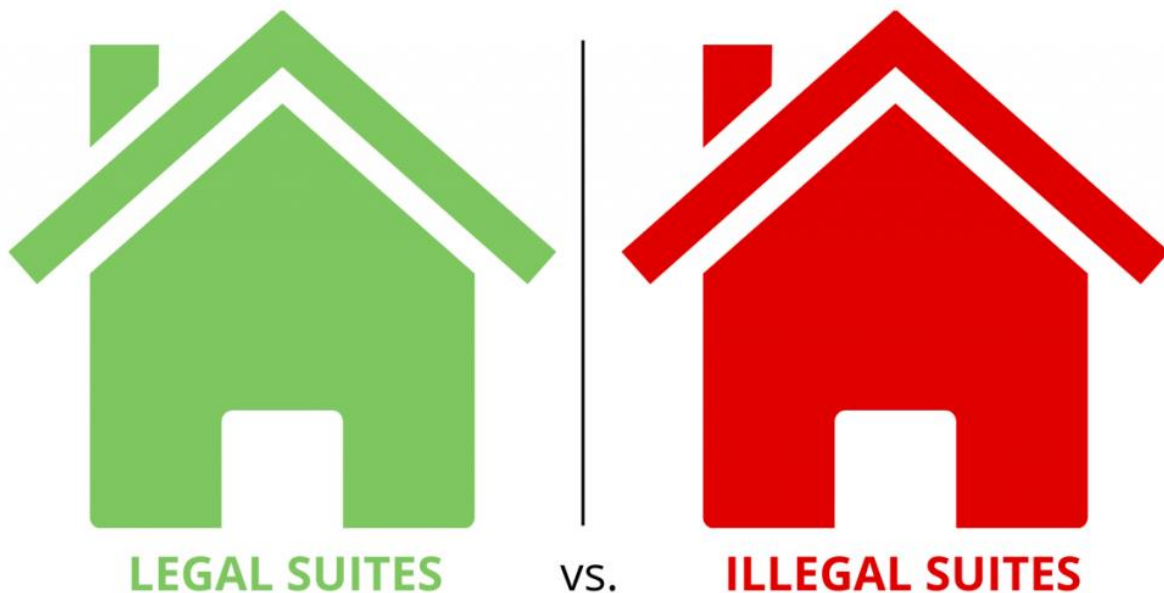


# Importance of Stating Suites as ‘Legal’ or ‘Illegal’

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In the real estate industry, there are some terms that should not be used when it comes to advertising or describing suites.

Some of those terms include “mother-in-law suite”, “non-conforming suite”, “mortgage helper”, “income potential”, “regulation or regulated” and the list goes on. In the vast majority of cases, the suite in question is none of the above. In fact, the only terminology that can safely be applied to these suites is “illegal”.

In order to call a suite a “mother-in-law suite”, for example, it has to be exactly that...used for the mother-in-law to live in. We had a case where an industry member told a client that the term “mother-in-law suite” was a generally accepted term for an additional suite in a house.

Later, after the client had closed on the purchase and rented both suites, they could not understand why the City was giving them notice to vacate if the real estate agent thought it was “generally acceptable”. The client sued the industry member.

If the seller has their mother-in-law living in the suite, you can refer to it as such. However, you still have to inform any buyers that it is an illegal suite and cannot be rented. Conversely, if your buyer is really going to have their mother-in-law stay there then you can, again refer to it as such but still must disclose that the suite is in fact illegal.

## **Non-Conforming Suites**

The same applies to the term “non-conforming suite”. In most municipalities this only applies to a building that was in compliance for the number of suites that it contained, but due to down zoning, was no longer in compliance. Many municipalities allow these to continue and refer to them as non-conforming. However, when an additional suite is created in an area not zoned for that, it is considered illegal, not non-conforming.

Even if the zoning allows for additional suites, there are a number of other criteria that must be met in order for a suite to be legal. Trying to gloss over criteria that has not been met by calling the suite “non-conforming” won’t work...it is still illegal!

Whether it is in a listing in the private or public remarks or in your advertising or websites, any time the word suite is used it must be accompanied with the word legal OR illegal.

## **Terms to Avoid**

Other terms that should be mentioned here include “mortgage help”, “income potential”, “regulated or regulation suite”, “potential for sure”, “easy to suite”, among others. If you are enticing someone to purchase a property under false pretenses that is fraud, plain and simple.

Generally, the lawsuits we see on this issue (and there have been quite a few) are attempting to not only recover the loss in value for the property that is no longer an income property, but also recover the loss of income for however long they had planned to keep it.

When it comes to advertising, listings and disclosures, there is only one of two ways to describe a suite – legal or illegal.

If you knowingly misstate a material fact, you will more than likely have your insurance voided in the event of a claim or lawsuit.