

**Don't speak home warranties?**

**We've Got  
You Covered.** 



Your Definitive Guide to Home Warranty Service Agreements  
from 2-10 Home Buyers Warranty (2-10 HBW).



LONG LIVE HAPPY HOMES®

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Purchasing a home is a major life event. For many people, it is the most significant investment they will ever make. To get the most out of the homeownership experience, it's important for homeowners to not only protect their investment, but their budget as well.

There are a number of products and services available to help homeowners minimize risk, save money and be prepared with a plan should an unexpected event occur. The most common of these is homeowners insurance, which provides coverage for events like natural disasters, fire and theft. While this coverage is invaluable for protecting against the catastrophic, most policies do very little to help offset the ongoing costs associated with maintaining a home – particularly in regards to the home's major systems and appliances.

**Consider this: 7 out of 10 homeowners will experience a system or appliance failure during the course of a year<sup>1</sup>. With experts suggesting that homeowners should expect to spend anywhere from 1%-3% of the home's purchase price on maintenance and upkeep every year<sup>2</sup>, these costs can really add up.**

A particularly powerful tool that many homeowners use to offset this repair or replacement risk and protect their budget is a Home Warranty Service Agreement, (or a home warranty is also referred to as a service agreement, service contract, home service contract, etc.). A Service Agreement can help protect against the financial risks that come with owning, buying or selling a home. Unexpected repairs to a home's major systems and appliances can ruin budgets for homeowners, and cause undue anxiety for real estate professionals. Service Agreements are an excellent way to alleviate these concerns and provide a sense of assurance.

<sup>1</sup> Marshall and Swift <sup>2</sup>Source: U.S. Census Bureau

## How a Home Warranty Works



1. Purchase and review your Service Agreement.
2. Need Service? Check your Service Agreement for coverage.
3. Contact your Home Warranty Provider
4. An independent service contractor is dispatched.
5. You have a happily serviced home.
6. Provide feedback about your service experience.

## Why A Home Warranty?

### 1.1 What is a Home Warranty Service Agreement?

In the broadest terms, a Service Agreement provides protection for a home's major systems and appliances. More specifically, it is a service contract executed between a homeowner and a Home Warranty Provider (or "Provider") that outlines the terms of coverage, generally for the repair and/or replacement of specific systems and appliances. While coverage varies by Provider, commonly protected items include the furnace, air conditioner, water heater, plumbing systems, electrical systems, refrigerator, dishwasher, microwave and more.

When an eligible system or appliance failure occurs,

the Provider handles the key tasks required to complete eligible repairs. The Provider selects an independent, authorized Service Contractor (or "Contractor") from their vetted network and assists with scheduling the initial appointment. A service fee is paid by the homeowner to the Contractor at the first appointment. The Provider then communicates with the Contractor regarding the diagnosis of the issue and the appropriate next steps. After authorization has been granted to the Contractor, the Provider will then pay for parts and labor for covered repairs and/or replacements to be completed.

### 1.2 What is Eligible for Coverage Under a Home Warranty Service Agreement?

A typical Service Agreement covers eligible systems and appliances in new and pre-owned homes that fail due to normal wear and tear.

Normal wear and tear refers to whether or not a system or appliance is used in a manner that would be considered as regular, intended usage. Manufacturers generally provide instructions for how and under what circumstances their products should be used, and Service Agreements provide coverage for eligible failures that occur while operating within these guidelines.

Major groups covered:

## Heating, Air Conditioning and Heat Pump, Appliances, Plumbing, Electrical



Additional protection options are available for features unique to your home.



### What's typically covered?

No two Service Agreements are alike, but coverage for items under the following major trade groups are typically provided: Heating, Air Conditioning and Heat Pump, Appliances, Plumbing, Electrical.

In addition to standard coverage, some Providers also offer additional protection options for features unique to your home, including but not limited to: pool or spa equipment, water softeners and septic systems.

**\*Check the terms and conditions of your Service Agreement for details of what items are eligible for coverage**

## 1.3 Does a Home Warranty Cover Everything?

Across the industry, Service Agreements have specific exclusions and/or limitations in order to keep coverage affordable for homeowners. Coverage may vary depending upon the company, region and/or state requirements. Despite these differences, there are some basic features of coverage.

Systems and appliances must generally:

- Be in good and safe working order at the beginning of the service period.
- Fail due to normal wear and tear.
- Be located in a residential property.
- Be specified as included by the Service Agreement.

### Repair vs. Replace

When an eligible system or appliance fails, one of the most common questions becomes should the unit/component/system be repaired or replaced. Most Providers adhere to a repair-first model, and understanding how they approach this question is helpful for setting expectations and enjoying a better service experience.

There are three main factors that Providers consider when evaluating the best solution for a repair: cost, life expectancy of the failed system and customer experience.

As expected, cost plays a big part in determining whether to repair or replace. But not just in regards to the Providers anticipated expense. Often times a full system or appliance replacement can lead to substantial out-of-pocket costs for the homeowner, whereas there is typically far less or none when a repair is possible. One of the reasons customers purchase a Service Agreement is to provide budget protection, so when a failed system still has a long expected life span, it makes a lot more sense to perform a repair. Additionally, the ability to repair a system over a full replacement helps keep the Service Agreement affordable for customers. In other instances, replacement makes more sense.

If the failed system or appliance is at or near the end of its expected useful life, or requires multiple

or complex repairs, it may be more practical to replace. Each Provider operates differently, generally approaching the question of repair vs. replace from the perspective of making sure the failure is resolved in the fastest, safest and most economical manner that makes the customer whole again.

Beyond these general requirements, there may be additional concerns that affect coverage. These include, but are not limited to:

- Government regulations
- Access to the system or appliance
- Availability

For more information, read the Service Agreement or contact the Provider's customer service department.

## A Common Home Breakdown

A home's Heating, Ventilation and Air Conditioning (HVAC) system has many different parts and components that can fail. One of the most common equipment breakdowns is a failed compressor. Without the compressor working properly, the system is unable to create the cold air required to cool the home, even if the blower continues to run.



A/C compressors are eligible for coverage under most Service Agreements. In the example above, if the failure was due to normal usage, coverage would be provided.

### The basics of systems and appliances coverage





## Homeowners Insurance

Term Length	<b>1 Year</b>
Payment Term	<b>Annual Premium</b>
Renewable	<b>Yes*</b>
Deductible	<b>\$500 or more**</b>

**AVERAGE USAGE:**  
Once every 10 years



## Home Warranty

Term Length	<b>1-5 Years</b>
Payment Term	<b>Annual Payment</b>
Renewable	<b>Yes*</b>
Service Fee	<b>Up to \$100**</b>

**AVERAGE USAGE:**  
3 times per year

\* Both homeowners insurance and Home Warranty Service Agreements are generally renewed at the company's discretion.

\*\* Service fees and deductibles vary by company.



### 1.4 If I Have Homeowners Insurance Do I Still Need a Home Warranty?

Two of the most common types of protection for homes are homeowners insurance and Service Agreements. While both are effective at helping to manage risk, there are distinct differences between the protections each provides. The coverage provided by homeowners insurance and Service Agreements do not overlap; rather each offers protection for different components of the home and under different circumstances.

Homeowners insurance provides coverage for damage or loss to your home and personal belongings from fire, lightning, windstorms, hail, explosions, smoke, vandalism and theft. It also protects against many types of liability claims and lawsuits brought by others for accidental bodily injury or damage to their property while in your home. This coverage is generally required by a lender and the cost is often rolled into the monthly mortgage payment. Placing a claim usually requires the homeowner to pay a deductible, which is typically \$500 or more.

A Service Agreement provides coverage for the repair and/or replacement of the home's major systems and appliances when a failure occurs as a result of normal wear and tear. Service Agreements can be purchased at any time, both within and outside a real estate transaction. When placing a claim, a homeowner is required to pay a service fee, which is usually \$100 or less.

Service Agreements and homeowners insurance are two products that complement each other, and provide a homeowner with comprehensive protection. As homeowners insurance does not provide coverage for repairs or damages to a home's major systems and appliances, Service Agreements are valuable in helping to fill in those specific coverage gaps.

Homeowners can save time, money and frustration when submitting a claim by knowing the differences between their homeowners insurance policy and their Service Agreement coverage. Understanding these differences will also help homeowners determine how much coverage they need from each policy or agreement.



## 1.5 Why Home Warranty Service Agreements Make Sense

Homeownership is expensive. In fact, experts suggest an annual upkeep and maintenance budget of 1%-3% of the purchase price of the home<sup>3</sup>. And the cost of maintaining a home is only growing.

As new efficiency regulations are enacted and more technology is incorporated into systems and appliances, maintaining a working unit becomes more complex. With this increased complexity comes increased costs. An unexpected failure can push an already stretched budget over the edge.

Service Agreements can help homeowners manage unanticipated expenses and provide a plan for when a failure occurs.

### Failures Will Occur

System and appliance breakdowns occur often. In fact, 7 out of 10 homes experience a major system or appliance breakdown each year.

### The Need for Budget Protection is Real

An estimated 40 percent of all U.S. citizens live paycheck to paycheck, and 77 percent often struggle to make ends meet. In addition, half of all Americans can't pay a \$400 bill without going into debt or selling something of value<sup>5</sup>.

### Repairs are Expensive

With an average repair cost of \$466 per incident, and an average replacement cost over \$1,200 for major systems and appliances, it's easy to understand why most homeowners can't easily bear the burden of a major failure<sup>4</sup>.

### Work with an Established Network of Service Contractors

Finding a qualified Contractor can be a difficult process. Most Service Agreements make it easy for homeowners by providing access to a network of trusted, prescreened Contractors. The Provider

## Replacements are Expensive

Average Retail Replacement Costs for Common Systems & Appliances<sup>6</sup>



Water Heater:  
**\$1,650**



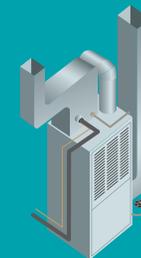
Oven/Cooktop:  
**\$1,325**



Refrigerator:  
**\$1,910**



Central Air Conditioning:  
**\$3,698**



Heating System:  
**\$3,881**



Dishwasher:  
**\$550**

<sup>3</sup> US Census Bureau <sup>4</sup> Marshall and Swift <sup>5</sup> CareerBuilder. CareerBuilder's Annual Forecast. <sup>6</sup> HomeAdvisor

works to ensure that each Contractor is qualified per their standards and monitors them based on customer feedback.

Further, the Provider helps ensure work is completed to the terms of the agreement, which can help save time, money and frustration.

Qualified and experienced Contractors are key to getting a repair or replacement resolved quickly and efficiently; working with a reputable Provider can help ensure the process goes as smoothly as possible.

### The Home Warranty Stays with the Home

The Service Agreement protects the property, therefore, coverage stays with the home if ownership of that home changes during the service period. This transferability is extremely helpful when the homeowner switches roles and becomes the seller, and it provides an additional benefit and differentiator to the home.



## 2. Buying or Selling Real Estate?

### 2.1 The Value of a Home Warranty in Real Estate Transactions

Service Agreements are smart and useful risk mitigation tools for all homeowners. They are also particularly powerful for all parties involved in a real estate transaction.

#### Protection for Buyers

For clients purchasing a home, the coverage provided by Service Agreements can help with unexpected expenses, provide budget protection and enhance the overall experience of homeownership. Home buyers can save money on covered repairs and replacements, get access to trusted Contractors and gain a partner that will

help manage the service process to ensure work is completed correctly and in a timely manner.

#### Protection for Sellers

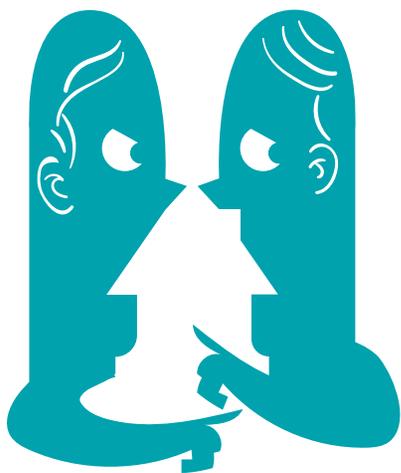
Service Agreements are extremely valuable tools for homeowners looking to sell their home. Listing coverage is often complimentary or nominally priced for sellers, and offers protection for the home's major systems and appliances throughout the listing period. Listing coverage protects sellers from unexpected failures that could potentially affect a closing, require large out of pocket expenses or diminish the perceived value of the home being sold. Listing coverage may also help address certain issues that arise at inspection and limit concessions during the negotiation period.

Service Agreements not only protect sellers from unexpected failures, they also help make the home

stand out to potential buyers. According to Gallup, eight out of ten buyers prefer to purchase a home with an existing Service Agreement. This feature is especially attractive to first-time home buyers who might be concerned about tackling potential repairs. In addition, homes covered by a Service Agreement sell approximately 11 days faster and for \$2,300 more than homes that aren't protected from the unexpected.

### Protection for Real Estate Professionals

Real estate professionals may be the group that benefits most from Service Agreements. Providing coverage for clients can help reduce risk across the board. Lower errors and omissions (E&O) insurance premiums, coverage for unexpected failures that could prevent or delay closings and fewer post-closing disputes are just a few of the benefits that Service Agreements afford real estate professionals. Not to mention, homes with a Service Agreement sell faster and for more money.



## 2.2 Why Real Estate Professionals Need to Understand Coverage

Service Agreements differ from one company to the next, so it's vital that real estate professionals have an understanding of the coverage they're suggesting to their clients, especially when inevitable coverage questions arise. Some buyers and sellers don't fully understand what a Service Agreement covers, how it works and other important details. They'll turn to their dependable real estate professional for answers to their questions.

Some Providers offer training on their coverage and on how to answer frequently asked homeowner questions. When searching for a Provider, real estate professionals should inquire about the company's training on what is and isn't eligible for coverage.

### Encourage Clients to Read the Home Warranty Service Agreement

Beyond understanding the details of a Service Agreement, real estate professionals can also teach homeowners about the importance of knowing how their specific coverage works, including suggesting that their clients read through their Service Agreement documents in detail.

Real estate professionals can make sure that clients have a solid grasp on how service fees will be collected, whether their coverage adapts to changing codes, how to file a service request and the other important details behind a Service Agreement.



Many customer questions stem from a misunderstanding of what is eligible for coverage and what isn't. Knowing the terms and conditions is the first step toward getting the most out of your Service Agreement. As long as each party is educated on what the Service Agreement does and does not deem eligible for coverage, these contracts are excellent tools for everyone involved.

### Utilize your Home Warranty Provider's Local Representative

Another great resource for understanding the ins and outs of a Service Agreement is the local representative for your provider. Leading Providers have experts in your market that can help answer questions, provide training sessions, deliver educational materials and explain the value of coverage to agents and homeowners alike.

# 3.0 Requesting Service

## 3.1 Requesting and Receiving Service

Requesting service from a Provider is a straightforward process. The homeowner can log their service request online or call a toll-free, 24-hour customer service number. Once the request has been submitted, it will be dispatched to an approved Contractor in the area. The Contractor will then contact the homeowner to schedule an appointment.

Upon the Contractor's arrival to the home to assess the failure and provide a diagnosis, the homeowner is required to pay a small service fee, typically around \$100 (the fee varies by state and by company). Depending on the complexity of the failure and the steps required to complete a repair, the Contractor may or may not be able to complete all eligible repairs at this initial visit.

If the failure is more complex or involves parts/equipment ordering to complete the repair, additional appointments may be required. Most Providers do not charge additional service fees for these return Contractor visits.

Once the Contractor has completed the repairs, they will bill the Provider for the eligible work. If, during the course of the service request there is additional work done by the Contractor that falls outside the scope of coverage, the homeowner will be responsible for those charges. The homeowner will be notified about the potential out-of-pocket cost prior to the work being performed.

### How Long Does it Take to Resolve a Service Request?

Every service request is unique. A variety of factors will influence the timeline, including Contractor availability, weather, the complexity of the repair or replacement and if parts need to be ordered.

### What Happens if a Service Request is Ineligible for Coverage?

If part or all of a service request is ineligible for coverage, the homeowner will be notified by the

Provider. The homeowner will be responsible for the cost of any further service that is performed related to the ineligible portion of the service request.

In the event a Contractor is sent to a home and provides a diagnosis that the failure is not eligible for coverage, nearly all Providers still require the payment of the service fee. There are a select few Providers that will refund the service fee if a failure is deemed not eligible for coverage, which is extremely valuable for the homeowner.



**1** You request service and a licensed service contractor is dispatched to your home.



**2** The assigned contractor will contact you to set up an appointment.



**3** Someone must be home at the time of the appointment and a service fee must be paid directly to the service contractor.



**4** The service contractor diagnoses the reported failure.



**5** Coverage eligibility for that failure is determined.



**6** The service contractor and/or the 2-10 HBW Authorization Team will advise you of the next steps.

Customers Place  
an Average of



**service requests  
per year**



will experience a  
**breakdown each year**



Service Fees Average  
**Less than  
\$100**

## 4.0 Purchasing Coverage

### 4.1 How Much Does a Home Warranty Cost?

The average cost of a Home Warranty Service Agreement varies by offering, but purchasing a Service Agreement costs significantly less than making expensive repairs out of pocket. For basic coverage, the national average ranges from \$400 to \$700 per year, and optional coverage such as pool or spa equipment can be purchased at an additional fee.

Homeowners place an average of 1.4 service requests on the systems and appliances in their homes annually. There's a 68 percent chance that major equipment (HVAC system, water heater, appliances, etc.) in a home will fail in any given year, making it clear that the cost of a Service Agreement can help

mitigate this risk and protect a homeowner's budget.

In addition to the annual Service Agreement cost, homeowners are required to pay a service fee when a Contractor is dispatched to a home for a new service request. Service fees vary based on the company and area, but tend to average less than \$100 per visit. Once a repair is needed, homeowners will see immediate savings.

Some repairs do occasionally require work above and beyond the coverage provided by the Home Warranty Service Agreement. In these instances, the homeowner is notified about the potential out-of-pocket cost.

## 4.2 How to Purchase a Home Warranty?

### Outside of a Real Estate Transaction

Service Agreements can be purchased at any time for almost any home. When coverage is desired for a home that is not currently involved in a real estate transaction, the homeowner can simply contact the home warranty company of their choosing to learn about Service Agreement availability in their area.

### During a Real Estate Transaction

Typically, the Service Agreement is ordered by a real estate professional representing either the buyer or seller of the home. It is typically funded at closing, and may be paid for by either the buyer, seller or one of the real estate professionals involved in the transaction.

Most Providers have toll-free numbers and online portals to facilitate the purchase of a Service Agreement.

### How Sellers, Buyers and Real Estate Agents Can Purchase from 2-10 HBW

Purchasing a Service Agreement from 2-10 HBW is simple. If the home is part of a real estate transaction, the seller or buyer should have their real estate agent contact 2-10 HBW at 800.795.9595 or enroll on their behalf via our Agent Portal at 2-10.com/AgentPortal. If a homeowner wants to protect an existing home, customers can receive an instant quote by filling out information about their home online at 2-10.com/homeowner.

“We signed up for a warranty with 2-10 Home Buyers Warranty when we bought our home 6 years ago. Since then, they have provided us with a way to find quality repair companies to fix any problems that have come up after buying an older home. They offer an affordable solution to what would otherwise have cost us thousands of dollars over the years in repairs. We love 2-10 Home Buyers Warranty and cannot imagine not renewing with them.”

– **Gregory S., a Happy Customer**

“We have been a 2-10 Home Buyers Warranty customer for almost 20 years. Prior to choosing 2-10 HBW, we did our due diligence on who provided the best product for our clients coupled with the absolute best service in the business. We are proud to call 2-10 HBW a partner in our business and look forward to many more years together.”

– **Mark Spain, Mark Spain Real Estate**

“We don’t have one story, but many, over the ten years we have had the 2-10 HBW Service Agreement. As things break in a house, they have to be repaired. We have had a heat pump, water heater and water softener replaced. Repairs to leaking pipes, refrigerator ice maker and microwave. 2-10 HBW has always provided prompt and excellent service. I would highly recommend them to anyone who has a house.”

– **Ronald S., a Happy Customer**

2-10 HBW Pays  
**97.5% of Claims**



Easy to Understand  
**Coverage**

## 5.0 Choosing 2-10 Home Buyers Warranty

### 5.1 How 2-10 HBW Stands Out From the Competition

As an industry leader, 2-10 HBW is the first company to offer both new construction structural warranties and systems and appliances Service Agreement coverage for pre-owned homes. 2-10 HBW pays 97.5 percent of all service requests, has protected over 5.8 million homes and offers comprehensive, straightforward and easy to understand coverage in the industry.

#### Industry-Leading Coverage

2-10 HBW proudly offers industry-leading systems and appliances coverage, including the most comprehensive HVAC protection complete with SEER matching, unlimited refrigerant and more. Additionally, we provide several industry-exclusives, including the ‘Even IF’ Service Fee Guarantee and Appliance Color Match. We deliver all of this in the industry’s most transparent and easiest to use and understand format, because we believe in providing honest coverage and standing behind our commitment to agents and homeowners alike.

#### Best-in-Class Customer Service

2-10 HBW provides first-class customer service

to help provide the most satisfactory customer experience possible. Throughout the years, we have accumulated countless positive reviews from happy customers who love the service they receive and the products that protect their homes. Every 2-10 HBW team member is relentlessly focused on the needs of our homeowner, real estate professional and home builder customers.

#### An Extensive Network of Qualified Service Contractors

Finally, and perhaps most importantly, 2-10 HBW only works with trusted Service Contractors. Each one is monitored regularly, is graded by customers and must be qualified to enroll in the network. When choosing a Home Warranty Service Provider it’s important to make sure that all of the Contractors are thoroughly vetted. 2-10 HBW’s quality controls are extremely strict, and only select Service Contractors can join their preferred network. Being insured and bonded is only a small portion of the overall requirements, helping customers be confident that they’re protected by the best.

## 5.1 Why A Home Warranty Service Agreement From 2-10 HBW

Selecting the right Provider has a huge impact on how satisfied a homeowner will be with their purchase decision. Every Provider is different, and each company has a different list of covered items, processes for submitting service requests and more. When selecting a Provider, homeowners should complete research to compare and contrast what each provider offers. Preliminary research is a very effective way to select the right Service Agreement.

Here is a helpful resource to compare the coverage options from different Providers.

### Conclusion

With a Service Agreement, homeowners can save a substantial amount of money, time and frustration. Due to 2-10 HBW's strict quality standards for its Contractors, track record of paying claims and industry-leading coverage, clients will know what to expect when the unexpected happens.

For more information on Service Agreements and Providers, visit the National Home Service Contract Association website at [homeservicecontract.org](http://homeservicecontract.org).

Visit **2-10.com** or call **800.795.9595** to learn more about how a Home Warranty Service Agreement from 2-10 HBW can protect your home's systems and appliances 🏠

### FEATURES

	2-10 HBW	PROVIDER	PROVIDER	PROVIDER
'Even If' Service Fee Guarantee	X			
Appliance Color Match	X			
14 SEER Coverage in Standard/Base package	X			
Pre-Season HVAC Tune-Up	X			
Service Requests Can be Made 24/7	X			
Ability to Request Service Online	X			
Transparent, Easy to Understand Service Agreement	X			
Simple Coverage Options	X			
An Easy to Understand Service Request Process	X			
Training for Real Estate Professionals	X			
Pre-Screened Contractors	X			
Local Representative	X			
National Buying Power for Lower Costs	X			
No Age Limit on Systems and Appliances	X			
Add-Ons for Septic Systems, Pools, Etc.	X			
History of Paying Out Claims	X			
Coverage for Changing Codes and Regulations	X			
Service Fee	<b>\$100 or Less</b>			



**LONG LIVE HAPPY HOMES<sup>®</sup>**

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