

GEORGIA REAL ESTATE LICENSE LAW PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://gerogiarealestatelaw.examzify.com>



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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. For how many years must a broker maintain a written agreement with a non-resident licensee?**
 - A. 1
 - B. 2
 - C. 3
 - D. 4

- 2. Which of the following actions could lead to GREC suspending or revoking a real estate license?**
 - A. Failing to respond to a commission inquiry
 - B. Changing the address without notification
 - C. Negotiating a commission with a non-licensee
 - D. Advertising on social media

- 3. What is a real estate "counteroffer"?**
 - A. A confirmation of the original offer without changes
 - B. A rejection of the original offer that modifies its terms
 - C. A verbal agreement that follows the original offer
 - D. An endorsement of the original offer by a third party

- 4. What is the primary purpose of Georgia's real estate license law?**
 - A. To control property values
 - B. To ensure real estate transactions are conducted ethically and professionally
 - C. To generate revenue for the state
 - D. To promote residential development

- 5. What must happen for a real estate contract to be legally binding?**
 - A. It must be notarized
 - B. It must include essential elements such as mutual consent, consideration, and lawful purpose
 - C. It must be written and signed by both parties only
 - D. It must be filed with the county clerk

- 6. What does the recovery fund aim to provide for consumers?**
- A. A safety net for licensees.
 - B. Compensation for damages without conditions.
 - C. Assurance of ethical practices by licensees.
 - D. A method to settle all disputes with agents.
- 7. If a broker establishes an interest-bearing trust account, what must they do regarding the interest earned?**
- A. Notify the parties and obtain written agreement
 - B. Keep the interest for personal use
 - C. Disburse the interest to the broker only
 - D. Ignore the interest unless requested
- 8. What is a "commission" in real estate transactions?**
- A. The fee paid to a broker or agent for facilitating a sale or lease
 - B. The profit made from the sale of property
 - C. The total amount paid by a buyer for a property
 - D. An advance payment for services to be rendered
- 9. Which of the following is true about record-keeping in real estate transactions?**
- A. It is only required at the beginning of the transaction
 - B. Funds in and out of the account must equal a zero balance
 - C. Record keeping is optional for trust accounts
 - D. It can be done annually at the end of the year
- 10. What is the main focus of the Georgia Real Estate Commission in its regulatory role?**
- A. Maximizing real estate profits
 - B. Conducting market research
 - C. Ensuring fair practices and protecting the public
 - D. Supporting commercial development initiatives

Answers

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1. C
2. A
3. B
4. B
5. B
6. C
7. A
8. A
9. B
10. C

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Explanations

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1. For how many years must a broker maintain a written agreement with a non-resident licensee?

- A. 1
- B. 2
- C. 3**
- D. 4

In Georgia, a broker is required to maintain a written agreement with a non-resident licensee for a period of three years. This requirement is in place to ensure that there is a clear and documented relationship between the broker and the non-resident licensee. The agreement serves to outline the terms of their working relationship, establish the responsibilities of both parties, and protect the interests of clients involved in real estate transactions. This three-year duration also aligns with record retention policies that are designed to provide legal and operational clarity, should any disputes arise or should there be a need for reference to the terms of the agreement in future dealings. Such requirements are critical in maintaining professionalism and accountability within the real estate industry.

2. Which of the following actions could lead to GREC suspending or revoking a real estate license?

- A. Failing to respond to a commission inquiry**
- B. Changing the address without notification
- C. Negotiating a commission with a non-licensee
- D. Advertising on social media

The action of failing to respond to a commission inquiry is significant within Georgia's real estate regulations because it demonstrates a licensee's lack of cooperation with the Georgia Real Estate Commission (GREC). This agency is responsible for overseeing the professional conduct of real estate agents and ensuring compliance with applicable laws and regulations. When GREC inquiries are made, it is essential for licensees to provide timely and accurate responses, as this is part of their obligation to maintain transparency and accountability in their professional dealings. Noncompliance or neglect in responding to an inquiry can be perceived as unprofessional conduct and may suggest that the licensee is not adhering to the expectations of the regulatory body. As a result, such behavior could lead to disciplinary actions, including suspension or revocation of the real estate license, as these punitive measures are in place to uphold the integrity of the profession. In contrast, changing an address without notification could be seen as a minor infraction, provided it does not impede the licensee's ability to conduct business. Negotiating a commission with a non-licensee is generally permissible under certain conditions, as long as it doesn't violate any specific regulations governing commission agreements. Lastly, advertising on social media does not inherently violate any rules, provided the advertising follows GREC guidelines.

3. What is a real estate "counteroffer"?

- A. A confirmation of the original offer without changes
- B. A rejection of the original offer that modifies its terms**
- C. A verbal agreement that follows the original offer
- D. An endorsement of the original offer by a third party

A real estate "counteroffer" occurs when the original offer is rejected, and the party making the counteroffer proposes different terms. This process indicates that the original terms are not acceptable; instead, the counteroffer suggests an alternative set of conditions regarding the sale or lease of a property. The counteroffer essentially resets the negotiation, as it initiates a new offer that the original offeror can either accept, counter again, or reject. Understanding what constitutes a counteroffer is critical in real estate transactions because it emphasizes the importance of mutual agreement on the final terms before a deal is concluded. A counteroffer also signifies that the negotiations are still active and not yet finalized, as opposed to a situation where the original offer is accepted outright. Other answers illustrate misconceptions about the term. For instance, confirming an original offer without changes does not reflect any negotiation or alteration of terms, and thus cannot be classified as a counteroffer. Verbal agreements that follow an original offer, while possibly relating to negotiations, do not constitute an official counter as they may lack the formalities needed to change the terms of the original offer. Lastly, an endorsement by a third party is irrelevant in defining a counteroffer since a counter is strictly a response from the original offeree and does

4. What is the primary purpose of Georgia's real estate license law?

- A. To control property values
- B. To ensure real estate transactions are conducted ethically and professionally**
- C. To generate revenue for the state
- D. To promote residential development

The primary purpose of Georgia's real estate license law is to ensure that real estate transactions are conducted ethically and professionally. This law plays a crucial role in protecting consumers by establishing standards and practices that real estate professionals must adhere to. By requiring individuals to obtain a license, the law helps ensure that only qualified individuals with proper training and knowledge of real estate practices can engage in real estate activities. This contributes to a more transparent and trustworthy real estate market. Licensing also helps to maintain a system of accountability, as licensed agents are subject to oversight and regulations that govern their behavior in dealings with clients and the public. The focus on ethical conduct is essential in helping to foster public trust in the real estate industry, ensuring that all parties involved in a transaction can expect a fair and knowledgeable experience. The other options, while they may have some relevance to the real estate market, do not accurately reflect the primary goal of the licensing law. For instance, controlling property values is influenced by various market factors and not primarily by the existence of a licensing law. Generating revenue for the state can occur through licensing fees, but it is not the fundamental intent of the law. Promoting residential development is also a broad objective that encompasses many aspects of urban planning and policy, rather

5. What must happen for a real estate contract to be legally binding?

- A. It must be notarized
- B. It must include essential elements such as mutual consent, consideration, and lawful purpose**
- C. It must be written and signed by both parties only
- D. It must be filed with the county clerk

For a real estate contract to be legally binding, it is essential that it includes fundamental elements such as mutual consent, consideration, and lawful purpose. Mutual consent means that both parties agree to the terms of the contract, which can be expressed through an offer and acceptance. Consideration refers to something of value that is exchanged between the parties—this could be money, services, or a promise. A lawful purpose means that the subject matter of the contract is not illegal and complies with the law. While it is true that a written agreement is often ideal for evidentiary purposes, and signatures from both parties provide documentation of their agreement, the key to the contract's enforceability lies in these essential elements. A contract lacking any of them may be considered void or voidable, which underscores their importance in establishing legality in a real estate transaction. Notarization, filing with the county clerk, or signatures alone do not in themselves ensure that a contract is legally binding without the presence of these critical components. Thus, understanding these elements is vital when evaluating the legal standing of any real estate contract.

6. What does the recovery fund aim to provide for consumers?

- A. A safety net for licensees.
- B. Compensation for damages without conditions.
- C. Assurance of ethical practices by licensees.**
- D. A method to settle all disputes with agents.

The recovery fund is designed to protect consumers in the real estate market by compensating them for financial losses incurred due to the unethical or unlawful actions of licensed real estate professionals. This fund serves to ensure that consumers can have some financial recourse if they fall victim to fraud or misconduct, promoting a level of trust in the real estate system. While it seems that providing compensation could imply a safety net or a way to settle disputes, the primary aim is to assure consumers that they are protected against unethical practices, thus encouraging ethical behavior among licensees. By implementing the recovery fund, the state reinforces the expectation of professionalism and accountability within the real estate industry, creating a safer environment for consumers engaging in transactions. This is why the option focusing on assurance of ethical practices by licensees captures the essence of the fund's purpose—it's not just about compensation, but also about establishing and maintaining integrity in the real estate profession.

7. If a broker establishes an interest-bearing trust account, what must they do regarding the interest earned?

A. Notify the parties and obtain written agreement

- B. Keep the interest for personal use
- C. Disburse the interest to the broker only
- D. Ignore the interest unless requested

When a broker establishes an interest-bearing trust account, they are required to notify the parties involved and obtain a written agreement regarding the interest earned. This is essential for ensuring transparency and compliance with legal standards, as the parties must be aware of how any interest generated will be handled. It also helps to clarify the expectations around the use of funds in the trust account, safeguarding the interests of clients and ensuring that all parties are aligned on the financial terms. The requirement for notification and written agreement helps maintain ethical standards in real estate transactions and protects the broker's reputation. It also reflects best practices in managing client funds, highlighting the broker's commitment to fairness and accountability. Additionally, any agreement reached needs to comply with the state laws governing trust accounts, which mandate proper treatment of interest earnings to avoid potential disputes in the future.

8. What is a "commission" in real estate transactions?

A. The fee paid to a broker or agent for facilitating a sale or lease

- B. The profit made from the sale of property
- C. The total amount paid by a buyer for a property
- D. An advance payment for services to be rendered

In real estate transactions, a "commission" refers specifically to the fee that is paid to a broker or agent for their services in facilitating the sale or lease of a property. This fee is typically calculated as a percentage of the sales price or lease amount and is agreed upon in advance through a contract. Commissions serve as an incentive for real estate agents and brokers to ensure a successful transaction, as they only receive this fee if they effectively complete the sale or lease. Understanding this concept is crucial for both real estate professionals and clients. It helps clarify the role of agents and brokers in the transaction process, as well as the financial implications for the parties involved. The other options relate to different financial aspects of real estate but do not accurately define what a commission is within the context of real estate transactions.

9. Which of the following is true about record-keeping in real estate transactions?

- A. It is only required at the beginning of the transaction
- B. Funds in and out of the account must equal a zero balance**
- C. Record keeping is optional for trust accounts
- D. It can be done annually at the end of the year

In real estate transactions, particularly when handling trust accounts, it is essential that the records maintained demonstrate a clear and accurate representation of all financial activities. The correct statement emphasizes that funds coming into and out of the account must equal a zero balance, which highlights the necessity of proper accounting practices. This requirement ensures that a real estate broker or agent can account for all funds entrusted to them and accurately reflect all transactions to protect both consumers and themselves. Maintaining a zero-balance in trust accounts aids in ensuring compliance with regulatory standards and helps in avoiding any financial discrepancies or mismanagement of client funds. Each transaction should be documented meticulously to provide an audit trail that validates the movement of funds, thereby safeguarding against potential legal issues or disputes with clients concerning the handling of their money. This level of record-keeping fosters transparency and accountability within the real estate industry.

10. What is the main focus of the Georgia Real Estate Commission in its regulatory role?

- A. Maximizing real estate profits
- B. Conducting market research
- C. Ensuring fair practices and protecting the public**
- D. Supporting commercial development initiatives

The primary focus of the Georgia Real Estate Commission in its regulatory role is ensuring fair practices and protecting the public. This is a critical aspect of their responsibilities as they aim to uphold the integrity of the real estate profession and foster a safe environment for consumers during real estate transactions. By implementing and enforcing laws designed to regulate the conduct of real estate professionals, the Commission works to prevent fraudulent activities, unethical practices, and other issues that may arise in the industry. This focus on consumer protection is fundamental to maintaining public trust in real estate markets. The Commission also oversees the licensing process for real estate agents and brokers, ensuring that individuals meet the required qualifications and adhere to industry standards. Additionally, by promoting fair practices, the Commission contributes to a level playing field for all parties involved in real estate transactions, which is essential for fostering a healthy real estate market.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://gerogiarealestatelaw.examzify.com>

We wish you the very best on your exam journey. You've got this!

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