

TIMBER SALES CONTRACTS

A written timber sales contract is necessary for the protection of both buyer and seller. Any such agreement should always be reviewed by an attorney. The buyer and seller should work out the terms to be included so that both parties understand what is expected and what will happen. Reputable buyers will work with the timber owner in the preparation of an equitable contract.

A contract should be developed for each sale. Considerations must be given to the needs of the seller, requirements of the buyers and the protection of the timberland. Essential points to be covered in any contract include the following:

1. Description of area and designation of timber sold.
2. Sale price and method of payment.
3. 4 % Timber Harvest fees.
4. Title guarantee
5. Penalties for breach of contract or damage to remaining timber, crops or other property.
6. Protection of special areas such as springs, wet-lands, stream banks and other assets.
7. Liability coverage.
8. Contract assignment.
9. Buyers right or access.
10. Method of arbitration.
11. Effective and termination date.
12. Witnessed signature of buyer and seller.

WHEN SELLING TIMBER

1. Receive full payment prior to allowing any cutting.
2. Have a written contract.
3. Sell only to Illinois licensed timber buyers.
4. Check amount of bond buyer has filed with state.
5. Obtain several bids.
6. Beware of the buyer who is "In-A-Hurry".
7. Direct questions to District, Regional or Springfield office.

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REGIONAL OFFICES

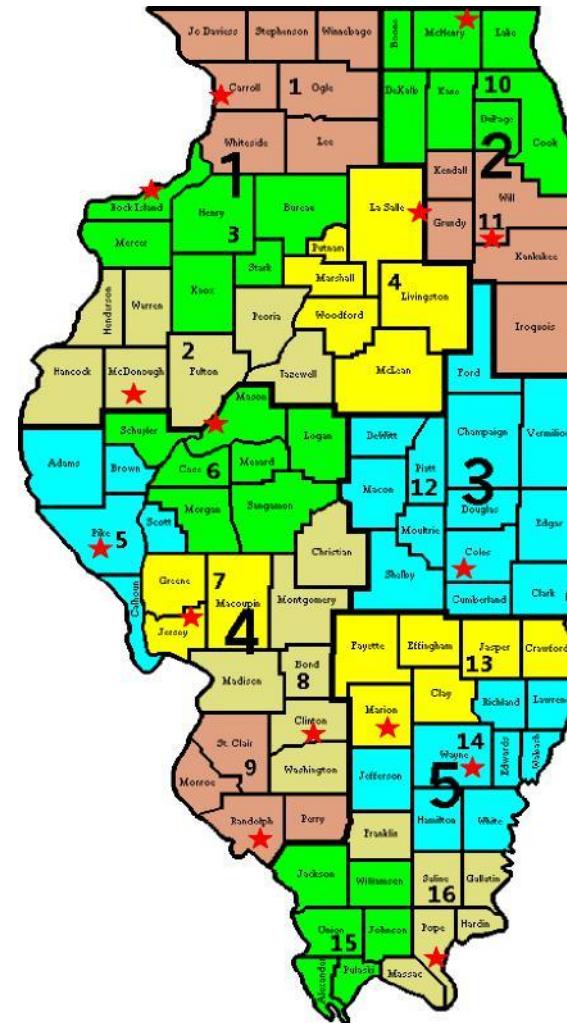
Regions 1-5

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Equal opportunity to participate in programs of the Illinois Department of Natural Resources (IDNR) and those funded by the U.S. Fish & Wildlife Service and other agencies is available to all individuals regardless of race, sex, national origin, disability, age, religion or other non-merit factors. If you believe you have been discriminated against, contact the funding source's civil rights officer and/ or the Equal Employment Opportunity Officer, IDNR, 524 S. Second St., Springfield, Ill. 62701-1787; 217/785-0067; TTY 217/782-9175.
This information may be provided in an alternative format if required. Contact IDNR Clearinghouse at 217/782-7498 for assistance.

CONTACT YOUR DISTRICT FORESTER FOR ASSISTANCE



4 % TIMBER HARVEST FEES

When timber is sold, Illinois law requires that the timber buyer deduct a harvest fee of 4% from the total price paid to the owner. The timber buyer is responsible for submitting the harvest fee to the Department of Natural Resources. This money is then deposited into the Illinois Forestry Development Fund, in the State Treasury. Money from the fund is appropriated by the legislature to help defray cost share payments for good forestry practices on private land, and support the activities of the Illinois Forestry Development Council. For further information about the 4% harvest fee and how to qualify for assistance under the cost share program, contact your local District Forester.

SELLING TIMBER



IN ILLINOIS



Illinois Forestry Development Council



Do you have trees that are ready for harvest?
 Do you want to receive full value for your trees?
 Do you care about future income from your timber?

If you answered **YES** to these questions, the information contained in this guide should be carefully considered before making any timber sale.

CONTACT YOUR DISTRICT FORESTER

1. A successful timber sale requires understanding of the following:

A. Volume - Estimating volumes of rough wood products on the farm requires a knowledge of the various units of measurement used.

Basic units of measure are:

Board foot (bd. ft.) Lumber, veneer and cooperage
 Cord or weight Firewood and pulpwood
 Linear foot Piling

B. Species - Timber marketing is highly specialized. Species and quality must be recognized and offered to the best markets to obtain the best price.

2. While general market conditions are the major factors in determining price ranges, certain local considerations also affect the actual price received. These are:

A. Accessibility. The distance timber must be moved to a good road or the necessity of obtaining a right-of-way across adjoining property can reduce payments.

B. Site and Terrain. Harvesting costs increase when road building is necessary or when logging must be done in steep, rough terrain.

C. Distance to market. Transportation costs increase in proportion to the over-the-road hauling distance to the mill.

D. Size of sale. Small volumes of timber scattered over a large area are more costly to harvest as opposed to high volumes per acre concentrated in one area,

E. Tree size and quality. Large trees free of knots and defects are the most valuable. Small, limby, defective trees do not bring premium prices.

CAREFULLY PLANNING THE SALE AND HARVEST OF YOUR TIMBER CROP WILL MEAN A MORE PROFITABLE SALE NOW AND IMPROVE THE FUTURE EARNING POWER OF YOUR WOODLAND, ALONG WITH OTHER TIMBER VALUES.

METHODS OF MARKETING STANDING TIMBER

1. **Stumpage Sales:** Stumpage is the term applied to standing timber. Methods of selling stumpage are:

A. Marked Timber - Trees to be harvested marked and scaled by a forester; volume estimate enables owner to determine a fair stumpage value; a base for competitive bid is established with buyer bidding on a known quantity and quality of material. A highly productive woodland remains. (PREFERRED METHOD)

B. Lump Sum - (Buyer take all) Unknown quantity and quality of timber is sold. Experienced buyer has a great advantage over seller in determining stumpage value. The woodland is usually left in a seriously deteriorated condition.

C. Diameter Limit - (variation of Lump Sum) Buyer establishes lower limit on size of trees to be cut. Diameter is measured at stump height or lower. Trees below this minimum size would be unprofitable to him, This method often results in the removal of young trees that should be left for future harvests. Stump height must be agreed on prior to harvest beginning.

D. By Scale - (Marked or Buyer takes all) Before any trees are cut the owner-buyer should have a clear understanding of the specifications of logs to be taken. Species, size, allowable defect, grades and log rule must be agreed on prior to cutting. The product (logs, pulpwood, poles, etc.) is scaled after cutting and payment received on a rate per unit basis. Owner should always be represented when products are scaled.

MARKED TIMBER HARVEST



A BUYER TAKE ALL CUT

2. **Owner Logging:** Greater returns can be realized if you have the time, know-how, labor, and equipment to carry out the logging operation economically.

A. Road side or At-the-Mill - the same facts regarding specifications hold true for "owner logging" as selling by scale. The conversion of standing trees into rough products requires considerable skill. Prices vary with grades; improperly cut products will be degraded thus lowering their value. Marketing should be carefully planned.

B. Home use - A sound knowledge of wood properties, the ability to log and haul to the mill and careful utilization can supply a large portion of home wood requirements at lower costs. Trees of relatively low merchantable value can be used, thus making trees of high value available for sale.

SELLING TIMBER INCLUDES

1. *Knowing what you are selling.*
2. *Obtaining full payment prior to cutting.*
3. *Checking cutting operation while in progress.*
4. *Carrying out foresters' follow-up recommendations to insure your future timber crop.*

TREE SCALES AND LOG RULES

Price quotations for stumpage and logs are given in volume units of thousand board feet (MBF) as measured by known scale. There are a number of different scales used throughout the state. The most commonly used in the mid-west are the International, Scribner, and Doyle. Trees or logs with identical measurements will give different volume estimates, particularly in the smaller diameters, using the separate scales. The majority of the Illinois primary wood industry and the Division of Forest Resources use the Doyle tree and log scales.

PRICES

The Illinois Agricultural Statistics Service, in cooperation with the Division of Forest Resources, publishes a report entitled TIMBER PRICES. Quotations from this report should be used as a GUIDE only when estimating the market value of timber, logs or other rough wood products.

CONSULTING FORESTERS

On a fee basis, private companies or individuals are available to assist in the sale of timber. They have no connection with the government. Standard business precautions should be observed in dealings.

TIMBER BUYERS

The unscrupulous: The vast majority of timber buyers are conscientious, hard-working citizens of their communities. Only a very few are out to make a "fast buck". Beware of any cut-now-pay-later type of offer.

Licensed: Anyone buying timber or logs in Illinois must be licensed by the Department of Natural Resources. Owners should assure themselves that any prospective buyer is licensed. Carrying cards identifying the buyer by name and license number are issued for this purpose. The license and bonding status of any buyer may be checked by calling the Division of Law Enforcement at 217/782-6431.

FINDING A BUYER

When seeking bids on the timber you have for sale, contact as many buyers as possible and provide the following information:

1. Location of timber for sale.
2. Description of material such as: species, volume, numbers.
3. Type bid you seek, sealed or oral bids. If oral, will it be auction or one bid only.
4. Where and when bids will be received and give the name of the person to receive bids.
5. Reserve the right to reject any and all bids.

If you decide on sealed bids or oral bids with a single bid per buyer, stick to what you said. It is not fair to try auctioning your sale after requesting one time bids only.

If you are not satisfied, reject all bids and re-advertise for another sale at a later date.

Also, reject any bid that is given for a few dollars more than your highest bid. Such bids are unfair to other buyers who have spent time and money examining your sale and bidding.

OTHER AVAILABLE INFORMATION

- Tree Scale
- Log & Lumber Scale
- Timber Price Report
- Forestry Development Act Cost Share Program
- Sample Timber Sales Contract (Attorney review recommended)