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Dave Windsor's 'Alaska Real Estate'

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HOME WARRANTY YES OR NO ?

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Dear Dave: When purchasing our next home, is the Home Warranty a good idea?

Answer: The simple answer is "Yes", and make sure that you ask the seller to pay for it.

For around \$500 (even if you have to pay for it yourself) you will receive comfort for 12 months that, should major repair issues arise, you will just pay the deductible (usually \$100) and the home warranty company will send out a licensed contractor to fix it. Most of them also allow you to extend the home warranty at the end of the first year if you wish.

You should be aware that the home warranty is not an "Insurance Policy" but, in effect, a maintenance agreement.

It generally covers such things as heating systems, water heater, plumbing, electrical and appliances. Optional extras, such as roof leaks, will cost you a premium on the basic fee.

There are several companies competing for your home warranty business because, on balance, many homeowners make no claims at all and this is how the company makes a profit.

You should talk to your Realtor about the home warranty because most of us carry the brochures for the competing products - and you really should read the details carefully. Like an insurance policy, there is a lot of 'fine print'.

The only time you may not want a home warranty is if the home is new

construction because new construction comes with a statutory 1 year warranty anyway, plus many builders add their own warranty with additional commitments.

For the most part, the home warranty really is a good deal because of the peace of mind it gives you after putting out a large sum to obtain a very important investment - your home.

Dave

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