PASS GEORGIA
REAL ESTATE EXAM PREP

GEORGIA REAL ESTATE EXAM GLOSSARY

Liquidated damages

Liquidated damages are an amount or measure the parties agree in advance will be recoverable after a specified breach, when the clause is enforceable rather than an unlawful penalty.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Contracts	**Contract remedies and status**	**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 Liquidated damages mean?

Liquidated damages are an amount or measure the parties agree in advance will be recoverable after a specified breach, when the clause is enforceable rather than an unlawful penalty.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Liquidated damages are predetermined by contract. Actual damages are proved from the loss, and specific performance seeks completion rather than money.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia purchase agreements may identify earnest money as liquidated damages for a defined buyer default, but the exact remedy election and enforceability depend on the contract and law.

WORKED EXAMPLE

The signed agreement allows the seller to retain the earnest money as the stated remedy after a covered uncured buyer default.

EXAM TRAP

Earnest money is not automatically liquidated damages in every contract or termination.

Memory cue: Earnest money is not automatically liquidated damages in every contract or termination.

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 Liquidated damages?

- **A** Liquidated damages are an amount or measure the parties agree in advance will be recoverable after a specified breach, when the clause is enforceable rather than an unlawful penalty.
- **B** Earnest money is a deposit a buyer provides under a purchase agreement to show seriousness and support the transaction.
- **C** Specific performance is an equitable remedy ordering a party to carry out a contract.
- **D** Rescission is the cancellation or unwinding of a contract, with the goal of restoring the parties as closely as possible to their precontract positions.

CORRECT ANSWER: A

Liquidated damages is correct. Liquidated damages are an amount or measure the parties agree in advance will be recoverable after a specified breach, when the clause is enforceable rather than an unlawful penalty. Liquidated damages are predetermined by contract. Actual damages are proved from the loss, and specific performance seeks completion rather than money. Georgia purchase agreements may identify earnest money as liquidated damages for a defined buyer default, but the exact remedy election and enforceability depend on the contract and law.

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

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

Specific performance

Specific performance is an equitable remedy ordering a party to carry out a contract.

https://www.passgeorgiarealestate.com/glossary/specific-performance

RELATED TERM

Rescission

Rescission is the cancellation or unwinding of a contract, with the goal of restoring the parties as closely as possible to their precontract positions.

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

RELATED TERM

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.

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

RECOMMENDED NEXT COMPLETE LESSON

Contracts complete lesson

https://www.passgeorgiarealestate.com/study-guide/contracts/performance-breach-remedies

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