



Unlockd Finance – Debt Market

Smart Contract Security Audit

Prepared by: Halborn

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Visit: Halborn.com

DOCUMENT REVISION HISTORY	4
CONTACTS	5
1 EXECUTIVE OVERVIEW	6
1.1 INTRODUCTION	7
1.2 AUDIT SUMMARY	7
1.3 TEST APPROACH & METHODOLOGY	7
RISK METHODOLOGY	8
1.4 SCOPE	10
2 ASSESSMENT SUMMARY & FINDINGS OVERVIEW	11
3 FINDINGS & TECH DETAILS	13
3.1 (HAL-01) DENIAL OF SERVICE IN DEBT MARKET - HIGH	14
Description	14
Code Location	14
Proof Of Concept	15
Risk Level	17
Recommendation	18
Remediation Plan	18
3.2 (HAL-02) THE DEBTMARKET CONTRACT IS NOT PAUSABLE - INFORMATIONAL	19
Description	19
Risk Level	19
Recommendation	19
Remediation Plan	19
3.3 (HAL-03) NO CAP FOR THE DELTABIDPERCENT PARAMETER - INFORMATIONAL	20

	Description	20
	Code Location	20
	Risk Level	20
	Recommendation	20
	Remediation Plan	20
3.4	(HAL-04) CUSTOM NONREENTRANT MODIFIER USED - INFORMATIONAL	21
	Description	21
	Code Location	21
	Risk Level	21
	Recommendation	21
	Remediation Plan	21
3.5	(HAL-05) SUBOPTIMAL ORDER OF OPERANDS IN LOGICAL EXPRESSIONS - INFORMATIONAL	22
	Description	22
	Code Location	22
	Risk Level	23
	Recommendation	23
	Remediation Plan	24
3.6	(HAL-06) MISSING ZERO ADDRESS CHECK - INFORMATIONAL	25
	Description	25
	Code Location	25
	Risk Level	25
	Recommendation	25
	Remediation Plan	25
3.7	(HAL-07) SOLC 0.8.4 COMPILER VERSION CONTAINS MULTIPLE BUGS - INFORMATIONAL	26

	Description	26
	Code Location	26
	Risk Level	26
	Recommendation	27
	Remediation Plan	27
4	RETESTING	28
4.1	UNLOCKD01 - DEBT IS NOT RETIRED FROM LISTING WHEN LOAN IS REPAYD	29
	Description	29
	Code Location	29
	Invariant Testing	31
	Risk Level	34
	Recommendation	34
	Remediation Plan	34
5	MANUAL TESTING	35
5.1	TESTS METHODOLOGY	36
5.2	CODE	36
6	AUTOMATED TESTING	49
6.1	STATIC ANALYSIS	51
	Description	51
	Slither results	52
6.2	AUTOMATED SECURITY SCAN	57
	Description	57
	MythX Results	57

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EXECUTIVE OVERVIEW



1.1 INTRODUCTION

Unlockd Finance is a Decentralized Finance protocol that allows users to lend, borrow, and earn interest on their NFTs. The Debt Market/Sell Loans feature allows borrowers to sell their debt.

Unlockd Finance engaged Halborn to conduct a security audit on their smart contracts beginning on March 6th, 2023 and ending on April 10th, 2023. The security assessment was scoped to the smart contracts provided to the Halborn team.

1.2 AUDIT SUMMARY

The team at Halborn was provided five weeks for the engagement and assigned a full-time security engineer to audit the security of the smart contract. The security engineer is a blockchain and smart-contract security expert with advanced penetration testing, smart-contract hacking, and deep knowledge of multiple blockchain protocols.

The purpose of this audit is to:

- Identify potential security issues with the smart contracts

In summary, Halborn identified some security risks that were mostly addressed by the Unlockd Finance team.

1.3 TEST APPROACH & METHODOLOGY

Halborn performed a combination of manual and automated security testing to balance efficiency, timeliness, practicality, and accuracy in regard to the scope of this audit. While manual testing is recommended to uncover flaws in logic, process, and implementation; automated testing techniques help enhance coverage of the contracts' solidity code and can

quickly identify items that do not follow security best practices. The following phases and associated tools were used throughout the term of the audit:

- Research into architecture and purpose.
- Smart contract manual code review and walkthrough.
- Manual assessment of use and safety for the critical Solidity variables and functions in scope to identify any arithmetic related vulnerability classes.
- Manual testing with custom scripts. (Foundry).
- Static Analysis of security for scoped contract, and imported functions manually.
- Testnet deployment (Anvil).

RISK METHODOLOGY:

Vulnerabilities or issues observed by Halborn are ranked based on the risk assessment methodology by measuring the **LIKELIHOOD** of a security incident and the **IMPACT** should an incident occur. This framework works for communicating the characteristics and impacts of technology vulnerabilities. The quantitative model ensures repeatable and accurate measurement while enabling users to see the underlying vulnerability characteristics that were used to generate the Risk scores. For every vulnerability, a risk level will be calculated on a scale of 5 to 1 with 5 being the highest likelihood or impact.

RISK SCALE - LIKELIHOOD

- 5 - Almost certain an incident will occur.
- 4 - High probability of an incident occurring.
- 3 - Potential of a security incident in the long term.
- 2 - Low probability of an incident occurring.
- 1 - Very unlikely issue will cause an incident.

RISK SCALE - IMPACT

- 5 - May cause devastating and unrecoverable impact or loss.
- 4 - May cause a significant level of impact or loss.

- 3 - May cause a partial impact or loss to many.
- 2 - May cause temporary impact or loss.
- 1 - May cause minimal or un-noticeable impact.

The risk level is then calculated using a sum of these two values, creating a value of 10 to 1 with 10 being the highest level of security risk.

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
----------	------	--------	-----	---------------

- 10 - CRITICAL
- 9 - 8 - HIGH
- 7 - 6 - MEDIUM
- 5 - 4 - LOW
- 3 - 1 - VERY LOW AND INFORMATIONAL

1.4 SCOPE

1. Unlockd

- Repository: [Unlockd](#)
- Commit ID: [beb005be1073420e59403828a6597aaf0c698297](#)
- Smart Contracts in scope:
 1. DebtMarket.sol
 2. DebtToken.sol
 3. IncentivizedERC20.sol
 4. InterestRate.sol
 5. LendPool.sol
 6. LendPoolAddressesProvider.sol
 7. LendPoolAddressesProviderRegistry.sol
 8. LendPoolConfigurator.sol
 9. LendPoolLoan.sol
 10. LendPoolStorage.sol
 11. LockyManager.sol
 12. NFTOracle.sol
 13. ReserveOracle.sol
 14. UToken.sol
 15. WETHGateway.sol
 16. PunkGateway.sol
- Fixed Commit ID: [1785e82f2b7229c9f4d650cee5f3848a2b55482c](#)

Out-of-scope:

1. Updates to the above contracts unrelated to the Debt Market/Sell Loans feature
2. Other contracts in the repository
3. Economic attacks
4. Dependencies and third-party packages

2. ASSESSMENT SUMMARY & FINDINGS OVERVIEW

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
0	1	0	0	6

LIKELIHOOD

IMPACT

			(HAL-01)	
(HAL-02) (HAL-03) (HAL-04)				
(HAL-05) (HAL-06) (HAL-07)				

SECURITY ANALYSIS	RISK LEVEL	REMEDIATION DATE
(HAL-01) DENIAL OF SERVICE IN DEBT MARKET	High	SOLVED - 04/23/2023
(HAL-02) THE DEBTMARKET CONTRACT IS NOT PAUSABLE	Informational	SOLVED - 04/23/2023
(HAL-03) NO CAP FOR THE DELTABIDPERCENT PARAMETER	Informational	SOLVED - 04/23/2023
(HAL-04) CUSTOM NONREENTRANT MODIFIER USED	Informational	ACKNOWLEDGED
(HAL-05) SUBOPTIMAL ORDER OF OPERANDS IN LOGICAL EXPRESSIONS	Informational	SOLVED - 04/23/2023
(HAL-06) MISSING ZERO ADDRESS CHECK	Informational	ACKNOWLEDGED
(HAL-07) SOLC 0.8.4 COMPILER VERSION CONTAINS MULTIPLE BUGS	Informational	ACKNOWLEDGED



FINDINGS & TECH DETAILS



3.1 (HAL-01) DENIAL OF SERVICE IN DEBT MARKET – HIGH

Description:

With the `cancelDebtListing` function in the `DebtMarket` contracts, users can cancel their debt listings by providing the address of the relevant NFT and token ID.

Missing access control measures in the `cancelDebtListing` function in the `DebtMarket` contract allow any user to cancel any listing even if they are not the owner of those loans. This causes a **denial of service** of the main feature of the `DebtMarket` contract, as anyone can potentially cancel any listing.

Code Location:

Listing 1: `DebtMarket.sol`

```

193     function cancelDebtListing(
194         address nftAsset,
195         uint256 tokenId
196     ) external override nonReentrant debtShouldExistGuard(nftAsset,
197         ↪ tokenId) {
198
199         uint256 debtId = _nftToDebtIds[nftAsset][tokenId];
200
201         DataTypes.DebtMarketListing storage sellDebt = _marketListings
202         ↪ [debtId];
203
204         require(sellDebt.state != DataTypes.DebtMarketState.Sold,
205         ↪ Errors.DM_DEBT_SHOULD_NOT_BE_SOLD);
206
207         sellDebt.state = DataTypes.DebtMarketState.Canceled;
208         _deleteDebtOfferListing(nftAsset, tokenId);
209
210         _nftToDebtIds[nftAsset][tokenId] = 0;
211
212         if (sellDebt.bidderAddress != address(0)) {
213             IERC20Upgradeable(sellDebt.reserveAsset).safeTransferFrom(
214                 address(this),
215                 sellDebt.bidderAddress,
216                 sellDebt.bidPrice
217             );
218         }
219     }

```

```

212     }
213
214     emit DebtListingCanceled(
215         sellDebt.debtor,
216         sellDebt.debtId,
217         sellDebt,
218         _totalDebtsByCollection[nftAsset],
219         _userTotalDebtByCollection[sellDebt.debtor][nftAsset]
220     );
221 }

```

Proof Of Concept:

The following scenario describes the potential impact of this issue:

- Alice has a loan
- Alice cannot pay the loan
- Alice wants to sell the Loan in the debt market
- Alice creates a debt
- Bobby cancels Alice's debt
- Alice can't sell the loan and loses the collateral

Listing 2: DebtMarketTest.t.sol

```

1     function testCannotCancelOthersDebt() public {
2         // ALICE CREATES A DEBT LISTING
3         console.log("CONTEXT: ALICE HAS A LOAN THAT CAN NOT REPAY"
↳ );
4         console.log("ALICE PROCEEDS TO SELL THE LOAN TO THE DEBT
↳ MARKET");
5         vm.startPrank(alice);
6         address nftAsset = address(MFERS);
7         uint256 tokenId = 1;
8         uint256 sellPrice = 80;
9         address onBehalfOf = alice;
10        uint256 startBiddingPrice = 40;
11        uint256 auctionEndTimestamp = timeNow + 1 days;
12        debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
↳ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
13        vm.stopPrank();

```



```

14
15     // BOBBY CANCELS DEBT LISTING
16     console.log("BOBBY TRIES TO CANCEL ALICES DEBT LISTING (
↳ REVERT EXPECTED)");
17     vm.prank(bobby);
18     vm.expectRevert();
19     debtMarket.cancelDebtListing(nftAsset, tokenId);
20 }

```

The transaction does not revert when Bobby is canceling Alice's debt listing:

```

Running 1 test for test/DebtMarketTest.t.sol:DebtMarketTest
[FAIL. Reason: Call did not revert as expected] testCannotCancelOthersDebt() (gas: 969228)
Logs:
  CONTEXT: ALICE HAS A LOAN THAT CAN NOT REPAY
  ALICE PROCEEDS TO SELL THE LOAN TO THE DEBT MARKET
  BOBBY TRIES TO CANCEL ALICES DEBT LISTING (REVERT EXPECTED)

Test result: FAILED. 0 passed; 1 failed; finished in 9.70ms

Failing tests:
Encountered 1 failing test in test/DebtMarketTest.t.sol:DebtMarketTest
[FAIL. Reason: Call did not revert as expected] testCannotCancelOthersDebt() (gas: 969228)

```

Impact - 4

Recommendation:

Check that the only address allowed to execute `cancelDebtListing` is the owner of the `debtListing`.

Remediation Plan:

SOLVED: The `Unlockd Finance team` solved the issue by adding a check if is the `debtor` of the `NFT id` or `authorised address`:

`DebtMarket.sol` - L222 // COMMIT ID: `1785e82f2b7229c9f4d650cee5f3848a2b55482c`

3.2 (HAL-02) THE DEBTMARKET CONTRACT IS NOT PAUSABLE – INFORMATIONAL

Description:

When a contract is not pausable, if a bug is detected or an attack is executed, a lot of value could be lost for the protocol and the users stakeholders. It is recommended to add a pausable functionality to the contract to have a better control of the code and freeze the state if a problem is detected.

Risk Level:

Likelihood - 1

Impact - 2

Recommendation:

Adding the pause functionality to the `DebtMarket` contract is recommended:
[OpenZeppelin Pausable Security Contract](#)

Remediation Plan:

SOLVED: The `Unlockd Finance team` solved the issue by adding a `whenNotPaused` modifier and a `onlyPoolOwner` function to pause the contract:

`DebtMarket.sol` - L518 // COMMIT ID: 1785e82f2b7229c9f4d650cee5f3848a2b55482c

3.3 (HAL-03) NO CAP FOR THE DELTABIDPERCENT PARAMETER - INFORMATIONAL

Description:

A high `deltaBidPercent` mistakenly introduced could disable bids and have an impact on the final debt sell price.

Code Location:

Listing 3: DebtMarket.sol

```
472 function setDeltaBidPercent(uint256 value) external override
    ↳ nonReentrant onlyPoolAdmin {
473     _deltaBidPercent = value;
```

Risk Level:

Likelihood - 1

Impact - 2

Recommendation:

It is recommended to add a cap to the `deltaBidPercent` parameter to avoid setting a value that can disable a bid.

Remediation Plan:

SOLVED: The `Unlockd Finance` team solved the issue by adding a cap to the `value` parameter for the `setDeltaBidPercent` function:

`DebtMarket.sol - L499 // COMMIT ID: 1785e82f2b7229c9f4d650cee5f3848a2b55482c`

3.4 (HAL-04) CUSTOM NONREENTRANT MODIFIER USED – INFORMATIONAL

Description:

In the `DebtMarket` contract, a custom `nonReentrant` modifier is used instead of using the already existing and security audited `OpenZeppelin` libraries for this purpose.

Code Location:

Listing 4: `DebtMarket.sol`

```
58  modifier nonReentrant() {
59      // On the first call to nonReentrant, _notEntered will be true
60      require(_status != _ENTERED, "ReentrancyGuard: reentrant call")
61      // Any calls to nonReentrant after this point will fail
62      _status = _ENTERED;
63      _;
64      // By storing the original value once again, a refund is
65      // triggered (see
66      // https://eips.ethereum.org/EIPS/eip-2200)
67      _status = _NOT_ENTERED;
```

Risk Level:

Likelihood - 1

Impact - 2

Recommendation:

As a best practice, using `OpenZeppelin` libraries is recommended.

Remediation Plan:

ACKNOWLEDGED: The `Unlockd Finance team` acknowledged this issue.

3.5 (HAL-05) SUBOPTIMAL ORDER OF OPERANDS IN LOGICAL EXPRESSIONS – INFORMATIONAL

Description:

The order of logical values in a conjunction (**AND**) is an important factor to consider when optimizing gas usage in a contract. First, the left part of the expression is evaluated. In the case the first operand is false, the EVM does not keep evaluating the expression because its logical value is false if one of its operands is false. If the left operand is often true, generally the **EVM** needs to evaluate both operands to determine the result of the conjunction, increasing gas consumption.

Code Location:

Listing 5: DebtMarket.sol (Line 305)

```

293     require(
294         marketListing.sellType == DataTypes.DebtMarketType.Auction
    ↳ ||
295         marketListing.sellType == DataTypes.DebtMarketType.Mixed,
296         Errors.DM_INVALID_SELL_TYPE
297     );
298     require(bidPrice >= marketListing.startBiddingPrice, Errors.
    ↳ DM_BID_PRICE_LESS_THAN_MIN_BID_PRICE);
299     if (marketListing.sellType == DataTypes.DebtMarketType.Mixed)
    ↳ {
300         require(bidPrice <= vars.sellPrice, Errors.
    ↳ DM_BID_PRICE_HIGHER_THAN_SELL_PRICE);
301     }
302
303     require(block.timestamp <= marketListing.auctionEndTimestamp,
    ↳ Errors.DM_AUCTION_ALREADY_ENDED);
304
305     if (marketListing.sellType == DataTypes.DebtMarketType.Mixed
    ↳ && bidPrice == vars.sellPrice) {
306         // Sell the debt
307         _transferDebt(nftAsset, tokenId, onBehalfOf);

```

```

308     vars.price = vars.sellPrice;
309   } else {
310     require(
311       bidPrice > (marketListing.bidPrice + marketListing.
↳ bidPrice.percentMul(_deltaBidPercent)),
312       Errors.DM_BID_PRICE_LESS_THAN_PREVIOUS_BID
313     );
314     marketListing.state = DataTypes.DebtMarketState.Active;
315   }
316   marketListing.bidderAddress = onBehalfOf;
317   marketListing.bidPrice = vars.price;

```

Risk Level:

Likelihood - 1

Impact - 1

Recommendation:

A more optimized check would be the one which checks the less likely condition first.

Listing 6: DebtMarket.sol (Line 305)

```

305   if (bidPrice == vars.sellPrice && marketListing.sellType ==
↳ DataTypes.DebtMarketType.Mixed) {
306     // Sell the debt
307     _transferDebt(nftAsset, tokenId, onBehalfOf);
308     vars.price = vars.sellPrice;
309   } else {
310     require(
311       bidPrice > (marketListing.bidPrice + marketListing.
↳ bidPrice.percentMul(_deltaBidPercent)),
312       Errors.DM_BID_PRICE_LESS_THAN_PREVIOUS_BID
313     );
314     marketListing.state = DataTypes.DebtMarketState.Active;
315   }

```


This optimization saves 120 gas:

[illegible]

Remediation Plan:

SOLVED: The **Unlocked Finance team** solved the issue by inverting the order of the conditions to be checked:

DebtMarket.sol - L329 // COMMIT ID: 1785e82f2b7229c9f4d650cee5f3848a2b55482c

3.6 (HAL-06) MISSING ZERO ADDRESS CHECK - INFORMATIONAL

Description:

In the `initialize()` function, the parameter `_addressesProvider` is not checked to prevent pointing to the zero address. In case `_addressesProvider` is actually the zero address, the problem would be that it cannot catch other contracts to operate with, so the contract should be deployed again.

Code Location:

Listing 7: DirectLoanFixedCollectionOffer2.sol (Line 135)

```
134 function initialize(ILendPoolAddressesProvider addressesProvider
    ↳ ) external initializer {
135     _addressesProvider = addressesProvider;
136     _deltaBidPercent = PercentageMath.ONE_PERCENT;
137 }
138
```

Risk Level:

Likelihood - 1

Impact - 1

Recommendation:

When setting an address variable, always make sure the value is not zero.

Remediation Plan:

ACKNOWLEDGED: The `Unlockd Finance team` acknowledged this issue.

3.7 (HAL-07) SOLC 0.8.4 COMPILER VERSION CONTAINS MULTIPLE BUGS - INFORMATIONAL

Description:

The scoped contracts have configured the fixed pragma set to 0.8.4. The latest solidity compiler version, 0.8.19, fixed important bugs in the compiler along with new native protections. The current version is missing the following fixes: 0.8.5, 0.8.6, 0.8.7, 0.8.8, 0.8.9, 0.8.12, 0.8.13, 0.8.14, 0.8.15, 0.8.16, 0.8.17, 0.8.18, 0.8.19.

The official Solidity's recommendations are that you should use the latest released version of Solidity when deploying contracts. Apart from exceptional cases, only the newest version receives security fixes.

Code Location:

Listing 8: DirectLoanFixedCollectionOffer2.sol (Line 2)

```
1 // SPDX-License-Identifier: agpl-3.0
2 pragma solidity 0.8.4;
```

Risk Level:

Likelihood - 1

Impact - 1

Recommendation:

It is recommended to use the latest Solidity compiler version as possible.

Remediation Plan:

ACKNOWLEDGED: The `Unlockd Finance team` acknowledged this issue.



RETESTING



The issue described in this section was brought to Halborn's attention by the [Unlockd Finance team](#) during the engagement.

4.1 UNLOCKD01 - DEBT IS NOT RETIRED FROM LISTING WHEN LOAN IS REPAYED

Description:

Please note, this finding was brought to Halborn's attention by the [Unlockd Finance team](#).

When a loan is listed in the [debt market](#), but then the loan is repaid, the debt is not properly canceled. The problem is that if the user wants to take another loan over the same [NFT](#), as the [debt listing](#) is linked to the [nft id](#) and the [nft address](#), anyone could buy or bid for the debt of the [NFT](#) without the borrower's willingness, getting then the [NFT](#) in question.

The repayment internal function in the [Borrownig Logic](#) is not tracking if there's a [debt listing](#) to cancel. Here is the function where the cancelation is missing:

Code Location:

Listing 9: BorrowLogic.sol

```

234     function _repay(
235         ILoanPoolAddressesProvider addressesProvider,
236         mapping(address => DataTypes.ReserveData) storage reservesData
    ↪ ,
237         mapping(address => DataTypes.NftData) storage nftsData,
238         mapping(address => mapping(uint256 => DataTypes.
    ↪ NftConfigurationMap)) storage nftsConfig,
239         DataTypes.ExecuteRepayParams memory params
240     ) internal returns (uint256, bool) {
241         RepayLocalVars memory vars;
242         vars.initiator = params.initiator;

```

```

243
244     vars.poolLoan = addressesProvider.getLendPoolLoan();
245
246     vars.loanId = ILendPoolLoan(vars.poolLoan).getCollateralLoanId
    ↳ (params.nftAsset, params.nftTokenId);
247     require(vars.loanId != 0, Errors.
    ↳ LP_NFT_IS_NOT_USED_AS_COLLATERAL);
248
249     DataTypes.LoanData memory loanData = ILendPoolLoan(vars.
    ↳ poolLoan).getLoan(vars.loanId);
250
251     DataTypes.ReserveData storage reserveData = reservesData[
    ↳ loanData.reserveAsset];
252     DataTypes.NftData storage nftData = nftsData[loanData.nftAsset
    ↳ ];
253     DataTypes.NftConfigurationMap storage nftConfig = nftsConfig[
    ↳ params.nftAsset][params.nftTokenId];
254
255     // update state MUST BEFORE get borrow amount which is depend
    ↳ on latest borrow index
256     reserveData.updateState();
257
258     (, vars.borrowAmount) = ILendPoolLoan(vars.poolLoan).
    ↳ getLoanReserveBorrowAmount(vars.loanId);
259
260     ValidationLogic.validateRepay(reserveData, nftData, nftConfig,
    ↳ loanData, params.amount, vars.borrowAmount);
261
262     vars.repayAmount = vars.borrowAmount;
263     vars.isUpdate = false;
264     if (params.amount < vars.repayAmount) {
265         vars.isUpdate = true;
266         vars.repayAmount = params.amount;
267     }
268
269     if (vars.isUpdate) {
270         ILendPoolLoan(vars.poolLoan).updateLoan(
271             vars.initiator,
272             vars.loanId,
273             0,
274             vars.repayAmount,
275             reserveData.variableBorrowIndex
276         );
277     } else {

```

```

278     ILendPoolLoan(vars.poolLoan).repayLoan(
279         vars.initiator,
280         vars.loanId,
281         nftData.uNftAddress,
282         vars.repayAmount,
283         reserveData.variableBorrowIndex

```

Invariant Testing:

The particular case is forced in the handler contract to make the test case is proved.

Listing 10: Handler.sol

```

255     function borrowDebtListingAndRepay(uint256 amount, uint256
    ↳ nftTokenId, uint256 sellPrice, uint256 extraTime) public
    ↳ createActor() {
256         console.log("BORROW ", currentActor);
257
258         sellPrice = bound(sellPrice, 1e16, 1e24);
259         extraTime = bound(extraTime, 0, 1000);
260
261         vm.warp(block.timestamp + 1 days);
262         amount = bound(amount, 1e16, 1000e18);
263         nftTokenId = nftTokenId % 9999;
264
265         try MFERS.mint(nftTokenId) {
266
267             address asset = address(WETH);
268             address nftAsset = address(MFERS);
269
270             MFERS.approve(address(lendPool), nftTokenId);
271             address onBehalfOf = currentActor;
272             lendPool.borrow(asset, amount, nftAsset, nftTokenId,
    ↳ onBehalfOf, 0);
273
274             lastBorrowNftId = nftTokenId;
275             lastActor = currentActor;
276             loanCounter++;
277             toggleRandomnessCD = !toggleRandomnessCD;           // set
    ↳ to false
278

```



```

279         uint256 startBiddingPrice = sellPrice/2;
280         uint256 auctionEndTimestamp = block.timestamp +
↳ extraTime * 1 days;
281
282         debtMarket.createDebtListing(nftAsset, nftTokenId,
↳ sellPrice, currentActor, startBiddingPrice, auctionEndTimestamp);
283
284         nftIdsWithDebt.push(lastBorrowNftId);
285
286         vm.warp(block.timestamp + 1 days);
287
288         lendPool.repay(nftAsset, nftTokenId, amount);
289     }
290     catch {}
291 }

```

The property that is being checked is that for every debt listed in the debt market, the NFT linked to the loan corresponding to the given debt, has always to be under protocol's control.

Listing 11: DebtInvariantTesting.sol

```

332     function invariant_DebtMarket() public {
333
334         console.log("
↳ -----");
335         console.log("INVARIANT: FOR EVERY DEBT LISTED IN THE
↳ CONTRACT,");
336         console.log("THE NFT LINKED TO ITS CORRESPONDING LOAN HAS
↳ TO BE UNDER THE PROTOCOL'S POSSESSION");
337         console.log("
↳ -----");
338
339         uint256[] memory debts = handler.getnftIdsWithDebt();
340         uint256 length = debts.length;
341
342         console.log("GETING AN ARRAY OF THE LOANS LISTED IN THE
↳ DEBT MARKET... ");
343         console.log("CHECKING EVERY NFT LISTED IS STILL WITHIN THE
↳ PROTOCOL... ");
344
345         // uint256 currentDebt = countTemp.current();
346         console.log("CHECKING CURRENT DEBT --> ", length);

```

```

347         console.log("
    ↳ -----");
348
349         for (uint i; i < length; i++){
350             assertEq(MFERS.ownerOf(debts[i]), address(finalProxy))
    ↳ ;
351             console.log("OWNER OF NFT:      ", MFERS.ownerOf(debts[i
    ↳ ]));
352             console.log("UNFT PROXY:        ", address(finalProxy));
353         }
354
355         console.log("
    ↳ -----");
356     }

```

As we can see here, when a repayment is executed, the NFT is in a different address (the user's one) from the proxy used for this particular NFT Collection.

```

Running 1 test for test/DebtInvariantTest.t.sol:DebtInvariantTest
[FAIL. Reason: Assertion failed.]
[Sequence]
    sender=0x775984a1337d15dc1bf4ce50f41988b2a2b34ffb addr=[test/Handler.sol:Handler]0xa46edc8aec511f1fa501b40ffd74b1
    201979907828, 24057271466746910189010981540035688271099661731674933891684532706201979912908, 563545113218786458200636276444874205

invariant_DebtMarket() (runs: 1, calls: 1, reverts: 0)
Logs:
BORROW 0x775984a1337d15dc1bf4ce50f41988b2a2b34ffb
Bound Result 28337272870982457115884
Bound Result 152
Bound Result 999990000000000005651
-----
INVARIANT: FOR EVERY DEBT LISTED IN THE CONTRACT,
THE NFT LINKED TO ITS CORRESPONDING LOAN HAS TO BE UNDER THE PROTOCOL'S POSSESSION
-----
GETTING AN ARRAY OF THE LOANS LISTED IN THE DEBT MARKET...
CHECKING EVERY NFT LISTED IS STILL WITHIN THE PROTOCOL...
CHECKING CURRENT DEBT --> 1
-----
Error: a == b not satisfied [address]
    Left: 0x01cb6c0007a0d23cc00c5a448ce4452502b73ac9
    Right: 0xe27f8c7903359d221f296fa9028ac7dba0c80062
OWNER OF NFT:      0x01cb6c0007a0d23cc00c5a448ce4452502b73ac9
UNFT PROXY:        0xe27f8c7903359d221f296fa9028ac7dba0c80062
-----

Test result: FAILED. 0 passed; 1 failed; finished in 300.09ms

```

Risk Level:

Likelihood - 1

Impact - 1

Recommendation:

It is recommended to track if the **loan** over this **NFT** collateralized has a **debt listed** in the **debt market**. In this case, the listing should be cancelled.

Remediation Plan:

SOLVED: The **Unlockd Finance team** found this issue and solved it by cancelling the debt listing in case that it exists a debt listed for the loan that is being repaid:

BorrowLogic.sol - L286 // COMMIT ID: 1785e82f2b7229c9f4d650cee5f3848a2b55482c



MANUAL TESTING

5.1 TESTS METHODOLOGY

The tests for the `DebtMarket` audit were focused on the `DebtMarket` contract and the contracts directly affected by the introduction of this feature. Here's a list of the kinds of tests that were performed.

- Tests focused on bids
- Tests focused on buys
- Tests focused on claims
- Tests checking the functionality of WETHGateway
- Tests checking the functionality of the Punks

5.2 CODE

Listing 12: `DebtMarketTest.t.sol`

```

1 // SPDX-License-Identifier: MIT
2 pragma solidity ^0.8.4;
3
4 import "forge-std/Test.sol";
5 // import "test/TestHelper.sol";
6 // import { ILSSVMPair } from "../types/ILSSVMPair";
7 import "../src/mock/NFTX/NFTXVaultFactoryV2.sol";
8 // import { IUniswapV2Router02 } from "../types/
↳ IUniswapV2Router02";
9 import { LendPool } from "../src/protocol/LendPool.sol";
10 import "../src/protocol/LendPoolAddressesProvider.sol";
11 import "../src/protocol/WETHGateway.sol";
12 import "../src/protocol/PunkGateway.sol";
13 import { ILendPoolAddressesProvider } from "../src/interfaces/
↳ ILendPoolAddressesProvider.sol";
14 import { LendPoolConfigurator } from "../src/protocol/
↳ LendPoolConfigurator.sol";
15 import "../src/mock/MintableERC20.sol";
16 import { LendPoolConfigurator } from "../src/protocol/
↳ LendPoolConfigurator.sol";
17 import "../src/mock/WETH9Mocked.sol";
18 import "../src/mock/MintableERC721.sol";
19 import "../src/mock/WrappedPunk/WrappedPunk.sol";

```

```

20 import "../src/mock/WrappedPunk/ICryptoPunk.sol";
21 import "../src/mock/CryptoPunksMarket.sol";
22 import "../src/mock/MintableERC721.sol";
23 // import { MockChainlinkOracle } from "../src/mock/
↳ MockChainlinkOracle";
24 // import { MockNFTOracle } from "../src/mock/MockNFTOracle";
25 import { MockReserveOracle } from "../src/mock/MockReserveOracle.
↳ sol";
26 import "../src/protocol/NFTOracle.sol";
27 import "../src/protocol/LendPoolLoan.sol";
28 import "../src/protocol/UToken.sol";
29 import "../src/protocol/DebtToken.sol";
30 import "../src/protocol/InterestRate.sol";
31 import "../src/protocol/LockkeyManager.sol";
32 import "../src/mock/MockIncentivesController.sol";
33 import "../src/interfaces/INFTOracleGetter.sol";
34
35 //import "../src/mock/SushiSwap/uniswapv2/UniswapV2Router02.sol";
36 // import { ReserveOracle } from "../src/mock/ReserveOracle";
37 import "../src/mock/UNFT/UNFTRegistry.sol";
38 // import { UNFT } from "../src/mock/UNFT/UNFT";
39 import "../src/misc/UnlockedProtocolDataProvider.sol";
40 import "../src/misc/UiPoolDataProvider.sol";
41 import "../src/misc/WalletBalanceProvider.sol";
42 // import { UToken } from "../src/protocol/UToken";
43 import "../src/protocol/DebtMarket.sol";
44 import "../src/protocol/DebtToken.sol";
45
46 // import "../src/libraries/MyMath.sol";
47 // import "../src/libraries/LibBytes.sol";
48 // import "oz/token/ERC20/Utils/SafeERC20.sol";
49
50 contract DebtMarketTest is Test {
51
52     // using MyMath for uint256;
53
54     address internal owner;
55     address internal treasury;
56     //address internal liqPr;
57     //address internal floan;
58     address internal alice;
59     address internal bobby;
60     address internal carla;
61     address internal edgar;

```

```

62     address internal zeroo;
63     DebtMarket internal debtMarket;
64     LendPool internal lendPool;
65     MockReserveOracle internal reserveOracle;
66     NFTOracle internal nftOracle;
67     WETHGateway internal wethGateway;
68     PunkGateway internal punkGateway;
69     LendPoolLoan internal lendPoolLoan;
70     UNFTRegistry internal unftRegistry;
71     MockIncentivesController internal incentivesController;
72     UnlockdProtocolDataProvider internal
73     ↳ unlockdProtocolDataProvider;
74     UiPoolDataProvider internal uiDataProvider;
75     WalletBalanceProvider internal walletBalanceProvider;
76     NFTXVaultFactoryV2 internal nftxVaultFactoryV2;
77     LendPoolConfigurator internal lendPoolConfigurator;
78     LendPoolAddressesProvider internal lendPoolAddressesProvider;
79     WETH9Mocked internal WETH;
80     MintableERC20 internal USDT;
81     MintableERC721 internal BAYC;
82     MintableERC721 internal MFERS;
83     CryptoPunksMarket internal PUNK;
84     WrappedPunk internal wPUNK;
85     UToken internal uWETH;
86     UToken internal uUSDT;
87     DebtToken internal dWETH;
88     DebtToken internal dUSDT;
89
90     InterestRate internal interestRate;
91     uint256 internal timeNow = block.timestamp;
92
93     function setUp() public {
94         owner = vm.addr(0x60DDD);
95         treasury = vm.addr(0x11);
96         //liqPr = vm.addr(0x7181D);
97         //floan = vm.addr(0xF7A28);
98         alice = vm.addr(0xA71CE);
99         bobby = vm.addr(0xB0BB1);
100        carla = vm.addr(0xCA47A);
101        edgar = vm.addr(0xED6A4);
102        zeroo = address(0);
103
104        vm.deal(owner, 10000 ether);
105        vm.deal(alice, 1000 ether);

```

```

105     vm.deal(bobby, 1000 ether);
106     vm.deal(carla, 1000 ether);
107     vm.deal(edgar, 1000 ether);
108
109     // DEPLOYING MOCKS
110     BAYC = new MintableERC721("Bored Ape Yatch Club", "BAYC");
111     MFERS = new MintableERC721("MFERS", "MFERS");
112     PUNK = new CryptoPunksMarket();
113     WETH = new WETH9Mocked();
114     USDT = new MintableERC20("USD Tether", "USDT", 6);
115     wPUNK = new WrappedPunk(address(PUNK));
116
117     PUNK.allInitialOwnersAssigned();
118
119     // MINTING NFTs (MFERS + PUNKS)
120     vm.prank(alice);
121     MFERS.mint(0);
122     vm.prank(carla);
123     MFERS.mint(1);
124     vm.prank(alice);
125     PUNK.getPunk(0);
126
127     // DEPLOYING AND MINTING TOKEN
128     //vm.prank(alice);
129     vm.startPrank(owner);
130     WETH.mint(400_000000000000000000);
131     WETH.transfer(alice, 100_000000000000000000);
132     WETH.transfer(bobby, 100_000000000000000000);
133     WETH.transfer(carla, 100_000000000000000000);
134     WETH.transfer(edgar, 100_000000000000000000);
135     USDT.mint(4000_000000);
136     USDT.transfer(alice, 1000_000000);
137     USDT.transfer(bobby, 1000_000000);
138     USDT.transfer(carla, 1000_000000);
139     USDT.transfer(edgar, 1000_000000);
140
141     // DEPLOY LEND POOL ADDRESSES PROVIDER
142     lendPoolAddressesProvider = new LendPoolAddressesProvider(
143         ↪ "1");
144     lendPoolAddressesProvider.setAddress(bytes32("
145         ↪ LEND_POOL_CONFIGURATOR"), owner);
146
147     // INIT LEND POOL
148     debtMarket = new DebtMarket();

```



```

147         debtMarket.initialize(ILendPoolAddressesProvider(
148             ↳ lendPoolAddressesProvider));
149         // DEPLOY AND INIT UTOKEN AND DEBT TOKENS FOR WETH AND
150         ↳ USDT
151         uWETH = new UToken();
152         uWETH.initialize(lendPoolAddressesProvider, treasury,
153             ↳ address(WETH), 18, "uWETH", "uWETH" );
154         uUSDT = new UToken();
155         uUSDT.initialize(lendPoolAddressesProvider, treasury,
156             ↳ address(USDT), 6, "uUSDT", "uUSDT" );
157         dWETH = new DebtToken();
158         dWETH.initialize(lendPoolAddressesProvider, address(WETH),
159             ↳ 18, "dWETH", "dWETH" );
160         dUSDT = new DebtToken();
161         dUSDT.initialize(lendPoolAddressesProvider, address(USDT),
162             ↳ 6, "dUSDT", "dUSDT" );
163
164         // INTEREST RATE
165         interestRate = new InterestRate(lendPoolAddressesProvider,
166             ↳ 10, 10, 1, 2);
167
168         // DEPLOY POOL
169         lendPool = new LendPool();
170
171         // INIT POOLS
172         lendPool.initialize(ILendPoolAddressesProvider(
173             ↳ lendPoolAddressesProvider));
174         lendPool.initReserve(address(USDT), address(uUSDT),
175             ↳ address(dUSDT), address(interestRate));
176         lendPool.setReserveConfiguration(address(USDT),
177             ↳ 800000000000000000);
178
179         lendPool.initReserve(address(WETH), address(uWETH),
180             ↳ address(dWETH), address(interestRate));
181         lendPool.setReserveConfiguration(address(WETH),
182             ↳ 800000000000000000);
183
184         //lendPoolAddressesProvider.setAddress(bytes32("LEND_POOL
185             ↳ "), address(lendPool));
186
187         wethGateway = new WETHGateway();
188         wethGateway.initialize(address(lendPoolAddressesProvider),
189             ↳ address(WETH));

```

```

177
178     punkGateway = new PunkGateway();
179     punkGateway.initialize(address(lendPoolAddressesProvider),
    ↪ address(wethGateway), address(PUNK), address(wPUNK));
180
181     // "LEND_POOL_CONFIGURATOR";
182     lendPoolConfigurator = new LendPoolConfigurator();
183     lendPoolConfigurator.initialize(ILendPoolAddressesProvider
    ↪ (lendPoolAddressesProvider));
184
185     // "POOL_ADMIN";
186     lendPoolAddressesProvider.setPoolAdmin(owner);
187
188     // "EMERGENCY_ADMIN";
189     lendPoolAddressesProvider.setEmergencyAdmin(owner);
190
191     // "LEND_POOL_LIQUIDATOR";
192     lendPoolAddressesProvider.setLendPoolLiquidator(bobby);
193
194     // INITIALIZE LENDPOOL
195     bytes memory bytess;
196     lendPoolAddressesProvider.setLendPoolImpl(address(lendPool
    ↪ ), bytess);
197
198     // "RESERVE_ORACLE";
199     reserveOracle = new MockReserveOracle();
200
201     // "NFT_ORACLE";
202     nftOracle = new NFTOracle();
203
204     // "LEND_POOL_LOAN";
205     lendPoolLoan = new LendPoolLoan();
206
207     // "UNFT_REGISTRY";
208     unftRegistry = new UNFTRegistry();
209
210     // "INCENTIVES_CONTROLLER";
211     incentivesController = new MockIncentivesController();
212
213     // "UNLOCKD_DATA_PROVIDER";
214     unlockdProtocolDataProvider = new
    ↪ UnlockdProtocolDataProvider(ILendPoolAddressesProvider(
    ↪ lendPoolAddressesProvider));
215

```

```

216         // "UI_DATA_PROVIDER";
217         uiDataProvider = new UiPoolDataProvider(reserveOracle,
↳ INFTOracleGetter(address(nftOracle)));
218
219         // "WALLET_BALANCE_PROVIDER";
220         walletBalanceProvider = new WalletBalanceProvider();
221
222         // "NFTX_VAULT_FACTORY";
223         nftxVaultFactoryV2 = new NFTXVaultFactoryV2(address(owner)
↳ );
224
225         // SETTING ADDRESSES
226         lendPoolAddressesProvider.setAddress(bytes32("LEND_POOL"),
↳ address(lendPool));
227         lendPoolAddressesProvider.setAddress(bytes32("
↳ RESERVE_ORACLE"), address(reserveOracle));
228         lendPoolAddressesProvider.setAddress(bytes32("NFT_ORACLE")
↳ , address(nftOracle));
229         lendPoolAddressesProvider.setAddress(bytes32("
↳ LEND_POOL_LOAN"), address(lendPoolLoan));
230         lendPoolAddressesProvider.setAddress(bytes32("DEBT_MARKET"
↳ ), address(debtMarket));
231
232         vm.stopPrank();
233     }
234
235     function customEnv1() internal {
236         vm.startPrank(edgar);
237         USDT.approve(address(lendPool), 100);
238         address asset = address(USDT);
239         uint256 amount = 100;
240         uint16 referralCode = 0;
241         lendPool.deposit(asset, amount, address(edgar),
↳ referralCode);
242         vm.stopPrank();
243
244         vm.startPrank(alice);
245
246         amount = 1;
247         address nftAsset = address(MFERS);
248         uint256 nftTokenId = 0;
249
250         MFERS.approve(address(lendPool), 0);
251         lendPool.borrow(asset, amount, nftAsset, nftTokenId,

```

```

    ↪ address(alice), uint16(0));
252     vm.stopPrank();
253 }
254
255 function customEnv2() internal {
256     vm.startPrank(edgar);
257     address asset = address(USDT);
258     uint16 referralCode = 0;
259
260     address(wethGateway).call{value: 100}({
261         abi.encodeWithSignature("depositETH(address,uint16)",
    ↪ edgar, 0)
262     });
263     vm.stopPrank();
264
265     vm.startPrank(alice);
266     uint256 amount = 1;
267     address nftAsset = address(MFERS);
268     uint256 nftTokenId = 0;
269
270     MFERS.approve(address(lendPool), 0);
271
272     wethGateway.borrowETH(amount, nftAsset, nftTokenId,
    ↪ address(alice), uint16(0));
273     vm.stopPrank();
274 }
275
276
277 function testWETHBid() public {
278     customEnv2();
279
280     address nftAsset = address(MFERS);
281     uint256 tokenId = 0;
282     uint256 sellPrice = 80;
283     address onBehalfOf = alice;
284     uint256 startBiddingPrice = 40;
285     uint256 auctionEndTimestamp = timeNow + 1 days;
286     debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
    ↪ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
287     vm.stopPrank();
288
289     vm.startPrank(edgar);
290
291     address(wethGateway).call{value: 40}({

```

```

292         abi.encodeWithSignature("bidDebtETH(address,uint256,
    ↳ address)", nftAsset, tokenId, edgar)
293     );
294 }
295
296     function testWETHBidExceed() public {
297         customEnv2();
298
299         address nftAsset = address(MFERS);
300         uint256 tokenId = 0;
301         uint256 sellPrice = 80;
302         address onBehalfOf = alice;
303         uint256 startBiddingPrice = 40;
304         uint256 auctionEndTimestamp = timeNow + 1 days;
305         debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
    ↳ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
306         vm.stopPrank();
307
308         vm.startPrank(edgar);
309
310         address(wethGateway).call{value: 90}(
311             abi.encodeWithSignature("bidDebtETH(address,uint256,
    ↳ address)", nftAsset, tokenId, edgar)
312         );
313     }
314
315     function testWETHBuy() public {
316         customEnv1();
317         address nftAsset = address(MFERS);
318         uint256 tokenId = 0;
319         uint256 sellPrice = 80;
320         address onBehalfOf = alice;
321         uint256 startBiddingPrice = 40;
322         uint256 auctionEndTimestamp = timeNow + 1 days;
323         debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
    ↳ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
324         vm.stopPrank();
325
326         vm.startPrank(edgar);
327
328         debtMarket.buy(nftAsset, tokenId, edgar, sellPrice);
329         address(wethGateway).call{value: 90}(
330             abi.encodeWithSignature("buyDebtETH(address,uint256,
    ↳ address)", nftAsset, tokenId, edgar)

```

```

331         );
332     }
333
334     function testPunks1() public {
335         customEnv1();
336
337         address nftAsset = address(PUNK);
338         uint256 punkIndex = 0;
339         uint256 sellPrice = 80;
340         address onBehalfOf = alice;
341         uint256 startBiddingPrice = 40;
342         uint256 auctionEndTimestamp = timeNow + 1 days;
343
344         debtMarket.createDebtListing(nftAsset, punkIndex,
345             ↪ sellPrice, onBehalfOf, startBiddingPrice, auctionEndTimestamp);
346         vm.stopPrank();
347
348         vm.startPrank(edgar);
349         USDT.approve(address(debtMarket), 40);
350
351         address(wethGateway).call{value: 90}(
352             ↪ abi.encodeWithSignature("buyDebtPunk(uint256,address,
353             ↪ uint256)", nftAsset, punkIndex, edgar)
354         );
355     }
356
357     function testPunks2() public {
358         customEnv1();
359
360         address nftAsset = address(PUNK);
361         uint256 punkIndex = 0;
362         uint256 sellPrice = 80;
363         address onBehalfOf = alice;
364         uint256 startBiddingPrice = 40;
365         uint256 auctionEndTimestamp = timeNow + 1 days;
366
367         debtMarket.createDebtListing(nftAsset, punkIndex,
368             ↪ sellPrice, onBehalfOf, startBiddingPrice, auctionEndTimestamp);
369         vm.stopPrank();
370
371         vm.startPrank(edgar);
372         USDT.approve(address(debtMarket), 40);
373         debtMarket.bid(nftAsset, punkIndex, startBiddingPrice,
374             ↪ edgar);

```

```

371
372     vm.warp(8400000);
373     debtMarket.claim(nftAsset, punkIndex, edgar);
374 }
375
376 // function testFool() public {}
377
378 function testBid() public {
379     customEnv1();
380
381     address nftAsset = address(MFERS);
382     uint256 tokenId = 0;
383     uint256 sellPrice = 80;
384     address onBehalfOf = alice;
385     uint256 startBiddingPrice = 40;
386     uint256 auctionEndTimestamp = timeNow + 1 days;
387     debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
    ↪ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
388     vm.stopPrank();
389
390     vm.startPrank(edgar);
391     USDT.approve(address(debtMarket), 40);
392     debtMarket.bid(nftAsset, tokenId, startBiddingPrice, edgar
    ↪ );
393 }
394
395 function testBidExceed() public {
396     customEnv1();
397     address nftAsset = address(MFERS);
398     uint256 tokenId = 0;
399     uint256 sellPrice = 80;
400     address onBehalfOf = alice;
401     uint256 startBiddingPrice = 40;
402     uint256 auctionEndTimestamp = timeNow + 1 days;
403     debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
    ↪ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
404     vm.stopPrank();
405
406     vm.startPrank(edgar);
407     USDT.approve(address(debtMarket), 90);
408     debtMarket.bid(nftAsset, tokenId, 90, edgar);
409 }
410
411 function testCannotBidLess() public {

```

```

412         customEnv1();
413         address nftAsset = address(MFERS);
414         uint256 tokenId = 0;
415         uint256 sellPrice = 80;
416         address onBehalfOf = alice;
417         uint256 startBiddingPrice = 40;
418         uint256 auctionEndTimestamp = timeNow + 1 days;
419         debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
↳ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
420         vm.stopPrank();
421
422         vm.startPrank(edgar);
423         USDT.approve(address(debtMarket), 30);
424         vm.expectRevert();
425         debtMarket.bid(nftAsset, tokenId, 30, edgar);
426     }
427
428     function testBuy() public {
429         customEnv1();
430         address nftAsset = address(MFERS);
431         uint256 tokenId = 0;
432         uint256 sellPrice = 80;
433         address onBehalfOf = alice;
434         uint256 startBiddingPrice = 40;
435         uint256 auctionEndTimestamp = timeNow + 1 days;
436         debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
↳ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
437         vm.stopPrank();
438
439         vm.startPrank(edgar);
440         USDT.approve(address(debtMarket), 90);
441         debtMarket.buy(nftAsset, tokenId, edgar, sellPrice);
442     }
443
444     function testCannotBuyLess() public {
445         customEnv1();
446         address nftAsset = address(MFERS);
447         uint256 tokenId = 0;
448         uint256 sellPrice = 80;
449         address onBehalfOf = alice;
450         uint256 startBiddingPrice = 40;
451         uint256 auctionEndTimestamp = timeNow + 1 days;
452         debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
↳ onBehalfOf, startBiddingPrice, auctionEndTimestamp);

```



```

453         vm.stopPrank();
454
455         vm.startPrank(edgar);
456         USDT.approve(address(debtMarket), 79);
457         vm.expectRevert();
458         debtMarket.buy(nftAsset, tokenId, edgar, 79);
459     }
460
461     function testCannotBuyMore() public {
462         customEnv1();
463         address nftAsset = address(MFERS);
464         uint256 tokenId = 0;
465         uint256 sellPrice = 80;
466         address onBehalfOf = alice;
467         uint256 startBiddingPrice = 40;
468         uint256 auctionEndTimestamp = timeNow + 1 days;
469         debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
↳ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
470         vm.stopPrank();
471
472         vm.startPrank(edgar);
473         USDT.approve(address(debtMarket), 81);
474         vm.expectRevert();
475         debtMarket.buy(nftAsset, tokenId, edgar, 81);
476     }
477
478     function testCannotClaim2Times() public {
479         customEnv1();
480         address nftAsset = address(MFERS);
481         uint256 tokenId = 0;
482         uint256 sellPrice = 80;
483         address onBehalfOf = alice;
484         uint256 startBiddingPrice = 40;
485         uint256 auctionEndTimestamp = timeNow + 1 days;
486         debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
↳ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
487         vm.stopPrank();
488
489         vm.startPrank(edgar);
490         USDT.approve(address(debtMarket), 81);
491
492         debtMarket.bid(nftAsset, tokenId, 50, edgar);
493
494         vm.warp(8400000);

```

```
495     debtMarket.claim(nftAsset, tokenId, edgar);
496     vm.expectRevert();
497     debtMarket.claim(nftAsset, tokenId, edgar);
498 }
499
500 function testCannotCancelOthersDebt() public {
501     customEnv1();
502     // ALICE CREATES A DEBT LISTING
503     console.log("CONTEXT: ALICE HAS A LOAN THAT CAN NOT REPAY"
504 ↪ );
505     console.log("ALICE PROCEEDS TO SELL THE LOAN TO THE DEBT
506 ↪ MARKET");
507     vm.startPrank(alice);
508     address nftAsset = address(MFERS);
509     uint256 tokenId = 1;
510     uint256 sellPrice = 80;
511     address onBehalfOf = alice;
512     uint256 startBiddingPrice = 40;
513     uint256 auctionEndTimestamp = timeNow + 1 days;
514     debtMarket.createDebtListing(nftAsset, tokenId, sellPrice,
515 ↪ onBehalfOf, startBiddingPrice, auctionEndTimestamp);
516     vm.stopPrank();
517
518     // BOBBY CANCELS DEBT LISTING
519     console.log("BOBBY TRIES TO CANCEL ALICES DEBT LISTING (
520 ↪ REVERT EXPECTED)");
521     vm.prank(bobby);
522     vm.expectRevert();
523     debtMarket.cancelDebtListing(nftAsset, tokenId);
524 }
```



AUTOMATED TESTING



6.1 STATIC ANALYSIS

Description:

Halborn used automated testing techniques to enhance the coverage of certain areas of the scoped contracts. Among the tools used was Slither, a Solidity static analysis framework. After Halborn verified all the contracts in the repository and was able to compile them correctly into their ABI and binary formats, Slither was run on the all-scoped contracts. This tool can statically verify mathematical relationships between Solidity variables to detect invalid or inconsistent usage of the contracts' APIs across the entire code-base.

Slither results:

```

MathUtils.calculateCompoundedInterest(uint256,uint40,uint256) (contracts/libraries/math/MathUtils.sol#39-64) performs a multiplication
- ratePerSecond = rate / SECONDS_PER_YEAR (contracts/libraries/math/MathUtils.sol#55)
- WadRayMath.ray() + (ratePerSecond * (exp)) + (secondTerm) + (thirdTerm) (contracts/libraries/math/MathUtils.sol#63)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#divide-before-multiply

MathUtils.calculateCompoundedInterest(uint256,uint40,uint256) (contracts/libraries/math/MathUtils.sol#39-64) uses a dangerous strict equality
- exp == 0 (contracts/libraries/math/MathUtils.sol#47)

ReserveLogic.getNormalizedDebt(DataTypes.ReserveData) (contracts/libraries/logic/ReserveLogic.sol#76-90) uses a dangerous strict equality
- timestamp == uint40(block.timestamp) (contracts/libraries/logic/ReserveLogic.sol#80)

ReserveLogic.getNormalizedIncome(DataTypes.ReserveData) (contracts/libraries/logic/ReserveLogic.sol#53-67) uses a dangerous strict equality
- timestamp == uint40(block.timestamp) (contracts/libraries/logic/ReserveLogic.sol#57)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#dangerous-strict-equalities

Reentrancy in DebtMarket.bid(address,uint256,uint256,address) (contracts/protocol/DebtMarket.sol#277-333):
  External calls:
  - _transferDebt(nftAsset,tokenId,onBehalfOf) (contracts/protocol/DebtMarket.sol#307)
    - ILendPool(vars.lendPoolAddress).updateReserveState(loanData.reserveAsset) (contracts/protocol/DebtMarket.sol#413)
    - ILendPool(vars.lendPoolAddress).updateReserveInterestRates(loanData.reserveAsset) (contracts/protocol/DebtMarket.sol#414)
    - IDebtToken(reserveData.debtTokenAddress).burn(loanData.borrower,vars.borrowAmount,reserveData.variableBorrowIndex) (contracts/protocol/DebtMarket.sol#415)
    - IDebtToken(reserveData.debtTokenAddress).mint(vars.buyer,vars.buyer,vars.borrowAmount,reserveData.variableBorrowIndex) (contracts/protocol/DebtMarket.sol#416)
    - ILendPoolLoan(vars.lendPoolLoanAddress).reMintUNFT(loanData.nftAsset,loanData.nftTokenId,loanData.borrower,vars.buyer) (contracts/protocol/DebtMarket.sol#417)
  State variables written after the call(s):
  - marketListing.bidderAddress = onBehalfOf (contracts/protocol/DebtMarket.sol#316)
  DebtMarket._marketListings (contracts/protocol/DebtMarket.sol#41) can be used in cross function reentrancies:
  - DebtMarket.getDebt(uint256) (contracts/protocol/DebtMarket.sol#486-488)
  - marketListing.bidPrice = vars.price (contracts/protocol/DebtMarket.sol#317)
  DebtMarket._marketListings (contracts/protocol/DebtMarket.sol#41) can be used in cross function reentrancies:
  - DebtMarket.getDebt(uint256) (contracts/protocol/DebtMarket.sol#486-488)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#reentrancy-vulnerabilities-1

DebtMarket.buy(address,uint256,address,uint256).vars (contracts/protocol/DebtMarket.sol#232) is a local variable never initialized
ReserveLogic.updateInterestRates(DataTypes.ReserveData,address,address,uint256,uint256).vars (contracts/libraries/logic/ReserveLogic.sol#100-101) is a local variable never initialized
GenericLogic.calculateLoanLiquidatePrice(uint256,address,DataTypes.ReserveData,address,uint256,DataTypes.NftConfigurationMap,address) (contracts/libraries/logic/GenericLogic.sol#102-103) is a local variable never initialized
DebtMarket._transferDebt(address,uint256,address).vars (contracts/protocol/DebtMarket.sol#404) is a local variable never initialized
DebtMarket.claim(address,uint256,address).vars (contracts/protocol/DebtMarket.sol#343) is a local variable never initialized
GenericLogic.calculateLoanBidFine(address,DataTypes.ReserveData,address,DataTypes.NftConfigurationMap,DataTypes.LoanData,address,address) (contracts/libraries/logic/GenericLogic.sol#104-105) is a local variable never initialized
ReserveLogic._mintToTreasury(DataTypes.ReserveData,uint256,uint256,uint256,uint256,uint40).vars (contracts/libraries/logic/ReserveLogic.sol#106-107) is a local variable never initialized
GenericLogic.calculateNftDebtData(address,DataTypes.ReserveData,address,uint256,address).vars (contracts/libraries/logic/GenericLogic.sol#108-109) is a local variable never initialized
DebtMarket.bid(address,uint256,uint256,address).vars (contracts/protocol/DebtMarket.sol#283) is a local variable never initialized
GenericLogic.calculateLoanData(address,DataTypes.ReserveData,address,uint256,DataTypes.NftConfigurationMap,address,uint256,address,address) (contracts/libraries/logic/GenericLogic.sol#110-111) is a local variable never initialized
DebtMarket.createDebtListing(address,uint256,uint256,address,uint256,uint256).vars (contracts/protocol/DebtMarket.sol#150) is a local variable never initialized
GenericLogic.calculateOptimalMinRedeemValue(uint256,address,uint256,address,uint256,uint256).vars (contracts/libraries/logic/GenericLogic.sol#112-113) is a local variable never initialized
GenericLogic.calculateNftCollateralData(address,DataTypes.ReserveData,address,uint256,address,address).vars (contracts/libraries/logic/GenericLogic.sol#114-115) is a local variable never initialized
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#uninitialized-local-variables

DebtMarket._transferDebt(address,uint256,address) (contracts/protocol/DebtMarket.sol#403-450) ignores return value by IDebtToken(reserveData.debtTokenAddress).burn(loanData.borrower,vars.borrowAmount,reserveData.variableBorrowIndex) (contracts/protocol/DebtMarket.sol#415)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#unused-return

DebtMarket.setDeltaBidPercent(uint256) (contracts/protocol/DebtMarket.sol#472-474) should emit an event for:
- _deltaBidPercent = value (contracts/protocol/DebtMarket.sol#473)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#missing-events-arithmetic

Reentrancy in DebtMarket._transferDebt(address,uint256,address) (contracts/protocol/DebtMarket.sol#403-450):
  External calls:
  - ILendPool(vars.lendPoolAddress).updateReserveState(loanData.reserveAsset) (contracts/protocol/DebtMarket.sol#413)
  - ILendPool(vars.lendPoolAddress).updateReserveInterestRates(loanData.reserveAsset) (contracts/protocol/DebtMarket.sol#414)
  State variables written after the call(s):
  - marketOrder.state = DataTypes.DebtMarketState.Sold (contracts/protocol/DebtMarket.sol#423)
Reentrancy in DebtMarket._transferDebt(address,uint256,address) (contracts/protocol/DebtMarket.sol#403-450):
  External calls:
  - ILendPool(vars.lendPoolAddress).updateReserveState(loanData.reserveAsset) (contracts/protocol/DebtMarket.sol#413)
  - ILendPool(vars.lendPoolAddress).updateReserveInterestRates(loanData.reserveAsset) (contracts/protocol/DebtMarket.sol#414)
  - IDebtToken(reserveData.debtTokenAddress).burn(loanData.borrower,vars.borrowAmount,reserveData.variableBorrowIndex) (contracts/protocol/DebtMarket.sol#415)
  - IDebtToken(reserveData.debtTokenAddress).mint(vars.buyer,vars.buyer,vars.borrowAmount,reserveData.variableBorrowIndex) (contracts/protocol/DebtMarket.sol#416)
  - ILendPoolLoan(vars.lendPoolLoanAddress).reMintUNFT(loanData.nftAsset,loanData.nftTokenId,loanData.borrower,vars.buyer) (contracts/protocol/DebtMarket.sol#417)
  State variables written after the call(s):
  - _deleteDebtOfferListing(nftAsset,tokenId) (contracts/protocol/DebtMarket.sol#449)
  - _totalDebtsByCollection[nftAsset] -= 1 (contracts/protocol/DebtMarket.sol#400)
  - _deleteDebtOfferListing(nftAsset,tokenId) (contracts/protocol/DebtMarket.sol#449)

```

```
- _userTotalDebtByCollection[selldebt.debtor][nftAsset] == 1 (contracts/protocol/DebtMarket.sol#399)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#reentrancy-vulnerabilities-2
```

```
ReserveLogic.getNormalizedIncome(DataTypes.ReserveData) (contracts/libraries/logic/ReserveLogic.sol#53-67) uses timestamp for comparison
Dangerous comparisons:
- timestamp == uint40(block.timestamp) (contracts/libraries/logic/ReserveLogic.sol#57)
```

```
ReserveLogic.getNormalizedDebt(DataTypes.ReserveData) (contracts/libraries/logic/ReserveLogic.sol#76-90) uses timestamp for comparison
Dangerous comparisons:
- timestamp == uint40(block.timestamp) (contracts/libraries/logic/ReserveLogic.sol#80)
```

```
MathUtils.calculateCompoundedInterest(uint256,uint40,uint256) (contracts/libraries/math/MathUtils.sol#39-64) uses timestamp for comparison
Dangerous comparisons:
- exp == 0 (contracts/libraries/math/MathUtils.sol#47)
- exp > 2 (contracts/libraries/math/MathUtils.sol#53)
```

```
DebtMarket.createDebtListing(address,uint256,uint256,address,uint256,uint256) (contracts/protocol/DebtMarket.sol#142-188) uses timestamp for comparison
Dangerous comparisons:
- require(bool,string)(auctionEndTimeStamp >= block.timestamp,Errors.DM_AUCTION_ALREADY_ENDED) (contracts/protocol/DebtMarket.sol#142-188)
```

```
DebtMarket.bid(address,uint256,uint256,address) (contracts/protocol/DebtMarket.sol#277-333) uses timestamp for comparisons
Dangerous comparisons:
- require(bool,string)(block.timestamp <= marketListing.auctionEndTimeStamp,Errors.DM_AUCTION_ALREADY_ENDED) (contracts/protocol/DebtMarket.sol#277-333)
```

```
DebtMarket.claim(address,uint256,address) (contracts/protocol/DebtMarket.sol#338-363) uses timestamp for comparisons
Dangerous comparisons:
- require(bool,string)(block.timestamp > marketListing.auctionEndTimeStamp,Errors.DM_AUCTION_NOT_ALREADY_ENDED) (contracts/protocol/DebtMarket.sol#338-363)
```

```
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#block-timestamp
```

```
AddressUpgradeable._revert(bytes,string) (node_modules/@openzeppelin/contracts-upgradeable/utils/AddressUpgradeable.sol#206-218) uses inline assembly
- INLINE_ASM (node_modules/@openzeppelin/contracts-upgradeable/utils/AddressUpgradeable.sol#211-214)
```

```
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#assembly-usage
```

Different versions of Solidity are used:

```
- Version used: ['0.8.4', '^0.8.0', '^0.8.1', '^0.8.2']
- 0.8.4 (contracts/interfaces/IDebtMarket.sol#2)
- 0.8.4 (contracts/interfaces/IDebtToken.sol#2)
- 0.8.4 (contracts/interfaces/IIncentivesController.sol#2)
- 0.8.4 (contracts/interfaces/IInterestRate.sol#2)
- 0.8.4 (contracts/interfaces/ILendPool.sol#2)
- 0.8.4 (contracts/interfaces/ILendPoolAddressesProvider.sol#2)
- 0.8.4 (contracts/interfaces/ILendPoolLoan.sol#2)
- 0.8.4 (contracts/interfaces/ILockManager.sol#2)
- 0.8.4 (contracts/interfaces/INFTOracleGetter.sol#2)
- 0.8.4 (contracts/interfaces/IReserveOracleGetter.sol#2)
- 0.8.4 (contracts/interfaces/IScaledBalanceToken.sol#2)
- 0.8.4 (contracts/interfaces/IUNFT.sol#2)
- 0.8.4 (contracts/interfaces/IUToken.sol#2)
- 0.8.4 (contracts/libraries/configuration/NftConfiguration.sol#2)
- 0.8.4 (contracts/libraries/configuration/ReserveConfiguration.sol#2)
- 0.8.4 (contracts/libraries/helpers/Errors.sol#2)
- 0.8.4 (contracts/libraries/logic/GenericLogic.sol#2)
- 0.8.4 (contracts/libraries/logic/ReserveLogic.sol#2)
- 0.8.4 (contracts/libraries/math/MathUtils.sol#2)
- 0.8.4 (contracts/libraries/math/PercentageMath.sol#2)
- 0.8.4 (contracts/libraries/math/WadRayMath.sol#2)
- 0.8.4 (contracts/libraries/types/DataTypes.sol#2)
- 0.8.4 (contracts/protocol/DebtMarket.sol#2)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/IERC20Upgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/extensions/IERC20MetadataUpgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/extensions/draft-IERC20PermitUpgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/Utils/SafeERC20Upgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC721/IERC721ReceiverUpgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC721/IERC721Upgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC721/extensions/IERC721EnumerableUpgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC721/extensions/IERC721MetadataUpgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/utils/ContextUpgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/utils/CountersUpgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/utils/introspection/IERC165Upgradeable.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/IERC20.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC721/IERC721.sol#4)
- ^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/utils/introspection/IERC165.sol#4)
- ^0.8.1 (node_modules/@openzeppelin/contracts-upgradeable/utils/AddressUpgradeable.sol#4)
- ^0.8.2 (node_modules/@openzeppelin/contracts-upgradeable/proxy/utils/Initializable.sol#4)
```

```
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#different-pragma-directives-are-used
```


AddressUpgradeable.functionCall(address,bytes) (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/AddressUpgradeable.sol#85-87) · AddressUpgradeable.functionCallWithValue(address,bytes,uint256) (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/AddressUpgradeable.sol#100-102) · AddressUpgradeable.functionStaticCall(address,bytes) (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/AddressUpgradeable.sol#113-115) · AddressUpgradeable.functionStaticCall(address,bytes,string) (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/AddressUpgradeable.sol#126-128) · AddressUpgradeable.sendValue(address,uint256) (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/AddressUpgradeable.sol#60-65) i: AddressUpgradeable.verifyCallResult(bool,bytes,string) (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/AddressUpgradeable.sol#139-141) · ContextUpgradeable._Context_init() (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/ContextUpgradeable.sol#18-19) is never used and should be removed ContextUpgradeable._Context_init_unchained() (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/ContextUpgradeable.sol#21-22) i: ContextUpgradeable._msgData() (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/ContextUpgradeable.sol#27-29) is never used and should be removed CountersUpgradeable.decrement(CountersUpgradeable.Counter) (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/CountersUpgradeable.sol#10-12) · CountersUpgradeable.reset(CountersUpgradeable.Counter) (node_modules/@openzeppelin/contracts-upgradeable/upgradeable/CountersUpgradeable.sol#13-15) · GenericLogic.calculateAvailableBorrows(uint256,uint256,uint256) (contracts/libraries/logic/GenericLogic.sol#239-252) is never used and should be removed GenericLogic.calculateHealthFactorFromBalances(uint256,uint256,uint256) (contracts/libraries/logic/GenericLogic.sol#220-228) is never used and should be removed GenericLogic.calculateLoanBidFine(address,DataTypes.ReserveData,address,DataTypes.NftConfigurationMap,DataTypes.LoanData,address,address) (contracts/libraries/logic/GenericLogic.sol#253-266) · GenericLogic.calculateLoanLiquidatePrice(uint256,address,DataTypes.ReserveData,address,uint256,DataTypes.NftConfigurationMap,address) (contracts/libraries/logic/GenericLogic.sol#267-280) · GenericLogic.calculateNftCollateralData(address,DataTypes.ReserveData,address,uint256,address,address) (contracts/libraries/logic/GenericLogic.sol#281-294) · GenericLogic.calculateNftDebtData(address,DataTypes.ReserveData,address,uint256,address) (contracts/libraries/logic/GenericLogic.sol#295-308) · GenericLogic.calculateOptimalMaxRedeemValue(uint256,uint256) (contracts/libraries/logic/GenericLogic.sol#209-211) is never used and should be removed GenericLogic.calculateOptimalMinRedeemValue(uint256,address,uint256,address,uint256,uint256) (contracts/libraries/logic/GenericLogic.sol#212-225) · Initializable._disableInitializers() (node_modules/@openzeppelin/contracts-upgradeable/proxy/Initializable.sol#144-150) is never used and should be removed Initializable._getInitializedVersion() (node_modules/@openzeppelin/contracts-upgradeable/proxy/Initializable.sol#155-157) is never used and should be removed Initializable._isInitializing() (node_modules/@openzeppelin/contracts-upgradeable/proxy/Initializable.sol#162-164) is never used and should be removed MathUtils.calculateCompoundedInterest(uint256,uint40) (contracts/libraries/math/MathUtils.sol#71-73) is never used and should be removed MathUtils.calculateCompoundedInterest(uint256,uint40,uint256) (contracts/libraries/math/MathUtils.sol#39-64) is never used and should be removed MathUtils.calculateLinearInterest(uint256,uint40) (contracts/libraries/math/MathUtils.sol#19-24) is never used and should be removed NftConfiguration.getActive(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#121-123) is never used and should be removed NftConfiguration.getAuctionDuration(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#179-181) i: NftConfiguration.getAuctionParams(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#305-316) is never used and should be removed NftConfiguration.getAuctionParamsMemory(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#338-349) · NftConfiguration.getCollateralParams(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#288-298) · NftConfiguration.getCollateralParamsMemory(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#323-333) · NftConfiguration.getConfigTimestamp(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#259-261) i: NftConfiguration.getConfigTimestampMemory(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#363-373) · NftConfiguration.getFlags(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#268-272) is never used and should be removed NftConfiguration.getFlagsMemory(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#279-281) is never used and should be removed NftConfiguration.getFrozen(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#139-141) is never used and should be removed NftConfiguration.getLiquidationBonus(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#103-105) · NftConfiguration.getLiquidationThreshold(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#83-85) · NftConfiguration.getLtv(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#63-65) is never used and should be removed NftConfiguration.getMinBidFine(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#239-241) is never used and should be removed NftConfiguration.getMinBidFineMemory(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#354-356) · NftConfiguration.getRedeemDuration(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#159-161) is never used and should be removed NftConfiguration.getRedeemFine(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#199-201) is never used and should be removed NftConfiguration.getRedeemThreshold(DataTypes.NftConfigurationMap) (contracts/libraries/configuration/NftConfiguration.sol#219-221) i: NftConfiguration.setActive(DataTypes.NftConfigurationMap,bool) (contracts/libraries/configuration/NftConfiguration.sol#112-114) is never used and should be removed NftConfiguration.setAuctionDuration(DataTypes.NftConfigurationMap,uint256) (contracts/libraries/configuration/NftConfiguration.sol#161-163) · NftConfiguration.setConfigTimestamp(DataTypes.NftConfigurationMap,uint256) (contracts/libraries/configuration/NftConfiguration.sol#241-243) · NftConfiguration.setFrozen(DataTypes.NftConfigurationMap,bool) (contracts/libraries/configuration/NftConfiguration.sol#130-132) is never used and should be removed NftConfiguration.setLiquidationBonus(DataTypes.NftConfigurationMap,uint256) (contracts/libraries/configuration/NftConfiguration.sol#91-93) · NftConfiguration.setLiquidationThreshold(DataTypes.NftConfigurationMap,uint256) (contracts/libraries/configuration/NftConfiguration.sol#51-53) · NftConfiguration.setLtv(DataTypes.NftConfigurationMap,uint256) (contracts/libraries/configuration/NftConfiguration.sol#52-56) is never used and should be removed NftConfiguration.setMinBidFine(DataTypes.NftConfigurationMap,uint256) (contracts/libraries/configuration/NftConfiguration.sol#228-232) · NftConfiguration.setRedeemDuration(DataTypes.NftConfigurationMap,uint256) (contracts/libraries/configuration/NftConfiguration.sol#148-150) · NftConfiguration.setRedeemFine(DataTypes.NftConfigurationMap,uint256) (contracts/libraries/configuration/NftConfiguration.sol#188-192) · NftConfiguration.setRedeemThreshold(DataTypes.NftConfigurationMap,uint256) (contracts/libraries/configuration/NftConfiguration.sol#201-203) · PercentageMath.percentDiv(uint256,uint256) (contracts/libraries/math/PercentageMath.sol#44-51) is never used and should be removed ReserveConfiguration.getActive(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#133-135) · ReserveConfiguration.getBorrowingEnabled(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#115-117) · ReserveConfiguration.getFlags(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#218-236) · ReserveConfiguration.getFlagsMemory(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#237-249) · ReserveConfiguration.getFrozen(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#151-153) · ReserveConfiguration.getLiquidationBonus(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#101-103) · ReserveConfiguration.getLiquidationThreshold(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#81-83) · ReserveConfiguration.getLtv(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#55-57) is never used and should be removed ReserveConfiguration.getParams(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#243-263) · ReserveConfiguration.getParamsMemory(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#264-284) · ReserveConfiguration.getReserveFactor(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#11-13) · ReserveConfiguration.getStableRateBorrowingEnabled(DataTypes.ReserveConfigurationMap) (contracts/libraries/configuration/ReserveConfiguration.sol#14-16) · ReserveConfiguration.setActive(DataTypes.ReserveConfigurationMap,bool) (contracts/libraries/configuration/ReserveConfiguration.sol#17-19)

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Pragma version^0.8.2 (node_modules/@openzeppelin/contracts-upgradeable/proxy/utils/Initializable.sol#4) allows old versions
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/IERC20Upgradeable.sol#4) allows old versions
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/extensions/IERC20MetadataUpgradeable.sol#4) allows
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/extensions/draft-IERC20PermitUpgradeable.sol#4) al
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/utils/SafeERC20Upgradeable.sol#4) allows old versi
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC721/IERC721ReceiverUpgradeable.sol#4) allows old vers
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC721/IERC721Upgradeable.sol#4) allows old versions
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC721/extensions/IERC721EnumerableUpgradeable.sol#4) a
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/token/ERC721/extensions/IERC721MetadataUpgradeable.sol#4) allc
Pragma version^0.8.1 (node_modules/@openzeppelin/contracts-upgradeable/utils/AddressUpgradeable.sol#4) allows old versions
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/utils/ContextUpgradeable.sol#4) allows old versions
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/utils/CountersUpgradeable.sol#4) allows old versions
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts-upgradeable/utils/introspection/IERC165Upgradeable.sol#4) allows old versi
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts/token/ERC20/IERC20.sol#4) allows old versions
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts/token/ERC721/IERC721.sol#4) allows old versions
Pragma version^0.8.0 (node_modules/@openzeppelin/contracts/utils/introspection/IERC165.sol#4) allows old versions
Pragma version^0.8.4 (contracts/interfaces/IDebtMarket.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/IDebtToken.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/IIncentivesController.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/IInterestRate.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/ILendPool.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/ILendPoolAddressesProvider.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/ILendPoolLoan.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/ILockManager.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/INFTOracleGetter.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/IReserveOracleGetter.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/IScaledBalanceToken.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/IUNFT.sol#2) allows old versions
Pragma version^0.8.4 (contracts/interfaces/IUToken.sol#2) allows old versions
Pragma version^0.8.4 (contracts/libraries/configuration/NftConfiguration.sol#2) allows old versions
Pragma version^0.8.4 (contracts/libraries/configuration/ReserveConfiguration.sol#2) allows old versions
Pragma version^0.8.4 (contracts/libraries/helpers/Errors.sol#2) allows old versions
Pragma version^0.8.4 (contracts/libraries/logic/GenericLogic.sol#2) allows old versions
Pragma version^0.8.4 (contracts/libraries/logic/ReserveLogic.sol#2) allows old versions
Pragma version^0.8.4 (contracts/libraries/math/MathUtils.sol#2) allows old versions
Pragma version^0.8.4 (contracts/libraries/math/PercentageMath.sol#2) allows old versions
Pragma version^0.8.4 (contracts/libraries/math/WadRayMath.sol#2) allows old versions
Pragma version^0.8.4 (contracts/libraries/types/DataTypes.sol#2) allows old versions
Pragma version^0.8.4 (contracts/protocol/DebtMarket.sol#2) allows old versions
solc-0.8.4 is not recommended for deployment
Reference: https://github.com/cryptic/slither/wiki/Detector-Documentation#incorrect-versions-of-solidity

```


Pragma version0.8.4 (contracts/libraries/math/WadRayMath.sol#2) allows old versions
 Pragma version0.8.4 (contracts/libraries/types/DataTypes.sol#2) allows old versions
 Pragma version0.8.4 (contracts/protocol/DebtMarket.sol#2) allows old versions
 solc-0.8.4 is not recommended for deployment
 Reference: <https://github.com/crytic/slither/wiki/Detector-Documentation#incorrect-versions-of-solidity>

Low level call in AddressUpgradeable.sendValue(address,uint256) (node_modules/@openzeppelin/contracts-upgradeable/utils/AddressUpgrad
 - (success) = recipient.call{value: amount}() (node_modules/@openzeppelin/contracts-upgradeable/utils/AddressUpgradeable.sol#
 Low level call in AddressUpgradeable.functionCallWithValue(address,bytes,uint256,string) (node_modules/@openzeppelin/contracts-upgrad
 - (success,returndata) = target.call{value: value}(data) (node_modules/@openzeppelin/contracts-upgradeable/utils/AddressUpgra
 Low level call in AddressUpgradeable.functionStaticCall(address,bytes,string) (node_modules/@openzeppelin/contracts-upgradeable/utils.
 - (success,returndata) = target.staticcall(data) (node_modules/@openzeppelin/contracts-upgradeable/utils/AddressUpgradeable.s
 Reference: <https://github.com/crytic/slither/wiki/Detector-Documentation#low-level-calls>

Function IERC20PermitUpgradeable.DOMAIN_SEPARATOR() (node_modules/@openzeppelin/contracts-upgradeable/token/ERC20/extensions/draft-IE
 Function ContextUpgradeable.__Context_init() (node_modules/@openzeppelin/contracts-upgradeable/utils/ContextUpgradeable.sol#18-19) is
 Function ContextUpgradeable.__Context_init_unchained() (node_modules/@openzeppelin/contracts-upgradeable/utils/ContextUpgradeable.sol
 Variable ContextUpgradeable.__gap (node_modules/@openzeppelin/contracts-upgradeable/utils/ContextUpgradeable.sol#36) is not in mixedC
 Parameter ILEndPool.liquidateSudoSwap(address,uint256,uint256,address,uint256).LSSVMPair (contracts/interfaces/ILEndPool.sol#375) is
 Function IUToken.UNDERLYING_ASSET_ADDRESS() (contracts/interfaces/IUToken.sol#149) is not in mixedCase
 Function IUToken.RESERVE_TREASURY_ADDRESS() (contracts/interfaces/IUToken.sol#154) is not in mixedCase
 Variable DebtMarket._addressesProvider (contracts/protocol/DebtMarket.sol#38) is not in mixedCase
 Reference: <https://github.com/crytic/slither/wiki/Detector-Documentation#conformance-to-solidity-naming-conventions>

Redundant expression "reserveData (contracts/libraries/logic/GenericLogic.sol#158)" inGenericLogic (contracts/libraries/logic/Generic
 Redundant expression "nftAsset (contracts/libraries/logic/GenericLogic.sol#340)" inGenericLogic (contracts/libraries/logic/GenericLog
 Redundant expression "timestamp (contracts/libraries/logic/ReserveLogic.sol#240)" inReserveLogic (contracts/libraries/logic/ReserveLo
 Reference: <https://github.com/crytic/slither/wiki/Detector-Documentation#redundant-statements>

Variable Errors.LPL_BID_AUCTION_DURATION_HAS_END (contracts/libraries/helpers/Errors.sol#98) is too similar to Errors.LPL_BID_AUCTION
 Variable Errors.RC_INVALID_MAX_BID_FINE (contracts/libraries/helpers/Errors.sol#146) is too similar to Errors.RC_INVALID_MIN_BID_FINE
 Reference: <https://github.com/crytic/slither/wiki/Detector-Documentation#variable-names-too-similar>

NftConfiguration.slitherConstructorConstantVariables() (contracts/libraries/configuration/NftConfiguration.sol#12-366) uses literals
 - CONFIG_TIMESTAMP_MASK = 0xFFFFFFFFFFFFFFFF00000000FFFFFFFFFFFFFFFFFFFFFFFFFFFFFFFF (contracts/libraries/configurati
 Reference: <https://github.com/crytic/slither/wiki/Detector-Documentation#too-many-digits>

PercentageMath.ONE_PERCENT (contracts/libraries/math/PercentageMath.sol#17) is never used in PercentageMath (contracts/libraries/math
 PercentageMath.TEN_PERCENT (contracts/libraries/math/PercentageMath.sol#18) is never used in PercentageMath (contracts/libraries/math
 PercentageMath.ONE_THOUSANDTH_PERCENT (contracts/libraries/math/PercentageMath.sol#19) is never used in PercentageMath (contracts/lib
 PercentageMath.ONE_TEN_THOUSANDTH_PERCENT (contracts/libraries/math/PercentageMath.sol#20) is never used in PercentageMath (contracts
 Reference: <https://github.com/crytic/slither/wiki/Detector-Documentation#unused-state-variable>

- As a result of the tests carried out with the Slither tool, some results were obtained and reviewed by Halborn. Based on the results reviewed, some vulnerabilities were determined to be false positives.

6.2 AUTOMATED SECURITY SCAN

Description:

Halborn used automated security scanners to assist with detection of well-known security issues, and to identify low-hanging fruits on the targets for this engagement. Among the tools used was MythX, a security analysis service for Ethereum smart contracts. MythX performed a scan on all the contracts and sent the compiled results to the analyzers to locate any vulnerabilities.

MythX Results:

- No issues found by Mythx.



THANK YOU FOR CHOOSING

 **HALBORN**

