

A Home Warranty Can Prevent Frustration.

It happens. It's only two months since moving into your new home. One afternoon you go to turn on the air conditioning and nothing happens. Maybe the kitchen faucet suddenly stops working or the refrigerator fizzles out. Things break and you can't predict when. The only thing you can predict is that a bill is coming along with the repair.

This common scenario is an inevitable event in owning a home or for that matter any other durable consumer product such as an automobile. However, there is a solution to avoiding a costly bill amounting to hundreds, if not, thousands of dollars. It's a Home Warranty program that can become an integral part of a home purchase.

Such a warranty is a service agreement that covers the cost of repair or replacement for unexpected home repairs. Unlike a homeowner's insurance policy the warranty insurance does not cover losses linked to accidents or a disaster such as fire or flood. Exactly what is covered will vary depending on the insurance company chosen and the level of plan purchased.

Most of the policies available have similar coverage focused on the major systems of a home including HVAC, electrical, plumbing and major appliances. Generally policies that become an element of a real estate sales agreement provide for 1 year coverage with premiums ranging from the mid \$400s to \$600. As additional optional coverages is added the premium increases. Optional coverages over and above basic levels can include repair of pool equipment, well pumps and septic systems.

Again, what is included in a home warranty program varies by insurer and which level of coverage is purchased. You need to be aware of what a plan covers at the time of arranging for coverage to prevent disappointment when filing a claim. Although fine print is always a part of such policies the basic items covered tend to be clearly outlined.

Among the leading companies issuing policies is American Home Shield, Sears, Old Republic Home Protection and First American Company. Details about programs available from these and other providers can easily be found online.

For the major companies filing a claim will involve calling a central service center and paying a service fee of approximately \$75 for each service request. The insurer will then contact the related service supplier from its own network of vendors and arrange a visit to the home. Emergency claims will be scheduled within 24 hours.

When incorporated into an existing home purchase the cost of a policy can be a negotiated item. Commonly sellers will include a policy as an incentive to purchase. Buyers also have the option of acquiring and paying for coverage.

Standard "boilerplate" contracts have a provision for a warranty and who is responsible for the premium and a dollar limitation for the policy premium. Whether included in the purchase agreement or acquired outside the realm of a contract, your Realtor can provide insight into how to acquire coverage and recommend an insurance provider.

Is a Home Warranty policy an essential part of purchasing a home. Not really. In contrast having a home inspection completed is more a fundamental step that should be taken when purchasing an existing home. A professional inspection can help define the potential need for current and future repairs. But for the purchaser wanting the added "peace of mind" a Home Warranty policy will take the frustration and financial sting out of the unexpected repair.