



Increase Seen in Home Service Contract Sales

*Provide sales incentive in difficult real estate market;
Protect buyers against unexpected, costly repairs after the sale*

April 17, 2008 (Tallahassee, FL) – Despite slower sales of homes nationwide, sales of home service contracts (sometimes referred to as home warranties) are growing. According to the Service Contract Industry Council (www.go-scic.com), while some home service contract provider's sales were flat or decreased slightly in 2007, others saw a nearly 10 percent increase, at a time when total home sales dropped more than 15 percent. Increasingly, homes with a service contract enjoy a competitive advantage over homes without one – and can make the difference between a sale or no sale.

“In today's difficult real estate market, brokers and home sellers are looking at the best incentives to encourage a quick sale and reduce downward negotiation on pricing,” said Timothy Meenan, executive director of SCIC. “The availability of a home service contract, which typically costs in the \$300-500 range and covers a home's major systems, can make the decisive difference.”

“A home service contract is one of the best tools to add more value and attract more interest to a property,” said Laura Fitzgerald, senior vice president, Coldwell Banker Residential Brokerage, Winchester, Mass. “Home warranties can be especially useful in today's market. During the past year, we've seen a substantial increase in the number of home warranties being purchased.”

Home service contracts help buyers avoid unexpected, costly repair and service bills, and enable them to keep their home and its systems working properly with minimal downtime, hassle and expense. In general, service contracts protect against breakdowns caused by normal wear-and-tear of major home systems, such as plumbing, heating and cooling, and electrical, as well as appliances. Service contracts also often provide access to a network of qualified service personnel.

Homeowners are encouraged to access the benefits of their service contracts as often as possible to maintain their home's value and, according to Meenan, people do: “On average, homeowners take advantage of their service contract benefits twice a year to cover breakdowns and other services,” he said.

Home service contracts are sold by realtors, builders and independent providers, and can be purchased at any time during home ownership. And, a home service contract typically will transfer with the ownership of the home.

To help homeowners maximize their service contracts, the SCIC has issued recommendations, tips, and other helpful information on its website: www.go-scic.com, such as:

- Become completely familiar with the terms of your service contract;
- Faithfully fulfill all contract requirements, such as regularly changing filters on heating and cooling systems;
- Carefully maintain all receipts and maintenance records; and
- Utilize the service contracts for all covered repairs, no matter how small, to maximize the function, value and enjoyment of your home.

About SCIC

The Service Contract Industry Council is a national trade association whose member companies collectively offer approximately 80 percent of the service contracts sold in the U.S. for home, auto, and consumer goods. The SCIC educates consumers about service contracts, encourages its members to pursue high standards of customer satisfaction, and has developed and promoted model legislation to regulate its industry with standards designed to protect the consumer and the industry.

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