

General Instruction

DATE: January 9, 2006

SUBJECT: Hand Hewn Log Home Custom Costs

The Property Tax Division, Appraisal Services Group has been researching the custom costs as developed by Colorado CustomWare, Inc (CCI) this past fall for hand hewn log homes. Upon discussion, the following Property Tax Division directive has been implemented as of this date.

1. The custom cost for hand hewn log homes as developed by CCI will be deleted from RealWare and not used for appraisal purposes in 2006.

2. When utilizing the cost approach counties are to appraise custom log homes as specified by Marshall & Swift in their publication, "Log Home Appraisal Training Guide." This guide instructs the appraiser how to value a custom log home using the Residential Cost Handbook. The Property Tax Division has purchased a copy of this training guide for every county. They will be forwarded to each county as soon as possible. The training guide specifies that appraisers are to use the "rustic log" exterior for custom log homes. This option and costs are already available to counties and in RealWare. Secondly this training guide will aid the appraiser in determining the proper quality for custom log homes. At a minimum, the quality level will be "Good." All custom log homes will either be Good, Very Good or Excellent Quality. Based on the diameter of logs, hand hewn, etc. the training guide will aid the appraiser in selecting the proper quality. We believe you will find if you have the proper quality level and use the rustic log exterior you will find your custom log homes costing out to the specifications Marshall & Swift had intended. You will, of course, have to appraise at market and possibly apply a market adjustment or use the market approach in RealWare, as cost is not always a true representation of fair market value.

If you have any questions or need for further clarification in regards to this letter please feel free to contact Ken Uhrich at 777-5232, Jeff Moore at 777-5431 or Wade W. Hall at 777-5235.