

Home Warranty Tips For You...

What is a home warranty?

A home warranty is a policy issued by contractors, sellers and real estate agencies that protect homebuyers from specified defects in a house as per the contract. The details of the contract depend on which company the home warranty is purchased from and whether it is a basic or extended coverage policy. There is a yearly purchase cost that varies between companies and a set deductible for each claim. Because all home warranties are different, read the contracts carefully as you compare them in order to get the one that best fits your needs.

What's covered?

Home warranties generally cover mechanical breakdowns or malfunctions of a covered component related to:

- plumbing
- air conditioning
- heating
- electrical
- other home systems

Some warranties will also offer supplementary coverage for appliances and extended coverage for components not covered in a basic policy for an additional cost. It is important to read the fine print and *understand what is **not** covered*.

Examples:

- With plumbing, the pipes may be covered but the replacement of valves and stems may not be covered; drain clogs are not usually covered
- With air conditioning, disposal of Freon is not usually covered

Home warranties provide peace of mind for both the buyer and the seller!

Advantages:

For Sellers:

- Protects against costly repairs while your home is on the market
- Makes your home more appealing by making it a safer investment for the buyer
- Provides opportunity to compete with new construction which offers warranties

For Buyers:

- Home warranty covers items that are not generally covered by homeowner's insurance
- Provides coverage for one year from the date of closing - may be renewed for subsequent years
- Optional coverage available for other items in home to give you added protection
- A standard deductible limits your costs for repairing a covered system, appliance or component
- Can be purchased by the buyer if the seller is not offering it