

misunderstandings are minimized.

THE CONTRACT

You should always sell timber through a written contract, a legally-binding document that protects both you and the buyer by listing and clarifying the responsibilities of each party. Sample contracts are available from many professional timber harvesters and foresters. You may want to have it drafted or checked by an attorney.

Landowners typically sell timber on a “pay-as-cut” or “lump-sum” basis. Under the lump-sum method of sale, the landowner sells the timber outright, for a fixed amount agreed upon in advance. In the pay-as-cut method, both parties determine the volume of timber to be cut and negotiate a price per unit (board foot, ton, cord, etc.) harvested, to be paid to the landowner after the logger delivers the logs to the mill or mills.

Which method is better? It depends. The choice of a lump-sum or pay-as-cut sales method should be made after you seek advice on the tax implications of the two sale methods.

At a minimum, a good timber sale contract should:

- Describe the land and boundary lines and guarantee the title.
- Specify the amount of timber to be harvested and the manner, time, and method of payment.
- Describe the timber being sold, its location, and its marking method. Describe the logging methods, utilization standards, and merchantability. Include a map of your property with the harvest boundaries clearly marked.
- Specify the location of log landings, roads, and skid rails (if desired) and require that those areas be stabilized and re-vegetated (if appropriate) after harvesting.
- Select loggers with SFI training. Their website, www.sfiopa.org, also contains important information.
- Specify the time period covered by the

contract. Logging contracts usually cover at least two dry logging periods (18-24 months).

- Prohibit excessive damage to unmarked trees and improved property such as buildings and fences and roads.
- Specify the penalties the buyer must pay if unmarked or non-designated trees are cut or damaged.
- Assign liability for losses caused by the buyer or his agents to protect the landowner from workers’ compensation claims, liability lawsuits, and property damage claims.
- Specify protection of soil, water, and recreational values.
- Require the use of Best Management Practices (available at your local forestry or county extension office, or from loggers and foresters) where appropriate.
- Require that the buyer abide by all local, state, and federal laws and regulations.
- Allow the sale agreement to be assigned to another logger only with the written consent of the seller.

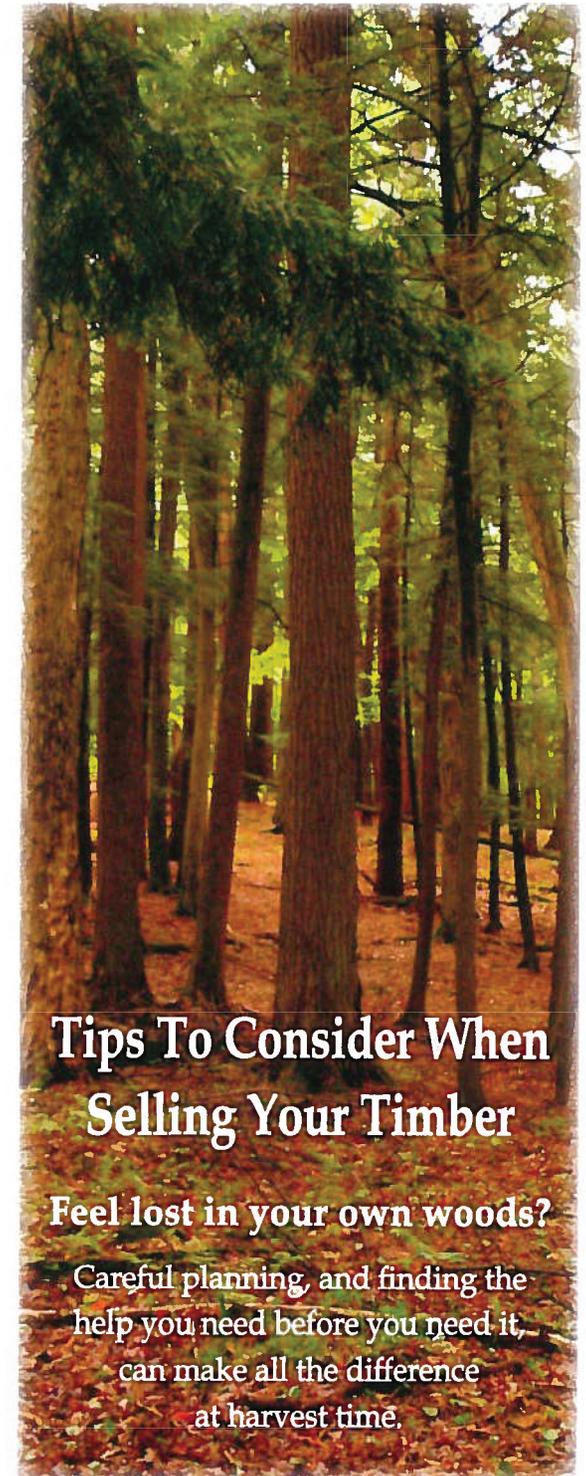
Publication sponsors note that following the suggestions in this publication does not guarantee, but will provide a better chance of a successful timber sale.

Forest Resources Association
1901 Pennsylvania Avenue, NW
Suite 303
Washington, DC 20006

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PA Hardwoods Development Council
2301 N. Cameron Street, Room 308
Harrisburg, PA 17110
717-772-3715

Northern Tier Hardwood Association
PO Box 7
Tunkhannock, PA 18657
www.nthardwoods.org



Tips To Consider When Selling Your Timber

Feel lost in your own woods?

Careful planning, and finding the help you need before you need it, can make all the difference at harvest time.

Picking a professional logger is one of the most important steps you'll take when selling your timber. But other related factors are involved as well. Here are some ideas that can help you make decisions about those other factors.

The timber on your land may well represent one of the largest financial transactions you'll ever make. It is a complex undertaking that you must plan for in advance. Don't make the mistake of selling your timber without first giving serious thought to what you'd like to do with your land in the future. The steps detailed below can go a long way toward ensuring that your timber sale will be painless and profitable.

DEVELOP A MANAGEMENT PLAN

A forest management plan should include your goals for the timber harvest and forest renewal and ways to attain those goals. Here are some of the factors you should consider:

How do you hope to benefit from the sale of your trees? Are you mostly interested in realizing some income? Perhaps you also want to increase the habitat for wild turkeys or grouse or deer or songbirds, minimize disturbance to waterways and soil, and increase the plant and animal diversity within your forest. And what about the tax implications? Your unique desires for your land will determine what sort of timber harvesting operation you need, and will impact most of the other considerations listed below.

PROPERTY LINES

Do you know where your boundary lines are? If not, be sure to find them before you harvest even one tree — it may turn out to be your neighbor's, not yours. If you are uncertain about the location of the lines, it is best to work with a surveyor to help establish and clearly mark them.

MORTGAGE RESTRICTIONS

Is there a mortgage on your land? If so, will the holders of the mortgage release the timber for sale? Probably they will; perhaps with a provision that they receive a part of the proceeds, but be sure to obtain the

mortgage holder's written permission before selling any timber. Be aware too, of anything else that might prevent you from having clear title to the land (and the trees).

HARVEST BOUNDARIES

Determine what areas of your forest will be open to cutting. The boundaries of those areas should be clearly marked — flagged, painted, or blazed. Fences or fields can form borders. Be sure to mark clearly any areas you want to remain off limits, and clearly communicate these limits to the logging contractor.

Remember, a well-planned logging operation can enhance wildlife habitat, keep the water clean, and be financially profitable. A well-developed management plan can help your forest become an increasingly valuable and enjoyable investment for your future and that of your heirs. It is recommended that you use the services of a professional forester to develop your forest management plan.

WORK WITH A FORESTER

Should you work with both a logger and a forester? Unless you are familiar with the ins and outs of selling timber, and are up to speed on the current forestry practices and regulations and current market prices, you would be well advised to enlist the services of a professional forester.

Forestry advice comes in many forms. Sometimes loggers themselves are professional foresters, or they may have foresters on their staff. Many state forestry agencies or wood-consuming companies provide, at no or a minimal charge, services such as a management plan, sales advice, and lists of loggers, consulting foresters, and timber buyers. Consulting foresters can provide, for a fee, such services as a timber appraisal (cruise), handling the timber sale itself (including the bidding process), and working with the logger to assure that the landowner's desires are satisfied. Some forest products companies have landowner-assistance programs that include a forester's help in preparing management plans,

cruising and marking timber. The goal of professional loggers and foresters is to establish a long-term relationship, based on stewardship and sustainability, which will mean new opportunities to work with landowners in the years to come.

WHAT TO CUT

You wouldn't sell a herd of cattle without counting them first. So, you need to determine which trees you will sell based on your long-term objectives for your property.

Who will mark the trees for sale or the boundary of the timber sale area? And by which method will the trees be harvested: clear-cutting, single-tree selection, group selection, shelter-wood method? The harvest method is linked to your plans for future harvests. If you aren't confident that you can make these decisions without some help, the advice of a professional logger or forester can prove invaluable.

KNOW THE VALUE

Know how much timber you will be selling and what it is likely to be worth in a competitive market. It pays to have the timber cruised and appraised by one or more people knowledgeable about current wood markets in your locality. Make sure that the volume of timber taken from your land is accurately measured and paid for. Common ways of selling timber include 1) soliciting bids, and 2) negotiating the sales price directly with reputable logging contractors, wood dealers, or wood procurement foresters employed by local forest products companies.

FACE TO FACE

Another good idea for helping to ensure a successful timber sale is to arrange a face-to-face meeting at the sale site between yourself, your logger, and, if you have hired one, your forester. Nothing beats a good, honest, in-place discussion of details and responsibilities — exactly what is expected of whom. People tend to respond more openly and honestly in such a situation, and the chances for later

(Continued on back page)