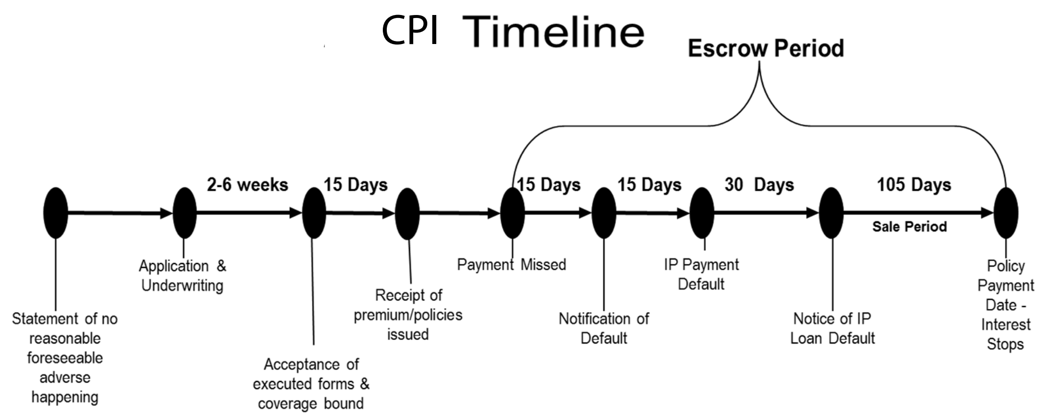
Collateral Protection Insurance Timeline

Our expert consultants at IPISC can help with IP risk assessment and offer unique and innovative solutions.



CPI Policy Binding Process

Binding of the CPI policy takes place after the:

- statement of "no reasonable foreseeable adverse happening" is received
- application is underwritten
- executed formal quote forms, executed loan greement and payment are all received

Escrow Period

In the event of a missed payment, the lender must supply to the insurance company a notification of default payment. Payment not received within the next 15 days results in a payment default and, in addition, a second payment may be due. Payment not received within the next 30 days will result in a loan default.

The Escrow Agent actively attempts to sell the intellectual property (IP) used as collateral, and notifies the lender and the insurer of the activity. Activities begin with the first missed payment through the end of the sale period. The escrow period,which begins with the first missed payment and includes the notification default, payment default, loan default and policy payment date. During the escrow period, the escrow agent uses the escrowed monies to pay the accrued interest to the lender.

End of Escrow Period

At the end of the escrow period, foreclosure is affected and the insurer has the option of taking possession of the collateral IP in lieu of a sale of the IP for the full amount of the outstanding balance. The policy reimburses the outstanding loan amount in the event of a collateral shortfall. Interest does not accrue thereafter.

If an investor in the insured, or other interested party, has offered to pay the outstanding loan balance, the lender and the insurance company must accept the payment and relinquish claim to the IP, provided the purchase completely relieves the insurance company's obligation, and the lender is fully compensated to the extent required by the policy.

The CPI policy term can be coextensive with the term of the loan, usually three years with extensions or renewals generally available to match the term of the loan.

Contact IPISC for additional information:

800.537.7863

info@ipisc.com

www.ipisc.com