

IN THE OREGON TAX COURT  
MAGISTRATE DIVISION  
Property Tax

EDMUND VILHAUER	)	
and SHIRLEY K. VILHAUER,	)	
	)	
Plaintiffs,	)	TC-MD 060238E
	)	
v.	)	
	)	
LANE COUNTY ASSESSOR,	)	
	)	
Defendant.	)	<b>DECISION</b>

Plaintiffs appeal the 2005-06 real market value of their manufactured home. A telephone trial in the matter was held August 22, 2006. Edmund Vilhauer (Vilhauer) appeared and testified for Plaintiffs (taxpayers). Steve Nasset (Nasset) appeared and testified for Defendant (the county).

I. STATEMENT OF FACTS

Taxpayers own a 1999 manufactured home with 1,938 square feet that they purchased new in May 1999 for \$74,050, including delivery.<sup>1</sup> The home sits on a .28-acre lot fronting Mercer Lake. For the 2005-06 tax year, the county assigned the home a real market value (RMV) of \$104,020. Taxpayers appeal the value, claiming manufactured homes typically depreciate in value after purchase. As a result, taxpayers conclude the RMV of the home is below their purchase price of \$74,050.

II. ANALYSIS

The court's task in this appeal is to determine the RMV of the subject home. The legislature defines RMV as follows:

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<sup>1</sup> The property is identified in the county's records as Account 4250443.

“Real market value of all property, real and personal, means the amount in cash that could reasonably be expected to be paid by an informed buyer to an informed seller, each acting without compulsion in an arm’s-length transaction occurring as of the assessment date for the tax year.”

ORS 308.205(1) (2005).

In support of their appeal, taxpayers submitted their Purchase Agreement showing they purchased the home for \$74,050. (Ptf’s Exs 1, 3.) Taxpayers also submitted a floor plan of a new home from Karsten Homes in Eugene, with 2,088 square feet, that is currently for sale at \$92,000, including delivery. (Ptf’s Ex 2.) Taxpayers claim those exhibits demonstrate the county’s value of \$104,020 is too high. In addition, taxpayers provided advertisements for four manufactured homes that are for sale. (Ptf’s Ex 4.) Taxpayers’ intent in submitting the advertisements is to demonstrate that manufactured homes depreciate over time.

The first advertisement is for a 1995 manufactured home with two bedrooms, two baths, and 1,232 square feet listed at \$55,000 and “Retail - \$110,000.” (Ptf’s Ex 4.) Taxpayers claim the advertisement shows that homes depreciate by 50 percent over 11 years. Vilhauer testified he believed the “Retail - \$110,000” figure represented the price paid new for the home in 1995, thus resulting in taxpayers’ depreciation figure of 50 percent. The court questioned whether the retail amount referred, instead, to what the home would sell for new today. Vilhauer testified he was uncertain but assumed it meant the amount paid for by the owner in 1995. Because it is unclear, the court cannot rely on the advertisement for any demonstration of depreciation.

The second advertisement lists a 1995 home for sale in a park for \$68,500. Taxpayers claim this home is more desirable than their home because it is in a park with a recreation room, clubhouse, and pool. Taxpayers had no information, however, on the size of the home. In addition, the court observes it is advertised as being “[p]riced for a quick sale,” which suggests an element of duress and lessens the reliability of the price. (*Id.*)

The third advertisement lists a 1,680-square foot home for sale at \$49,900. Taxpayers claim that advertisement shows what manufactured homes are worth after six or seven years. However, the advertisement does not provide the age of the home; as a result, no conclusion as to depreciation can be reached.

The final advertisement lists a home with 1,782 square feet for sale at \$52,500. Again, taxpayers claim the advertisement shows what homes are worth after a few years of use and, once again, the advertisement fails to state anything about the age of the home, which precludes any finding of depreciation.

The county, in support of its value conclusion, submitted four sales. Nasset testified that Sale 1 was most comparable because it is located near the subject property, on Mercer Lake, with .31-acres of land. (Def's Ex A.) The manufactured home on the lot has 1,550 square feet. The land and home sold together in August 2005 for \$310,000. The county valued Sale 1 on the roll at a total value of \$231,000 for the 2005-06 tax year, with the home having an assigned value of \$69,580. When questioned how that value compares to the \$104,020 value assigned to the subject property, Nasset testified that the home in Sale 1 has less square footage and suggested that the county likely undervalued the Sale 1 home. Nasset admitted, however, that Sale 1 is a Class 6 home, whereas the subject is a lesser class at Class 5.

The county submitted another sale not located on the lake, nearly 1.5 miles from the subject parcel. That lot is one acre and has a 1999 manufactured home with 1,782 square feet and a 944 square foot detached garage. The home sold in May 2004 for \$240,000. (Def's Ex B.) The county submitted the sale to compare to Sale 1 to demonstrate how properties on the lake sell for more.

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Finally, the county submitted a third sale of a .14-acre parcel fronting Mercer Lake with a 480 square foot “cabin”. Nasset testified the cabin is a Class 2 home, which means it is not up to building code and generally uninhabitable. The property sold in September 2005 for \$250,000. (Def’s Ex C.) The county submitted the sale to again show the value of lake front homes.

The county, through its exhibits, attempted to show how high many parcels and homes are selling for in the Mercer Lake area. What the sale prices fail to show, however, is the allocation of those values between the homes and land. Taxpayers appeal only the value of their home. When reviewing the county’s sales, however, Sale 3 demonstrates that a .14-acre, lake front lot sells for nearly \$250,000.<sup>2</sup> Sale 1, which is a .31-acre parcel with a 1,550 square foot manufactured home, sold for \$310,000. The Sale 1 parcel is twice as large as Sale 3. Comparing the two sales, it becomes evident that the land in Sale 1 carried most of the value.

The county argues that the home’s location on the lake increases its value. Taxpayers claim that location has no relevance to a manufactured home. The court agrees with the county that, with manufactured homes, the location does impact value. In *Rhodes v. Dept. of Rev.*, 12 OTR 24, 26 (1991), the Tax Court observed:

“Everyone knows identical, mass-produced items, such as shoes or toothbrushes, often sell for different amounts in different stores. Although mobile homes are mass produced and easier to compare than ‘stick built’ houses, there may still be a significant variance in basic price. To that variable must be added moving and set-up expenses with associated landscaping and skirting costs. *These all make location of a mobile home a significant factor.*”

(Emphasis added.)

Although location impacts value, when reviewing the county’s Sales 1 and 3, it becomes apparent that most the value in those sales was in the land. The roll value of \$69,580 assigned to

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<sup>2</sup> The court assumes little value is assigned to the cabin given its size and class.

the home in Sale 1 was not so unreasonable when compared to the price of Sale 3. Comparing those figures to the 1995 purchase price of the subject home and the Karsten Homes new home price of \$92,000 in Exhibit 2, the court finds that a more reasonable RMV for the subject home is \$80,000.

### III. CONCLUSION

After weighing all the evidence, the court concludes that the RMV of the subject home was \$80,000 for the 2005-06 tax year. Now, therefore,

IT IS THE DECISION OF THIS COURT that the county shall reduce the RMV of the home identified in Account 4250443 to \$80,000 for tax year 2005-06.

Dated this \_\_\_\_\_ day of September 2006.

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COYREEN R. WEIDNER  
MAGISTRATE

***If you want to appeal this decision, file a complaint in the Regular Division of the Oregon Tax Court, by mailing to: 1163 State Street, Salem, OR 97301-2563; or by hand delivery to: Fourth Floor, 1241 State Street, Salem, OR.***

***Your complaint must be submitted within 60 days after the date of the decision or this decision becomes final and cannot be changed.***

***This document was signed by Magistrate Coyreen R. Weidner on September 8, 2006. The Court filed and entered this document on September 8, 2006.***