

Security Assessment Report



February-2025

Prepared for:

Aave DAO

Code developed by:







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Project Summary

Project Scope

| Project Name | Repository (link) | Latest Commit Hash | Platform |
|----------------|-------------------|-----------------------|------------------|
| Clinic Steward | Github Repository | <u>07d35f9</u> | EVM/Solidity 0.8 |

Project Overview

This document describes the security considerations for **ClinicSteward**, including all findings and recommendations reported and discussed with the developing team. The work was undertaken on **February 12, 2025**.

The following contract list is included in our scope:

- ClinicSteward.sol

Protocol Overview

The **ClinicSteward** is a permissioned helper that helps the Aave DAO repay and liquidate positions deemed bad debt. The steward was developed as part of a broader upgrade to core protocol with the introduction of pool deficit accrual upon liquidation when bad debt is generated on **Aave V3.3**. The **ClinicSteward** will be used to clean up any bad debt existing in the system that wasn't turned into a protocol deficit.

Findings Summary

The table below summarizes the review's findings, including details on type and severity.

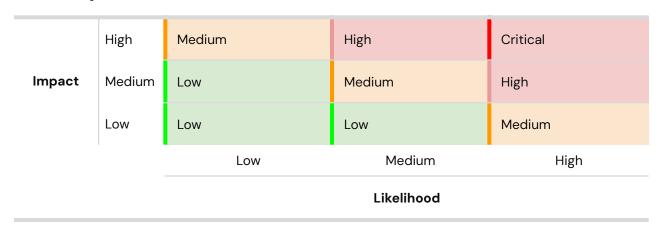
| Severity | Discovered | Confirmed | Fixed |
|----------|------------|-----------|-------|
| Critical | - | - | - |
| High | - | - | - |





| Medium | - | - | - |
|---------------|---|---|---|
| Low | 2 | 2 | 2 |
| Informational | 1 | 1 | - |
| Total | 3 | | |

Severity Matrix



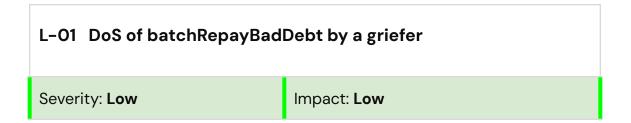




Detailed Findings

| ID | Title | Severity | Status |
|------|--|---------------|--------------|
| L-01 | DoS of batchRepayBadDebt by a griefer | Low | Fixed |
| L-02 | DoS of batchLiquidate by a griefer | Low | Fixed |
| I-01 | Open approval of the steward to the pool | Informational | acknowledged |

Low Issues



Description:

When calling batchRepayBadDebt, the function _getUsersDebtAmounts is called with the parameter usersCanHaveCollateral = false. This function performs validation to ensure that all given positions do not include collateral and reverts if any collateralized position is present. If any user within the list has even the slightest collateral, the transaction rolls back regardless of the state of the other N positions.





For example, say the DAO passes a list of 100 positions they would like to repay. If the 100th position happens to have even as little as 1 wei of collateral, the entire execution reverts.

This behaviour opens the door for griefers to inflict damage by DoSing concrete transactions. An attacker can front-run the batchRepay transaction with a supply to one of the positions within the list (the last position in the worst case) with dust of any valid collateral on Aave. The protocol allows supplying on behalf of other users. Furthermore, upon receiving the first aToken of valid collateral, the holding address is flagged automatically as holding collateral in the Aave protocol. When the code reaches the validation of the supplied position, initially thought to be clean of collateral, the entire transaction will fail, and the gas up to this point will be lost.

Since any dust value of supply will do the trick, since we can assume an elaborate size of positions array, and since on many relevant chains, the gas cost is essentially negligible even to make thousands of supply transactions, the cost to the attacker is negligible, while the cost for the caller (the DAO) is higher by orders of magnitude.

Recommendation:

In the validation within _getUsersDebtAmounts, skip the iteration instead of reverting. Back in the batchRepayBadDebt function, when iterating over positions to repay them, skip any position with 0 debt (i.e., the positions found to have collateral).

Client's response:

The issue was addressed in the following commit PR#9

| L-02 DoS of batchLiquidate | by a griefer |
|----------------------------|--------------------|
| Severity: Low | Impact: Low |

Description:

When calling batchRepayBadDebt, the function _getUsersDebtAmounts is called with the parameter usersCanHaveCollateral = true. This function does not perform any validation to check whether the position is collateralized.





In the case of liquidationCall, if the collateral asset specified by the liquidator isn't collateral of the specific position, a revert will occur due to validation specified in the validateLiquidation function.

This behaviour opens the door for griefers to inflict damage by DoSing concrete transactions. An attacker can front-run the batchLiquidation transaction with a liquidation of its own to one of the positions within the list (the last position in the worst case). When the code reaches the position initially thought to be collateralized with a particular collateral, the entire transaction will revert, and the gas up to this point will be lost.

Recommendation:

Perform a validation in a similar manner to non-collateralized positions to prevent late failure.

Client's response:

The issue was addressed in the following commit PR#9

Informational Issues

Severity: Informational Impact: None

Description:

When calling BatchLiquidate, it's quite frequent to end up in a state where the steward's allowance to the pool is open/dangling, i.e. non-zero.

This state is feasible when liquidating a position that doesn't have enough collateral to compensate for the entire debt. Given the steward cleaning up under-the-water positions that may have been unattended for some time, this scenario is well-expected.

Calling batchLiquidate will:

1. Sum up all the debt eligible for liquidation





- 2. Pull this sum from the collector and approve it to the pool in preparation for the liquidation call
- 3. Proceed to liquidate the position.

Since the collateral isn't enough to cover the entire debt, only a portion will be liquidated, and the rest will be deemed as protocol deficit. This means that the steward pulled more debt tokens from the collector than it used for liquidation and approved the pool with more tokens than actually transferred. While the extra pulled tokens are being transferred back to the collector at the end of the function, the approval is never getting closed.

It's important to note that this state is not exploitable and that in any way, all system tokens are being cleaned up and sent back to the collector.

Example:

Say we have a single position we want to liquidate. The position is as follows (for simplicity, we assume the tokens are already converted to the same currency denominator, say USD):

- 100 debt of token A
- 20 collateral of token B and
- LB of 10% for liquidation.

Calling batchLiquidate will work in the following way:

- 1. When we call getDebtAmount, the total debt count is 100.
- 2. We pull the 100 tokens of token A from the collector to the steward and approve the pool for 100 tokens in preparation for the liquidation call.
- 3. Since we're in bad debt, we liquidate a sum equal to 20/LB available collateral, ~18.18 tokens, to get the entire collateral.
 - a. 20 collateral goes from the liquidated user to the steward, ~18.18 debt goes from the steward to the aToken, and ~82 debt tokens are counted as deficit (the debt tokens get burnt)
- 4. We transfer any existing debt/collateral aTokens from the steward back to the collector.

At this point, all the tokens are where they are supposed to be, but we have an open approval of 82 debt tokens to the pool that sits hanging.

Client's response:





The issue was addressed in the following commit PR#12.

Disclaimer

The Certora Prover takes a contract and a specification as input and formally proves that the contract satisfies the specification in all scenarios. Notably, the guarantees of the Certora Prover are scoped to the provided specification and the Certora Prover does not check any cases not covered by the specification.

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