



## Timber Sale Contract Considerations

Selling timber is a major financial and legal venture for both buyer and seller, and often is only done once or twice in a forest owner's lifetime. Therefore, it is strongly encouraged to execute a written contract for the sale of timber. Consulting foresters can estimate your timber's value and handle your timber sale, harvest and reforestation. The contract should be prepared or have been approved by an attorney. Doing so will protect the seller and the buyer.

Consider these provisions for a timber sale contract:

### **Start Date and Termination Date of Agreement.**

Include provisions for time extensions, if desired.

### **Names and Addresses of Seller(s) and Buyer(s).**

Include anyone who has your expressed authority to speak on your behalf, if you are not available.

### **Declaration of Seller's Ownership and Right to Convey.**

Seller should declare ownership of timber; and the right to convey ownership of the timber; and guarantee the title to the timber; and guarantee to defend all claims against ownership of the timber.

### **Assignment of Contract.**

Establish whether or not the seller or buyer has the right to assign the contract to another and if so, specify those terms.

### **Arbitration of Disputes.**

Generally, the buyer and the seller each identifies one person to arbitrate on their behalf, and these two designated individuals then agree upon a third-party to settle the dispute.

### **Timber/Tract Location.**

Include a legal description of the area to be harvested, including acres of harvest and boundary description of the harvest area and property tract. Provide a map showing the harvest area, including important features such as streams, roads or fields.

### **Right and Location of Ingress and Egress.**

Seller should guarantee the buyer the right to ingress (enter) and egress (exit) the property for the purposes of harvesting and removing the timber. There should also be an understanding of where this access will be provided on the property and who is responsible for improvements or repairs. Identify any gates that must be kept closed during transport of the timber and share lock/key information.

### **Type of Harvesting.**

Explain the method of harvesting to be implemented, such as clearcut; row-thinning; select harvest; individual tree removal; seed-tree or shelterwood methods. If trees are marked, state how trees are marked for the timber harvest.

**Volume to be Harvested.**

State the expected volume of timber to be harvested. This could include an expected minimum and/or maximum volume. Designate the unit of volume by species and/or product class to be harvested and how the actual volume harvested will be reconciled between buyer and seller, if applicable.

**Utilization Requirements.**

Include specifications of products to be harvested. Describe acceptable stump heights if appropriate.

**Ownership of Residues.**

Establish the ownership of tree tops, limbs, chips, bark, sawdust, board slabs, cones and other tree residues.

**Carbon Credits**

A market is emerging for the sale and/or purchase of carbon credits to offset greenhouse gas emissions. All forests have a determined amount of carbon stored in the trees, limbs and roots, depending on the site, species, age and health of the stand. The buyer and seller of standing timber should have a written agreement stating who owns those credits, how credits may be transferred to a buyer from the owner, and any other information pertinent to the timber sale where carbon credits may be an issue.

**Purchase Price, Method of Payment and Payment Terms.**

State the agreed-upon purchase price(s). Explain whether payment is lump-sum or paid on a per-unit basis. State when payments are to be made to the seller. For per-unit payments: (1) clearly define the prices for all species and/or product classes of timber; (2) describe what reconciliation documentation is expected to accompany per-unit payments, such as mill scale tickets; (3) explain if or how log/tree defect or cull deductions will be paid.

**Conditions of Timber Harvest and Removal.**

Designate any specific areas that are prohibited from use during harvesting such as roads, trails, fields, pastures or other areas. Designate acceptable hours of operation for the harvesting and if prior contact is needed to access the property. Explain if specific equipment is needed to harvest the site. Determine when harvesting or transport will cease as a result of weather or inoperable site and soil conditions, and define what those site/soil condition thresholds are. Specify how limbs, tops, and other un-useable tree material will be disposed of on the site and where that material should be left.

**Care of Other Property.**

Describe how to reconcile damage or cutting of trees that are outside the harvest area. Explain what the expectations are for the use, improvement, maintenance and repair of roads, bridges, culverts, gates, fences, ditches, buildings, utility lines or other infrastructure on the property.

**Measures to Protect Water Quality.**

Identify streams, wetlands or other bodies of water in the harvest area and how those water areas are recognized on the ground. Cite requirements to comply with all applicable state and federal water quality regulations, including the establishment of Streamside Management Zones (SMZs) if needed, and compliance with the other standards defined by Alabama's Best Management Practices for Forestry (BMPs) and compliance with other applicable water quality rules or laws. Designate if stream or ditch crossings will be needed to harvest the timber, including the location and number of crossings. Specify who is responsible for erosion control stabilization and rehabilitation during the harvest and at what point the buyer is free and clear from further stabilization responsibilities.

**Measures to Protect Wildlife Habitat and Recreational, Cultural or other Resources.**

If desired, specify what actions are to be taken to protect identified wildlife habitat, recreational resources or cultural resources. Wildlife habitat measures may include retention of dead standing trees (“snags”); retaining certain nut or berry-producing trees in the harvest area; and/or revegetation of bare soil areas with ground cover that is favored by wildlife.

**Fire Protection.**

Buyer should be required to comply with all fire laws and immediately suppress any fire that is a result from the timber harvest activity. Specify liability of damaging property, trees and crops that may result from the fire.

**Natural Disaster.**

Include terms to specify how the purchase may be affected by a natural disaster that damages the timber during the time the sale contract is in effect. Situations may include wind, ice, wildfire, or insect/disease outbreaks.

**Performance Bond and Financial Responsibility of the Buyer.**

The seller may choose to require the buyer to post a bond prior to beginning harvest. Specify if the bond is refundable, and if so, whether any interest will be paid. The buyer should be compelled to carry liability insurance, workers compensation insurance, and property/casualty insurance. The seller may wish to require that the buyer produce proof of valid insurance coverage prior to allowing harvest to occur.

**Signatures and Notarizations.**

Includes buyer and seller. If land or timber is co-owned, then all seller parties may be required to sign a contract.

**Recording of Contract/Deed.**

Timber is considered real property and a contract conveys ownership of that real property. Timber sale contracts should be recorded at the county courthouse. Specify who pays the costs associated with recording of the timber deed(s).

**Use Professionals.**

Forest landowners should always consider seeking professional assistance when preparing to harvest timber. A consultant forester can determine the amount and actual value of the timber. Planning and supervising any logging operation requires experience and expertise of a consultant forester or a very knowledgeable landowner. 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 interest of both parties is represented. Additional income or reduced costs usually outweigh the cost of these professional services.

For more detailed information visit the Alabama Cooperative Extension System web site at

["Selling Timber Successfully" Circular ANR-626](#) and ["Timber Sale and Harvesting Contracts" Circular ANR-560.](#)

**ALABAMA FORESTRY COMMISSION, 513 Madison Avenue, Montgomery, AL 36130  
(334) 240-9300 [www.forestry.alabama.gov](http://www.forestry.alabama.gov)**

This sample contract is intended only as a guide for the forest landowner to insure that pertinent provisions are addressed in their contracts. We strongly encourage landowners to obtain the legal advice of an attorney when preparing all legal contracts.

### SAMPLE TIMBER SALE CONTRACT

STATE OF ALABAMA

COUNTY OF \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS, that this contract, this day made and entered into, by and between (legal name of both buyer and seller), (legal name of seller) hereinafter called the **Seller**, and (legal name of buyer) hereinafter called the **Buyer**, witnesseth that

WHEREAS, the **Seller** owns the following (select one: timber or land and timber) located in (name of county) County, Alabama:

(legal description of sale area)

(For lump sum Sale)

NOW THEREFORE, in consideration of the sum of \$(enter purchase amount) paid by the **Buyer** to the Seller, receipt whereof is hereby acknowledged, (for Cut and Pay) The total consideration and purchase price of timber cut hereunder shall be based upon the weight of timber cut and delivered on the following schedule:

Pine pulpwood	=	\$_____ per ton
Hardwood pulpwood	=	\$_____ per ton
Pine skag wood	=	\$_____ per ton
Pine chip-n-saw	=	\$_____ per ton
Pine sawtimber	=	\$_____ per ton
Hardwood sawtimber	=	\$_____ per ton

(Prices for PST-HST will vary by species and grade.)

the **Seller** hereby grants, bargains, sells and conveys all (merchantable, marked, unmarked – enter the description of the timber sold) on the above said land to the buyer together with the right and privilege of ingress and egress on said land for the purpose of cutting and removing said timber subject to the following terms, conditions and provisions:

The **Buyer** (and all its agents, contractors, producers, employees, assignees or subcontractors approved under stipulations of this contract) agrees to cut and remove said timber in strict accordance with the following terms:

- (a) The timber purchase contract shall begin on the \_\_\_\_\_ day of (month) in the year of \_\_\_\_\_ and end on the \_\_\_\_\_ day of the (month) in the year \_\_\_\_\_, inclusive. (Most contracts are for 12 or 18 months.) Unless written extension of time is granted, all title to said timber shall revert to the Seller and all rights and privileges herein granted to the Buyer shall terminate.  
(Can add extension statement – costs and length of time.)
- (b) The **Buyer** shall not assign this contract in whole or in part without the written consent of the Seller.
- (c) Payment shall be made weekly to the **Seller** for timber cut and hauled the preceding week. (use this statement if it is a pay as you cut sale)
- (d) **Buyer** shall furnish seller weekly settlement records and scale tickets.
- (e) All designated timber shall be cut to a stump height of no more than 12 inches from ground level. Trees cut or damaged that were not sold in this contract will be assessed at a rate of (enter a \$ amount) per tree.
- (f) **Buyer** shall hold Seller harmless from any damage caused by him or his employees, agents, contractors or producers to persons or property arising from his operations on the said lands.
- (g) **Buyer** and all agents will have liability insurance in force and will present Seller a copy of Certificate of Insurance upon start date. (\$1 million umbrella coverage is recommended.)
- (h) **Buyer** shall take all reasonable and necessary precautions to protect against wildfires on the land described above, as well as adjoining land, whether belonging to the Seller or others.
- (i) **Buyer** agrees to try to suppress any fire originating from the acts of negligence of its agents or employees.
- (j) **Buyer** will adhere to Alabama's Best Management Practices for Forestry. The specific BMPs to apply on this contract are: (List, if necessary, things like the marking of streamside management zones, stream crossings, road construction, logging in wet weather, excessive rutting, trash, everything that will apply. Consult Alabama's BMP Manual for Forestry. Obtain a copy at your local AFC office or visit BMP section @ [www.forestry.alabama.gov](http://www.forestry.alabama.gov))
- (k) A performance bond will be held in escrow in the amount of \$ \_\_\_\_\_ by the **Seller** to insure compliance of said contract. (Usually \$500 to \$1,000.)
- (l) Statement of damages to roads, fields, fences or other sensitive areas.  
(Describe in detail.)
- (m) The **Seller** retains all rights to inspect said timber sale at periodic intervals and will discuss any conflicts with the Buyer only. No employees of the Buyer are to be construed as an employee of the Seller.

(n) The **Buyer** shall report to the Seller no less than three (3) days before the completion of the contract. If the close-out inspection shows the contract has been satisfactorily completed, the Seller will give to the contractor a release from further obligation under this contract.

STATE OF ALABAMA

\_\_\_\_\_ COUNTY

IN WITNESS WHEREOF, the parties hereto have executed this contract on the (date) day of (month), (year).

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**SAMPLE FOREST PRODUCTS SALE AGREEMENT  
FOR  
PRIVATE LANDOWNERS**

**STATE OF GEORGIA**  
**COUNTY OF \_\_\_\_\_**

This **AGREEMENT** is made and entered into by and between \_\_\_\_\_ of (address) \_\_\_\_\_ hereinafter referred to as the **SELLER** and \_\_\_\_\_ of \_\_\_\_\_ (address) hereinafter referred to as the **BUYER**.

**WITNESSETH:**

**ARTICLE 1. THE SELLER:**

1. Agrees to sell and the **BUYER** agrees to buy all forest products of all character, living or dead, designated for harvesting by the **SELLER** or his/her **AGENT** located and in the manner as described as follows:
  - A. Location and description of sale area. (Tract boundary and/or treatment area has been marked.)  
\_\_\_\_\_  
\_\_\_\_\_
  - B. Estimated volumes and products to be harvest and removed. \_\_\_\_\_  
\_\_\_\_\_
  - C. Method of marking or designating forest products to be harvested and removed. \_\_\_\_\_  
\_\_\_\_\_
2. Guarantees that he/she has full right and authority to sell the forest products described in Par. 1 above and that such forest products are free from all liens and otherwise unencumbered.
3. Grants to the **BUYER** and his/her **CONTRACT LOGGER(s) or OPERATOR(s)** the right of ingress and egress across and upon the sale area and existing roads within the sale area. The **SELLER** or his/her **AGENT** also reserves the right to regulate ingress and egress.
4. Shall in no way assume any responsibility for damage to equipment belonging to the **BUYER, CONTRACT LOGGER(s), or OPERATOR(s)** or injury to persons employed by the **BUYER, CONTRACT LOGGER(s), or OPERATOR(s)**; said responsibility being totally assumed by the **BUYER, CONTRACT LOGGER(s) or OPERATOR(s)**.
5. Has set forth that the following conditions listed in **ARTICLE II** and known as **BEST MANAGEMENT PRACTICES (BMPs)** and referenced in the Georgia Forestry Commission publication "Georgia's Best Management Practices For Forestry "apply to the sale of said forest products and will be adhered to by the **SELLER** or his/her **AGENT** and the **BUYER** and his/her **CONTRACT LOGGER(s) or OPERATOR(s)** insofar as practical and possible.

**ARTICLE II. BEST MANAGEMENT PRACTICES: THE SELLER or his/her AGENT and the BUYER and his/her CONTRACT LOGGER(s) or OPERATOR(s) AGREE:**

1. Roads
  - A. All pre-existing roads will be evaluated by the **SELLER** or his/her **Agent** for compliance with the BMPs. Where roads are not in compliance or new ones are needed, the costs and responsibility of installing improvements will be predetermined and agreed upon by all **Parties**.
  - B. The **SELLER** or his/her **AGENT** reserves the right to designate and approve the location of any new roads across and upon the sale area prior to construction of said road(s) to ensure that total road length and potential erosion and sedimentation is minimized.
  - C. All new roads constructed for the extraction and transportation of forest products shall follow the contour with grades of 10 percent slope or less. Where terrain or the use of existing roads requires short, steep grades, water diversion measures (broad based or rolling dips, turnouts, cross-drain culverts, etc.) shall be installed at the proper intervals. (See pages 14-18 of the BMP manual.)
  - D. New roads will be constructed on the sides of ridges to allow for proper drainage. New roads will not be located on ridge tops.
  - E. Except at planned stream crossings, new roads will not be constructed within the corresponding Streamside Management Zone (SMZ) of any stream, pond, or lake on the property. (See Table 2-A, page 9 of BMP manual.)
  - F. All existing and newly constructed roads on and adjacent to the sale area shall be maintained in accordance with the BMPs and left in a passable condition during and at time of completion of the logging operation.
2. Stream Crossings
  - A. All pre-existing stream crossings will be evaluated by the **SELLER** or his/her **Agent** for compliance with the BMPs. Where roads or crossings are not in compliance or new ones are needed, the costs and responsibility of installing improvements will be predetermined and agreed upon by all **Parties**.
  - B. Where necessary, all new road stream crossings will require the use of the recommended diameter culvert size for that particular watershed unless the **SELLER** or his/her **AGENT** approves a bridge or ford in the creek. (See Table 3-C, page 22 of the BMP manual for correct sizes.)
  - C. All exposed soil at existing or new crossings will be stabilized with any one or combination of the measures recommended on page 17 of the BMP manual.
  - D. Under no circumstances will stream crossings for roads, fellers, or skidders be made with logs and brush piled in the stream and covered with soil.

E. Streams are not to be randomly crossed by fellers or skidders. Where necessary, crossings will be by temporary culvert of appropriate diameter for the watershed, portable timber bridge, or other structure and approved by the **SELLER** or his/her **AGENT**.

3. Harvesting

- A. No forest products, except those designated by the **SELLER** or his/her **AGENT**, shall be harvested.
- B. All applicable Streamside Management Zones (SMZs) have been identified on the ground and any harvestable timber has been identified for removal such that the recommended basal area or canopy cover is left.
- C. All trees cut shall be utilized within the stump height and merchantable top diameter consistent with sound forest harvesting practices.
- D. Any and all timber not designated for removal as per **ARTICLE 1, Par. 1**, and not included in this sale but due to being unavoidably damaged or to facilitate the removal of said timber shall be paid for at the same stumpage price as the initial sale as determined by the **SELLER** or his/her **AGENT**.
- E. All logging debris (trees, tops, and limbs) if felled into perennial or intermittent streams, rivers, or lakes will be removed immediately.
- F. All log decks, portable sawmills, or chippers will not be allowed within the corresponding SMZ of any stream, pond, or lake on the property.
- G. Skid trails will minimize soil compaction and rutting. Skidding will be conducted on gradual grades instead of straight up and down slopes as much as possible. Water bars will be constructed at the proper intervals listed for percent slope (Figure 3-1 and Table 3-D, page 25 in the BMP manual) when skid trails are retired at completion of logging.
- H. All human garbage, tires, cables, used lubricants, fuels, fluids and their containers will be removed from sale area and disposed of properly.

**ARTICLE III. THE BUYER AGREES:**

- 1. That prior to execution of this agreement, to provide to the **SELLER** proof of Worker's Compensation coverage for all his/her **CONTRACT LOGGER(s) or OPERATOR(s)** who will be performing the work on this forest products sale; such coverage to be maintained throughout the period of forest products harvest operations.
- 2. To protect unmarked and undesigned trees and areas from damage during wood operations.
- 3. To repair to original conditions or pay for at replacement costs any damage to fences or other improvements of the **SELLER**.
- 4. To reimburse the **SELLER** from the escrow account or otherwise for all costs borne by the **SELLER** in suppressing any and all fires caused by the **BUYER** or his/her **AGENT** upon lands subject to this **AGREEMENT**.
- 5. To indemnify, release, and hold harmless the **SELLER** and his/her **AGENT** from and against all liabilities, damages, costs, and expenses arising from, by reason of, or in connection with the **BUYER'S** operations hereunder.

**ARTICLE IV. BOTH PARTIES MUTUAL AGREE:**

- 1. The **BUYER** agrees to pay to the **SELLER** the sum of \$ \_\_\_\_\_ for all forest products designated for harvesting in **ARTICLE 1, Par. 1** of this **AGREEMENT**.
- 2. Payment for the forest products shall be made to the **SELLER** in the following manner: \_\_\_\_\_
- 3. In lieu of a performance bond, \$ \_\_\_\_\_ submitted with the bid on the forest products shall be held in an escrow account with the **SELLER** pending satisfactory completion of performance by the **BUYER** of all terms, provisions, conditions, and obligations on the part of the **BUYER** to be performed or observed in this **AGREEMENT**. The amounts so deposited shall be held to cover (a) any amounts which have become due the **SELLER** hereunder and that remain unpaid by **BUYER**; (b) the amount of any damage to forest products or property caused by failure of **BUYER** or his/her **CONTRACT LOGGER(s) or OPERATOR(s)** to fully observe and perform all conditions herein with respect to **BUYER'S** operation under this agreement; and (c) any costs, damages, or expenses to which the **SELLER** may be put by reason of default or breach of any terms, provisions, conditions, or obligations on the part of the **BUYER** to be performed or observed in this **AGREEMENT**. Upon written notification to the **SELLER** or his/her **AGENT** that forest products harvest has been completed, there shall be repaid to the **BUYER** any balance of said deposit remaining after **BUYER'S** obligations and performance in this **AGREEMENT** have been fulfilled.
- 4. The **SELLER** or his/her **AGENT** reserves the right to inspect all operations covered by this **AGREEMENT** on a periodic basis to determine whether or not the terms of this **AGREEMENT** are being carried out.
- 5. The **SELLER** or his/her **AGENT** reserves the right to adjust or suspend harvesting and/or hauling operations in their sole discretion when it is determined that ground conditions or harvesting practices would result in excessive damage to the road systems or forest resources. In the event of a suspension, the total term will not be shortened but rather the suspension time will be added to the **AGREEMENT** term.
- 6. Title to and responsibility for trees included in this **AGREEMENT** shall pass to the **BUYER** as they are severed from the stump and their removal from the property shall be the responsibility of the **BUYER**.
- 7. Any designated forest products, harvested or un-harvested, which remain on the sale area at the date this terminates, remain the property of the **SELLER**.
- 8. No oral statement by any person shall be allowed to modify or change any written portion of this **AGREEMENT**.
- 9. This **AGREEMENT** shall not be assigned in whole or in part without the written consent of the other **PARTY**.
- 10. Any breach of the terms of this **AGREEMENT** shall be cause for termination.
- 11. This **AGREEMENT** shall terminate on the \_\_\_\_\_ day of \_\_\_\_\_, 2003
- 12. In case of dispute over the terms of this **AGREEMENT** that cannot be satisfactorily agreed upon between the **PARTIES**, final decision shall rest with an arbitration board of three persons - one to be selected by each **PARTY** to this **AGREEMENT** and a third agreed upon by both **PARTIES**. Should the arbitration board determine a breach of the terms of this has occurred, said breach shall be cause for termination of **AGREEMENT**.

**IN WITNESS WHEREOF**, the **PARTIES** hereto have set their hand and seals this \_\_\_\_\_ day of \_\_\_\_\_ 2003.

**WITNESS** : \_\_\_\_\_

**BUYER**: \_\_\_\_\_

**DATE** : \_\_\_\_\_



WITNESS : \_\_\_\_\_

SELLER: \_\_\_\_\_

DATE : \_\_\_\_\_

Revised 1/99

SAMPLE