



What Should I Know About Residential Service Contracts?

The Texas Department of Licensing and Regulation (TDLR) licenses residential service companies that sell residential service contracts (RSCs), also known as home warranties, to consumers.

Residential service contracts cover the cost of replacing or repairing damage to large home appliances or residential electrical, plumbing, heating or air conditioning systems caused by a power surge, a defect in materials or workmanship, or damage caused by normal wear.

Residential service contracts are not the same as builder warranties, which typically are provided for new homes or remodels and covers items that are permanent parts of the home -- such as floors, plumbing or electrical work. TDLR does not cover builder warranties on new construction, or homeowners insurance, which are regulated by the Texas Department of Insurance.

Residential service contracts are typically, although not always, offered when you purchase a home. Consumers should always check to see if the RSC they are considering is licensed and review contracts carefully

before choosing one. You can report unlicensed RSCs to TDLR.

It's important to note that you are not required to purchase a residential service contract when you purchase a new or existing home.

Questions you should ask when choosing a home warranty company include:

- How much will the plan cost?
- How long does the plan last?
- What specific items does the residential service contract cover?
- Are there any limits to the coverage? Are there incidents that would not be covered?
- Is there a limit to how much the company will pay?
- Would a pre-existing condition void coverage?
- Is there a fee for service calls?
- Who will decide what company will make any repairs?
- How fast will any repairs be made?
- Will the plan replace an item that can't be repaired?

TDLR has an RSC Ombudsman to assist consumers with issues related to RSCs, including claim delays or denials, by providing an intermediary between the RSC and the consumer when the consumer needs assistance communicating with an RSC. If you have any questions or concerns related to an RSC or your residential service contract, please contact the RSC Ombudsman at 512-936-3049. You can file a complaint against an RSC by going to the TDLR website and clicking on the blue "File A Complaint" box at the top of the page.

SERVICE CONTRACT PROVIDERS PROGRAM