PASS GEORGIA
REAL ESTATE EXAM PREP

GEORGIA REAL ESTATE EXAM GLOSSARY

Adverse material fact

An adverse material fact is significant information that is unfavorable to a party's interests, such as an actually known condition materially affecting the property's physical condition or title as described by Georgia law.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Real Estate Practice in Georgia	**Property facts and disclosure**	**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 Adverse material fact mean?

An adverse material fact is significant information that is unfavorable to a party's interests, such as an actually known condition materially affecting the property's physical condition or title as described by Georgia law.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Material fact is the broad category. Adverse material fact adds that the information is unfavorable and falls within the disclosure framework relevant to the transaction.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

BRRETA imposes disclosure duties for specified adverse material facts actually known to a broker, including in transaction-broker situations. It does not create a general duty to perform expert inspections.

WORKED EXAMPLE

A broker actually knows that a listed home's foundation has serious unresolved damage that is not visible during an ordinary showing.

EXAM TRAP

Actually known is different from should have discovered. Do not invent an inspection duty unless the question provides one.

Memory cue: Actually known is different from should have discovered.

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 Adverse material fact?

- **A** A material fact is information a reasonable party would consider important when deciding whether or on what terms to enter a real estate transaction.
- **B** A material defect is a problem with the property or its improvements that would significantly affect value, safety, intended use, or a reasonable buyer's decision.
- **C** A latent defect is a property defect that is hidden or not readily discoverable through a reasonable ordinary observation or inspection of the type described in the question.
- **D** An adverse material fact is significant information that is unfavorable to a party's interests, such as an actually known condition materially affecting the property's physical condition or title as described by Georgia law.

CORRECT ANSWER: D

Adverse material fact is correct. An adverse material fact is significant information that is unfavorable to a party's interests, such as an actually known condition materially affecting the property's physical condition or title as described by Georgia law. Material fact is the broad category. Adverse material fact adds that the information is unfavorable and falls within the disclosure framework relevant to the transaction. BRRETA imposes disclosure duties for specified adverse material facts actually known to a broker, including in transaction-broker situations. It does not create a general duty to perform expert inspections.

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

Material fact

A material fact is information a reasonable party would consider important when deciding whether or on what terms to enter a real estate transaction.

https://www.passgeorgiarealestate.com/glossary/material-fact

RELATED TERM

Material defect

A material defect is a problem with the property or its improvements that would significantly affect value, safety, intended use, or a reasonable buyer's decision.

https://www.passgeorgiarealestate.com/glossary/material-defect

RELATED TERM

Latent defect

A latent defect is a property defect that is hidden or not readily discoverable through a reasonable ordinary observation or inspection of the type described in the question.

https://www.passgeorgiarealestate.com/glossary/latent-defect

RELATED TERM

Transaction broker

A transaction broker is a Georgia broker who has not entered a client relationship with a party but performs permitted ministerial acts and the statutory duties owed without representing that party as an agent.

https://www.passgeorgiarealestate.com/glossary/transaction-broker

RECOMMENDED NEXT COMPLETE LESSON

Real Estate Practice in Georgia complete lesson

https://www.passgeorgiarealestate.com/study-guide/property-disclosures/material-facts-and-defects

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 Brokerage Relationships in Real Estate Transactions Act

GREC's official law portal links to Title 10, Chapter 6A, the Georgia agency statute.

https://grec.state.ga.us/information-research/license-law/