

Know Your Warranty Coverage

Before starting your build – which will most likely will be the most expensive purchase you make in your lifetime – it is important to consider a home warranty.

Warranties promise to repair or replace certain elements of the home within a specific time period. To gain the most from your warranty, it is vital to understand what it covers, how to make a claim and the overall process for resolving any issues that may arise.

There are generally different sources from which you can obtain a strong home warranty. Some are backed by the builder, while others are purchased by the builder from an independent company. You, the homeowner, can also purchase additional coverage on your own from a local, regional or national third-party agency.

The Federal Housing Authority (FHA) and the Department of Veterans' Affairs (VA) require builders to purchase a third-party warranty as a way to protect buyers of newly built homes with FHA or VA loans.

COVERAGE

Warranties for newly built homes generally offer limited coverage on workmanship and materials relating to various components of the home, such as windows, heating, ventilation and air conditioning, plumbing and electrical systems for specific periods, according to the Federal Trade Commission.

The duration of coverage varies depending on the component of the house — most of which are covered for at least the first year. Everything from doors and

trim to paint and stucco will generally be covered during that first 365 days of homeownership.

Coverage for HVAC, plumbing and electrical systems is generally two years, according to the FTC, while some builders will stand by their work for up to 10 years for major structural deficiencies such as a roof that could collapse.

NON-COVERED COMPONENTS

Most warranties for newly built homes

do not cover expenses incurred by the owner as a result of a major construction repair, including the cost of having to move out of the home during the work.

Also not typically covered:

- Household appliances.
- Small cracks in brick, tile, cement or drywall.
- Components covered under a manufacturer's warranty.

