

No. 16460

**UNITED STATES OF AMERICA
and
REPUBLIC OF KOREA**

**Agreement relating to a housing loan guaranty. Signed at
Washington on 1 July 1976**

Authentic text: English.

Registered by the United States of America on 13 February 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CORÉE**

**Accord relatif à la garantie d'un prêt destiné à la construc-
tion de logements. Signé à Washington le 1^{er} juillet
1976**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 13 février 1978.

GUARANTY AGREEMENT¹ OF THE REPUBLIC OF KOREA

Dated as of July 1, 1976, between the GOVERNMENT OF THE REPUBLIC OF KOREA ("Government") and the GOVERNMENT OF THE UNITED STATES OF AMERICA, represented by the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

WHEREAS, the Government supports a program of urban upgrading and housing improvement carried out by the Special City of Seoul ("Borrower") in furtherance of the Korean National Housing Policy promulgated on May 1, 1975, and the Housing Improvement Law enacted in 1973; and

WHEREAS, Federal Home Loan Bank of New York ("Investor") has agreed to lend to Borrower up to five million United States Dollars (U.S. \$5,000,000) ("Loan") pursuant to a loan agreement dated as of July 1, 1976, between Investor and Borrower ("Loan Agreement"), said Loan to be evidenced by 8.9% Promissory Notes ("Notes") of Borrower; and

WHEREAS, A.I.D. will guaranty each one of the Notes, in accordance with the terms and conditions of a Contract of Guaranty dated as of July 1, 1976, between A.I.D. and Investor ("Contract of Guaranty"); and

WHEREAS, A.I.D. and Borrower have entered into an Implementation Agreement ("Implementation Agreement") dated as of July 1, 1976, which provides for the respective roles of the parties with reference to the utilization by Borrower of the A.I.D. guaranteed Loan from Investor, and the payment by Borrower to A.I.D. of a fee ("A.I.D. Guaranty Fee"); and

WHEREAS, A.I.D. has agreed to guaranty the Notes under the Contract of Guaranty ("Eligible Notes"), only after receiving from the Government the Guaranty hereinafter set forth;

Now, THEREFORE, the Government and A.I.D. hereby agree as follows:

Article I. REPUBLIC OF KOREA GUARANTY

1. The Government hereby irrevocably and unconditionally pledges the full faith and credit of the Republic of Korea to guaranty to A.I.D. the due and punctual payment, in United States dollars, at the places herein set forth:

- (a) of any amounts of principal, interest and other payments due from Borrower to Investor, or to A.I.D. or A.I.D.'s Fiscal Agent, for the Investor under the Eligible Notes or the Loan Agreement and guaranteed by A.I.D. under the Contract of Guaranty;
- (b) of the A.I.D. Guaranty Fee due from Borrower under the Implementation Agreement.

The Government agrees to issue such exchange permits or licenses authorizing the conversion of Korean won by Borrower into United States dollars through the Ministry of Finance and the remittance of said dollars to the Investor including through the A.I.D. Fiscal Agent, and A.I.D. pursuant to the Loan and the Implementation Agreement.

¹ Came into force on 1 July 1976 by signature.

2. The Government covenants that the Guaranty hereunder shall not be discharged except by complete performance by the Government of its obligations contained in this Guaranty.

3. The Government covenants that this Guaranty will not be affected by any amendment, modification or waiver of the Loan Agreement, the Eligible Notes, the Implementation Agreement or the Contract of Guaranty, except to the extent that such amendment, modification or waiver increases the amount of the liability of Borrower or of A.I.D. under said Notes or Agreements, or except to the extent that such amendment, modification or waiver relieves Borrower or A.I.D. of any liability to pay any amount under any of said Notes or Agreements.

4. This Guaranty shall not be affected or impaired by any defect in the authorization, execution, or enforceability of any agreement or other document executed by Investor, Borrower, A.I.D., or any other person or entity in connection with the transactions contemplated by this Guaranty, or for any other reason, and no law, regulation or decree now or hereafter in effect in any jurisdiction which might in any manner affect the time of payment of the Eligible Notes or any terms or provisions of the Loan Agreement, the Eligible Notes, the Implementation Agreement, the Contract of Guaranty or any of the rights of A.I.D., under the foregoing, shall affect or impair this Guaranty.

Article II. OBLIGATIONS OF A.I.D.

In consideration of the foregoing Guaranty by the Government, A.I.D. hereby covenants that it will perform its obligations under the Contract of Guaranty and the Implementation Agreement in accordance with their terms.

Article III. ASSIGNMENT AND SUBROGATION

A.I.D. shall assign and transfer to the Government all rights, title and interest under the Loan Agreement, any Eligible Notes, the Implementation Agreement and the Contract of Guaranty in respect of which payment hereunder has been made by the Government, if at the time no other payments thereunder are overdue and unpaid by the Government.

IN WITNESS WHEREOF, the Government and A.I.D., each acting through its duly authorized representative, have caused this Republic of Korea Guaranty to be signed in their names and delivered as of the date first above written.

Republic of Korea:

By: PYONG CHOON HAHM

Title: Ambassador

United States of America:

By: PETER KIMM

Title: Dir., Office of Housing