PASS GEORGIA
REAL ESTATE EXAM PREP

GEORGIA REAL ESTATE EXAM GLOSSARY

Contingency

A contingency is a contract condition that makes a party's duty, right to terminate, or obligation to proceed depend on a stated event, standard, deadline, or approval.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Contracts	Contract performance	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 Contingency mean?

A contingency is a contract condition that makes a party's duty, right to terminate, or obligation to proceed depend on a stated event, standard, deadline, or approval.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

A contingency is a specific condition in the contract. A due-diligence period can provide a broader termination right depending on its wording.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

The signed Georgia contract controls the notice method, deadline, satisfaction standard, waiver, and effect of failure. There is no universal financing or inspection deadline.

WORKED EXAMPLE

A purchase obligation depends on the buyer obtaining a stated loan by a stated date and giving notice in the form the agreement requires.

EXAM TRAP

A contingency does not protect a party forever. Missing the notice or deadline can waive the right.

Memory cue: A contingency does not protect a party forever.

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 Contingency?

- **A** A due-diligence period is a negotiated contract window during which a buyer may investigate the property and exercise the termination rights stated in the agreement, often for any reason when the contract grants that broad right.
- **B** A contingency is a contract condition that makes a party's duty, right to terminate, or obligation to proceed depend on a stated event, standard, deadline, or approval.
- **C** 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.
- **D** A right of first refusal gives its holder the opportunity to match or accept terms the owner is prepared to take from another buyer before the owner sells to that third party.

CORRECT ANSWER: B

Contingency is correct. A contingency is a contract condition that makes a party's duty, right to terminate, or obligation to proceed depend on a stated event, standard, deadline, or approval. A contingency is a specific condition in the contract. A due-diligence period can provide a broader termination right depending on its wording. The signed Georgia contract controls the notice method, deadline, satisfaction standard, waiver, and effect of failure. There is no universal financing or inspection deadline.

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

Due-diligence period

A due-diligence period is a negotiated contract window during which a buyer may investigate the property and exercise the termination rights stated in the agreement, often for any reason when the contract grants that broad right.

https://www.passgeorgiarealestate.com/glossary/due-diligence-period

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

RELATED TERM

Right of first refusal

A right of first refusal gives its holder the opportunity to match or accept terms the owner is prepared to take from another buyer before the owner sells to that third party.

https://www.passgeorgiarealestate.com/glossary/right-of-first-refusal

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

RECOMMENDED NEXT COMPLETE LESSON

Contracts complete lesson

https://www.passgeorgiarealestate.com/study-guide/contracts/purchase-agreements

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