

Avoiding Financial Pitfalls by Mike Haskew/ Log Cabin Homes Magazine

Before the saw connects with the wood, it is always good advice to measure twice and cut once. In other words, avoid those mistakes that cost time and money, and maybe worst of all, turn an otherwise pleasant experience into a frustrating ordeal.

Designing and building that dream log home can be one of the most rewarding experiences of a lifetime. To be sure that the process flows smoothly from start to finish, it pays to listen to the voices of experience. Common miscues can lead to problems, and there will likely be a bump or two along the way. However, mistakes can be minimized with preparation.

“Outdesigning your budget is a big concern,” relates Brad Neu, owner of Montana Log Homes. “Another that we see quite a bit is including second-floor balconies that are unprotected from the elements or designing too large a great room. These look great in photos but may not be comfortable to live in. Communication is the key. We try to have a good idea of our client’s budget prior to beginning design. We advise clients of the potential cost throughout the design process when adding expensive features or increasing the size of their future home or if we feel rooms are too large for their intended purpose.”

A coordinated designing and building process means less confusion and fewer opportunities for that dreaded “do over.” Dave Carter of Appalachian Log Homes advises that designers of log homes with a second floor should proceed with caution. “If the design has a second floor and exposed beam system, the HVAC and plumbing pipes and ductwork become a real problem to hide,” he said. “Careful thought should go into how to line up bathrooms on the first and second floors as closely as possible. The HVAC is more difficult because of the size of the equipment and ductwork. Some piping will have to be exposed, and then it is important to cover the exposed mechanics so that they don’t stand out like a sore thumb.”

According to Lynn Gastineau, owner of Gastineau Log Homes, it is wise to save some items until the end of construction. Basic necessities such as wells and septic tanks should be installed as the project winds down.

“That is a big problem I see,” she remarks, “people putting in their well and septic tank before they even start on their home. You do not need these things until you move into the house. Don’t tie up your money in something that

you don’t need. Also, it is very important that you don’t put these in before you have your financing finalized. They will not increase the appraisal value of your land, and you may not have the cash to use toward your down payment. Plus, sometimes they will be damaged during the construction phase. The

same thing goes for a storage building, garage, or barn on your property. They will never appraise for what they cost to build. Unless you are paying cash for the entire project, do not build them before you have financing completed.”

Most professionals acknowledge that the greatest source of potential headaches while designing and building a log home is the integrity of the budget. Operating without cost parameters is akin to walking the financial high wire without a net. Scrambling to cover a cost overrun by borrowing against or liquidating assets that were not a part of the plan is painful, not to mention going hat in hand to the lender and asking for more money.

“Not sharing true budget numbers with the log home supplier is difficult,” related Gastineau. “We can work with people to design a home that will fit their budget, but if they don’t or won’t tell us their budget constraints we cannot provide that guidance. We ask people how much they want to invest in the project. We discuss whether they want to do any of the work themselves or if it will be turnkey, so we can evaluate the total cost. When people discuss their ideas, if it is going to make the home out of their budget, we try to inform them and offer alternatives. We also provide worksheets to help them arrive at a budget for construction.”

Once a budget is prepared, the challenge becomes staying within it. Several seemingly minor alterations or upgrades can become one major dollar amount and balloon into a dangerous situation.

“Prepare a proper budget and then stick with it,” offers Carter. “Construction is not an exact science, so there are always variations, even in the well-prepared budget. The biggest pitfall is in the budgets that have been allowed for finish-out materials and labor, such as trim, appliances, cabinets, and others, and that gets people into trouble. It is easy to say, ‘I can afford that extra \$100 to \$1,000 here and there.’ Then, when they get to the end of the job, they wonder why they are over budget by five figures or more.”

For those who embark on the journey of log home construction, finding good partners is essential. Ask questions. Compare products and services. Find the professionals—architect, log home package provider, general contractor— that instill confidence. Neu tells clients to plan around three basic principles. “Design for your lifestyle, for your building site, and don’t forget your budget. You are going to be paying for a custom home. Make it yours!” Beyond the basics, a few additional tips are worthwhile. Experience has proven that regular visits by the owner to the construction site can catch potential problems early. Pay attention to detail, such as proper weatherization around doors and windows to prevent drafts or insect problems. Remember that in some cases paying up for quality materials can prevent maintenance issues in the future. When financing is in the picture, deal with a consultative banker who is willing to take the time to explain the complexities of borrowing money.

Designing and building a log home takes time, money, and patience. Expect anxious moments, but remember to enjoy the ride as much as possible. Then, relax and embark on that rewarding log home lifestyle.
