

The Best Housing Finance Institution

Growing along with the Happiness of the People

2019 PROFILE



About HF

Corporate Overview

Established on March 1, 2004, pursuant to the Korea Housing Finance Corporation Act (Law No. 15417), HF aims to promote the long-term, stable supply of housing finance and thereby contribute to the welfare of the people and the development of the national economy.

Type of Organization

Fund-management-based quasi-governmental institution

Competent Authority

Financial Services Commission

Capital and Fund

As of year-end 2019, HF retains USD 1.7 billion in paid-in capital and over USD 7 billion in the Housing Finance Credit Guarantee Fund (the “Fund”).

USD **9,043** million

Paid-In Capital (USD million)

1,737.4

Government 1,088.3 (62.6%), Bank of Korea 557.1 (32.1%)
National Housing & Urban Fund 92.0 (5.3%)

Fund Assets

7,305.6

Introduction to HF

Main Business Areas

HF works in four main business areas to improve housing welfare for the public and reinforce the residential safety net for vulnerable social groups.

Provision of Public Mortgages

HF provides first-time homebuyers with the Bogeumjari Loans, the long-term, fixed-rate, amortized mortgage loans, and Conforming Loans, thereby reducing their exposure to interest-rate fluctuations and giving them stable access to home financing.

Issuance of Mortgage-Backed Securities

HF issues mortgage-backed securities and bonds (MBS and MBB) backed by home loans purchased from financial institutions as a stable means of raising funds from capital markets for our long-term, fixed-rate, amortized state-sponsored mortgage loans.

Provision of Housing Finance Credit Guarantees

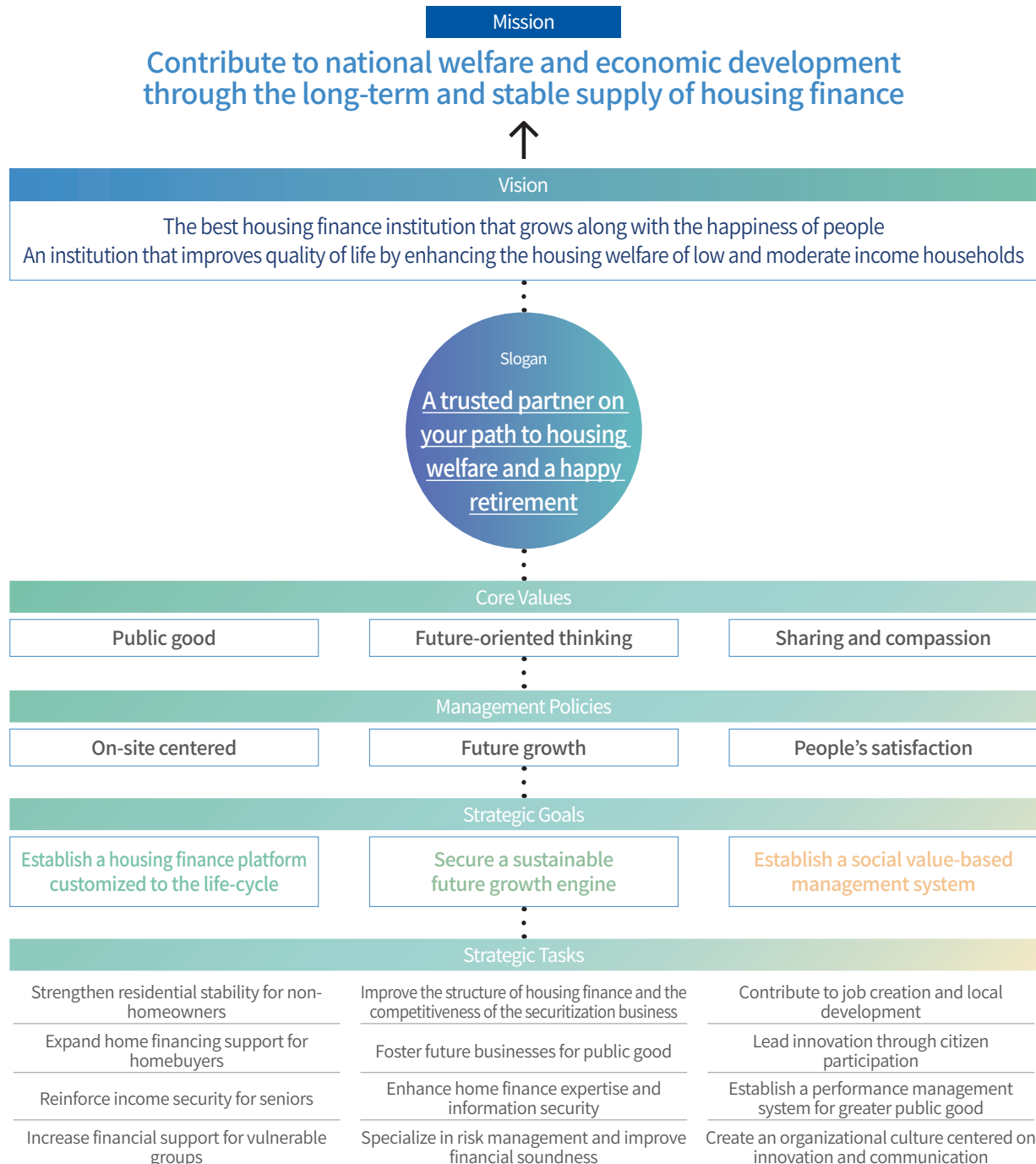
HF offers credit guarantees to individual renters and homebuyers as well as property developers, thus improving their access to loans for Jeonse deposits, newly-built apartment installment payments, and rental home construction or purchases, respectively, thereby promoting residential stability.

Provision of Reverse Mortgage Guarantees

HF provides senior citizens 60 years of age or older with guarantees for the Korean Home Pension, an HF reverse mortgages program in which they provide their owned home as collateral and receive monthly payment for living expenses in their post-retirement while residing in the home.

Vision

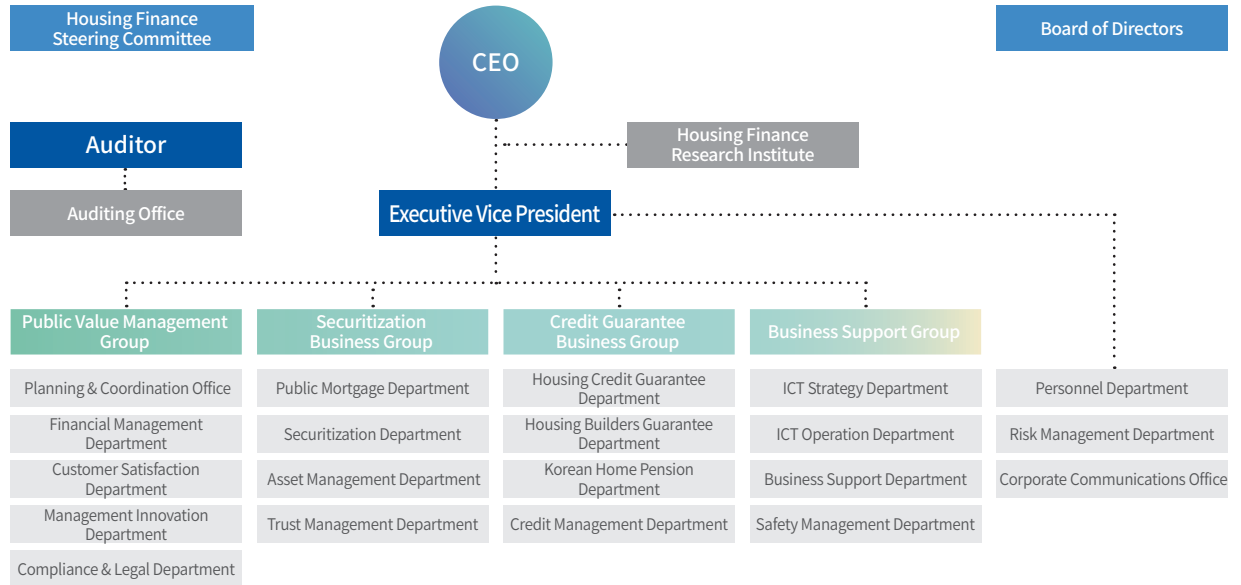
With our top priority on the housing welfare of low and moderate income households, HF is committed to becoming the best housing finance institution that can promote the quality of life and the happiness of people.



Organization

Organization

HF consists of four groups, 23 departments (four offices, 17 departments, one research institute), 25 branches and one center. The head office is located in the Busan International Finance Center (BIFC) in Munhyeon-dong, Nam-gu, Busan.



Eastern Seoul Metropolitan Area	Seoul Jungbu / Seoul Nambu / Seoul Bukbu / Seoul Dongbu / Gangwon Dongbu / Gangwon Seobu
Western Seoul Metropolitan Area	Seoul Seobu / Incheon / Gyeonggi Nambu / Gyeonggi Jungbu / NPL Center
Southeastern Area	Busan / Busan Seobu / Daegu / Gyeongbuk / Ulsan / Gyeongnam Dongbu / Gyeongnam Seobu / Jeju
Southwestern Area	Gwangju / Daejeon / Sejong / Chungbuk / Chungnam / Jeonbuk / Jeonnam

※ As of May 2020

25 Branches Nationwide,
one NPL center

HF has recently undertaken organizational restructuring to reinforce our core expertise and organizational capacity and eliminate gray areas in our public financial services. We have launched the 'Public Mortgage Service Center' as a standing task force team, allowing for a completely non-face-to-face mortgage underwriting process regardless of customer location. In addition, we have created the Safety Management Office within the Business Support Group, which oversees our day-to-day safety management operations, in line with the government's recent policies towards more rigorous safety management practices. We have also newly opened our Gyeongbuk branch, providing underserved communities in the region with better access to public financial services.

Workforce

HF has a total of 747 employees, including seven executives and 740 full-time permanent employees.

Employees by Job Grade

(Persons)

Job Grade	1 st Grade	2 nd Grade	3 rd Grade	4 th Grade	5 th Grade and Below Other Positions	Total
Number	15	49	121	217	334	740

※ The table above is based upon our permanent employee information filed on the All Public Information In-One (ALIO) system (as of Q4 2019).

History

2004~2011

Mar. 01, 2004

Korea Housing Finance Corporation established

Mar. 25, 2004

Launched Bogeumjari Loan

Oct. 31, 2005

Unveiled the preferred-rate Bogeumjari Loan program for low-income non-homeowners

Jun. 29, 2006

Launched e-Mortgage Loan

Jul. 12, 2007

Launched reverse mortgage scheme Korean Home Pension

Sep. 30, 2008

Reached 1,000 Korean Home Pension subscribers

Mar. 30, 2009

Unveiled a mortgage-MBS swap program to offer more liquidity for financial institutions

Nov. 16, 2009

Acquired ratings from global credit rating agencies (A2 by Moody's and A by S&P)

Jun. 21, 2010

Launched u-Bogeumjari Loan

Jul. 15, 2010

Issued the 1st USD-denominated covered bond (USD 500 million)

Aug. 23, 2011

Registered a patent for the u-Bogeumjari Loan underwriting system

2012~2015

Feb. 27, 2012

Launched Jinggeomdari Guarantee for Jeonse loans

Mar. 09, 2012

Launched Conforming Loan to support a soft landing for household debt

Aug. 07, 2012

Surpassed 10,000 Korean Home Pension subscribers

Jun. 01, 2013

Implemented the advance subscription system for the Korean Home Pension

Nov. 18, 2013

Issued electronic short-term bonds, a first for a public corporation

Jan. 02, 2014

Launched Didimdol Loan for first-time homebuyers

Mar. 19, 2014

Launched Akkim e-Bogeumjari Loan

Dec. 19, 2014

Relocated the head office to BIFC in Busan

Jan. 02, 2015

Launched guarantees for monthly rental loans

Mar. 05, 2015

Reached KRW 100 trillion (USD 89.4 billion) in MBS issuance

Mar. 24, 2015

Released Relief Conversion Loan

Dec. 31, 2015

Opened the integrated MBS disclosure portal K-MBS

2016~2018

Apr. 25, 2016

Launched three types of NaeJibYeonKeum

Nov. 25, 2016

Issued 1st Pass-Through MBS

Apr. 17, 2017

Supplied KRW 100 trillion (USD 89.4 billion) in Conforming Loans

May. 11, 2017

Launched Non-Recourse Didimdol Loan

Nov. 16, 2017

Released non-face-to-face Guarantee for Jeonse loans

Dec. 06, 2017

Ranked first (1st grade) in the integrity assessment of public institutions and selected for excellence in anti-corruption efforts for the eighth consecutive year (by the Anti-Corruption & Civil Rights Commission)

Jan. 03, 2018

Lee Jung-Hwan inaugurated as 7th HF CEO

Feb. 27, 2018

Won Presidential Prize for anti-corruption efforts

Apr. 24, 2018

Released Bogeumjari Loans for newlywed couples and families with multiple children

May. 31, 2018

Launched Deonaenun Bogeumjari Loan and Non-Recourse Bogeumjari Loan

Oct. 30, 2018

Issued Asia's 1st Euro Social Covered Bond

2019

Jan. 14

Received Asia's Best Social Value Bond Award (The Asset)

May. 27

Honored as an exemplary case of gender-equal employment practices (Minister of Employment and Labor's Award)

May. 27

Launched guarantees for young people's Jeonse and monthly rental loans

May. 30

Released guarantees for post-construction sales project financing and multisource-funded guarantees for public rental housing construction projects

Sep. 03

Hosted 6th AFIS Conference and ASMMA General Assembly

Sep. 11

Received Excellence Award at the Board of Audit and Inspection's Internal Audit Matters Contest

Sep. 16

Launched New Relief Conversion Loan for low and moderate income groups

Oct. 17

Selected for excellence in the Korean Standard-Contact Service Quality Index

Oct. 25

Unveiled Jeonse loan guarantees exclusively for self-employed small business owners

Nov. 07

Awarded KOSTAT Commissioner's prize for the best statistical data dissemination and application practices

Nov. 19

New Relief Conversion Loan for low and moderate income groups selected as exemplary case of proactive administrative service (Encouragement Prize)

Nov. 29

Won Grand Prize at Korea Service Grand Prix (Minister of Education's Prize in the education category)

Dec. 12

Selected as exemplary case of blind hiring (Minister of Economy and Finance's Prize)

Dec. 23

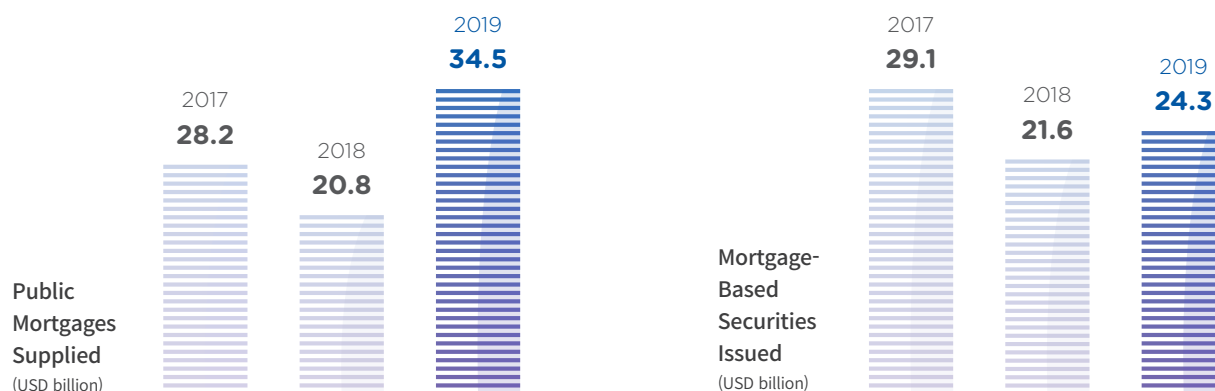
Reached 70,000 mark of Korean Home Pension subscribers

2019 Highlights

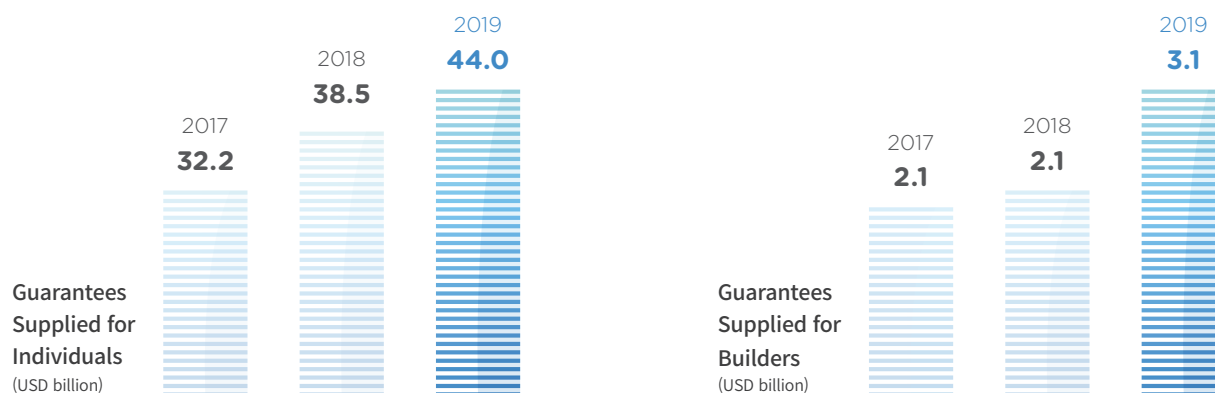
Facts and Figures



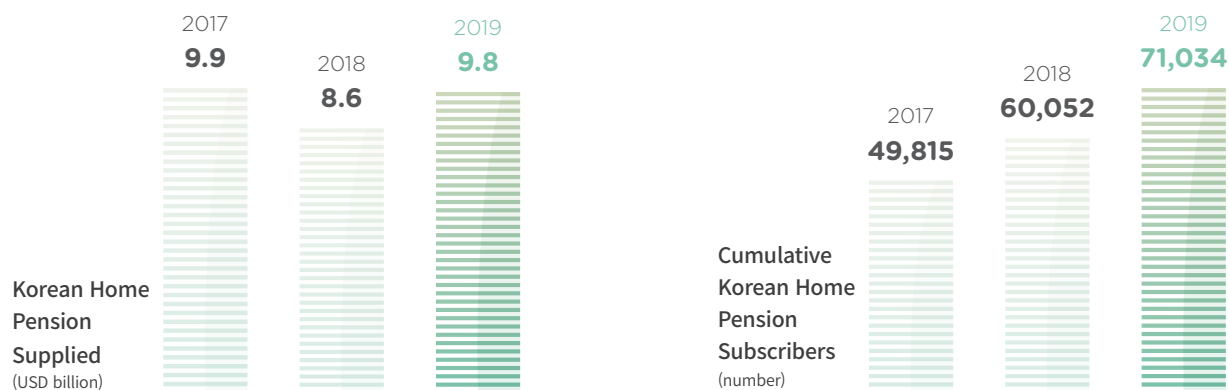
Securitization



Housing Finance Credit Guarantees



Reverse Mortgage Guarantees



Securitization

Korea Housing Finance Corporation promotes home ownership with the Bogeumjari Loans and Conforming Loans, which are long-term, fixed-rate, amortized mortgage loans. HF raises funds from capital markets for public mortgage loans by issuing MBS and MBB, contributing to enhanced housing welfare of people.



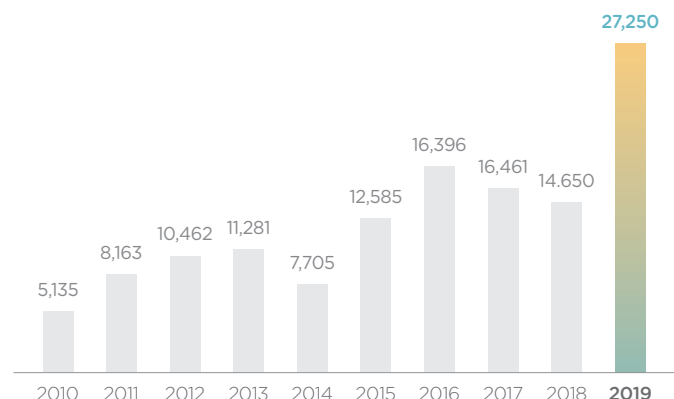
Provision of Bogeumjari Loans and Didimdol Loans

The Bogeumjari Loan is the first long-term, fixed-rate, and amortized mortgage loan in Korea to help low and moderate income households realize the dream of becoming a homeowner. In 2019 alone, HF disbursed USD 27.2 billion in mortgage loans to about 269,000 homebuyers. The cumulative amount of Bogeumjari Loans, including Didimdol Loans, supplied since the scheme's launch has reached USD 146.6 billion, supporting a total of some 1.15 million households to purchase homes, thereby significantly contributing to increased home ownership among low and moderate income households.



Amount of Bogeumjari Loans and Didimdol Loans Supplied

(USD million)



By product category, the Bogeumjari Loans and Didimdol Loans accounted for 85.7% and 14.3% respectively, of the total mortgage loans offered by HF. The surge in Bogeumjari Loans is attributed to expanded supply of the mortgage loans after the launch of the New Relief Conversion Loan in September 2019. The Relief loan was developed to address structural issues of household debt and to alleviate the financing burden of low and moderate income homebuyers. In the first two weeks after its launch from September 16 to 29, 2019, HF received an overwhelming 635,000 applications that amounted to USD 63.8 billion in loans. With the total of USD 17.3 billions of fund, HF drew up a shortlist for the loan based on the value of homes from the lowest, helping low and moderate income people to reduce the borrowing costs with protection from potential interest rate hikes, and improved household debt structure in Korea.





As the rise of single-person households, later marriages, and the low birth rate had become major social concerns, HF launched the Bogeumjari Loan for Newlyweds and Multi-Child Families to relieve the housing cost burden on these two target households. Tailored to meet their specific economic conditions, this new loan offers preferential loan terms, including more lenient income requirements, interest rate discounts, and increased loan limits. Since the launch in 2018, HF has disbursed USD 2.9 billion and USD 10.5 billion of the loans for newlyweds and families with multiple children respectively, eliminating blind spots in home financing support.

Bogeumjari Loan Benefits for Newlyweds and Multi-Child Families

Regular Bogeumjari Loan	Income Limit	USD 60,000
	Rate Discount	-
	Loan Limit	USD 259,000
Bogeumjari Loan for Newlyweds	Income Limit	USD 73,000
	Rate Discount	(Income of USD 60,000 or less) 0.2%p
	Loan Limit	USD 259,000
Bogeumjari Loan for Multi-Child Families	Income Limit	(1 child) USD 69,000 (2 children) USD 78,000 (3 or more children) USD 86,000
	Rate Discount	(3 or more children) 0.4%p
	Loan Limit	(3 or more children) USD 345,000

In 2019, the average age of Bogeumjari Loan borrowers was 44 years old. Their average annual income was around USD 39,000, which implies most of the loans were used by low and moderate income groups. Most (87.9%) of the mortgages were used to purchase apartment units, with the average size of 74.3m², smaller than the nation's standard housing size of 85m². This shows that the Bogeumjari Loans were offered mainly to help homebuyers with a real housing need.

Bogeumjari Loan Borrowers and Their Housing Characteristics in 2019

Borrower Information		Loan Information	
	Age		Annual Income
44	years old	USD 39,000	
	LTV		DTI
55.2	%	21.9	%
Collateral Information			
	House Type		House Area
Apartment	91.7	73.8	m ²
	%		
			House Price
		USD 207,000	

Provision of Conforming Loans

Until 2012, most mortgages were floating-rate and bullet payment loans, meaning that any rate moves would put a greater burden on borrowers. To address the risk, HF unveiled the Conforming Loan, a long-term loan with the fixed-interest rate, designed to resolve the structural problem of the mortgage market in Korea. Since launch in March 2012, the Conforming Loan scheme has contributed significantly to improving the structure of the mortgage market in country.

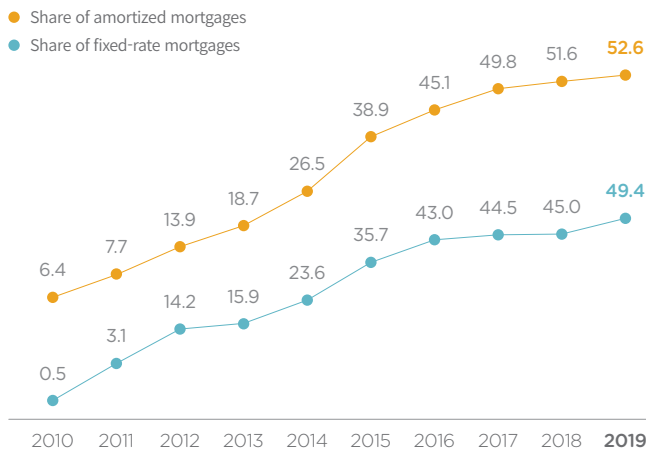
The Conforming Loan is a long-term, fixed-rate, and amortized mortgage loan that conforms to a certain set of criteria set by HF for purchase and securitization. Lending institutions may freely determine a name, rate, and other terms of the loans and sell them to the extent that they satisfy the criteria. Borrowers can take out a loan of up to USD 432,000 for houses worth USD 777,000 or less, and repay the loan over a maximum of 30 years in installments. Given that the loan amount is determined by the borrower's income level and that the loan is repaid in installments over a long period of time at a fixed rate, the Conforming Loan is a loan option that offers protection from impacts of a potential housing market recession or even a financial crisis.

In 2019, HF provided USD 7.3 billion of Conforming Loans to around 56,000 households. The cumulative amount of Conforming Loans, including New Relief Conversion Loans, was expanded to reach USD 10.7 billion for a total of 1,171,000 households. As a result, the share of fixed-rate loans and amortized loans was increased to 49.4% and 52.6% respectively, of the total loans in the banking sector as of the end of 2019, promoting an encouraging structural move in the nation's household debt towards long-term, fixed-rate, and amortized loans.

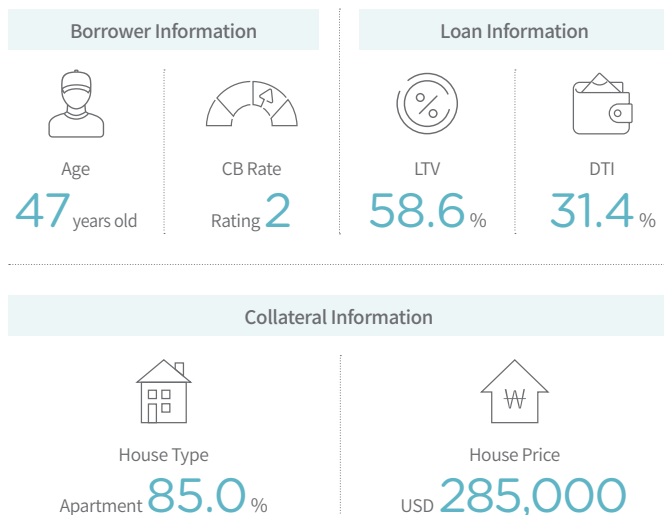
According to statistics on the use of Conforming Loans in 2019, the loans were provided mainly to middle-class borrowers in their 40s, with the average age of 47 and the average home value of USD 285,000. Their average LTV, credit rating, and DTI stood at 58.6%, Rating 2, and 31.4% respectively, indicating that the loan structure is relatively stable as well.

Structural Improvements in Household Debt

(%)



Conforming Loan Borrowers and Their Housing Characteristics in 2019



Issuance of Mortgage-Backed Securities (MBS)

The principal purpose of HF's securitization business is to raise funds for long-term, fixed-rate, and amortized mortgages from the capital markets by issuing mortgage-backed securities, thus enhancing the housing welfare of low and moderate income households.

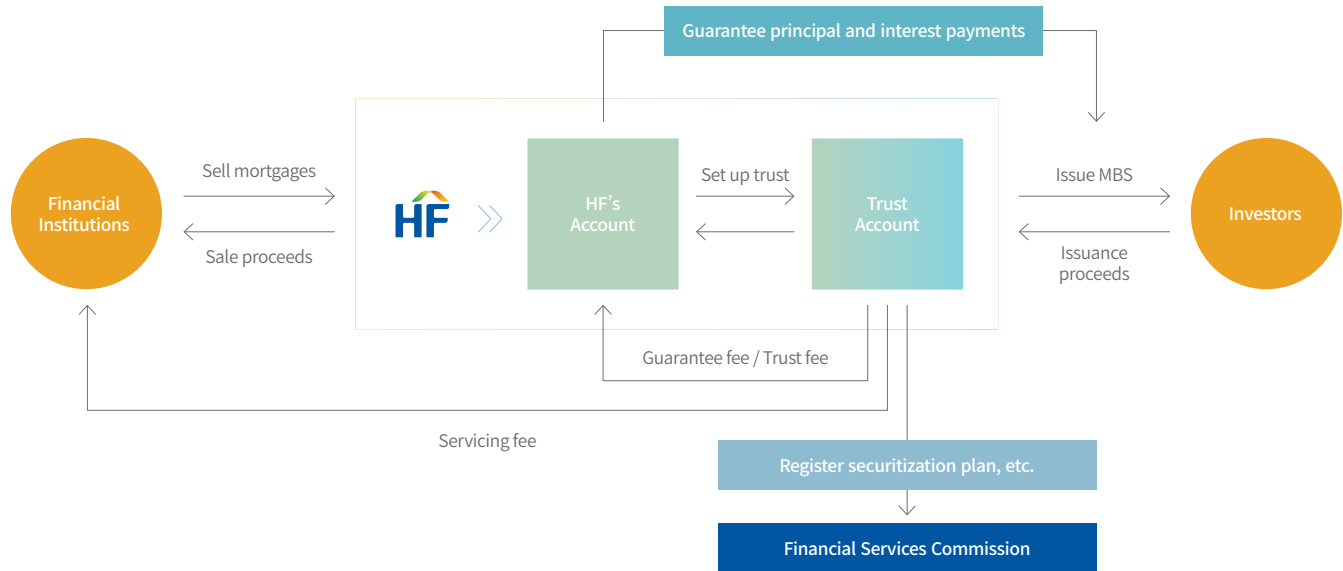
Under its securitization structure, HF takes over mortgage loans originated by financial institutions, transfers them to the Trust for perfection against third parties, and bundles them into beneficiary securities. Given that MBS yields vary depending on their performance under the Trust Act, HF guarantees principal and interest payments to ensure stability in mortgage payments to MBS holders and attract more investors. HF issues MBS in eight tranches with maturities of one year to 20 years and lists them on the Korea Exchange. Considering the nature of the cash flow of mortgage loans, securities with a maturity of five years or longer are given call options. This MBS is recognized as a very safe investment option thanks to HF's payment guarantee and the indemnity clause of the Korea Housing Finance Corporation Act.

MBS Issuance Structure

Underlying Assets	Mortgage loans (Bogumjari, Didimdol, and Conforming Loans)
Amount Issued	Approx. KRW 1 trillion (USD 863.7 million)
Issuer	HF Trust (Trustee: HF)
Issuance Structure	<ul style="list-style-type: none"> HF guarantees full principal and interest payments for senior MBS. Multiple maturity tranching <ul style="list-style-type: none"> Tranches of 1, 2, and 3 years: Non-callable lump-sum repayment at maturity Tranches of 5, 7, 10, 15, and 20 years: Partial call option for every three months sequentially from the shortest maturity tranches; grace period offered to each tranche
Issuance Conditions	<ul style="list-style-type: none"> Fixed-rate (interest rate on Korea Treasury Bonds + spread) AAA credit rating, public offering, and listing on Korea Exchange (KRX)
Mortgage Servicers	Financial institutions and HF



MBS Issuance Structure

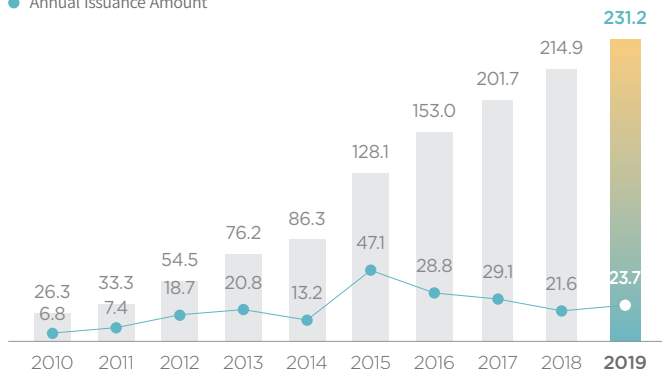


In 2019, HF regularly issued MBS 28 times in the combined amount of USD 23.7 billion. As the government took more stringent measures against rising household debt, eligibility requirements for home loans were tightened. However, the supply of public mortgages for financially vulnerable groups expanded, driving up the year-on-year volume increase of MBS. At the end of 2019, the amount of cumulative issuance and outstanding balance of HF MBS reached USD 231.2 billion and USD 104.8 billion respectively, which made it the top three bonds in the nation, after Korea Treasury Bonds and Monetary Stabilization Bonds.

MBS Issuance Trends by Year

(USD billion)

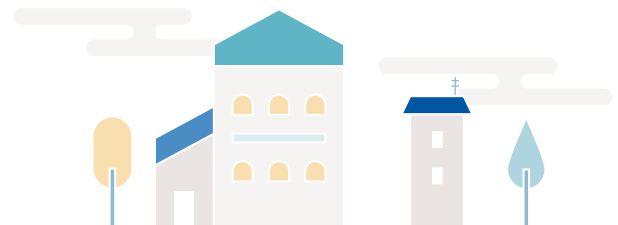
- Cumulative Issuance Amount
- Annual Issuance Amount



Issuance of Mortgage-Backed Bonds (MBB)

HF takes over mortgage loans from financial institutions and issues debt instruments secured by the pool of mortgage loans to investors, who receive principal and interest payments from the underlying assets. These mortgage-backed bonds (MBB), often known as covered bonds, are most common in Europe. Embedded with a preferential claim over the collateral and a right of recourse to the issuer, MBB offers investors double protection, with a steady flow of mortgage financing.

Since 2010, HF has raised a total of USD 4.12 billion by issuing eight rounds of foreign currency-denominated covered bonds, thus diversifying its funding sources. In particular, in 2019, HF successfully issued AAA-rated euro covered bonds for the first time in Korea. The interest rate was 54bp lower than that of Korea Treasury Bonds, creating a stable source of funding for public mortgage loans at a low cost.



Housing Finance Credit Guarantees

Korea Housing Finance Corporation provides credit guarantees to individuals and home builders, improving their access to loans for Jeonse deposits and newly-built apartment installment payments and construction loans respectively, thereby promoting the housing welfare of the people and revitalizing the housing finance market.



Supply of Housing Finance Credit Guarantees

HF operates the Housing Finance Credit Guarantee Fund (the “Fund”), stimulating the flow of credit for home financing to promote the residential welfare of the public. The Fund provides credit guarantees mainly to the demand and supply sides of the housing market; individual households seeking loans to finance Jeonse deposits and new homes and home builders seeking loans for rental home construction and purchases. Since establishment in 1988, the Fund has witnessed steady growth in the volume of its guarantee supply. In 2019, HF provided USD 44.0 billion of guarantees to individuals and USD 3.1 billion of guarantees to builders.



Credit Guarantee Supply by Year

(USD million)

Classification	Individuals	Builders	Total
2010	9,782	307	10,089
2011	17,372	551	17,922
2012	25,045	684	25,729
2013	24,179	1,009	25,188
2014	28,091	909	29,000
2015	30,224	1,753	31,977
2016	31,183	1,997	33,179
2017	32,164	2,061	34,224
2018	38,524	2,143	40,666
2019	44,000	3,140	47,140

Credit Guarantees for Individuals

Under the growing economic uncertainties due to the escalation in the U.S.-China trade dispute in the second half of 2018 and the ongoing global economic slowdown, low and moderate income households and disadvantaged groups have been exposed to increased housing instability. To reduce their housing costs burden, HF offers more affordable home loans through partnerships for lower interest rates and guarantee fees. The institution has formed and expanded partnerships with local governments for subsidized loans, and with financial institutions for rate discounts. In addition, in line with the recent government initiative to alleviate the housing cost burdens on young people and newlywed couples, HF launched Young People's Jeonse and Monthly Rental Loan in May 2019. Developed exclusively for younger households with no home ownership, the home rental loan has added social value by providing the households with lower-rate loans for Jeonse deposits and monthly rent. Moreover, HF has been working to fulfill its role as a public guarantee provider by channeling its Jeonse loan guarantee resources to low and moderate income households who do not own homes and live in rented accommodations and expanding guarantees to cover collective Jeonse loans for households living in multi-family houses and residential complexes. In 2019, HF provided around USD 44.0 billion of credit guarantees for individual households, improving the residential stability of low and moderate income families.

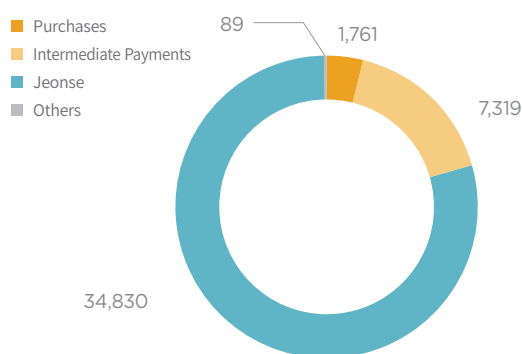
Credit Guarantees for Home Builders

In relation to guarantee programs for home builders, HF launched new guarantee products customized to their needs and expanded the scope of guarantees. One of the new products is the Multisource-Funded Guarantee for Construction Loans, launched to invigorate long-term public rental housing projects by combining funding streams from commercial banks and the National Housing & Urban Fund. HF also unveiled the Post-Construction Sales PF Guarantee, which offers preferential guarantee limits, coverage ratios, and guarantee fees, to bolster post-construction sales projects. In addition, in order to assist the governmental efforts to expand the supply of public rental units, HF approved USD 577.8 million of guarantees for 3,001 units in public rental housing for young people near subway stations and social-shared housing, thus advancing the housing welfare of newlyweds, recent graduates, social economy entities, and other vulnerable groups. In the meantime, HF proactively responded to the changes in the housing finance environment by developing personalized products tailored to the different needs of different home builders and realigning the guarantee schemes to create greater social value. These endeavors led to the disbursement of around USD 3.1 billion of guarantees, which encouraged construction projects and promoted housing stability for low and moderate income households. In 2019, guarantees for individuals were mainly offered to low income people with a home size of 85m² or smaller, who earned annual income of USD 26,000 or less, with a CSS rating of 6 or below, while the main customer group of guarantees for builders was small and medium sized construction companies with relatively less financial resources.

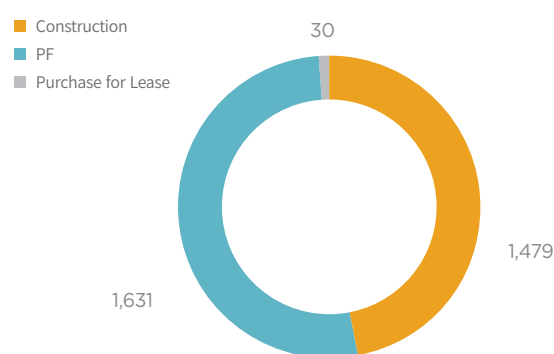
Supply of Housing Finance Credit Guarantees by Product

(USD million, %)

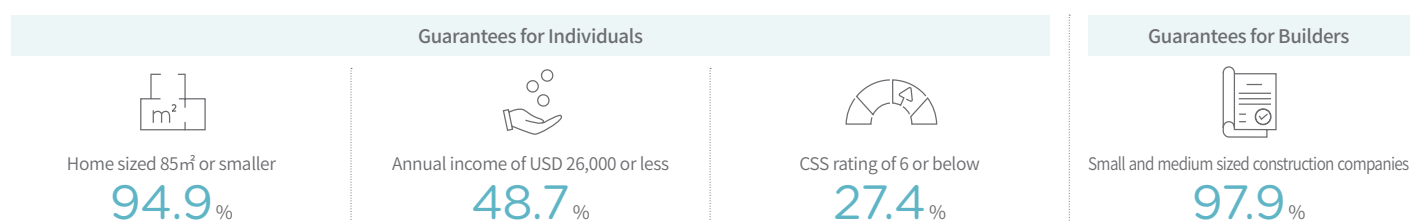
Guarantees for Individuals



Guarantees for Builders



Breakdown of Housing Finance Credit Guarantee Users in 2019



Reverse Mortgage Guarantees

Korea Housing Finance Corporation provides Korean Home Pension, reverse mortgage program for the elderly, aged 60 years or older. The reverse mortgage allows the subscribers to keep residing in their homes for lifetime, while using the house as collateral to receive payments in the form of monthly annuities. As the cumulative number of subscribers surpassed 70,000 mark at the end of 2019, the Korean Home Pension has solidified its position as a reliable retirement financing solution for a happy retirement in the rapidly aging society.



Program Overview and Key Details

The Korean Home Pension is reverse mortgage program guaranteed by HF to ensure both life-long housing and financial stability for seniors, by allowing them to put up their homes as collateral and receive monthly payments. Following the amendment of the Korea Housing Finance Corporation Act in January 2007, HF set up a reverse mortgage guarantee account within the Housing Finance Credit Guarantee Fund. This laid the legal and financial grounds for the Korean Home Pension program, which was launched in July of that year.

The reverse mortgage program is available to seniors or their spouses, aged 60 years or older, with a total home value of USD 777,000 or less. The program is also open to senior households owning two homes with a combined value of over USD 777,000, under the condition that they sell their non-residing house within three years. Under the program, Korean Home Pension subscribers and their spouses are guaranteed life-long residence in the home and monthly payments from HF, in return for providing their home as collateral.

Eligibility Requirements

Age	Seniors or their spouses, aged 60 years or older
Number of Homes Owned	Senior households with either a single home or two or more homes with a combined value of USD 777,000 or less (Those with two homes valued at over USD 777,000 combined are eligible, only under the condition of the disposal of the non-residing home)
Eligible Property	Home or senior welfare housing with a market value of USD 777,000 or less

The Korean Home Pension program comes with a floating rate. Korean Home Pension subscribers may choose the 91-day CD rate plus a 1.1%p spread, or the Cost of Funds Index (COFIX) rate plus a 0.85%p spread (based on the initial value) at the time of subscription. Both interest rate options are lower than market mortgage rates. Borrowers can also enjoy a range of tax benefits, including exemption from the special rural development tax and the obligation to buy national housing bonds at the time of subscription, a 25% discount on property tax and a 75% discount on registration tax and the local education tax, along with tax deduction for interest payments.

The Korean Home Pension program has two features that set it apart from other mortgage products. First, it enables seniors or their spouses to receive a steady stream of monthly payments, while living in their homes for lifetime. Second, it gives them an option of drawing a portion of the loan, within certain limits at any time when needed, to pay for medical or other unexpected expenses.

Advantages of the Korean Home Pension

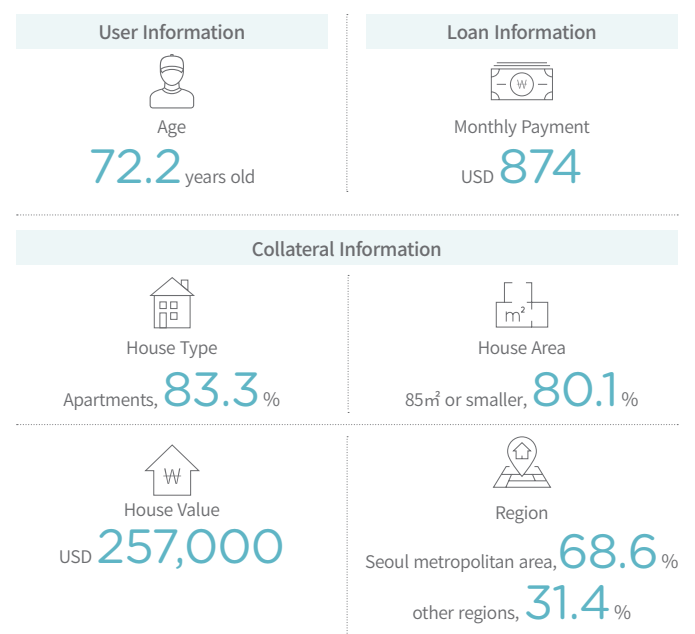
Lifelong Residency and Lifelong Payments	Both borrowers and their spouses are guaranteed to retain ownership of their homes and receive monthly payments throughout their lifetime.
Public Guarantee	A government-guaranteed program with no risk of discontinuance of monthly payments
Low Interest Rate	Floating rates applied (3-month CD interest rate + 1.1%p or COFIX interest rate + 0.85%p); lower rates than market mortgage rates
Lower Initial Cost	Low initial cost with the exemption of the special rural development tax and the obligation to purchase national housing bonds
Tax Benefits	<ul style="list-style-type: none"> A 75% discount on the registration tax and the local education tax (available only to single-home households, as prescribed by the Enforcement Decree of the Restriction of Special Local Taxation Act, with a home officially valued at USD 432,000 or less; otherwise, a 75% discount on USD 3,500 of the registration tax) A 25% discount on the property tax (available only to single-home households, as prescribed by the Enforcement Decree of the Restriction of Special Local Taxation Act; otherwise, a 25% discount on USD 432,000 of the home value for those with a home worth over USD 432,000) A tax deduction for up to USD 1,700 in annual interest payments

Under the program, senior homeowners have three payment options; the Tenure Type, the Modified Tenure Type, and the Term Type. The Tenure Type allows them to receive monthly fixed payments, without a cash withdrawal option for the rest of their life. The Modified Tenure Type offers a combination of monthly payments and a line of credit. This type enables them to set aside a certain amount, up to 50% of the loan, for withdrawals at any time, and receive a flow of monthly payments from the outstanding loan amount.

Lastly, the Term Type offers monthly payments for a specified period of time, from 10 to 30 years on a five-year basis. This type can be useful for homeowners who prefer higher monthly payments. In addition, HF unveiled the Three NaeJibYeonKeum Loans in 2016, adding three more reverse mortgage loan options to the product portfolio. One of the options is the Loan Repayment Type, under which homeowners subscribe to the Korean Home Pension program, and can take out up to 90% of the loan amounts to pay off their existing senior mortgage loan. The second option is the Preferential Payment Type, which offers preferential terms on monthly payments, exclusively for low-income, low-asset senior couples with a spouse on the Basic Livelihood Security Program, and a single home valued at USD 130,000 or less. Lastly, the Preferential Combination Type offers a combination of the two options above. Korean Home Pension subscribers may receive monthly payments in a straight line or on the high-to-low payment basis. Korean Home Pension subscribers with the straight line option receive equal monthly payments for lifetime, while those with the high-low payment option receive higher monthly payments than those under the straight line option for the first 10 years, before receiving approximately 70% of the initial amount from the 11th year. The high-low payment option is available to those on the Tenure Type or the Modified Tenure Type. Other payment types offer the straight line payment only.

The statistical data on Korean Home Pension subscribers shows their average home value amounted to USD 257,000 at the time of subscription and the average age of subscribers was 72.2, who have received an average amount of USD 874 in monthly payments. By housing type, apartment units accounted for 83.3% of the total homes put up as collateral. By region, Korean Home Pension subscription in the Seoul metropolitan area accounted for 68.6% of the total Korean Home Pension subscriptions, with the remaining 31.4% of the total Korean Home Pension subscriptions coming from regions outside Seoul. This figure increased 1.0%p from the previous year. By home size, homes with 85m² or less of floor space took up the largest share, at 80.1%, of all homes used as collateral.

Characteristics of Korean Home Pension Subscribers in 2019



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