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Home Warranty - Who Needs One?

One topic of conversation that we have all of the time with our **Tallahassee Home Buyers** references the importance of obtaining a home warranty during the purchase of a home. While it is an added expense at closing, often times, the value is well more than the cost incurred. Since this is a benefit that many buyers are not aware of, I figured I would review the basics of a home warranty.

A home warranty is a service contract, usually covering one year, which helps protect homeowners against the cost of unexpected covered repairs or replacement on the major systems and appliances that can break down due to normal use. Typical warranties cover such systems as the heating and cooling, electrical systems, plumbing, water heater, oven, range, dishwasher, garbage disposal, and all major appliances. The cost of the warranties range from as low as \$350 to upwards of \$800 for homes under 5,000 square feet (the range varies based upon home features, with pools and spas taking the cost to the higher amount).

The best way to recognize the benefit of a warranty is for me to share a personal story about a home purchase that I made nearly 10 years ago. I bought a home, built in the 1970's that was in very good condition for its age. I had the home inspected by a professional home inspector who confirmed all systems were in good working order. I closed on the home on a Tuesday, was fairly well moved-in by Friday, and then the air-conditioning went out on Saturday. I don't know about you, but no air conditioning in Tallahassee, Florida is not something I like to experience!

I had purchased a home warranty at closing, so I called our Warranty provider, American Home Shield, and they went to work right away. They sent a technician to our home to analyze the problem. It turned out to be pretty bad. The entire system needed to be replaced. To make a long story short, they installed a brand-new \$12,000 system in the home. I had to pay a \$25 service fee (part of the warranty contract), but the rest of the cost was born by the warranty company! My \$600 warranty at closing saved me over \$11,000. The way I look at it, all warranties that I ever buy in the future, even if I never have another problem, are now covered!

Based upon my experience, I think it is obvious that every home sale should include a Home Warranty. It is money well spent. If you are trying to **sell a home in Tallahassee**, you should consider buying a Home Warranty that covers you during the listing period, but more importantly, transfers to the home buyer at closing. This is a great way to protect yourself against problems that could occur while you live there, but also will protect you against problems that the buyer faces after closings. It is estimated that 90% of all real estate lawsuits between buyers and sellers could have been avoided had there been a warranty involved. Referring back to my personal experience, with an air conditioner dying just a few days after closings, there might have been cause for me to question the Seller's knowledge of the existing system. But with the warranty in place, there was no need.

So whether you are **buying a home in Tallahassee**, or **selling a home in Tallahassee**, make sure that a Home Warranty is part of the transaction.

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