



DAOry Proposal #3a: Provide liquidity for NFT-holders through Yawww loan pools

Intro:

For months now the council has been looking into safe ways for our holders to lend out their Aurorians in return for liquidity. Today we finally feel like we reached two solutions that are safe, secure and will benefit both our holders and the DAOry. We decided to go with both Yawww and Frakt as partners for these loaning solutions. Both are well-established companies in the Solana ecosystem and their platforms work differently, so we decided to use both in order to accommodate all of our holders.

Frakt works with a variable interest rate depending on the utilization rate of the deposited funds.

Yawww works with a fixed interest rate chosen by the DAOry.

We propose to make an initial deposit of 150 sol to each of these platforms. We would also like to have the flexibility to add more deposit funds if there is a lot of demand for these loans. This amount will be a maximum of 1,000 sol across both platforms.

We came up with two proposals (3a and 3b). Even though they are similar, they are two different platforms with different systems so we want to make sure our community is in agreement with working together with both of them.

Summary:

Yawww is a peer-to-peer lending platform where users can borrow and lend directly from each other. Initially the borrower would set his terms (duration, LTF (loan to floor), interest, etc) and then the lender would search around for interesting deals. More recently they introduced a mechanism where the lender (eg. DAOry) can create liquidity pools on their own terms. DAOry would provide an amount of sol in a pool and set its own terms. Thanks to webtrick's web tricks he was able to do this even with our multi-signature wallet.

Proposed terms:

Amount:	- Starting amount would be 150 sol a month but DAO would like to have the flexibility to up this to a max of 1,000 sol (total for proposal 3a and 3b) if there is high demand.
LTF: 65%	- If fp is 20sol, the loan would be 13 sol.
Interest: 35% APR	- High enough to justify the risk but much lower than other projects.
Duration: 30days	- Loans can be paid back earlier.

Goals / Evaluation Metrics:

- Provide liquidity for our holders
- Earn interest on loans
- Create an extra holder benefit while increasing treasury

Benefits:

Offering an additional alternative to borrow against your Aurory NFT at a low cost while generating additional revenue for the DAO as yield from people borrowing.

This will provide additional utility to the collection by lowering instant borrowing fees and making Aurory a better bankable asset.

Risks & Concerns:

- Receive an Aurorian instead of sol in case the loan won't be paid back.
- In order to reduce this risk the council proposes loans with a maximum of 65% LTF (Loan to floor). The loan amount will be max 65% of the floor value at the moment the lender agrees to the terms. The LTF will be calculated based on the average floor price of the previous month to minimize the impact of heavy fluctuations.

Treasury impact & Fees:

- For the DAO: Minimum of 150 sol <-> Maximum of 1,000 sol a month (total for 3a and 3b). Note that this isn't a cost but an investment as liquidity provided will be paid back with interest or with the underlying collateral.
- Yawww fees: fees that go to the yawww protocol are equal to 10% of the paid interest over time.

Practical implication:

One of the challenges with creating the loan pool was that we have to delegate the amount of SOL to an individual member's wallet who can then create the pool with the delegated SOL. However, the council was of the view that it wasn't the best measure to send DAO treasury to an individual member. So we prepared our custom solution which allows us to create the loan pool on Yawww directly using Daory's multi-sig wallet (thanks to TX builder option provided by Squads). Here's how it will work:

Yawww provided us with the inputs required for the loan creation transaction. We are serializing the data based on those inputs manually. You can check it out here: <https://webtricks.website/yawww/>.

After generating the data, we are using the TX Builder option from Squads. In simple words, this option wraps the Yawww loan creation transaction within a multi-sig transaction. As you may know, Solana transactions are atomic in nature. If any part of the transaction fails, the whole transaction will fail. So the only way to pass the loan creation transaction is by signing it with the multi-sig. Here's the official Daory (v3) multi-sig wallet: [DAOry Multi-sig Wallet](#)

We currently use a 5-of-9 schema which means at least 5 of the 9 council members have to approve the transaction to successfully create the loan pool. This is how we are maintaining the safety of the DAO's fund and providing the utility at the same time. No single member is in-charge of the loan pool.

Council's summary:

Council would like to give our holders the opportunity to seek liquidity easily at fair rates without putting the DAOry treasury at risk. For this reason we would like to create the Yawww and Frakt proposals at the same time so our holders can choose the platform which offers the best rates at the time. Also both pools have different terms, so having both options seems like the way to go as our community might prefer one way over the other.