

NEWS FLASH FROM

THE HOME WARRANTY ASSOCIATION OF CALIFORNIA

Industry Reports On New Air Conditioning Mandates

In keeping with our ongoing efforts to advise Real Estate Professionals and their clients of events that may affect them, the Home Warranty Association of California (HWAC) reports that effective January 23, 2006, new federal mandates will require all manufacturers of air conditioning equipment to comply with strict energy efficiency standards.

Recognizing that home warranties are overwhelmingly accepted in California, member firms of HWAC have taken the responsibility to be proactive in evaluating the impact of these new requirements. Accordingly, when a system failure occurs with an air conditioning system covered by a member company and that unit cannot be repaired, that company will replace the necessary equipment to comply with the required energy efficiency standards, subject to the specific coverages and limitations of the plan.

The additional costs for this new equipment are substantial. Each member company of HWAC is evaluating the impact of the new mandates to its operations and services. It is likely that all warranty companies will pass through a portion of this additional cost in the form of price/deductible increases. As the cost of heating and air conditioning equipment increases, the value of a home warranty for your clients becomes more evident. Unless otherwise provided in the plan, most modifications or code work necessary as a result of the new standards will continue to be at the planholder's expense, as is standard in the industry.

We believe that the participation of HWAC member companies in reviewing and communicating the effects of this federally mandated change to the consumer is another example of the value of home warranty coverage.

As always, it is our goal to ensure that our customers receive the finest coverage at the best possible price from our member companies. We appreciate your continued support.

(805) 653-1648



**HOME WARRANTY
ASSOCIATION of
CALIFORNIA**

The Home Warranty Association of California is a statewide organization of home warranty companies representing approximately 95 percent of contracts sold in California.