Proposal to use part of the DAOry's treasury

Proposal Details:

Use the banx.gg platform to place low LTV[1] loans on a select few bluechip NFT collections.

The proposal sets out to deploy 1000 Sol from the DAOry's treasury into banx.gg lending offers. (DAO total Sol, ignoring other assets, is ~11300).

We would offer loans at between 20-40% LTV. So if the floor price of NFT A was 100 Sol, we would lend 20 to 40 Sol against it.

We would offer loans against Aurorians (to a maximum of 1000 Sol) , MadLads(to a maximum of 500 Sol), Tensorians (to a maximum of 300 Sol), Claynosaurs (to a maximum of 200 Sol) (open to add / remove from this list. and change weightings)

We would terminate any loans[2] when they reached, or exceeded 70% LTV.

In the event that an NFT we are lending against is defaulted and we are left with the NFT (very unlikely):
- Sell the NFT on the market.
- Add original Sol back into offer.
- Any profits would go back to the treasury.

Risks:

- Banx.gg was built by the same team that built the frakt.xyz lending platform. However, unlike frakt.xyz, banx.gg has not yet gone through a third party audit.

- Currently loans are only possible in Sol (USD coming soon). This means that when the price of Sol increases rapidly and floor prices of NFTs drop many lenders may try to terminate their loans at once causing cascading terminations. This may lead to the DAOry having borrowers default on them[3]. (depending on how you see this, it may be a good way to acquire BlueChip NFTs - almost like limit orders)

- The DAOry will not be able to manage this daily.

Benefits:

- We would earn 34% APR on the Sol deposited into the banx.gg platform.

- banx.gg provides perpetual loans. This means that the loan stays open and accrues interest as long as it has not been repaid or terminated (termination last 3 days). This

1. LTV stands for loan-to-value, which is a ratio of the size of your loan compared to the floor price of the NFT that you are lending against expressed as a percentage
2. On banx.gg a lender can terminate a loan when they want to. The borrower then has 3 days to repay the loan. Other lenders can also take your place, in which case they will pay the interest + loan to you.
3. When a borrower defaults, the lender gets the NFT that they were lending Sol against as capital.

means that we do not need to actively manage the position like we would if using other lending platforms that have fixed lending periods.

- banx.gg provides auto-renewing offers. Once an offer is paid back by the borrower, the Sol is placed back into active offers. This means that the DAO will not need to manage the position actively.

- Using the protocol will allow us to benefit from the $BANX token that is coming in Q1 this year. Launching at 15,000,000 USD valuation. The more you use the platform, the more points you get, the more tokens you get.

- Aurorians will have the opportunity to borrow Sol at the lowest rate of any lending platform to take advantage of opportunities as they see fit.

REGULAR PERFORMANCE REVIEW:

The most important part will be to review the performance of this strategy periodically. After every 3 months the DAO should post a summary of the activities that have taken place from using banx.gg. This should include:

- Sol earned.
- Number of Loans defaulted and the outcome for each individual default (this is anticipated to occur very infrequently)
- Any other events that are noteworthy.

The elected DAO Council should then hold an internal vote to either continue using the protocol, or remove liquidity from the protocol. The results of this vote should be published after it has taken place. Giving the DAO Council this responsibility should allow them to move faster than if we were to ask the entire DAOry.

CASE STUDY:

The team at Analysoor (@analysoor on twitter) has added over 1000 Sol into banx.gg. See these two tweets:

Tweet1
Tweet2

This allows their holders to unlock some SOL from their NFTs instead of selling them when they need liquidity.

Interestingly, this team is burning all defaulted ONE NFTs (I am presuming that they are the team behind ONE). I do not think we should do this but it is interesting nonetheless.