

HOW TO

SELL YOUR TIMBER

...and not get ripped off

BROUGHT TO YOU BY



TIMBERUPDATE

If you need to sell your timber but don't want to make a mistake, there are a few important things you should learn first.

Selling timber is a *significant* financial decision. Making the wrong moves could mean getting a return on investment (ROI) of \$1,000 per acre of harvestable timber when you should get \$2,000. For some people, that's not a big deal. But for most of us, missing out is consequential.

Timber Update was started by seasoned forestry professionals in Georgia who got tired of hearing stories of landowners missing opportunities to maximize their ROI. In most cases where timberland owners miss out on tens of thousands of dollars, the problem boils down to a simple lack of understanding about how the market *actually* works and lack of a network of qualified professionals to conduct a harvest.

A knowledgeable person is a powerful person.

To fix this, Timber Update developed a website to **educate** landowners and **connect** them with forestry professionals in Georgia. Instantly helpful, one of the first landowners to use Timber Update's service was able to improve his ROI by 30%.

Before coming to Timber Update, he had received three vastly different estimates for his 60 acres of timber: \$15k, \$22k, and \$35k. Discomforted by the disparity, he turned to Timber Update for answers. And we're glad he did, because one of the Consulting Foresters in our network led him to earn \$50,000 from his timber.

In addition to our network of highly regarded forestry professionals, we've constructed a blog that is chock-full of educational material to enable you to make wise decisions about your land and timber. Contrary to what some might want you to think, selling timber is a complicated process that demands a sizeable knowledge base and a cadre of professionals in order to maximize your ROI. Here, as elsewhere, a knowledgeable person is a powerful person.

Timber Update's mandate is quite simple: Empower landowners to get the most from their timberland. The following pages enumerate steps in order to sell one's timber. It should be noted that these are meant specifically for landowners with at least 50 acres* of harvestable timber; individuals with smaller lots will certainly benefit from this guide, however, certain points will fall moot since tracts smaller than 50 acres might not be commercially viable.

*In some instances, tracts smaller than 50 acres are commercially viable because of the quality of the timber. If you have between 25 and 50 acres of exceedingly high quality timber, we suggest you seek the opinion of a Consulting Forester.

HIRE A REGISTERED CONSULTING FORESTER

If hiring a Registered Consulting Forester was the only thing you did, you would be in good shape. Unfortunately, it's a step that too many people avoid or of which they remain unaware. Consulting Foresters wear two main hats: Like a *financial advisor*, they understand the complexities of today's market and are therefore able to leverage your timber assets to maximize their value. Like skilled *physicians*, they are equipped to address the health of your timber, and will aid you in making decisions to increase the economic, ecological, and aesthetic value of both your trees and land over the long-term. Consulting Foresters are professionals with a degree in Forestry, and, if they're good, they have a broad network of respected contractors (timber buyers, logging operations, trucking companies, mills) from which they can draw to get your job done right.

In sum, Consulting Foresters are uniquely equipped to help you make decisions that are both lucrative and sustainable. Especially if you want to keep the land value high, keep it in the family, or develop your hunting grounds, a Consulting Forester is the only way to go. And, if you hire the right person, they'll walk you through all the remaining steps in this guide.

Who to hire?

You want a professional who will guide you through the complex and lengthy process of harvesting and managing your timberland; avoid people who try to force you to sign any sort of contract on the spot. Also, don't take anyone's word as gold who hasn't put boots on your land. You don't want a salesperson.



Jim Griffith, Forester
PRINCIPLE TIMBER CO.

CONSIDER YOUR GOALS

Think about the financial gain you hope to earn from this harvest, as well as the time frame in which you would like to liquidize your assets. This is important because you will need to make decisions between various *harvesting methods*: some may offer instant boons of cash, while others could provide income at quasi-regular intervals for decades to come (more on this later).

How important are aesthetics, wildlife, and hunting potential? Keep in mind that you can profit from your land in many ways other than selling timber. For instance, you could lease the land to a hunting

club for deer and turkey season. Or build on a portion of it and make it a wedding venue. Discuss these things with your Consulting Forester, and ask them to help you draft a Forest Management Plan to which you and your family may refer for years to come. Consulting Foresters have both the experience and knowledge to advise you in the most practical options for the best return.



DESIGN A FOREST MANAGEMENT PLAN

Forest Management Plans (FMP) are very important for the smart investor who has his or her eye on the future. To design an FMP, combine the considerations of your personal financial and ecological goals with the hard facts about your timberland: The harvestable tree population, density, and maturity, the overall timber volume, the land's accessibility, restrictions, and relative location to mills, local and state wildlife regulations, current market conditions, taxes (local, state ad valorem, and federal), and any next steps (e.g. replanting). Then, based on a matrix of these variables, make a decision as to which harvest method is most appropriate. Here is a simplified description of your options:

1 CLEAR CUTTING means harvesting all the trees in a given tract at once. Clear cutting is performed on biologically and/or economically mature Sawtimber tracts. Biological maturity is determined by a number of factors, the most recognizable being the tree's diameter at breast height (DBH), trunk straightness, and the volume of the crown. Economic maturity is reached when a given tree stand has maximized its ROI with consideration to current market prices and harvest costs relative to the stand's overall timber volume.

2 THINNING is the strategic removal of some of the trees in a given tract, typically pine, in order to promote the growth of the remaining trees for enhanced returns. Thinning tracts periodically can be a source of regular income, and it improves the health and rate of growth of remaining trees that are intentionally being grown for Chip-n-Saw and Sawtimber plywood (the large, generally most valuable logs). Most good Forest Management Plans include regular thinning, the first occurring approximately 10 to 15 years after a tract is planted, the second around 20 years, and a final harvest happening between years 25 and 30.



3 **SELECTIVE (OR PARTIAL) CUTTING** is

when only some of the trees in a particular tract are harvested. This method could be used for variety of reasons, but most commonly when you want to benefit financially from a group of good trees in the short term. Or it could simply be removing all of the junk trees to make room for good long-term growth of the remaining quality trees.

The importance of a Forest Management Plan cannot be overstated. In fact, Forest Management

Plans are *required* for third-party certification (American Tree Farm System, Sustainable Forest Initiative, Forestry Stewardship Council, etc.). As well, Forest Management Plans are the primary pieces of evidence examined by federal, state, and local regulators when determining certain tax exemptions or cost share programs.

More often than not, a well-developed Forest Management Plan will incorporate two or three of these cutting methods and prescribe them over the span of several decades.



STEP 4

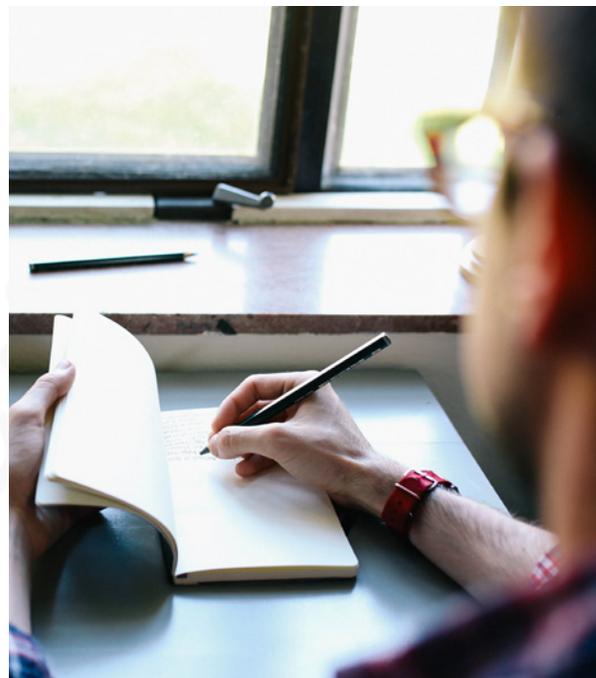
DRAFT A HARVEST PLAN

If your Forest Management Plan is like a football playbook for years to come, then your Harvest Plan is like specific preparations for next week's showdown. Your Harvest Plan will make instructions perfectly clear for all the players involved in the upcoming harvest. Before a single tree is felled, determine what will be cut, who will cut it, when they will cut it, how the logs will be removed and hauled, and where the logs will be sold. Having every step of the harvest mapped at the beginning ensures that all parties involved are informed and therefore responsible for proper execution. A Forestry Consultant will be well-versed in these details and manage each aspect of the harvest.

As a general rule of thumb, assume nothing and clarify as much as needed.

Print quality maps of your property and mark the areas for harvest. USGS topographic, NRCS county soil maps, and county aerial tax maps are invaluable when identifying land plane gradients, stream locations, road access, property boundaries, rock outcropping, and other considerations.

Ask logging companies for two landowner references (that is, if not relying on the advice of your Consulting Forester). Also, make sure they are a current Georgia Master Timber Harvester (MTH); a trained MTH is held to the highest ethical and professional standards for harvesters, and will ensure that your trees are harvested and merchandised in a manner that fully utilizes Best Management Practices (BMPs), which are important particularly because of their emphasis on protecting water quality. To find out if a particular logger has completed MTH training, refer to: [The Georgia Master Timber Harvester Database](#).



After marking the land to delineate the cutting boundaries, spend time walking the property with your Consulting Forester and the Logger to make certain he understands your instructions. As a general rule of thumb, assume nothing and clarify as much as needed.

This is the most tedious and time consuming step, and it requires large amounts of research and numerous interviews with potential contractors, but it pays dividends to be thorough. This step

can be particularly difficult to navigate if you don't already have a timber network (buyers, loggers, truckers, mills) in place. Another added benefit of Forestry Consultants is the network they bring with them.

You can also check out [Georgia's Best Management Practices](#), provided by the Georgia Forestry Commission, for additional details your Consulting Forester will address in planning your timber harvest.



CHOOSE A SELLING METHOD

When it comes to selling timber, you basically have two options:

1 A PER TON SALE denotes selling timber *per ton* of harvestable wood. This type of sale often involves face-to-face bargaining between the seller (i.e. the Consulting Forester representing you) and the timber buyer. They will settle on a price per ton for each species (e.g. loblolly pine) and product class (e.g. pine pulpwood, hardwood sawtimber, etc.). Before the negotiations start, your Forestry Consultant will perform an evaluation of your timber and estimate volumes and values for each product class to be harvested; this information will be used to determine the best offer when there are multiple bidders.

2 A LUMP SUM BID SALE denotes selling the harvest for a single sum. Lump Sum Bids may be “Open Bid” or “Sealed Bid,” which refers to whether prospective buyers submit disclosed or confidential offers. Generally, the *Lump Sum Bid* method can be a good means for you to sell your timber if you are unfamiliar with local markets. Payment is typically made in full at the time of contract, unless installment payments are preferred for tax purposes. However, it is not advisable to sell a thinned tract of timber

unless the trees that are left behind have been marked beforehand. Contracts should be signed and executed, and performance bonds should be considered on either type sale. Landowners are required to pay county ad valorem taxes on all timber sales.

As mentioned in the previous step, it is important to confirm that the buyer is a current Georgia Master Timber Harvester (MTH).



***TIMBER UPDATE POLICY:**

We will not give tract-specific timber values to non-contracted clients. The timber prices we provide are acquired on behalf of clients with commercially viable timber. We provide general tonnage pricing as a means for landowners to protect themselves from being taken advantage of, however, landowners that pursue timber sales on their own are not guaranteed these prices provided by Timber Update.

STEP 6

USE A CONTRACT

A contract ensures that everyone involved knows what's expected of them and will be held legally responsible for their conduct. In addition to many of the items listed in your Harvest Plan, here are a few things to make sure to include:

THE TYPE OF SALE

Are you conducting a *Lump Sum* sale or a *Per Ton* sale?

AMOUNT PAID AND METHOD OF PAYMENT

Depending on the type of sale, the amount paid could be an agreed upon sum or a price-per-ton.

A contract ensures that everyone involved knows what's expected of them and will be held legally responsible for their conduct.

BEST MANAGEMENT PRACTICE (BMP)

Is there any activity specific to your land that you want contractors to avoid? Though contractors are held in check by certain state regulations such as the Streamside Management Zones, you may want to take additional steps to protect parts of your land. For instance, if you have a pond, is there a certain distance from the water you don't want harvested? Also, through which access roads

should the loggers and trucks enter your property? And, more importantly, where should they not make roads? How long after rain should they wait to resume harvesting? What happens if rutting begins? A complete list of BMP's may be found at gfc.state.ga.us.

DAMAGE PENALTIES

It's *always* better to have this in writing up front.

LENGTH OF CONTRACT

At some point, they've got to finish the job. Having this clause will ensure they prioritize your trees. What happens if they have not finished cutting the trees under contract if the agreement expires before the trees have been harvested?

WET WEATHER EXTENSION CLAUSE

This clause determines how you handle extensions to the agreement due to extended periods of rain and unloggable conditions.

HOLD HARMLESS CLAUSE

You want the timber buyer and his subcontractors to have liability insurance so that if an accident takes place, where one of the employees or subcontractors is maimed or killed, the timber buyer holds you harmless.

STEP 7

MONITOR THE HARVEST

You and/or your Forestry Consultant should frequently inspect the harvesting operation to ensure the contract terms are being fulfilled. When you sell on a per-ton basis, a full accounting of what was removed during the harvest should be

provided by the buyer and tallied by your Forestry Consultant. You can designate how frequently you want the information: weekly, monthly or at the end of the sale.

How to Sell Your Timber TIMELINE

1 HIRE A REGISTERED CONSULTING FORESTER



2 CONSIDER YOUR GOALS



3 DESIGN A FOREST MANAGEMENT PLAN



4 DRAFT A HARVEST PLAN



5 CHOOSE A SELLING METHOD



6 USE A CONTRACT



7 MONITOR THE HARVEST



8 ENJOY



Per OCGA 12-6-23*, the following information must be included on all load tickets:

O.C.G.A. 12-6-23 (2010)

12-6-23. Wood load ticket required for wood removal; form; exceptions

(a) Any person, company, corporation, or others purchasing trees or timber directly from the landowner from lands in Georgia shall be required to furnish the owner of said lands a wood load ticket for each and every load of wood removed from said property, when such load is sold by weight, cord, or measure of board feet. A wood load ticket shall include, but not be limited to, information clearly understandable to the landowner as follows:

1. Ticket number
2. Name and location of the person or company and its facility where the load of wood is received and weighed or measured
3. Date wood was received at said facility
4. Tract name
5. County and state of origin
6. Dealer name (if any)

7. Producer or logging company name
8. Species of wood
9. Weight or scale information. If the load is measured by weight, the gross, tare, and net weights shall be shown. If the load is measured by scale, the total volume shall be shown
10. Weight, scale, or amount of wood deducted and the deduction classification (cull, undersize, metal, knots, etc.)
11. Name of the person receiving, weighing, or scaling the wood

(b) Subsection (a) of this Code section shall not apply to the following:

1. The sale of wood for firewood only
2. Any landowner harvesting and processing his own timber
3. Bulk or lump sum sales wherein the landowner and the purchaser agree on a total price for all of said timber purchased.

(c) Any person, company, or corporation which violates any provision of subsection (a) of this Code section shall be guilty of a misdemeanor.



STEP 8

ENJOY

If you've executed all of the above steps, you can rest assured that you've maximized the value of your timberland. Refer to your Forest Management Plan once a year to make sure that your property remains a valuable asset for decades to come.

**Interested in connecting with a
*Consulting Forester?***

[CLICK HERE TO GET STARTED](#)

