

GRANNY FLAT AGREEMENT

Whilst referred to as a *Granny Flat Agreement*, the scope of what this can comprise is very flexible. An example of a Granny Flat Arrangement is where the older person sells their own home and then pays for a second dwelling to be built on the property of their adult child (for the parent to reside in).

If the parent pays for the cost of that construction (thereby improving the value of the child's property) that would usually come under the "deeming rules" and be considered by Centrelink to be gift. This can affect the parents' Centrelink entitlements such as the Aged Pension or Rent Assistance.

A *Granny Flat Interest* requires that:

- The person deriving the benefit of the *Granny Flat Agreement* must have a legal right of occupancy (for life) in a residential property and must actually live in the property; and
- That person must have made a payment or provided other valuable consideration, for that right of occupancy.

This can be achieved in various ways. It includes transferring the title of an existing property to another person and then creating a legal right for the older person to reside in that property for the rest of their life (for example, by way of a long-term registered lease). Alternatively, the funds can be used to build accommodation on another person's property. The person may purchase a property and then register it in another person's name or pay a reasonable sum of money to a relative for an occupancy right.

To meet the legislative requirements a legal document must be entered into that, at minimum, confirms that the older family member has security of tenure in the property and provides for whether that person has any liability for upkeep of the property or payment of rent.

Penmans offer a fixed fee package for the preparation of a straightforward Granny Flat Agreement of **\$1,980** inclusive of GST.

If the fee applies whether your Granny Flat Arrangement is documented as a Deed between the parties or as a lease. If a lease is more suitable for your circumstances and that needs to be registered, then you will also incur the following disbursements.

partnering with people since 1946



We have Accredited Specialists in
Property Law and Wills & Estates

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Disbursements*

Verification of Identity (per person)	\$29.90
DocuSign Fee	\$8.50
Title Searches	\$62.00
PEXA Fees	\$281.16
Registration Fees: Transfer	\$175.70
Caveat (if required)	\$175.70

*Disbursement amounts are current as of August 2025 and include GST, if applicable.

The steps are:

- a) We will verify your identity (which is required for both our purposes and Revenue NSW). This is done either in person or via a link sent to your mobile device;
- b) We will take your instructions in relation to the agreement you have reached with your family member. Your family member will need to engage their own lawyer (we will not act for all parties). We will then prepare your documents and recommend that you make an appointment with your financial advisor and with Centrelink to have them reviewed (and for your proposal to be approved by Centrelink) prior to you signing them;
- c) If you are transferring your property to another family member, then that will incur additional fees. Again, we can only act for the person attaining the Granny Flat Arrangement under this package and the family member will need to obtain their own advice. If no contract is required and we are only required to transfer the property and prepare the necessary, stamp duty forms (including obtaining a valuation) then we charge a fixed fee of \$825.00 inclusive of GST for that work (plus out of pocket expenses).

Next Steps

Please complete our [contact form](#) and include in the comments that have an enquiry about a Granny Flay Arrangement. A member of our transactions team will be in contact with you.

The information you obtain at this site is not, nor is it intended to be, legal advice. You should consult a Solicitor for individual advice regarding your own situation. Liability limited by a scheme approved under Professional Standards Legislation.

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Fixed fees current as of November 2025.