GEORGIA REAL ESTATE EXAM GLOSSARY

Conversion

Conversion is the unauthorized taking, use, transfer, or exercise of control over money or property belonging to another person, including trust funds held in a real estate transaction.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
State Laws and Rules	**Georgia trust funds**	**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 Conversion mean?

Conversion is the unauthorized taking, use, transfer, or exercise of control over money or property belonging to another person, including trust funds held in a real estate transaction.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Commingling concerns where funds are mixed. Conversion concerns wrongful dominion or use. Conversion is the more serious misuse even if account balances are later restored.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia can discipline a licensee for mishandling or converting entrusted funds, and criminal or civil consequences may exist independently of license discipline.

WORKED EXAMPLE

A broker uses a buyer's earnest money to cover the brokerage payroll and plans to replace it after another closing.

EXAM TRAP

An intention to repay is not authorization to borrow entrusted money.

Memory cue: An intention to repay is not authorization to borrow entrusted money.

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 Conversion?

- **A** Commingling is the improper mixing of money belonging to clients, customers, tenants, owners, or other persons with a broker's personal or operating funds.
- **B** Trust funds are money or property a Georgia broker receives on behalf of another person in a real estate matter, including earnest money, rents, security deposits, and other client or customer funds when held by the broker.
- **C** A trust account is a separate, federally insured account in which a Georgia broker holds money belonging to others in connection with real estate activity, including earnest money when the broker receives it.
- **D** Conversion is the unauthorized taking, use, transfer, or exercise of control over money or property belonging to another person, including trust funds held in a real estate transaction.

CORRECT ANSWER: D

Conversion is correct. Conversion is the unauthorized taking, use, transfer, or exercise of control over money or property belonging to another person, including trust funds held in a real estate transaction. Commingling concerns where funds are mixed. Conversion concerns wrongful dominion or use. Conversion is the more serious misuse even if account balances are later restored. Georgia can discipline a licensee for mishandling or converting entrusted funds, and criminal or civil consequences may exist independently of license discipline.

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

Commingling

Commingling is the improper mixing of money belonging to clients, customers, tenants, owners, or other persons with a broker's personal or operating funds.

https://www.passgeorgiarealestate.com/glossary/commingling

RELATED TERM

Trust funds

Trust funds are money or property a Georgia broker receives on behalf of another person in a real estate matter, including earnest money, rents, security deposits, and other client or customer funds when held by the broker.

https://www.passgeorgiarealestate.com/glossary/trust-funds

RELATED TERM

Trust account

A trust account is a separate, federally insured account in which a Georgia broker holds money belonging to others in connection with real estate activity, including earnest money when the broker receives it.

https://www.passgeorgiarealestate.com/glossary/escrow-trust-account

RELATED TERM

Unfair practice

An unfair practice is conduct prohibited by Georgia real estate license law or Commission rules because it is dishonest, misleading, incompetent, unsafe, or inconsistent with the duties of a licensee.

https://www.passgeorgiarealestate.com/glossary/unfair-practice

RECOMMENDED NEXT COMPLETE LESSON

State Laws and Rules complete lesson

https://www.passgeorgiarealestate.com/blog/grec-trust-account-earnest-money-rules

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 Real Estate License Law, O.C.G.A. Title 43, Chapter 40

GREC's official portal to Title 43, Chapter 40 and related real estate laws.

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

3. Georgia Real Estate Commission Rules, Chapter 520-1

Official Georgia Secretary of State publication of Commission rules governing licensure and brokerage.

https://rules.sos.ga.gov/gac/520-1