

# TREVITT

R E A L T O R S

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## **Home Warranties Can Help Home Sellers and Buyers**

Home warranties are very useful items whether you are purchasing a home or selling. A home warranty policy will pay for the cost of fixing and, if necessary, replacing heating, cooling systems and built in appliances. Policy coverage varies but usually central heating/cooling systems, electrical systems, interior plumbing, water heaters, ovens, refrigerators, etc. are covered against normal damage for a set period of time, usually one year. In some areas ceiling fans, outdoor in-ground pools and even roofs can be warrantied.

Typically a home warranty will cost between \$350 to \$600 depending on terms, conditions and contract period. When you make a claim, there is a small deductible. Home warranties don't cover already damaged items (pre-existing conditions) and don't cover cosmetic repairs (rust, paint, etc.). Usually home warranties don't cover structural items such as window frames, doors, etc.

### **Advantages for Sellers**

Home warranties can be an excellent marketing tool for selling a home. Your house can be listed as fully warrantied which means home buyers don't have to worry about being deceived about the condition of items in a home. Warranties also differentiate your home from among others and may help in negotiations over the price of purchasing a home. Home warranties typically take effect after closing and last for one year. In a situation where selling a home in a short time frame is important, home warranties can make the difference and can even bring a higher price.

### **Advantages for Buyers**

Even if a seller does not pay for a home warranty, a buyer may want to purchase one. A repair on a major appliance on a house can easily exceed the cost of a home warranty. Home warranties also give piece of mind in the period after a purchase. Typically a household's cash reserves are depleted after purchasing a home and any major repair can be a tremendous financial burden to the family. A typical repair to a furnace will cost \$1,250 to \$3,500, well above the cost of a home warranty.

Typically an agent or real estate agency can provide you with a home warranty. As with any contract, read the terms and conditions closely. In most states, real estate agencies get a monetary incentive for selling a home warranty. Try shopping around for warranties to make sure the real estate company is trying to get you the best deal. Home warranties are very common. It is estimated that nearly one million policies were sold last year.