GEORGIA REAL ESTATE EXAM GLOSSARY

# Promissory note

A promissory note is the borrower's written promise to repay a debt under stated principal, interest, payment, maturity, and default terms.

| OFFICIAL AREA | KNOWLEDGE CLUSTER | LEARNING SYSTEM |
|---|---|---|
| **Financing** | **Mortgage documents and clauses** | **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 Promissory note mean?

A promissory note is the borrower's written promise to repay a debt under stated principal, interest, payment, maturity, and default terms. It is evidence of the debt.

CLOSEST DISTINCTION

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

The note creates the repayment obligation. The mortgage, deed of trust, or Georgia security deed secures that obligation with real property.

GEORGIA APPLICATION

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

Georgia commonly pairs the note with a security deed. The note can be transferred as the debt instrument, while the security instrument is recorded in the real estate records.

WORKED EXAMPLE

A borrower signs a promise to repay $320,000 over 30 years and separately signs a security deed covering the home.

EXAM TRAP

Recording usually concerns the security instrument, not the borrower's private note itself.

**Memory cue: Recording usually concerns the security instrument, not the borrower's private note itself.**

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 Promissory note?

- **A** A security deed, also called a deed to secure debt, is Georgia's customary instrument for securing a real estate loan.
- **B** A promissory note is the borrower's written promise to repay a debt under stated principal, interest, payment, maturity, and default terms.
- **C** Amortization is the scheduled reduction of loan principal through periodic payments that include interest and principal.
- **D** 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.

CORRECT ANSWER: B

Promissory note is correct. A promissory note is the borrower's written promise to repay a debt under stated principal, interest, payment, maturity, and default terms. It is evidence of the debt. The note creates the repayment obligation. The mortgage, deed of trust, or Georgia security deed secures that obligation with real property. Georgia commonly pairs the note with a security deed. The note can be transferred as the debt instrument, while the security instrument is recorded in the real estate records.

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

### Security deed

A security deed, also called a deed to secure debt, is Georgia's customary instrument for securing a real estate loan.

https://www.passgeorgiarealestate.com/glossary/security-deed

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

### 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/security-instruments-and-notes

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. O.C.G.A. Title 44, Chapter 14, Mortgages, Conveyances to Secure Debt, and Liens**

Current Georgia security-deed, cancellation, lien, and power-of-sale authority through the state-authorized code portal.

https://www.lexisnexis.com/hottopics/gacode/Default.asp