GEORGIA REAL ESTATE EXAM GLOSSARY

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.

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.

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 Right of first refusal mean?

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.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

A right of first refusal becomes actionable after the owner decides to sell on acceptable third-party terms. An option lets the holder initiate a purchase on preset terms during the option period.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

The written instrument controls notice, matching terms, timing, transferability, and duration, and recording can affect notice to later purchasers.

WORKED EXAMPLE

An owner receives an acceptable $400,000 offer and must first give a tenant the agreed period to buy on matching terms.

EXAM TRAP

The holder cannot ordinarily force a sale before the triggering event merely because the right exists.

Memory cue: The holder cannot ordinarily force a sale before the triggering event merely because the right exists.

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 Right of first refusal?

- **A** 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.
- **B** 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.
- **C** 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.
- **D** Constructive notice is knowledge the law imputes to a person because information was properly recorded in public records or because visible possession or conditions would prompt reasonable inquiry.

CORRECT ANSWER: C

Right of first refusal is correct. 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. A right of first refusal becomes actionable after the owner decides to sell on acceptable third-party terms. An option lets the holder initiate a purchase on preset terms during the option period. The written instrument controls notice, matching terms, timing, transferability, and duration, and recording can affect notice to later purchasers.

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

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.

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

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

RELATED TERM

Constructive notice

Constructive notice is knowledge the law imputes to a person because information was properly recorded in public records or because visible possession or conditions would prompt reasonable inquiry.

https://www.passgeorgiarealestate.com/glossary/constructive-notice

RELATED TERM

Assignment

An assignment transfers a party's contractual rights to another person, the assignee, without necessarily releasing the original party from contractual obligations.

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

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. Georgia Superior Court Clerks' Cooperative Authority, Real Estate Index

Official statewide reference for Georgia real estate recording, indexing, and public land-record access.

https://www.gsccca.org/learn/projects-programs/real-estate-index