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The ins and outs of home warranties: Save time and money in the long run

By Margie Koyak

For Custom Publications

You've made the decision to build a new home. Or perhaps you're tackling a major remodeling project. That means you're about to commit to a major investment in both time and money. So how can you protect that investment? How can you ensure a quality product? One way is through an insured home warranty.

More and more homeowners are becoming aware of home warranties and asking their builder or remodeler about them, with good reason. Home warranties provide peace of mind that your investment will be protected in the long run. Attorney Will Gooden of Pastore & Gooden, a firm specializing in construction law, explains that consumers in Indiana purchasing a new home or undergoing a remodeling project are automatically protected by what is called an implied warranty or a warranty "implied at law." Under the implied warranty, the builder is considered responsible for completing the home project "in a quality, workmanlike manner," and ensuring that the home will be structurally sound for a specific period.

The limitation of implied warranties is that they're not specific regarding what makes up a defect or poor workmanship, so disputes may ultimately lead to litigation — something you and your builder want to avoid. A detailed contract containing a written, insured warranty can solve that problem. The Builders Association of Greater Indianapolis addresses hundreds of detailed specifications in its Quality Assurance Builder Standards, which are included in your contract when you build with a member of the Association. While not a warranty program, the Standards can provide a good starting point when discussing the contract expectations with your builder or remodeler.

A typical 10-year warranty provided by the builder will generally include protection for workmanship and materials during the first two years after your home is built for major systems such as electrical, plumbing and ductwork for two years, for the roof or roof systems during the first four years, and for structural integrity for 10

years. All or part of the warranty may be provided to your builder through a warranty company, with insurance to back any claims. The cost of a warranty program is usually incorporated into the overall price of your building project. Programs are similar for remodeling projects.

According to Charles Kesmodel, of Professional Warranty Service Corporation, the advantage of a written warranty is "it provides

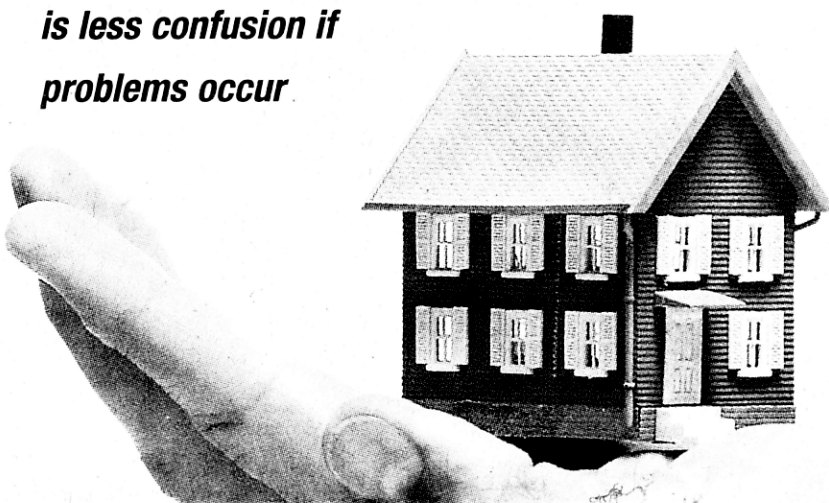
through a third-party provider. Brad Whicker of Whicker Construction incorporates the Quality Assurance Builder Standards into his contracts and provides a copy to each of his clients. But he advises that choosing an established builder with a reputation for good follow-through is just as important as having a written warranty.

"As a custom builder, my reputation is only as good as my word," Whicker notes.

I believe in taking care of my customers."

If the protection afforded by a home warranty appeals to you, be sure to ask the builder or remodeler that you're considering for your project if they offer a warranty program, either as part of their written contract or through a third-party provider. Additionally, to ensure that you get the most from your warranty, be sure to ask a few basic questions upfront. Find out exactly what is covered, and the terms (time periods) of your coverage. Make sure you clearly understand who will be responsible for repairs and the process for getting those repairs taken care of. Find out if deductibles are required. Some warranties require that the homeowner pay a deductible on claims; others do not. Also, ask if the warranty is transferable. If you decide to sell your home before the end of the warranty period, that's a benefit you'll be able to offer potential buyers that other sellers may not have.

Warranties detail exactly what is and what is not considered defective in the areas of workmanship, materials, installation and the overall structural integrity of a home, so there is less confusion if problems occur.



a rulebook and, if necessary, a referee" for consumers. Depending on the scope and type of any problem you may experience, it will either be handled by your builder or the warranty company will arrange for repairs to be made through a qualified contractor. If you are not satisfied with the solution offered, the warranty company will use a neutral third-party arbitrator to resolve the dispute. Having a written, insured warranty also ensures that your problems will be addressed even if the builder or contractor goes out of business after your home or remodeling project is completed.

It is also common for builders to include a warranty program in their contract without going

For that reason, his company conducts a detailed walk-through with the homeowner one year after completion of a home to ensure that no problems have developed.

"After that," says Whicker, "if a homeowner has a problem that is not related to normal wear and tear, we fix it.

For a free handbook with a listing of area builders who are members of the Builders Association of Greater Indianapolis and are Quality Assurance Builder Standards builders or remodelers, call the Association office at (317) 236-6330, or go online to www.IndyBuildersAssociation.com.