GEORGIA REAL ESTATE EXAM GLOSSARY

Loan-to-value ratio

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

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 Loan-to-value ratio mean?

Loan-to-value ratio, or LTV, expresses the loan amount as a percentage of the lender's value base. In basic exam problems, divide the loan by the stated property value and multiply by 100.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

LTV measures the financed share. The down-payment percentage measures the buyer's initial cash equity share when no other financing is present.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

This is a national financing calculation on the Georgia exam. Georgia's security-deed terminology does not change the LTV formula.

WORKED EXAMPLE

A buyer borrows $270,000 on a $300,000 property. The LTV is $270,000 ÷ $300,000 = 90 percent.

EXAM TRAP

Do not divide the down payment by the price or use the monthly payment as the numerator.

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 agrees to pay $400,000 for a home that appraises at $380,000 and borrows $342,000. The lender bases LTV on the lower of the price or the appraised value. What is the LTV?

- A 85.5 percent
- B 14.5 percent
- C 10 percent
- D 90 percent

CORRECT ANSWER: D

LTV is the loan divided by the lender's value base. The lower value is the $380,000 appraisal, and $342,000 divided by $380,000 equals 0.90, or 90 percent. The 85.5 percent answer divides by the price, which this lender does not use.

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

Private mortgage insurance (PMI)

Private mortgage insurance protects a conventional mortgage lender against part of the loss if a borrower defaults.

https://www.passgeorgiarealestate.com/glossary/private-mortgage-insurance

RELATED TERM

Debt-to-income ratio

Debt-to-income ratio, or DTI, compares required monthly debt payments with gross monthly income.

https://www.passgeorgiarealestate.com/glossary/debt-to-income-ratio

RELATED TERM

Discount point

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

https://www.passgeorgiarealestate.com/glossary/discount-point

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

RECOMMENDED NEXT COMPLETE LESSON

Financing complete lesson

https://www.passgeorgiarealestate.com/math/loan-to-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