



GEORGIA REAL ESTATE EXAM GLOSSARY

Material fact

A material fact is information a reasonable party would consider important when deciding whether or on what terms to enter a real estate transaction.

OFFICIAL AREA

Property Disclosures

KNOWLEDGE CLUSTER

Property facts and disclosure

LEARNING SYSTEM

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.

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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 Material fact mean?

A material fact is information a reasonable party would consider important when deciding whether or on what terms to enter a real estate transaction.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Material describes importance to the decision. A material defect is a physical or legal problem, while an adverse material fact is material information that is unfavorable to a party's interests.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia duties depend on the relationship and the statute, but a licensee must not knowingly give false information and may have duties to disclose actually known adverse material facts.

WORKED EXAMPLE

A pending condemnation affecting the parcel could change a buyer's decision and is therefore material even though the building itself is sound.

EXAM TRAP

A fact need not make the property unusable to be material. The test is significance to a reasonable transaction decision.

Memory cue: A fact need not make the property unusable to be material.



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 Material fact?

- A** A material defect is a problem with the property or its improvements that would significantly affect value, safety, intended use, or a reasonable buyer's decision.
- B** A material fact is information a reasonable party would consider important when deciding whether or on what terms to enter a real estate transaction.
- C** An adverse material fact is significant information that is unfavorable to a party's interests, such as an actually known condition materially affecting the property's physical condition or title as described by Georgia law.
- D** A latent defect is a property defect that is hidden or not readily discoverable through a reasonable ordinary observation or inspection of the type described in the question.

CORRECT ANSWER: B

Material fact is correct. A material fact is information a reasonable party would consider important when deciding whether or on what terms to enter a real estate transaction. Material describes importance to the decision. A material defect is a physical or legal problem, while an adverse material fact is material information that is unfavorable to a party's interests. Georgia duties depend on the relationship and the statute, but a licensee must not knowingly give false information and may have duties to disclose actually known adverse material facts.

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

Material defect

A material defect is a problem with the property or its improvements that would significantly affect value, safety, intended use, or a reasonable buyer's decision.

<https://www.passgeorgiarealestate.com/glossary/material-defect>

RELATED TERM

Adverse material fact

An adverse material fact is significant information that is unfavorable to a party's interests, such as an actually known condition materially affecting the property's physical condition or title as described by Georgia law.

<https://www.passgeorgiarealestate.com/glossary/adverse-material-fact>

RELATED TERM

Latent defect

A latent defect is a property defect that is hidden or not readily discoverable through a reasonable ordinary observation or inspection of the type described in the question.

<https://www.passgeorgiarealestate.com/glossary/latent-defect>

RELATED TERM

Patent defect

A patent defect is a property defect that is open, observable, or discoverable through the reasonable level of observation or inspection described in the transaction.

<https://www.passgeorgiarealestate.com/glossary/patent-defect>

RECOMMENDED NEXT COMPLETE LESSON

Property Disclosures complete lesson

<https://www.passgeorgiarealestate.com/study-guide/property-disclosures/material-facts-and-defects>

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 Brokerage Relationships in Real Estate Transactions Act

GREC's official law portal links to Title 10, Chapter 6A, the Georgia agency statute.

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