PASS GEORGIA
REAL ESTATE EXAM PREP

GEORGIA REAL ESTATE EXAM GLOSSARY

Amortization

Amortization is the scheduled reduction of loan principal through periodic payments that include interest and principal.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Financing	**Mortgage repayment**	**Define, distinguish, apply, retrieve**

SOURCE STANDARD

Official exam outline plus authoritative Georgia or federal references where the topic has a controlling rule. Independent educational resource, not affiliated with GREC or PSI.

01 / COMPLETE LESSON

Build the complete exam definition

Learn the rule, separate it from the nearest distractor, then apply it to a Georgia fact pattern.

CORE DEFINITION

What does Amortization mean?

Amortization is the scheduled reduction of loan principal through periodic payments that include interest and principal. In a fully amortized loan, the balance reaches zero at the end of the term.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Amortization describes principal reduction. A balloon mortgage has a remaining balance due in a lump sum because payments do not fully amortize the loan by maturity.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

The national financing rule applies in Georgia. Early payments on a level-payment amortized loan generally contain more interest and less principal than later payments.

WORKED EXAMPLE

Each monthly payment covers accrued interest first and applies the remainder to principal, gradually reducing the outstanding balance.

EXAM TRAP

Equal payments do not mean equal principal reduction each month.

Memory cue: Equal payments do not mean equal principal reduction each month.

02 / PRACTICE AND MASTERY

Retrieve the rule under exam conditions

Answer before reading the explanation. Then explain why every distractor belongs to a different term.

ORIGINAL PRACTICE CHECK

Which statement correctly explains Amortization?

- **A** A balloon mortgage requires a substantial final payment because the periodic payment schedule does not reduce the principal to zero by the loan's maturity date.
- **B** A promissory note is the borrower's written promise to repay a debt under stated principal, interest, payment, maturity, and default terms.
- **C** Amortization is the scheduled reduction of loan principal through periodic payments that include interest and principal.
- **D** PITI stands for principal, interest, taxes, and insurance, the four common components included when estimating a borrower's total monthly housing payment.

CORRECT ANSWER: C

Amortization is correct. Amortization is the scheduled reduction of loan principal through periodic payments that include interest and principal. In a fully amortized loan, the balance reaches zero at the end of the term. Amortization describes principal reduction. A balloon mortgage has a remaining balance due in a lump sum because payments do not fully amortize the loan by maturity. The national financing rule applies in Georgia. Early payments on a level-payment amortized loan generally contain more interest and less principal than later payments.

MASTERY TRACKER

Mark each box only when you can perform the skill without looking.

- [ ] I can define the term in one precise sentence.
- [ ] I can separate it from the closest look-alike.
- [ ] I can explain the Georgia rule or confirm that the national rule applies.
- [ ] I can answer the practice check and explain every option.

03 / CONNECTIONS AND AUTHORITY

Connect the term to the wider exam

Use these relationships to move from isolated recall to a connected exam model.

RELATED TERM

Balloon mortgage

A balloon mortgage requires a substantial final payment because the periodic payment schedule does not reduce the principal to zero by the loan's maturity date.

https://www.passgeorgiarealestate.com/glossary/balloon-mortgage

RELATED TERM

Promissory note

A promissory note is the borrower's written promise to repay a debt under stated principal, interest, payment, maturity, and default terms.

https://www.passgeorgiarealestate.com/glossary/promissory-note

RELATED TERM

PITI

PITI stands for principal, interest, taxes, and insurance, the four common components included when estimating a borrower's total monthly housing payment.

https://www.passgeorgiarealestate.com/glossary/piti

RELATED TERM

Acceleration clause

An acceleration clause permits the lender, after a defined default and required process, to declare the entire unpaid loan balance immediately due rather than collect only the missed installment.

https://www.passgeorgiarealestate.com/glossary/acceleration-clause

RECOMMENDED NEXT COMPLETE LESSON

Financing complete lesson

https://www.passgeorgiarealestate.com/study-guide/financing/basic-loan-concepts

EXAM SOURCES AND AUTHORITY NOTES

1. PSI Georgia Candidate Information Bulletin, 7/1/2026

Official exam administration and content-outline source.

https://test-takers.psiexams.com/api/content/bulletin/4672