enter into a contract with a financial institution for the guarantee of the obligation of the agricultural, forestry and fishery enterprisers by the Fund under the provisions of Article 4

(3) 1. <Amended by Act No. 5744, Feb. 5, 1999>

(2) The guarantee relations between the management institution and the financial institution concerned shall be materialized when the management institution has received an application for credit guarantee from the agricultural, forestry and fishery enterprisers, etc. and, after examination thereof, has notified the contracted financial institution as prescribed by paragraph (1) of the credit guarantee. Provided, That the guarantee relations shall be deemed to come into effect when the financial institution concerned has paid the loan proceeds. <Amended by Act No. 2863, Dec. 31, 1976; Act No. 5744, Feb. 5, 1999>

(3) The provisions of paragraphs (1) and (2) shall also apply to credit guarantees concerning loans of the agricultural, forestry and fishery funds of the National Agricultural Cooperative Federation. <Amended by Act No. 2863, Dec. 31, 1976; Act No. 5744, Feb. 5, 1999>

(4) The management institution shall, when it intends to enter into a contract under paragraph (1), obtain the resolution of the Council in advance. The same shall apply when it intends to amend the terms of
such contract.

(5) Where the financial institution has appropriated the loan proceeds under the guarantee by the management institution for the collection of other credit for agricultural, forestry and fishery enterprisers, etc., the guarantee relations with respect to the relevant appropriated amount of money shall be deemed to expire: Provided, that the same shall not apply to loan proceeds approved in advance by the management institution. In such cases, the management institution shall obtain the resolution of the Council for its approval. <Amended by Act No. 5744, Feb. 5, 1989>

Article 8-2 (Guarantee Relations for other Monetary Obligations)

(1) The management institution shall, when it has determined to guarantee the obligations of agricultural, forestry and fishery enterprisers, etc. under the provisions of Article 4 (3) 2 and 3 by the Fund, notify agricultural, forestry and fishery enterprisers, etc. and the person to be the creditor thereof under such determination.

(2) The guarantee relations between the management institution and the creditor of agricultural, forestry and fishery enterprisers shall be materialized for the obligation notified under the provisions of paragraph (1): Provided, That the guarantee relations shall be deemed to come into effect when the principal credit and obligation relations has been materialized between the relevant agricultural, forestry and fishery enterprisers, etc. and their creditor.

[This Article Newly Inserted by Act No. 5744, Feb. 5, 1988]

Article 9 (Duty to Notify)

The creditor of the obligations guaranteed by the Fund shall, when the principal credit and obligation relations has been materialized or the whole or part of the credit has expired, notify the management institution of it without delay. The same shall apply when the relevant obligor is subject to an acceleration clause. <Amended by Act No. 5744, Feb. 5, 1989>

Article 10 (Limit on Guarantees)

(1) The limit on the total amount of credit guarantee by the management institution shall be prescribed by Presidential Decree within the extent not exceeding 20 times the Fund. <Amended by Act No. 4864, Aug. 4, 1985>

(2) The management institution shall make 80/100 or more of the total amount of guarantee for the agricultural, forestry and fishery enterprisers under Article 2 (1) 1, 3, 4-2 (excluding corporations) and 5. <Amended

(3) The limit on guarantees by the management institution for agricultural, forestry and fishery enterprisers shall obtain a resolution of the Council. <Amended by Act No. 5744, Feb. 5, 1999>

Article 10-2 (Entrustment of Business)

(1) The management institution may entrust part of its business to a financial institution, the Korea Asset Management Corporation under the Act on the Efficient Disposal of Non-Performing Assets, etc. of Financial Institutions and the Establishment of Korea Asset Management Corporation or a credit information company (hereinafter referred to as a "credit information company") under the Use and Protection of Credit Information Act: Provided, That in cases of credit information companies, the business which can be entrusted shall be limited to business permitted under the Use and Protection of Credit Information Act. <Amended by Act No. 9617, Apr. 1, 2009>

(2) Any person who has been entrusted with business under the provisions of paragraph (1) may conduct all the judicial or non-judicial acts concerning the business concerned in lieu of the management institution: Provided, That in cases of credit information companies, it is limited to non-judicial acts. <Amended by Act No. 9617, Apr. 1, 2009>

[This Article Newly Inserted by Act No. 6326, Dec. 30, 2000]

Article 11 (Fees for Guarantee)

The management institution may receive fees for guarantee as prescribed by Presidential Decree from the agricultural, forestry and fishery enterprisers, etc. who are guaranteed, taking into consideration the credit degree thereof and the operational management of the Fund, etc.

[This Article Wholly Amended by Act No. 5744, Feb. 5, 1999]

Article 11-2 (Penalty for Breach of Contract)

The management institution may, when the liability for fulfillment of guaranteed obligations have not been released because the agricultural, forestry and fishery enterprisers, etc. who have received such credit guarantees fails to fulfill the relevant obligation within the period, collect the penalty for breach of contract from the relevant agricultural, forestry and fishery enterprisers, etc. as prescribed by Presidential Decree for the unpaid amount of money of the guaranteed obligation.

[This Article Newly Inserted by Act No. 5744, Feb. 5, 1999]
Article 12 (Fulfillment of Guaranteed Obligations)

(1) The creditor of obligations guaranteed by the Fund may, when the irrevocable debt of the relevant amount of credit has been determined as prescribed by Presidential Decree, claim for fulfillment of the guaranteed obligation to the management institution.

(2) The management institution shall, when a claim has been made for fulfillment of the guaranteed obligation under the provisions of paragraph (1), fulfill the relevant amount of irrevocable debt and the amount of obligation incidental to it from the Fund.

[This Article Wholly Amended by Act No. 6336, Dec. 30, 2000]

Article 13 (Exercise of Claims for Reimbursement)

(1) When the management institution has fulfilled a guaranteed obligation, the creditor shall, without delay, send the management institution all the documents necessary for its exercise of claim for reimbursement and cooperate positively with its exercise of claim for reimbursement.

(2) The management institution may, when the agricultural, forestry and fishery enterprises, etc., for whom the management institution has subrogated, fall under any of the following subparagraphs, postpone its exercise of claim for reimbursement from such agricultural, forestry and fishery enterprises:

1. Where it is deemed that it is unlikely to leave the remainder of the property of the agricultural, forestry and fishery enterprises, etc. after the appropriation for expenses incurred in the exercise of claims for reimbursement;

2. Where it is deemed that the ability to repay the debts of agricultural, forestry and fishery enterprises, etc. is likely to increase in the future due to postponement of the exercise of claims for reimbursement.

[This Article Wholly Amended by Act No. 6336, Dec. 30, 2000]

Article 13-2 (Amount of Loss)

The management institution may, when it has fulfilled guaranteed obligation, collect the amount of loss according to the rate not exceeding 20/100 per annum, for the fulfilled amount of money from the agricultural, forestry and fishery, etc. concerned.

[This Article Newly Inserted by Act No. 5744, Feb. 5, 1998]

Article 13-3 (Request for Information)

(1) The management institution may request for information necessary for performing the duties prescribed by subparagraph 3 or 4 of Article
5-2 to the State, local governments, the National Pension Service under the National Pension Act, the National Health Insurance Corporation under the National Health Insurance Act, the Korea Workers' Compensation and Welfare Service under the Industrial Accident Compensation Insurance Act or other public agencies prescribed by Presidential Decree.

(2) A person that has been requested to submit information under paragraph (1) shall conform to such request absent any special reason to the contrary.

[This Article is Newly Inserted by Act No. 9467, Feb. 6, 2009]

Article 14 (Supervision)

(1) The Financial Services Commission may supervise the management institution concerning the business under the provisions of this Act, and may issue orders necessary for supervision. <Amended by Act No. 2663, Dec. 31, 1976; Act No. 4954, Aug. 4, 1986; Act No. 5744, Feb. 5, 1990; Act No. 8852, Feb. 28, 2002; Act No. 9467, Feb. 6, 2009>

(2) The Financial Services Commission may, when deemed necessary for supervision, have the management institution, any financial institution entrusted by the management institution with the relevant affairs (hereinafter referred to as "trustee" in this paragraph) or any financial institution contributed to the Fund submit a report or have a public official under its control examine overall business, books, documents or other necessary materials of such institution; Provided, That such supervision is limited only to entrusted affairs as for a trustee, and to matters related to contribution as for a contributing financial institution. <Amended by Act No. 2663, Dec. 31, 1976; Act No. 4954, Aug. 4, 1986; Act No. 5744, Feb. 5, 1990; Act No. 8852, Feb. 28, 2002; Act No. 9467, Feb. 6, 2009>

(3) The public official who examines under the provisions of paragraph (2), shall carry a certificate indicating such authority and present it to related persons. <Amended by Act No. 2663, Dec. 31, 1976>


Article 14-2. (Penal Provisions)

Any person who has disclosed confidential information in violation of Article 5-3 shall be punished by imprisonment with prison labor not exceeding two years or by a fine not exceeding ten million won.

[This Article is Newly Inserted by Act No. 9467, Feb. 6, 2009]
Article 15 (Enforcement Decree)
Matters necessary for the enforcement of this Act shall be prescribed by Presidential Decree.

**ADDENDUM**

This Act shall enter into force on the date of its promulgation.

**ADDENDA <Act No. 2453, Dec 31, 1976>**

(1) (Enforcement Date) This Act shall enter into force one month after the date of its promulgation.

(2) (Contribution Period of Financial Institutions) The contributions of the financial institutions under the provisions of Article 4 (3) shall be limited to December 31, 1985 from the date of enforcement of this Act. <Amended by Act No. 3238, Dec 31, 1980>

**ADDENDUM <Act No. 3238, Dec 31, 1980>**

This Act shall enter into force on January 1, 1981.

**ADDENDA <Act No. 4228, Apr. 7, 1990>**

Article 1 (Enforcement Date)
This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)
Articles 2 through 7 Omitted.

**ADDENDA <Act No. 4728, Nov. 11, 1994>**

Article 1 (Enforcement Date)
This Act shall enter into force six months after the date of its promulgation.
Articles 2 through 5 Omitted.

**ADDENDA <Act No. 4934, Aug 4, 1995>**

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.
(2) Deleted. <by Act No. 5283, Dec 30, 2000>
ADDENDUM <Act No. 5454, Dec. 13, 1987>
This Act shall enter into force on January 1, 1988. (Proviso Omitted.)

ADDENDA <Act No. 5515, Jan. 13, 1988>
(1) (Enforcement Date) This Act shall enter into force on April 1, 1998. (Proviso Omitted.)
(2) (Transitional Measure concerning Disposal, etc.) The authorization and other acts conducted by the administrative agency, etc. or various kinds of report and other acts conducted in relation to the administrative agency, etc. under the former provisions at the time when this Act enters into force, shall be deemed acts conducted by the administrative agency, etc. or acts conducted in relation to the administrative agency, etc. under this Act.
(3) through (5) Omitted

ADDENDA <Act No. 5744, Feb. 5, 1999>
(1) (Enforcement Date) This Act shall enter into force three months after the date of its promulgation.
(2) (Applicability Concerning Fees for Guarantees) The amended provisions of Article 11 shall apply from the fee for guaranty of which payment date falls after this Act enters into force.

ADDENDUM <Act No. 8326, Dec. 30, 2000>
This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 7311, Dec. 31, 2004>
Article 1 (Enforcement Date)
This Act shall enter into force six months after the date of its promulgation.
(Latter Sentence Omitted.)
Articles 2 through 16 Omitted.

ADDENDA <Act No. 8577, Apr. 11, 2007>
Article 1 (Enforcement Date)
This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 16 Omitted.

ADDENDA <Act No. 8882, Feb. 29, 2008>

Article 1 (Enforcement Date)
This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <Act No. 8883, Feb. 29, 2008>

Article 1 (Enforcement Date)
This Act shall enter into force on the date of its promulgation.

Article 2 through 5 Omitted.

ADDENDUM <Act No. 9467, Feb. 6, 2008>
This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 9517, Apr. 1, 2009>

Article 1 (Enforcement Date)
This Act shall enter into force six months after the date of its promulgation.

Article 2 through 13 Omitted.

ADDENDA <Act No. 9521, Apr. 1, 2009>

Article 1 (Enforcement Date)
This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Article 2 through 4 Omitted.