

Home Warranty Disclosure

Ray Stark

America's Preferred Home Warranty



Introduction



What we will cover today

- What is a Home Warranty?
- Understanding the Basics of a Home Warranty Plan
- Why is a Home Warranty used? Who Benefits?
- The Application
- Overcoming Objections
- Review and Discussion

What is
a Home
Warranty?

About Home Warranty Companies

Home warranties have different coverage's and limitations of liability. For specific questions pertaining to a particular home warranty different than America's Preferred Home Warranty consult that company specifically.



What is
a Home
Warranty?

Home Owner's Insurance

- Essentially Hazard Insurance
- While policies may vary, in general the basic homeowner's policy is divided into four parts:
 - Structural Damage
 - Personal Belongings
 - Liability Coverage
 - Living Expenses



What is a Home Warranty?



Home Warranty

- RISK Reduction
- Normally a One-Year renewable contract
 - Some Two-Year contracts are available
- Helps protect your investment by covering the major systems and appliances



What Types
of Properties
are Covered?

**Single Family
Townhouses**

Condos

Mobile Homes

New Construction



What Types
of Properties
are Covered?



Multi-Unit
(Duplex, Triplex, Fourplex, 5 or more)

Lease Options

Land Contracts

Rent-To-Own

Foreclosures

Warranty Coverage Details

Contract Conditions

On the effective date of the contract, covered items:

- Are located within the confines of the foundation of home or garage
- Become inoperative due to normal wear and tear
- Are in good working order on the effective date of this contract; and
- Are properly installed throughout the term of the contract for proper diagnosis



Warranty Coverage Details

Contract Conditions

Covered items are located within the confines of the home's foundation or its garage *with the exception of:*

- The exterior well pump, air conditioner, and pool and/or spa equipment, septic, if included, or selected in the contract.



Warranty Coverage Details

What is normal wear and tear?

The physical deterioration which occurs in the normal course of the use for which a property is intended, without negligence, carelessness, accident or abuse of the premises (or equipment) by the occupant, members of household, or their invitees or guests.



Warranty Coverage Details

What are examples of things that are NOT normal wear and tear?

- Water heater sediment
- Lack of maintenance
 - Not changing furnace filters
 - Non-maintained air conditioner
- Fire, freezing or acts of God
- Electrical failure or surge



Warranty Coverage Details



What is covered?

- Air Conditioning/Cooler
- Built in Whirlpool Motor and Pump
- Stoppages
- Water Heater
- Heating System/ Heat Pump
- Ductwork
- Electrical System
- Instant Hot Water Dispenser
- Central Vacuum
- Telephone Wiring
- Ceiling Fans
- Doorbells
- Built In Food Center
- Dishwasher
- Garbage Disposal
- Built in Microwave
- Range/Oven/Cook top Trash Compactor
- Upgrades
- Swimming Pool Equipment
- Spa Equipment

Who Handles the Repairs?

Repairs are handled by:

- Home Warranty Preferred Contractors
 - The HW supplies their network contractor
- Homeowner chooses their own contractor



Who Handles the Repairs?

At the home: Fixing the problem

Diagnose + Repair > Trade Service Fee/Deductible

- Diagnose
- Confirmation of Coverage
- No repair or replacement without authorization



The Benefits of a Home Warranty



The Home Warranty Company handles your customer complaints

When discussing feelings about a breakdown, people describe the situation in dramatic, emotional language:

Desperate | Horrified | Aggravated

Frantic | Crazy | Annoyed

Frustrated | Inconvenienced

The Benefits of a Home Warranty

Home Seller Benefits

- Saves them time
- Saves them money
- Less hassles
- Provides a smoother pre/post sale transaction
- Funds are applied when/if the home closes
- Optional protection to the seller during the listing period.
- Can be renewed yearly



The Benefits of a Home Warranty

Home Buyer Benefits

- Gives them “peace of mind”
- Saves them money
- Keeps them in control
- Keeps them protected
- Funds are applied at closing



The Benefits of a Home Warranty



Real Estate Professional Benefits

- Sets you apart from your competition
- Repeat business and referrals
- Reduces your E&O liability
- Reduces post sale disputes
- Increases your productivity
- Keeps the deal together
- FREE marketing materials

The Benefits of a Home Warranty



Waiver

Applicant has reviewed the Home Warranty Plan and hereby declines coverage. Applicant agrees to hold the real estate broker and agent harmless in the event of a significant mechanical failure which otherwise would have been covered under the Home Warranty Plan.

Seller(s) Signature(s)

Buyers(s) Signature(s)

Please read contract for specific coverage, limitations and exclusions.

How to Present a Home Warranty



Who uses home warranties on their transactions?

When do you present a home warranty?

How do you explain a home warranty to your client?

How do you overcome objections?

Include it in your offer sheets



How to Present a Home Warranty



Tips on selling a Home Warranty

- Include the warranty in your presentation packets
- Utilize the great marketing tools:
 - Seller benefit sheets
 - Buyers benefits sheets
- Include it in your buyer/seller presentation
- Bring copies of the claim cards to your client's appointments

Ordering a Home Warranty

The Application

- Three ways to enter a contract:
Online | Fax | Phone

Questions about the Application?



Ordering a Home Warranty

What do we need from you?

Complete customer information:

- Accurate contact information allows us to take better care of homeowners
- E-mail addresses for buyers & sellers are as important as name and phone





Protection

Keeping the deal together

Repeat Referrals

“When you don’t use a home warranty, you become the home warranty”



Thank You!

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REAL ESTATE INSPECTIONS

EDUCATING YOU ABOUT THE
FUNDAMENTAL ELEMENTS

AND PROCESS OF A REAL ESTATE
INSPECTION



ACCURATE INSPECTIONS LLC

**INSPECTION
STANDARDS OF
PRACTICE
ASHI,
INTERNACHI,
CREA, ETC.**

What inspectors inspect and what inspectors do not inspect (per SOP)

The inspection is a visual observation of the accessible areas and components of the home at that point in time

Realtor Code of Ethics & Home Inspections

www.realtor.org/library/libraryfg311

PREPARING THE BUYER FOR THE HOME INSPECTION

Setting
Expectations

Special Issues
involving absentee
buyers

When the buyer
brings an additional
advisor or even
worse DAD!!

Re-inspections

Restrictions,
Weather/Seasonal,
Height

Owner's Contents

PREPARING THE SELLER (REALTORS)

- Typically, the Inspector and the Seller DO NOT have any contact or discussions
- It seems the Seller always is cordial with the Inspector and offers refreshments at the beginning of the inspection. But later that relationship may be slightly tarnished.
- The Seller's Disclosure
- Access to the Attic, Furnace, Etc. and any Pets?

INSPECTORS

National Affiliation

Supra Board Key

Member of Local Board of Realtors

Builders License

Mediation, Arbitration and Litigation



THE INSPECTION PROCESS BEFORE, DURING AND AFTER

- The Home Inspection Beginning to End
- Types of Inspections
- Types of Reporting Formats
- Ownership of Report and Information
- Report Delivery
- Special Issues with Vacant Homes:
 - Utilities
 - Access Issues



INSPECTORS AND THEIR GUIDELINES

- National Standards of Practice
- Board Member
- Insurance
- Continuing Education

ANCILLARY INSPECTIONS

Radon

Pest

Sewer scope

Well & Septic

Lead in
Paint/Water
supply

Pools

Mold/air quality

Specialty
certifications
(roof, foundation,
attic etc.)

RADON SCREENING

What is Radon?

Radon is an invisible, radioactive gas created from uranium deposits in the soil.

How does Radon get in?

Cracks in solid floors, construction joints, cracks in walls, gaps in suspended floors, gaps around service pipes, and cavities inside walls.

Why should I have a house tested for Radon?

Radon testing should be done to ease the mind of the buyer.

To identify what level of Radon the property currently is at, so a decision can be made about radon mitigation.



PEST INSPECTION

Why should my client have a pest inspection?

Some lenders will require a pest inspection depending on lending (FHA, VA, HUD, and Rural Development requirements)

Educate the buyers on the condition of the property in regard to pest control issues.

Record the existence/nonexistence of wood destroying insects (Powder Post Beetles, termites, Carpenter Ants)



SEWER/DRAIN SCOPING

Why should my client have a drain inspection?

Sewer and drain lines can both become clogged or damaged by root intrusion and other elements.

Inspections can help to determine the true condition of your pipes.

The process of a drain inspection:

1. First locate the entry point
2. Complete a video scope of the drain
3. Clean the work area and close the point of entry
4. Send report/video to client with findings.



WELL & SEPTIC INSPECTIONS

Importance of a well and septic inspection

To ensure the quality of your water, the proper operation of your pump and tank

To ensure the proper operation of your sewage systems.

Point of Sale requirements (Shiawassee and Ingham County) We are licensed well and septic in both counties!!

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- In excessive of thirty years of construction/inspection experience: Construction Management, new construction, renovations, remodeling, maintenance and site work
- Licensed General Contractor – State of Michigan #1153394
- Licensed Pest Inspector – State of Michigan #6040472
- *Member:*
 - *American Society of Home Inspectors – Certified 205840*
 - *International Associate of Electrical Inspectors #80016116*
 - *International Conference of Building Officials #5037254*
 - *Greater Lansing Association of Realtors – Affiliate Member/Member of the Year*
 - *Affiliate Advisory Group – Chairman*
 - *Michigan Association of Home Inspectors #0024*
- Examination Board of Professional Home Inspectors – Board of Directors
- Published Author – Michigan Realtor Magazine
- Performed tens of thousands of property inspections according to the strict STANDARDS OF PRACTICE and CODE OF ETHICS OF THE AMERICAN SOCIETY OF HOME INSPECTORS.

- Managed hundreds of construction projects
- Possesses a strong background in individual trades and methods
- Conducted Radon screenings for ten of thousands of real estate transactions
- Performed thousands of Residential Water Well Quality Tests
- Conducted dozens of Real Estate Reserve Study(s)
- EDUCATION – FORMAL
- BS Business Administration/Finance/Accounting
- MBA Master of Business Administration – Integrated Management
- Additional hours of instruction of professional seminars/classes

If you have any questions, please reach out to my office at 517-669-2196

