

AIR CONDITIONERS GO TO 13 SEER  
New Regulation Takes Effect January 1, 2006

In January 2006, a new provision of regulatory law will take effect, originally proposed some years ago by the Clinton White House, requiring that the minimum rating for new air conditioning units be raised from 10 to 13 SEER.

SEER is an acronym for "Seasonal Energy Efficiency Rating," and the new standard will increase the efficiency of new air conditioners installed beginning January 1st by 30%. It is estimated that the new standard will also increase the cost of a new air conditioner on average by about \$300.

One question now asked in the real estate industry is how this new standard will effect service or home warranty contracts? Many such policies specify that if an air conditioning unit cannot be repaired, the company will replace it. Here in Arizona, air conditioning is certainly the most critical item covered by a home warranty or service contract, and with very large increases in replacement costs, many companies are hurriedly re-thinking their pricing policies.

If you have a home warranty contract on your rental property, you can expect some substantial changes in the next year, either in increased deductibles on service calls, additional co-pays to cover some or all of the differential between the replacement cost of a 10 SEER unit with a new 13 SEER one, or increases in the annual cost of your contract.