ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

Article 1 (Purpose)

The purpose of this Decree is to regulate matters delegated by the Korea Housing Finance Corporation Act and those necessary for the implementation thereof. <Amended by Presidential Decree No. 18803, Apr. 27, 2005>

Article 2 (Scope of Workers)

(1) The term “workers provided for by Presidential Decree” in subparagraph 8 (c) of Article 2 of the Korea Housing Finance Corporation Act (hereinafter referred to as the “Act”) means nationals of the Republic of Korea failing under any of the following subparagraphs: Provided, That persons who hold the right of permanent residence in a foreign country under foreign Acts shall be excluded: <Amended by Presidential Decree No. 18803, Apr. 27, 2005; Presidential Decree No. 20653, Feb. 29, 2008>

1. Persons employed by and working for the State, local governments, public organizations, profit-making or non-profit corporations and organizations and other business entities, receiving a monthly wage of 600 thousand won or less;

2. Persons for whom a business proprietor or workers’ association pursuant to the Labor Standards Act confirms the continued employment from among daily workers under Article 20 of the Enforcement Decree of the Income Tax Act, and whose daily remuneration is 24 thousand won
3. Persons employed by a resident and working abroad in accordance with Article 3 (1) 12 of the Foreign Exchange Transactions Act;

4. Persons employed by a non-resident (including a foreign government) under Article 3 (1) 13 of the Foreign Exchange Transactions Act and work abroad, for whom the competent Minister or the president of the Korea International Cooperation Agency under the Korea International Cooperation Agency Act confirms such fact as prescribed by the Financial Services Commission;

5. Persons employed by foreign governments, international organizations or foreign corporations and work in offices located in the Republic of Korea receiving a monthly wage of 600 thousand won or less.

(2) The monthly pay under paragraph (1) 1 and 5 shall be calculated by applying the calculation methods of monthly wages under Article 17 (4) of the Enforcement Decree of the Income Tax Act. <Amended by Presidential Decree No. 18803, Apr. 27, 2005: Presidential Decree No. 19327, Feb. 9, 2006>

Article 3 (Credit Guarantee)
The term "cases provided for by Presidential Decree" in subparagraph 8 (d) of Article 2 of the Act refers to the cases falling under any of the following subparagraphs:

1. Where a person falling under any of the following items and recognized by the President (hereinafter referred to as the "President") of Korea Housing Finance Corporation (hereinafter referred to as the "Corporation") as the one potentially capable of improving his/her ability to repay his/her obligations in the future borrows a loan from a financial institution in order to fulfill a liability for indemnity (referring to a liability for the indemnity to which the Corporation acquired the right by subrogation as a result of its performance of the person's liability on his/her behalf; the same shall apply hereinafter): <Amended by Presidential Decree No. 21315, Feb. 6, 2009>

(a) The primary obligor of such a liability for indemnity;
(b) Any person who assumed such a liability for indemnity;
(c) Other person related to such a liability for indemnity;

2. Where a specialized securitization company or similar under Article 3 (1) of the Asset-Backed Securitization Act holds bonds issued by a housing business operator (including a contractor under subparagraph 10 of Article
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

2 of the Framework Act on the Construction Industry) as a securitized asset for any of the following purposes:
(a) Issuance of asset-backed securities;
(b) Credit extension by a financial institution to the specialized securitization company;

3. Where a lessor, who has leased a house as referred to in the main body of subparagraph 3 of Article 2 of the Act (including a lease on a deposit basis, but excluding a sublease; hereinafter the same applies in this subparagraph), takes out a loan from a financial institution to pay a deposit back to the lessee due to any one of the following reasons:

(a) Expiration of the term of a lease;
(b) Termination of the lease contract upon agreement between the lessor and lessee;
(c) Termination of a lease under Article 6-2 of the Housing Lease Protection Act;
(d) Termination of a lease due to the lessee’s fault.

(This Article Wholly Amended by Presidential Decree No. 21172, Dec. 17, 2008)

Article 3-2 (Payment means of Annuities, etc.)

(1) The term “payment means of annuities provided for by Presidential Decree” in the former part of subparagraph 8-2 of Article 2 of the Act shall mean means falling under any of the following subparagraphs: <Amended by Presidential Decree No. 21420, Apr. 6, 2002>

1. Monthly payments for living expenses of senior citizens during the lifetime of a homeowner;
2. Monthly payments for living expenses of senior citizens during the period of time chosen by a homeowner;
3. Combination of the following items:
(a) Payment pursuant to subparagraph 1;
(b) Payment of a specific amount of money as needed to a homeowner for the purposes prescribed by the President of the Corporation and published on the Internet websites of the Corporation, such as medical expenses, educational expenses, home repairs, maintenance expenses, etc., within 30/100 of the limit on reverse mortgage loans
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

under Article 9 (4) 2 of the Act (hereinafter referred to as “limit on loan amount” in this item): Provided, That a loan may be made out within 50/100 of the limit on loan amount if the purpose of the loan includes any one of the following:

(i) To pay off the remainder of a mortgage held on the relevant house

(ii) To return a deposit to a lessee under a lease contract on a house pursuant to subparagraph 3 of Article 3;

4. Combination of subparagraph 2 and subparagraph 3 (b).

(2) The term "age prescribed by Presidential Decree" in the latter part of subparagraph 8-2 of Article 2 of the Act shall be 60 years old. <Amended by Presidential Decree No. 21420, Apr. 6, 2009>

[This Article Newly Inserted by Presidential Decree No. 20002, Apr. 11, 2007]

Article 4 (Housing Business Operator)

The term “persons provided for by Presidential Decree" in subparagraph 9 of Article 2 of the Act means any person of the following subparagraphs:

<Amended by Presidential Decree No. 18803, Apr. 27, 2006; Presidential Decree No. 20002, Apr. 11, 2007>

1. Any person falling under any of the following items:

(a) A project proprietor under subparagraph 5 of Article 2 of the Housing Act (limited to persons who undertakes the relevant project after obtaining approval for the housing construction project plan under Article 16 of the said Act);

(b) Any person who implements a housing construction project for a number of houses less than that prescribed by Article 10 (1) of the Enforcement Decree of the Housing Act;

(c) Any person who constructs a house and a facility other than a house as a same building without obtaining approval for the plans for the housing construction project in accordance with Article 15 (2) of the Enforcement Decree of the Housing Act;

2. An identical rental business operator registered in accordance with Article 6 of the Rental Housing Act, and who purchases houses with the purposes of rental service.

Article 5 (Financial Institutions)

The term “persons provided for by Presidential Decree" in subparagraph 11 (n) of Article 2 of the Act means persons falling under any of the following
ENFORCEMENT DECREE OF THE KOREA HOUSING FINANCE CORPORATION ACT

subparagraphs: <Amended by Presidential Decree No. 18803, Apr. 27, 2005>

1. Community credit cooperatives under the Community Credit Cooperatives Act;
2. Credit unions under the Credit Unions Act;
3. Regional associations and associations by item under the Agricultural Cooperatives Act;
4. Fisheries cooperatives by district and by business sector under the Fisheries Cooperatives Act;
5. Regional associations and specialized associations under the Forestry Cooperatives Act.

Article 6 (Registration of Establishment)
(1) Registration of establishment under Article 7 of the Act shall be made within two weeks from the date when the capital is first paid-in.
(2) Matters for the establishment registration under paragraph (1) shall be set out under each of the following subparagraphs:
  1. Purposes;
  2. Title;
  3. Location of the main office;
  4. Capital;
  5. Means of contribution and the amount paid-in;
  6. Branch offices or business offices;
  7. The name, resident registration numbers and domicile of the president;
  8. The name, and domicile of the vice president, directors (including outside directors: hereinafter the same shall apply) and the auditor;

Article 7 (Establishment Registration of Branch, etc.)
When the Corporation establishes branch offices or business offices, it shall register matters falling under each of the following subparagraphs:
  1. In the seat of the main office, the location of branch or sub-branch office shall be registered within two weeks;
  2. In the seat of the relevant branch or sub-branch office, matters under Article 6 (2) 1 through 3, 7 and 9 shall be registered within three weeks.

Article 8 (Registration of Removal)
(1) In cases where the Corporation has moved its head office under the jurisdiction of another registry office, it shall register the purport of
movement within two weeks in the old location and shall register matters falling under each subparagraph of Article 6 (2) within three weeks of having moved to the new location.

(2) In cases where the Corporation moved its branch offices or business offices into the jurisdiction of another registry office, it shall register its new location and date of transfer within three weeks at the head office and former location, and matters under Article 6 (2) 1 through 3, 7 and 9 shall be registered in the new location.

(3) In cases where the head office, branch offices or business offices have moved into the registry office of the same jurisdiction, only the purport of such relocation shall be registered within two weeks.

Article 9 (Change of Registration)

In cases where a change in matters falling under any subparagraph of Article 6 (2) occurs, changed matters shall be registered at the seat of the head office within two weeks from the date of such change. Provided, That in cases where a change in matters of Article 6 (2) 1 through 3, 7 and 9 occurs, changed matters shall also be registered at the seat of the branch or sub-branch office within three weeks from the date of such change.

Article 10 (Appointment of Agent)

(1) In cases where the president has appointed an agent as provided for by Article 19 (1) of the Act, he/she shall register matters the falling under each of the following subparagraph within two weeks thereafter at the seat of the head office or the branch or sub-branch for which the agent has been appointed. The same shall apply to any change of registered matters:

1. The name, resident registration numbers and domicile of the agent;
2. Details on restriction, in cases of restriction on the authority of the agent.

(2) The employee which can be appointed as a juridical agency of the president in accordance with Article 19 (2) of the Act shall have approximately two years’ experience in judgement-related affairs.

Article 11 (Calculation of Registration Period)

In cases where any of the matters on the Corporation to be registered under this Act requires authorization or approval of the Financial Services Committee, the registration period shall be calculated from the date on which the letter of such authorization or approval arrives. <Amended by>
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

Presidential Decree No. 20653, Feb. 29, 2008

Article 12 (Applicants for Registration, etc.)

(1) The registration of establishment as provided for by Article 6 shall be made by the joint request of the members for establishment and the registration as provided for by Articles 7 through 10 shall be made at the request of the president.

(2) The written application for registration under Articles 6 through 10 shall be accompanied by documents evidencing the respective grounds.

Article 12-2 (Limitation on Loan Amount)

The term “amount of money prescribed by Presidential Decree” as used in Article 9 (3) 2 means five billion won.

[This Article Newly Inserted by Presidential Decree No. 21420, Apr. 6, 2009]

Article 12-3 (Criteria for Guarantee of Reverse Annuity Mortgage)

The term “matters prescribed by Presidential Decree” in Article 9 (4) 4 of the Act means each of the following subparagraphs:

1. The interest rates required to calculate the amount (hereinafter referred to as “reverse annuity mortgage”) which is paid monthly or occasionally by the home owner in accordance with each subparagraph of Article 3-2 (1);

2. The probability of death of a prospective user of guarantee services for reverse annuity mortgages and his/her spouse.

[This Article Newly Inserted by Presidential Decree No. 20002, Apr. 11, 2007]

Article 13 (Operation of Housing Finance Management Committee)

(1) The meeting of the Housing Finance Management Committee (hereinafter referred to as the “Committee”) shall be convened by the chairman pursuant to the provisions of the articles of incorporation, and chaired by the chairman of the Committee in accordance with Article 11 (5) of the Act.

(2) The vice president, directors and auditor of the Corporation may attend meetings of the Committee and state their opinions.

(3) Members who are present at any meeting of the Committee may be paid allowances within budget limits. Provided, That the foregoing shall not apply in cases where the relevant public officials have attended any meeting of the Committee directly in connection with their official business.

(4) Other matters necessary for the operation of the Committee other than those prescribed by this Decree shall be determined by the chairman of the Committee by undergoing the resolution of the Committee.
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

Article 14 (Mortgage Securitization Plan)
The term "matters provided for by Presidential Decree" in Article 23 (2) of the Act means those falling under any of the following subparagraphs:
1. Matters on the financial institution which has transferred mortgage-backed claims;
2. Matters on protection of investors of mortgage-backed bonds or mortgage-backed securities;
3. In cases where the Corporation intends to borrow or manage financial resources with regards to the relevant mortgage securitization, the plan thereon.

Article 15 (Registration on Transfer of Mortgage-backed Claims)
(1) The Corporation shall appoint a person in charge of management with regards to a contract on transfer, trust or return (hereinafter referred to as "transfer, etc.") of mortgage-backed claims, etc., certificate of registration, registration card, or other kinds of documentary evidence, in accordance with Article 24 (5) of the Act.
(2) The Corporation shall, when it appoints a person other than executives or employees to be in charge of management in accordance with paragraph (1), designate a person other than a financial institution who has transferred such mortgage-backed claims thereon; Provided, That the foregoing shall not apply to cases where the relevant financial institution who has transferred such mortgage-backed claims keeps and manages the original document and a person other than such financial institution or the Corporation keeps and manages a transcript thereof (including electronic documents) so the perusal thereof by the Financial Services Commission or investors is possible. <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

Article 16 (Equity Capital)
The term "core capital and supplementary capital provided for by Presidential Decree" in Article 31 (1) of the Act means those falling under each of the following subparagraphs and prescribed by the Financial Services Commission; Provided, That those which do not contribute substantial replenishment of the capital, including the Corporation's goodwill and provided by the Financial Services Commission shall be excluded. <Amended by Presidential Decree No. 20653, Feb. 29, 2008>
1. Core capital: Actual net assets of the Corporation, such as capital and retained earnings, which has the characteristic of permanency;
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

2. Supplementary capital: Capital having characteristics corresponding to those stated subparagraph 1, such as prior claims, which is usable to make up for the loss arising from business activities of the Corporation.

Article 17 (Matters to be Entered in Mortgage-backed Securities)
The term "matters provided for by Presidential Decree" in Article 32 (6) 6 of the Act means those falling under the following subparagraphs:
1. Names or titles of beneficiaries, in cases of registered types;
2. Time and place for distributing profits;
3. In cases where the agreement on the preservation of the principal or interest is concluded, the details thereof;
4. Details of a payment guarantee, if any;
5. In cases where the means of operating mortgage-backed claims are determined, the details thereof.

Article 18 (Acquisition of Mortgage-backed Securities)
(1) The Corporation may acquire mortgage-backed securities by using assets which are not subject to mortgage securitization in order for the smooth issuance of mortgage-backed securities and stable operation of free cash in accordance with Article 32 (7) of the Act.
(2) In cases where the Corporation intends to acquire mortgage-backed securities in accordance with the provisions of paragraph (1), the acquisition value shall be based on the transaction price on the security market under the Capital Market and Financial Investment Business Act or on KOSDAQ. Provided, That in cases where the relevant mortgage-backed securities have not been listed on the security market or on KOSDAQ, the acquisition value shall be the value obtained by dividing the total amount of mortgage-backed claims constituting the underlying basis for the issuance thereof (referring to the appraised amount of such mortgage-backed securities as of the time of acquisition) by the total number of mortgage-backed securities (excluding those already repaid at the time of acquisition of mortgage-backed securities). <Amended by Presidential Decree No. 18803, Apr. 27, 2005; Presidential Decree No. 20947, Jul. 28, 2008>

Article 19 (Exception to Issuance of Mortgage-backed Securities, etc.)
The term "grounds provided for by Presidential Decree" in subparagraph 2 of Article 33 of the Act shall mean any ground falling under any of the following subparagraphs: <Amended by Presidential Decree No. 18803, Apr. 27, 2005; Presidential Decree No. 18832, May 26, 2005; Presidential Decree No. 20902, Apr. 11, 2007>
ENFORCEMENT DECREE OF THE KOREA HOUSING FINANCE CORPORATION ACT

Presidential Decree No. 20653, Feb. 28, 2008

1. Cases where the mortgage-backed claims are extinguished with the repayment prior to maturity by the debtor on other kinds of grounds;

2. Cases where the creditor exercises mortgages (including a right of fixed collateral; hereinafter the same shall apply) due to the non-performance of liabilities by the debtor, or whose mortgages have been extinguished due to the destruction or loss, etc. of mortgaged house;

3. Cases where the debtor of mortgage-backed claims has not repaid liabilities within the maturity date in commercial transaction, including financial transactions, and as prescribed by the Financial Services Commission;

4. Cases of the decision of seizure, provisional seizure, delinquency disposition, temporary disposition with regards to mortgage-backed claims or the mortgaged house which secures them.

Article 20 (Extension of Credit for Financial Institutions)

(1) The Corporation may loan financial institutions financial resources to use as lending, creating long-term mortgage-backed claims with a maturity of ten year or longer or may purchase securities issued by financial institutions in accordance with the former sentence of Article 36 (1) of the Act.

(2) The Corporation shall be prohibited from extending credit exceeding 25/100 of the equity capital to the same financial institution: Provided, That the foregoing shall not apply to cases where the limit has been exceeded due to a change in equity capital of the Corporation, merger or transfer or acquire by transfer of business, etc. even if the Corporation has not extended additional credit.

(3) In cases where the limit under the main sentence of paragraph (2) has been exceeded pursuant to the proviso to the same paragraph, it shall be brought within the limit under the main sentence of paragraph (2) within one year from the date when such limit has been exceeded: Provided, That in cases where an inevitable cause, including non-arrival of the term for redemption of extended credit which has been already provided, etc., the Committee may extend the term by prescribing it.

Article 21 (Provision and Use of Information on Debtors)

When a financial institution or the Corporation provides information on the capacity of the debtor to repay debts in accordance with Article 36
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

(1) of the Act, it shall use electronic data or other means equivalent thereto. Provided, That information on the capacity of the debtor to repay debts which includes personal identification information including name and resident registration number (in cases of foreigners, the relevant alien registration number or passport number) of the debtor shall not be provided to any person other than transferee.

Article 22 (Performance of Credit Guarantee Liability)

(1) The term "ground for non-performing a credit guarantee liability provided for by Presidential Decree" in Article 38 (1) of the Act means cases where the period determined by the president within the scope of three months to one year and six months, has passed since the date of default (including cases where the benefit of the term has been forfeited) by the primary debtor as to its obligation to a creditor. <Amended by Presidential Decree No. 21172, Dec 17, 2008>

(2) A creditor may, in cases where the primary debtor falls under any of the following subparagraphs, demand payment of a credit guarantee liability to the Corporation, notwithstanding the provisions of paragraph (1): <Amended by Presidential Decree No. 21172, Dec 17, 2008>
1. When the primary debtor has become bankrupt or been dissolved;
2. When the primary debtor has discontinued his/her business for not less than six months;
3. When it is deemed that the recovery of loan claims is impossible due to grounds, other than those as referred to in subparagraphs 1 and 2.

(3) Where a creditor demands payment of a credit guarantee liability to the Corporation, it shall verify the facts which give rise to such obligation. <Amended by Presidential Decree No. 21172, Dec 17, 2008>

Article 23 (Scope of Subordinate Obligations)

The term "subordinate obligations provided for by Presidential Decree" in Article 38 (2) of the Act means total of amounts falling under each of the following subparagraphs:
1. The interest on the principal obligation calculated at the interest rate applicable to the original contract period, until the date on which the Corporation fulfills its credit guarantee obligations;
2. The expenses prescribed by the president from among those paid by a creditor for the recovery of claims.
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

Article 24 (Prohibition of Credit Guarantee)
The Corporation, when it has fulfilled credit guarantee liability under Article 38 (2) of the Act and has failed to recover the relevant claims, shall not provide credit guarantee services again for the primary debtor within three years from the performance date of credit guarantee liabilities: Provided, That the foregoing shall not apply in cases where the excuse of a right to indemnification against the primary debtor in accordance with Article 39 (3) 2 of the Act is suspended or the Corporation provides credit guarantee services for a loan from a financial institution in order for the repayment of liability resulting from indemnification by the primary debtor in accordance with Article 3.

Article 25 (Selling of Right to Indemnity)
The term "persons provided for by Presidential Decree" in Article 39 (4) 3 of the Act means those falling under the following subparagraphs: <Amended by Presidential Decree No. 18803, Apr. 27, 2005>

1. Korea Asset Management Corporation established under the Act on the Efficient Disposal of Non-Performing Assets, etc. of Financial Institutions and the Establishment of Korea Asset Management Corporation;
2. A special purpose company for asset securitization under the Asset-Backed Securitization Act.

Article 26 (Guarantee Fees, etc.)
(1) The guarantee fees under Article 41 (1) of the Act shall be calculated by multiplying the amount of credit guarantee service which the Corporation provides by the rate of guarantee fees determined by the board of directors of the Corporate (hereinafter referred to as "board of directors").
(2) In cases of collecting guarantee fees in accordance with paragraph (1), different rates of guarantee fees may be applied by taking into account matters falling under each of the following subparagraphs:
1. Credit rating of the person who intends to use credit guarantee services;
2. Scale of the amount subject to credit guarantee;
3. Period of credit guarantee.
(3) The additional guarantee fees under Article 41 (2) of the Act shall be calculated by multiplying the non-performing amount from among amount for which the Corporate provides credit guarantee services, by the rate determined by the board of directors within the scope of 25/1000 per annum.
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

(4) The under guarantee fees in arrears under Article 41 (3) of the Act shall be the amount calculated by multiplying the unpaid guarantee fees by 10/100 per annum.

(5) Detailed matters necessary for the collection of guarantee fees, additional guarantee fees, guarantee fees in arrears under paragraphs (1) through (4) shall be prescribed by the president by undergoing the resolution of the board of directors.

Article 27 (Penalties)
Penalties levied under Article 42 of the Act shall be calculated by multiplying the amount whose credit guarantee obligation is discharged by the Corporation by the rate prescribed by the board of directors within the scope exceeding 20/100 per annum by taking into account the interest rates for loans in arrears applied by financial institutions.

Article 28 (Ceiling on Credit Guarantees)
(1) The ceiling on the aggregate of credit guarantees of the Housing Finance Credit Guarantee Fund, etc. (excluding the Account for Guarantee of Reverse Annuity Mortgages under Article 58-2 of the Act; hereinafter referred to as the "Fund") shall be 30 times the total amount of any subparagraph of Article 43 (1) of the Act (hereinafter referred to as "financial resources for the aggregate of credit guarantees") under Article 43 (1) of the Act. <Amended by PresidentialDecree No. 20002, Apr. 11, 2007>

(2) The maximum limits for providing credit guarantees to identical persons or enterprises by the Corporation under Article 43 (2) of the Act shall be according to the following classification: <Amended by Presidential Decree No. 18983, Apr. 27, 2005; Presidential Decree No. 21172, Dec. 17, 2008; Presidential Decree No. 21420, Apr. 6, 2009>

1. Credit guarantees for the identical person: 200 million won (Provided, that in cases of a credit guarantee for part payment of newly built houses which are sold in lots for the purposes of mortgage securitization shall be five million won);

2. Credit guarantees for an identical rental business operator under subparagraph 2 of Article 4: 200 million won;

3. Credit guarantees for an identical enterprise [a person under subparagraph 2 is excluded herefrom, but an individual housing business operator who issued bonds (including a contractor under subparagraph 10 of Article 2 of the Framework Act on the Construction Industry)
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

shall be deemed the identical enterprise in cases where credit guarantee is provided to guarantee the performance of obligations arising in the cases under subparagraph 2 of Article 3: 30/100 of financial resources for the aggregate of credit guarantees.

(3) The Corporation shall determine the ceiling on each type of guarantee in detail within the maximum limits under subparagraphs of paragraph (2), subject to the deliberation and resolution of the Committee. < Newly Inserted by Presidential Decree No. 21172, Dec. 17, 2008>

Article 28-2 (Grounds for Requesting Performance of Credit Guarantee Liabilities for Reverse Annuity Mortgages, etc.)

(1) The term "spouse provided for by Presidential Decree" in Article 43-3 (1) of the Act means any spouse who has been in a continuous marital relationship with the person who has used credit guarantee services from the time of the contract of guarantee for reverse annuity mortgages.

(2) The term "grounds provided for by Presidential Decree" in Article 43-3 (1) of the Act means any ground of the following subparagraphs: < Amended by Presidential Decree No. 21172, Dec. 17, 2008>

1. Where the person who has used credit guarantee service and the spouse under paragraph (1) are all deceased;

2. Where the spouse under paragraph (1) has not completed the registration for transfer of ownership a mortgaged house (hereinafter referred to as "mortgaged house") under Article 43-4 (1) of the Act and the acceptance of a pecuniary liability of the fund for livelihood of senior citizens against financial institutions;

3. Where the person who has used credit guarantee services and the spouse under paragraph (1) have moved from the mortgaged house into another place. Provided, That the cases where the house into which they moved is offered as the replacement of the mortgaged house are excluded herefrom;

4. Where the person who has used credit guarantee services and the spouse under paragraph (1) do not reside in the mortgaged house for one year continuous. Provided, That cases where they do not reside in the mortgaged house due to an inevitable cause, hospitalization or such, prescribed by the president and published on Internet homepage of the Corporation shall be excluded;

5. Where the person who has used credit guarantee services has lost the
ownership of the mortgaged house;

6. Where it is expected that the principal and interest rates of the reverse annuity mortgage loans exceed the ceiling for prior repayment of mortgages, and refuses to request to alter the ceiling for prior repayment by a financial institution or the Corporation;

7. In cases where specific grounds prescribed by the Committee, other than subparagraph 1 through 6 occur.

(3) When a financial institution requests fulfillment credit guarantee liabilities for the reverse annuity mortgages, it shall verify the fact constituting the ground thereof.

(4) The term "subordinate obligations as prescribed by Presidential Decree" in Article 43-3 (2) of the Act means the total amounts falling under each of the following subparagraphs:

1. The interest on the principal obligation calculated at the interest rate applicable during the original contract period, until the date on which the Corporation fulfills its credit guarantee liabilities for reverse annuity mortgages;

2. Expenses determined by the president from among those paid by financial institutions in order to recover claims for reverse annuity mortgages.

[This Article Newly Inserted by Presidential Decree No. 20002, Apr. 11, 2007]

Article 26-3 (Means of Executing Mortgages)

The means of executing mortgages under Article 43-4 (3) of the Act shall be governed by as prescribed by the Civil Act, the Civil Execution Act, and other related Acts and subordinate statutes.

[This Article Newly Inserted by Presidential Decree No. 20002, Apr. 11, 2007]

Article 26-4 (Acquisition by Transfer of Claims for Reverse Annuity Mortgages)

The term "grounds provided for by Presidential Decree" in Article 43-5 (1) of the Act falling under any ground under any of the following subparagraphs:

1. Where the principal and interest of reverse annuity mortgage loans already paid exceeds the value of the secured house;

2. Cases where a financial institution may not pay reverse annuity mortgages to any person who has used credit guarantee services due to the bankruptcy of the relevant financial institution under Debtor Rehabilitation and Bankruptcy Act or other grounds.
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

[This Article Newly Inserted by Presidential Decree No. 20002, Apr. 11, 2007]

Article 28-5 (Grounds for Exceptional Establishment of Mortgages)
The term "cases provided for by Presidential Decree" in the body of Article 43-7 (1) of the Act means cases falling under any of the following subparagraphs:

1. The person who has used credit guarantee services performs acts under Article 43-7 (1) 1 of the Act after establishing a mortgage against a financial institution or the Corporation by setting the amount exceeding the estimated total of the principal and interest of the reverse annuity mortgage loans as the ceiling for prior repayment.

2. Where any person who has used credit guarantee services resides in a mortgaged house and leases a part of it to charge monthly rental payments without a deposit.

[This Article Newly Inserted by Presidential Decree No. 20002, Apr. 11, 2007]

Article 28-6 (Supplementary Registration)

(1) The supplementary registration under Article 43-7 (2) of the Act shall be effected simultaneously at the time when the establishment registration of mortgages on the secured house is completed.

(2) In cases of the supplementary registration under Article 43-7 (2) of the Act is to be affected, the phrases of "No restricted real shall be established over this house and this house shall not be subject to any act restrict, including seizure, provisional seizure, temporary disposition, lease, etc. without consent of the Korea Housing Finance Corporation under the Korea Housing Finance Corporation Act" shall be stated.

(3) The person who has used credit guarantees services shall, when he/she intends to cancel the supplementary registration under Article 43-7 (2) of the Act, obtain consent therefrom from the Corporation: Provided, That in cases where the principal and interests of the reverse annuity mortgage loans are fully repaid, it may cancel the supplementary registration without obtaining consent from the Corporation.

[This Article Newly Inserted by Presidential Decree No. 20002, Apr. 11, 2007]

Article 28-7 (Fees of Guarantee for Reverse Annuity Mortgages, etc.)

(1) The term "rate provided for by Presidential Decree" in Article 43-8 (1) of the Act means the rate of guarantee fee determined by the board of directors, considering the housing inflation rate, the interest rate for computation of annuity, death expectancy, and other relevant factors.

<Ammended by Presidential Decree No. 21172, Dec. 17, 2008>
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

(2) The term "rate provided for by Presidential Decree" in Article 43-8 (2) of the Act means the rate of guarantee fee determined by the board of directors, considering the housing inflation rate, the interest rate for computation of annuity, death expectancy, and other relevant factors. <Amended by Presidential Decree No. 21172, Dec. 17, 2008>

(3) The board of directors shall, when it determines the rate of initial guarantee fee and the rate of guarantee fee pursuant to paragraphs (1) and (2), ensure to maintain the equitableness between the persons to whom the guarantee for reverse annuity mortgage is provided. <Amended by Presidential Decree No. 21172, Dec. 17, 2008>

(4) The initial guarantee fees and guarantee fees under Article 43-8 (1) and (2) of the Act shall be paid by the financial institution at the expenses of the person who has used a credit guarantee service on the date prescribed by the contract of guarantee for reverse annuity mortgages to the Corporation. <Amended by Presidential Decree No. 21172, Dec. 17, 2008>

[This Article Newly Inserted by Presidential Decree No. 20002, Apr. 11, 2007]

Article 28-8 (Ceiling on Aggregate of Guarantee for Reverse Annuity Mortgages)

The term "amount provided for by Presidential Decree" in Article 43-9 of the Act, excluding the subparagraphs thereof, shall be thirty times the amount calculated by aggregating up accounts under the subparagraphs of Article 43-9 of the Act. [This Article Newly Inserted by Presidential Decree No. 20002, Apr. 11, 2007]

Article 29 (Issuance of Student Loan-backed Securities)

The provisions of Articles 14, 15, 17, 18 and 21 shall apply mutatis mutandis to student loan-backed securities issued by the Corporation. In such cases, "mortgage-backed claims" shall be deemed "student loan-backed claims," and "mortgage-backed securities" as "student loan-backed securities."

Article 30 (Entrustment of Business of Financial Services Commission)

The Financial Services Commission may, in accordance with Article 44 of the Act, entrust the whole, or a part of businesses falling under each of the following subparagraphs to the Governor of the Financial Supervisory Service. <Amended by Presidential Decree No. 20053, Feb. 29, 2008>

1. Registration of the mortgage securitization plan, etc. under Article 23 of the Act (including cases where the same Article applies mutatis mutandis in Article 46 of the Act);

2. Registration of transfer, etc. of mortgage-backed claims under Article
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

24 of the Act (including cases where the same Article applies mutatis
mutandis in Article 46 of the Act);

3. Disclosure of the documents on registration pursuant to Article 23 of
the Act (including cases where the same Article applies mutatis mutandis
in Article 46 of the Act).

Article 31 (Entrustment of Business of Corporation)

(1) The Corporation may entrust business prescribed according to the
classification falling under each of the following subparagraphs to each
person falling under Article 45 (1) 1 through 3 of the Act in accordance
with Article 45 (7) of the Act: <Amended by Presidential Decree No. 18803, Apr.
27, 2005; Presidential Decree No. 20002, Apr. 11, 2007; Presidential Decree No. 21765, Oct.
1>

1. Financial institutions: Business under Article 22 (1) 7 through 10,
12 and 14 of the Act (limited to business incidental to subparagraphs
7 through 10 and 12 of the said paragraph):

2. The Korea Asset Management Corporation established under the Act
on the Efficient Disposal of Non-Performing Assets, etc. of Financial
Institutions and the Establishment of Korea Asset Management
Corporation and credit information companies under the Use and
Protection of Credit Information Act: Business regarding the exercise
of rights to indemnification under Article 22 (1) 8, 10 and 14 of the
Act.

(2) In cases where the Corporation intends to entrust businesses pursuant
to paragraph (1), it shall make a prior report to the Financial Services
Commission. <Amended by Presidential Decree No. 20653, Feb. 29, 2008>

Article 32 (Distribution of Earnings)

When the Minister of Strategy and Finance grants approval with regards
to the allotment of earnings for investors pursuant to Article 50 (1) 2
of the Act, the ratio of such distribution shall not exceed 15/100. <Amended
by Presidential Decree No. 20653, Feb. 29, 2008>

Article 33 (Method of Creating Fund)

The term “fund provided for by Presidential Decree” in Article 56 (1) 7
of the Act means any of the following borrowings:

1. Borrowings from the Government;
2. Borrowings from foreign governments or international institutions.

Article 34 (Uses of Fund)

The term “uses provided for by Presidential Decree” in subparagraph 5
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

of Article 57 of the Act means any of the following subparagraphs:
1. Projects for advising and providing information on houses;
2. Projects of advising on business administration or techniques for a housing business operator, etc.

Article 35 (Management and Operation of Fund)
The term "methods provided for by Presidential Decree" in Article 58 (2) 2 of the Act means any means of the following subparagraphs: <Amended by Presidential Decree No. 20653, Feb. 28, 2008>
1. Purchase of state bonds, local government bonds and other bonds guaranteed by the Government;
2. Subscription or purchase of stock (including investment certificate), debentures or other securities (limited to those approved by the Financial Services Commission).

Article 35-2 (Methods of Creating Accounts for Guarantee of Reverse Annuity Mortgage)
The term "fund provided for by Presidential Decree" in Article 59-3 (1) 8 of the Act means any of the following borrowings:
1. Borrowings from the Government;
2. Borrowings from foreign governments or international institutions. [This Article Newly Inserted by Presidential Decree No. 2002, Apr. 11, 2007]

Article 35-3 (Uses of Account for Guarantee of Reverse Annuity Mortgage)
The term "usage provided for by Presidential Decree" in subparagraph 6 of Article 59-4 of the Act means any of the following subparagraphs:
1. Counselling and support for a guarantee for reverse annuity mortgages;
2. Provision of information on the safe use of reverse annuity mortgages and other types of counselling and support for the stabilization of livelihood of persons who have used credit guarantee services. [This Article Newly Inserted by Presidential Decree No. 2002, Apr. 11, 2007]

Article 36 (Supervision for Sound Administration)
(1) The Financial Services Commission shall supervise the Corporation in accordance with Article 60 (1) of the Act. In such cases, the supervision of soundness of the Financial Services Commission, audits and inspections under Article 22 of the Board of Audit and Inspection Act and matters subject to inspection on job performance under Article 24 of the said Act. <Amended by Presidential Decree No. 18803, Apr. 27, 2006: Presidential Decree No. 20653, Feb. 28, 2008>
(2) The Financial Services Commission may prescribe details necessary
ENFORCEMENT DECREE OF THE KOREA HOUSING FINANCE CORPORATION ACT

for the supervision under paragraph (1), including guidelines for business supervision. In such cases, the following matters shall be included in the guidelines for business supervision: <Amended by Presidential Decree No. 20653, Feb. 28, 2008>

1. Matters on the appropriateness of capital;
2. Matters on the soundness of assets;
3. Matters on the securing of liquidity;
4. Other matters deemed necessary for securing soundness in business administration.

Article 37 (Inspection of Documents)
When the Financial Services Commission entrusts the business of inspection to the Governor of the Financial Supervisory Service in accordance with Article 61 (2) of the Act, such entrustment shall be made using documents stating the purposes and scope of inspection, etc. <Amended by Presidential Decree No. 20653, Feb. 28, 2008>

Article 38 (Special Cases of Mortgage Loans for Smooth Securitization)
The term "cases provided for by Presidential Decree" in Article 66 of the Act means cases where each of the following criteria might by satisfied even if the National Credit Union Federation of Korea provides the relevant mortgage loans: <Amended by Presidential Decree No. 18893, Apr. 27, 2005>

1. The ratio of loan amount received from a financial institution by putting up a house as security for the purchase price of such house;
2. The limit of loan, within 300 million won, for the house offered to a financial institution as security;
3. The capacity of the person to repay debts who has loaned from a financial institution by putting up a house as security, in view of his/her income level.

Article 39 Deleted. <by Presidential Decree No. 21172, Dec. 17, 2008>

Article 40 (Scope of Deemed Public Officials in Application of Penal Provisions)
The term "employees provided for by Presidential Decree" in Article 69 of the Act means employees of the Corporation who are deputy managers or higher in ranking.

ADDENDA

Article 1 (Enforcement Date)
ENFORCEMENT DECREES OF THE KOREA HOUSING FINANCE CORPORATION ACT

This Decree shall enter into force on March 1, 2004.

Article 2 (Abrogation of Other Act and Subordinate Statutes)

The Enforcement Decree of the Act on the Assistance to Residential Stability and Lump Sum-raising Savings of Workers shall be abrogated.

Article 3 (Transitional Measures on Maximum Limit on Credit Guarantee)

(1) In cases where the sum of amount guaranteed or to be guaranteed by the Housing Finance Credit Guarantee Fund for the same person or the same corporation in accordance with Article 2 (1) of Addenda of the Amendment to the former Enforcement Decree of Act on the Assistance to Residential Stability and Lump Sum-raising Savings of Workers, Presidential Decree No. 17225, exceeds the maximum limit of credit guarantee under Article 28 (2) 1 or 3 at the time when this Decree enters into force, the sum guaranteed or to be guaranteed by the Housing Finance Credit Guarantee Fund in accordance with Article 24 (3) of the Enforcement Decree of the Act on Assistance to Residential Stability and Lump Sum-raising Savings of Workers, prior to amendment by Presidential Decree No. 17225, shall be deemed the upper limit of credit guarantee, notwithstanding the provisions Article 28 (2) 1 or 3.

(2) The same person or the same company that exceeds the ceiling on credit guarantees in accordance with paragraph (1), shall remove the excess ceiling for credit guarantee by Dec. 31, 2011 by reducing the amount for which credit guarantee services are provided, equivalent to 10/100 of the excess ceiling on credit guarantee every year, in order to conform to the ceiling on credit guarantees under Article 28 (2) 1 and 3.

Article 4 Omitted.

Article 5 (Relation with Other Acts and Subordinate Statutes)

(1) When the former Enforcement Decree of the Act on the Assistance to Residential Stability and Lump Sum-raising Savings of Workers or any provisions of such former Decree cited by other Acts and subordinate statutes at the time this Decree enters into force, and there exist provisions corresponding thereto in this Decree, it shall be deemed as citing this Decree or the corresponding provisions of this Decree in lieu of the former provisions.

(2) The Housing Finance Credit Guarantee Fund cited by other Acts and subordinate statutes at the time this Decree enters into force shall be deemed the Housing Finance Credit Guarantee Fund under this Decree in lieu thereof.
ENFORCEMENT DECREE OF THE KOREA HOUSING FINANCE CORPORATION ACT

ADDENDUM <Presidential Decree No. 18803, Apr. 27, 2006>
This Decree shall enter into force on the date of its promulgation.

ADDENDA <Presidential Decree No. 18832, May 26, 2006>
Article 1 (Enforcement Date)
This Decree shall enter into force on the date of its promulgation.
Article 2 Omitted.

ADDENDA <Presidential Decree No. 19387, Feb. 9, 2007>
Article 1 (Enforcement Date)
This Decree shall enter into force on the date of its promulgation. <Proviso Omitted.>
Articles 2 through 32 Omitted.

ADDENDUM <Presidential Decree No. 20002, Apr. 11, 2007>
This Decree shall enter into force on April 12, 2007.

ADDENDA <Presidential Decree No. 20853, Feb. 29, 2008>
Article 1 (Enforcement Date)
This Decree shall enter into force on the date of its promulgation: Provided, That of Presidential Decree which is amended under Article 2 of the Addenda, the amended part of Presidential Decree promulgated prior to this Decree enters into force, but its enforcement date has not arrived, shall enter into force on the relevant Presidential Decree respectively.
Article 2 Omitted.

ADDENDA <Presidential Decree No. 20947, Jul. 29, 2008>
Article 1 (Enforcement Date)
This Decree shall enter into force on February 4, 2009. <Proviso Omitted.>
Articles 2 through 28 Omitted.

ADDENDA <Presidential Decree No. 21172, Dec. 17, 2008>
Article 1 (Enforcement Date)
This Decree shall enter into force on the date of its promulgation.

Article 2 (Transitional Measures)
Notwithstanding the amended provisions of Article 28-7 (1) and (2), the previous provisions shall remain effective until the rate of guarantee fee is determined by the board of director pursuant to the amended provisions.

ADDENDUM <Presidential Decree No. 21315, Feb. 6, 2009>
This Decree shall enter into force on the date of its promulgation.

ADDENDUM <Presidential Decree No. 21420, Apr. 6, 2009>
This Decree shall enter into force on May 7, 2009. Provided, That the amended provision of Article 3-2 shall enter into force on the date of its promulgation.

ADDENDA <Presidential Decree No. 21725, Oct. 1, 2009>

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

Articles 2 and 5 Omitted.