



UNDERSTANDING

HOME WARRANTIES & INSURANCES



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Purchasing a home is a significant investment, and protecting that investment is crucial. This guide provides an overview of home warranties and various types of homeowners insurance, helping you understand their roles, differences, and how they provide protection for your new home.

1. What is a Home Warranty?

- ✔ A home warranty is a service contract that covers the repair or replacement of major home appliances and systems due to wear and tear. This can include HVAC systems, plumbing, electrical systems, and appliances like refrigerators and ovens.
- ✔ Home warranties typically last for one year and can be renewed annually.

2. Benefits of a Home Warranty:

- ✔ *Peace of Mind:* Provides reassurance that if something breaks, it can be fixed or replaced with a relatively small service fee.
- ✔ *Cost-Effective:* Can save money in the event of expensive repairs or replacements.
- ✔ *Convenience:* Simplifies the process of finding a service provider when issues arise.

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✔ Compare quotes from multiple insurers to find the best coverage for your needs and budget.

3. Understanding Homeowners Insurance:

✔ Homeowners insurance is a form of property insurance that covers losses and damages to your home and assets in the home. It also provides liability coverage against accidents in the home or on the property.

✔ *Liability Protection:* Covers legal or medical expenses if someone gets injured on your property and you are found responsible.

✔ *Additional Living Expenses (ALE):* Covers additional costs if your home is uninhabitable due to a covered loss, like a hotel stay.

6. Home Warranty vs. Homeowners Insurance:

✔ *Home Warranty:* Covers repairs and replacements due to wear and tear; optional and not required by mortgage lenders.

✔ *Homeowners Insurance:* Covers damage from specific events (e.g., fire, theft); required by mortgage lenders.

4. Types of Homeowners Insurance Coverage:

✔ *Dwelling Coverage:* Protects the structure of the home against damage from incidents like fire, wind, or vandalism.

✔ *Personal Property Coverage:* Covers the loss or damage of personal items within the home.

5. Choosing the Right Insurance Policy:

✔ Assess the value of your home and personal belongings to determine the amount of coverage needed.

✔ Consider additional coverage for natural disasters not typically covered under standard policies, like floods or earthquakes.

7. Review and Update Coverage Regularly:

✔ Regularly review your insurance policy and home warranty to ensure they continue to meet your needs, especially after major home improvements or purchasing valuable items.

CONCLUSION

Both home warranties and homeowners insurance play pivotal roles in protecting your home and finances. Understanding the coverage they provide and choosing the right policies can offer peace of mind as you embark on homeownership. It's important to thoroughly read and understand the terms and conditions of any policy or warranty before purchasing.

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