title: [ARFC] Enabling USDT as collateral on Aave v3 AVAX Market

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Summary:

This proposal seeks to enable USDT as collateral on the V3 AVAX market outside of isolation mode as well as update the risk parameters to be on par with USDC.

Motivation:

Enabling USDT as a normal collateral with those updated parameters would incentivize the use of USDT to borrow other assets on the v3 AVAX market. This would increase protocol revenue as well as the attractiveness of the platform for lenders. This change would be aligned with other [changes](#) started to increase USDT utility across the various Aave markets.

Specification:

The following table highlights the proposed change for USDT on the v3 AVAX market (as well as those for USDC for reference):

Parameters	USDT (current)	USDT (proposed)	USDC (for reference)
Supply Cap	200M	170M	170M
Borrow Cap	140M	90M	90M
LTV	75%	82.25%	82.25%
LT	81%	86.25%	86.25%
LB	5%	4%	

4%

Isolation Mode

Yes

No

No

Debt ceiling

5M

N/A

N/A

Disclaimer:

This proposal is powered by Skyward.

The author isn't compensated by Tether for this ARFC.

Next step:

1. Gather community & risk provider feedback.

2. If consensus is reached, launch a snapshot.

3. Should said snapshot be successful, have guardians execute the payload (No AIP for AVAX)

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