

Jury sides with buyers over log home's defective construction

\$1,875,925.90 verdict

The Prains sued North Arrow Log Homes, Inc. to recover damages arising from the company's defective construction of a log home. The building of a log home is a highly specialized form of construction and the owner of North Arrow, Lyle Kelley, held himself out a highly skilled and experienced log home builder. Mr. Kelley reviewed the architectural plans provided by the Prains and said he was not interested in building the home the way it was drawn up. Instead, Mr. Kelley proposed building the home using his preferred framing method.

Mr. Kelley marked up the plans and explained how North Arrow would build the home and why it was a more desirable method of construction. Completely unknown to the Prains at the time, the revisions resulted in the removal of several vertical posts intended for structural support. The Prains hired North Arrow to complete the project and a proposal and estimate was signed for \$245,362 as the total cost of construction.

After North Arrow completed construction, the contractor installing finishings began observing structural problems throughout the home, including the bowing of log walls, moving of window and door framing, cracks throughout the ceramic floor tiles, stone and drywall, and other defects. To prevent further damage, the finishing contractor placed support beams throughout the interior of the home to reinforce the structure. The structural defects in the log home were brought to the attention of North Arrow which initially made efforts to address the problem, but eventually stopped responding to calls. Its owner, Mr. Kelley, refused to appear and testify at trial.

The Prains brought causes of action for breach of contract and negligence against North Arrow and presented expert testimony from a structural engineer to establish liability for the company's defective workmanship. They also presented expert testimony from a log home builder who specializes in restoring log and timber structures in support of damages totaling \$1,875,925.90.

North Arrow argued it was not responsible for the defective structural design of the log home because it was the responsibility of the Prains to hire a structural engineer to review and approve its revised plans before the home was built. North Arrow also argued that a separate contractor that handled non-log related work, including the foundation and built-up roof, was a non-party at fault and that the finishing contractor's work performed to support the home after it was built contributed to the problems.

A jury of seven unanimously found North Arrow 100% liable for the Prains' damages without any reduction for comparative negligence or the negligence of non-parties. A special verdict form was provided to the jury to separate damages into two categories, one of which was covered by the liability insurance policy of North Arrow. Based on the special verdict form, the total damages covered under the policy are \$1,466,199.40, subject to a \$1,000,000 limit of liability.

Adam Kutinsky, counsel for the plaintiff, provided case information.

Type of action: Breach of contract and negligence

Injuries alleged: Damage to Property, Consequential Damages, Cost to Repair, Replace, Rebuild

Name of case: Steven and Jennafer Prain v North Arrow Log Homes, Inc

Court/Case no./Date: Montmorency County Circuit Court; 11-002705-CK; 12/18/2021

Tried before: Jury

Name of judge: Hon. K. Edward Black

Demand: \$1,875,925.90

Highest offer: \$135,000

Verdict amount: \$1,875,925.90

Most helpful expert: Richard Collins, expert log builder

Insurance carrier: Auto Owners Insurance Company

Attorneys for plaintiff: Adam Kutinsky, West Bloomfield; Michael Bill, Birmingham

Tagged with: BUSINESS LAW NEGLIGENCE LAW