GEORGIA REAL ESTATE EXAM GLOSSARY

Assessment ratio

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

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 Assessment ratio mean?

The assessment ratio is the percentage of fair market value used to establish taxable assessed value. Georgia generally assesses taxable property at 40 percent of fair market value unless a specific law provides otherwise.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Fair market value estimates the property's full value. Assessed value is the taxable base after the assessment ratio and applicable exemptions are considered.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

For standard Georgia exam calculations, multiply fair market value by 40 percent before applying the millage rate.

WORKED EXAMPLE

A home with a $350,000 fair market value has a $140,000 assessed value before exemptions because $350,000 × 0.40 = $140,000.

EXAM TRAP

Applying mills directly to fair market value skips the assessment step and overstates the tax.

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

A Georgia home has a fair market value of $250,000, the millage rate is 30 mills, and no exemptions apply. What is the annual property tax?

- A $7,500
- B $4,500
- C $300
- D $3,000

CORRECT ANSWER: D

Georgia assesses at 40 percent of fair market value, so the assessed value is $250,000 times 0.40, or $100,000. Thirty mills is 0.030, and $100,000 times 0.030 equals $3,000. The $7,500 answer applies the mills straight to market value and skips the assessment step.

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

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.

https://www.passgeorgiarealestate.com/glossary/assessed-value

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

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

RELATED TERM

Ad valorem tax

Ad valorem tax is a tax based on property value.

https://www.passgeorgiarealestate.com/glossary/ad-valorem-tax

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