# Collateral and Reserve Factor

ReactorFusion implements the collateral and reserve mechanic implemented by Compound Finance. Collateral Factor Reserve Factor rfTokens have a collateral factor that can range from between 0-90%, and represents the proportionate increase in liquidity (borrow limit) that an account receives by minting the rfToken. Large or liquid assets tend to have high collateral factors; whereas smaller or more illiquid assets will tend to have lower collateral factors. If an asset has a 0% collateral factor, it cannot be used as collateral (or seized in a forced liquidation event). However, the asset can still be borrowed. In summary, the Collateral Factor is the maximum you can borrow against a particular asset. Example : if the collateral factor for USDC is 75%, the maximum amount of USDC you would be able to borrow in other assets (assuming a deposit of 1000 USDC) would be 750. Reserves are an accounting entry in each rfToken contract that represents a portion of historical interest which can be withdrawn or transferred through the protocol's governance. A small portion of borrower interest accrues into the protocol, determined by the reserve factor.

The reserve factor is the percentage of interest paid to the ReactorFusion. If the reserve factor is 10, then that would imply a 10% rate of interest paid on the borrowed asset allocated to ReactorFusion.

## zkSyncEra

Token Collateral Factor Reserve Factor ETH 70% 20% WBTC 70% 20% USDC 80% 15% USDT 80% 15%

## Telos

Token Collateral Factor Reserve Factor TLOS 70% 50% ETH 70% 40% USDC 80% 30% USDT 80% 30% Collateral factors, and/or reserve factors, may be adjusted from time to time, depending on factors such as the liquidity for a particular asset.
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