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Press Release

March 25, 2013

NATIONAL HAPPINESS FUND TO BE LAUNCHED

OVERVIEW

The FSC unveiled details about the **National Happiness Fund**, which will be officially launched on March 29, 2013. The Fund aims to help credit recovery of delinquent borrowers and heavily-indebted low-income earners with programs including **restructuring debt, easing debt servicing burden on student loans, and converting high-interest loans to lower-interest ones.**

Those programs will need a total of KRW 1.5 trillion over the next 5 years. The Fund will initially raise KRW 800 billion through the KAMCO-controlled fund, loans and bond issuance. The remaining KRW 700 billion will be funded by the Fund's proceeds and guarantee fees.

Financial institutions and non-bank lenders which sign an agreement for credit recovery assistance will be obliged to sell overdue loans to the Happiness Fund if their borrowers apply for debt restructuring.¹

PROGRAMS TO BE FUNDED BY THE NATIONAL HAPPINESS FUND

1. Credit Recovery Assistance Program

Debt restructuring for overdue loans will be operated with two tracks:

(1) Debt restructuring by borrowers' prior application

The fund will purchase overdue loans by prior application of debtors who borrowed from the enlisted financial institutions.

(2) Debt restructuring by borrowers' later consent

For overdue loans without borrowers' application for debt restructuring, the fund can first purchase the loans from the enlisted financial institutions and then conduct debt restructuring by obtaining borrowers' later consent.

¹ As of March 22, 2013, there are 3,894 institutions that signed the agreement. After April 22, the list of signatories to the agreement will be available at the Fund's official website (www.happyfund.or.kr).



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	Debt restructuring by borrowers' prior application	Debt restructuring by borrowers' later consent
eligible applicants	Individuals who borrowed less than 100 million won overdue for 6 months or longer as of end-February 2013 ²	The fund first proposes debt restructuring for "Individuals who borrowed less than 100 million won overdue for 6 months or longer as of end-February 2013"
benefits	① Up to 50% of debt can be written off depending on the applicant's age, period of overdue payment, income ② Repayment schedule can be extended by up to 10 years	Equivalent benefits with debt restructuring by prior application. <u>However</u> , the rate of debt write-off will be lower than debt restructuring by prior application.
nullification of benefits	If the applicant did not faithfully fulfill their debt restructuring obligation, or hidden assets were detected, all the benefits would be nullified.	
how to apply	-Preliminary application: April 22~April 30 -Application: May 1~October 31 - Branches of KAMCO, Credit Recovery Foundation, Micro-credit centers -The Fund's official website: www.happyfund.or.kr	The fund will individually contact borrowers eligible for the program after July 2013 to confirm their consent to debt restructuring.

2. Debt Restructuring for Student Loans

eligible applicants	- Individuals who give later consent to debt restructuring for overdue loans that the Fund purchased from the Korea Student Aid Foundation (KOSAF) - Individuals with student loans overdue for 6 months or longer as of end-February 2013 from the enlisted financial institutions
benefits	-Debt can be written-off or rescheduled depending on applicants' ability to repay. -Debt repayment can be deferred until the applicant finds a job.
Nullification of benefits	If the applicant did not faithfully fulfill their debt restructuring obligation, or hidden assets were detected, all the benefits would be nullified.
how to apply	After July 2013, the Fund or the KOSAF individually contact eligible beneficiaries to confirm their consent to debt restructuring.

3. Conversion of Outstanding Loans into Lower-interest Loans

eligible applicants	- Individuals who borrowed loans at 20% or higher from financial institutions or registered non-bank lenders; diligently repay their debt for the last 6 months or longer as of end-February 2013; and earn less than 40 million won a year ³
benefits	-Outstanding loans with 20% interest rate or higher can be converted to loans with lower-interest rates above 10%. For each borrower, up to 40 million of outstanding loans can be converted.
how to apply	-application period: April 1~September 30 - branches of KAMCO, Micro-credit centers, 16 commercial banks

For any inquiry, please contact Foreign Press & Relations Team at aykim@korea.kr

² Those who borrowed from unregistered money lenders, with secured loans, or already enrolled other credit recovery programs are not be eligible.

³ Those who borrowed from unregistered or private money lenders, or those with secured debt are not eligible.