

The Home Warranty Scam

Owners with a home warranty or considering one, should know what property managers know.

When property managers send a vendor that we know to a client's home, we are familiar with their pricing, workmanship and how they conduct themselves with tenants. Not all vendors will work well with tenants who can be a mixed bunch. Some are easy to work with, some not so much. We trust known vendors to be kind and patient and to work around schedules and the presence of minors at the home. They know not to divulge repair findings to tenants who always have a different opinion than owners on repairs. They have been proven to be ethical, and we know they aren't going to take advantage by misdiagnosing repairs for profits. Many times, known vendors will even throw in freebies if they are at the home anyway. They are familiar with our expectations, lease, and safety concerns that affect landlord liability.

Home warranty companies are a business and their purpose is to collect money and repair as little as possible. By appearances they select their vendors by the lowest bidder and they are not usually customer service oriented, because they don't have to be. They don't work for the homeowner, the property manager or tenant, and they tend not to **aim to please any**. This is where the *real* difference comes in, and why we struggle with wanting owners to have choices but also wanting to maintain our level of customer service as well as adhere to Virginia landlord/tenant laws for repairs.

Owners can think that once they buy a home warranty, they will have no further maintenance costs, and that is never the case. Warranties typically have many exclusions to coverage hidden in the fine print.

Vetted Vendors Versus Warranty Vendors:

- Many repairs end up not being covered by the warranty, even though you paid the yearly cost plus the appointment service fee. Repair vendors will offer to make the uncovered repair, but at an astronomical price. They know that many people move forward simply because they are already there and don't have time to compare prices. We decline inflated offers and end up sending out a known vendor. This can annoy your tenant, since it's only to save you money, which is our job. Don't presume by adding a warranty you don't need to save for major repairs and contract exclusions.
- Warranty vendors typically have horrible ratings, no internet presence, or are recently established. They work for warranties as a way to generate business that they wouldn't have based on a solid reputation. Many do not stay in business long, so a new system (rarely achieved) replacement warranty may be unavailable when needed.
- Warranty vendors may not be available for weeks, and landlords are required to make timely repairs and on necessary systems within 1-2 days, especially heating/cooling and appliances, which are the most common repairs.
- Warranty vendors often do not arrive on-time, require 4-hour arrival windows and rarely agree to "call ahead" of arrival. This is hugely inconvenient for tenants and unhappy tenants do not stay in these homes very long. Good luck calling the warranty service for gushing water or a leaking HVAC. You either have to use an outside vendor at your cost or open an insurance claim for the secondary damage that results from delay. Few include emergency service reimbursement.
- Owners mistakenly believe they will get free new systems, but replacements are rare. Expect systems to be repaired repeatedly for years even, inconveniencing tenants over and over with many 4-hour window arrivals and systems that run poorly while you rack up services fees, that can surpass costs for a new system of better quality and a satisfied tenant.
- Exclusions can affect your bottom line.
 - Example: In 2020 a warranty service approved a stackable washer for replacement, but when the same vendor arrived, they refused to un-stack the dryer to install it, causing a necessary 2nd appointment PLUS a 2nd vendor to remove/re-stack the dryer to accommodate the install of the washer for the appliance provider. Let that sink in. The 2nd vendor (2 handymen) had to wait hours outside for the arrival of the warranty vendor, costing the owner hundreds more just to un-stack/re-stack/remove & dispose the old one! Couple that with the service fees and yearly cost, they could have bought a new washer from the start. It took 3 weeks for what should have taken days by landlord/tenant law. This angers the tenant, is unlawful and does not save the owner money.
The 3 visits for the tenant = 12 hours of their time and possibly work income.

Things to consider when it's time to renew your home warranty. When you add up the yearly costs, the uncovered repair costs and the service fees, have you actually saved money? Are you or your tenant enjoying quality service and repairs by vendors that respect your time? Do you have time/money for secondary damage repairs/insurance claims? What is your time and tenant satisfaction worth? If you answered "no" to any of those, you may want to make some changes to your repair plan.