PASS GEORGIA
REAL ESTATE EXAM PREP

GEORGIA REAL ESTATE EXAM GLOSSARY

Assessed value

Assessed value is the taxable value produced by applying the legal assessment ratio to fair market value before subtracting any exemption the problem or jurisdiction directs.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Finance and Closing	Georgia taxes and closing math	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 Assessed value mean?

Assessed value is the taxable value produced by applying the legal assessment ratio to fair market value before subtracting any exemption the problem or jurisdiction directs.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Fair market value represents full value. Assessed value is the statutory tax base. Taxable assessed value may be lower after exemptions.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia generally uses 40 percent of fair market value. A $300,000 fair market value therefore produces $120,000 assessed value before exemptions.

WORKED EXAMPLE

A home valued at $425,000 is assessed at $170,000 because $425,000 × 0.40 = $170,000.

EXAM TRAP

Do not subtract an exemption from fair market value unless the problem or governing rule specifically instructs that order.

Memory cue: Do not subtract an exemption from fair market value unless the problem or governing rule specifically instructs that order.

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 Assessed value?

- **A** Fair market value is the amount a knowledgeable, willing buyer and seller would agree upon in an arm's-length transaction when neither is compelled and both have reasonable exposure to the market.
- **B** The assessment ratio is the percentage of fair market value used to establish taxable assessed value.
- **C** Assessed value is the taxable value produced by applying the legal assessment ratio to fair market value before subtracting any exemption the problem or jurisdiction directs.
- **D** A homestead exemption reduces the taxable value of a qualifying owner's principal residence for specified property-tax levies when the owner meets the applicable state and local eligibility and filing requirements.

CORRECT ANSWER: C

Assessed value is correct. Assessed value is the taxable value produced by applying the legal assessment ratio to fair market value before subtracting any exemption the problem or jurisdiction directs. Fair market value represents full value. Assessed value is the statutory tax base. Taxable assessed value may be lower after exemptions. Georgia generally uses 40 percent of fair market value. A $300,000 fair market value therefore produces $120,000 assessed value before exemptions.

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

Fair market value

Fair market value is the amount a knowledgeable, willing buyer and seller would agree upon in an arm's-length transaction when neither is compelled and both have reasonable exposure to the market.

https://www.passgeorgiarealestate.com/glossary/fair-market-value

RELATED TERM

Assessment ratio

The assessment ratio is the percentage of fair market value used to establish taxable assessed value.

https://www.passgeorgiarealestate.com/glossary/assessment-ratio

RELATED TERM

Homestead exemption

A homestead exemption reduces the taxable value of a qualifying owner's principal residence for specified property-tax levies when the owner meets the applicable state and local eligibility and filing requirements.

https://www.passgeorgiarealestate.com/glossary/homestead-exemption

RELATED TERM

Millage rate

A millage rate is a property-tax rate stated in mills, with one mill equal to $1 of tax for each $1,000 of taxable assessed value.

https://www.passgeorgiarealestate.com/glossary/millage-rate

RECOMMENDED NEXT COMPLETE LESSON

Finance and Closing complete lesson

https://www.passgeorgiarealestate.com/blog/georgia-property-tax-millage-calculations

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

2. Georgia Department of Revenue, Property Tax Valuation

Official source for fair market value, the 40 percent assessment ratio, and ad valorem taxation.

https://dor.georgia.gov/property-tax-valuation