

MANUFACTURED HOUSING ALERT

Legislation passed by the Georgia General Assembly during the 2003 session has dramatically changed the approach that appraisers must take to appraise manufactured housing (also often referred to as mobile homes). In the past, the issue of whether a manufactured house was personal property or real property was determined by method of affixing the house to the land and by the intent of the owner. For example, manufactured houses parked on the land belonging to another person under a rental agreement or lease, remained personal property. On the other hand, manufactured houses with the axles and hitch removed, attached to utilities, and placed on a permanent foundation on land owned by the person who had title to the manufactured house itself was considered real property.

House Bill 506 (which became effective May 31, 2003) has changed all that. This legislation provides for a legal process that all manufactured houses must go through to be considered real property. Moreover, it applies to all manufactured housing - existing and new.

In order for manufactured houses to be real property rather than personal property, the owner of a manufactured house must file a Certificate of Permanent Location with the Clerk of Superior Court in the county in which the property is located and with the state Commissioner of Motor Vehicle Safety. Once the Commissioner of Motor Vehicle Safety receives official notification that the Clerk has recorded the Certificate of Permanent Location on the public record, the original title to the manufactured housing is surrendered and the property becomes real estate.

The challenge to an appraiser today in performing an appraisal assignment on manufactured housing is first to determine whether it is now legally real property. Theoretically, under the new system it should be easy. An appraiser should be able to go to the courthouse, determine whether a Certificate of Permanent Location has been filed and recorded, and know immediately whether the subject of the appraisal is real or personal property. Unfortunately, that is not reality.

Several appraisers have reported to the Board that serious problems exist with the execution of the new system. First, a very small percentage of the owners of existing manufactured houses in the

state have filed Certificates of Permanent Location. Second, even if the appraiser finds a Certificate of Permanent Location on the subject manufactured house in the Clerk's Office, the manufactured house may still be personal property because the original title has not been surrendered. Third, some clients want the property appraised "as is" as opposed to "subject to."

In considering the appraiser's dilemma in appraising manufactured houses that may or may not be real property, the Board has suggested a reasonable alternative. That is, the appraiser could make the appraisal subject to the Certificate of Permanent Location having been filed and the title surrendered. The issue of title would then be in the hands of the lenders and the lawyers where it properly belongs.

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