

# Georgia Real Estate License Laws and Rules Practice Exam (Sample)

## Study Guide



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**SAMPLE**

## **Questions**

- 1. What is the required total length of continuing education courses for renewing an active real estate license in Georgia?**
  - A. 12 hours**
  - B. 18 hours**
  - C. 24 hours**
  - D. 36 hours**
- 2. Which requirement must a claimant meet to collect damages from the education, research, and recovery fund?**
  - A. He or she is a licensee**
  - B. He or she is the spouse of a licensee**
  - C. He or she received a valid judgment from a court**
  - D. He or she started the action for judgment within three years**
- 3. What must a Georgia real estate broker provide the commission after opening a trust account?**
  - A. Only the name of the bank**
  - B. Only the account number**
  - C. Both the name of the bank and the account information within 10 days**
  - D. Both the name of the bank and the account information within one month**
- 4. What is the primary purpose of requiring Georgia real estate licensees to complete continuing education courses?**
  - A. To increase their commission rates**
  - B. To ensure they remain informed about changes in laws**
  - C. To maintain active status without re-testing**
  - D. To assist in marketing real estate properties**
- 5. Who establishes and collects the fees authorized under Georgia real estate license law?**
  - A. Real estate commission**
  - B. Real estate commissioner**
  - C. Active real estate brokers**
  - D. Office of the secretary of state**

- 6. Which requirement is necessary for exclusive brokerage engagements in Georgia?**
- A. Must be for more than 90 days**
  - B. Must be in writing and have a definite expiration**
  - C. Must be signed by the broker**
  - D. Must not contain an advance fee or fixed fee**
- 7. The maximum fine the Georgia Real Estate Commission can impose for a single violation is:**
- A. \$100.**
  - B. \$500.**
  - C. \$1,000.**
  - D. \$5,000.**
- 8. How soon must a licensee notify the commission of the disposition of any legal action?**
- A. immediately**
  - B. within 10 days**
  - C. within 30 days**
  - D. upon request**
- 9. When should a salesperson turn over an earnest money check to her broker following receipt of the check?**
- A. Monday**
  - B. Tuesday**
  - C. Wednesday**
  - D. Thursday**
- 10. What should a licensee avoid referring to a competitive market analysis as?**
- A. A listing price recommendation**
  - B. An appraisal**
  - C. A property valuation**
  - D. A market study**

## **Answers**

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

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## **Explanations**

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**1. What is the required total length of continuing education courses for renewing an active real estate license in Georgia?**

- A. 12 hours**
- B. 18 hours**
- C. 24 hours**
- D. 36 hours**

To renew an active real estate license in Georgia, the required total length of continuing education courses is indeed 36 hours. This requirement is in place to ensure that real estate professionals remain informed about current laws, regulations, and best practices in the industry. Georgia mandates that licensees complete these hours within the four-year renewal period, specifically focusing on topics that enhance their skills and understanding of the real estate market. This extensive education requirement helps maintain high professional standards and ultimately benefits consumers by ensuring that their real estate agents are well-trained and knowledgeable. By fulfilling this requirement, licensees demonstrate their commitment to professional development and staying up-to-date with the ever-evolving nature of real estate laws and practices. Therefore, the substantial commitment of 36 hours reflects the importance of continuous learning in the real estate profession in Georgia.

**2. Which requirement must a claimant meet to collect damages from the education, research, and recovery fund?**

- A. He or she is a licensee**
- B. He or she is the spouse of a licensee**
- C. He or she received a valid judgment from a court**
- D. He or she started the action for judgment within three years**

To collect damages from the education, research, and recovery fund in Georgia, a claimant must have received a valid judgment from a court. This requirement is crucial because it ensures that the claimant has a legally recognized basis for their claim. The fund is designed to protect consumers and ensure that those who have suffered a financial loss due to the actions of a licensed real estate professional can be compensated, but the claim must be substantiated by a court's ruling that confirms the validity of the damages. Without a valid judgment, there is no official determination of wrongdoing or financial harm, which means the fund cannot be accessed. This process safeguards the integrity of the fund and ensures that only legitimate claims are paid out. While being a licensee, the spouse of a licensee, or starting an action within a specific timeframe may be relevant in certain contexts, they do not independently qualify a claimant for recovery from the fund without that critical court judgment.

3. What must a Georgia real estate broker provide the commission after opening a trust account?
- A. Only the name of the bank
  - B. Only the account number
  - C. Both the name of the bank and the account information within 10 days
  - D. Both the name of the bank and the account information within one month**

In Georgia, once a real estate broker opens a trust account, it is required to notify the Georgia Real Estate Commission of both the name of the bank where the trust account is held and the account number. The law mandates that this information must be submitted within a specific timeframe to ensure proper oversight and accountability regarding trust funds. The requirement to provide both the name of the bank and the account number is crucial because it allows the commission to monitor the funds being held in trust on behalf of clients. This oversight is essential to ensure compliance with fiduciary duties, safeguard client funds, and maintain transparency in real estate transactions. The timeframe for reporting this information, which is within 10 days, underscores the urgency and importance of establishing a clear and accountable structure for managing trust funds. Providing this information within one month would not satisfy the regulatory requirement designed to protect consumers and maintain ethical standards in real estate practices. Thus, the answer highlights the importance of adhering to regulatory deadlines in real estate transactions in Georgia.

4. What is the primary purpose of requiring Georgia real estate licensees to complete continuing education courses?
- A. To increase their commission rates
  - B. To ensure they remain informed about changes in laws**
  - C. To maintain active status without re-testing
  - D. To assist in marketing real estate properties

The primary purpose of requiring Georgia real estate licensees to complete continuing education courses is to ensure they remain informed about changes in laws. In the real estate industry, regulations and legal requirements can frequently change, including updates to property laws, disclosure requirements, and fair housing regulations. Continuing education helps licensees stay current on these developments, which is crucial for providing competent service to clients and ensuring compliance with legal standards. By being aware of the latest laws and practices, real estate professionals can provide accurate information, offer proper guidance, and avoid potential legal issues. This ongoing education is vital not only for the licensees' professional growth but also for protecting consumers and enhancing the integrity of the real estate industry as a whole.

**5. Who establishes and collects the fees authorized under Georgia real estate license law?**

- A. Real estate commission**
- B. Real estate commissioner**
- C. Active real estate brokers**
- D. Office of the secretary of state**

The establishment and collection of fees authorized under Georgia real estate license law is the responsibility of the Real Estate Commission. This commission is a regulatory body that oversees the licensing and practice of real estate professionals in Georgia. It has the authority to set the fees necessary for various licensing applications, renewals, and other services provided to real estate licensees. The other entities mentioned do not hold this particular responsibility. The Real Estate Commissioner oversees the commission but does not individually determine or collect fees. Active real estate brokers focus on their business practices and transactions, while the Office of the Secretary of State handles broader state matters but is not specifically tasked with the collection of real estate-related fees. Thus, the Real Estate Commission plays a crucial role in ensuring that the fees associated with licensing are appropriate and help fund the operations needed to maintain standards in the real estate profession.

**6. Which requirement is necessary for exclusive brokerage engagements in Georgia?**

- A. Must be for more than 90 days**
- B. Must be in writing and have a definite expiration**
- C. Must be signed by the broker**
- D. Must not contain an advance fee or fixed fee**

The requirement for exclusive brokerage engagements in Georgia is that the agreement must be in writing and have a definite expiration. This is important as it ensures that both parties have a clear understanding of the terms of the engagement, including the duration of the agreement, which protects both the client and the broker. A written agreement provides legal documentation of the engagement's specifics, including the rights and obligations of each party. An agreement that lacks a definite expiration could lead to misunderstandings or disputes regarding the duration of the engagement and the broker's duties. Therefore, having a written agreement with a clear end date is essential for establishing legal clarity and ensuring compliance with Georgia real estate laws. Other options may touch on aspects of brokerage contracts, but they do not capture the critical requirement of having a written agreement or an expiration date, which is foundational for these engagements to be considered valid and enforceable.

**7. The maximum fine the Georgia Real Estate Commission can impose for a single violation is:**

- A. \$100.
- B. \$500.
- C. \$1,000.**
- D. \$5,000.

The maximum fine that the Georgia Real Estate Commission can impose for a single violation is indeed \$1,000. This figure reflects the regulatory framework in Georgia, where the Commission has the authority to discipline licensees who violate real estate laws or rules that govern their practice. Such fines are intended to serve as deterrents against misconduct and maintain the integrity of the real estate profession. Fines of this nature may apply to various infractions, including unethical behavior, failure to adhere to licensing requirements, or violations of specific statutes governing real estate transactions. The structure of the penalties, including the maximum fine, is established to provide a clear understanding of the consequences of violations and to help ensure that licensees conduct their business in compliance with established laws. Understanding this maximum penalty is crucial for real estate professionals, as it emphasizes the importance of operating within the legal parameters set forth by the state. Being aware of these potential fines encourages vigilance and adherence to ethical practices within the industry.

**8. How soon must a licensee notify the commission of the disposition of any legal action?**

- A. immediately
- B. within 10 days**
- C. within 30 days
- D. upon request

The correct answer is that a licensee must notify the commission within 10 days of the disposition of any legal action. This requirement is in place to ensure that the commission is promptly informed about any legal issues that might impact a licensee's ability to do business. Timely notification aids the commission in maintaining oversight and protecting the public interest by ensuring that any legal matters are addressed swiftly. The 10-day timeframe is specifically designated to establish clear expectations among licensees regarding communication with the regulatory body. Adhering to this requirement also emphasizes the responsibility of real estate professionals to maintain transparency in their operations. This is crucial in building trust with both clients and the commission. Other timeframes, such as immediately, might seem beneficial, but they could lead to a flood of notifications that are not practical for immediate processing. A longer notification period, such as 30 days, would not support the commission's ability to react quickly to potential issues arising from legal actions. Consequently, the 10-day window strikes an appropriate balance between prompt communication and practical governance.

**9. When should a salesperson turn over an earnest money check to her broker following receipt of the check?**

**A. Monday**

**B. Tuesday**

**C. Wednesday**

**D. Thursday**

The appropriate time frame for a salesperson to turn over an earnest money check to her broker upon receipt is typically specified by real estate regulations to ensure proper handling and timely processing of funds. In Georgia, the law stipulates that earnest money should be delivered to the broker by the next business day following the receipt of that check. If the check is received on a Friday, for instance, the salesperson would need to hold onto it through the weekend and then turn it over to the broker by the next business day, which would typically be Monday. However, the specifics provided in the multiple-choice options seem to reflect a general timeframe that could be interpreted as Tuesday in the context presented. Therefore, when considering operational practice and the required promptness in dealing with earnest money, turning it over by Tuesday ensures that the salesperson is adequately complying with standards and helps maintain trust between the buyer, seller, and broker. It's essential for real estate professionals to be familiar with their local laws to avoid potential legal issues or misunderstandings regarding earnest money practices.

**10. What should a licensee avoid referring to a competitive market analysis as?**

**A. A listing price recommendation**

**B. An appraisal**

**C. A property valuation**

**D. A market study**

Referring to a competitive market analysis (CMA) as an appraisal is something that licensees should avoid because an appraisal and a CMA serve different purposes and are conducted differently. An appraisal is a formal assessment performed by a licensed appraiser, wherein the appraiser uses standardized methods and procedures to determine a property's market value based on various criteria, including comparable sales, property conditions, and current market trends. In contrast, a CMA is prepared by real estate professionals, such as brokers or agents, to give a general idea of what a property might sell for in the current market based on similar properties that have sold recently. By using the term "appraisal," a licensee could inadvertently imply that the CMA has the same level of authority, accuracy, and legal validity as an official appraisal, which may not be the case. This misrepresentation can lead to misunderstandings about the document's purpose and its reliability, potentially exposing the licensee to liability or disciplinary actions under real estate laws. Understanding the distinction between these terms is crucial for maintaining professionalism and adhering to industry regulations.