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REAL ESTATE EXAM PREP

GEORGIA REAL ESTATE EXAM GLOSSARY

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.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Contracts	**Contract formation**	**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 Option contract mean?

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.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Before exercise, the optionor is bound to keep the opportunity open while the optionee is not bound to purchase. A bilateral purchase contract binds both sides to promises.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia contract principles and the statute of frauds apply to real estate options. The written terms should identify the property, option period, consideration, and exercise method.

WORKED EXAMPLE

An owner accepts $2,000 to keep a $250,000 purchase opportunity open for 30 days. The prospective buyer may exercise on time or let it expire.

EXAM TRAP

Option consideration and earnest money serve different functions. Do not assume an unexercised option is already a purchase contract.

Memory cue: Option consideration and earnest money serve different functions.

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 Option contract?

- **A** A unilateral contract is an offer of a promise that is accepted by completing the requested performance rather than by making a return promise.
- **B** A bilateral contract is formed by an exchange of promises, with each party becoming both a promisor and a promisee.
- **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: C

Option contract is correct. 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. Before exercise, the optionor is bound to keep the opportunity open while the optionee is not bound to purchase. A bilateral purchase contract binds both sides to promises. Georgia contract principles and the statute of frauds apply to real estate options. The written terms should identify the property, option period, consideration, and exercise method.

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

Unilateral contract

A unilateral contract is an offer of a promise that is accepted by completing the requested performance rather than by making a return promise.

https://www.passgeorgiarealestate.com/glossary/unilateral-contract

RELATED TERM

Bilateral contract

A bilateral contract is formed by an exchange of promises, with each party becoming both a promisor and a promisee.

https://www.passgeorgiarealestate.com/glossary/bilateral-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

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/options-and-first-refusal

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. Official Code of Georgia Annotated, public access portal

State-authorized public access to current Georgia statutes, including Title 44 property law.

https://www.lexisnexis.com/hottopics/gacode/Default.asp