

Loans in DeFi lending and borrowing are overcollateralized, meaning that in order to borrow one asset, you need to put up more in value of another asset as collateral to ensure you won't default on your loan. If the value of your collateral falls, or the value of your loan increases, your collateral can get liquidated.

Therefore, it's important to make sure you always have enough collateral to support your loan position. If your collateral drops in value or the value of your loan increases, you can deposit more into the protocol to be used as collateral. One thing to monitor is your Health Factor-- it's important to keep your HF above 1 or you risk being liquidated.

There are some cool tools that are useful to track your loans position so you don't get liquidated, such as [HAL](#) or [DeFi Saver](#). HAL lets you track and receive notifications about your HF. DeFi Saver lets you auto-liquidate your loan.