GEORGIA REAL ESTATE EXAM GLOSSARY

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.

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 Balloon mortgage mean?

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.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

A fully amortizing loan reaches a zero balance at term. A balloon loan matures before the amortization schedule would fully repay the debt.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia's use of a security deed does not change the repayment concept. The note controls the balloon maturity and payment obligation.

WORKED EXAMPLE

Payments are calculated on a 30-year amortization schedule, but the note matures in seven years, leaving the remaining principal due then.

EXAM TRAP

A large final payment does not necessarily mean the borrower missed payments. It may be built into the original loan structure.

Memory cue: A large final payment does not necessarily mean the borrower missed payments.

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 Balloon mortgage?

- **A** Amortization is the scheduled reduction of loan principal through periodic payments that include interest and principal.
- **B** A promissory note is the borrower's written promise to repay a debt under stated principal, interest, payment, maturity, and default terms.
- **C** 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.
- **D** 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.

CORRECT ANSWER: D

Balloon mortgage is correct. 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. A fully amortizing loan reaches a zero balance at term. A balloon loan matures before the amortization schedule would fully repay the debt. Georgia's use of a security deed does not change the repayment concept. The note controls the balloon maturity and payment obligation.

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

Amortization

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

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

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

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

RELATED TERM

Alienation clause

An alienation clause, often called a due-on-sale clause, allows a lender to require repayment of the outstanding loan when the borrower transfers the secured property without the lender's permitted assumption or consent.

https://www.passgeorgiarealestate.com/glossary/alienation-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