

RESIDENTIAL

For Members of Residential Warranty Company, LLC

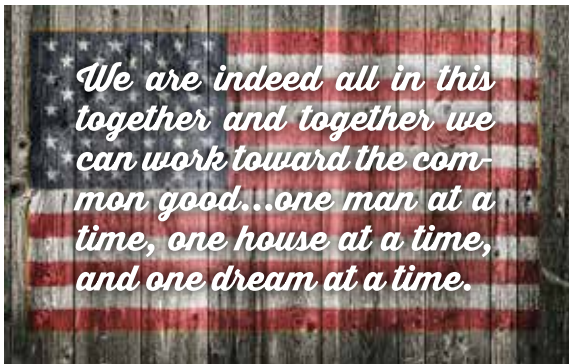
Recap

the American Dream...

At the International Builder's Show held in January, RWC committed to making a monetary donation to two individual charities

for each builder lead we received. One of those charities was Homes for Our Troops, an organization dedicated to providing housing for disabled veterans. We were honored to support this cause and, in turn, to support our troops. The United States Armed Forces are the best in the world and those who wear the uniform put their lives on the line each and every day to protect our lives, our country, our freedom and our way of life. We can honor those who have served and who currently serve by doing our part in keeping the American Dream alive.

While the definition of the American Dream has been twisted from time to time to suit one agenda or another its roots are found in the first sentence of the second paragraph of the Declaration of Independence... "We hold these truths to be self-evident, that all men are created equal, that they are



endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness". There you have it. To

WWII veterans returning from war this meant that they had the opportunity to settle down with family, own a car and live in their own home. The American Dream holds the same meaning for many today.

Amid ups and downs the American economy is fighting its way back. As more jobs materialize and wages increase, people will once again dare to dream. And you, the American homebuilder, are in a unique position to help make those dreams come true. This is your service, your contribution to your country. We are indeed all in this together and together we can work toward the common good...one man at a time, one house at a time, and one dream at a time. Here at RWC we are proud of our country, proud of our industry and proud to do our part to protect the American Dream. Have a great Spring and Summer and may God Bless America.

27 Years at IBS!

Residential Warranty Company, LLC (RWC) and HOME of Texas (HOME) exhibited at the International Builders Show (IBS) for the 27th straight year this past January. IBS, along with the Kitchen and Bath Industry (KBIS) joined together to create "Design & Construction Week™" at the Las Vegas Convention Center again this year. Combined, 3,750 exhibitors filled 4.7 million net square feet of exhibit space. The National Association of Home Builders (NAHB) reports approximately 125,000 industry professionals attended the show over the three day period of January 20-22, 2015.

RWC and HOME's builder warranty exhibit paralleled the show theme, "All Homes Start Here" by depicting a family home.

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RECAP

RWC, HOME and MHWC Present 2014 Sales Awards

Residential Warranty Company, LLC (RWC), a leading provider of insured new home warranties to the building industry, and its affiliates HOME of Texas (HOME), and MHWC, wish to acknowledge and congratulate the 2014 Sales Awards Winners! The Account Executives recognized this year for their individual achievements have each generated much business activity logging appointments, PR visits, phone calls, mailings, in addition to all of the day-to-day basics that ultimately resulted in another successful and productive year.

The Outstanding Account Executive of the Year Award is the companies' premier award and is bestowed upon the Account Executive who puts forth the most effort in a multitude of categories. While Sales obviously are a critical factor, there are many other duties important to the sales process that pave the way for the sale to be made. The Outstanding Account Executive of the Year Award encompasses all these many factors.

For 2014, RWC, HOME and MHWC are excited to announce a first time winner, Agnes Brennan, as our Outstanding Account Executive of the Year. Agnes is a 20-year veteran of the company with 11

of those years as a Builder Account Representative for the Sales Department. Her knowledge of the home warranty industry, combined with her excellent customer service, is unparalleled and makes her a true asset to the many RWC members she has brought into our fold.

As any sales-driven organization is well-aware, success of a company is unobtainable without dedicated and hard-working sales people. This year, six different Account Executives worked their way into contention for all of the companies' top awards, truly a well-rounded and dedicated sales force. We are pleased and proud to have these winners on board.

Outstanding Account Executive of the Year

1. Agnes Brennan
2. Jana Watts
3. John Felbaum



Agnes Brennan

Most Applications Received

1. Jana Watts
2. Tifanee McCall
3. John Felbaum



Jana Watts

Most Warranted Homes

1. Tifanee McCall
2. Jana Watts
3. Rich McPhee



Tifanee McCall

Congratulations to Agnes and to all 2014 Sales Awards Winners!

Visit Our Booth At These



Upcoming Tradeshow:

JUNE 2015

PCBC

June 24-25
San Diego, CA
Booth #938

JULY 2015

**Southeast
Builders
Conference**

July 17-18
Orlando, FL
Booth #1011

SEPT. 2015

**21st
Century Expo**

Sept. 15-17
Charlotte, NC
Booth #300

JAN. 2016

**International
Builders
Show**

Jan. 19-21
Las Vegas, NV
Booth #C2556

RWC Affiliates, HOME of Texas & MHWC Launch New Branding Efforts Complete with Upgraded Websites, Logos, & Full-Color Warranty Books

While the home building industry has worked to regain a little more footing, RWC's affiliates, HOME of Texas and MHWC, our HUD-Code entity, have been rather busy developing their own brand new look, complete with a new logo, full-color home warranty books and a fresh website! Just like builders offering new and exciting options or sprucing up floor plans, HOME & MHWC have injected new life into their home warranty programs to make them work even better for members and homeowners.

Both companies' websites have been totally redesigned, complete with a sleek and modern look to complement our re-energized business approach. The easy-to-navigate sites feature the best marketing tools around, while also offering members a way to sensibly manage liability. The sites are fully functional regardless of viewing device. Most importantly, it places valuable information at the hands of HOME & MHWC members.

Website Features:

- HOME & MHWC offer numerous warranty options and services, some of which are rather unique. Check them out on the "Builders" pages in the "Warranty Products" sections.
- Need to bring in another company for HOME or MHWC Membership? Check out the application materials found on the "Builders" page under "Membership."
- Request quotes for the various home warranty programs offered by using our Get a Warranty Quote forms.
- Gain easy access to forms you might need in our Forms Library to apply for a new builder warranty membership or to renew your current membership.



- Need to get in touch with someone? All contact information is clearly listed for user convenience on the "Contact" page.
- For our HOME of Texas Members, the login link for "Warranty Express" is on every page of the site in the top right corner, which renders the process of enrollment and renewing memberships very accessible!

Next check out the companies' new logos. See these contemporary symbols of new home warranty protection on all HOME & MHWC brochures, warranty books and paperwork over the coming weeks.

Last, but certainly not least, the look of all of HOME and MHWC's warranty books has been vastly improved, paralleling the full-color format of RWC's library of warranty books! Every warranty book offered by HOME of Texas or MHWC has been transformed into a full-color, eye-catching marketing tool that we hope you will be proud to present to your homebuyers.

If you're a new Member with us and still familiarizing yourself with everything we have to offer, read on for a few noteworthy talking points & benefits you should make sure you are utilizing:

- HOME and its National Affiliate, Residential Warranty Company, LLC, have 30+ years of experience handling new home warranties on over 3 million homes. MHWC started warranting homes in 1989 and is the national leader when it comes to HUD-Code manufactured home warranties
- Clearly written set of standards to spell out home warranty coverage.
- Dynamic, full-color warranty book (an excellent marketing tool)!
- Builder liability is limited.
- Home warranties are affordable.
- FREE marketing materials.
- Unsurpassed service and excellent handling of warranty issues.
- FREE mediation included to resolve customer service issues.
- If needed, formal binding arbitration is available.

Potential home buyers know that many builders struggled (some even went out of business) during the last economic crisis. To offer buyers reassurance, an insured third-party warranty goes a long way. With a warranty from HOME of Texas or MHWC in place, buyers will hold confidence in their warranty, no matter what the future holds.

Request new sample warranty books, marketing materials for model homes and sales offices and/or the new logo via the Marketing Department at info@rwcwarranty.com. Link your site to our new revitalized RWC, HOME or MHWC sites and put our strength, reputation and experience to work for you!

RECAP

Maximize the Power of Your Warranty!

Part of the appeal of the RWC warranty is that it is a third party warranty provided independently by a national leader in new home warranties that you have willingly chosen to provide to your buyers. One of the easiest ways for you to drive home the value of your warranty to your buyer is to simply add a link to the RWC, HOME or MHWC website on yours.

By adding a link to the RWC site, your prospective homebuyers will be able to read valuable information about the warranty:

- The value of your decision to select RWC as your warranty provider,
- The description of the warranty that you may be offering to them,
- Other warranty options they may be able to purchase on their own (or through you) for their appliances & systems (if available);
- How RWC's effective dispute resolution system works; &
- Answers to some Frequently Asked Questions about the warranty.

There's no question that today's "tech-savvy" buyers get a vast amount of information over the internet. Why not let them learn about the warranty as part of that process? As the starting point, we recommend linking to www.rwcwarranty.com/homeowners. From there, your buyers can navigate throughout our site to learn about the value of the warranty you are providing.

Feel free to contact us at 800-247-1812, or info@rwcwarranty.com. We are happy to be of service to you. Thank you for choosing RWC!



Maximize the Marketing Power of your Warranty

Add a Link to the RWC Website on Yours

By adding a link to the RWC site, your prospective homebuyers will be able to read valuable information about what the warranty will do for them:

- The value of your decision to select RWC as your warranty provider,
- The description of the warranty that you may be offering to them,
- Other warranty options they may be able to purchase on their own (or through you) for their appliances & systems (if available in their area);
- How RWC's effective dispute resolution system works; and
- Answers to some Frequently Asked Questions about the warranty.

There's no question that today's "tech-savvy" buyers get a vast amount of information over the internet. Why not let them learn about the warranty as part of that process?

As the starting point, we recommend linking to www.rwcwarranty.com/homeowners

From there, your buyers can navigate throughout our site to learn about the value of the warranty you are providing.

 **RWC**
RESIDENTIAL WARRANTY COMPANY, LLC

If you have questions, feel free to contact us at 800-247-1812, or info@rwcwarranty.com. We are happy to be of service to you. Thank you for choosing RWC.

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Are You Missing Out?

JOIN RWC'S INCENTIVE PROGRAM



Joining RWC's Incentive Program is the best way for you to reap the rewards of quality construction and customer satisfaction. Start your incentive fund today and save potentially thousands of dollars in many areas, from membership fees to guaranteed rates! Call to check eligibility.

For more information call 1-800-247-1812 Ext. 2149 or www.rwcwarranty.com

We Love Hearing From You

Ms. Jody Kooiman,

Both my husband and I wanted to take a moment to thank you for not only your professionalism but the courteous and expeditious manner in which you handled our home foundation issues.

We thought that by purchasing a new home we would be able to alleviate all of the problems that come with acquiring an older home that had multiple owners. We were wrong. From the very beginning there were/are countless issues with this property and as you can imagine our frustration levels were running high. I can't begin to tell you how not only your knowledge of your business but your people skills have put us at ease. In addition, you have been able to recommend reputable and quality resources.

As unpleasant as the circumstances are, we are grateful to have been able to do business and come in contact with someone such as yourself. It is a breath of fresh air for us and I am sure countless others that have dealt with you. Thank you again.

Over the past few months, Eastern Atlantic Insurance Company (EAIC) has had a number of potential reinsurers (insurance for insurance companies) and brokers in the office visit and reviewing our operations. Each time we had them in the main conference room in the front of the building.

Overall, these meetings have gone very well. They have had very positive things to say about EAIC and how we do business. Additionally, after a recent meeting one of the brokers pulled me aside and said, being in the conference room they couldn't help but overhear some of the phone conversations by the Warranty Resolutions department. He was very impressed with the patient and professional demeanor being demonstrated on the phone calls explaining the warranty process. He advised, he understands they were warranty calls, however it speaks extremely well of our organization as a whole and it is something he wanted to let me know.

Thank you to everyone for their patience and professionalism with having all of these visitors in the office. Even if you weren't part of the meetings, we all make an impression, and our organization as a whole has made a very good one.

Bob Yeselavage, EAIC Operational Manager



PAY ONLINE AND SAVE!

The vast majority of RWC Builders utilize our online enrollment system, Warranty Express. But did you know that if you also pay for your homes online, you will SAVE MONEY too? Enroll your homes on Warranty Express and pay for them online by credit card or I-check, and RWC waives the \$6.95 processing fee* for each one. Think about it. If you enroll 100 homes per year, that \$6.95 fee morphs into a nifty \$695.00 pretty quickly.

If you still enroll your homes manually, switch to Warranty Express and take advantage of this online method for enrollment and payment. The system is secure, your closing documents are ready for you quickly, but best of all you save not only the \$6.95 per home but also a lot of time!

* Does not apply to Building System Manufacturers, Remodelers, Commercial Builders, or HUD-Code (Manufactured) Manufacturers.



What else can you do on Warranty Express besides enroll a home?

- Order Marketing Materials including Sample Warranty Books
- Get your enrollment history
- Get duplicate copies of closing documents
- Print FHA Acceptance Letters or State Required Affidavits
- Renew your warranty membership

Need more details? Contact us today! 800-247-1812, Ext 2107 or info@rwcwarranty.com

Certificates of Insurance: What Could Go Wrong?

By Doug Davis, Integrity Underwriters

As insurance agents we hear it all the time; are certificates really that important? If my subs' certificates aren't current, am I on the hook for what their policies don't cover? What about exclusions on my policy? Maybe a hypothetical claim will help provide some answers. Let's say you contract with a roofer. He's not the roofer you usually work with but, he has a good reputation and he gives you a certificate of insurance that shows he has his own General Liability policy. It has the same limits as your policy with the RWC Insurance Advantage. No worries here. His policy will respond first to injuries or damage to others that he might cause while working on your behalf. However, you also notice his Workers Comp is due to renew in about a week but, he assures you the renewal is going to happen and he'll provide you with an updated certificate just as soon as he gets it from his agent. You need to get your latest project under roof as



soon as possible because the weather has been uncertain; so, you decide to take a chance. Besides, it shouldn't take a week to do a roof. What could go wrong?

The weather takes a turn for the worse. By the time the roof is started it's been over a week. Then you get the news one of the roofer's employees has been injured. He didn't fall but, he hurt his back. Only then do you remember the promised certificate hasn't appeared. Then your roofer admits his policy was not renewed because he failed to make a payment. Your policy doesn't cover injuries to the employees of subcontractors.

That's because workers compensation insurance is available to them and is designed to cover the medical bills and lost wages of his employees. As it turns out, waiting for a renewal certificate of insurance might have avoided you being held liable for a loss that isn't covered under your policy.

- Make sure all your subcontractors provide you with up-to-date certificates of insurance.
- Ask them if they have any open or, unreported claims.
- Be aware of what your policy does and does not cover.

Don't let someone else's lack of planning become your problem.

If you would like to learn more about your policy's terms and conditions, and how we might meet your general liability coverage needs, call the RWC Insurance Advantage today at 866-454-2155.

Welcome Victoria And Meggie, We'll Miss Ya!

RWC's Marketing Department welcomed a new member to our staff recently, Victoria Sontheimer. Victoria will be a Marketing Graphic Designer and will spend her time working on the warranty books and documents that you as Members need. Additionally, she will be responsible for order fulfillment for your supply requests for marketing materials. Whenever you need brochures, sample warranty books or model home materials, feel free to call her at 800-247-1812, Ext 2459.



Prior to joining RWC, Victoria operated her own

design business and also worked for an independent printing company. All that experience will be put to excellent use as we work to create/revise eye-catching marketing materials.

The flip side to this good news is that Meggie Townsend bids us a warm farewell, as she and her husband embark on a new journey in Rochester, New York. Meggie has been an integral part of our Marketing Department for the better part of 3 years and she will be sorely missed.

As you hopefully already know, approved Members in any one of RWC's programs are entitled to use a wide array of FREE marketing materials to promote the choice you made in offering an in-

sured warranty to your buyers. In addition to calling Victoria at our 800#, supplies can be ordered online or by mail:

Online: Supplies can be ordered online through Warranty Express at www.rwcwarranty.com. Call us if you still need a password to login.

By Mail: Order forms are found in publication RWC 542 – Marketing Essentials.

Obviously well-built homes often sell themselves. But ...Showing prospective buyers exactly what the differences are in your homes certainly can't hurt! Give Victoria a call and find out what we have to offer to help you improve your bottom line.

RWC Welcomes Freddy Pesqueira

RWC is proud to announce an addition to the warranty sales team. Alfred “Freddy” Pesqueira was recently hired to represent RWC and applicable sister companies in the states of AL, FL & GA.

Freddy is a graduate of Georgia Southern and was both a 4-time All-American and All-Conference football selection. He signed with the Canadian Football League in 2003



before returning to Georgia. Freddy’s married with two children, a son and a daughter, and coaches wrestling, baseball & softball in his free time.

He comes to RWC from State Farm Insurance where he was a top producer selling insurance and financial products for the last 5 years. His experience in insurance, building client relationships and business development combined with RWC’s 30+ years in business and over 3 million homes warranted makes a successful team.

If you haven’t already heard from Freddy, no doubt you will soon so that he may introduce himself and to learn more about your company. Please feel free to contact Freddy at 678-276-6013 or Freddy.pesqueira@rwcwarranty.com.

We’re excited to have him on board and wish him luck in his new endeavor!

Where Can I Find...?

Want to check the enrollment status of a certain home or order brochures? The RWC website is chock full of resources for you. We listed some of the more frequently used sections below for easy reference. Start by visiting www.rwcwarranty.com.

➔ I WONDER IF THERE’S A WARRANTY FOR THAT?

RWC has more warranty options that you may realize. Hover over **“Builders”** to see, at a glance, all the products and features available. To go to the list of warranty options available, select *“Warranty Products”*.

➔ GET A GL INSURANCE QUOTE

The RWC Insurance Advantage can meet many of your commercial insurance needs. Get a quote by clicking on the **“RWC Insurance Advantage”** link and selecting *“Get Insurance Quote”*.

➔ ENROLL A HOME

In the top right corner of any page on our site, see the link to **“Warranty Express”**. Sign in to Warranty Express with your registration # and password. Select *“Warranty Express”* to begin the enrollment process.

➔ CHECK THE ENROLLMENT STATUS OF HOMES

Once logged into **“Warranty Express”**, you will see options for things like *“Order History”* and *“Report”*. From here you can order an enrollment report or check the status of a specific home.

➔ ORDER FREE MARKETING MATERIALS

From the main menu once you are logged into **“Warranty Express”** go to *“Order Supplies”* to request sample warranty books and marketing pieces.

➔ WHAT IF I HAVE QUESTIONS?

RWC provides a list of *“FAQs”* for Builders. See the link in the **“Builders”** supermenu. If you need additional information, all our contact information and helpful contact forms can be found in **“About Us”**.

➔ FIND YOUR ACCOUNT EXECUTIVE

From any page, hover over either **“Builders”** or **“About Us”** in the blurred bar at the top and click *“Find Your Account Executive”*. Simply select your state.

➔ ANSWER CLIENTS’ QUESTIONS ON THE WARRANTY

Hover over **“Homeowners”** in the blurred bar at the top of any page and find links to *“FAQs”* for homeowners, seasonal maintenance checklists and many reasons why an RWC warranty is valuable to your buyers.

➔ LOOKING FOR A FORM YOU NEED TO COMPLETE YOUR APPLICATION OR MEMBERSHIP RENEWAL?

Check out our *“Forms Library”* from the **“Builders”** supermenu.

RECAP

Coming Attractions: RWC's Busy Creating Better Tools ...and Value ...For Members!

RWC, HOME & MHWC are staying pretty busy these days bringing enhancements to our websites that we hope you will find useful:



1 "FIND A BUILDER" SEARCH TOOL

The internet is an amazing tool and everyone acknowledges that if you are searching for something, anything really, you'll probably start on the good ol' "world wide web". Prospective home buyers are no different. They are looking for their best choice in builders on the internet too. They may not always think to ask us but you might be surprised to know that it does indeed happen. Prospective buyers sometimes ask us for information on RWC Members in their desired building area when they are thinking about building a new home.

We're turning those questions into bona fide leads for our Members!

- The process begins when a prospective home buyer fills out our new "Find A Builder" search form at www.rwcwarranty.com/homeowners/find-a-builder/.
- They provide us with search criteria and we will create a Customized Search Report (CSR) just for them.
- The CSR will include the builder's contact info for members who have actually enrolled homes in the area(s) requested (rather than just using a mailing address).
- Additionally, we will provide the prospective buyer with relevant information on why it's important for them to choose an RWC Builder Member over any other builder.
- Lastly, we will email YOU the lead! Make sure we have the best email address on file for you. Send your email address & registration # to info@rwcwarranty.com with Find A Builder Email in the subject line and we'll check it out for you.

You already know the value of an RWC Warranty in terms of both marketing and risk management. What we hope to bring to you in the near future is the added value from a few good leads now and then.

2 EXPANDED HOMEOWNER INFORMATION

Over the next several weeks, we will be adding a wide assortment of pages to our Homeowner section that we hope you will use as an educational resource with your prospective buyers and existing clients. (By the time this newsletter is published, some of these pages may already be live and others will still be in production.)

For Prospective Buyers:

- Find A Builder Search Form (see # 1).
- What Does RWC Membership & Screening Mean for Them?
- Top 10 Reasons to Choose an RWC Member.
- What's the Difference Between an RWC Structural Warranty and an Extended Warranty on Appliances & Systems?
- Tips on Choosing a Builder.
- Customer Reviews on the RWC program from Satisfied Homeowners.

For Homeowners Who Already Have an RWC Warranty:

- How Does My Warranty Work?
- Warranty Terms to Know.

Additional Coverage Options for Homeowners:

- RWC offers extended warranties for appliances & mechanical systems in many states through our affiliate USHP, LLC. We're making this coverage more accessible on our website.
- We have a few more coverage options in development. When "ready for prime time", they will be posted here.

3 MORE BUILDER TOOLS ONLINE

- The RWC logos will be available online to download for linking your site to ours.
- We've been asked in the past for pictures of our various Marketing items. We'll post thumbnails so you can see them and then an easy link to Warranty Express to order.
- RWC has more warranty options available than you may realize. We'll try to shed a little more light on all that's available to you by virtue of your RWC Membership.
- Top 10 Reasons RWC Adds Value – hopefully you already know at least 10 reasons to be a member but if not, we'll point out a few.

The bottom line is that we know it's a competitive world out there and that you have choices when it comes to warranties. We want you to know we appreciate your business and we will continue to work hard to make RWC worthy of your loyalty!

27 Years at IBS!

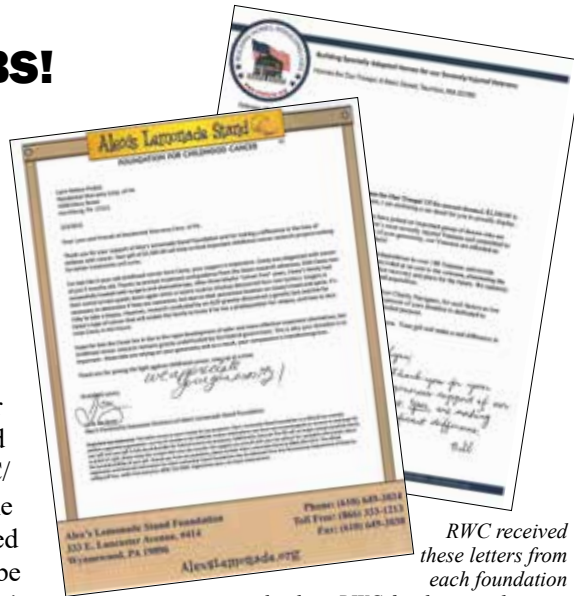
Continued from front page

This year, there were three main reasons to stop by and see the RWC and HOME exhibit.

First, the builder warranty companies supported two worthy charities, Homes for Our Troops and Alex's Lemonade Stand. For each builder's registration card that was swiped at the RWC/HOME exhibit at the show, the warranty companies committed to making a donation of \$25 to be split equally between the two charities. In total over the three day show, 183 cards were swiped at the RWC/HOME exhibit resulting in a total donation of \$4,575. Each charity received a check from RWC/HOME for \$2300. Together with the builders, remodelers and manufacturers that stopped by the RWC/HOME exhibit, we were able to Make a Difference by helping those in need and for that we were grateful.

The second big reason to stop by the RWC/HOME builder warranty booth at the IBS show was to enter into the RWC/HOME drawing for a \$1,000 Visa gift card! Mark Harris of Mark E. Harris Homes LLC, in Huntsville, AL was the lucky winner. Congratulations Mark!

And last but certainly not least, all builders, remodelers and manufacturers



RWC received these letters from each foundation thanking RWC for the contributions.

who stopped by the Residential Warranty Company, LLC and HOME of Texas builder warranty booth and registered were given the opportunity to join any of our builder warranty companies (RWC, HOME, or MHWC) for FREE! Through March 31, 2015, the warranty membership fee of \$295 was waived for new applicants if they registered with us at IBS.

The RWC and HOME sales teams were busy explaining all the unique advantages home warranty membership can add to a builder's business, marketing and risk management plan. We are enthusiastic supporters of the building industry and we look forward to seeing old friends and meeting new ones next year at IBS to be held again in Las Vegas, January 19-21, 2016!

Builders in the News

RWC would like to congratulate **Mid-Atlantic Builders** for their success and hard work in the building industry. Mid-Atlantic Builders received several illustrious awards including 2014 Developer of the Year, 2014 Builder of the Year and 2014 Environmental Award for Green Building, at the Maryland Building Industry Association's (MBIA) annual member award ceremony in November, 2014.

Goodall Homes was named 2014 Builder of the Year by *Professional Builder Magazine*, in October, 2014. This distinguished honor represents the finest in the industry. Quality craftsmanship, outstanding customer service and innovative ideas were just a few of the things that earned them this esteemed award.

RWC is pleased to have such a great industry leader as a member and wishes Goodall Homes the best of luck in future building endeavours.

Traton Homes, of Marietta, GA, received an incentive check from RWC Account Executive, Freddy Pesqueira.



Warranties and Insurance: Joined Forces

Exclusively for RWC Members Streamlined Underwriting Insurer Rated "A- (Excellent)"

COVERAGE AVAILABLE:

General Liability • Builders Risk

Completed Operations • Contractors Equipment

RWC LLC
INSURANCE
Advantage

Call for your quote: 866-454-2155

RECAP



Case Study: Unresolved Warranty Issues

By Diane Naguski, Warranty Resolution Manager

When considering an Unresolved Warranty Issue, the focus tends to be on the coverages in the Limited Warranty. An Unresolved Warranty Issue, however, can be much broader than just a disagreement over coverages. An Unresolved Warranty Issue, in all of RWC's warranty program books, is defined as:

All requests for warranty performance, demands, disputes, controversies and differences that may arise between the parties to this Limited Warranty that cannot be resolved among the parties. An Unresolved Warranty Issue may be a disagreement regarding:

- a. the coverages in this Limited Warranty;
- b. an action performed or to be performed by any party pursuant to this Limited Warranty;
- c. the cost to repair or replace any item covered by this Limited Warranty.

The member may refer a homeowner to RWC for mediation to assist in resolving a disagreement between the homeowner and member regarding warranty coverages, the repair for an item covered under the warranty or the cost to repair or replace an item covered under the warranty. RWC considers a Request for Warranty Performance to be an Unresolved Warranty Issue if RWC's mediation of the dispute between the homeowner and the member fails to resolve it. Additionally, if RWC performs an inspection of the item(s) requested for warranty performance and the homeowner disagrees with RWC's coverage determination, with the repair offered for a covered item, or with the cost to repair or replace a covered item, then RWC will also declare the disagreement to be an Unresolved Warranty Issue. RWC's mandatory binding arbitration provision applies to all Unresolved Warranty Issues.*



A good example of how RWC's mandatory binding arbitration provision can be beneficial in reaching a fair resolution of an Unresolved Warranty Issue can be found in this case study. RWC received a written request for warranty performance from the homeowner in Year 9 of coverage. The homeowner complained that a corner of the house was sinking and that unstable soils were under the house. The homeowner also complained of non-load-bearing defects. The homeowner's notice included a geotechnical consultation report which recommended the installation of micropiles. The homeowner also provided a copy of an estimate for the installation of helical piers @ \$95,760 or an alternate repair of grouted hollow bar micropiles @ \$70,000.

RWC hired a professional, licensed independent engineer to perform a fact-finding inspection. Based upon the results of the fact-finding inspection, RWC concluded that a Major Structural Defect (MSD) did not exist at the home and coverage was denied. The homeowner disputed RWC's coverage determination and hired an attorney. The attorney requested arbitration of the Unresolved Warranty Issue. The arbitrator found that a Major Structural Defect existed at the rear dining room wall, at the breakfast room walls (including the roof column footing), and at the east wall of the loft.

RWC then obtained an engineer's repair plan conforming to the arbitrator's

award. Next, RWC secured a contractor's estimate based on the engineer's repair plan and offered the homeowner a monetary settlement for \$27,198. The homeowner rejected RWC's settlement offer and demanded \$117,500 to settle the claim. RWC informed the homeowner's attorney that the way to resolve this dispute was for the homeowner to make a request for arbitration of the Unresolved Warranty Issue involving the method and cost of repair. A second arbitration was held. As a result of that arbitration, the arbitrator accepted RWC's proposed repair and ordered RWC to pay the homeowner \$28,150.83 in exchange for a full and final release signed by the homeowner as required by the warranty. The arbitrator also concluded that the repairs for the other items claimed by the homeowner were not MSDs or necessary to restore an MSD and concluded that RWC was not obligated to repair those items.

This actual case is a good example of how Unresolved Warranty Issues can be resolved effectively through RWC's mandatory binding arbitration provision. Arbitrations will not always result totally in your favor, but the RWC warranty and its arbitration provision are beneficial tools you can use to minimize your exposure.

**Note that the mandatory arbitration provision is removed in the HUD addendum, and thus mandatory arbitration does not apply to warranties placed on HUD homes.*

Searching for an Answer?

Give us a call - We'll do our best to help! First and foremost, know that your Account Executive is ready, willing and able to help you with all of your warranty and insurance needs. Contact them directly and let them do the legwork for you.



Who is My Account Executive?

Agnes Brennan

AR, CO, GA, IL, KS, KY, LA, MA,
MI, MN, MO, ND, NE, OH, OK, RI,
SD, TN
800-247-1812 x2171
agnes.brennan@rwcwarranty.com

John Felbaum

AZ, CA, NV, OR, UT, WA
702-340-7233
john.felbaum@rwcwarranty.com

Fred Taylor

NC, SC
800-247-1812 x2628
fred.taylor@rwcwarranty.com

Rich McPhee

DE, MD, VA, Washington DC
800-247-1812 x2623
rich.mcphee@rwcwarranty.com

Linda Hepler

NM, TX
800-683-6833
linda.hepler@homeoftexas.com

Tifanee McCall

Central & Western PA
800-247-1812 x2132
tifanee.mccall@mhwconline.com

Jana Watts

AL, CT, FL, IA, ID, IN, ME, MS,
MT, NH, NJ, NY, Eastern PA, VT, WI,
WV, WY
908-638-0473
jana.watts@rwcwarranty.com

All Manufacturers and MHWC Builder/Dealers:

Tifanee McCall
Nationwide
800-247-1812 x2132
tifanee.mccall@mhwconline.com



Questions on the Warranty Program? Call 800-247-1812 or Email Us:

Enrollments (RWC & MHWC)

Building Systems Enrollments
Dana, x2212
dana.myers@rwcwarranty.com

Enrollments (HOME)

Rickey, x2188
rickey.shatto@rwcwarranty.com

RSW, Remodeling & Garages, Warranty Express

Sandra, x2107
sandra.sweigert@rwcwarranty.com

Membership/New Application Status & Renewal Questions

Donna, x2148
donna.foose@rwcwarranty.com

Warranty Resolution

Ann, x2200
ann.cooper@rwcwarranty.com

FREE Marketing Materials

Victoria, x2459
victoria.sonthaimer@rwcwarranty.com

Logos for Websites

Ron, x2169
ron.bostdorf@rwcwarranty.com

Accounting/Invoicing

Shirley, x2173
shirley.poligone@rwcwarranty.com

Accounting/Incentive

Scott, x2102
scott.longer@rwcwarranty.com



Questions on the RWC Insurance Advantage Program? Call 866-454-2155 or Email Us:

Bonds, GL Ins, Bldrs Risk, Contractors Equip.

Bohdan, x2190
bohdan.hoh@theparmergroup.com

GL Ins, Bldrs Risk, Contractors Equipment

Roberta, x2272
roberta.woodhall@theparmergroup.com

Certificates, Loss Runs

Elaine, x2108
elaine.bixler@theparmergroup.com

Audits

Ron, x2358
ron.sweigert@theparmergroup.com



Questions on RIA Insurance Claims? Call 866-239-2455 or Email Us:

Claims

James, x2455
james.haley@integrityadministrators.com

Diane, x2238

diane.esser@integrityadministrators.com



RESIDENTIAL WARRANTY COMPANY, LLC

5300 Derry Street
Harrisburg, PA 17111

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Harrisburg, PA
Permit #954

2015 WPMIC ANNUAL MEETING

**Tuesday, June 2, 2015
8:15 a.m.**

**Residential Warranty Company, LLC
5300 Derry Street
Harrisburg, PA 17111**