

Understanding Home Warranties

Get to Know What They Cover and Whether They're Worth It

Homeownership comes with the responsibility of maintaining systems and appliances, but unexpected breakdowns can be costly.

A home warranty offers protection by covering repairs and replacements for covered items. Before purchasing one, it's important to understand how these warranties work, what they cover and whether they're worth the investment.

WHAT DOES A HOME WARRANTY COVER?

Home warranties typically cover major household systems and appliances. Commonly included items are:

- HVAC systems (heating and cooling)
- Electrical and plumbing systems
- Water heaters
- Kitchen appliances (refrigerator, oven, dishwasher)
- Laundry appliances (washer and dryer)

However, coverage varies by provider and plan. Some warranties offer basic coverage, while others provide more comprehensive protection that includes garage door openers, ceiling fans or even swimming pool equipment.

Additionally, most home



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warranties exclude damage from neglect, improper installation or pre-existing conditions.

THE PROS AND CONS OF A HOME WARRANTY

A home warranty can provide financial protection by reducing out-of-pocket expenses for covered repairs. Instead of paying full price for a new water heater or HVAC repair, homeowners typically

pay a service fee, which is often lower than the full repair cost. This can be especially helpful for first-time buyers who may not have experience budgeting for home maintenance.

Another benefit is the convenience of pre-screened service providers. Most home warranty companies have a network of contractors, saving homeowners time searching for reputable technicians.

However, home warranties also come with limitations.

Some homeowners find that not all claims are approved, particularly if the issue is deemed pre-existing or caused by improper maintenance. Additionally, homeowners cannot always choose their preferred repair technician, as the warranty company assigns service providers.

Cost is another factor to consider. Annual premiums

range from \$300 to \$700, with additional service fees for each repair visit. If a home's systems and appliances are relatively new and reliable, a warranty may not be necessary.

IS A HOME WARRANTY RIGHT FOR YOU?

A home warranty is most beneficial for buyers purchasing an older home with aging appliances or systems. It can also provide peace of mind for sellers, as offering a home warranty in a real estate transaction may make a listing more appealing to buyers.

For homeowners with newer appliances or strong emergency savings, a warranty may not be the best investment.

Weighing the potential repair costs against the annual premium and service fees can help determine whether a home warranty is worth it.

Home warranties can be a valuable tool in protecting against costly repairs, but understanding the coverage, limitations and costs is key.

Before purchasing a plan, research providers, compare coverage options and read the fine print to ensure the warranty meets your needs.



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REAL ESTATE 101



HOMEWISSE GLOSSARY

Know What Your Home Warranty Covers

Before purchasing a home warranty, review the contract carefully. Some plans cover only specific appliances or systems, while others exclude pre-existing conditions. Understanding the details can prevent unexpected repair costs.

Home Warranty: A home warranty is a service contract that covers the repair or replacement of major home systems and appliances. Unlike homeowners insurance, which covers damage from unexpected events, a home warranty helps with breakdowns due to normal wear and tear.

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