



[Home](#) > [Advice Tailored for You](#) > [Building/Remodeling](#) > [Content](#)

The Importance of a Remodeler's Warranty

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Full-service remodeler Mike Blank, owner of Lancaster, Pa.-based MBC Building & Remodeling LLC, has been in business for 10 years. And for those 10 years, he's been offering his customers a warranty on his work.

If something breaks, Blank will fix it. If something's flawed, he'll correct it. And if something's wrong, he'll make it right. "I've always offered a warranty," Blank says. "It gives peace of mind to my customers."

The warranty isn't only good for his customers, however; it's also good for him—and for other remodelers like him, he says, as warranting their work can help contractors generate more revenue, more referrals and a better reputation for their industry.

"I've gotten at least two nice-sized jobs doing warranty repairs without hesitation and because of the warranty I offer on my work," Blank says. "I figure, if you spend a couple bucks making somebody happy, they're going to refer you and reuse you in the future."

A promise worth keeping

Blank's right, according to National Association of Home Builders (NAHB) attorneys David Crump, David Jaffe and Felicia Watson, co-authors of *Warranties for Builders and Remodelers*. Although warranties technically are designed to protect consumers, the lawyers point out, they're also effective tools for remodeling contractors like Blank, who can use their remodeler's warranty to not only reassure current customers, but also to attract and retain new ones.

"The consuming public in today's world expects that tradesmen will stand behind their work, and that if something's not right, that they'll make it right," says Crump, NAHB's director of legal research. "There also are definite business reasons to provide a warranty, though. It's a good marketing tool."

"It's a way for you to distinguish yourself from your competitors," Crump continues. "You can say, 'We're so confident in our skills and ability and craftsmanship that we can offer this to you.' It's a promise that shows you stand behind your work."

Warranties that work

Like all promises, however, a remodeler's warranty is only as good as a remodeler's word. For that reason, remodelers must take care to make sure their promises are full, not empty.

"Anybody can offer a warranty," says Jaffe, NAHB's vice president of legal affairs. "What's important is how well the warranty is written and how well the company stands behind it. The difference comes down to what it is that you're warranting, how well you've explained the terms of the warranty and how good your customer service is in terms of responding."

To make sure it's helping both the customer and the contractor, remodelers should consider addressing the following questions in their warranty, according to Watson, NAHB's staff counsel:

- What is covered, exactly, and what is not covered?
- When does the warranty expire?
- What procedures should customers follow when they're submitting a warranty claim?
- What procedures should you follow when you're receiving a warranty claim?
- Do you want all warranty claims made in writing?
- How do you want customers to communicate with you—by phone, for instance, fax or e-mail?
- Because only a few states apply new home warranties to subsequent purchasers on a remodeling project, do you want any warranty you provide to be transferable, in the event that the home is sold?
- How will you resolve disputes, if there are questions about what your warranty will and won't cover?

Although Blank offers his customers a five-year warranty, a one-year warranty is more common, according to Crump. "After a period of time, issues have more to do with maintenance and deterioration than with the original work," he says. "If you offer an extended warranty, you're saying you're going to be your customer's maintenance provider, and that's not really what a warranty's for."

Maintenance issues are rarely covered by a good remodeler's warranty. Crump recommends consulting NAHB's *Residential Construction Performance Guidelines* in order to determine what should and shouldn't be covered in a good warranty.

Just in case

Although remodelers in most states aren't required by law to warranty their work, they should always consult a lawyer when they decide to do so, according to Watson, as there may be some state or local laws that need to be addressed in the warranty document itself.

"You really want to find a lawyer who's familiar with your business," she suggests. "You don't want your tax attorney to look at your warranty. You want a construction lawyer."

In case of disputes, Crump recommends including an alternative dispute resolution clause

in your warranty to protect yourself from expensive litigation.

The best way to protect yourself, however—and to promote your business—is to do good work, according to Jaffe. “Your warranty’s only as good as the work you’ve done.”