

Timber Harvests

A FOREST LANDOWNER GUIDE



de.gov/forestry



Before You Sell Your Timber

When timber is properly managed and marketed, it can be a valuable asset that provides a solid rate of return. Although it can take at least 40 years to grow a mature crop of timber, it only takes a few days or weeks to harvest. Because landowners may harvest timber only once in their lifetime, they may not be familiar with the process of selling timber, or the steps recommended to fully maximize their income.

If you are considering a timber sale, we urge you to contact a forester **before** selling your timber. Studies show that landowners who work with a professional forester often receive more money for their timber (up to 50% more) and their forests are in better shape than those who do not.

The professional staff of the **Delaware Forest Service** offer **free** forest management assistance including: timber sale guidance, tree inventories, tax information, sample timber sale contracts, and stewardship plans.

They can assist you in marketing your timber while also helping you to manage your forest sustainably.

Professional Foresters

Types of Foresters

- Service foresters
- Consulting foresters
- Industry foresters

Service foresters at the Delaware Forest Service (DFS) can provide on-site technical assistance to woodland owners. Though limited in the amount of time they can spend and the types of assistance they offer (for example, DFS foresters can not negotiate contract terms and compliance on a private timber sale, but they **do** monitor the use of Best Management Practices), **the service forester could be the first, and possibly the only, professional forester you need.**

There are also **consulting foresters** who practice in Delaware. Either self-employed or working for a private consulting company, they can offer management recommendations and assistance for a fee. A consulting forester is often able to provide a greater range of services than a public agency forester.

Industry foresters work for wood processors, timber buyers, and other commercial operations. They can be very knowledgeable and helpful.

But no matter what type of forester you eventually work with, you should seek the assistance of a professional.



Seek assistance from a professional forester to help you meet your forest management objectives.

Sustainable forestry strives to balance the yield of goods and services from a forest to a level that will preserve the soil, protect watershed features, and ensure future seed sources.



LANDOWNER ASSISTANCE

PROVIDED BY THE DELAWARE FOREST SERVICE

Forest Management Assistance

The Delaware Forest Service (DFS) can assist landowners with forest stewardship plans, timber stand improvements, sample timber sale contracts, reforestation or forest inventories. DFS can also refer consultant foresters for appraisals.

Tree Seedlings

The DFS offers a variety of low-cost seedlings each spring. Landowners can order seedlings in fall and early winter for delivery between mid-March and mid-April.

Financial Assistance

There are limited federal and state cost-shares available to support tree planting, timber stand improvement, wildlife habitat enhancement, and invasive species control.

Wood Utilization

The DFS promotes wood marketing, the utilization of traditional forest products and the development of alternative markets. There are lists of primary (sawmills, loggers) and secondary wood processors (furniture-makers, etc.) available to interested parties.

Forestry Education

The DFS manages state forests covering over 20,000 acres: Blackbird State Forest near Smyrna, Taber State Forest near Harrington, and Redden State Forest near Georgetown. These lands are managed for multiple objectives: timber, wildlife habitat enhancement, recreational activities and demonstration forest management.

Commercial Forest Plantation Act

There is a 30-year property tax exemption available for forestlands managed for timber production that follow a DFS-approved plan.

Information

The DFS offers publications to help citizens learn about forestry and our programs.

Forestland Preservation Program

This program protects forestland through perpetual conservation easements: permanent deed restrictions whereby the landowner retains ownership but certain activities, such as development, are prohibited. Owners can sell the property, but all future owners are bound by the same restrictions. Designed to protect working forests, the program still allows hunting and other management activities, such as timber harvesting, to continue.

Erosion and Sedimentation Program

Delaware's Forestry Practices Erosion and Sedimentation (E&S) Law requires all operators and landowners to submit a permit before beginning forest management activities, including timber harvests. We offer educational programs (via the Maryland-Delaware Master Logging Program) to loggers and landowners. We also perform on-site inspections to ensure compliance with Best Management Practices (BMPs) and the E&S law.

Delaware Seed Tree Law

All harvested sites of ten acres or more, that contain at least 25% pine and/or yellow-poplar, must be reforested unless the property will be developed or cleared for agriculture.

Wildland Fire

The DFS tries to minimize wildland fire through various prevention and suppression activities. Staff and equipment are able to help volunteer fire companies control wildfires. For a fee, there is also prescribed fire assistance available (for forest management purposes).

TIMBER HARVESTING IN DELAWARE

FORESTRY PRACTICES EROSION AND SEDIMENTATION LAW

Forests protect streams and ground water by filtering out sediment and associated pollutants, holding valuable topsoil in place, and shading and cooling our streams and rivers. The DFS has created procedures for all silvicultural activities, **including Best Management Practices (BMPs) to protect water quality**, in Delaware greater than or equal to one acre:

- Operator and landowner will provide written notice to the DFS **at least 5 working days** before starting the operation.
- Operators and landowners must notify the DFS by completing and signing form BMP-1 provided by DFS. A map showing the location of the planned activity and any water features must also be submitted.
- Notification forms are sent to the local DFS office.
- The local forester from the DFS will approve, approve with modifications, or deny all applications within five working days of their receipt. This process may require the forester to visit the site and determine the BMPs needed to protect water quality.
- The notification form becomes the E&S permit once it is approved and signed by the local forester. The landowner and contractor agree to protect water and soil from erosion and sedimentation through BMPs.

THE DELAWARE SEED TREE LAW

Productive pine and yellow-poplar woodlands are vital to the economy and ecology of Delaware. The Seed Tree Law was passed to ensure these woodlands are properly reforested after harvests. Woodlands must meet all of these criteria to qualify for the law:

- Ten (10) acres or more,
- Contain 25% or more of any one or a combination of the following:
 - loblolly pine, shortleaf pine, pond pine, yellow-poplar, **and**
- The property will remain in forestry after the harvest. If the property will be developed or converted to agriculture, the owner must notify the DFS to exempt the property from the law.

How to Comply with the Seed Tree Law

Landowners who wish to harvest a property that meets these specifications must ensure that the area is reforested. The DFS can help a landowner determine if a property qualifies for the Seed Tree Law and help ensure the land is properly reforested. In order to satisfy the law, a woodlot must contain at least 400 healthy well-distributed seedlings following the harvest. This may be accomplished through one of these options:

Natural reforestation

Leave at least 6 to 8 seed trees (14 inches or greater in diameter) evenly distributed per acre. Chemical or manual treatment may be needed following seedling establishment to allow for proper stocking (spacing).

Artificial reforestation

Reforest the property with seedlings. Site preparation such as burning or chopping may be needed to reduce slash (tree tops and limbs) and prepare the site for planting. An herbicide after planting to eliminate hardwood competition is often needed for pines.

The E&S Law applies to activities greater than or equal to one acre. The Seed Tree Law applies only to harvesting 10 acres or more of pine or yellow-poplar.



Planning Your Timber Harvest

Five Steps to Success



1. Assess your timber
2. Choose the sale method
3. Select a buyer
4. Timber sale contract
5. Monitor the harvest

What Affects 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

Woodland owners can harvest their own timber or let the buyer cut and haul the trees. The latter method is referred to as "selling stumpage."

Cutting Your Own Timber

Owners who cut and deliver logs or other products to the roadside or mill may greatly increase their profits. However, logging is risky and dangerous. Only someone with special skills should conduct a harvest operation. Logging uses very specialized equipment, and often can take longer than initially estimated. Therefore, it might interfere with some of your other tasks. Much of the worth of high-value trees, such as black walnut or white oak, could be lost if improperly cut, handled, or transported: a good reason why you should consider using a logger. Sometimes, landowners hire their own loggers and arrange for them to deliver the products directly to a mill. In this case, using a Certified Master Logger is recommended.

IF YOU CUT YOUR OWN TIMBER, FOLLOW THESE GUIDELINES:

1. Be sure there is a market for your timber and you get a *written contract*
2. Know your buyer's needs and specifications
3. Be aware of liability for workers' insurance, social security, taxes, etc.
4. Use the proper equipment and follow all safety procedures
5. Check to see if logging alters your insurance

Step 1: Assess Your Timber



Timber Appraisal

A **timber appraisal** represents what your timber is worth at the present time based on today's market conditions. An accurate report is based on a listing of the timber volumes on the property, known as a **forest inventory**:

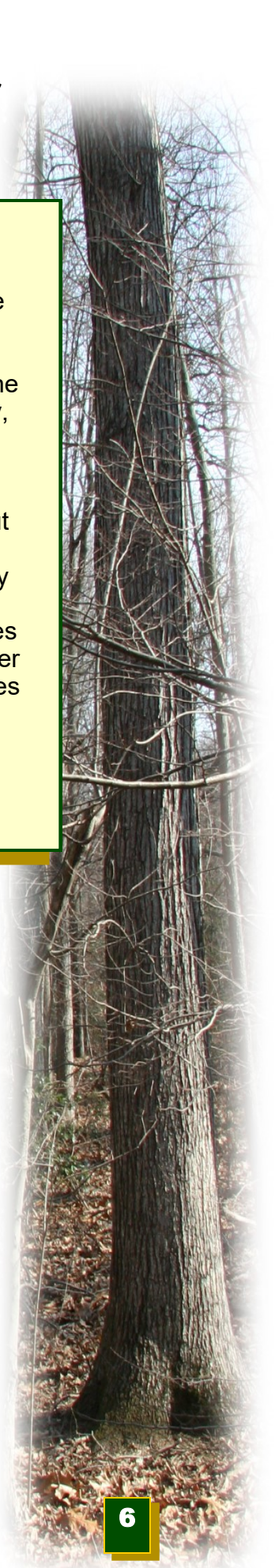
A professional will "cruise" the forest to get detailed data about the size and location of various trees. A qualified appraiser may then compare recent timber sales and analyze them for ones that involved acreage and timber similar to your tract. Then, prices will be assigned to the various species based on their size, quality, etc.

Selecting Timber to Sell

In order to advertise a timber sale to potential buyers and to give some indication of its potential value, the landowner must determine what to sell. This involves deciding which trees or areas will be cut and then determining for each species the number of trees and/or volume of wood or amount of products to be sold.

Unless the harvest is being carried out to clear the land for other uses, selection of trees should be done with the advice of a professional forester. The method of harvesting required will depend on ownership objectives and type of woodlot.

Trees selected to be cut should be clearly marked for easy identification. If individual trees are to be cut throughout the woodlot, each is usually marked with tree-marking paint at breast height and ground level. In addition, veneer trees are often numbered. If an entire area will be harvested, as in a clearcut, typically only the trees around the boundary are marked, unless it is a small area.



Step 2: Choose the Sale Method

The two methods for “selling stumpage” are:
lump-sum sale
or sale-by-unit.

Lump-Sum Sale

A sale in which a single payment (the “lump-sum”) is made to the seller for the trees marked for sale. This is the easier of the two.

Sale-By-Unit (Sale-By-Price or Sale-By-Scale)

A sale in which the seller is paid a certain amount for each unit of product cut (e.g., dollars per 1,000 board feet). This typically involves measuring all the products harvested (foresters call this scaling). The scaler may be the landowner, a consulting forester, the buyer, or a receiving mill. Deciding who will provide the tally and how, as well as when and where the scaling is done, make this sale more difficult.

Because one type of sale may provide greater tax benefits than the other, it helps to know the IRS rules on treatment of sales expenses as well as the **depletion allowance**, a method for recouping your original investment in the timber without paying tax on it.



Most sales are decided
in one of three ways:

Single Offer

This is where a single buyer contacts or is contacted by the seller, and the buyer offers to purchase the timber at a set price. While this might produce a fair price, it can result in a price lower than another buyer might pay.

A single offer can be best when:

1. Seller has a small amount of timber.
2. The sale timber is of low quality.
3. Markets for sale species are poor.

Foresters can tell you if any of these situations apply. In most cases, selling timber by a bid process is better.

Oral Bid or Negotiations

This is where the seller or seller's agent conducts verbal bidding or negotiations with one or more buyers to reach an acceptable sale price. While it can be quick and occasionally produce a high sale price, it is not a good choice for someone unfamiliar with timber markets. Oral sales are usually best left to foresters and timber dealers.

Written Sealed Bids (This type is usually recommended)

This is when 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 successful buyer is selected. This form of sale usually produces good results.

Step 3: Select a Buyer

Do not be too anxious to accept your first offer.

To get the highest value, you should contact several potential buyers by sending out a timber sale notice. Lists of possible buyers are available from the DFS.

Notices (on sealed bids) should include:

1. The name and address of the seller.
2. Sale location, legal description, and directions.
3. A description of the trees to be sold.
4. Sale type: sealed bid lump-sum or sealed bid sale-by-unit.
5. The times when potential buyers can inspect the trees: usually at least one month from the time notices are sent until bid award. If someone needs to be on-site, list times they are available.
6. The date, time, and place at which written sealed bids will be opened and the buyer selected. Include a statement that the seller reserves the right to reject any or all bids if not acceptable.
7. Whether a deposit binding the offer must accompany the bid and, if so, the amount. The deposits of unsuccessful bidders are returned to them immediately after the bid award. Deposits of successful bidders might not be refunded if they later withdraw.
8. How payment is to be made. On lump-sum sales, full payment (100 percent) by bank or certified check prior to the start of any harvest activity is desirable. On large sales, payment schedules are sometimes negotiated. On sale-by-unit sales, cutting and payment schedules should be set.
9. Any major conditions or limitations on the sale such as the time by which the trees must be harvested, access, etc. Note that excessive restrictions can cause reduced bids or less interest in the sale.
10. The requirement of a performance bond. It assures that the buyer fulfills all the contract provisions. Performance bonds should be promptly returned at the end of a properly executed harvest.

Bids should be opened at the time and the place specified, and barring a good reason, the highest bidder is usually selected. You should carefully consider operators who have not previously logged in the area. While most perform satisfactorily on clearcut harvests, only an experienced and careful buyer should be selected for a timber stand improvement or selection harvest where valuable trees will be left standing. While this may result in accepting a lower bid, it will protect your land's value.

We strongly recommend using a **Certified Master Logger**. This means the logger has completed voluntary certification programs on environmental stewardship, worker safety, education and protection. To find a Master Logger and get more information about the program, contact your local Delaware Forest Service office listed on the back.



Step 4: Timber Sale Contract

SAMPLE TIMBER SALES CONTRACT

STANDING TIMBER SALE CONTRACT

This agreement entered into this _____ day of _____, 200____,

between _____ of _____,

hereafter called Seller, and _____ of _____,

hereafter called Buyer.

WITNESSETH:

ARTICLE I

Seller agrees to sell to Buyer, upon the terms and conditions hereafter stated, all those trees as designated in Article III, Par. 2 of this agreement, and standing on a tract of Seller's land located _____ County, Delaware.

ARTICLE II

1. Seller agrees to allow the Buyer right of access, ingress, egress, and regress to, on, over, and through property of Seller. This access will be over such roads as Seller shall prescribe for the purpose of cutting and removing timber sold by the terms of this contract.

2. Seller guarantees that he is the owner of, and has the statutory right of removal of said timber, and further agrees to answer all claims to the contrary at his expense.

3. Seller guarantees that all requirements and regulations of Title 3, Chapter 10, Subchapter, V of the Delaware Code, known as the Delaware Seed Tree Law have been met. Buyer has no reforestation responsibilities on this property.

4. Seller retains the right to inspect the work on site personally, without prior notification to Buyer.

Protect yourself with a contract

If you are anxious about your timber sale, then a written contract should help lower your concern. **The Delaware Forest Service strongly recommends landowners have a written timber sale contract.** We can discuss the process of developing a timber sale contract as well as provide sample contracts for you to review. Even if your sale is small, the contract is an opportunity to decide how the harvest will occur and to address your concerns. Because a contract is a legal document, you should review it with an attorney.

Good timber sale contracts will include these items:

WHO CONVEYS WHAT TO WHOM?

This should include legal definitions of buyer and seller (names and addresses) and the precise amount paid for the trees at the agreed location, including if timber workers are not your employees.

DEFINITION OF THE SALE AREA

A survey description should indicate the sale area. Guaranteeing title and checking the deed for timber rights is essential.

THE EXACT PRICE

The total sale amount, what trees will be cut, and what trees will remain. Also, how the trees to be harvested are marked and penalties for damaging/cutting trees not selected for harvest.

SALE CONDITIONS - WHAT BUYER AND SELLER AGREE

Sample Buyer agreements:

Make full payments on agreed schedule.
Harvest timber by a specified date.
Protect non-sale trees and allow inspections.
Observe state laws on fire suppression.
Use all Best Management Practices (BMPs).
Hold seller harmless for liability.
Avoid sub-contracting without consent.

Sample Seller agreements:

Guarantee good title to forest products.
Grant free access to buyer, determine roads used or approve new roads.

YOUR SIGNATURE:

ONLY AFTER YOUR ATTORNEY REVIEWS THE CONTRACT.

Step 5: Monitor the Harvest



One of the most important steps in the timber sale is to monitor the harvesting operation in progress. It could be too late if you wait to correct any problems once the trees and the loggers are gone. As with other steps in the process, this is an ideal time for the consultation of a professional forester.

Things to monitor at the harvest include:

- 1) Property access and rights-of-way
- 2) Any cutting of trees not marked for sale
- 3) Any damage to unmarked trees
- 4) Location or construction of roads and landings
- 5) Use of BMPs to protect soil and water

If at all possible, visit the harvest area on the first day and also notify the buyer so they know you will be on site. This will provide an opportunity to discuss the operation with the buyer or the buyer's representative on the site. This is also a good time to clarify points of agreement and to discuss items not outlined in the contract.

Be cautious at active logging sites! Keep at least 300 feet away from timber harvest equipment. Use common sense and follow all safety measures.

Once the timber harvest starts, try to visit the area on a regular basis to ensure the operation is proceeding according to the contract and to handle issues that may arise. This may also familiarize you with timber harvesting operations in general, which may be useful for future timber sales.

Be reasonable and use good judgment when checking up on the harvest operation. Unless a major violation is discovered, a simple talk to the buyer will usually solve the problem. But by all means, deal directly with the buyer or designated representative; do not complain or make comments to others on site. When the job is completed and all contract provisions have been fulfilled, write a letter releasing the buyer from the contract and return any performance bond posted.

"A managed forest is a healthy forest"

Forest Stewardship Plans

Approximately forty-five percent of all forestland in the United States (354 million acres) is under nonindustrial private ownership and contributes significantly to America's clean water and air, wildlife habitat, recreational resources, and timber supplies. Authorized by the Cooperative Forestry Assistance Act of 1978, the Forest Stewardship Program (FSP) provides technical assistance, through State forestry agency partners, to nonindustrial private forest (NIPF) owners to encourage and enable active long-term forest management. A primary focus of the program is the development of comprehensive, multi-resource management plans that provide landowners with the information they need to manage their forests for a variety of products and services.

Forest Stewardship plans lay out strategies for achieving unique landowner objectives and sustaining forest health and vigor. Actively-managed forests provide timber, wildlife habitat, watershed protection, recreational opportunities, and many other benefits for landowners and society. Contact the Delaware Forest Service to discuss a forest stewardship plan for your forestland.

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The Delaware Forest Service is an Equal Opportunity Employer and Provider.

DELAWARE FOREST SERVICE OFFICES

NEW CASTLE COUNTY

**Blackbird State Forest
502 Blackbird Forest Road
Smyrna, DE 19977
(302) 653-6505**

KENT COUNTY

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(800) 282-8685 (DE only)
(302) 698-4500**

SUSSEX COUNTY

**Redden State Forest
18074 Redden Forest Drive
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