



# American Log Journal

## SPRING 2006 NEWSLETTER



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### contents

Helping Your Customers Choose a Contractor 1

Log Showcase 2

Did you Know? 3

Dealer Appreciation Dinner 3

Our Team 3

## Helping Your Customers Choose a Contractor Coming Through After the Sale



As a log or timber home distributor or dealer, you may have a great relationship with a few builders and contractors to whom you can readily refer clients. But what if you don't have that relationship? Or what if the builder or contractor to whom you normally refer business cannot accommodate all of the business you're sending? You may have won the sale of the home, but if there isn't anyone qualified to construct it, your win could ultimately become a loss! Here are some tips to help your customers make good choices in selecting their builders.

### Tips for the homeowner

#### Finding a Contractor

Call the local builders association for a list of members. To find out more, try these industry organizations.

#### National Association of Home Builders

www.nahb.org  
800.368.5242

#### Log Homes Council

www.loghomes.org  
800.368.5242

#### Timber Frame Business Council

www.timberframe.org  
888.560.9251

#### International Log Builders' Association

www.logassociation.org  
250.547.8776

Building a home is a very personal undertaking—be sure you are comfortable working with the contractor.

If you get the feeling that you should not be working with the contractor, don't!

#### Checking Credentials and References

Before selecting your contractor, take the time to thoroughly check out their qualifications and credentials. All investments require careful planning and proper planning takes time. Most problems occur because adequate time wasn't given to the selection process.

Don't forget to ask for references and don't be afraid to call them! Supplement that knowledge by visiting the contractor's completed homes as well as those in progress. See what those customers have to say about the builder's workmanship and customer service.

A legitimate contractor will have a permanent business location and will have adequate insurance coverage. Review the insurance certification to verify liability and worker's compensation insurance.

#### Sealing the Deal—the Contract

Your home should not be built on the basis of a hand-shake agreement. Ensure you are getting what you discuss with a written contract and review it carefully.

Your contract should list the responsibilities of both you and your contractor (see *Responsibilities* later in this article). It should be based upon the completed design plans and specifications of your home package provider, builder, architects, and you. Be sure your contract includes the following.

- specifications for the quality and quantity of materials
- styles of products and in some instances, the brand and/or product numbers
- a firm price for the work to be completed and any penalties for cancellation (a payment schedule will be made collaboratively between you, the contractor and the finance institution)

continued...see *Choosing a Contractor* on page 2

### Choosing a Contractor (continued from front)

Remember to read your contract carefully and ask questions on any item that you do not fully understand. Insist on written change orders and documentation to include warranties, guarantees or any other promissory conditions. Always be clear on starting and completion dates—they too should be in writing. If securing construction financing, remember that work cannot start on the property until AFTER settlement.

#### Responsibilities—The Contractor

A reputable contractor will assume the following responsibilities.

- will take the job from start to finish – planning, labor, materials & scheduling (some will even be able to offer design suggestions)
- coordinates the job site workflow to avoid costly delays with subcontractors and your construction loan
- with their industry contacts, the contractor often can get the same material (or higher quality) and labor for a lower price
- hires subcontractors that will perform the work according to specifications or above & beyond specifications
- will be knowledgeable of building codes that will be enforced and construction practices and laws that need to be followed
- obtain all necessary permits—building, septic, and others as required by the local, state, and national regulations
- will arrange for inspections on the job site

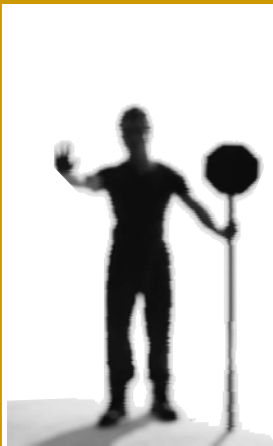
#### Responsibilities—The Homeowner

Being the homeowner, you are an integral part of the planning process. However, your work does not stop there. During the construction process, the homeowner is responsible for some key items, including and not limited to the following.

- couples should agree to a single point-of-contact for decisions, changes, and for the unforeseen problems that may need immediate attention
- any changes during the construction process should to be addressed with change orders (these change orders should be in writing and may need to be reviewed by others—for example, the bank and/or local governing authorities)

Taking time to plan upfront will help eliminate delays that can end up costing you money!

## CAUTION



When you trust a third party to do work and enter a contractual relationship, there are always cautions that should be noted. Take into account the following warning signs to help your project go smoothly.

- verification of the contractor's name, business name, address, telephone or any other credentials presented to you cannot be made
- the usage of high-pressure sales, scare tactics, threats or intimidation
- contractor says you'll be receiving a discount or "special pricing" if you allow the home to be used for advertising purposes
- contractor cannot furnish references or the references that you have spoken to are not confident that they would use the contractor again
- contractor does not carry required insurances

## Log Showcase



Mike O. - Bedford, VA

## In Process



Steve & Diane B. - Hazelton, PA



Sean M. - Phelps, WI



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\*Ranked by Central Penn Business Journal based on dollar growth & percentage growth. (9/05)

\*\*Ranked by Central Penn Business Journal by dollar volume of loans. (2003-2006)

[www.americanlogmortgage.com](http://www.americanlogmortgage.com)

## — did you know?

- New home construction has been growing annually since 1990 to a high of over 2 million new starts in 2005.
- In 2005, \$300 billion in residential construction loans were originated.
- Privately-owned housing starts in January 2006 were at a seasonally-adjusted annual rate of 2,276,000, an increase of 14.5 percent and the highest on record since 1973.

Source: *National Association of Home Builders*

### Dealer Appreciation Dinner



**T**hanks to all who joined us at our dealer appreciation dinner—*Blue Grass & Bar-B-Que*—following the York, Pennsylvania show held by Johnson's Log Home & Timberframe Experience. In addition to some great food and fun, the night included a blue grass band followed by a special magic show by the one and only, *Guerriero the Great*.

## our team



Lorna Brown



Doug Groff



Dean Loux



Becky Williams



Greg Ebersole



Missy Kurtz



Rob Peterson