



All About Home Warranties

A home is the single largest investment that most of us will ever make - and the last thing that any new home owner wants are costly repairs or replacement of aging systems.

Whether you are a first time home buyer, seller, or existing homeowner - a home warranty is a very affordable way to preserve peace of mind and to help protect your most valuable asset.

What is a Home Warranty?

The Home Warranty is usually a one-year limited home service agreement that helps protect homeowners against the costs of repair or replacement of covered appliances and major systems that breakdown due to normal wear and tear.

The home warranty premium, when provided by the seller, is normally paid at closing, and with the advantage that the warranty will also protect the seller during the listing/marketing period as well. Since today's buyers will almost always ask for a home warranty, it makes sense for the seller to take advantage of the listing period coverage as well.

What a Home Warranty is NOT

A Home Warranty IS NOT A SUBSTITUTE FOR HOMEOWNERS INSURANCE. A Homeowners policy is "hazard" insurance - protection against events such as damaging winds, fire, theft, and even liability for injuries and damage you cause to other people. It will not cover your furnace when it fails to come on next October, but your Home Warranty will.

The Home Warranty protects your homes systems (plumbing, electric, heating and cooling) and major appliances (refrigerator, stove, dishwasher, etc.) when they break or stop working all by themselves.

Benefits of a Home Warranty for the Seller

The major benefit is peace of mind. By providing the Buyers with a warranty, you're more confident that the buyer won't be knocking on your door after the sale with charges of non-disclosed defects. Considering the expense of defending yourself against such a charge (true or not) the cost of providing a home warranty is minimal.

Secondly, if you purchase a home warranty at the time your home is listed for sale, your home is warranted for you during the listing period until it's transferred to the buyer at

closing. Although the seller coverage is not as extensive or far reaching as the buyer coverage, considering that you will probably be asked to provide a home warranty for the buyer anyway, you might as well take advantage of this added protection. (You don't even have to pay for it until closing).

Thirdly, there is a wealth of evidence that homes with a warranty are more attractive to the buyer, therefore, they will sell faster and for more money than homes without a warranty.

Benefits of a Home Warranty for the Buyer

Again, the major benefit is peace of mind. Only now, it's peace of mind knowing that after you've used all your cash reserves coming up with your down payment, you won't have to shell out another couple of thousand to fix or replace the furnace or hot water tank any time soon. You'll rest easier, knowing that unexpected repair costs are shared by the warranty provider.

For the first time home buyer, who is not yet used to dealing with such problems the warranty can be invaluable, because after you contact the provider with the problem, the provider will handle everything including calling a reputable repairman or service contractor.

How Much Does a Home Warranty Cost?

There are many providers and they all have different coverage, cost and co-pay plans. You should take time to compare companies and plans before you purchase. The Shannon McCarthy Team can also help you decide.

Typically, however, the cost of the home warranty will run between \$350 and \$450. For each claim there will be a co-pay (or deductible amount) of \$50 to \$100. Also, there will be a service fee (usually \$35 - \$75) for each time a service contractor must make visit your home.

How Does a Home Warranty Work?

1. You determine that a failure has occurred in a covered system or appliance.
2. You call your warranty provider. (Note: Your first call is always to the provider. If you call a repairman first you will almost always void the warranty. Call the warranty provider first for instructions.)
3. The provider will contact an approved service contractor with whom the provider already has a business arrangement.
4. The service contractor will contact you for an appointment to access the problem. The service contractor will repair the problem according to the terms of the warranty.
5. The provider will pay the service contractor for parts and labor and bill you for the deductible portion of your plan as well as the service fee.

What Does The Home Warranty Cover?

Basic Coverage Typically Includes:

Seller Coverage

- Central Heating
- Plumbing
- Water Heater
- Attic/Exhaust Fans
- Electrical System
- Ductwork

Buyer Only Coverage

- Roof Leak
- Central Air Conditioning
- Septic System
- Refrigerator
- Dishwasher
- Range
- Oven
- Garbage Disposal
- Trash Compactor
- Built-in Microwave
- Garage Door Opener
- Door Bell
- Central Vacuum
- Lighting Fixtures
- Fire/Burglar Alarm System

Buyer Coverage (Optional)

- Washer/Dryer
- Pool
- Pool/Spa Combo
- Water Well Mechanical

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