PASS GEORGIA
REAL ESTATE EXAM PREP

GEORGIA REAL ESTATE EXAM GLOSSARY

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.

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 funds mean?

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.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

Trust funds describe whose money it is. A trust account is the separate account used to hold qualifying trust funds.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia law requires covered funds to be accounted for, safeguarded, deposited, recorded, reconciled, and disbursed according to the agreement and Commission rules.

WORKED EXAMPLE

A property manager collects tenant rent and deposits it into the proper trust account before making authorized owner disbursements.

EXAM TRAP

Compensation expected by the broker does not become brokerage money until it is earned and properly disbursed.

Memory cue: Compensation expected by the broker does not become brokerage money until it is earned and properly disbursed.

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 Trust funds?

- **A** 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.
- **B** 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.
- **C** Earnest money is a deposit a buyer provides under a purchase agreement to show seriousness and support the transaction.
- **D** Commingling is the improper mixing of money belonging to clients, customers, tenants, owners, or other persons with a broker's personal or operating funds.

CORRECT ANSWER: B

Trust funds is correct. 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. Trust funds describe whose money it is. A trust account is the separate account used to hold qualifying trust funds. Georgia law requires covered funds to be accounted for, safeguarded, deposited, recorded, reconciled, and disbursed according to the agreement and Commission rules.

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 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.

https://www.passgeorgiarealestate.com/glossary/escrow-trust-account

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