

## **SECTION E - COLLECTION AND RECOVERY OF UNSECURED DEBT**

### **E1. Negotiations**

- (a) As noted above, most loans extended by banks are secured loans. In unsecured loans, the lenders and borrower often negotiate for suitable arrangement before the lenders seek formal legal recovery methods.

### **E2. Enforcement**

- (a) An unsecured creditor may file a petition with the court for compulsory attachment or seizure to preserve the assets of the debtor. The petitioner may then seek execution against the assets.
- (b) The method described above is the method used in Korea.

### **E4. Effect of insolvency proceedings**

- (a) Generally, other than the exceptions recognized in the insolvency laws, all acts for debt recovery will cease with the commencement of an insolvency proceeding.
- (b) Once insolvency administration is formally determined by the court, the terms of debt recovery (e.g., recovery, interest, period, etc.) will depend on the terms of the decision by the court.