

## When must a contractor offer a New Home Warranty?

By law, contractors must offer the warranty either before, or at the signing of the contract for the construction of the home.

The contractor is required to include written statements in the contract that indicate:

1. a written offer of a warranty was made  
**and**
2. whether the homeowner or purchaser accepted or rejected the offer

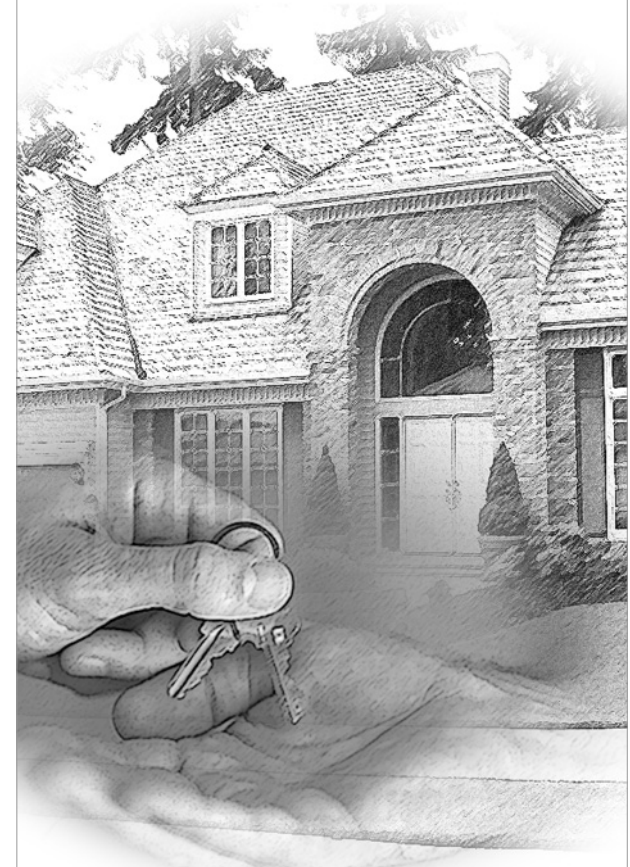
If the homeowner or purchaser rejects the warranty **before the contract is signed**, then the contractor may withdraw the offer to construct the home.



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# NEW HOME WARRANTIES



**What is a Warranty?  
What does it Cover?  
How is it Provided?**

## What is a New Home Warranty?

- A new home warranty is an agreement by the seller that the seller's product (in this case, a newly built home) is free from defective materials or poor workmanship.
- A warranty includes a promise to repair or replace any defective items and faulty work.
- Generally, a warranty does not cover items that become defective as a result of homeowner neglect.
- Repair or replacement under a warranty is satisfied by meeting building industry standards.
- Some warranties may cover only major home systems, others may provide limited coverage. Certain products or installations may be exempted depending on the individual warranty.
- **Any** new home warranty contract satisfies Oregon's law on new home warranties (ORS 701.320).

## What is typically covered by a New Home Warranty?

### 1. Structural Defects

A new home warranty protects the homeowner against the failure of the structural components that support the house. Examples include:

- the foundation
- studs
- beams and joists

### 2. Major Home System Failures

A new home warranty protects the homeowner against the failure of major home systems:

- plumbing
- electrical
- heating
- air-conditioning

It may also protect against the failure of certain major appliances and other systems.

### 3. Workmanship

A new home warranty promises to repair defects in workmanship.

*Additional warranties (other than the New Home Warranty) may be available from your contractor or the product manufacturers on items such as: dishwashers, furnaces, siding, or roofing.*

## How do homeowners obtain a New Home Warranty?

By law, contractors must offer the homeowner or purchaser, in writing, a new home warranty either by supplying the warranty directly, **or** through a company that sells warranties:

- A direct warranty is a contract between the contractor and the new homeowner or purchaser.
- A purchased warranty is a contract between a company that sells warranties and the new homeowner or purchaser.

The contractor decides which type of warranty to offer, how long the warranty will last, and **how much to charge for the warranty**.

Typical warranty provisions may include:

- protection against structural defects for 5 to 10 years
- repair or replacement of major systems for 1 to 2 years
- an annual cost of \$250 to \$500 and an additional service fee (like a deductible) when the homeowner requests service