

Getting the Most Return From Your Timber Sale



Unless you choose to harvest your own timber, you will sell your trees to a buyer who will be responsible for harvesting and transporting the

trees. This type of timber sale is referred to as selling stumpage. How the trees to be sold are marked, how potential buyers are notified of your sale, how the buyer and sales price are determined (single offer, oral bid or negotiation, written sealed bids), and how payment is made (lump-sum vs. sale-by-scale or pay-as-you-cut) depends on the character of the individual sale. A professional forester's knowledge of your property, potential timber buyers, timber markets, and potential buyers' past performance is critical to selecting the appropriate timber sale method and buyer to maximize your income while protecting and enhancing the non-timber resources of your woodland.

Protect Yourself and Your Property With a Timber Sales Contract

Every timber sale, no matter how small, should have a written timber sales contract which details what the seller and the buyer have agreed upon. The process of negotiating the contract provides an opportunity for the seller and the buyer to discuss how the harvesting operation will occur and to identify and obtain clarification and agreement on areas of concern. This will substantially reduce the possibility of misunderstandings and disagreements and

provide both you, as the seller, and the buyer with legal protection as agreed to by the terms and agreements of the contract.

There are many sample timber sale contracts available, and many timber buyers have a "standard" contract. You should, however, work with your forester to ensure that the contract addresses your concerns, meets your needs, and protects your rights. Because a contract is a legal document, it is also strongly recom-

Professional Foresters Protect the Landowner and the Forest by Negotiating a Timber Sales Contract That:

- ◆ Identifies the responsibilities of all parties.
- ◆ Specifies financial and other agreements.
- ◆ Addresses issues of special concern.
- ◆ Protects the interests of all parties to the contract.

mended that the contract be reviewed by your attorney before it is signed.

Monitor the Harvest

The final step in ensuring a successful timber sale is to monitor the harvest. Frequent visits should be made to ensure that the harvest is proceeding properly, according to the terms of the contract, and to discuss questions that might arise. Again, because many of the activities associated with timber harvesting are unfamiliar to most woodland owners, monitoring the harvest is

often best done with the assistance of a professional forester. Aspects of a timber harvest routinely monitored include property access; any cutting of unmarked trees; damage to residual (unmarked) trees; road and landing locations, construction, and rehabilitation; and the use of best management practices (BMPs) to protect soil and water resources.

Finding a Forester

Three groups of professional foresters are available to provide one-on-one assistance to private forest landowners with their forest management activities, including timber harvesting.

The Ohio Department of Natural Resources, Division of Forestry, employs 25 service foresters located throughout the state to provide on-site technical assistance to woodland owners within a multi-county area. Though limited in the length of time they can spend with an individual landowner and the types of assistance they can provide (they cannot, for example, monitor a timber sale), the service forester is usually the first and often the only professional forester

contact for many woodland owners. Contact the Division of Forestry at 1855 Fountain Square Drive, Columbus, Ohio 43224 at 1-614-265-6694, or on the web at: <http://www.hcs.ohio-state.edu/ODNR/Forestry.htm>

Quite a number of consulting foresters practice in Ohio. Consulting foresters are professional foresters who are self-employed or who work for a private consulting company providing forest resource management recommendations and assistance for a fee. While some consultants provide assistance in a wide variety of forestry activities and others are quite specialized, consulting foresters generally can provide a

greater range and depth of services than foresters employed by public agencies. Information about consulting foresters providing timber harvesting or other forest management services in a particular area of Ohio can be obtained from the local ODNR Service Forester or from the Ohio Chapter of the Association of Consulting Foresters at 1-888-540-TREE.

Also, several of the larger forest-based industries located in Ohio provide woodland owner management assistance through their industry foresters. Often this assistance is provided as part of their company responsibility of timber procurement and so is tied directly to a timber sale.

Additional Sources of Information

◆ **Ohio State University Extension.** Extension provides forestry educational programs and publications through a staff of county Extension agents, district specialists, and state specialists. Call or write the OSU Extension office located in your county for forestry information or visit the College of Food, Agricultural, and Environmental Science's web page at: <http://ohioline.ag.ohio-state.edu>

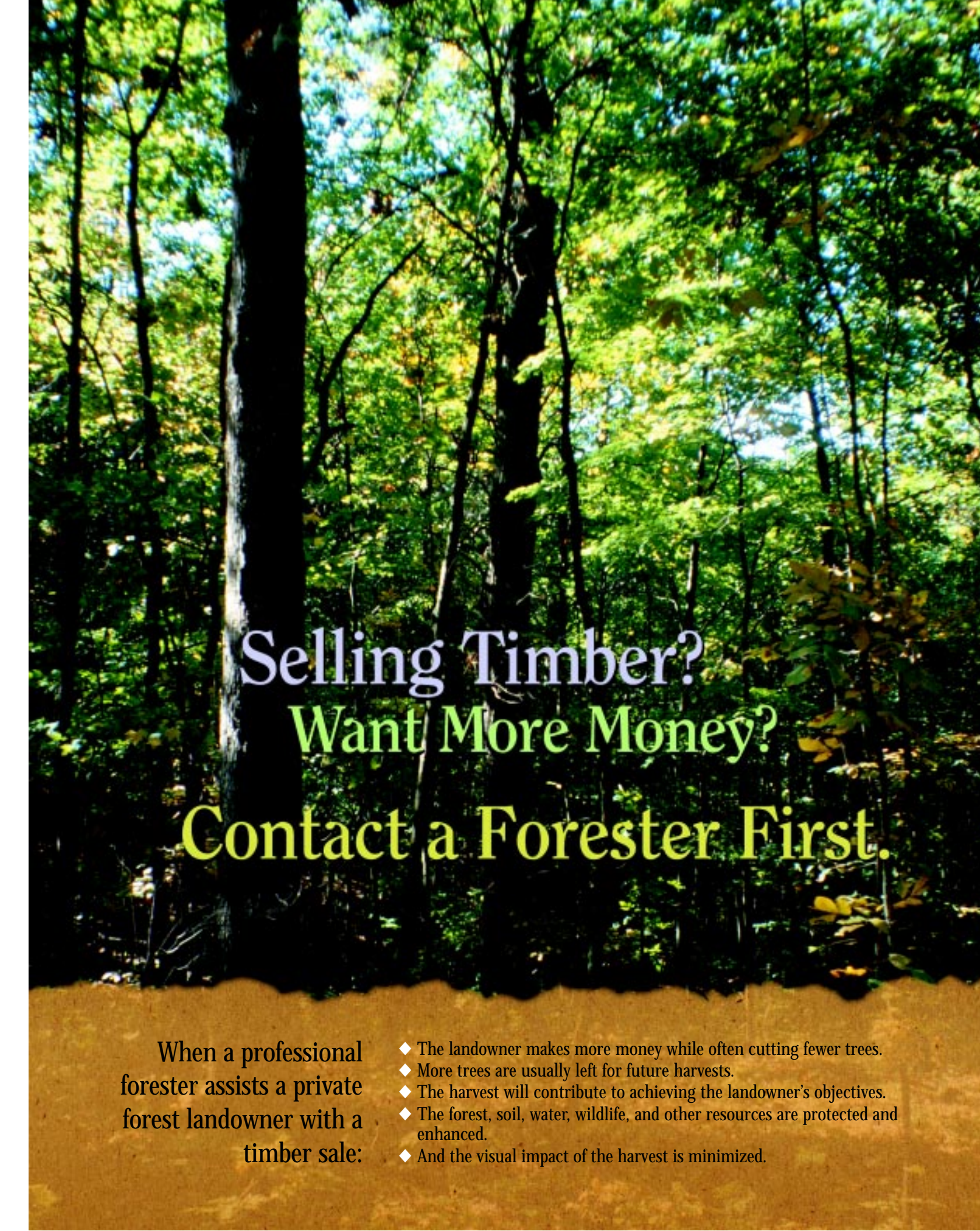
◆ **Ohio Forestry Association** The Ohio Forestry Association (OFA) membership is made up of timber industry and woodland owners throughout Ohio. The association provides a current listing of certified loggers and sawmills located in Ohio, sponsors educational programs, and distributes educational materials. Contact OFA at P. O. Box 970, Grove City, Ohio 43123 at 1-614-497-9580, or on the web at: www.ohioforest.org

◆ **Soil and Water Conservation Districts** provide assistance to landowners interested in conservation practices. Additionally, the districts have primary responsibility for addressing concerns related to nonpoint source water pollution. In forestry, this relates primarily to the implementation of Best Management Practices to prevent sediment generated by logging operations from entering streams, rivers, and lakes. On-site technical and planning assistance is available to loggers and woodland owners in each county.



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Ohio SAF is the 240-member state chapter of the national Society of American Foresters (www.safnet.org). SAF is the professional and scientific organization of foresters. Its mission is to advance the science, education, and practice of forestry; to enhance the competency of its members; and to ensure the continued health and use of forest resources to meet present and future demands from society. The national organization oversees a credentialing program, Certified Foresters, which recognizes those members who have engaged in regular, ongoing professional development in order for them to be current and up-to-date in the practice of forestry.



Selling Timber?
Want More Money?
Contact a Forester First.

When a professional forester assists a private forest landowner with a timber sale:

- ◆ The landowner makes more money while often cutting fewer trees.
- ◆ More trees are usually left for future harvests.
- ◆ The harvest will contribute to achieving the landowner's objectives.
- ◆ The forest, soil, water, wildlife, and other resources are protected and enhanced.
- ◆ And the visual impact of the harvest is minimized.

Why Sell Timber?

Your forest land represents one of your most valuable assets. How it is managed and, in particular, how and when trees are harvested and marketed can dramatically affect your income, the future value of the forest, and how well it provides other desired amenities.

There are several reasons why you might decide to sell timber. First, obviously, the forest represents a source of income. While the value of the timber in a woodland will vary depending on many factors, timber can have considerable value and can be managed to yield periodic or emergency income.



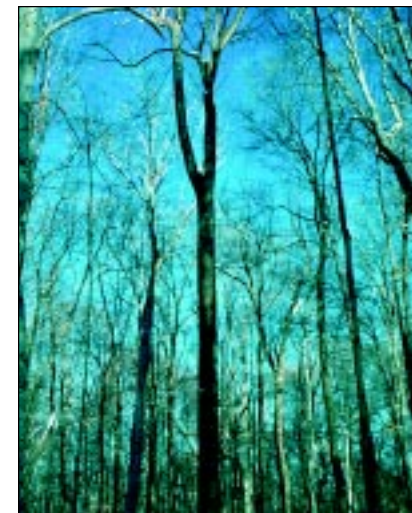
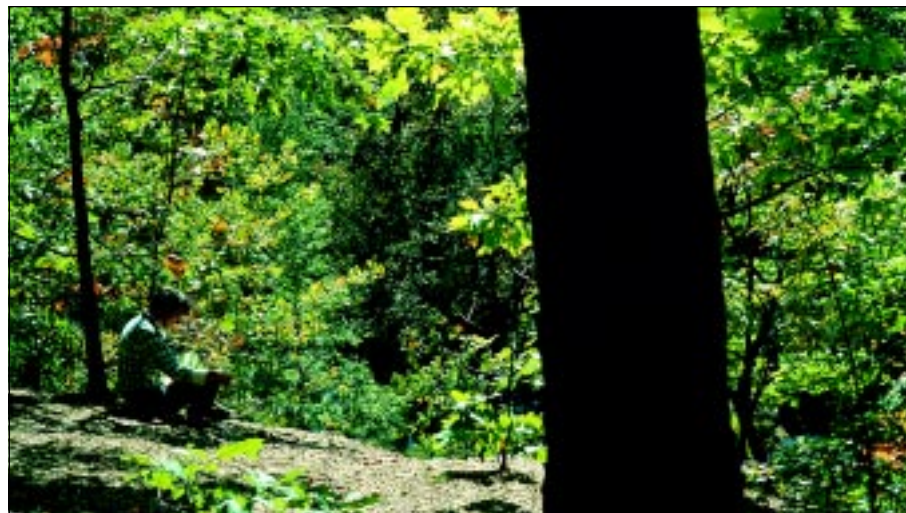
Second, timber cutting is one of a forester's major management tools and is useful not only for generating income, but also for accomplishing other ownership objectives such as improving the health and vigor of the forest, developing wildlife habitat, altering species composition, establishing planting areas, creating vistas and trails, and developing certain types of recreational activities. If you have worked with a professional forester to develop a management plan for achieving ownership objectives, it is quite likely the plan will call for periodic timber harvesting.

Third, timber may be harvested to salvage the value of trees that have been damaged to such an extent that they will not recover or to salvage the value of trees growing where the potential for damage is extremely high. Ice, wind, snow storms, fire, insects, and disease are factors that could cause enough damage to justify a salvage cutting.

And finally, timber may be harvested in order to use the land for other purposes ranging from golf courses and parking lots to crop production and pasture land. Timber on such land often has considerable value and should be marketed.

Ideally, the harvest prescription is part of an overall forest management plan, prepared by a forester, which prescribes a long-term schedule of management activities to achieve your timber and non-timber objectives consistent with your tax and estate-planning objectives.

Whatever the reason for harvesting, a professional forester is uniquely qualified by education and experience to assist you in planning and executing a timber harvest that accomplishes your objectives and maximizes your income.



When a Forester Assists a Private Landowner With a Timber Harvest

You Make More Money and Fewer Trees Are Usually Cut

Unlike most other commodities, trees standing in the woods have no exact or going price. Their value is whatever a buyer and seller agree to and is influenced by many factors. In fact, it is not uncommon for offers to buy a tract of timber to range two- to 10-fold in value.

A Professional Forester Will:

- ◆ Maximize present and future economic value by identifying trees to harvest and those to retain in the stand.
- ◆ Provide an accurate inventory of what is to be offered for sale including species, number of trees, and quality and volume.
- ◆ Market timber effectively to obtain maximum price by using knowledge of timbers' potential value, markets, and buyers.
- ◆ Monitor harvest activities to ensure the landowner's satisfaction.
- ◆ Provide guidance on income tax provisions relevant to timber sales.



Some Factors Affecting Timber Value

- ◆ Timber Species
- ◆ Number of Trees
- ◆ Size of Trees
- ◆ Total Volume
- ◆ Quality of Trees
- ◆ Owner's Restrictions
- ◆ Distance From Market
- ◆ Accessibility of Site
- ◆ Difficulty of Logging
- ◆ Market Conditions
- ◆ Buyer's Finances
- ◆ Buyer's Need for Timber

The harvest contributes to achieving your land-ownership objectives, protects and enhances non-timber resources, and minimizes the visual impact of the harvest.

Working With You, a Forester Will Prescribe a Harvest That:

- Enhances future timber value.
- Improves the health and vigor of the forest.
- Protects soil and water resources.
- Minimizes visual impact.
- Develops wildlife habitat.
- Creates vistas and trails.
- Develops recreational activities.

Determining What Trees to Cut and How to Cut

The selection of trees to be harvested should always be done with the advice of a professional forester. Timber cutting is the principal tool for managing the character of a forest and for creating the proper environment to ensure its regeneration. Forests can be harvested using a variety of methods ranging from cutting all of the trees in a particular area (clearcutting) to selecting and cutting individual trees throughout the stand (selection harvest). The appropriate method for your particular forest depends on the character of that forest and your specific ownership objectives. Selection of the proper method and trees to harvest will ensure that the harvest will satisfy your objectives and maintain the woodland in a healthy, vigorous, and productive condition.



Clearcut — three years after harvest.



Selection cut.

BEWARE

BEWARE of timber buyers who offer to "selectively cut" your woodland, removing only the trees they want, assuring you they will leave plenty of trees for the future stand. Such cutting, referred to as "high-grading," most commonly results in the removal of all or almost all of the marketable trees, leaving an understocked stand of less valuable trees in poor condition. High-grading removes not only all of the current

value from a stand, but much or all of its future value for decades to come. This deprives you of much future income that would have been generated by the growth of trees that should have been left uncut. And, the remaining forest has usually been so heavily and indiscriminately cut that its potential for satisfying noneconomic ownership objectives has been greatly reduced.

BEWARE of timber buyers offering to buy all of the trees above a certain diameter, usually specified or understood (at least by them) to be at stump height. While there are very limited situations where such a diameter-limit cut would be appropriate, in most instances, diameter-limit cutting is just another form of high-grading and will have the same disastrous results.