

Plan For Success

A successful timber sale results from careful planning, management and marketing. These factors can make a considerable difference in the economic return from your woodlot investment.

VDOF recommends that a landowner have a forest management plan before selling timber. The plan ensures that timber harvests meet the long-term objectives of the landowner.

Harvesting the current crop of trees will determine the future crop, its value, quality and productivity. Current harvesting will also affect the methods and cost of reforestation work. Look toward the future – plan wisely.

Selling Methods

Methods of selling timber fall into three categories:

1) Sealed Bid

The seller advertises the timber to be sold and prospective buyers compete with a sealed bid to harvest the timber.

2) Fixed Price Negotiation

The seller negotiates with a buyer for a fixed price for all timber on a given acreage. This price could be a "lump-sum" value for all the timber in the sale paid prior to harvesting or a "pay-as-cut" per unit value for different timber products as they are harvested and mill receipts are tallied.

3) Percent Basis Negotiation

The buyer or logger negotiates to pay the landowner a percentage (or "share") of the amount received at the mill.

Which Method is Best for You?

Sealed bids usually generate top dollar for landowners since competition creates an incentive among buyers who need the timber and know the best markets. Fixed price and percentage sales may work best when the volume or type of timber may limit the number of potential buyers or where the seller has a specialized need.

Regardless of the sale method, the seller should have a good estimate of the value and volume of the timber to be removed prior to the sale.

Forest Law Compliance

The landowner, timber owner and buyer all hold responsibility to ensure compliance with Virginia's forest laws. We recommend these provisions be included in the sales contract:

- ◆ Require the buyer to conduct the timber cutting operation in a manner which avoids causing water pollution - Water Quality Law (Code of Virginia Section 10.1-1181.2).
- ◆ Require the buyer to notify the Virginia Department of Forestry prior to the start of a logging operation (Code of Virginia Section 10.1-1181.2(H)).
- ◆ Require the landowner to ensure that the harvest complies with the Seed Tree Law (pine); a statement of method to achieve compliance is necessary (Code of Virginia Section 10.1-1162-1169).
- ◆ Require both the buyer and owner to comply with all fire laws and to immediately suppress at his/her expense any fire originating from accident or negligence of the buyer or his/her agent (Code of Virginia Section 10.1-1139-1145).



Timber Harvesting and Water Quality

Pre-planning the location of roads, loading areas, skid trails, stream crossings and streamside management zones is essential to protect the land and water resources. During and after the harvest, it is equally important to implement Best Management Practices (BMPs) to protect soil and water quality.

BMP compliance should be included in the timber sale contract. Financial assistance or tax credits may be available to assist the landowner with implementation of BMPs.



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For More Information

For more information about VDOF services or programs, please contact your local Virginia Department of Forestry office or visit:

www.dof.virginia.gov

Western Region Office, Salem:

Phone: (540) 387-5461

Central Region Office, Charlottesville:

Phone: (434) 977-5193

Eastern Region Office, Providence Forge:

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TIMBER SALES

Plan it right for the best value, to protect yourself, and to keep your land productive



Virginia Department of Forestry

Timber sales can be complex, but forest landowners can make the most of this unique opportunity to generate revenue and achieve ownership goals. We encourage landowners to review this brochure and to seek the advice of a professional forester before deciding to sell their timber.

Department of Forestry Services

The Virginia Department of Forestry offers the following services on request:

- ◆ **Forest Management Plans:** Guide landowners on what to sell and when to sell to meet their goals for growing a new crop of timber after the harvest (fees may apply for some types of plans.)
- ◆ **Pre-Harvest Plans:** Map out where to put haul roads, skid roads and loading decks, and how to guard against erosion and stream pollution.
- ◆ **Lists of Private Consulting Foresters and Timber Buyers:** Assist landowners in finding forestry contractors who can prepare timber sales and harvest timber.



Private Consulting Forester Services

Private consulting foresters provide valuable fee-based services for landowners, such as:

- ◆ **Timber Appraisal:** Provides an inventory of the species, size, quantity and quality of standing timber within the sale area. This critical information gives the landowner a basis for determining a fair market price for the timber.
- ◆ **Harvest Planning:** Identifies placement or locations of haul roads, log decks and stream crossings on the property. A good road system is a capital improvement with long-term benefits for management, recreation and fire control.
- ◆ **Timber Sale Coordination:** Provides the landowner with "peace of mind" that the harvesting operation is being overseen by a professional and conducted following all state laws and regulations. Having a consulting forester in almost every case ensures the highest return for the timber and a sale with fewer problems for the landowner.
- ◆ **Financial Planning:** Provides tax planning prior to a timber sale and preparation of a reforestation budget.

- ◆ **Boundary Marking:** Provides accurate boundary line location and marking.

Timber sales should be based on a contract. A written contract protects the rights and obligations of both the seller and the buyer. Contracts reduce the potential for costly misunderstandings and disagreements. A contract should include:

- ◆ Date of agreement.
- ◆ Names and addresses of seller and buyer.
- ◆ Seller's declaration of ownership and guarantee of the title to the timber and to defend against all claims.
- ◆ Seller's guarantee to the buyer of the right to ingress and egress with full description of entrance and exit routes.
- ◆ Tract legal description to include exact location, acreage and a map of the timber area to be sold.
- ◆ Type and amount of timber to be harvested to include the type of harvest to be carried out, such as clear-cut, partial harvest or thinning; if natural regeneration is desired following a clear-cut, a statement requiring the cutting of all stems down to two inches in diameter should be included; the volume of sale by species, unit of measure and a log rule used as appropriate; the minimum top diameter down to which utilization is required – very important if the seller is paid by weight. Avoid partial cutting that takes only the biggest and best trees.
- ◆ The purchase price and the method and terms of payment to include:
 - Whether the purchase price is lump sum or on a value-per-unit-harvested basis.
 - Method of verifying delivery of trees or logs to market.
 - Timing of payment must be clearly stated.
 - Starting and ending dates for the contract period during which the timber must be removed.

- ◆ Restrictions or conditions regarding equipment operation to include:
 - Designated areas for log skidding and loading activities.
 - Requirement of the buyer to notify seller prior to moving the equipment onto the tract.
- ◆ Conditions regarding protection of the property may include:
 - Payment for trees cut or damaged not included in the sale.
 - Maintenance and restoration of existing roads.
 - Damage repair to specified fences, bridges, culverts and/or buildings that may occur from logging activity.
 - Removal of logging debris from fields, roads, ditches, streams, rights-of-way and across property lines.
 - Postponement of logging when wet weather would result in serious soil rutting with continued equipment operation.
 - Removal of trash upon completion of operations.
- ◆ Statement of conditions for or against subletting of the contract.
- ◆ A statement may be included directing arbitration in case of disagreement (e.g. each party names one person and they agree on a third person to form a board for disputes).