URAR Red Flags Checklist

Topic	URAR Sections (UAD 3.6)	Red Flag	Potential Risk / Impact
☐ **Maintenance / Disrepair**	Summary / Site / Dwelling Exterior / Unit Interior / Outbuilding / Vehicle Storage / Subject Property Amenities / Reconciliation	Deferred maintenance or health/safety issues present with as-is value and no repair discussion	May violate minimum property requirements; repairs or escrows may be needed
☐ **Market Value Condition**	Summary / Highest and Best Use / Reconciliation	As-is value reported while Highest and Best Use implies renovation	Inconsistent premise; may require as-repaired analysis
☐ **Lender / Client Information**	Assignment Information	Lender/client name on URAR does not match the actual lender of record	Suggests wrong client, use of an old report, or process error; may violate appraiser-client requirements unless appraisal report was properly assigned from one lender to another for use.
☐ **Intended Use**	Assignment Information	Intended use not stated as a mortgage finance transaction (or similar lending language)	Report may not be suitable or compliant for loan decision purposes
☐ **Unpermitted ADUs**	Subject Property / Dwelling Exterior / Unit Interior / Outbuilding	ADU present without zoning or permit approval	Illegal or non-permitted ADUs may be ineligible for financing
☐ **Zoning**	Site	Zoning reported as non-conforming without legal non-conforming confirmation	Property may face rebuilding restrictions or ineligibility
☐ **Site Features and Impacts**	Site	Easements, encroachments, or shared driveways noted but not addressed	Impacts access, use, and future marketability; may require legal review
☐ **Environmental Concerns**	Site	Environmental concerns noted without mitigation discussion	External obsolescence and health/safety risks which may affect value and salability
☐ **External Influence**	Site / Market	Neighborhood negatively influenced by external factors (noise, traffic, commercial/industrial adjacency)	Can impair long-term value stability and market appeal
☐ **Disaster / Damage**	Disaster Mitigation / Summary / Site / Dwelling Exterior / Unit Interior / Outbuilding / Vehicle Storage / Subject Property Amenities / Reconciliation	Disaster damage noted without confirmation that repairs are complete or property meets safety and habitability standards	Collateral may still be impaired; repair and/or reinspection may be required

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☐ **Energy Efficient Features**	Energy Efficient and Green Features / Summary / Dwelling Exterior / Sales Comparison Approach	Solar panels present but ownership (leased vs. owned) not addressed; or green certifications claimed on report with no documented evidence	Leased systems may create liens and payment obligations; unsupported features may artificially inflate value
☐ **Measurements**	Sketch / Unit Interior / Subject Property Amenities / Sales Comparison Approach	Sketch or GLA inconsistent with description or MLS	Measurement errors may affect comparable selection and final value
☐ **Unsubstantiated Updates**	Dwelling Exterior / Unit Interior	Major updates indicated on report, but not visible or supported by photos	Potential unsupported value adjustments that may inflate opinion of value
☐ **Occupancy**	Unit Interior	Appraiser indicates tenant-occupied or vacant; loan file shows primary residence	Possible occupancy misrepresentation for refinances in particular; affects guidelines, pricing, and fraud risk. Keep in mind, someone may still be genuinely purchasing a home as a primary residence that is currently vacant or tenant occupied
☐ **Property Characteristics**	Unit Interior	Gross Living Area (GLA) or room count differs from prior appraisal, MLS, or public records without explanation	Possible measurement error which may impact comparable section selection and final valuation
☐ **Other Structures**	Outbuilding / Vehicle Storage	Outbuildings or garages in poor or atypical condition with no commentary	May impact marketability, safety, and/or insurability
☐ **Quality and Condition Ratings**	Overall Quality and Condition / Dwelling Exterior / Unit Interior / Sales Comparison Approach	Quality and Condition ratings of the subject are inconsistent with photos, commentary, or comparables	May conceal repair needs, overstate quality, or inflate value
☐ **Highest and Best Use**	Highest and Best Use / Summary	Highest and Best Use conclusion differs from current use without explanation	Zoning, feasibility, or legal risk; may signal ineligibility
☐ **Market Trends**	Market	Market trend reported as declining or oversupply with no underwriting consideration	Elevated collateral risk may require overlays, LTV limits, or compensating factors
☐ **Market Timing**	Market	Marketing times are significantly longer than typical for program or AUS assumptions	Affects marketability and liquidation risk
☐ **Contract Price**	Sales Comparison Approach	Contract price not supported by market conditions or comparable sales	Indicates potential overpayment, value pressure, or unsupported contract terms
☐ **Sales Concessions / IPCs**	Sales Comparison Approach	Sales concessions or IPCs shown on URAR but not disclosed in the loan file (or vice versa)	Hidden concessions can inflate price/value and violate agency or investor limits

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☐ **Distant Comparables**	Sales Comparison Approach	Use of comparables from dissimilar neighborhoods or reliance on distant/influenced comparables when closer, more similar comparables were available	Weak market relevance; potential value distortion
☐ **Large Adjustments**	Sales Comparison Approach	Large net or gross adjustments with weak or absent support	Indicates poor comparability and higher value uncertainty
☐ **Inconsistent Adjustments**	Sales Comparison Approach	Adjustments inconsistent with market narrative or paired-sales data	Credibility concerns; may signal appraiser bias or error
☐ **Comparable Data Mismatches**	Sales Comparison Approach	Feature descriptions inconsistent between the grid, photos, and commentary	Data quality issues; challenges reliability of the comparability analysis
☐ **Rental Income (ADU)**	Rental Information	ADU rental income implied without market rent support or documentation	Overstated income can misrepresent risk and DTI
☐ **Market Rent**	Rental Information	Market rent materially differs from loan file documentation without explanation	Misstated income increases overall risk of the transaction
☐ **Rental Income**	Rental Information	Missing or inadequate rent data when rental income is used for qualifying	May reflect unsupported income, which may misrepresent DTI and associated risk
☐ **Cost Approach**	Cost Approach / Reconciliation	Cost approach inconsistent with market indicators without reconciliation	Questions land value and highest & best use; may expose value credibility issues
☐ **Value**	Reconciliation	Value at or above highest adjusted comp without explanation	Suggests upward appraiser bias; weak market support
☐ **Reconciliation Commentary**	Reconciliation	Generic or boilerplate reconciliation comments	Insufficient analysis to adequately support the final value conclusion
☐ **Appraisal Effective Date**	Reconciliation	Effective date significantly older than loan timeline	Stale value; update or reinspection may be required
☐ **Value Conclusion / Effective Date**	Summary / Reconciliation	Final value does not match AUS or loan file	Data mismatch; delivery or repurchase risk
☐ **Report Inconsistencies**	Multiple Sections	Key facts inconsistent across sections of the same report	Challenges the reliability of the report; may pose increased QC and audit risk
☐ **Loan File Inconsistencies**	Multiple Sections	URAR conflicts with 1003, title, MLS, or sales contract	May indicate potential misrepresentation, increased fraud risk, or serious data errors

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