



# LAKE STATES WOODLANDS

## Marketing Timber



A. Jeff Martin, Karen Potter-Witter, Jerry Lapidakis

### What Makes A Successful Timber Sale?

The decision to sell timber is an important one for you, the forest landowner. Whether or not the sale is a successful venture depends upon how well you do at marketing your timber. The term marketing is used to emphasize that a successful sale is the result of an entire process — from planning through sale inspection. To help achieve success, you must take an active role in the entire marketing process. This doesn't mean that you must personally handle every detail, but you should at least have an agent who can do these things for you.

Marketing timber instead of just selling it means that you are in control of the entire process and know what to expect. If you are contemplating selling some timber or if you are approached with an offer to buy some of your timber, don't jump too quickly. The buyer may, or may not, be offering you a fair price. Every forester knows several examples involving individuals who sold their "worthless" timber only to find out later that its true value was several times greater than what they received. Occasionally this results from the need for a quick sale, but more likely a landowner lacks information and marketing knowledge. Taking time to find out what you have to sell, and then choosing the appropriate marketing method, usually results in more income for the seller. In fact, there are several important questions you should ask if you're thinking about selling timber:

- Why do I want to market timber from my woodlot?
- What do I expect from my timber sale?
- How much can I expect from my timber sale?

- What kind of timber and how much of it do I have?
- What are the methods for marketing timber?
- How do I market timber for best results?

### Why Market Timber?

Your decision to sell or not sell is best made as part of a management plan for your woods. How trees are cut from your woodlot helps determine which species will grow after a harvest. So, before marketing timber decide what you want to do with your woods. This involves determining both short-range and long-range goals. In the short run it's rather easy to decide what you want, but knowing what you want 10, 20 or 40 years from now is much harder to visualize. The important point to remember is that short-term goals should be viewed as individual steps in accomplishing your long-range objectives. Harvesting and marketing mature timber are important tools for achieving these objectives. Planning is a vital part of the process, so you should prepare a management plan, either by yourself or preferably with the help of a professional forester.

### What To Expect

Having a timber sale will change your woods. In addition to the income from the timber sale you probably have other objectives you want to meet. How the sale is carried out determines future wildlife habitat, timber values, access, scenic beauty and other qualities of your woods. Each stand of timber is a unique situation and itemizing special considerations is an important step that you and your forester should discuss in detail. That way you can ensure that you will meet your objectives as completely as possible.

Knowing what to expect and knowing what you want are separate, but related, aspects that are essential to a successful timber sale.

Unfortunately, many landowners have never seen an active harvesting operation; so, when the timber has been cut, they're often in a state of shock. Therefore, it is important that you and your forester visit an active logging job or one that has just been completed. Then, visit a sale that occurred a few years ago. This will give you a better idea of what timber harvesting entails, and with your forester along you'll have someone to help explain what you see.

Remember, operating heavy equipment in your timber stand is bound to have an impact on the site. To give you "top dollar," the logger wants to operate as efficiently as possible to minimize harvesting costs. Usually this means heavy reliance on mechanization which may lead to results you did not expect. Therefore, it is important to understand what to expect and to realize that obtaining exactly the results you want may reduce how much a buyer is willing to pay for your timber. However, by following our suggestions you may obtain top value from the timber sale — the highest combination of dollar values plus non-dollar values. If loggers know all of your special requirements at the start, many times they can work them in without additional costs to you. Even if there is a small cost, your satisfaction is the most important consideration.

It is impossible to prepare a list that would cover all considerations you would talk about with your forester and then the logger, but a few examples illustrate the importance of this phase. Once you have decided to market some timber you should:

- Plan road systems, stream crossings and the location of log landings (cleared places where products are loaded onto trucks) to enhance or limit access, protect stream flow and fish habitat.
- Decide if roads and landings will be left as is after the sale or if they will be seeded or planted to vegetation.
- Decide which crop fields or other areas of your property need protection during logging.
- Decide whether trash (oil cans, broken hoses, pieces of cable, etc.) should be removed from the site after logging.
- Consider the harvest's timing taking into account if an area is wet during part of the year or if there are times you do not want activity in your woods.
- Decide on tree top disposal or whether you want the tops for firewood.

- Decide whether any trees will be reserved for wildlife, aesthetic or personal reasons.
- Determine if any fences (particularly property-line fences) will be disrupted by the logging operation, and how any problems and repairs will be handled.
- Plan for livestock control during logging if a problem might arise.
- And the list goes on...

## How Much To Expect From Your Sale

What a buyer pays for your timber depends upon many conditions, some of which are under your control and some of which are not. Every buyer probably will offer a different price for your trees because timber producers have different markets for the products, different harvesting equipment, different hauling distances and, therefore, different costs. Also, the species, quality and quantity of your salable trees will determine the price you receive.

Volume per acre is an important ingredient in a timber sale, but so is total volume for sale. It's expensive for loggers to frequently move their operation for small tracts of timber. The greater the total volume harvested, the more economical it is for the logger to move equipment. And, the lower the harvesting cost per unit of volume removed, the higher the potential price a landowner can expect to receive for stumpage. With proper planning you might be able to locate a neighbor who would also like to sell some timber. In this way, the total volume might be increased to attract more bidders and to increase the price that is offered.

Another thing to keep in mind is that demand for timber fluctuates over time. Sometimes there is a strong demand for certain species or certain sizes; other times the market is depressed for the same material. Therefore, in the planning process, marketing flexibility is an important consideration. Unlike most other crops, you can often store timber on the stump until the market improves. It's critical to sell when the market is strong. Don't let a short-term need for cash dominate your long-range objectives for your timberland. In order to be a satisfied landowner, know what to expect and know what you want.

## What Do You Have to Market?

To learn what you have for sale, you need an inventory of your woodlot to obtain the board foot or cord volume of your timber. An inventory showing volumes by species, size, and quality helps you decide which

trees to sell and when to sell them. You can learn to inventory your woods, measuring the trees that are ready to sell, or you can employ a forester to do the work. Unless you are experienced with forest inventory procedures, it is recommended that you seek a forester's help.

You can learn about measuring trees and forest products in:

- "Wisconsin Woodlands: Measuring Trees and Estimating Volume," G3332, available for \$.30 from Agricultural Bulletin, Rm. 245, 30 North Murray Street, Madison, WI 53715, (608) 262-3346.
- "Sampling and Measuring Timber in the Private Woodland," CD-FO-3025, available for \$.50 from Minnesota Extension Service, Distribution Center, University of Minnesota, 3 Coffey Hall, 1420 Eckles Ave., St. Paul, MN 55108, (612) 625-8173.
- "How Much Lumber in that Tree?" E0461, available for \$.10 from Bulletin Office, ANR Information Services, Michigan State University, 10 Agriculture Hall, East Lansing, MI 48824, (517) 355-0240.

If the inventory shows enough timber is ready for sale, a forester can measure, tally, and mark it. This is when the management plan you and your forester developed will help; the management plan will describe how you want harvests to be made. For example, if you have 30 acres of aspen ready for harvest, but it is the only woods you have, your management plan may indicate part of the woodlot will be harvested now and other parts harvested at later dates.

With your forester's help, estimate the value of the marked timber. This isn't an exact process since timber prices are negotiated and may vary widely. However, it's important that you have some idea of timber values so you'll have a basis for accepting or rejecting the offers received. You can start by reviewing published price reports that are often available from your forester or cooperative extension office. Another source of price information would be the local mills themselves; contact a few and find out what they are typically paying for the timber you have to sell.

## Methods Of Marketing Timber

Private woodland owners can choose to harvest their own timber and sell the cut product (e.g. veneer and sawlogs, pulpwood, post, poles, etc.) or sell the trees as they stand and allow the buyer to cut and haul them away. This latter method is referred to as selling stumpage.

## Harvesting Your Own Timber

A woodland owner who cuts and delivers logs or other products roadside or to the mill may substantially increase profits from the sale. Such an operation, however, should only be undertaken by someone with experience. Logging requires special skills and knowledge and there are substantial risks involved. Logging is hard, dangerous work. In addition to the personal risks, engaging in logging may alter insurance coverage. Worker's compensation and other state and federal employment requirements are particularly strict in the logging industry.

Some types of logging may require special equipment; attempting to log with some agricultural equipment could result in extensive damage to the equipment. Logging an area often takes longer than you initially estimate and may interfere with your other activities and responsibilities. Furthermore, improper cutting, handling or transporting of high-value logs can destroy a great deal of their value. For this last reason the harvesting of high value species, such as black walnut trees containing veneer-quality logs, should always be left to the buyer.

A discussion of proper techniques of cutting, handling and transporting timber products is beyond the scope of this publication. If you have the necessary time, skills and experience for harvesting and transporting the products, keep the following points in mind:

- Have a market for your product before you invest the time and money necessary to harvest it. Have a written contract with the buyer. Don't get stuck with a product to sell without a buyer.
- Know the buyer's specifications and requirements (e.g. size, volume, grade or number that will be acceptable in a given time, etc.)
- Know your legal responsibilities for such things as worker's compensation, minimum wage, social security, state and federal income tax, O.S.H.A. requirements, etc. This is particularly important if you employ other people.
- Use the proper equipment.
- Observe all safety precautions and procedures.

## Selling Stumpage

Most private woodland owners sell their timber as stumpage. Stumpage sales are of two types:

- Lump-Sum Sales: This is a timber sale in which a single payment (the lump-sum) is made to the seller

for the trees designated for sale. It is the easier of the two types of sales to administer, but under current Internal Revenue Service rules has some tax disadvantages for woodland owners considering more than two or three timber sales in their lifetimes.

- **Sale-By-Unit (Also called Sale-By-Piece, Sale-By-Scale, or Pay-As-Cut):** This is a timber sale in which the seller is paid a certain amount for each unit of product cut (e.g. so many dollars per 1000 board feet, per cord, etc.) This type of sale requires someone to measure the products harvested. Foresters call this scaling. The person who measures may be the landowner, a consulting forester, the buyer (if the seller has complete confidence in this person) or a receiving mill. The questions of who will provide an accurate accounting of production and how, when and where the scaling will be done make this type of sale more difficult to administer than the lump-sum sale. However, under current Internal Revenue Service regulations, this type of sale (which the IRS refers to as “disposal with economic interest retained”) has definite tax advantages over lump-sum sales for landowners contemplating more than two or three timber sales in their lifetime.

In both lump-sum and sale-by-unit stumpage sales the sale price and buyer are usually determined one of two ways:

- **Oral Bid or Negotiations.** This is a sale in which the seller or seller’s agent engages in verbal bidding or negotiations with one or more buyers until an acceptable sale price is obtained. While this type of procedure is fairly quick and sometimes produces a high sale price, it is not the type of sale someone should engage in who is unfamiliar with timber markets and the quality and value of the timber to be sold. In short, unless the seller is extremely well informed, it, is best to leave the oral timber sales to foresters and timber dealers.
- **Written Sealed Bids:** This is a sale in which potential buyers are informed about the sale and given a period of time (usually 4-6 weeks) to inspect the timber and submit written sealed bids. At a specified time and place the bids are opened and the buyer selected. In most situations, this form of sale produces the most desirable results for private woodland owners.

## What Are The Steps In Marketing?

First, using a management map made by the forester, help plan the location of landings, haul roads and skid trails. Mark these in the woods, for you or the

buyer to build. Haul roads are for trucks; skid trails are for skidders and forwarders (machines that drag or transport products from where trees were cut to a landing). You can locate haul roads and skid trails so you can use them between harvests for timber stand improvement, firewood removal, cross country skiing or hiking.

Because locating landings and roads is critical to a logger, your planning should include last minute flexibility. If you stand firm on where the roads should go, some potential buyers may turn away. However, if you’re willing to discuss landing and road location with the logger and compromise a little, things will probably go smoother for both parties. Since permanent access is important, it may be desirable to take less for your timber and have the logger build the roads for your continued use.

Second, learn about the possible income tax consequences of your timber sale. The lump-sum sale of stumpage, which normally produces the most income, may result in your paying ordinary income tax on the entire sale proceeds. If the timber is viewed as a capital asset there will be no problem in claiming capital gains tax treatment. However, if the IRS views you as a dealer in timber who is making frequent sales, capital gains treatment would probably not be allowed. There are some options that can be used to help insure eligibility for capital gains taxation.

If you have questions about possible tax treatment of your timber sale, make sure you consult with your forester and tax accountant before making the sale. Income tax laws affecting timber growers have changed recently and may change again in the future. Therefore, it is important to obtain the latest information before selling. You can learn about treatment of income from timber sales in:

- “Wisconsin Woodlands: Income Tax Considerations for Forestland Owners,” G3298, available for \$.20 from Agricultural Bulletin, Rm. 245, 30 North Murray Street, Madison, WI 53715, (608) 262-3346.
- “Minimizing Federal Income Tax for Forest Landowners,” North Central Regional Publications, NCR 343, available for \$.50 from ANR Information Services, Michigan State University, 10 Agriculture Hall, East Lansing, MI 48824.
- “Timber Tax Management for Tree Farmers, ” available for \$15 from the American Forest Council, 1250 Connecticut Ave., N.W., Suite 320, Washington, DC 20036.
- “Forest Owners’ Guide to Timber Investments, The Federal Income Tax, and Tax Recordkeeping,”

USDA Agr. Handbook No. 681 (order No. 001-000-4540-7), available for \$5 from Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402-9325.

Third, prepare and send a sale notice to potential buyers. This is the most effective way of notifying potential buyers of your timber sale. You can get the names of reputable timber buyers operating in your area who would be interested in the type of timber you have to sell from DNR or consulting foresters. A timber sale notice should include:

- Name and address of the seller.
- A map and/or description of the area to be harvested (including access and your proposed woods road layout).
- A listing of volumes of trees (by species, diameter class, product class and grade if appropriate) included in the sale.
- Special considerations such as ownership of the tops, location of roads or trails, and protection of crop fields and fences. Recall that excessive restrictions may cause a reduced bid or loss of interest in the sale.
- The times when potential buyers can inspect the trees and sale area.
- A copy of the timber sale contract that will be used.
- The method of bidding and type of sale: sealed bid, lump-sum, etc.
- How payment is to be made. On lump-sum sales full payment (100%) prior to the start of any harvesting activity is desirable. When this is not possible, a definite timetable for payment should be negotiated calling for specific payments (25%, 50%, etc.) at specified dates. On sale-by-unit sales, a definite cutting and payment timetable needs to be negotiated with the buyer and the seller's intent to do so stated in the notice.
- The statement that you reserve the right to refuse all bids in case none offer an adequate price.
- Space for the buyers to state their bids.
- A closing date for receipt of bids.
- The date, time and location for opening the bids.
- Whether or not a specified down payment must accompany the bid (usually 10%).
- The requirement of a performance bond (usually 10% of the sale price).

One side of the bidding coin is the maximum price that buyers want to pay. They, of course, want to pay a price which will leave the largest profit margin possible after costs. The other side of the coin is that you, too, want the largest margin possible above your costs for taxes, management and opportunities foregone (income you would have made by investing in something other than timber management). The best way to receive the highest price for your timber is to have more than one buyer bid on your salable stumpage or logs. Encourage competitive bidding!

Fourth, on the date and at the time and place specified, open the bids and select the buyer. If one or more bids exceed the minimum amount you want to accept, select your buyer on the basis of size of bid and on reputation. Ask all bidders for the names of landowners from whose land they have harvested trees. Exercise caution in selecting new operators or operators who have not previously logged in your area. Only experienced and careful buyers should be chosen for timber stand improvement, or a selection harvest, in which valuable trees will be left standing.

Fifth, complete a timber sale contract with the successful bidder. The successful buyer should make a deposit as a performance bond which is held (preferably in escrow) until the sale is satisfactorily completed under the terms of the contract. Total payment for the timber may be made before harvesting begins or provisions may be made for partial payments as the sale progresses. Payments should be in some assured form such as a bank draft. A suggested sample sales contract is included with this publication. The contract is only a sample and may need to be modified to suit your particular situation. Work with your attorney and forester to ensure a proper contract.

Sixth, several times during the harvest of your timber you, your agent or your forester should visit your woodlot to be sure the buyer is complying with the sales contract requirements. It is important that you ask questions and show interest in the operation. A good logging contractor will welcome your questions because they lessen the chance of a misunderstanding.

Use good judgement and discretion when checking the harvesting operation. Deal directly with the buyer or the buyer's designated representative if you have any concerns. Do not complain or make suggestions to other individuals on the job.

When inspecting the harvesting operation, stay clear of all machinery and wear appropriate safety gear. Because the buyer is concerned about the liability of all

persons on the site, respect the buyer's directions during your inspection visits.

Seventh, plan post-harvest activities:

- Harvesting firewood from tops, if the buyer hasn't purchased them.
- Improving the timber stand.
- Preparing the site for natural seeding.
- Replanting (if necessary).
- Erecting gates if access roads have been built.
- Recording sale information in your accounting ledger.

## A Final Word

Stumpage is a somewhat unusual commodity in that it has no exact going price. Instead, the selling price is whatever the buyer and seller agree to and is influenced by many factors including tree species, size, quality, distance to market, accessibility, difficulty of the logging operation, market conditions, the buyer's financial condition, and differences between buyers in their ability to use the tree or logs.

Due to these factors, the relationship between buyer and seller on each timber sale is unique. Different buyers may offer substantially different prices for the same timber depending on their own particular uses and markets. To receive the highest value, contact several potential buyers when timber is for sale. A professional forester or timber buyer can estimate the minimum acceptance value or the expected value of a particular timber sale. In many cases some bids may substantially exceed this estimate. As has been suggested, timber sales from private woodlands

should be made by sealed bid with potential buyers informed about the sale. Don't be too anxious to accept the first offer.

Well-planned timber sales are an important step in woodland management. They are your main tool for ensuring a vegetative cover that is most suitable for the use and enjoyment of your woods. If you believe some of your timber is ready to sell, contact a DNR, consulting or industrial forester. The cooperative extension office in your county has other bulletins on forest management and many have lists of DNR, consulting and industrial foresters.

---

**Authors:** Jeff Martin is a professor of forestry with the College of Agricultural and Life Sciences, University of Wisconsin-Madison, and a forestry specialist with the University of Wisconsin-Extension, Cooperative Extension. Karen Potter-Witter is an assistant professor and extension specialist in the Department of Forestry, Michigan State University. Jerry Lapidakis is a private forestry specialist with the Wisconsin Department of Natural Resources.

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, University of Wisconsin-Extension, Cooperative Extension. University of Wisconsin-Extension provides equal opportunities in employment and programming, including Title IX and ADA requirements. If you need this information in an alternative format, contact the Office of Equal Opportunity and Diversity Programs or call Extension Publications at (608)262-2655.

Copyright © 1996 by the University of Wisconsin System Board of Regents

This publication is available from your Wisconsin county Extension office or from Cooperative Extension Publications, Room 170, 630 W. Mifflin Street, Madison, WI 53703. Phone: (608)262-3346.

## **SAMPLE TIMBER SALE CONTRACT**

There are two important steps to having a successful timber sale. One is to get timber management assistance from a professional forester. The other, and equally important, is to negotiate a comprehensive, written timber sale contract. A well prepared contract ensures the understanding of both parties and, in the event of a dispute, spells out remedies. The sample timber sale contract on pages 2-4 of this bulletin was developed to assist landowners in identifying the most important conditions to consider. It can be used as is, but most often will need to be modified to meet the specific requirements of individual buyers and sellers. The conditions listed herein are not meant to be exhaustive or necessarily applicable to every situation. Work with your attorney or professional forester in drafting your contract.

The following notes explain the purpose and intention of many of the provisions in this sample contract. The section titles and item numbers in the explanation below correspond to the section titles and paragraph numbers in the contract.

### **UNDERSTANDING THE TIMBER SALE CONTRACT**

#### **INTRODUCTORY PARAGRAPH**

As important as the purchaser's and seller's names, is an accurate legal description of the land involved in the sale.

#### **CONTRACT PERIOD AND TERMINATION**

1. Establishes a definite period of time by which all harvesting must be completed.
2. Gives the Seller power to stop all harvesting if the Seller suspects a breach of contract.
- 3a. Provides for a performance bond to be held until all operations are completed to the Sellers satisfaction.
- 3b-c. Gives the Seller recourse for damages incurred as a result of the Purchaser's breach of contract.
- 3d. Spells out damages to be awarded for specific contract breaches.
4. Requires the Purchaser to pay for products before removing them from the site.

#### **PRODUCTS TO BE REMOVED**

6. Specifies what is to be harvested, and how trees are marked or designated for harvesting (for example, "trees marked with orange paint," or "all trees within a marked boundary")

#### **PAYMENTS**

- 7a. For lump sum sales, the purchase price is entered and the payment schedule specified.
- 7b. For scaled sales, the price per unit volume, and estimated volume of each species is listed.

#### **UTILIZATION**

10. Assures good utilization of each tree. Especially important for scaled sales.
11. Makes damaging residual trees a breach of contract.
13. Allows for additional restrictions and requirements particular to each sale. Typical concerns addressed here are:
  - Ownership of the tree tops. Does the Seller or the Purchaser assume ownership?
  - For scaled sales, a definition of the merchantable portion of trees to be utilized (for example, "logs will be cut to a 10-inch minimum top diameter inside bark).
  - Protection of wetlands and riparian habitat.
  - Removal of trees hung upon other trees.
  - Prohibition of logging during certain periods of the year, such as hunting season, or especially wet months.

#### **NOTICE OF INTENT TO CUT**

14. Specifies which party is responsible for notifying the county clerk of intent to cut.

#### **SLASH AND DEBRIS REMOVAL**

- 15-16. Specifies how slash is treated, if at all. Usually, a maximum height of residual slash is specified (for example, "all slash must be lopped to a maximum height of three feet").

#### **ROADS, CAMPS SURVEY CORNERS**

- 18-22. Provides restrictions regarding logging road and facilities construction, and requires Purchaser to clear and repair any roads, landing areas, property or land survey monuments damaged during the harvesting operation. Also specifies any special restoration requirements or erosion control measures which must be taken.

#### **LIABILITY**

23. Protects the Seller from liability arising from the Purchaser's harvesting operation. Requires the Purchaser to show proof of Worker's Compensation and public liability insurance.

# SAMPLE TIMBER SALE CONTRACT

This Contract is entered into by and between \_\_\_\_\_ of \_\_\_\_\_ (Seller), and \_\_\_\_\_ of \_\_\_\_\_ (Purchaser).

The Seller hereby authorizes the Purchaser to enter upon the following described lands (the Premises); for purposes of cutting and removing timber marked or otherwise designated by the Seller.

Those Premises are further described on the map(s) or diagram(s) attached to and made a part of this Contract.

FOR AND IN CONSIDERATION of the following terms and conditions the Seller and the Purchaser mutually agree:

## CONTRACT PERIOD AND TERMINATION

1. Time is of the essence, therefore, the Purchaser shall cut all timber or forest products described in paragraph 6 and complete all other performance described herein with reasonable diligence so performance is completed no later than \_\_\_\_\_. The period of this Contract commences upon its signing by both parties and the Purchaser providing the Seller with all required bonds and certificates of insurance.
  2. The Seller or Agent shall notify the Purchaser in the event of a breach of any condition of the Contract at which time all operations shall immediately cease, and continued occupancy on the Premises shall be a trespass. Upon notification, operations may not be resumed nor may timber be cut or removed without written authorization from the Seller.
  - 3a. The Purchaser has deposited cash, a surety bond, a certified check, or other form acceptable to the Seller in the amount of \$\_\_\_\_\_ as a performance bond, to assure proper performance and to be held until the completion of all conditions of the Contract to the satisfaction of the Seller.
  - b. Upon breach of any condition of this Contract, the performance bond shall be applied to actual damages incurred by the Seller.
  - c. If timber or other forest products not specifically described in this Contract or designated by the Seller for cutting are cut, damaged or removed by the Purchaser, the Seller may pursue any and all remedies for the unlawful use of the Seller's property and the cutting, damage or removal of property without consent, including the seeking of criminal or civil charges for theft, timber theft or criminal damage to property, in addition to any Contract remedies for breach.
  - d. The Seller's damages upon the Purchaser's failure to perform this Contract include, but are not limited to:
    - (1) The Purchaser's bid value of timber not cut and removed under this Contract.
    - (2) Double the mill value, as determined by the Seller, for timber cut, removed or damaged without authorization under or in violation of this Contract.
    - (3) All costs of sale area cleanup, restoration or completion of performance not completed by the Purchaser.
    - (4) All costs of resale of timber not cut and removed as required under this Contract.
  - e. Additional damage provisions:
4. No forest products may be removed from the Premises until the products are paid for by the Purchaser or guarantees for payment satisfactory to the Seller are provided.
  5. Title to any forest products cut under this Contract shall remain with the Seller until payment is received.

## PRODUCTS TO BE REMOVED

6. The Purchaser is authorized and shall cut, remove and pay for the following timber or forest products during the period of this contract:

## PAYMENTS

### 7a. LUMP SUM SALE:

- (a) The Purchaser agrees to pay Seller an amount of \$\_\_\_\_\_ to be paid under the following schedule:
- (b) The Seller is not obligated to return the payment in par A, or any portion of it in the event the Purchaser fails to remove all timber or forest products authorized for removal.

- b. SCALE PRODUCTS SALE: (As an alternative to a lump sum payment, the payment may be designated by price per cord or MBF per species with an estimate of forest products available.) Payment to the Seller shall be made based upon the following and as further described herein:

| SPECIES | PRODUCTS | ESTIMATED<br>VOLUME | PRICE PER UNIT<br>MBF FT | UNIT<br>CORD | TOTAL<br>ESTIMATED<br>VALUE |
|---------|----------|---------------------|--------------------------|--------------|-----------------------------|
|---------|----------|---------------------|--------------------------|--------------|-----------------------------|

TOTAL

---

8. Log and tree volumes shall be determined by the Scribner Decimal C system.
9. Cord means a standard measure of piled wood 4' x 4' x 96" to 100". Cord products of other dimensions shall be converted to standard cords.

## UTILIZATION

10. Maximum stump height shall not exceed stump diameter, and for stumps of diameter less than 10 inches it shall not exceed 10 inches.
11. Timber or forest growth, whether mature or not, may not be damaged through careless operations or unnecessary equipment use.
12. The Purchaser agrees to complete all operations as described herein without waste or nuisance on the Premises.
13. Additional equipment and operation requirements:

## NOTICE OF INTENT TO CUT AND COMPLIANCE WITH LAWS

14. The \_\_\_\_\_ shall make and file a written declaration to the county clerk of his or her intention to cut forest products pursuant to section 26.03, Stats., and comply with all other notice requirements and laws and ordinances with respect to work under this Contract.

## SLASH AND DEBRIS DISPOSAL

15. Slash falling in any lake or stream, in a right-of-way or on land of an adjoining landowner shall be immediately removed from the waters, right-of-way or adjoining land. Tops from felled trees may not be left hanging in standing trees. All trees shall be completely felled and not left leaning or hanging in other trees.
16. Other slash disposal requirements:
17. The Purchaser shall remove, to the satisfaction of the Seller, all solid waste, trash and debris generated by the Purchaser.

## ROADS, CAMPS, SURVEY CORNERS

18. Location, construction, and use of logging roads, mill sites and campsites is subject to advanced approval by the Seller. All such areas or facilities used or constructed by the Purchaser must be operated, maintained and restored prior to termination of the Contract in a manner satisfactory to the Seller. Purchaser shall repair damage to existing roads.
19. Logging roads that intersect town, county, or state roads or highways must have the intersections approved by the proper authorities prior to construction and cleared of all unsightly debris at the time of construction.
20. The Purchaser agrees to pay for the cost of repair or replacement of property or any land survey monuments or accessories which are removed or destroyed or made inaccessible.
21. Other restoration requirements (i.e., seeding, gravel, rutting, culvert removal, etc.):
22. Erosion control requirements:

## LIABILITY

23. The Purchaser agrees to protect, indemnify and save harmless the Seller and the Seller's employees and agents from and against all causes of action, claims, demands, suits, liability or expense by reason of loss or damage to any property or bodily injury to any person, including death, as a direct or indirect result of timbering operations under this Contract or in connection with any action or omission of the Purchaser, who shall defend the Seller in any cause of action or claim. In addition, the Purchaser agrees to furnish the Seller with a certificate of insurance of current coverage under the Worker's Compensation Law, Chapter 102, Stats., and public liability insurance for the period of logging operations on the Seller's property in the amount of:
  - a. Personal injury: \$300,000 single limit liability or \$100,000 bodily injury per person and \$300,000 per occurrence.
  - b. Property damage: \$100,000.

## GENERAL

24. The Purchaser is an independent contractor for all purposes including Worker's Compensation and is not an employee or agent of the Seller. The Seller agrees that the undersigned Purchaser, except as otherwise specifically provided herein, shall have the sole control of the method, hours worked, time and manner of any timber cutting to be performed hereunder. The Seller reserves the right only to inspect the job site for the sole purpose of insuring that the cutting is progressing in compliance with the cutting practices established under this Contract. The Seller takes no responsibility for supervision or direction of the performance of any of the harvesting to be performed by the undersigned Purchaser or its employees. The Seller further agrees to exercise no control over the selection and dismissal of the Purchaser's employees.
25. The Seller agrees to initially designate the timber to be sold and may make inspections for the purposes of ascertaining whether the timber has been cut and the Contract has been complied with. All work shall be performed in a workman-like manner. Work shall be performed in accordance with the requirements of the contract. The parties stipulate that in fulfillment of the terms of this timber sale Contract, the Seller warrants that the Seller has clear and unencumbered title to the stumpage subject to this Contract.
26. The Purchaser agrees to take reasonable precautions to prevent the starting and spreading of fires. The Purchaser is responsible for damage and forest fire suppression costs, including that provided in ss. 26.14 and 26.21, Wis. Stats., caused by the Purchaser's operation under this Contract.
27. This Contract or work under it may not be assigned or subcontracted in part or in whole without prior written approval from the Seller and may be changed or amended only in writing. The Purchaser agrees to notify the surety, if any, of any such change or amendment.
28. This Contract, together with specifications in the request for bids as well as reference to parts and attachments, shall constitute the entire agreement and any previous communications or agreements pertaining to this Contract are hereby superseded. Any amendments to this Contract shall be in writing signed by both parties.

Date \_\_\_\_\_ Seller \_\_\_\_\_

Date \_\_\_\_\_ Purchaser \_\_\_\_\_