GEORGIA REAL ESTATE EXAM GLOSSARY

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.

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 Trust account mean?

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.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Trust funds belong to others. Brokerage operating funds belong to the firm. Mixing the two is commingling, while unauthorized use is conversion.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia license law and Commission rules control account designation, deposits, records, reconciliation, and disbursement. The qualifying broker is responsible for compliance.

WORKED EXAMPLE

A broker receives a buyer's earnest-money check and places it in the firm's properly designated account for client funds rather than the operating account.

EXAM TRAP

No loss is required for commingling. The improper mixing itself creates the violation.

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

The bank charges a monthly service fee on a Georgia broker's designated trust account. The broker deposits $100 of the firm's own money into the trust account to cover those fees. Which statement is correct?

- **A** This is commingling, because no firm money may ever sit in a trust account
- **B** This is allowed, because a broker may keep a reasonable amount of firm money in trust to cover bank charges
- **C** The broker should pay the fees from earnest money on hand, since the fees protect that money
- **D** The broker must close the trust account and hold deposits in the operating account instead

CORRECT ANSWER: B

GREC's trust account rule makes a narrow exception to the ban on commingling. A broker may keep a reasonable amount of the firm's own money in the account to cover service charges, a required minimum balance, and similar bank costs. Paying those fees out of client money would be the real violation, because that money belongs to others.

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

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

Earnest money

Earnest money is a deposit a buyer provides under a purchase agreement to show seriousness and support the transaction.

https://www.passgeorgiarealestate.com/glossary/earnest-money

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

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.

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

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