



*Serving consumers and providers...one call at a time.*

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## **TODAY, MORE THAN EVER, AGENTS ADD VALUE**

*Homes Service Contract Industry Reaffirms Dedication to Excellence*

The downturn in the nation's economy over the last year and a half has been hard on everyone. The subsequent sluggish residential real estate market has affected nearly everyone whether you are buying, selling or servicing a home. As we ease out of this dark economic time, home sales are slowly recovering - signaling the sign of better times.

A side effect of this economic change is that today's home buyers are more savvy and looking for added value with their purchase. However, they may not always know where that value can be found. That is why working with a knowledgeable and resourceful real estate agent is more important than ever before.

One way agents are protecting their clients and themselves is by educating homebuyers and sellers on the benefits of products such as home service contracts.

Home service contracts provide service, repair and even replacement of major home systems and appliances. At an average cost of \$350 - \$500 for a 12-month period, these contracts typically cover items such as heating systems, interior plumbing, electrical systems, water heaters, dishwashers, and garbage disposals.

Home sellers, buyers, and real estate professionals benefit from the service provided by home service contracts. By including a home service contract as a condition of the sale, sellers instill an added sense of confidence to prospective home buyers because the buyer

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feels comfortable, knowing that covered systems and appliances will be repaired in the event of failure after closing. In addition, most home service contract companies offer seller's coverage, which protects the seller in the event of a system or appliance failure during the listing and escrow period. Not only is the seller protected from additional cash outflow, if the home is under contract when a system or appliance fails, the service contract can help to keep the transaction flowing along smoothly.

Benefits to the buyer include budget protection from unexpected repair or replacement of home systems or appliances. This is especially important for properties that have sat on the market for long periods of time because, although a covered item may work at the close of escrow, one never knows when that system may fail. Even a change in household size can push a system or appliance to the breaking point sooner than expected. With many home buyers opting to take advantage of bargains that can be found with the glut of foreclosures currently on the market, home service contracts help take the risk out of the unknown. For first-time buyers with tight budgets, the unexpected replacement of a major system such as a furnace can be devastating; clearly the peace of mind a home service contract provides is valuable to financially strapped homebuyers.

A home service contract can bring peace of mind and referrals to the real estate agent. Real estate agents want to provide the best possible service experience to their clients because so much of their business growth is based on referrals. By offering a home service contract to their clients, the agent demonstrates their professionalism and concern for their client's well being even after the sale. When the plan holder obtains the service they need from their home service contract provider, they will thank their agent for having the foresight to offer this valuable protection. Of course, when a client is satisfied with the agent's service, they are much more likely to refer that agent to their friends and family who need real estate services.

The NHSCA works diligently to promote excellence in the home service contract industry. By promoting education, fostering the improvement of business conditions, providing clear statutory definition and standards, and encouraging sound and ethical business practices; higher business standards, better business methods and cooperation within the industry continue to grow.

In our ongoing efforts to foster the relations and understanding between the home service contract industry and REALTORS<sup>®</sup>, we would like to hear from you. If you have a suggestion, area of concern or just would like more information regarding home service contracts, please drop me an email at [info@nhsc.org](mailto:info@nhsc.org)

**Mark Celichowski**, Home Security of America, Inc. currently serves as president of the NHSCA.

*The National Home Service Contract Association (NHSCA) is a non-profit 501(c) (6) industry trade organization of member companies serving home service contract providers and consumer interests throughout the United States. For more about home service contracts visit the NHSCA website page [www.homeservicecontract.org](http://www.homeservicecontract.org)*

*Members of the NHSCA include: American Home Shield Corporation, BPG Home Warranty, Fidelity National Home Warranty Company, First American Home Buyers Protection Corporation, Home Security of America, Home Warrant of America, HMS National/Cross Country Home Services, Old Republic Home Protection Co., Inc., and 2-10 HBW Resale Corporation. Members of the NHSCA are reputable, licensed home service contract providers in good standing, domiciled in various states across the nation. All members are subject to a strict Code of Ethics, which promotes sound and ethical business practices.*

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