



# Multifamily Selling and Servicing Guide

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### **603.01E** Doubtful Asset

A Doubtful Asset has all the weaknesses inherent in a Substandard Asset with the added characteristic that the weaknesses make timely collection or liquidation in full highly questionable and improbable on the basis of currently existing facts, conditions, and values.

A Doubtful Asset is either already in default or has a high probability of default, and may have a high probability of total or substantial loss. However, the extent of the loss may not be clear due to specific pending events that may strengthen the asset or mitigate the loss. Pending events can include mergers, acquisitions, liquidations, capital injections, obtaining and perfecting Liens on additional collateral, the valuation of collateral, and refinancing. Generally, pending events should be resolved within a relatively short period and the rating will be adjusted based on the new information.