PASS GEORGIA
REAL ESTATE EXAM PREP

GEORGIA REAL ESTATE EXAM GLOSSARY

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.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Valuation and Market Analysis	**Valuation foundations**	**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 Fair market value mean?

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.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Market value is an opinion of the most probable price under stated conditions. Market price is the amount actually paid and can differ because of motivation, financing, or unusual terms.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia property-tax calculations generally begin with fair market value and apply the 40 percent assessment ratio before millage and exemptions.

WORKED EXAMPLE

A family transfer at a below-market price does not necessarily establish the property's fair market value because the deal may not be arm's length.

EXAM TRAP

Do not assume the latest sale price is automatically the correct value in every set of transaction conditions.

Memory cue: Do not assume the latest sale price is automatically the correct value in every set of transaction conditions.

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 Fair market value?

- **A** 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.
- **B** 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.
- **C** An appraisal is an independent, supportable opinion of value developed by a qualified appraiser for a stated property interest, effective date, intended use, and set of assignment conditions.
- **D** A comparative market analysis is a broker's analysis of relevant market data and comparable properties to help a seller choose a listing strategy or a buyer evaluate an offer.

CORRECT ANSWER: B

Fair market value is correct. 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. Market value is an opinion of the most probable price under stated conditions. Market price is the amount actually paid and can differ because of motivation, financing, or unusual terms. Georgia property-tax calculations generally begin with fair market value and apply the 40 percent assessment ratio before millage and 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

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

Appraisal

An appraisal is an independent, supportable opinion of value developed by a qualified appraiser for a stated property interest, effective date, intended use, and set of assignment conditions.

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

RELATED TERM

Comparative market analysis (CMA)

A comparative market analysis is a broker's analysis of relevant market data and comparable properties to help a seller choose a listing strategy or a buyer evaluate an offer.

https://www.passgeorgiarealestate.com/glossary/comparative-market-analysis

RELATED TERM

Highest and best use

Highest and best use is the reasonably probable use of land or improved property that is legally permissible, physically possible, financially feasible, and maximally productive.

https://www.passgeorgiarealestate.com/glossary/highest-and-best-use

RECOMMENDED NEXT COMPLETE LESSON

Valuation and Market Analysis complete lesson

https://www.passgeorgiarealestate.com/study-guide/valuation/principles-of-value

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

3. The Appraisal Foundation, Appraisal Standards and Qualifications

Congressionally authorized source for USPAP and appraisal standards.

https://appraisalfoundation.org/imis/TAF/Standards/Appraisal_Standards/TAF/Standards/Appraisal_Standards.aspx