



## **TIMBER SALVAGE CONTRACT SUGGESTIONS**

**From the NC Division of Forest Resources**

In the matter of a few hours, storms can transform acres of healthy growing timber into acres of broken, splintered, and uprooted trees. Many of these damaged trees can still be utilized for wood and paper products, but their value has been greatly shed. Landowners are anxious to salvage these trees as quickly as possible before insects and decay further reduce their value and usefulness. As with healthy, standing timber, landowners need to develop a timber sales or salvage contract to insure all parties involved understand what is expected from everyone involved in this operation. Although it is important to address the items suggested below, as the contract becomes more restrictive, fewer and fewer buyers and loggers will be interested. Therefore, prepare the contract carefully. Include items that are important, but don't try to burden the logger or buyer with unreasonable restrictions and expectations.

When preparing contracts for large areas of salvage or areas that will include salvage timber as well as large amounts of standing, healthy trees, a consulting forester should be employed to estimate the value of the timber and / or administer the sale. If you wish to handle the sale yourself, an attorney should be consulted or employed to prepare the actual contract which will protect you and the purchaser. When preparing a contract for timber salvage, the following items should be considered.

1. General Information -- include names and addresses of seller and buyer, the date of the agreement, a legal description of the tract, including the exact location, acreage, boundaries and a map of the timber area to be sold.
2. Declaration of Seller's Ownership & Right to Convey -- the seller should declare ownership and right to convey the timber; guarantee the title to the timber; and guarantee to defend all claims against the timber.
3. Right of Ingress and Egress -- the seller should guarantee the buyer the right to enter and exit the property.
4. Statement of the Type of Cutting -- state whether the harvest is to be clearcut, selectively marked, seed-tree, salvage only, or other method. If selectively marked, state how the trees to be cut are marked. State clearly what is to be harvested.
5. Purchase Price, Payment Method and Terms - purchase price may be a lump sum or on a value per unit basis, and terms of payment must be clearly stated.
6. Duration of the Agreement - state a time period which the timber must be cut and include a provision for extending the contract due to bad weather if necessary.

7. Conditions Governing Removal of Timber - state clearly any restrictions pertaining to equipment; location of skid trails, haul roads, log decks and loading sites; limits to ingress and egress; sellers right to limit operations during certain weather events; and other limitations to the overall operation. Be reasonable with these limitations, not overly restrictive.
8. Conditions Governing the Care of Other Property - state clearly the penalty or payment for damage to existing structures and features of the property (roads, bridges, fences, ditches, buildings, streams, and other features or improvements) and for trees not included in the sale.
9. Assignment of the Contract - include a provision for or against the assignment of the contract to another.
10. Conditions Governing the Implementation of Forest Practices Guidelines - include specific clauses to insure compliance with the Forest Practice Guidelines Related to Water Quality to retain the forestry exemption provided in the N.C. Sedimentation Pollution Control Act of 1973, G.S. II 3A-52(6). Additional information on this topic is available from your local County Ranger.
11. Fire Protection - the purchaser should be required to comply with all fire laws and immediately suppress, at his own expense, any fire originating (by accident or negligence) from his operation.
12. Performance Bond and Financial Responsibility of the Buyer - The buyer should be expected to carry personal liability insurance, property damage insurance, and Workman's Compensation Insurance for the period of the contract. To insure performance, the buyer may be required to put a cash bond in escrow.
13. Arbitration in Case of Disagreement - each party should name one person and these two agree on a third person to settle a dispute.
14. Signatures of All Parties and Notarization
15. Registration - timber sale contracts convey real property and they should be recorded at the courthouse.