



Purdue University
Forestry and Natural Resources
Timber Marketing

Marketing Timber

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Marketing is the process of selling timber to obtain its true fair market value. This publication discusses key points that a woodland owner should consider when marketing timber. It should be read in conjunction with FNR-138, *How to Get The Most From Your Timber Sale*.

Achieving a reasonable financial return on a timber investment depends on many factors. None is more critical, however, than proper marketing. Even if financial gain isn't the primary goal, proper marketing can reduce the cost of achieving other management objectives, such as creating wildlife habitat.

You may have a wide variety of objectives for your woodlands. Harvesting is compatible with most non-financial objectives. Insisting that the logger follow best management practices (BMP's) will ensure the maintenance of a healthy natural environment. Logging activities may temporarily reduce aesthetic quality, but this depends on the proportion of the trees removed and the extent to which the tops are removed for firewood or cut up for faster decomposition. Eventually, stumps and openings will be the only evidence of logging activity. See FNR-185 for aesthetic, recreational, and cultural aspects of forest management.

Timber Harvesting and Forest Management

The specific trees selected for harvest determine the following:

- willingness of potential buyers to make an offer to buy your timber,
- amount they are willing to pay,
- trees left to produce your next crop,
- openings for regeneration, wildlife habitat, and
- aesthetic appearance you desire.

The science of forest management is based on the principle that whatever vegetation currently occupies

an area of land grows to fully occupy the available growing space. Owners find that cutting trees by conducting a commercial harvest or timber stand improvement (TSI) controls the composition of this vegetation.

Timber Markets and Stumpage Valuation

Owners may be concerned about getting a fair price for their timber, because published prices are available for most widely traded commodities, but not for timber. This is due to the large number of species and tree qualities and relatively small number of timber sales in a given geographic area.

Logs are bulky and expensive to haul. For that reason, the market area for timber is defined by the timber buyers with processing facilities within approximately one hundred miles of the sale site. An

exception is high-value logs that may be hauled to a seaport for export, or to processing facilities in other regions of the United States.

Derived demand. The demand for timber, either as stumpage or for unprocessed logs, comes from the "primary wood-using industries" and export markets. Stumpage is the term used to refer to trees standing in the woods before additional costs are incurred



Woody Barton, an award winning Tree Farmer in Owen County, IN stands beside a veneer quality white oak tree on his land. Photo credit: W. L. Hoover

for cutting them down (*felling*), cutting the trunk of the tree into logs (*bucking*), and moving the logs out of the woods to be loaded on a truck (*skidding*). Collectively, these costs are referred to as “*logging costs*.” An additional cost is transportation of the logs to a processing facility (*hauling*). The “primary industry” converts logs into lumber and veneer. The “secondary industry” converts the lumber and veneer into end products such as furniture, household fixtures, millwork, flooring, pallets, and many others. The value of your stumpage is derived from the amount consumers are willing to pay for these end products less the processing costs, for example,

Stumpage Value = Product Value – Logging Cost – Hauling Cost – Sawmilling Cost – Furniture Production Costs

Product specifications. Each industry has unique species, log size, and log-quality requirements based on its end-product requirements, and processors within the same industry may have unique purchasing standards. Therefore, not all species, sizes, and qualities of logs will be used by any given mill. This creates large price differentials among species and qualities of logs. It also creates the need for middlemen, such as brokers, who specialize in matching the needs of particular mills with available log supplies.

Value factors. In addition to final-product values and processing costs, a number of other factors affect the value of your timber.

- *Species.* Differences in value among species can be as much as 1000 percent.



Log brokers buy logs from many sources and prepare them for resale. Here a broker is scaling logs at his concentration yard to determine their volume in board feet, Doyle log rule. Photo credit: W. L. Hoover

- *Size.* Larger trees generally contain more knot-free wood than smaller ones. In general sawtimber-sized trees are worth more per unit of volume than pulpwood-sized trees, and veneer quality trees are worth more per unit volume than sawlogs.
- *Quality.* Larger diameter trees with no branch scars on the first 12 to 36 feet of the trunk have more knot-free wood than trees with many branch stubs.
- *Volume of sale.* Fixed logging costs are lower per unit of volume produced as the total volume logged at one location increases. Fixed costs include roads, construction of a place to load logs (*landing*), drainage structures, and moving equipment between jobs. Lower unit cost means the logger can offer more. A small sale would generally be 25 thousand board feet (MBF) or less. A large sale would be over 100 MBF.
- *Distance to market.* The closer the mill is located to the logs purchased, the lower the hauling costs.
- *Site accessibility.* All other things being equal, timber in tracts that are easily accessed by log trucks is more valuable.
- *Logging difficulty.* Steepness of terrain and soil moisture conditions determine the logging equipment that can be used and the efficiency of this equipment.
- *Market conditions.* The market strength for a given species and quality of stumpage varies by season, market cycle, and many other factors.
- *Buyer's log inventory.* When a mill's log inventory is low, buyers may offer more for logs to keep their mill in operation.

Sources of price information. Long-term price trends for logs purchased by Indiana mills are reported in the “Indiana Forest Product Price Report and Trend Analysis” compiled by Purdue’s Department of Forestry and Natural Resources. It is published in *The Woodland Steward* and available on-line at <http://www.inwoodlands.org>. To be added to *The Woodland Steward* mailing list, contact Purdue Cooperative Extension Service, Department of Forestry and Natural Resources, Purdue University, West Lafayette, Indiana 47907-1159, <http://www.fnr.purdue.edu> (765) 494-3583. A quarterly stumpage price report is also available. It is based on sales in which a consulting forester assisted. This report is available from the same sources.

Ways To Designate Timber To Be Sold

It is important that you and potential buyers understand which trees you intend to sell. Designation can be based solely on boundary limits, tree diameter limits, or marks on individual trees. Another method is to conduct the harvest yourself and sell logs rather than selling the stumpage.

Area limit. Boundaries are defined, and all the trees within these boundaries are for sale. This could be your entire ownership or a portion thereof. This method may be appropriate if you want to make a clearcut to regenerate species needing direct sunlight or to clear land for conversion to non-forest uses. Otherwise, it is not recommended because of the potential for misunderstandings with the buyer, and because it frequently is not the appropriate timber management practice.

Diameter limit. All trees larger than a certain diameter breast height (dbh) are for sale. Boundaries need to be defined. This method usually results in “high grading,” that is, cutting only the best trees and removing smaller diameter trees that may provide the highest financial return during the next growing cycle. Continual high grading results in the accumulation of poor-quality trees and a decrease in the value of the residual stand, as discussed in FNR-138 and FNR-182.

Single-tree selection. Each individual tree for sale is marked with paint spots, one at eye level and one at ground (*basal*) level. The basal paint mark remains visible on the stump after cutting. When the logging is completed this allows you to verify that only marked trees were cut. This is the method usually recommended by foresters. Factors to consider in selecting harvest trees are discussed in FNR 91 and 138.

Self-harvest and sale of logs. Conduct the harvest yourself or hire a logger. Both result in selling logs, not stumpage, and greater financial and physical risk. Unless you know the log specifications of buyers in your area, this method is not recommended. Logging is a dangerous activity, even for professional loggers.

Steps in Marketing Timber

The major steps in marketing timber are as follows:

1. Seek assistance from a professional forester,
2. Select trees to be marketed considering your forest management and other objectives,

3. Estimate timber volume and range in value,
4. Determine bid procedures,
5. Advertise the sale,
6. Evaluate offers and select a buyer,
7. Negotiate the timber sale contract with the buyer, and
8. Monitor the sale for compliance.

1. Professional Assistance.

Most landowners probably don't market timber very often; however, timber buyers do this for a living. Their employers expect them to purchase, at minimum cost, timber that meets their company's needs. As such, the landowner most likely will be at a disadvantage in this process. Assistance from a professional forester who earns his or her living in part by marketing timber for landowners is recommended. In Indiana, limited marketing assistance is available at no charge from District Foresters employed by the Indiana



Red oak properly marked for sale. White band and basal spot were made by a consulting forester. Circle was made by timber buyer who assessed marked timber for possible bid. Photo credit: W. L. Hoover

Department of Natural Resources (IDNR), Division of Forestry. Complete marketing service is available, for a fee, from private, self-employed, consulting foresters. Directories of district and consulting foresters are available at county Extension offices, at <http://www.inwoodlands.org> and at district forester's offices.

2. Select Trees to be Marketed. See FNR-138, *Tips on How to Get the Most From Your Timber Harvest* and FNR-91, *Financial Maturity: A Guide To When Trees Should Be Harvested*. Providing buyers with a species and quality mix they will be interested in buying is part of the timber marketing process. This consideration must be weighed against the many other factors influencing the selection of trees to include in the sale.

3. Estimate Volume and Value. After the trees to be sold are identified, estimate their volume and approximate quality by species. This should be done



Cavity in this tree may indicate that it should be removed in the next harvest. However, if wildlife is an important goal, your forester may recommend leaving it stand.

Photo credit: W. L. Hoover

regardless of the designation method used. The volume of trees to be marketed for sawlogs and veneer logs is measured in board feet according to the Doyle Log Rule. See FNR-191, *Log and Tree Scaling Techniques*. Pulpwood is sold by the ton or cord. Use this volume data and the price estimates to calculate a possible range in fair market value. If you are working with a consulting forester, he or she should provide you with this estimate. Use it only as a guide to evaluate purchase offers or bids.

4. Select Bidding Procedures. Oral auction or sealed bids may be used. Sealed bids are the most common. They ease administration of the sale, reduce time spent by you and potential buyers, and protect your interests by requiring payment of earnest money. Bids are submitted at the time and place you designate in the sale announcement.

- *Sealed bids.* Bids may be received by hand delivery, mail, phone, fax, or e-mail. Open them at the appointed time and place. Representatives of interested buyers are frequently present. A business-like attitude during bid opening should insure a

more professional relationship with the logger. Select the winning bidder, or reject all bids. Accept a bid only if you are satisfied the price offered is adequate when compared to the initial estimate and the other bids, and that the winning bidder is trustworthy and competent. After opening the bids, do not reject them all, and then ask for higher bids from the buyers present. The buyers are not prepared to bid again, and those not present cannot enter the bidding. Selection of the winning bidder is called “awarding the bid.” After awarding the bid, a timber sale contract should be negotiated with the winning bidder. The winning bidder should provide you with earnest money, or a down payment, at the opening or very shortly thereafter.

- *Oral auctions.* Interested buyers bid on the timber at a designated time and place. Some believe this procedure guarantees interested buyers will bid the price to the highest level possible. However, many buyers do not like oral auctions and will not participate in them. They may be appropriate, however, if your timber is especially valuable. A variation of oral bidding is to require a written opening bid with earnest money followed by an oral auction for those who submitted a written initial bid.
- *Right to refuse all bids.* The right to refuse any and all bids should be reserved in the timber sale announcement. This protects you from having to sell your timber at an unacceptable price or to a buyer with whom you are not comfortable working. However, do not use the bidding process to obtain a free timber appraisal. Buyers will not be receptive to future sales if you do.

5. Advertise Sale. Timber selling becomes timber marketing only by making certain all potential buyers are made aware of what you have to sell. You must also convince buyers that your timber meets their needs. The more information you provide, the better your chances of getting them to inspect your timber and make an offer.

The following information should be included in a sale announcement:

- Legal description (provide a map) of sale area and designation of trees for sale,
- Dates property will be available for inspection,
- Date, time, and place bids will be received and opened, or an auction held,

- Who marked the timber,
- Address where bids or offers should be sent, and
- Right to refuse any or all bids or offers.
- If sale trees have been marked individually, provide a list of the number of trees by species and volume. If the sale trees are not marked, provide an estimate of total volume. In either case, provide an estimate of quality.
- List of contract provisions and form of sale desired, and
- Other items you believe pertinent to the sale should be listed.

Names and addresses of timber buyers are available from the Indiana Division of Forestry. They maintain a list of all firms and individuals licensed to buy timber in Indiana. The sale can also be advertised in your local newspaper. The best outlet, however, is the *Indiana Licensed Timber Buyers Bulletin*. It is published monthly by the Indiana Division of Forestry and sent to all companies and individuals licensed to purchase timber in the state. This free service is offered to assist woodland owners in locating markets for their timber products and to aid licensed buyers in locating sources of timber.

Timber Sale Contract. There are two basic types of timber sale contracts: “lump sum” and “pay-as-cut,” as well as variations of these basic types.

- *Lump sum.* The buyer agrees to pay a fixed amount. The advantage to you is that the amount is not dependent on any future event, such as damage to the standing timber, timber theft, or overestimation of the value of the timber. Generally, you should be paid the full amount due prior to the start of the harvest; however, you may contract to receive installment payments on designated future dates. In this case, it is appropriate to require interest on the deferred payments. The schedule of payments and interest should be specified in detail in the written contract. If you are not paid interest, the Internal Revenue Service may require that you report a portion of your gain as ordinary income instead of as capital gain.

The lump-sum contract is recommended for most Indiana timber owners. It does not depend on the logger or other party to tell you how much timber has been cut; however, special marketing condi-

tions may make another form appropriate. For example, if you are marketing low-quality timber as part of a timber stand improvement, a shares contract may be the only way to sell it.

- *Pay-as-cut.* You retain title to the timber until it is cut. This is also referred to as an “economic interest retained” contract. The buyer agrees to purchase timber at a given price per unit volume of the cut product, usually logs. The contract price per unit may be an average or per species and log grade. The determination of the volume and grade of the logs cut is an administrative burden. Frequent inspection by you or your agent may be required during logging to assure an accurate accounting.
- *On-the-shares.* You agree with a logger to share the money received from selling the logs produced from your timber. The split is usually a fixed percentage for you and for the logger. For administrative and tax purposes, it is important to specify in a written contract the relationship between you and the logger.
- *Logging service.* You pay the logger a set fee per unit volume to cut and haul the timber to a log buyer you designate. The logs belong to you until you sell them. To prevent discrepancies between your estimate of timber volume cut and the volume delivered to a mill, it may be necessary for you or your agent to measure the logs at the loading point in the woods (*the landing*) before the logs are loaded and hauled to the buyer.



Modern logging equipment like this feller-buncher cuts the tree, bucks logs, and piles logs to be picked up by another machine and hauled to log landing.

Photo credit: W. L. Hoover

- *Written contract strongly recommended.* To reduce the possibility of misunderstandings and disagreements, a written contract between buyer and seller is essential. “Handshake” agreements are not a good business practice and may not be enforceable in a court of law. Timber buyers and foresters can provide you with a standard timber sales contract, but be certain to review it for the specific terms you agreed to. A sample contract is included at the end of this publication. An attorney should prepare and execute the contract.
- *Legal note.* Standing timber, like land, is real property. However, Indiana statutes provide that timber subject to a contract of sale which calls for the buyer to remove the timber within a reasonable period of time is subject to the provisions of the Uniform Commercial Code, rather than the provisions for the sale of real property. This means that it is not necessary to register the contract at the county courthouse, but it may be in your interest to do so. It is also in the interest of the buyer to have the contract registered in case title to your land changes prior to the removal of the timber.
- *Checklist of contract provisions.* The following checklist contains important provisions to include in a contract.
 - A statement that you, the seller, are the lawful owner of the property conveyed to the buyer, and the identification of any other co-owners must be included. If you do not have legal authority to sell the timber without consent of other co-owners, their signatures will be required on the contract.
 - The buyer and his employees have the right of access as necessary to perform their functions under the contract.
 - Transfer or exchange of the property from you and any other co-owners to the buyer.
 - Total amount to be paid by the buyer, if a lump sum amount, or price per unit volume, and the procedure for determining the volume harvested.
 - Date payment is due, or schedule of payments, if more than one payment is to be made.
 - Legal description of the land, location of access points, information on access easements, if any.
 - Description of how the trees sold are designated or marked.

- Restrictions on both the buyer and you, if any. Examples might include the following:
 - You cannot enter into additional contracts involving the area of the sale for the period covered in the contract without the buyer’s permission.
 - Activities are to cease if certain weather conditions occur, such as extreme drought creating a fire hazard, or heavy rainfall that results in severe rutting by logging equipment.



Logging during very wet weather and in areas adjacent to streams can cause severe rutting and sedimentation of streams. Photo credit: W. L. Hoover

- Provisions for damage to residual trees and/or existing improvements from the harvest operation. How will these be assessed and for what types of damages must you be reimbursed?
- Provision for the cutting of trees not sold in the contract.
- Status of sold but uncut trees. Must all marked trees be cut?
- Requirement for all activities to be conducted according to Indiana Best Management Practices (BMP’s). This usually means selling your timber only to a buyer who uses loggers who have received BMP training. You may also want to give preference to buyers participating in the Sustainable Forestry Initiative (SFI) sponsored by the Indiana Forest Industry Council (IFIC). In addition to requiring compliance with BMP’s, you may want to contract specifically for,
 - The location of logging roads and skid trails,
 - Road construction specifications, and

- Post-logging road and skid trail closure, including the installation of water control devices and seeding.
- How long the contract remains in effect. Specify the total number of days or a termination date and how an extension of this date may be arranged. Reasons for extensions could include wet weather, prevention of crop damage, or conflicting uses at various times of the year.
- Disclaimer of your liability for personal injury during the buyer's performance under the contract. You should require the buyer to carry insurance to guarantee his or her ability to pay in a liability case. State this requirement in the announcement of the timber sale.
- Methods of modifying the contract, and the conditions for a resale.
- Require an on-site pre-logging conference with the seller, the logger, and a consulting forester to clarify expectations and avoid misunderstandings.
- If you choose to rely on arbitration instead of court action in case of a dispute, specify the arbitration procedures to be followed.
- Signatures. Read the contract carefully before signing it. Be sure that you and the buyer understand and agree on all the provisions of the contract. You'll also need to have the signatures witnessed.

Other Considerations

Many other activities must be carried out to assure a trouble-free timber sale.

Notify Adjoining Land Owners. Owners of land adjoining the woodland to be harvested should be notified. Offer to walk adjoining property lines with them. Let them know how to contact you or your designated representative if they suspect inappropriate activity is occurring.

Monitoring the Sale for Compliance. You and any representative you designate have the authority and responsibility to inspect operations as long as you **do so in a safe manner**. Always announce your presence to logging crews when you come onto the site. Monitoring ensures that all contract provisions are being met, that only timber designated for harvest is removed and that unnecessary damage is prevented.

If there are any questions or complaints, immediately notify the logger on the site and the buyer if different. Attempt to rectify the problems at once; usually they can be worked out without a third party.

After all cutting is completed, make a final inspection of the property to ensure all contract violations are corrected or compensated for. Send a letter to the buyer stating all provisions of the contract have been met and the buyer is released from further obligations.

When hiring a forester, ask if he or she will monitor the logging operation in progress and inspect the site upon completion. Consider contracting for the forester to be on site when the final BMP practices are being installed.

Sell Only to Licensed Buyer. All persons and firms that buy timber in Indiana, including out-of-state buyers, are required to have a registration certificate issued by the Indiana Department of Natural Resources, Division of Forestry. This license must be renewed annually. Each licensed buyer and registered agent is furnished an identification card giving his or her name, the person or company for whom he or she is buying, business address, and license number.

“Timber” is defined as trees, standing or felled, and logs which can be used for sawing or processing into lumber. Firewood, Christmas trees, fruit, and ornamental trees are not included.

Licensed timber buyers are required to post a surety bond or certificate of deposit with the Department of Natural Resources. In the event a buyer fails to pay for timber purchased, or fails to pay legally determined damages for timber wrongfully cut, you can seek restitution by forfeiture of this bond.

Minimize Income Tax. The time to consider tax implications is before the timber marketing process starts. Favorable tax treatment depends on how the timber is sold, and determination of the total volume of timber on your land, as well as the volume sold. The gain from selling stumpage is usually eligible for long-term capital gains treatment. Profit from selling logs is not, unless you elect to treat the cutting as a sale under Sec. 631(a) of the Internal Revenue Code. You may also be able to recover your investment in the timber sold by claiming a depletion allowance. This allowance is based on the amount you paid for the timber or its fair market value on the date of death of the person from whom you inherited it.

Please note that timber sale income is subject to Federal and state income tax even if the buyer does not send you an IRS Form 1099. This applies whether you are paid by check or in cash.

For complete details consult the **National Timber Tax Website** at <http://www.timbertax.org>

Post-harvest Investment. Achievement of your objectives may require additional monetary investment, and your timber harvest income may make this feasible. Examples of post-harvest investments are tree planting, wildlife habitat improvements, fencing to restrict grazing, road improvements, or timber stand improvement (TSI). A review of your future plans is a good idea following a timber harvest, as discussed in FNR-181.

Best Management Practices (BMP). These are guidelines loggers follow to minimize the impact of logging on water quality. The focus is on sedimentation of waterways from soil erosion both during and after logging. You can review BMP's by requesting an Indiana BMP Guidebook from the Indiana Division of Forestry or on line at <http://www.state.in.us/dnr/forestry/bmp/log1.htm>. BMP's are also discussed in FNR-184.



Decay of logging slash less than two years after the harvest. Photo credit: W. L. Hoover



Excellent regeneration 10 years after a salvage harvest necessitated by a severe wind storm.

Photo credit: W. L. Hoover

Summary

Satisfactory timber sales are the result of planning. Organization and patience are essential. Buying and selling timber is more than just wheeling and dealing over price. It is a business transaction and a critical step in the implementation of your forest management plan. Properly conducted timber harvests that are profitable to the landowner are the key to retaining Indiana's forests. Your ability to make money from your timber will prove to other forest landowners that it is not necessary to subdivide and develop forestland to make a profit.

Related Publications

Contact your county Extension Educator or Ag Communication, Media Distribution Center, 1187 Service Building, Purdue University, West Lafayette, IN 47907, or call toll free at (888) 398-4636. Most of these publications are also available on line at: <http://www.agcom.purdue.edu/agcom/Pubs/fnr.htm>.

- FNR-4 *How to Make and Use the Tree Measuring Stick*
- FNR-84 *Hardwood Log Grades and Lumber Grades: Is There a Relationship?*
- FNR-86 *The Economics of Timber Stand Improvement*
- FNR-87 *Forestry and Wildlife Management Assistance Available to Indiana Woodland Owners: Providers and Programs*
- FNR- 91 *Financial Maturity: A Guide to When Trees Should Be Harvested*
- FNR-101 *Timber Harvesting and Logging Practices for Private Woodlands*
- FNR-138 *How to Get the Most From Your Timber Sale*
- FNR-181 *A Landowner's Guide to Sustainable Forestry in Indiana, Part 2. Planning for the Future*
- FNR-182 *A Landowner's Guide to Sustainable Forestry in Indiana, Part 3. Keeping Your Forest Healthy and Productive*
- FNR-184 *A Landowner's Guide to Sustainable Forestry in Indiana, Part 5. Forests and Water*
- FNR-185 *A Landowner's Guide to Sustainable Forestry in Indiana, Part 6. Maintaining the Aesthetic Beauty and Enhancing the Recreational and Cultural Values of Your Forest*
- FNR-191 *Log and Tree Scaling Techniques*

TIMBER SALE CONTRACT (lump sum)

(example only, legal counsel should be consulted)

Note: Seller and Purchaser should initial and date each page of a multiple page contract.

Contract entered into this _____ day of _____, 20_____, by and between _____ of _____ Indiana hereinafter called Seller, and _____ hereinafter called the Purchaser,

WITNESSETH:

1. Seller agrees to sell and Purchaser agrees to buy for the total sum of _____ Dollars (\$ _____) under the conditions set forth in this contract all standing timber marked for cutting upon an area of approximately _____ acres in the _____ of Section _____ TWP _____, _____ County, Indiana on land owned and recorded in the name of _____ . The location of the area can further be described as follows:

_____. Purchaser further agrees to pay Seller the sum of _____ Dollars (\$ _____) payment to be made in accordance with the following schedule:

Purchaser further agrees to post a performance bond of _____ Dollars (\$ _____) with _____.

2. Seller further agrees to dispose of the timber conveyed in this contract in strict accordance with the following conditions:

a. All trees to be included in this sale will be marked as follows:

b. No concurrent contract involving the area or period covered in this contract has been or will be entered into by Seller without the written consent of Purchaser.

c. Purchaser and his employees shall have access to the area at all reasonable times and seasons for the purpose of carrying out the terms of this contract.

d. Seller covenants that he is the lawful owner of the above timber and that no indebtedness or encumbrances exist against the same.

e. Other conditions: (examples – compliance with Indiana Best Management Practices (BMP’s), stoppage for wet weather, protection of adjoining agricultural crops, hunting season, etc.)

3. Purchaser further agrees to cut and remove the timber conveyed in the contract in strict accordance with the following conditions:

a. Unless an extension of time is agreed upon in writing between the Seller and the Purchaser, all timber shall be paid for, cut and removed on or before and not later than the _____ day of _____ 20_____, and ownership of any material not so removed shall revert to the Seller.

b. Only marked trees may be cut, but the Purchaser shall retain the right to leave standing such marked trees as he or she may consider not to contain merchantable material worth removing from the area. (Some contracts require Purchaser to fell, but not remove such trees.)

c. Unmarked trees and young timber shall be protected against unnecessary injury from felling and logging operations.

d. Necessary logging roads shall be cleared by Purchaser only after their locations have been definitely agreed upon with Seller or his representative.

e. During the life of this contract and on the area covered, care shall be exercised by Purchaser and his employees against the starting and spread of fire and they shall take reasonable precautions to prevent and control fires.

f. Fences damaged or destroyed by Purchaser in the logging or removal of timber included in this contract shall be repaired or replaced by Purchaser to the condition existing at the time the logging begins.

g. Any liability for damage, destruction, or restoration of private or public improvements occasioned by or in the exercise of this contract shall be the sole responsibility of Purchaser.

h. Other conditions: Examples include:

- i. All marked trees will be felled.
- ii. Tops of trees marked for sale are property of Seller/ Purchaser (specify which).
- iii. All litter and garbage created by logger is the responsibility of Purchaser and is to be picked up at least weekly.
- iv. Specifically identified plantings, all waterways to maximum possible extent, special trees, wildlife area, etc. are to be avoided by the logger.
- v. All logging roads and skid trails will be graded and water barred before termination of this contract.

4. Purchaser hereby agrees to protect, indemnify, and save harmless Seller from any and all liability for personal injuries, death and/or property damage suffered or incurred by any person in connection with Purchaser's performance of this contract. Purchaser also agrees to furnish insurance of the following types and amounts: (Examples – liability and workmen's compensation)

_____.

5. Seller and Purchaser mutually agree as follows:

- a. All modifications of this contract will be reduced to writing, dated, signed and witnessed, and will be attached to this contract.
- b. Resale of any portion of the standing timber conveyed by this contract will not release the Purchaser from all the terms of this contract unless Seller signs a written release.
- c. The total number of trees conveyed is _____, composed as follows:
_____.
- d. In case of dispute over the terms of this contract, final decision shall rest with a reputable person to be mutually agreed upon by the parties to this contract. In the case of further disagreement, with an arbitration board of three persons, one to be selected by each party to this contract and the third to be selected by the other two.

IN WITNESS THEREOF, the parties have executed this agreement as of the day and year first above written.

WITNESS:

(Purchaser)

(Licensed Timber Buyers Number)

WITNESS:

(Seller)



NEW 7/02

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