PASS GEORGIA
REAL ESTATE EXAM PREP

GEORGIA REAL ESTATE EXAM GLOSSARY

Bilateral contract

A bilateral contract is formed by an exchange of promises, with each party becoming both a promisor and a promisee.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Contracts	Contract formation	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 Bilateral contract mean?

A bilateral contract is formed by an exchange of promises, with each party becoming both a promisor and a promisee. Most purchase and sale agreements are bilateral.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Bilateral means promise for promise. Unilateral means a promise accepted through completion of requested performance.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

The national formation rule applies in Georgia. Do not confuse bilateral with two people; several parties can be bound by reciprocal promises.

WORKED EXAMPLE

A seller promises to convey title, and a buyer promises to pay the agreed price on the closing date.

EXAM TRAP

The number of signatures does not decide the classification. Identify what was exchanged for what.

Memory cue: The number of signatures does not decide the classification.

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 Bilateral contract?

- **A** A unilateral contract is an offer of a promise that is accepted by completing the requested performance rather than by making a return promise.
- **B** An executed contract is a contract in which all parties have completed the promised performance.
- **C** An executory contract is a valid agreement under which one or more parties still have material performance due, such as a purchase contract between acceptance and closing.
- **D** A bilateral contract is formed by an exchange of promises, with each party becoming both a promisor and a promisee.

CORRECT ANSWER: D

Bilateral contract is correct. A bilateral contract is formed by an exchange of promises, with each party becoming both a promisor and a promisee. Most purchase and sale agreements are bilateral. Bilateral means promise for promise. Unilateral means a promise accepted through completion of requested performance. The national formation rule applies in Georgia. Do not confuse bilateral with two people; several parties can be bound by reciprocal promises.

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

Unilateral contract

A unilateral contract is an offer of a promise that is accepted by completing the requested performance rather than by making a return promise.

https://www.passgeorgiarealestate.com/glossary/unilateral-contract

RELATED TERM

Executed contract

An executed contract is a contract in which all parties have completed the promised performance.

https://www.passgeorgiarealestate.com/glossary/executed-contract

RELATED TERM

Executory contract

An executory contract is a valid agreement under which one or more parties still have material performance due, such as a purchase contract between acceptance and closing.

https://www.passgeorgiarealestate.com/glossary/executory-contract

RELATED TERM

Option contract

An option contract gives the optionee the right, but not the obligation, to buy or lease property on stated terms within a stated time, in exchange for consideration supporting that promise.

https://www.passgeorgiarealestate.com/glossary/option-contract

RECOMMENDED NEXT COMPLETE LESSON

Contracts complete lesson

https://www.passgeorgiarealestate.com/study-guide/contracts/classifications-and-status

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