

Investors Benefit From Warranty

Buying an inexpensive house, making necessary renovations within a relatively short period of time, then reselling it for a profit is known as “flipping.” Flipping has become a great source of income for many Americans since the drop in interest rates in the early 2000s. The successful flip is contingent upon spending money only on the renovations that will make the most return on investment. Also, reselling the home as quickly as possible is essential.

How can having a home warranty help? Many investors have realized that offering a home warranty to a potential buyer can help an older home compete with a newer home in the same price range, thus helping shorten the time on the market and maximize profitability. Also, if new appliances were not installed, or if the HVAC or plumbing systems were not updated, a home warranty can be used if malfunctions occur after the sale. Investors may then focus on making structural alterations and cosmetic improvements and leave the mechanical systems for the warranty company to cover.



by *Maryann Page*

Investors with rental properties also utilize the home warranty not only to save on costly repair or replacement costs, but also for the convenience of having a service department available 24 hours a day, 365 days a year. The cost of a 12 month warranty, usually around \$400, can be worked into the lease agreement and the deductible paid by the tenant when a service is performed. Less headaches for the property owner, more efficient service for the tenant.

Maryann Page is the Area Manager for East Tennessee and North Georgia with First American Home Buyers Protection. Maryann was named First American's Rookie of the Year in 2005, and was inducted into the President's Club. She is also active in Women's Council of Realtors and teaches continuing education classes at many Realtor associations.