



Regions Next Step Podcast

Home Ownership 101: Buying a Home Warranty

In this podcast, Abby Willens, a Mortgage Loan Officer for Regions Bank in Birmingham, Ala., discusses what to consider when buying a home warranty.

You'll hear Abby's perspective on these topics:

- The difference between a home warranty and homeowner's insurance
- What a home warranty covers
- How to choose the right home warranty for your needs

Episode Transcript

Narrator:

You're listening to the Next Step Podcast, "Purchasing a Home Warranty" – part of our Home Ownership 101 series presented by Regions Next Step – advice, tools and resources to help you get closer to reaching your unique financial goals. Today I'm joined by Abby Willens a Mortgage Loan Officer with Regions Bank in Birmingham, Ala. We'll be discussing considerations for purchasing a home warranty.

We can all agree that it's a great feeling to find a home you love. After all the budget planning and house hunting, you're ready to make a commitment. However, it's also likely your largest investment yet. So you need to consider how you'll protect it. Abby, thank you for joining us today. To start off, can you provide us with a bit of background on home warranties?

Abby Willens:

Definitely! We all know that home appliances and systems will eventually need to be repaired or replaced, and as the home owner, those updates will be your responsibility. The right home warranty can help manage some of this uncertainty.

Warranties vary, but generally, they cover the repair or replacement cost of appliances and mechanical systems. They differ from homeowner's insurance, which covers loss due to events such as fire, theft, or wind damage. A typical home warranty is good for one year, and many are renewable.



Narrator:

So how does one determine if they need a home warranty?

Abby:

For some customers, a home warranty can be a huge benefit because they have depleted much of their savings due to the cost of acquiring the home. A home warranty helps them by insuring that they have a safety net in the event of a big expense, especially in the first year of home ownership when excess funds may be tight.

That said, it really depends on your individual situation. If you're buying a fixer-upper, and plan to replace everything, a home warranty may not be beneficial since most of the appliances and systems will be brand new. Also, if you're buying a new construction, some builders might include a warranty with the home purchase. But, if you're buying a home with 10-year-old appliances, for example, it's only a matter of time until one of them breaks.

Narrator:

That makes sense. Now, what can I do to ensure I get the right one?

Abby:

Carefully read the home warranty plan to determine what will and won't be covered. For example, swimming pool equipment, will likely require an add-on. Then, note whether the home warranty company will choose who performs a repair – meaning you may not get to use a vendor you know and trust. And keep in mind, even if something is covered, you may be required to pay service fees for repairs.

Narrator:

That makes sense. Now lastly, what types of payments can I expect for a home warranty?



Abby:

While warranties can offer peace of mind, look at the overall cost of the plan when assessing your budget. If you'll be paying monthly, be aware of whether your warranty is set up to automatically renew at the end of one year. You may also have the choice to pay a flat fee. Lastly, often homebuyers ask the seller to pay for a one-year home warranty as a part of the transaction.

Narrator:

Abby, thank you for guiding us through the basics of home warranties. Listeners can find additional information about home ownership and more online at www.regions.com/nextstep. No matter your goals, Regions will help you with each step you want to take. Thank you for listening.

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