

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials
FROM: Barry Wood, Assessment Division Director *JBW*
RE: Mobile Home Frequently Asked Questions
DATE: November 22, 2010

As a follow-up to the October 22, 2010 Conference Calls on Mobile Homes, listed below are some frequently asked questions about mobile homes. If you have any questions, contact Assessment Director Barry Wood at 317.232.3762 or Bwood@dlgf.in.gov, or an Assessment Division Field Representative (see <http://www.in.gov/dlgf/2338.htm#AssessmentFld> for a list of field representatives).

1. *What do we do with mobile homes (like 1950s thru 1960s) that have been built around? Do we assess them as Mobile Homes? These lots are individually owned. Originally, years ago, they were set up as Recreational Parks.*
 - a. There is not enough information to definitively state how these should be assessed. For example, if the original mobile home has had "stick-built" components added to enclose the mobile home to more resemble a "stick-built" house and the mobile home portion cannot be easily removed, the home should be placed on real estate as a "stick-built" structure using Schedule A of the Real Property Guidelines, and the grade adjusted accordingly. Great deference is given to local control; hence, the assessing official is strongly encouraged to establish a local policy that is uniformly enforced with regard to mobile homes. See 50 IAC 3.3-2-4 "Real Property mobile home" defined and 50 IAC 3.3-3-1 "Method".
2. *We have a development around a lake with "park models" that are sold with the lots along with a common lake access. What do we do, in general, with assessments of park models?*
 - a. If the park model is over 35' in length, depending on the circumstances, the mobile home (park model) could be assessed using either the NADA Guide or Schedule A from the Real Property Guidelines.
 - b. If the park model is permanently located in a campground, and there is a wood deck, patio, etc., those yard items would be assessable as real property to the land owner.
 - c. If the "park model" is less than the 35' length, then by statute it would not meet the definition of a "mobile home" and would not be assessable as a mobile home. Beginning in 2010, park models (less than 35') fall under the classification of recreational vehicle, and therefore, are subject to excise tax, which is handled by the Bureau of Motor Vehicles (BMV). For a complete list of Recreational Vehicle Excise Tax Fees see BMV's website: <https://myweb.in.gov/BMV/mybmvportal/RegistrationsAndPlates/RegistrationFees/ExciseTaxRates.aspx>.

3. *How should mobile homes with permanently attached foundations be assessed?*

- a. Mobile homes that are permanently attached to a foundation or mobile home/manufactured homes where the owners have surrendered the certificate of title under IC 9-17-6-15.1 should be assessed as real property. Under IC 6-1.1-2-4(c), an improvement or appurtenance to land that, on the assessment date, is held, possessed, controlled, or occupied by a person other than the owner of the land may be listed and assessed separately from the land only if the improvement or appurtenance is held, possessed, controlled, or occupied under a memorandum of lease or other contract that is recorded with the county recorder before January 1, 1998. IC 6-1.1-2-4 specifies the liability for the taxes. Historically, mobile homes permanently attached to a foundation would be assessed as real property.

4. *How do we handle appeals for mobile homes?*

- a. The appeal should be processed/handled like any other appeal; although the valuation, depending on how the mobile home is assessed, may be based on other criteria like the National Automobile Dealers Association (NADA) Guide (see 50 IAC 3.3-5-1).

5. *How do we define or delineate a neighborhood for Mobile Homes?*

- a. Depending on how the mobile homes are assessed, mobile homes may constitute their own distinct neighborhood. In some situations, mobile or modular homes may closely resemble "stick built" homes, and their market value-in-use may be comparable. In some situations, an area (e.g., a campground) may be stratified to show mobile homes as a specific neighborhood.

6. *Isn't the grade just another way to get to value for mobile homes?*

- a. The grade (or condition) should reflect the design, materials, workmanship, etc. Although the grade may be seen as a way to get to the market value-in-use, there should be market-based information (e.g., sales of comparable properties) to substantiate the value.

7. *Why do we not receive a data compliance report on the mobile home file after it is submitted to the State?*

- a. Generally, the data file is used for informational purposes. While no data compliance report is issued for this file, the file is used during other parts of the data compliance review to explain discrepancies. The file is also used to prepare various other analyses required of the Department. Questions about the data file should be sent to Data@dlgf.in.gov.

8. *How is depreciation calculated on "stick built" mobile homes?*

- a. All homes valued from Residential Schedule A are depreciated as stick-built homes from the depreciation tables included within the Guidelines. A mobile home valued from

Residential Schedule A should be annually adjusted to reflect market value in use. This is done by sales of like assessed property. The mobile homes assessed as real property in most cases are permanently attached to a foundation. These mobile homes will depreciate at a much different rate than annually assessed mobile homes; therefore, do not compare them to each other in value.

9. *I do not believe mobile homes are “stick built” homes, and so should not be priced as such. Realtors will document these homes as modular homes. Could you provide the statute or rule that states these should be priced off the same schedule as stick built homes?*

- a. Many realtors and even some dealers call every double wide home traveling down the road a modular. This is simply not true in most cases. The Guidelines describe the difference on pages 3 and 4 of Chapter 4 (see <http://www.in.gov/dlgf/files/bk1ch4.pdf>). A vast majority of these double wide structures meet the HUD standard and are defined as manufactured homes, and many of them are comparable to stick built homes. In 2008, 50 IAC 3.3 was adopted by the Department to reflect changes made by the Legislature. One of those changes allows the mobile home owner to surrender the title to the BMV, making the unit a permanent real property structure.

10. *If there is a mobile home on the same parcel as a home (e.g., a son or daughter has a mobile home on the parents’ parcel), would the mobile home owner still get the homestead (it is permanently attached via piers)?*

- a. Yes, the mobile home owner conceivably could get the homestead. For example, Mr. and Mrs. Smith own two acres of real estate. Mr. and Mrs. Smith reside at their principal place of residence in a home located on this property. In addition, their daughter owns a mobile home which sits on her parents’ property. The daughter resides in the mobile home as her principal place of residence. Mr. and Mrs. Smith may receive the homestead deduction on their dwelling and up to one acre of real estate. The daughter may receive the homestead deduction on the mobile home. Since the daughter does not own the land, no portion of her homestead deduction would be attributed to the land where the mobile home sits.

11. *How are land leases handled for mobile homes? Who is responsible for the taxes?*

- a. Per IC 6-1.1-2-4, the owner of any real property is liable for the taxes unless a lease or other contract was recorded before January 1, 1998 (see Question #3). However, the land lease does not make the mobile home a real property item unless they have surrendered the title or it is located on a permanent foundation.

12. *Can Use Code 710 be used for mobile homes?*

- a. Code 710 is not approved for real property mobile homes. The current list of property class codes can be found at <http://www.in.gov/dlgf/files/PropertyTaxManualCodeLists.pdf>. Please review this list to determine the most appropriate property class code as there are a number of codes that deal specifically with mobile homes. The Department does not require a property class code for personal property mobile homes, so counties can make a local decision as to how best to track these records.

13. Can the Sales Disclosure form be changed to include mobile homes, or could a separate mobile home sales disclosure be created?

- a. There are no current plans to change the Sales Disclosure form or create a separate mobile home sales disclosure form.

14. How should we assess recreational vehicles, which are being used as room additions, attached to a mobile home?

- a. If a titled RV is attached to a mobile home like a room addition, it is not assessed by an assessing official. Because the title has not been retired, the RV is still “subject to excise tax.” Excise tax on recreational vehicles is handled by the Bureau of Motor Vehicles (BMV). For a complete list of Recreational Vehicle Excise Tax Fees, see <https://myweb.in.gov/BMV/mybmvportal/RegistrationsAndPlates/RegistrationFees/ExciseTaxRates.aspx>.