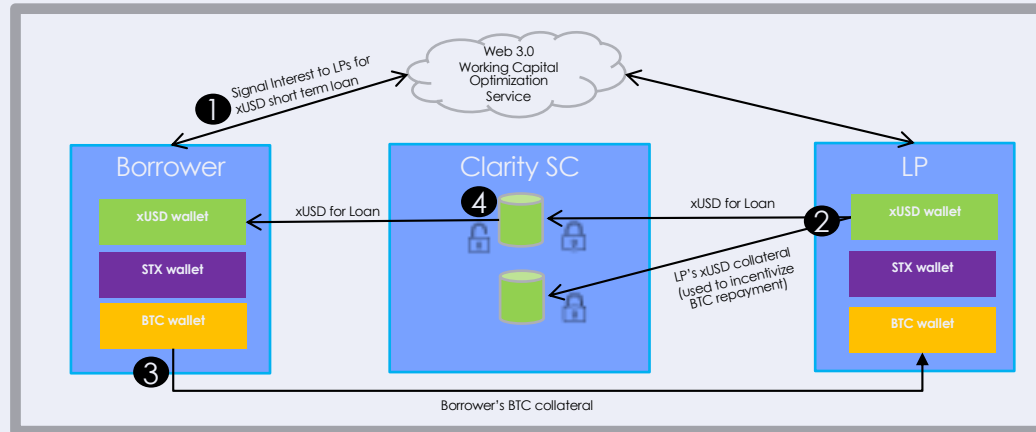


USING LAYER-1 BTC AS COLLATERAL TO ACCESS STABLE COIN LOANS

Steps 1-4:

Establishing a smart contract and initializing the loan



- Service finds a match b/w Borrower and LP based on acceptable loan terms.
- Web Service generates the Clarity SC code, and the LP pays STX to deploy the on the Stacks blockchain.
- 2xOvercollateralization: If xUSD loan amount = A, Then BTC collateral $\geq 2A$, & LP's xUSD collateral $\geq 4A$
- Between Steps 2—3, if the Borrower's BTC collateral isn't sent to LP by block X, all xUSD is returned to LP
- To help protect against price volatility, if the BTC/xUSD value drops below some agreed upon threshold sometime between Steps 4 – 5, then Scenario 2 will play out except the xUSD in the SC is sent to the Borrower.

Steps 5-7:

Handling repayment and loan termination

