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Appraisal Insights for the Real Estate Professional

March 31st, 2005

Manufactured Homes

By: Jerry Forsythe, Branch Manager—Forsythe Appraisals, LLC- Colorado Springs

As the quality of manufactured homes continues to rise, so does the demand for these homes. This style of construction is becoming more and more accepted by the typical buyer. Today we are appraising more manufactured homes than ever.

Definitions according to the Appraisal Institute are: “A **manufactured home** is factory built according to HUD Code.” This is not to be confused with a modular home which is “factory-built housing built and finished to regional, state, or local building code.” “Panelized, kit, pre-cut, and pre-fab are neither modular nor manufactured but are other forms of “automated housing”.

When appraising manufactured homes, lenders require a 1004C to go along with the report. This is a manufactured home addendum. In the 1004C, we are asked to provide information regarding the particular home that we are appraising. Among the most important, is the HUD information contained on a 2” by 4” red HUD seal, referred to as the “HUD tag”.

A problem that many appraisers encounter when appraising manufactured homes is that the HUD tags have been removed or sided over. If this is the case, the appraiser can still find the label numbers in one of three places. They can be found on or near the main electrical panel, in a kitchen cabinet, or in a bedroom closet. If a tag is missing, appraisers must reject the property and notify the lender. If the appraiser still is unable to find the necessary information, there is one more option for the lender.

Although HUD does not reissue tags, they will issue a letter of tag verification. Request for label verification can be emailed to mhs@hud.gov or faxed to (202) 708-4231. When dealing with a request, the department typically requires the date that the home was manufactured, and the name and address of the manufacturer. This is usually a last resort, as this request typically takes around a week to be filled, but nevertheless, is a good option to be aware of.

Mortgage Rates As of March 31st

30 Year Fixed: **6.04%**

15 Year Fixed: **5.58%**

1- year ARM: **4.33%**

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Frequently Asked Questions

Q: Most of the appraisals that I see have an “as is” value. What does this refer to?

A: The majority of residential appraisals are appraised “as is”. This means that the value of the property is based on the condition and quality of the property as of the actual effective date of the appraisal. In some cases, when dealing with proposed construction or future improvements, a lender will request that an appraisal is made “subject to completion”. In this case, the appraiser uses plans and specifications and gives the value of the property as if the construction or addition were completed as of the effective date of the appraisal.

Please send your questions to ForsytheInfo@ForsytheAppraisals.com.

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