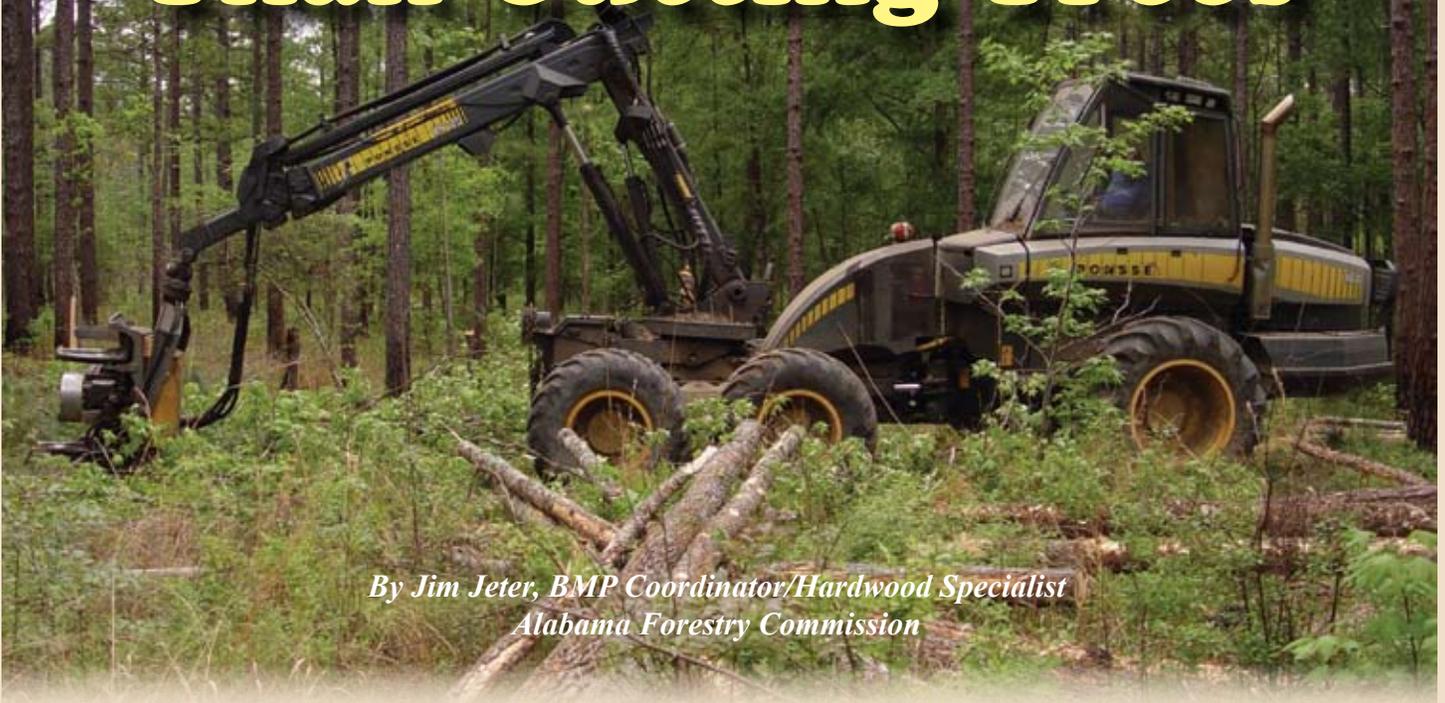


Timber Harvests: More Than Cutting Trees



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Getting the most money shouldn't be the only objective of a timber sale. Future productivity of the land and protection of sensitive areas such as streams, young timber stands, and erodible soils should be equally important to the landowner.

The forest landowner not only has an ethical responsibility to be a good steward of the land, but bears a legal responsibility to protect the environment. At present, the landowner shares the liability of protecting water quality and endangered species with the logging contractor, the consultant forester, and other involved parties.

A timber harvest is the culmination of many years of growth and should be held in high regard. If the harvest is done properly, with an eye to the future, the landowner can profit from the sale and equally important, the site will be protected for the next reforestation effort.



Unfortunately, forest landowners are not always prepared to make a wise timber sale. Most people sell timber only once or twice in their lifetime and are unaware of the problems that can arise from a poor harvesting operation.

Each year many forest landowners receive a healthy check for their timber, yet are angry with the resulting condition of their property after harvest. They find the land damaged to the degree that they are not only upset with its appearance, but also face a major investment to reclaim it into productive, healthy forestland.

Often adjacent landowners are affected by a poor harvesting job, too. Downed fences, opened gates, road damage, and litter are the most common complaints of neighboring landowners when the harvesting operation is not carefully planned.

Most logging contractors do a good job of harvesting trees with a minimum impact on the environment. However, special attention to detail takes time, so the contractor giving you the highest price is not always the one who will do the best job.

Generally, there are two ways a landowner receives payment for harvested timber: lump sum and per unit basis.

A lump sum payment is when the landowner receives one large payment before the timber is harvested. This method is usually associated with a closed bid system where all bids are opened at one time and the highest bidder is awarded the sale. Landowner refusal rights should be included with the request for bids.

The lump sum payment method usually yields the highest dollar value for the timber and eliminates the landowner's concerns about how the timber is to be merchandized.

Merchandizing refers to the sorting of the timber into pulpwood and sawtimber categories while in the forest.

In a unit basis payment method, the landowner receives a set sum of money for each cord (or ton) of pulpwood and/or each thousand board feet (or ton) of sawtimber as the timber is harvested and delivered. Payments are usually made on a weekly basis. Merchandizing of the timber plays a very important role in this system.

The best practice for all parties is to put the timber sale agreement in writing. A simple contract would include identification of the seller and buyer, location and description of the timber being harvested, the value of the timber, and the method of payment.

Several other considerations to address when writing a timber sales contract are as follows:

- A requirement that all logging be conducted in accordance with the Alabama Best Management Practices (BMPs) should also be included. A booklet on BMPs is available at no charge from your local Alabama Forestry Commission office. You can also download a copy of *Alabama's Best Management Practices for Forestry* by visiting the Alabama Forestry Commission website at www.forestry.alabama.gov/Publications/BMPs/2007_BMP_Manual.pdf. To view a video on best management practices go to <http://media.alabama.gov/Video.aspx?v=234&a=106>.
- "Performance Fund" – a substantial amount of money given to the timber owner by the buyer to ensure that the conditions of the timber sale are met. Upon successful completion of the job, the performance fund is returned to the buyer.
- Species to be cut, allowable tree size, and trees to be cut will be designated.
- Provisions for removal of litter and other waste after the harvest.
- Penalty for cutting non-designated timber and/or not cutting designated timber.
- Duration of agreement and when the logging should start and stop.
- Provision for payment of severance taxes.

Forest landowners should always consider seeking professional assistance when preparing to harvest timber. A professional forester can determine the amount and actual value of the timber. A tax accountant familiar with forestry taxes can direct timber sale income and reforestation expenditures to reduce the tax burden.

An attorney experienced in timber sale contracts can ensure that the best interests of both parties are represented. Often a professional forester can assist the attorney and/or accountant in forestry-related areas.

A successful timber harvest benefits both the landowner and the land. The landowner receives the financial and environmental rewards of responsible forest management, and the land is protected and preserved for future generations. ♻️

Suggested Items to Include in a Timber Sale Contract

1. Name and address of buyer.
2. Date contract is executed.
3. Specific description of timber to be sold and cut:
 - a. Species included and excluded.
 - b. Minimum size allowable for cutting.
 - c. How trees to be cut will be designated, if they are to be marked.
 - d. Whether timber becoming merchantable during the removal period will be cut or only that timber which is merchantable on date of sale.
4. Exact location and legal description of the timber sale area. If corners and boundaries are to be marked, state at whose expense marking will be done.
5. Declarations of the seller's ownership and right to convey. This may include a title abstract and title insurance.
6. Provision for buyer's entrance into and exit from the property. Include what timber can be used for logging purposes, such as bridge building.
7. Care required of buyer towards other property of seller.
8. Method of logging to be employed.
9. Statement that all logging should be done in accordance with Alabama's Best Management Practices.
10. Penalty for cutting non-designated timber.
11. Penalty for not cutting designated timber.
12. A provision to require one area to be completely logged before another area is begun.
13. Fire protection clause.
14. Method and place of scaling and measurement.
15. Price basis, to include method and terms of payment.
16. Duration of agreement.
17. Provision for when logging should begin and end.
18. Provision for or against renewal of contract.
19. Clause for arbitration.
20. Utilization provisions for stump height, top diameter, etc.
21. Ownership of by-products.
22. Provision for payment of severance taxes.
23. Statement of who suffers the loss if timber is destroyed or stolen after execution of contract.
24. Provision for or against assignment of the contract.
25. Signature of both parties.
26. Notarization of the contract.
27. Recording of the contract at the county courthouse.

Sources: Richard W. Brinker, Dean and Professor, School of Forestry & Wildlife Sciences, Auburn University; and Charles F. Raper, former Professor, School of Forestry & Wildlife Sciences, Auburn University.