

Approaches to Value

Sales Approach

In order to determine the value of your property, the appraisal district must first know what properties have sold, and how much they are selling for in today's market. By maintaining a database of real estate transactions we can arrive at the property value by studying sales of comparable properties.

Cost Approach

This method of appraising property is based on how much it would cost today to build an equivalent structure on the property. If the property is not new, we must also determine how much value the building has lost over time (depreciated).

Income Approach

This method is preferred when appraising an income producing property. This approach determines value through analysis of income and expenses to determine market value. Consideration is given for operating expenses, maintenance costs, and the return (profit) that could be reasonably expected on the property.

Because the appraisal district is placing value on numerous properties annually, the appraisal district must utilize applicable features of each method and apply them uniformly to similar properties in a process known as **mass appraisal**.

General Information

At least once every three years, each parcel of property in Loving County is visited and reviewed by an appraiser working for the appraisal district in accordance with Texas Law.

During that visit, the appraiser reviews property characteristics and records any changes from the last review year. The appraiser looks for additions, demolitions or removals, or changes to property. The appraiser also looks at your improvements (houses or buildings) to see if there is any change in the exterior condition of your property.

Typically, the appraiser validates the:

- Size of your improvements,
- Construction quality of your improvements, and
- Physical condition of your improvement.

If your property has an interior problem that is not visible from the exterior, upon your request, the appraiser will review the interior of your home with you present.

Using these facts, the appraisal district will determine the market value of your property as of January 1 considering one or more of three methods of appraisal:

- Sales comparison/market approach,
- Cost approach, or
- Income approach.

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LOVING COUNTY APPRAISAL DISTRICT (LOVING CAD)

HOW PROPERTY IS APPRAISED AND TAX RATES ARE CALCULATED

Loving County Appraisal District
PO Box 352
114 W Collins Ave
Mentone TX 79754
(432) 377-2201
www.lovingcad.org

Mass Appraisal

There are basically only two kinds of appraisal: *fee appraisal* and *mass appraisal*. Both types of appraisals utilize the same basic appraisal principles and theories.

A *fee appraisal* utilizes the three methods discussed previously but with only one parcel of property being valued.

Mass appraisal values the entire county where market areas (neighborhoods) or large groupings of similar properties are appraised at one time by adopted standards.

The four forces of value: political, economic, governmental, and social do not affect property values in any one part of Loving County any differently than any other part so the whole county is looked upon as one market area (neighborhood).

Market Value and Taxable Value

On your Notice of Appraised Value, received from the appraisal district in May, you will see a listing of market value from last year and proposed for this year for your property. If you have a residential homestead exemption on your property, you might notice that your taxable value is less than your market value. Texas law provides that the taxable value of a residence homestead can only increase by ten percent per year regardless of how much the market value increases.

Property tax is “ad valorem” which means “according to value.” When the market value changes so may the appraised value. Your property’s market value can increase as a result of a growing economy or because of changes you make to the property. A sluggish economy, slow growth, and no demand or few potential buyers in the market may cause stagnation or a decline in property values.

The appraisal district does not set tax rates; it is only responsible for determining the market value of your property as of January 1.

The taxing jurisdictions (county, school, and water district) determine your tax burden based upon the tax rates they adopt to fund their operating budgets. These tax rates are expressed as a dollar amount for every \$100 of taxable value and are adopted every year in August or September after public hearings.

HOW AD VALOREM TAXES ARE CALCULATED

Ad valorem taxes are calculated by dividing your taxable value by 100 and multiplying by the jurisdiction’s tax rate. For example:

Market Value	\$100,000
Less Exemptions	- 20,000
Taxable Value	80,000
Tax Rate	*0.54/100
Assessed Taxes	\$ 432.00

LESSEN YOUR TAX BURDEN

There are a variety of exemptions that are available to homeowners and disabled veterans, but it is the owner’s responsibility to apply for the exemptions. If you own a farm or ranch, you may be eligible to receive a special valuation under the provisions of open space land where your taxes will be based upon your land’s productivity capability rather than its market value.

The appraisal district can supply you with information on applying for exemptions or special appraisals.

Oil and Gas Properties

The value of your oil or gas property is based upon the reserves left in the ground rather than the money you received last calendar year. If you need more information about the appraisal of this complex property, the appraisal district can provide someone to explain this method to you.

Taxing Entities Served by Loving CAD

- Loving County
- Wink-Loving ISD
- Loving County Water Improvement District #1

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