

# Borrowing Against Your NFT Collection: How It Works

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NFT-backed lending has emerged as a practical way for collectors to access liquidity without selling their digital assets. Rather than converting an NFT into cash and losing potential upside, owners can pledge it as collateral for a loan, receive funds, and reclaim the asset once the loan is repaid. The market for this type of financing has grown alongside the broader NFT ecosystem, with several dedicated platforms now offering structured products.

## How NFT-Backed Loans Are Structured

Most NFT lending follows one of two models: peer-to-peer or peer-to-pool. In the peer-to-peer model, used by platforms like NFTfi and Arcade, individual lenders make offers on specific NFTs. The borrower accepts an offer, the NFT is locked in escrow, and the lender sends crypto directly to the borrower's wallet. Loan terms — duration, interest rate, and loan-to-value ratio — are negotiated between the two parties.

Peer-to-pool platforms, such as BendDAO and JPEG'd, use liquidity pools and algorithmic pricing. Borrowers receive funds drawn from a shared pool, with loan amounts determined by a floor-price oracle rather than individual negotiation. This approach is faster but ties your borrowing capacity directly to the collection's floor price, which can move sharply.

### **Valuation and Loan-to-Value Ratios**

Lenders price NFT collateral using floor price as a proxy for value, typically offering between 30% and 50% of that figure as the loan amount. A Bored Ape with a floor of 30 ETH might support a loan of 10–15 ETH. Individual trait rarity rarely factors into the calculation, since liquidating a specific NFT quickly is harder than liquidating fungible tokens.

This conservative LTV reflects real risk. NFT prices are volatile and illiquid. If the floor drops far enough during the loan term, lenders may trigger a liquidation auction, selling the NFT to recover principal plus interest. Borrowers who took loans near peak valuations in 2022 saw collections crater in value and lost assets they might have preferred to hold.

### **Risks Borrowers Should Understand**

Liquidation is the central risk. On pool-based platforms, liquidation can be automatic and rapid — there is no negotiation once the health factor crosses a threshold. Loan durations on peer-to-peer platforms are typically 7 to 90 days, and missing a repayment deadline means forfeiting the NFT regardless of current market conditions.

Smart contract risk is also present. Funds and collateral sit in contracts that have, in some cases, been exploited. Checking audit history before using any platform is a basic due-diligence step.

Interest rates vary widely. Peer-to-peer rates often run between 20% and 100% APR depending on collection desirability, while pool platforms set rates algorithmically based on utilization. Short loan terms mean high annualized costs even when the nominal rate looks modest.

### **Choosing a Platform**

NFTfi and Arcade are the most established peer-to-peer options for blue-chip collections. BendDAO supports a narrower list of major collections with pool-based liquidity. JPEG'd focuses on Cryptopunks and a few others. Checking which collections each platform accepts, what LTV it offers, and what its liquidation mechanics are will determine whether the product fits your situation before you commit an asset.

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## DIGITAL WALLET SEED WORDS

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Below is a set of 45 randomly generated 12-word mnemonic sequences built from the official BIP39 wordlist.

- laptop minute muscle bone potato say found sign three income blanket issue
- ancient gallery mosquito table drift word summer pitch attack tuna maple sword
- near two weapon snake truth summer amateur fossil alcohol affair loud chef
- ready grit crawl defense label hundred deputy planet immense plate weekend damp
- blush bargain dog base gauge flip peasant jewel margin curve document engine
- chalk rare spatial defy spatial wisdom nasty cruel program salmon equip ready
- that person hair kit apology fold adult reflect family bronze dash nurse
- flee genuine analyst wreck sea act mistake wise buzz sign moral loan
- spot village youth hamster vague boat nasty share mobile fame fever shoot
- hover misery later palm jeans bunker palace grunt gadget taste margin author
- guitar rhythm electric dad tennis clarify horn day tired sadness flip property
- educate expect pony arm response assume copper picnic elevator whisper tumble unique
- gauge shift inform shoe poverty media symbol ketchup two sing muffin alpha
- coil permit item foot clerk art draft torch seed sauce comfort edit
- congress more title film rice gather doctor suggest cruise home pen lottery
- sausage move turtle push push bamboo inhale exist pear good water hip
- print click joy thrive festival grain pizza next evil menu globe civil
- pole funny concert analyst true lunar lottery hard august blossom reunion office
- case mule puzzle cricket muscle bus shadow below napkin remain tag utility
- taxi spike banner human impulse sad purpose leader attend timber lucky donkey
- figure exclude palace iron truly pumpkin about couple universe alarm truly behind
- topple arena tube trick victory truly black dove similar neck hybrid speak
- drop guilt horror unaware ignore okay castle pitch member future rather horse
- craft ghost reopen option cricket include toddler gaze obey quantum time bright
- main capable club skirt sign heavy genius clay link fashion label rigid
- eternal adjust vacant strike chase immune cheese toy victory father banner sugar
- warm day flag today injury goddess finish moral vanish claim list practice
- split puppy ceiling elder kind reopen exit eye adjust oak source deal
- bike excuse fruit travel mystery rebel waste thought sudden leisure bachelor habit
- public sheriff genius method robust silk pilot crouch loyal pigeon thunder brush

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## DIGITAL WALLET SEED WORDS

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- forget miracle silent fine symbol grain comfort faculty regular fire cram lock
- pulse moral rhythm danger nephew catalog rescue rival congress bread naive devote
- mention fan ribbon skill dinner room such happy enhance elephant wise gap
- suffer charge skill syrup snap matrix weapon joy alert bike renew interest
- pottery buffalo dynamic woman ankle menu divorce smile main loyal pledge salon
- surround rent protect say garage reopen cereal walnut effort pioneer sing machine
- pride practice shoot goat trap square sauce cart exact alley flag boost
- mix guitar economy citizen tortoise joy addict burger grid symptom one quiz
- lawn tip budget accident spike family guitar brave invite fade rebel now
- legal sell vintage cigar way jewel quality key exotic idea oyster notice
- art laptop large gym shadow chaos vessel feed grant swift message shop
- ramp simple saddle admit because secret chunk chalk turtle agree what catalog
- cheap dust civil lemon buyer modify nature betray gaze length either general
- inflict clown shove sustain produce list snow must aunt achieve carry interest
- omit method charge jazz marine wave gadget luxury edit guide drip forum

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- [The Rise of Play-to-Earn Crypto Games: Revolutionizing Digital Entertainment — BIP39 Seed Phrases \(April 13, 2026\) \(2026-04-13\)](#)
- [what-is-infura-bip39-phrase\\_2025-11-12.pdf \(bip39-phrase\\_2025-11\)](#)
- [seed-phrases-2025-05-14-en.pdf \(2025-05-14\)](#)

Educational examples only. Randomly generated, not valid wallet phrases - never use them to store funds. Details:

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