

# Tips for Selling Your Timber



## SOUTH DAKOTA DEPARTMENT OF AGRICULTURE RESOURCE CONSERVATION & FORESTRY DIVISION



## Develop A Management Plan

A well-developed management plan can help your forest become a valuable and enjoyable investment for your future and your heirs. Your unique desires for your land will determine what sort of timber harvesting operation you need. A well-planned logging operation can enhance wildlife habitat, keep water clean, increase forest health and production, and be financially profitable. A forest management plan should include your goals for the timber harvest and forest renewal and ways to obtain them. It is recommended that you use the services of a professional forester to develop your forest management plan.

Here are some factors you should consider:

- How do you hope to benefit from the sale of your trees?
- Are you most interested in realizing some income?
- Maybe you want to improve or increase habitat for turkeys, deer, or songbirds, minimize disturbance to waterways and soil, and increase plant and animal diversity.
- Do you want to protect your property and forest from insects, disease, and fire?
- What tax implications will the harvest have?
- Do you know where your property boundary lines are? If not, be sure to find and mark them before you harvest one tree.
- Are there mortgage or covenant restrictions? If restrictions exist, be sure to obtain written permission before selling any timber.
- Determine what areas of your forest will be open to cutting. Clearly mark – flag, paint, or blaze the boundaries of these areas. Clearly communicate these limits to the logging contractor.
- Ask prospective contractors for references and proof of insurance.
- Has the logger you are considering completed logger education training? Some certification programs require the use of trained loggers.



## Work with a Forester

Should you work with both a logger and a forester? Unless you are familiar with selling timber, and are up to speed on current market prices, you would be well advised to enlist the services of a professional forester.

Forestry advice comes in many forms. Sometimes loggers are professional foresters, or they may have foresters on staff. The Resource Conservation and Forestry Division can prepare management plans, provide sales advice, and provide a list of loggers, consulting foresters, and timber buyers. State law limits the extent of timber sale assistance that can be provided by the Division. Forest products industry foresters write management plans, prepare and administer timber sales, and provide other services as required in a sale contract. Consulting foresters can provide services like:

- Boundary line marking.
- Timber appraisal (cruise).
- Write management plans.
- Cruising and marking timber.
- Timber sale administration (including the bidding process).
- Work with loggers to ensure that the landowner's desires are met.
- Renewing and replanting the forest after harvest.



## The Contract

You should always sell timber through a written contract, a legally binding document that protects both the seller and the buyer by listing and clarifying the responsibilities of both parties. Landowners typically sell timber on a “pay-as-cut” or “lump-sum” basis. The choice of a lump-sum or pay-as-cut method should be made after you seek advice on the tax implication of the two sale methods.

As a minimum, a good timber sale contract should:

- Describe the land and boundary lines and guarantee the title.
- Specify the approximate amount of timber to be harvested, the manner, time, and method of payment, and the amount to be paid.
- Describe the timber being sold, its location, and its marking method. Describe the logging methods, utilization standards, and merchantability. Include a map of your property with the harvest boundaries clearly marked.
- Specify the location of log landings, roads, and skid trails (if desired) and require that those areas be stabilized and revegetated (if appropriate) after harvesting.
- Specify slash treatment and disposal requirements. At a minimum, these should meet state laws and regulations.
- Specify the time period covered by the contract. Logging contracts usually cover at least two dry logging periods.
- Prohibit excessive damage to unmarked trees and improved property such as buildings, fences and roads.
- Specify the penalties the buyer must pay if unmarked or undesignated trees are cut or damaged.
- Assign liability for losses caused by the buyer or his agents to protect the landowner from workers' compensation claims, liability lawsuits, and property damage claims.
- Specify protection of threatened, endangered, or sensitive species; soil, water, archeological, and recreational values.
- Require the use of Best Management Practices (available at your state forestry office, or from loggers and foresters) where appropriate.
- Require that the buyer abide by all local, state, and federal laws and regulations.
- Allows the sale agreement to be assigned to another logger only with the written consent of the seller.



For more information contact your nearest South Dakota Division of Resource Conservation and Forestry Office. Hot Springs 605-745-5820; Huron 605-353-7187; Lead 605-584-2300; Mitchell 605-995-8189; Pierre 605-773-3623; Rapid City 605-394-2395; Sioux Falls 605-362-2830; Watertown 605-882-5367. Web site: <http://www.state.sd.us/doa/Forestry/>