

Selling Your Timber



Oklahoma Cooperative Extension Service • Division of Agricultural Sciences and Natural Resources

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Introduction

Oklahoma is home to approximately 6.2 million acres of forestlands that are suitable for commercial harvest. Non-industrial private forest (NIPF) landowners control 61 percent of this resource. Much of this forestland is stocked with highly desirable species that when properly managed and marketed, can produce sizable returns for Oklahoma's forest landowners. Additionally, timber sales can be used to improve forest health and vigor when the harvest is based on sound management principles and Best Management Practices (BMPs) are followed. While many forest landowners find selling timber to be rewarding and profitable, others find it to be frustrating and often costly. If a timber sale is approached in a haphazard manner without careful consideration, the management efforts of an entire generation can be lost in a matter of weeks. Planning and experience are the keys to ensuring that a timber sale is successful.

A successful timber sale is one that produces the most possible revenue, meets the forest landowner's management goals, and maintains a healthy and productive forest. Because of the many economic and environmental variables that must be considered throughout the life of a forest stand, the assistance of a professional forester should be the first step in any forest management activity. A professional forester can also assist the landowner in avoiding many of the more common problems encountered during a timber sale.

This publication is not intended to replace the knowledge and experience of a professional forester, in fact **the assumption that a landowner will enlist the assistance of a professional forester is key to achieving a successful outcome.** The intent of this publication is to provide landowners with the necessary information to understand the process and with the assistance of a professional forester, to make the decisions to achieve a successful timber sale.

When considering a timber sale there are 11 basic steps the landowner should follow. These are:

- Engage a professional forester
- Develop an overall land management plan with specific objectives
- Determine what and when to harvest
- Mark the timber for sale
- Determine the volume of your sale
- Select an appropriate sale method
- Market the timber
- Enter into a contract with a buyer
- Monitor the harvest operation



Harvesting timber can be a profitable venture for forest landowners. Care should be taken; however, in developing a management plan that identifies your objectives and incorporates Best Management Practices.

- Retire the sale area
- Regenerate the stand

Engage a Professional Forester

The following steps are extremely important for receiving the value you deserve from your timber sale as well as maintaining the health and future productivity of your forest. However, none of the information in this publication can replace the services of a consultant forester or agency forester. The knowledge and experience of a professional forester is essential to enable you to conduct a successful timber sale. This assistance begins with the development of a sound management plan and continues throughout each step of the timber sale process. If you do not elect to retain the services of a professional forester, you should expect to be dissatisfied with the outcome of your impending timber sale.

Many landowners see a consultant forester as just another added expense. However in most cases this is a misperception. It has been demonstrated that landowners seeking the guidance of a professional forester receive an average 23 to 50 percent higher price for their timber than landowners not seeking assistance. In addition, the expense associated with developing a management plan and administering a timber sale can be deducted from the capital gains associated with the sale itself. Just as a rancher enlists the

services of a veterinarian, or a farmer seeks the assistance of an accountant for tax purposes, the forest owner should seek the advice of a professional forester when developing a timber management plan. Free forestry assistance in many aspects of forest management is also available through many state, federal, and private organizations. A list of these sources is included at the end of this publication. It is important to realize however that these agencies will not typically provide assistance during the sale administration phase of the timber sale process. A consulting forester will need to be retained to administer the actual sale.

Develop an Overall Land Management Plan with Specific Objectives

As with any business venture, the first and most important step is to develop and follow a written management plan. Careful thought and consideration should be given to identifying unique ownership objectives, or why you have chosen to own land as opposed to other uses for your capital. In most cases there will be multiple objectives that may, or may not, compliment one another.

Objectives do not necessarily determine specific management activities instead they identify ownership goals, which the specific management activities will attempt to achieve. For example one objective might be to increase the growth on suitable acres. Management strategies to achieve this goal might include intensive plantation management and/or management of the existing natural stands. Another objective might be to improve habitat for a specific wildlife species. Here possible management activities could include prescribed burning and/or some form of timber harvest. Of course, there could also be a host of other management activities, which could improve wildlife habitat depending on stand conditions and the wildlife species of interest.

A sound management plan will consider specific ownership objectives as well as the potential of the forest to meet those objectives. A good forest management plan will then outline the actions that are needed to achieve the objectives as well as the timing of those activities. The plan should also allow enough flexibility to adapt to changing market and resource conditions. Any harvest activity should be a part of the developed management plan, undertaken with the goal of attaining specific stated objectives. As with other types of business, unplanned or forced sales are rarely best for either the seller or the resource.

When developing a management plan, remember that BMPs are designed to protect the environment and therefore the investment in the future of the timber stand. The forest industry and landowners throughout Oklahoma have adopted these guidelines to protect sensitive riparian areas, soil productivity, and water quality. While the practices are currently voluntary, their adoption will help to insure that more restrictive mandatory actions are not required at some point in the future. Even if the goal is land conversion, it is important to explore the alternatives. In some cases soil limitations, advantages of diversification, recreational use opportunities, and land value concerns will encourage the regeneration of forestlands.

Determine What and When to Harvest

The next step in conducting a successful timber sale is to decide why you are harvesting timber and what type of harvest will best achieve established goals. The type of harvest should always be tailored to meet the landowner's objectives for selling timber. The harvest may be designed to reach a short-term goal, such as emergency capital, salvage

of dead or dying timber, or conversion to other land uses. Most often the harvest is done to reach long term objectives as defined by the forest management plan. These activities could include thinnings, regeneration cuts, timber stand improvements, and final harvests.

There are many different harvest methods. Each of these methods is suited for a particular site and objective.

Salvage cuts remove damaged, dead, and dying timber. These types of cuts are used in cases of ice, wind, water, fire, and insect damage. They can also be used when timber must be cleared for the construction of roads and right-of-ways. If they need to be cleared using a bulldozer the timber may still be salvaged, however, higher stumps may need to be left in order to remove roots.

Thinnings are used to open up the stand to allow optimal growth of remaining trees, or for enhancement of wildlife habitat. The thinning may be precommercial (trees have not yet reached a merchantable size) or commercial. In either case extreme care should be taken to protect the remaining trees.

Uneven-aged regeneration cuts (selection and group selection) are used to remove mature and undesirable trees from a stand while providing growing space for future regeneration. The selection of trees to remove can have a dramatic impact on the value of the sale as well as productivity of the remaining stand. The practice of removing all trees larger than a certain diameter should generally be avoided. The trees to be removed should be marked individually at breast height (4.5 feet) and on the stump. Typically trees are all marked on the same side, i.e. the north side, towards the road, or on the uphill side. This will make it easier for the logging crew to locate trees slated for removal. A professional forester can provide valuable assistance in a selection harvest. Caution must be observed to prevent damage to the residual stand during the logging operation.



Intermediate cuttings, such as this thinning of an oak forest, can allow a landowner to improve a stand of trees, while realizing income from selling commercial products such as firewood or pulpwood. Reforestation plans should be made prior to harvesting timber.

Even-aged regeneration cuts (shelterwood and seed tree) are typically done to begin the regeneration of a mature stand. This harvest method is often associated with shade intolerant species. Select mature trees are left to provide seed source for the new stand. The seed trees should be of seed producing age with desirable characteristics for the new stand. A professional forester can assist in the selection of seed trees, as the spacing requirements are different for each species and site. Typically the trees to be left as seed source are conspicuously marked with paint at breast height and at the stump level. After regeneration is complete and a stand is well established, the seed trees may also be removed during a later harvest or thinning of the new stand.

Clearcuts are used to remove all merchantable timber from a stand. This harvest method is suited to situations when species conversion, land conversion, or artificial regeneration by planting is desired. The area is marked off using paint or flagging, with sensitive areas such as those set aside due to erosion, wildlife, unique features, or aesthetic concerns being clearly designated. An important point to remember is that not all trees are removed. Only those that are merchantable are taken. Trees that are unmerchantable due to size, quality, or species remain. It is important to note that without further site preparation and planting the stand could regenerate into a forest composed of undesirable unmerchantable trees.

Mark the Timber for Sale

Once a harvest method is selected, the trees to be cut must be clearly identified. In a clearcut this is relatively straightforward. The area to be cut must be clearly marked and distinguished from residual or no cut areas. With other harvest methods the selection of individual trees can have a dramatic effect on the value of the sale as well as the condition and productivity of the remaining stand. If the better trees are selected for sale and the remaining trees are of inferior quality or undesirable species, forest health and future productivity will decline. However if the sale trees are all of low quality, poor form, and undesirable species, you may not attract an interested buyer. An experienced professional forester can determine the optimal mix of desirable and undesirable trees, which will yield the highest sale price while maintaining future productivity and achieving the stated management objectives.

The Oklahoma Forestry Code requires timber owners authorizing a timber harvest to clearly mark established property lines, which are within 100 feet of the area to be cut. If property lines can not be located the seller must notify all landowners adjoining the sale area by certified mail at least 10 days prior to the harvest operation. If the mailing address is not known for adjoining landowners the seller must publish notice in the local newspaper at least 10 days prior to the sale. Under Oklahoma's Timber Theft Law timber owners are liable for damages, which occur on adjoining property if the boundaries are not marked, marked improperly, or if the seller negligently directs logging onto lands of another without prior consent.

Even if the harvest will be more than 100 feet distant from adjoining landowners, the boundaries of the sale area, special areas that are not to be harvested, and streamside management zones should be clearly marked.

Determine the Volume of the Sale

After the trees to be cut are selected and identified, it is necessary to determine the volume that will be harvested. Without this knowledge it is impossible to determine the fair market value of the timber. A professional forester can assist in developing an inventory of the harvest area. This inventory should include the volume of all trees in the harvest unit by species, grade, and product class. This segregation is important because the prices received for these various products and grades are significantly different. Once the species, grade, and product class information is developed, the value of the sale can be determined.

Some values can be difficult to establish since some products have no fair market to monitor. Aesthetic beauty, recreational opportunities, and social benefits are all subjective values that must be determined by the landowner. These values can dramatically affect the resale value of land and should be considered. However, in this discussion, we will concentrate on the value of timber as a market commodity.

Knowledgeable and informed parties freely trading in an open market with many buyers and sellers set the fair market value of timber. If there are a limited number of buyers or sellers in the area, the prices paid may not reflect the market price in other areas. It is a relatively easy matter to find the price of delivered logs by calling concentration yards and sawmills in your area. A list of those facilities can be obtained by calling the Oklahoma Department of Agriculture Forestry Services or the OSU Cooperative Extension Service Forest Utilization and Marketing Specialist listed at the back of this publication.

Unfortunately, determining fair market prices for stumpage (standing timber or downed timber, which has not yet been cut into logs) is much more difficult. The expected stumpage price can be estimated using the following formula:

$$\text{Stumpage Price} = \text{Delivered Price} - (\text{Logging and Transportation Costs} + \text{Loggers Profit})$$

The determination of logging and transportation costs can be complicated. However, a professional forester can make a reasonable estimate using the following factors.

Volume of the sale will have a dramatic effect on stumpage prices. Certain fixed costs are associated with the startup of a harvest operation, which must be recovered. Larger sales allow the fixed costs to be spread over more units than small volume sales. If all else is equal, large volume sales will yield higher stumpage prices than small volume sales.

Quality of the timber in the sale will also affect the stumpage price. High quality logs, desirable species, and high value product classes will receive higher prices at the mill and therefore have higher stumpage values. Also high quality products tend to be in short supply and receive more interested bidders, which can raise prices. Low quality products may receive few interested bidders, which may result in a lower offered price.

Size of individual trees within the sale will affect stumpage prices in two ways. First, as previously described larger trees may have higher quality products. Second, larger trees may have lower handling costs because the logger will have to handle fewer trees to harvest the same volume. There is a point when trees become so large that they are too difficult

to move. Many modern mills are also geared towards smaller diameter logs and may not be able to efficiently process logs over 36 inches in diameter. Trees that are too small or large to be efficiently processed into salable products will receive lower prices than trees of optimal processing size.

Distance to markets will affect offered price due to the expenses associated with hauling logs from the stump to the processing facility. The logger must pass operating costs including fuel, tools, time, and equipment wear to the landowner. As haul distances increase stumpage prices can be expected to decrease.

Presence and condition of access roads will affect the price of stumpage on individual tracts. Haul roads are expensive to construct and maintain. In many instances the construction of these roads will add significant value to the residual stand and property. This increase in property and timber value should be considered if roads will be constructed or improved by the timber buyer. Roads, which are already present, increase the value of stumpage if they are in usable condition for large trucks, and are properly located for efficient removal of the timber. Tracts that are located close to all weather roads will generally receive higher prices than tracts that are more remotely located.

Logging difficulty and conditions also influence stumpage prices on individual tracts. Timber sold from with excessive slopes, rocky or highly erodible soils, and limitations due to drainage or flooding receive lower prices than that from areas without these restrictions. Tracts that can be logged during wet periods should receive higher prices, since they can be logged when timber may be in short supply. Restrictions placed on the logger by the seller, such as limited access points, maintenance of roads, hours of operation, and duration of the harvest activities, may also reduce the price paid for stumpage.

Market conditions or the supply and demand for timber in your area will affect the price paid for stumpage at a given point in time. Log prices, and therefore stumpage prices, fluctuate on a daily basis. Timber, unlike grains and many other farm commodities, can be stored for extended periods assuming that it has not been damaged by insects, ice, wind, or other agents. If the market is soft and there is no dire need for capital, a landowner can easily wait a few months, or even a few years, for the market to again rise.

Select an Appropriate Sale Method

Once a value has been placed on the timber to be sold, the appropriate sale method must be determined. Many factors affect this decision and the choice can have serious effects on your tax situation, the price received, and the perceived value of the sale proceeds. An accountant or tax adviser should be consulted before selling timber to assure reaching the desired outcome from any sale.

Sale-by-unit, pay-as-cut, or sale-by-scale sales are those sales in which a price per unit is agreed

upon and the landowner is paid for those units removed from his land. Payments are generally made on a periodic basis and a third party is responsible for determining the amount of material removed. It is important that the landowner have complete trust in the logger and the monitoring party to prevent disputes over the number of units removed. There are several ways to record those units, whether they are scaled at the landing, on the truck, or at the point of delivery. In any case, it is imperative that the landowner be available to monitor the removal of timber or have a great deal of trust in the buyer.

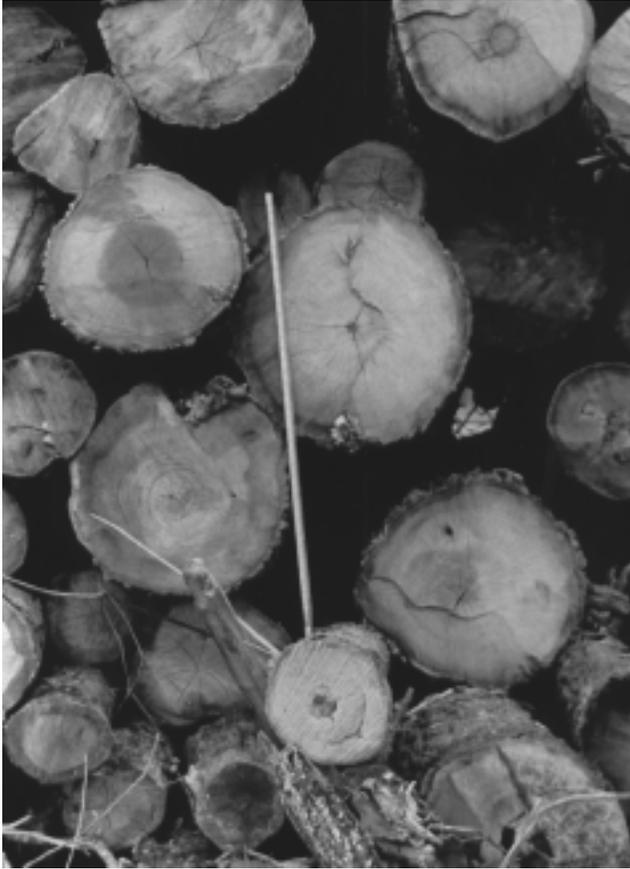
It is also important that the utilization standards are agreed to and included in the contract, particularly if more than one product class (i.e. sawtimber, pulpwood, and utility poles) is being sold. Without merchantability standards, there is nothing to prevent the logger from removing only the highest quality materials and leaving lower quality materials on site or paying pulpwood prices for small sawlogs. Because the units removed must be tallied, this type of sale is the most difficult to administer, but may have tax advantages due to the fact that possession is retained until the timber is actually cut. In this instance, the timber may be classified as a special type of business property and may be treated as capital gains. Because possession is maintained until the timber is cut, the landowner retains the risk associated with damage during the interval between contract execution and harvest.

Lump-sum-sales are the sales where a sum of money is paid, generally at the start of the harvest operation or on an approved payment schedule, for all timber included in the sale. This type of sale is the easiest to administer because there is no recording of the units removed. Also the seller knows ahead of time what amount will be received for the sale. Assuming sales are infrequent, and the timber has been owned more than the required holding period of 1 year, the proceeds from lump-sum-sales qualify as a long-term capital gain. The buyer assumes the risk associated with damage during the interval between contract execution and cutting. Large tracts with high values may yield lower prices in a lump sum sale due to the amount of capital required. However this problem can be avoided by establishing a payment schedule in which portions of the sale price are due as the timber is removed.

Market the Timber

Selecting the appropriate type of sale is a key element to having a successful timber sale. To receive the highest possible prices, the forest landowner must do more than merely sell their timber. They must actively market their product. Timber is typically sold by forest landowners in one of three ways.

Single offer sales occur when an interested party approaches a private landowner. The landowner then makes the decision to sell or not sell their timber based on this single offer. A great deal of timber from private non-industrial forestlands is sold in this way, often without any sort of management plan or consideration of the owner's management objectives. In order to receive the maximum value for your timber,



These logs were sold as pulpwood by a landowner to a timber buyer, but there are several sawlogs within this pile of timber. Greater income from the sale could have been realized if an accurate inventory was made of the forest land before the sale occurred.

you must market your timber not just sell it. The forest landowner **will not** receive top dollar for their timber if this type of sale is implemented.

Negotiated bid sales are those in which the timber owner enters into oral negotiations with several interested parties. Timber brokers often use this type of sale when high value timber is being sold. Most landowners lack the knowledge and experience to negotiate an optimal sale price. This type of sale may be appropriate if markets are weak, if you wish to work with a particular buyer, or if you are marketing specialty products such as poles or high value hardwoods.

Sealed bid sales will most often reap the highest returns for the private non-industrial forest owner. When selling timber, it is important to remember not to jump into anything too quickly. The timber owner should work to receive as many bids as possible for the sale. It is not uncommon for the bid prices to vary widely; in fact the highest bid will often be twice that of the lowest bid. In some instances there may be only one or a few buyers interested in the sale. In other cases many bidders may be interested. The forest owner can obtain lists of potential timber buyers in the area from several sources. The OSU Utilization and Marketing Specialist keeps a list of

timber buyers as do most consultants, sawmills, and concentration yards.

Advertisements for your sale should be sent to each buyer on the list. The advertisement should include the following elements.

1. Name and address of the seller or the forester managing the sale.
2. Location of the sale. In most cases a legal description of the property as well as a vicinity map showing nearby highways, towns, access points, and existing roads should be included.
3. Description of the trees to be sold. This description should include the inventory by species, size, and product class. A description of the sale area boundaries should also be included. For some harvest methods, a statement defining how cut or leave trees are marked is also necessary.
4. Inspection period. All interested buyers will want to look over the sale area. A time period (usually 4-6 weeks) should be designated for inspection of the sale area.
5. Type of sale. Whether a lump sum or sale-by unit. Also the payment method (bank or cashiers check), payment schedule, and whether or not a deposit must accompany the bid.
6. A statement that the seller reserves the right to refuse any and all bids.
7. Any major conditions or limitations on the sale. This is the place to let the buyers know if they will be restricted in the times they can harvest, limits on access, erosion control, slash disposal, damages to residual stand, environmentally sensitive areas, etc. Keep restrictions reasonable, as they generally add to the cost of logging. Excessive or unreasonable restrictions will make the job less attractive to buyers, and will result in fewer interested buyers and lower bids.
8. Whether or not a performance bond is required. This could depend on the logger's reputation, or lack of reputation in the case of new companies. Generally, the performance bond is \$500-\$2,500 and is held in escrow until the harvest operation is complete to ensure that all points of the contract are met.

After a sale advertisement is developed it should be sent to all timber buyers in the area. You may also wish to publish the advertisement in the local or regional newspaper.

When the bid deadline arrives open the bids and select a buyer. Some buyers may wish to be present when bids are opened. There should be no negotiations before or after the bids are opened. The highest bid may not be the best choice in all cases. The seller should consider the reputation of the bidder when making their selection. If no bids are acceptable, the seller may refuse all bids.

Enter Into a Contract with a Buyer

Timber sales, like any other transaction involving property and large sums of money, should be bound by a written contract. This will protect both the buyer and seller. The contract does not need to be complicated, however, it should detail exactly what the buyer and seller have agreed to relative to all aspects of the sale. The selected timber buyer will most likely have a standard contract. There is nothing wrong with using an existing contract as long as it is considered as a starting point. Each landowner's objectives are different, their timber stands are unique, and therefore their sales will be different. No contract is perfect in all situations. Although

contracts differ from sale to sale there are certain provisions that should be included in any contract.

The following information is not intended as legal advice nor is the sample contract provided in Figure 1 (on page 8) a legal document. They are included for your information and as an example. As with any legal matter, an attorney should be consulted for legal advice and to review each contract before signing.

1. The names and addresses of both the buyer and seller. This will identify the parties entering into the contract and should be included in any legal document.
2. Date of the contract's execution.
3. A legal description of the location of the timber sale along with a map of the sale area.
4. A description of exactly what is being sold. If the sale is a clear-cut, a statement indicating all merchantable trees within the specified boundary may be sufficient. If individual trees are to be removed from a stand there should be a statement describing exactly how those trees are marked.
5. A declaration of the seller's ownership and right to convey the timber to the buyer.
6. The selling price and how payment will be made. If this is a lump sum sale, the total selling price along with a payment schedule should be included. If the sale is a sale-by-unit, the exact price per unit, method and location of scaling, person responsible for scaling, and payment plan should be included.
7. The duration of the contract, and any extensions along with the cost of extensions. Typically a sale contract is set for a period of 1 to 3 years. If the buyer has not removed all the timber in a specified time, the remaining timber should revert to the original owner. Sometimes extensions are allowed with a payment equal to some percentage of the original contract price.
8. Provisions for assignment of all or part of the contract. In many cases there will be several product classes as well as tops and stumps. The ownership of these products and that owner's ability to transfer those products to a third party, for example tops for firewood, should be clearly stated.
9. Provisions for arbitration. This is included to settle disputes, which may arise after the harvest begins. This section should state clearly who will sit on the arbitration board, along with deadlines for judgment by the board.
10. Utilization standards should be clearly stated in cases of a sale-by-unit sale. This is generally not required in a lump sum sale as the buyer has already purchased the entire product. However, you may wish to add a clause requiring that undesirable species or unmerchantable trees be felled to facilitate site preparation. Utilization standards would include species, top limits, stump heights, etc.
11. A statement indicating who is responsible should the timber be destroyed or stolen after the contract is signed. Generally timber sold as a lump sum sale becomes the property and responsibility of the buyer when the contract is signed, while the seller retains ownership until the timber is cut in a sale-by-unit sale.
12. A statement of the legal and financial responsibilities of the buyer. This should include proof of adequate liability insurance, worker's compensation insurance, whether or not a performance bond is required, and any practices the buyer must perform to control erosion. In addition, there should be statements of the buyer's responsibility

for damage to the seller's property. This would include roads, fences, crops, culverts, residual timber, etc. Rather than vague generalities, these statements should be clear and enforceable.

13. Other restrictions such as points of access; construction standards; location of roads, skid trails, and landings; cleanup of trash and debris; times or periods when operation cannot continue; etc. should be included. You may also wish to ask for a harvest plan. This document will detail the location of landings, skid trails, and haul roads. There should also be provisions for sensitive areas.
14. Finally, the signature of both parties along with witnesses in the presence of a notary public. The contract should then be filed with the county recorder in the county of the sale.

Monitor the Harvest Operation

Before the harvest begins the seller should schedule a meeting with the logging contractor to discuss the particulars of the harvest operation such as the number and location of landings, skid trails, and haul roads; any sensitive areas; and streamside management zones. A harvest plan will include all of these details, and if it was specified that one would be developed in the contract, now is the time to review it. Make certain that the contractor knows where the harvest boundaries are and what practices are acceptable under the contract. This meeting should include a visit to the harvest site where there can be no misunderstanding of the locations of the discussed areas and property boundaries.

When the harvest operation begins the seller or his representative should be on hand to discuss any further concerns that may arise during the initial startup of the harvest. As the harvest continues, the seller should continue to monitor the harvest and discuss any problems with the buyer. Should a serious concern arise, which cannot be worked out, the matter should be turned over to the arbitration board designated in the contract.

Retire the Sale Area

Once harvesting has been completed, the harvested area should be inspected to make sure all contractual obligations have been met and that all equipment has been removed from the site. Streams should be free of logging debris and temporary crossing should be removed. Landings, skid trails, and temporary roads should be seeded to ground cover to prevent erosion, and water bars should be constructed where needed. All logging equipment and refuse associated with the maintenance and operation of such equipment should be removed from the property. If everything is in order, a letter releasing the buyer from the contract should be written, and any performance bond returned.

Regenerate the Stand

Planning the new forest should be done well before any harvesting activity begins. This is true regardless of the type of harvest or regeneration method. Harvesting, in addition to removing trees, disturbs the soil to some degree and exposes it to sunlight. The area may quickly be overrun with weeds and sprouts of low-value tree species if site preparation and regeneration activities are not accomplished immediately. This will result in much greater than necessary expense in meeting your goals. Consulting foresters are a very important resource for stand regeneration. They will know the specific requirement of the species to favor in the next forest as well as the best methods for establishing the new stand.

Summary

The harvest of a forest stand represents the culmination of years of management and more importantly the birth of a new forest. The actions you take now will affect the value and health of the forest for years to come. Any harvest should be a step in reaching the goals set forth in the forest management plan. It is important to enlist the help of professionals when deciding to sell timber. The assistance will help to ensure that the sale will move along smoothly while allowing the landowner to reach current objectives. Do not jump on the first offer received. Timber unlike most other farm commodities can be stored for extended periods, so take time and market the timber. Consider management goals when deciding what type of harvest to conduct. Remember that the harvest operations will have a profound impact on the site preparation and regeneration needs of future stands. Consider financial needs and consult a tax attorney before selecting a type of sale method. Always solicit as many bids as possible and never enter a timber sale without a written contract, which has been reviewed by an attorney. Always protect environmentally sensitive areas to protect the resource for future generations. Finally, monitor the harvest to ensure that the intent of the contract is being fulfilled. By following these guidelines and enlisting the help of professionals, forest landowners will be well on their way to successful timber sales.

Where to get Assistance

There are several sources of management assistance available to forest landowners in Oklahoma. Many of these services are provided at no cost. Management assistance can be obtained from the following sources:

- **Oklahoma Department of Agriculture - Forestry Services**

(405) 522-6158

<http://www.oda.state.ok.us/frt.htm>

ODA - Forestry Services offers free management assistance for landowners that own less than 500 acres of forestland. They can assist in developing a management plan and timber inventory. They administer the Stewardship Incentive Program as well as the Forest Stewardship Program, which are cost share programs for forest landowners, who wish to practice sustainable forestry on their lands. They also maintain a list of consulting foresters, timber buyers, and sawmills that operate within the state.

- **OSU Cooperative Extension**

(405) 744-6432

<http://agweb.okstate.edu/fwa/>

OSU Cooperative extension county agents can assist forest landowners with management decisions, educational programs and brochures. State Extension Specialists can assist landowners in identifying management options as well as identifying and integrating management objectives. The OSU Forest Utilization and Marketing Specialist can also assist in the location of sawmills and forest industry throughout the state.

- **Natural Resources Conservation Service**

(918) 423-8730

The NRCS administers the Forest Incentives Program, which is a federally funded cost share program for forest landowners. A conservation plan for forested property can also be developed with their assistance.

- **Oklahoma Department of Wildlife Conservation**

(405) 521-4631

<http://www.wildlifedepartment.com/>

The ODWC administers the Wildlife Habitat Improvement Program, which is a state cost share program for forest landowners.

- **Oklahoma Forestry Association**

(580) 286-3970

<http://www.okforestry.org>

The OFA administers the Tree Farm Program, which is a national program consisting of professional foresters, who donate their time to assist private landowners. The OFA also maintains a list of consulting foresters, timber buyers, and certified master loggers on their web site.

- **Oklahoma Woodland Owners Association**

(918) 569-4287

An association of private woodland owners devoted to private property rights, landowner education, and BMPs. Many OWOA members have sold timber on their own property, and can provide much helpful advice.

Other Forestry Extension Fact Sheets for Forest Landowners

These publications and many more are available from your county extension office or via the Internet at <http://agweb.okstate.edu/fwa/pubpage.html>.

F-5015 *Farm Woodland Improvement*

F-5021 *Measuring Woodland Timber*

F-5022 *Frequently Used Forestry Terms and Natural Resource Terms for Landowners in Oklahoma*

F-5028 *Even and Uneven Aged Forest Management*

F-5030 *Tree Improvement in Oklahoma Woodlands*

F-5032 *Lease Hunting Opportunities for Oklahoma Landowners*

F-5034 *Riparian Forest Buffers*

L-267 *Forest Stewardship Wildlife Management Note #1: White-Tailed Deer*

L-268 *Forest Stewardship Wildlife Management Note #2: Bob-White Quail*

L-273 *Forest Stewardship Wildlife Management Note #3: Wild Turkeys*

L-270 *Forest Stewardship Wildlife Management Note #4: Snags, Cavity Trees, and Downed Logs*

L-271 *Forest Stewardship Wildlife Management Note #5: Gray and Fox Squirrels*

L-272 *Forest Stewardship Wildlife Management Note #6: Cottontail Rabbits*

L-269 *Forest Stewardship Wildlife Management Note #7: Wood Ducks*

L-274 *Forest Stewardship Wildlife Management Note #8: Songbirds*

L-275 *Forest Stewardship Wildlife Management Note #9: Mourning Doves*

L-276 *Forest Stewardship Wildlife Management Note #10: Edge and Other Wildlife Concepts*

Figure 1. Sample Timber Sale Contract.

(Sale of Stumpage and No Other Relationship)

WHEREAS, the undersigned _____, hereinafter referred to as "Purchaser" is prepared to purchase timber from _____, hereinafter "Seller"; and

WHEREAS, _____ is prepared to sell timber under the terms and conditions hereunder; and

WHEREAS, Seller and Purchaser mutually agree that activities performed by the undersigned under this timber sale contract shall be performed as a Purchaser and not as an employee; and

WHEREAS, the parties desire to set forth their relationship in writing so that there may be no misunderstanding as to the relationship and responsibilities;

NOW THEREFORE, the parties do agree as follows:

Because the Purchaser is to purchase timber, the parties agree to complete Addendum I. They further agree that Addendum I is a part of this Agreement in all respects.

1. The terms of this Agreement shall be applicable to situations involving the purchase of timber.
2. The undersigned Purchaser shall purchase and the Seller shall sell the Timber specified in Addendum II.
3. The undersigned Purchaser agrees that it is acting solely in the capacity of an independent party in carrying out the terms of this timber sale contract. It is agreed and acknowledged by the parties that the purchaser is not an employee, partner, associate, agent, or joint venture in any of the functions that it performs for the seller. The Purchaser has a separate place of business at _____.
4. The undersigned Purchaser agrees that it will save and hold harmless the Seller from any and all claims, penalties, or expenses of and nature, type, or description whatsoever, including reasonable attorney's fees, whether asserted by an individual, organization, or governmental agency or subdivision connected or in any way related with the purchase and harvest of timber by the Purchaser. In furtherance of this clause, Purchaser shall carry Public Liability insurance in the amount of \$_____ and property damage insurance in the amount of \$_____. Purchaser will be responsible for the same insurance requirements on the part of any of its subcontractors.
5. The Purchaser agrees that it will remunerate the undersigned Seller for its purchase of timber according to the terms and schedule of payment attached hereto and made a part hereof.
6. The Seller agrees that the undersigned Purchaser shall have the sole control of the method, hours worked, time, and manner of any timber cutting to be performed hereunder. The Seller reserves the right only to inspect the job site for the sole purpose of ensuring that the cutting is progressing in compliance with the cutting practices established hereunder. The Seller takes no responsibility for supervision or direction of the performance of any of the harvesting to be performed by the undersigned Purchaser or of its employees or subcontractors. The Seller further agrees that it will exercise no control over the selection and dismissal of the Purchaser's employees.
7. The Seller agrees that it will initially designate the timber to be sold and will also make a final inspection for purposes of ascertaining whether the timber has been cut in compliance with the specifications set out in Addendum I. All work will be performed in a workmanlike manner. Work shall be performed in accordance with the requirements of the landowner. The timber that is to be cut along with the legal descriptions of the property are set out in Addendum II. The parties stipulate that in fulfillment of the terms of this timber sale contract the Seller has clear and unencumbered title to the stumpage as the subject of this contract.
8. The undersigned Purchaser agrees that it will furnish all materials, labor, equipment, tools, and other items necessary for the performance of the contractual undertaking that it has assumed herein.
9. The Purchaser shall be responsible for the filing of its own information returns and income tax forms.
10. The Purchaser shall not assign or sublet this Agreement without the prior written consent of the Seller.
11. The Purchaser has inspected the premises and knows and accepts it as being satisfactory to perform the Contract without risk to person or property.
12. This Contract constitutes the full and final agreement and understanding between the parties and is a complete statement of the intended terms. This Contract shall not be modified except in writing signed by both of the parties hereunder.
The time period for this Agreement shall begin on _____, 20____, and shall continue until the termination date of _____, 20____, unless earlier termination is requested by either party by _____ days written notice to the other.

IN WITNESS WHEREOF, the parties have set their hands this _____ day of _____, 20____.

We have read and understood this Agreement and have received a copy of this Agreement. We understand that the Purchaser and its operation is NOT and will NOT be covered with Worker's Compensation insurance supplied by the Seller.

Approved and agreed to by Purchaser:

Witness

_____ By _____
_____ Its _____

Approved and agreed to by Seller:

Witness

_____ By _____
_____ Its _____

SCHEDULE OF PAYMENT

The purchaser and the Seller hereby agree to the following schedule of payment:

Purchaser shall pay to Seller _____ (\$_____) per mutually agreed scale for the following species.

OSU Extension Facts are also available on the World Wide Web at: <http://agweb.okstate.edu/pearl/>

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