

RESIDENTIAL

Recap

For Members of Residential Warranty Company, LLC

Spring / Summer 2023

LIFE IS BETTER ON THE BRIGHT SIDE



Optimism. It was a favorite theme of our parents when they told us to hold our heads high and keep our chins up. We heard it from coaches and teachers who suggested that we should look on the bright side of things. “Count your blessings,” is advice often heard from friends and counsellors. Optimism is a recurring element of books, movies and music. If we try hard enough, we can almost hear Louis Armstrong urging us to “Grab your coat, grab your hat, leave your worries on the doorstep. Just direct your feet to the sunny side of the street.”

Optimism has been described as hopefulness and confidence about the future or about the successful outcome of something. Most of us have lived long enough to know that an optimistic path filled with hope *feels* much better than the pessimistic one characterized by a sense of dread or despair. Medical and psychological research suggests that there are tangible and even provable positive effects when we live our lives optimistically.

Optimists feel healthier. If we tend to believe that life will work out in our favor, we are more likely to rate our sense of well-being and health higher. Optimists have a lower incidence of cardiovascular disease and better cholesterol numbers and are generally healthier. Optimists live longer, and their immune systems are stronger. They tend to have better relationships with others, they enjoy their work more, and they are less prone to stress.

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If it's Vegas, that must mean it's IBS time

By Suzanne Palkovic, Vice President of Sales

Once again, Las Vegas welcomed with open arms all the Builders, Remodelers and associated people that make up our great building industry. Continuing the post-Covid rebound, the show saw nearly 70,000 residential construction professionals, which was about a 45% increase from the prior show. And as usual, this year was a successful outing for our warranty companies, Residential Warranty Company, LLC, HOME of Texas and MHWC as well as our insurance affiliate, RWC Insurance Advantage.

We have created a bit of a tradition with our Wheel-o-Warranty prizes which always includes a little cold hard cash. We



The Sales Team is ready to go!

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Life is Better on the Bright Side

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Being an optimist makes emotional, medical, and psychological sense. Sometimes, however, troubling circumstances can make even the most happy-go-lucky person worry, and doubt can creep in causing us to become, well, pessimistic. In these days of the twenty-four-hour news cycle and with the explosion of social media, it seems that, everywhere you look, someone is dying to tell you how bad things are and how worse they are going to get.

This constant drumbeat of negativity can affect people in all walks of life, and builders are not immune from the stories that affect us all. Some stories, however, hit closer to home with builders. Labor shortages and supply chain problems have lingered after the pandemic and still have not resolved. War in Europe has spooked financial markets and wreaked havoc on the price of oil. Inflation and the resultant hike in interest rates have made some homebuyers skittish and have driven some out of the market altogether.

When we think about these circumstances, we could hang our heads or mope around. But it is important, even in times like these, to be optimistic and to consider the words of Benjamin Franklin who wrote, “While we may not be able to control all that happens to us, we can control what happens inside us.” That is, we can choose to keep our chins up, count our blessings and look on the bright side of things. We control what happens inside us by staying optimistic, and in that way, we continue to enjoy life and reap the benefits that optimism brings.

Not letting these kinds of problems affect our mood or our outlook on life is healthy, but thinking positively about the future will not make the problems go away. What is an optimist to do in these circumstances? The great British statesman Winston



Churchill answered this question when he wrote: “The pessimist sees difficulty in every opportunity. The optimist sees opportunity in every difficulty.”

Rather than wringing his hands over a tough economy, the optimist looks for whatever opportunities these difficult times present. If we are not as busy building houses, we can identify our best workers and subcontractors and do those things necessary to keep them in the fold. We can also cull those who are problematic, who are not team players, or who do not fit into our long-term plans. We can analyze the market and check to see if the designs we offer our customers are consistent with current trends. We can sharpen our pencils and decrease expenses by finding the best value in building supplies and by looking for more efficient ways to build our homes. By seeing these opportunities in our present difficulties, the optimistic builder can make his company stronger and come roaring out of these doldrums at the helm of a better and more profitable company.

Making money from the work that goes into creating a business and running it well is good, but keeping those hard-earned dollars is even better. We believe one of the best ways for you to protect your bottom line and to hold on to more

of your profits is to place an RWC warranty on every home you sell. After closing on a home, you can get on with building the next one, confident that your homebuyers are in good hands and that any construction defect claims they have will be handled with the utmost care and professionalism.

In our more than four decades of home warranty experience RWC has covered more than four million homes. We offer a wide variety of warranty options like our standard ten-year warranty, our Day 1 coverage warranty, our extended appliance and system warranties, and our specialty warranties for remodeling projects, detached garages, and commercial construction. Only RWC has developed and offers its members a customized state warranty that mirrors each state’s statute of repose and accommodates other state specific issues. All RWC warranties provide clear performance standards that help create realistic homeowner expectations and provide a road map to resolving even the stickiest customer complaints.

At RWC, every guarantee our warranties make is backed by Western Pacific Mutual Insurance Company, RRG. Western Pacific has an A- rating from A.M. Best and only insures home warranty and similar new home construction risks, like builders’ general liability, which can be offered through the RWC Insurance Advantage program to RWC members. No other warranty company has an insurer with this kind of strength solely dedicated to covering builders and their homes.

We are optimists here at RWC, and we know life is better on the bright side. Here’s hoping your homeowners and you join us there!

Have a great Summer!

2022 Sales Awards

By Suzanne Palkovic, VP of Sales

RWC and HOME of Texas are proud to announce our Annual Sales Achievement Awards for 2022. In spite of an economy that continues to give some pause for concern, our small but mighty sales force worked tirelessly to bring as many new builders into our warranty family as possible. Results for the year cracked the Top 5 standings of most new members added going back to before the Great Recession (or the last 14 years or so). We want to acknowledge their efforts and thank them for representing us well in the industry. As sales go, so too does the company. With this group, we are in good hands.



Outstanding Account Executive(s) of the Year: We had a tie this year. **Rich McPhee** (MD, NJ, DE and NYC metro area and parts of northern VA) and **Staci Cool** (IN, IL, OH, MI, WI and MN) both claimed top dog status in a category that encompasses much more than “simply” sales. They are true professionals and we rely on them for their team leadership, knowledge and steadfast support.



Most New Applications, Most Projected Homes, Most Big Builders (over 20 homes/year): **Freddy Pesqueira** (GA, FL, MS, TN, AL & KY) is a work horse, plain and simple. He is all over the southeastern corridor for us and his production shows. Because of his unmatched efforts, Freddy lays claim to several of our top awards for 2022.



Average Size New Member: **Fred Taylor** made his mark this year bringing in the biggest builders he could find and we love that. Career builders are the foundation of our business so we applaud Fred’s efforts. He also worked very hard at keeping all his members happy and was rewarded with the Best Retention Rate award as well.



Highest Approval Rate: Getting builders to apply can be a tall task sometimes. Making sure they get approved is yet another layer since RWC and HOME of Texas are both quite selective when it comes to Membership qualification. **Lydia Toscano** led the charge in 2022 for getting the highest percentage of her applicants approved.

Congratulations to the entire RWC & HOME of Texas Sales Force for a job well done. We also applaud the support team of *Jody Lehman*, *Dana Myers*, *Agnes Brennan* and *Jana Watts*, a group that makes the Account Executive’s job manageable for sure.

If it's Vegas...

continued from front cover

often had lines with eager beavers patiently waiting to try their luck, some finding us year after year for a chance to spin the wheel. The clacking of the wheel and shouts of delight as builders won prizes certainly drew a crowd. All walked away with a little warranty swag if not cash in their pockets. Prizes ranged from simple highlighters, can koozies, lunch bags and the like all the way up to duffle bags and cash prizes.

Prospects we spoke to were eager to hear how our programs could help them better manage their risk; we’re looking forward to these prospects becoming RWC or HOME members. A big shout out to our existing members who stopped by the booth to say “Hello”. It’s always a pleasure seeing and talking to our loyal customers.

But what’s work without a little relaxation? Between a fun rooftop house party, delicious dining at Carmine’s, a Sheryl Crow concert and a couple of us finding a little luck at the casinos, we had a great opportunity to reconnect as a team. Some of us reminisced at the Bellagio Fountains thinking back on 35 years of national builder shows and what the future may hold for us all over the next 35.

Overall, the show was a productive outing for us and we anticipate bringing many of the builders we met into the warranty and insurance programs. Of course, the show was not all work as we had time to reconnect with our co-workers and friends in the industry as well as make many new friends, not to mention taking in the sounds of Grammy award-winning group, Little Big Town that literally rocked the house.

We look forward to seeing everyone back next year for another round of Vegas fun and networking in 2024.

RECAP

Overcoming Buyer's Remorse

No one would argue that a home is likely one of – if not the – biggest purchases you will ever make in your life. And while doubts associated with such a transaction are to be expected, incidents of buyer's remorse seem elevated in the midst of the previous year's wildly fluctuating market. 2022 was a tale of two extremes, and each was a trigger causing people to question their home-buying decisions for vastly different reasons.

The first half of the year saw record low mortgage rates, with properties listed high and often selling above the asking price. Buyers engaged in bidding wars, had little time to vet the properties and even less time to make an educated decision. In a rapid about-face, the latter half of 2022 saw the market flip when the Federal Reserve raised interest rates. Home prices leveled out and buyers had a bit more time to pick and choose their dream home, but in the end were faced with higher monthly mortgage payments.

While each scenario has clear reasons for inducing anxiety and remorse for the buyer, one thing that is universally helpful in alleviating any unnecessary worries is the experience and insight of a realtor. An experienced professional can guide home buyers in the correct direction and help them carefully review options. Torrence L. Ford, broker/owner of Atlanta's RE/MAX Premier, stresses that working things out with anxious buyers is crucial, so sales do not fall through due to emotional rather than logical reasons.

His advice is to sit down with buyers and carefully review their options. In today's climate, it is advisable to renegotiate with the seller. See if they are flexible with extending the closing date, thus allowing more time for the buyer to save money or possibly pay for a rate buydown. Another avenue to explore is to ask the lender if there are any credits available.



Ford also suggests informing the buyers that there exists the possibility of two more interest rate increases in the near future, so the time of affordability is now. The key is to “marry the payment and date the rate” – meaning, if you find a home you truly love and can afford, don't let the current interest rates prevent you from purchasing it.

While cost is certainly a frontrunner for buyer's remorse, it is not the only cause. When homes are selling quickly, there is not a lot of time for buyers to examine everything about the home and the general neighborhood. This is where a realtor plays a key role. They can make sure a buyer understands all the costs of the home, including property taxes, mortgage payments, and living expenses. It is not uncommon for a buyer to emerge victorious in a bidding war only to realize they cannot truly afford the prize.

It's important to reiterate to clients that homes almost always appreciate in value. If the house that is purchased turns out to be something less than a “forever home,” there is very likely a profit to be made in a future sale. Also, there is the potential for it to become a rental property and thus an additional source of income.

Seasoned realtors with years of experience can draw upon that to offer their clients as much information as possible for them to not only make an informed decision, but also manage their expecta-

tions. An example would be a buyer who won a bidding war above 12 others. Reminding them of the potential reasons for their victory – more favorable financing, a better closing date, a better relationship with the other realtor – could eliminate their worry that they overbid or overpaid.

It also helps to point out that most problems have workable solutions. If you find a home you love and the roof is bad, you don't need to automatically take that property off your list. Rather, work with the seller to negotiate financing for the repair or replacement of the roof. Once again, expectations are managed and the potential for regret (at losing out on an otherwise desirable house) or remorse (for purchasing a less-than-ideal home) has been eliminated.

Perhaps most importantly, realtors should remind buyers that they should focus on the positive – which is the fact that they will be living in and enjoying their home for years to come!

On a positive note, despite the higher interest rates, the real estate industry seems to have returned to a state in which homes are staying on the market longer, allowing buyers time to do their due diligence and make an informed – and remorse-free – decision.

Still looking for added assurance & peace-of-mind?

Protect your homes with a Key Estates Extended Warranty. Appliances & systems and structural coverage available.



www.keyestateswarranty.com

Number Crunch

- Summer Fun -

\$30 billion

The amount Americans spend on lawn care each year.

10.4 million

The number of residential swimming pools in the US.

\$60k

The average cost to install an inground swimming pool.

7^{OUT} OF 10

adults in the US own a grill.

86%

of people list burgers as their go-to grilling item, with hot dogs following at 77% and sausages at 53%. 50% of consumers enjoy grilling vegetables, while 27% opt for fish.

Subcontractor Insurance FAQ



WHAT CAN I DO TO MAKE SURE MY SUBCONTRACTORS HAVE WORKER'S COMP? WHAT ARE MY RESPONSIBILITIES IF THEY DON'T?

Any subcontractor or independent contractor who has employees is required by law to provide worker's compensation coverage for them. Make sure you obtain a certificate of insurance (COI) from each of your subs showing their worker's comp policy number, effective and expiration dates and the name of the insurer. Be sure to ask for a new COI before the expiration date shown in the current COI. If a subcontractor cannot, or will not provide a COI from their worker's comp insurer, we recommend you consider not doing business with that sub. You could be held responsible for injuries to their employees; injuries for which you have no coverage.

WHAT IF MY SUBCONTRACTOR DOESN'T HAVE INSURANCE?

If your subcontractor doesn't have his or her own General Liability, you can be held liable for claims made against the subcontractor. This is because the General Contractor is considered to be in charge of the worksite, and therefore, is responsible for the safety of the public at that site. Beware of policies sold by some insurance companies that exclude claims arising out of the work performed for you by subcontractors.

WHY SHOULD I BE ADDITIONAL INSURED ON MY SUBCONTRACTORS' POLICIES?

When you require your subcontractors to list you as Additional Insured on their General Liability policies, you become entitled to insurance coverage benefits under their policies. Additional Insured status is most often used in connection with an indemnification agreement, also known as a hold-harmless clause. Hold harmless clauses are common elements of a properly executed contract between you and your subcontractors. Under a hold-harmless, your subcontractors agree not to hold you responsible for their negligent acts which may have happened while they are working for you. For example, if your painter over-sprays several cars parked near the three-story townhouse you are building, the painter's policy will respond to the claims made by the owners of the cars. If you are brought into a lawsuit filed by the car owners, the painter's insurance company will defend you.

For more info on general liability insurance, builder's risk, contractor's equipment and more, check out www.rwcinsuranceadvantage.com.



RECAP

Home Builder Solutions to Beat Supply-Chain Challenges

Source: nahb.org

The past two years of supply-chain disruptions, compounded by labor shortages, have forced builders to improvise, adapt and overcome. Throughout these still-challenging times, builders have come up with creative and viable solutions to properly complete homes when the critical path becomes the path less followed. Here are some examples.



1. Window Flashing. To keep projects moving when the windows are nowhere in sight, leave the house wrap stretched over their rough openings, which will help to protect the interior until windows arrive.

2. Structural Elements. Structural sheathing can be interchanged with other more readily available options, but work with your architect or engineer to ensure compliance with the building's requirements. It's also important to understand how differences in vapor permeability among sheathing materials affect wall performance. Be aware of and stay close to the wall vapor profile that's recommended for your climate.

3. House wraps. House wraps vary significantly in permeability ratings and in their ability to function as an air barrier. Do your homework, and be aware of your climate conditions.

4. Insulation. While wall cavity insulation products can be interchanged, they vary significantly in their thermal (R-value) ratings and impact on a wall's vapor profile. Fiberglass batts and loose-fill products can be used in any climate, but damp-sprayed cellulose isn't recommended for hot/humid areas. Closed-cell spray foam insulation can be used in any climate and also provides an excellent air barrier.

5. Tile Backers. There are two primary types of wet-area tile backer: those that are surface, and those recommended to be installed over a water-resistant barrier or made to be waterproof on the surface. There's also a class of waterproof membrane that provide a fully waterproof membrane over a variety of backers that are adequately secured to the framing to bear the weight of the tile. The critical point is to avoid simply swapping out tile backer products without knowing what's required to make them waterproof.

Before you try alternatives to these critical material specs, perform your due diligence on the differences in their performance, and confer with your architect, engineer and especially your trade partners.

Upcoming Events

Southeast Building Conference

July 19, 2023

Orlando, FL - Booth #514

21st Century Expo

October 3, 2023

Concord, NC - Booth #706

National Realtors Conference

November 14-16, 2023

Anaheim, CA - Booth #976



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WPMIC Annual Meeting

THURSDAY, JUNE 1, 2023

8:15 A.M.



Meeting held at:
Residential Warranty Co, LLC
5300 Derry Street
Harrisburg, PA 17111

Searching for an Answer?



Not sure who to contact? Give us a call. 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?

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Questions on the RWC Insurance Advantage Program?

866-454-2155

- General Liability
- Builders Risk
- Contractors Equipment
- Bonds

Quotes & Underwriting:

info@rwcinsuranceadvantage.com

Claims:

Laura, x2278
laura.current@iadclaims.com

Certificates:

Go to www.rwcinsuranceadvantage.com
Click on the Products tab, then Request Certificate

Loss Runs & Other Questions:

info@rwcinsuranceadvantage.com

Questions on the Warranty Program?

800-247-1812

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3 Simple Steps to Enroll Your Homes with RWC



ENROLL HOMES

Enroll your homes online via Warranty Express.

- Go to www.rwcwarranty.com and click the Warranty Express login link in the top right corner.
- From the main menu on the right, under Enroll Homes, click Warranty Express and follow the prompts.



PAY

Pay your warranty premium. You can:

- Pay by credit card and save the \$6.95 handling fee.
- Pay by paper check from your office.
- Pay by paper check from your title company at closing.



GET SIGNATURES

Get the Application for Enrollment/Warranty form signed at closing by the homeowners and return to RWC.

- Make sure you, your staff or your title company returns the signed form to RWC.
- Warranties will not be processed without BOTH the payment AND the form signed by the buyers.

Need more help? 800-247-1812 / MembershipAssist@rwcwarranty.com