

Hello,

I would like to seek clarification from the forum regarding the handling of loans in cases of significant fluctuations in the price of the borrowed asset, specifically POL.

My question is as follows: if the price of the borrowed asset (e.g., POL) increases substantially, does this affect the nominal amount of the debt expressed in USD, or does the borrowed amount remain constant in nominal terms regardless of the asset's price fluctuation?

More specifically:

How does Aave calculate the debt amount when the borrowed asset fluctuates? For example, if I borrow \$10,000 worth of POL and the price of POL rises, is my loan re-evaluated based on this increase, or does it stay at the initial USD value?