



First-Time Home Buyers and Existing Homeowners Strive for Long-Term Investment

Home Warranties Stimulate Sales and Fortify Purchases

April 17, 2009 (Tallahassee, FL) – With an \$8,000 tax credit for first-time home buyers, low mortgage rates and reduced housing prices, many Americans will seek safeguards to weather economic turmoil as they become new homeowners. Meanwhile, sellers are looking for a competitive edge, while existing homeowners, who can't or don't want to sell now, may choose instead to remodel to maximize investment.

New buyers, existing homeowners, and home sellers can all benefit from a home service contract (sometimes called a home warranty), says the Service Contract Industry Council (SCIC), www.go-scic.com.

“New homeowners inherit essential systems -- heating, plumbing, electrical, AC, and major appliances -- in ‘as is’ condition, and it can be difficult to determine how they’ve been maintained or when they’ll fail,” said Timothy Meenan, SCIC executive director. “In this economy, homeowners can manage repair costs and protect rainy-day funds with a home service contract.”

Since home service contracts can be purchased at any stage of homeownership, the many people planning to remodel in the next few years will find them valuable. Remodeling is expected to surpass new home construction in the next 10 years. The National Association of Home Builders says remodeling will be a \$322.3 billion industry by 2016, with 70 percent driven by basic needs and maintenance.

Meanwhile, many sellers and realtors say offering a home with service contract coverage can help move a sale forward.

Home service contracts typically renew annually for \$350-500 and can save homeowners thousands of dollars. Sold by realtors, builders and independent providers, service contracts can cover numerous home systems and can be transferred with the ownership of the home.

“To get the most from a home service contract, check with your state insurance regulator, BBB and SCIC website to find a reputable provider, and thoroughly read, and follow the terms of the contract,” Meenan said.

About SCIC

The Service Contract Industry Council is a national trade association whose member companies collectively offer approximately 80 percent of the service contracts sold in the U.S. for home, auto, and consumer goods. The SCIC educates consumers about service contracts, encourages its members to pursue high standards of customer satisfaction, and has developed and promoted model legislation to regulate its industry with standards designed to protect consumers and the industry.

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