

Positioning the Coldwell Banker® Home Protection Plan administered by American Home Shield® (AHS®) to Home Sellers: Facts, Talking Points & Overcoming Objections

Overview: Teaching Sellers about the Coldwell Banker Home Protection Plan

Like buyers, sellers may be skeptical about the value and worth of home protection plans. They may see a home protection plan only as protection for the future buyer, and not as a powerful marketing tool for them. Teach sellers about the value a home protection plan can add to their listing by attracting buyers and distinguishing their listing from others on the market. Explain how a **Coldwell Banker** Home Protection Plan can boost buyer confidence because they won't have to worry about being hit with high unexpected repair and replacement expenses right after such making such a big investment. Sellers also may not realize that this same buyer confidence inspired by a home protection plan also discourages downward price negotiation. When sellers learn about home protection plan coverage, they also realize that having a home protection plan will help protect their home while it is on the market, when they don't want to sink a lot of money into repairs and replacements right before they move. Research indicates that sellers may not be as interested in brand distinctions as agents and brokers are.

Topic #1: Home Protection Plans

What is a home protection plan?

It is a service contract that covers many of the most frequently occurring breakdowns of home systems and appliances. Home protection plan plans cover many components of the critical major systems and appliances that are high failure and high cost items to repair or replace.

Home protection plans pay for repair or replacement of any covered items that break down due to normal wear and tear or that fail due to the fact that these items are used over and over again. A home protection plan covers many major items, but it does not cover everything. I'll be happy to walk you through the specifics of the coverage. At AHS, we want you to understand what's included in the contract before you might need the coverage.

Why a home protection plan?

When you are selling a house, a home protection plan is one of the least expensive ways to add value to your listing, and may even help your home sell faster. That's because a home protection plan attracts buyers, promotes confidence in the listing, and distinguishes your home from others on the market.

The presence of a home protection plan also discourages downward price negotiation, because potential buyers know they won't have to worry about being hit with unexpected repair and replacement expenses on covered items. When buyers don't have to worry about breakdowns, they may feel more confident about proceeding with an offer and closing the deal.

A home protection plan can also help protect your home while it's on the market. It doesn't make a lot of sense to sink money into repairs and replacements right before you sell the property. A home protection plan removes this worry and lessens repair hassles when you are likely bogged down with other priorities, like showing the home, packing and moving. In the event of a covered breakdown, a home protection plan can provide quick relief for you at a very busy time.

You can also reduce after-sale liability with a home protection plan. If a covered item breaks down after closing, the new owners will call AHS, not you or your realtor.

Potential Objections to a Home Protection Plan:

- **Home protection plans are not useful because they do not cover much of anything!**
It sounds like you've had or have heard of a bad experience with home protection plan coverage in the past, and I'm sorry to hear that. Let me see if I can clear up the coverage inclusions. As you probably

know, many items manufactured today have a built-in obsolescence factor, meaning that they simply wear out with time. The home protection plan covers such failures if they occur during normal operation as the item was intended to be used.

Actually, the items that aren't covered, and the reasons behind not covering them, are reasonable and very easy to understand. For example, I'm sure you understand that failures due to someone stepping on an oven or dishwasher door would not be covered, as doors were not built or intended for that kind of use. Home protection plans do not cover cosmetic items, items that are manufactured and sold for commercial use, and items that fail due to abnormal wear and tear. You'll be happy to hear that, with the more flexible **Coldwell Banker** Home Protection Plan, you have more coverage options than ever before. Please read your contract carefully and let me know if you have any questions. I think you'll be pleasantly surprised at just how many things are covered. Do you have any specific questions about coverage inclusions that I can answer?

- **There are too many loopholes in the contracts.**

I'm sorry you have that impression, because AHS is not a sell-and-hide company. The fact that we dispatched more than 2.8 million service work orders in 2008 is evidence of that! We want you to fully understand our plan on the front end. We encourage you to read and understand the contract before you need to use the coverage. The **Coldwell Banker** Home Protection Plan Core Coverage and ServicePlus Packages were designed to eliminate confusion and to offer you a wide range of coverage options. Are you familiar with the new more flexible plan?

- **Home protection plans only cover the little things that fail and not big ticket items.**

In 2008, AHS spent over \$318 million on service to repair and maintain homes, so obviously we stand behind our contracts. If a covered item can be repaired, we will repair first. However, if a covered item needs replacement, we will replace it. The language in the more flexible **Coldwell Banker** Home Protection Plan contract is simple and specific about what's covered.

- **Lack of maintenance is used to deny claims on new contracts and contracts that have been with AHS for years.**

Product manufacturers stress that the optimal and proper functioning of systems and appliances depends on periodic, routine maintenance. Although home protection plan contracts do not provide coverage for this routine maintenance, even under our more flexible **Coldwell Banker** Home Protection Plan, if an AHS technician diagnoses that the malfunction of an item is only due to a need for cleaning, AHS will cover the maintenance to make the item operational again. The Core Coverage Plan includes coverage for insufficiently maintained equipment.

- **Pre-existing conditions are used to deny everything.**

If that is a concern, you can choose the ServicePlus package, which covers undetectable pre-existing conditions.

Topic #2: Coldwell Banker Home Protection Plan administered by American Home Shield (AHS)

Why AHS?

AHS is the right choice in case things go wrong for many good reasons. As the industry leader, we have a respected reputation and a reliable nationwide network of approved and independently insured contractors. As an AHS customer, you'll receive quick relief from covered breakdowns and your listing will receive the positive brand recognition that comes with our name.

What kind of company is AHS?

AHS founded the home protection plan industry in 1971 and has been solely devoted to providing the best home protection plan options and services ever since. Today, AHS is proud to be America's leading choice for home protection plans. We spent an estimated \$318 million nationwide in 2008 to repair and maintain homes, and our customers use their contracts an average of 2+ times per year.

AHS has earned the trust and confidence of real estate agents and homeowners nationwide. For 38 years, we have been a stable, reputable force in the real estate industry. AHS has always been a product innovator, paving the way for product changes and challenging current thinking to create better offerings for our customers. The 2008 introduction of the more flexible **Coldwell Banker** Home Protection Plan is a recent example of our commitment to innovation and to putting the customer first.

AHS by the Numbers:

- Nationally, only 16% of homeowners budget \$900 or more per year for home repairs*
- AHS dispatched 2.8 million service work orders and spent \$318 million on service in 2008
- There are 11,000 approved and independently insured contractors in the AHS network
- There are 1.3 million active AHS warranties
- AHS has a 62% renewal rate
- In 2008, the average AHS home protection plan was used over twice
- A recent study of real estate transactions found that homes with a **Coldwell Banker** Home Protection Plan administered by American Home Shield sell:**
 - An average of 23 days faster
 - An average 4% higher at closing
 - .63% closer to the list price

**Unpublished tabulations from the 2007 National Association of REALTORS® Survey of Home Buyers and Sellers. **Study conducted in conjunction with a large national real estate firm. Results verified by Cannon & Company, a third party accounting firm. Data compiled from such firm's residential real estate listings that closed between 1/1/07 and 03/31/08 (158,197 total listings).*

Part of ServiceMaster Family of Brands, America's Service Brands for Home and Business

ServiceMaster currently serves residential and commercial customers through a network of over 5,500 company-owned locations and franchised licenses. The Company's brands include TruGreen, TruGreen LandCare, Terminix, American Home Shield, ServiceMaster Clean, Merry Maids, Furniture Medic, and AmeriSpec. The core services of the Company include lawn care and landscape maintenance, termite and pest control, home protection plans, cleaning and disaster restoration, house cleaning, furniture repair, and home inspection.

Potential Objections:

- **The Coldwell Banker Home Protection Plan has less coverage and charges more than other home protection plan companies.**

With the more flexible **Coldwell Banker** Home Protection Plan, there are more coverage options than ever, even for some items and services never before available in the industry. The more flexible plan gives you the freedom choose the coverage options and price levels that are exactly right for you and your home.
- **All home protection plan companies are the same.**

Not all home protection plan companies have the respected reputation, reliable network of approved contractors, and dedication to service excellence that AHS does. And, no other company has the innovative more flexible **Coldwell Banker** Home Protection Plan, which was designed specifically in response to customer feedback and makes it easy to build custom home protection plans that best suit individual needs.
- **The home I'm selling is a condo – do I need to offer a home protection plan?**

Yes, you do. A home protection plan is an effective and efficient way to distinguish and differentiate your condo listing. Surrounding units often have similar floor plans and features, and compete for buyers. A

home protection plan can provide the needed incentive to prompt interest and offers for your particular unit. It's a small price to pay for a valuable marketing tool that can highlight your unit and entice buyers.

- **What resources can AHS offer me?**

Besides being a great marketing tool for your listing, AHS also has Account Executives who will work with your agent to use the home protection plan to your best advantage. You also have access to our service centers via phone at 1-866-501-6966 or can visit our website at www.ahs.com for useful information.

- **The market I'm selling in is slow right now. Can a home protection plan help?**

In market down times, it's even more important to make your home stand out from other listings. Adding a home protection plan is a concrete, positive step you can take to set your property apart from others on the market. A home protection plan can also offer a much needed boost to listings that may have been on the market for an extended period of time. A home protection plan can give buyers the added reassurance and confidence they need to make an offer and proceed with the deal.

Topic #3: Service

How does AHS service work?

You'll be happy to hear that our service process is very straightforward. You can count on reliable service from AHS – all with just one phone number that connects you with one of our three national call centers: 1-866-501-6966. Or, if it's more convenient, customers can schedule service online at www.ahs.com.

When a covered item breaks down due to normal wear and tear, call this number 24 hours a day, 365 days a year and we handle the rest. An approved and independently insured contractor will contact you to schedule an appointment. It's that easy.

Are AHS contractors reliable?

We know you don't want just anybody in your home. You can rest assured that the contractors we send to your home are approved and independently insured. While in the network, contractors are evaluated via customer survey to ensure that they maintain the quality standards we expect.

In fact, we monitor our entire service process to ensure that you receive the best service possible. After a repair or replacement is complete, AHS will follow up with a phone call to you. We'll contact you by e-mail if your address is on file to rate the contractor who performed the services. Your feedback is crucial to the AHS contractor measurement system. If a service contractor consistently receives poor results, they are removed from our network.

Our contractors strive to solve the problem on the first visit. Of course, some repairs and especially replacements involve special orders which may require additional visits.

How does the Trade Service Call Fee work?

You will pay a low Trade Service Call Fee when the contractor arrives. The amount of this fee is indicated on the back of the application. The various service trades are heating/air conditioning, plumbing, electrical and appliance.

Usually, only one Trade Service Call Fee is due per visit. If you have multiple items fail that fall within the same trade, only one fee is due. That means that if your dishwasher and oven are both operating incorrectly, only one fee is due for the appliance contractor to look at both. However, if the services of two trades are needed for a repair or replacement, such as a plumber and an electrician, then two service fees will be due because two different trades are required.

What if I am not satisfied with the service?

Call 1-866-501-6966 and let us know. It is our goal to work with you to provide service excellence. If there is a question or problem with the service, AHS will work to remedy the situation and to ensure that you are satisfied

with the end result. Satisfied customers are the reason why we have the highest renewal rate in the industry.

Potential Objections:

- **AHS contractors are less than professional and are paid less than other service people.**
Actually, AHS contractors are more professional than most others that you would likely find in the phone book listings. In fact, we work very closely with our contractors because they are important to our success. AHS has a dedicated contractor relations division that recruits, trains and evaluates our contractor network. We require all contractors to be licensed (where required) approved and independently insured with uniforms and labeled trucks. We also provide training to them on customer service and industry regulations. Additionally, AHS actively recruits large capacity contractors that can service multiple zip codes to meet homeowners' needs.
- **Home protection plan companies will just continue to repair items even if they have been to the home several times for the same item.**
At AHS, our mission is "We fix it right the first time." If it is repairable, we will repair first. If the same component fails multiple times, we will seek a different action to get to the root of the failure. Under the more flexible **Coldwell Banker** Home Protection Plan, our service work is guaranteed for 60 days to fulfill our brand promise.
- **Home protection plan companies are hard to reach and do not return calls.**
I think you'll discover that the **Coldwell Banker** Home Protection Plan is very different! Our three service centers are staffed 24/7 with many layers of supervisors to handle all types of service situations. While our service phone process is automated for your convenience, talking to a live person is easier than ever. Our online web service is also a convenient way to contact us, and our e-satisfaction survey gives you a communication line as well.
- **AHS contractors make so little money working for you that they try to make money on homeowners on unnecessary items.**
I'm sorry you have that false impression. Our contractor network is monitored to make sure customers like you are satisfied and to make sure such things don't happen. Many of the items you may have questioned that might previously have been charged by the contractor are now included in the ServicePlus Package, such as permits, code evaluations, disposal of defective equipment, insufficient maintenance, and improper previous repairs. Perhaps these new coverage options will alleviate your concern.
- **Home protection plan companies continue to send the bad contractor again and again to the home even though many complaints have been filed.**
At AHS, we listen to any concerns, particularly about our contractors. In fact, our contractor relations department addresses these issues directly with the owners of the contractor companies. We don't hesitate to ask these company owners to contact the homeowner directly to handle the problem. AHS will work with you to ensure that you get the service you expect and deserve, and, if not, we will transfer service to another company.
- **The home protection plan reimbursement costs are so below market value that they are not worth anything.**
Under the more flexible **Coldwell Banker** Home Protection Plan, we have broadened our cash-in-lieu of repair for certain conditions. In addition, the cash-in-lieu amount is not set at the AHS cost level for parts and labor, but set at the cost of what the homeowner would best negotiate in the market. However, there are conditions and situations in which there are contractual limits to the coverage. For instance, the in-concrete plumbing limit is \$500 under the Core Coverage Plan, and \$1000 under the ServicePlus Package. Please read the contract and understand what limitations exist before you need coverage.

Topic #4: The More Flexible Coldwell Banker Home Protection Plan

What is the more flexible Coldwell Banker Home Protection Plan and how does it work?

The more flexible **Coldwell Banker** Home Protection Plan lets you get exactly the coverage you want and need for the home you are selling. You can choose a price range and coverage level and can build a customized home protection plan with coverage options for items and services never before available in the home services industry (such as insufficiently maintained equipment, mismatched systems, and undetectable pre-existing conditions). You don't have to pay for coverage you don't use, but you can select the extras that fit your home.

The innovative more flexible plan is very easy to understand. The contract provides clear language about what's covered. The basic coverage that every AHS customer receives is the Core Coverage Plan. This foundation provides coverage for the repair or replacement of many frequently occurring breakdowns associated with heating and air conditioning systems, duct work, plumbing/whirlpool motor & pump, plumbing stoppages, electrical systems, water heaters, built-in microwaves, dishwashers, garbage disposals, ranges/ovens/cooktops, exhaust/vent/attic fans and trash compactors. It also includes innovative new coverages, such as 13 SEER, rust, corrosion or sediment and insufficiently maintained equipment.

If you wish to customize your coverage beyond the Core Coverage Plan, you may do so with one or both of the distinct bundles of services and options offered in the ServicePlus and CoveragePlus Packages.

The ServicePlus package was designed for adding a level of service coverage to the Core Coverage Package. ServicePlus provides coverage for repairs or replacements with mismatched systems, undetectable pre-existing conditions, code violations, permits, removal of defective equipment, refrigerant recapture, reclaim & disposal and improper installations, repairs or modifications.

The CoveragePlus Package enables you to choose enhanced coverage on key items. This product includes coverage on previously uncovered items such as garage door openers, doorbells, ceiling fans, telephone wiring, central vacuums, smoke detectors, built-in food centers and instant hot/cold water dispensers. The CoveragePlus Package also extends coverage in the Core Coverage Package by covering breakdowns associated with plumbing (faucets, shower heads and toilets) heating and air conditioning (geothermal and/or water source heat pump units, registers, grills and heat lamps) built-in microwaves (door glass and racks), ranges/ovens/cooktops (rotisseries, racks, handles, knobs and dials) and trash compactors (removable buckets).

You can further tailor a home protection plan with additional options, such as coverage for breakdowns associated with septic system pumping & septic sewage ejector pumps, swimming pool or spa equipment, swimming pool and spa (shared equipment), additional spa, kitchen refrigerator with ice maker and water dispenser, second refrigerator with ice maker, washer/dryer, washer/dryer/refrigerator with ice maker and water dispenser, free-standing ice maker, water softener and well pump.

The more flexible **Coldwell Banker** Home Protection Plan makes understanding and selecting coverages easier than ever, and gives you the freedom to choose the right home protection plan for your situation.

For more information, visit www.ahs.com or call 1-866-797-4788.