

Meta Title: How Does a Home Warranty Work? An Overview

Meta Description: Don't let electrical, HVAC, or appliance issues in your home drain your bank account. Discover how a home warranty works and some of the best companies to choose from when it comes to covering your warranty needs.

How Does a Home Warranty Work?

If you are in the process of building or buying a house, you may be wondering how does a home warranty work? Many buyers prefer to purchase a home warranty when they close on a home or ask the seller to buy a one-year warranty on their behalf since it provides additional protection.

In this blog post, we will help you understand how a home warranty works. That way, you can be better informed and prepared in the event of the unforeseen happening to the items you rely on most in your home.

What is a Home Warranty?

A home warranty covers the cost of repairing or replacing certain appliances and systems in your house that has been damaged by normal wear and tear or by the passage of time. A home warranty does not cover damage and loss caused by natural disasters such as fire and weather and vandalism by a thief.

A home warranty gives another degree of security for buyers, so many choose to buy one at closing or ask the seller to buy one for them. After you move in, if something breaks or needs care, a home warranty may help cover the unexpected costs.

In most cases, a home warranty is valid for one year. However, most home warranty companies, including 2-10 Home Buyers Warranty (2-10 HBW), provide a yearly service agreement that can be renewed year after year.

How Does a Home Warranty Work?

Call your warranty provider and register a claim on the problem with a home warranty. Within 48 hours of your contact, the organization will contact you with a reputable repair or replacement service provider. This step might take a few hours or a few days, depending on the complexity of the repair or replacement.

Understanding the conditions of your warranty is critical since the service provider may have limits on how much they will cover or give discounted replacement values. The homeowner is also required to pay a service charge or deductible by most firms for each repair.

What Does a Home Warranty Cover?

A home warranty won't cover everything in your house, but it can cover many things. Therefore, it is crucial to comprehend the various types of warranty coverage policies.

A home warranty generally covers:

- Plumbing system
- Garbage disposal
- Washer and Dryer
- HVAC system
- Electrical
- Air conditioner
- Cooktop and oven range

What Does a Home Warranty Not Cover?

The foundation, walls, and finishes like flooring and paint are often not covered by home warranties. In addition, a home warranty often excludes items like windows, solar panels, doors, and high-end kitchen appliances.

Additionally, house warranties exclude pre-existing problems and normal wear and tear, which is why most home warranty providers require a 30-day waiting period before beginning warranty coverage. The waiting period assists in excluding pre-existing conditions, such as appliances or systems that fail before the effective date of coverage.

How Much Does a Home Warranty Cost?

In most cases, home warranty companies provide several plans, each with an additional cost based on how extensive the coverage is. The average price of a home warranty is between \$25 and \$50 per month, or \$300 and \$600 per year. In addition, the average service call price ranges from \$75 to \$125 for each visit.

A 2-10 Home Buyers Warranty will cost \$45 a month for a top-tier warranty and a \$75 deductible per service call. A home warranty contract may save you a significant amount of money on broken appliances. However, regular maintenance will keep you from paying for costly repairs or replacements.

Who Needs a Home Warranty?

A home warranty is not necessary when acquiring a home; nevertheless, many sellers provide a home warranty for the buyer in situations. When deciding whether a home warranty is best for you, there are various factors to consider. First and foremost, how old are your appliances?

If your appliances are brand new, they will most likely come with a limited warranty; however, you should consider obtaining a home warranty if they are more than a couple of years old. Additionally, consider the age of your home. If the age of your home exceeds five years, you may want to consider obtaining a home warranty.

The Top 3 Home Warranty Companies

- Choice Home Warranty - Choice Home Warranty (CHW) offers comprehensive coverage at an accessible price, saving homeowners money on costly appliance repairs and replacements.
- American Home Shield - AHS plans are divided into three tiers: ShieldSilver, ShieldGold, and ShieldPlatinum. With each level, you'll pay a more significant monthly premium in exchange for increased coverage. Additionally, you can purchase extra coverage options to supplement your plan. For example, roof leaks, water well pumps, septic pumps, guest buildings, spas, pools, and home electronics are all covered as add-ons.
- Select Home Warranty - SHW offers Bronze, Gold, and Platinum plans for home warranty coverage. Bronze Care covers appliances, including refrigerators, dishwashers, and clothes washers. In addition to air conditioning, heating, and electrical systems, Gold Care also covers plumbing. Platinum Care includes all of the Bronze and Gold plan's benefits.

Choice Home Warranty	American Home Shield	Select Home Warranty
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Basic Plan: \$45/month Total Plan: \$53.33/month Service Fee: \$85	ShieldSilver: \$34.99-\$49.99/month ShieldGold: \$44.99-\$59.99/month ShieldPlatinum: \$59.99-\$74.99/month Service Fee: \$75-\$125	Bronze: 36/month Gold: \$36/month Platinum: \$38/month Service Fee: \$75
30 day waiting period	30 day waiting period	30 day waiting period

FAQ

What's The Difference Between A Home Warranty And Homeowners' Insurance?

Homeowners' insurance safeguards your house from various risks, such as fires, theft, and natural disasters, among others. In addition, a home warranty saves you money when systems in your home and appliances fail from normal wear and tear.

Can I Choose The Contractor?

Generally, you cannot choose a contractor unless no qualified contractors complete the work within the warranties network.

Will I Cover Any Out-Of-Pocket Expenses?

You might, depending on the circumstances. However, when you make a service request, you must pay the Service Call Fee. Additionally, you may be responsible for any repair or service charges that your home warranty does not cover.

Can I Add A Warranty After Closing?

A homeowner can add a warranty at any time, but you must do it within the first 90 days after moving into your new home.