GEORGIA REAL ESTATE EXAM GLOSSARY

# Discount point

A discount point is prepaid interest paid to a lender at closing, commonly to reduce the loan's interest rate.

| OFFICIAL AREA | KNOWLEDGE CLUSTER | LEARNING SYSTEM |
|---|---|---|
| Financing | Mortgage finance | 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 Discount point mean?

A discount point is prepaid interest paid to a lender at closing, commonly to reduce the loan's interest rate. One point equals 1 percent of the loan amount.

CLOSEST DISTINCTION

### How do you separate the nearest exam answer?

Discount points affect the interest-rate bargain. A loan origination fee compensates the lender for making or processing the loan, even if both are quoted as points.

GEORGIA APPLICATION

### What changes or stays the same in Georgia?

The national formula applies in Georgia: points are calculated from the loan, never from the sales price.

WORKED EXAMPLE

Two discount points on a $240,000 loan cost $240,000 × 0.02 = $4,800.

EXAM TRAP

Using the purchase price instead of the loan amount is the standard wrong-answer path.

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 buyer purchases a $300,000 home with a $240,000 loan. The lender charges a 1 percent origination fee and 2 discount points. What do the discount points cost?

- A $6,000
- B $4,800
- C $7,200
- D $9,000

### CORRECT ANSWER: B

One point equals 1 percent of the loan, so 2 points on $240,000 is $240,000 times 0.02, or $4,800. The $6,000 answer uses the purchase price instead of the loan. The $7,200 answer adds the origination fee, which is a separate charge for making the loan.

### 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

### Loan origination fee

A loan origination fee is a charge for the lender's work in making, processing, or underwriting a loan.

https://www.passgeorgiarealestate.com/glossary/loan-origination-fee

RELATED TERM

### Loan-to-value ratio

Loan-to-value ratio, or LTV, expresses the loan amount as a percentage of the lender's value base.

https://www.passgeorgiarealestate.com/glossary/loan-to-value

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

RECOMMENDED NEXT COMPLETE LESSON

### Financing complete lesson

https://www.passgeorgiarealestate.com/math/discount-points

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