

PROS & CONS HOME MAINTENANCE

~MORE CONS, THEN PROS~

Pros

Buyers who purchase a previously owned home inherit used appliances and home systems with wear and tear. A home warranty can help cover the cost if things break down.

**INTERVIEW – New Jersey real estate agent Lorraine Labonne-Storch told HSH.com that a few days after closing on a home she purchased, the boiler caught fire. It cost her \$12,000 to replace.*

A home warranty would have covered a portion of the cost, she said. She'd had the option to purchase a warranty when she bought the house, but declined it.

Cons

However, home warranties top the list of complaints received by Angie's List. One reason, the site says, is the difference between customers' expectations and what the plans actually deliver. Homeowners also complain about the quality of service from warranty companies.

Before buying a home warranty, read the contract and understand exactly what it does and does not cover. For example, some contracts will not provide coverage if:

- You didn't maintain the appliance.
- The appliance was installed incorrectly.
- The appliance had too much wear and tear.

If you haven't read it carefully, be prepared for surprises. Don't assume:

- **Your policy will replace a faulty component.** The warranty company may insist on repairing it instead.
- **You can call your favorite service provider.** Home warranties usually require you to use a contracted servicer.
- **The warranty will cover the entire cost.** Although she would have been happy to have it, Labonne-Storch said the home warranty she declined would have paid only up to \$1,600 to repair or replace the \$12,000 boiler.

Note: (read below, too much effort, too much work for nothing)

- Find out what's covered, and what the warranty provides.
- There may be exclusions and limitations.
- Perhaps the refrigerator is covered, but the ice maker is excluded.
- Claims may be rejected because of pre-existing problems or insufficient maintenance.

- Learn who will perform the repair work.
- Also, find out if you can cancel the policy.
- Most contracts allow a 30-day "free look" that allows a buyer to cancel within 30 days and get a full refund, says the Service Contract Industry Council.

PROS & CONS HOME MAINTENANCE

~MORE CONS, THEN PROS~

Why You May Not Like Your Home Warranty:

A home warranty is likely to only cover repair costs if what they are fixing has been properly maintained. The problem with that is, the definition of proper maintenance is left open to interpretation in many cases. This can create a point of contention between homeowners and home warranty companies. This clause is especially risky if you purchased a used house that somebody else maintained, or didn't maintain, before you lived there.

There are also exclusions within home warranties and they typically include a cap on repair and replacement costs. You might find that your high end dishwasher has to be replaced with a lower end model unless you chip in the difference.

Most warranty companies are going to patch and repair instead of replace. We found at times that we personally would have purchased a new appliance when the repair company tried to repair the item. This can get frustrating when you need multiple visits for something that you would rather just get rid of.

Also, in most cases you are not able to choose your own contractor as the home warranty company will choose your service provider for you. Depending on your own personal preference, this might be a good or bad thing. My personal experience is that the well-known and established local providers do not participate in the home warranty programs.

What You May Like About Your Home Warranty:

Home warranties can provide great peace of mind, and possibly save you thousands of dollars in repair costs. This can be incredibly comforting for those who do not currently have emergency funds, or need to protect what they do have in savings. A home warranty can also be helpful for people who are unskilled with DIY home repairs and/or hiring contractors.

These protection plans also cover an incredibly wide range of belongings like heating and cooling systems, refrigerators, water heaters, ceiling fans, pool equipment and the list goes on and on. Additionally, a home warranty is usually very affordable costing anywhere from \$300 to \$600 per year. But, the final cost will be determined by the level of protection you choose to purchase.

Plans and Options

There are several different options available in most home warranty plans. Some plans includes full coverage for your home's primary systems and appliances, while others give you the option to choose exactly what you want covered.

You can also choose add-ons to your warranty that will include costs associated with a pool/spa, well pump, and septic system for instance. Deciding what type of home warranty plan to purchase depends on the level of protection your house needs, and how much you want to pay for coverage.