



WOODS WISE

Guide to Selling Your Timber

ONCE YOU READ THIS GUIDE, YOU WILL KNOW:

- What to do if someone offers to buy your timber.
- How to get help in selling your timber.
- When trees are ready to sell.
- Why a contract to sell your timber is needed.
- What to do after the trees are gone.
- What trees or areas to mark on your property.
- Which trees to sell.



Trees take a long time to grow to the right size for cutting them as timber. Many woodland owners harvest trees only once or twice during their lifetimes.

Often, timber buyers may come by your house without warning and make an offer to buy your timber. These buyers know the value of the trees, but they may not offer a fair price. Do not accept that first offer!

First, learn something about selling timber, so you can earn a fair price and protect your land. Cutting trees can affect wildlife, soil, and streams.

A *timber sale* has many steps. This guide explains ten steps to help you avoid problems. Words in *italics*, for example *timber*, are explained in the glossary. Words you may hear a consulting forester use are also explained there.

Before you decide to sell your timber, ask yourself:

Why do I want to sell my trees?

Do I need cash now?

How much do I know about selling timber?

Am I willing to spend time learning what I need to know?

What are my forest management goals?

What do I want to do with the land after I sell the trees?

Are there other family members who need to get involved?

Will I have enough time to watch over the sale?

10 STEPS TO TIMBER SALE PROFITS

Step 1: Have a written forest management plan.

Knowing what timber you have to sell and having a long-range plan are two key factors for a rewarding timber sale. Take a walk through your woods. What are your goals for your woodland? Do you need money from your woods now? Do you want to pass down your land and your woods to your children? If you own the woods with other family members, what are their goals for the woods?

Once you have decided what your goals are, you are ready to write a management plan. Management plans describe the steps you need to take to reach your goals for your woodland. Many management plans involve growing, selling, and *replanting* trees. They might also describe plans to lease hunting rights or to sell pine straw. Your plan should describe how the forest looks now, list the types of trees in the forest, tell how they are growing, and estimate the size, *volume* (amount), and *quality* of your timber. The plan may also include information on the other plants and animals in your woods.

Step 2: Get help from an expert.

It is best to get help from a forestry professional to write your management plan and to sell your timber. There are two types of forestry professionals.

- A private consulting forester can answer many of your questions and provide services for you. Landowners who hire a consulting forester usually get higher prices from their timber sale. Consulting foresters know about taxes on timber and can also help you find a tax expert or lawyer.

To find a consulting forester who is right for you, ask your county forest ranger for a list of **registered** consulting foresters. Talk to your neighbors and acquaintances to get recommendations. Look on the internet at http://www.dfr.state.nc.us/tending/tending_consulting.htm.

Talk with a few consulting foresters, and ask each of them what services they offer. Check their references. Find out about their fees. A consulting forester may charge a flat fee, by the hour, or a percentage of the timber or the revenue made from a timber sale. For more information see **Woods Wise: Guide to Consulting Foresters** online at <http://www.ncsu.edu/woodlands/woodswise/consulting.pdf>, or pick up a copy from your local forest service or Extension office.

- Your local forester with the North Carolina Division of Forest Resources can write a management plan for you for free. You can find the telephone number for your local Forest Service office under “North Carolina” in the telephone book.

Step 3: Know what you are selling.

Sell your trees only when they have reached *maturity*. Consulting foresters can give you advice. They will walk through or cruise your woods so they can estimate the maturity and quality of your trees. They will determine timber volume and estimate a value for the timber. Consulting foresters may cruise the entire tract or just a *sample*. Based on the cruise, your consulting forester will estimate how much you can earn from a timber sale.

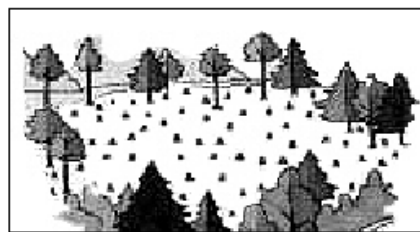


Step 4: Get an estimate of the value (sales price) of the timber.

Many factors influence the price buyers will pay for trees. These include tree *species*, size, quality, volume, *logging* difficulty, *market* conditions, and others. You and your consulting forester can decide the best time to sell. You might decide to wait for better market prices or until your trees grow bigger and increase in value. In some types of timber sales, only the economically mature trees should be cut, leaving good quality, smaller trees to grow and increase in value. The profits from a timber sale will affect the total amount of federal and state income taxes that you owe in the year you sell the timber. You should ask your consulting forester about the taxes you will be required to pay before you sell your timber.

Step 5: Decide what is right for you and your woodland.

Do you want to sell all of the trees (*clear cut*) or just some (*selective cut*)? What rules do you want the *logger* to follow? It is important to think about what you want to do with your land after you harvest the timber. Are there views from your house or special places in the woods that you want to protect? Do you want the loggers to use existing roads or build new ones? Does it matter to you when the harvest occurs? As you think about these things, remember that more restrictions and rules will reduce the price that loggers will pay you for your timber.



Step 6: Verify your woodland boundaries, and mark protected areas.

Marking the *boundaries* and corners to your woodlands helps avoid disagreements with loggers and your neighbors. You should all be able to agree on where the boundaries are. If everyone cannot agree, then you may need to hire a surveyor to identify the property boundaries (surveyors can be found in the Yellow Pages of the phone book).

If you are selling only certain trees (selective cut), the trees for sale must be *marked* (usually with paint). The logger will use the marks to know which trees to cut and which to leave.

Step 7: Advertise the timber sale.

Just like an auction, when you have several competing buyers, you usually get a higher price for your timber. When you ask for bids, make sure that you provide complete information about the land and timber: location, timber species and volume, quality, road conditions, and any other things that maybe helpful or important. Your consulting forester can help with this. They specialize in advertising timber sales and can send invitations to specific buyers. The booklet *Buyers of Forest Products in North Carolina* contains lists of timber buyers. You can find this in Extension or county ranger offices or by visiting http://www.dfr.state.nc.us/tending/tending_tblists.htm .

Step 8: When possible, use a sealed bid process.

Requesting *sealed bids* allows you to compare the offers from timber buyers before choosing one. Buyers mail their bids to you, and all bids are opened on the day of the sale. Buyers might ask for access to the *tract* before they give you a bid. At a minimum, you should contact by phone at least two timber buyers. Both price and *logging practices* should be compared so you can make the best decision.

Step 9: Sign a written agreement (deed or contract) with the buyer of your timber.

You should have a written agreement or contract to describe the responsibilities of both the timber buyer and the seller (you). The contract protects you. It does not need to be complicated, but it should describe what you and the buyer have agreed. Your consulting forester can help you find a lawyer to write the agreement. It should include information about when to begin and end the harvest, logging practices, roads, damages, and what the condition of your land should be after harvest. Require the logger to follow best management practices (BMPs) in this work because these are cost effective ways that allow trees to be cut with the least harm to your land.

The agreement will say how you are selling the timber: “lump sum” or “pay as cut.”

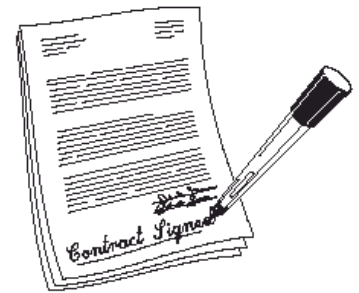
- “Lump sum” means you receive a payment in advance for all of your trees to be cut. This is usually the best way to sell timber if you plan to clear cut. For a “lump sum” sale, you and the buyer should file a “timber deed” at your county courthouse.
- “Pay as cut” means that the buyer pays you just for the trees harvested. For a “pay as cut” sale, you should sign a “timber contract” with the buyer. Ask your consulting forester about the tax form (1099-S) which you need to file for this type of sale.

A consulting forester can tell you about the specific rules for each of these types of agreements.

Once the cutting begins, make several visits to your woods or ask your consulting forester to check on the loggers. You want to make certain that the logger is following what is written in the contract.

It’s a good idea to talk to a lawyer when dealing with contracts. Talk to a lawyer that has experience with timber sales. Most lawyers charge fees, but their help may be worth the price. In addition to asking your consulting forester, here are several ways to find a lawyer:

- Call the lawyer referral service of the North Carolina State Bar Association or Legal Aid of North Carolina to ask for the name of a lawyer. (Phone numbers for these organizations are listed in the phone book.)
- Land Loss Prevention Project offers legal services to landowners. Contact them at 1-800-672-5839, or online at <http://www.landloss.org/>.
- Ask friends and neighbors if they can recommend a lawyer.
- Look through the Yellow Pages in the phone book under “Attorneys.”



Step 10: Plan your new forest before you cut.

It is important to plan for the future as part of the timber sale. A consulting forester or someone from the Division of Forest Resources can provide advice about *site preparation*, artificial *regeneration* (planting new trees), and natural regeneration (letting trees grow back naturally). You may wish to participate in *cost-share* programs from forestry agency, or take advantage of other forestry incentive programs to help with some of the costs of reforestation. Be sure to keep written records of all your expenses with reforestation because this could help you reduce your taxes the next time you harvest timber.

Be Woods Wise! *Check off these steps:*

- ✓Get help from a consulting forester.
- ✓Get an estimate of the timber volume and sales price.
- ✓Decide what type of timber sale.
- ✓Verify your woodland boundaries, and mark other areas to protect.
- ✓Advertise the timber sale and request sealed bids.
- ✓Make a legally binding timber sale contract or deed.
- ✓Start your new forest.



Get More Information. See these publications online or get copies at your local Extension office:

Woods Wise: Guide to Consulting Foresters <http://www.ncsu.edu/woodlands/woodwise/consulting.pdf>

Tree Tips: Getting Started with Your Woods <http://www.ncsu.edu/woodlands/treetips/gettingstarted.pdf>

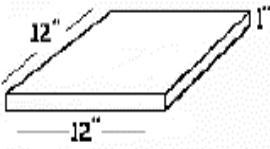
Timber Sales: A Planning Guide for Landowners <http://www.ces.ncsu.edu/nreos/forest/woodland/ag640.pdf>


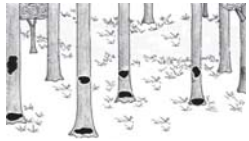
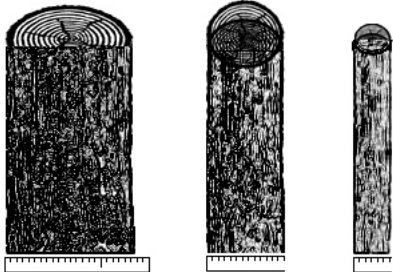
Federal Income Taxes for Timber Growers <http://www.ces.ncsu.edu/nreos/forest/woodland/ag-296.pdf>

Selling Your Timber? <http://www.ces.ncsu.edu/nreos/forest/woodland/ag186.pdf>

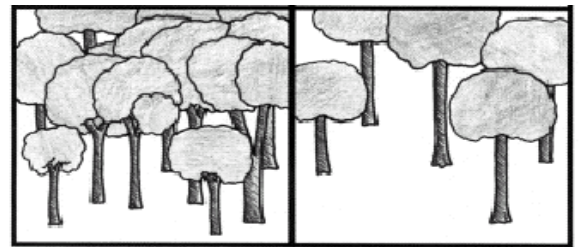
GLOSSARY

Forestry experts use many terms that are not familiar to most landowners. Here are definitions of some terms used in the text and other terms that you might hear a consulting forester use.

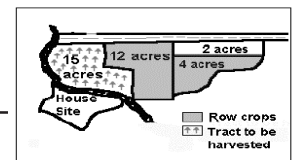
Board foot	A measure used to describe the amount of useable wood product. It is also used when selling sawed boards. One board foot is 12 inches by 12 inches by 1 inch thick or 144 cubic inches.	
Boundary	Edge or limit of a property.	
Buyer	A person who buys timber.	
Clear cut	Every tree in a tract is cut down (harvested).	
Consulting forester	Consulting foresters are private professionals available for hire to assist landowners with various forest management practices. (Not all professional foresters are consulting foresters.) In North Carolina, consulting foresters should be <i>registered</i> by the state. This means that they are qualified to practice forestry. Always choose a <i>registered</i> consulting forester!	
Cost-share assistance	A state or federal program that pays some of the costs of caring for your woodland. Usually this is a fixed percentage of the costs of some forestry activity such as replanting.	
Cruise	This is a walking survey to estimate the species, number and volume of timber on your woodland.	
DBH	Diameter at breast height (See diameter)	

Diameter	Trees are usually measured by calculating their width through the middle. This measurement is called diameter. Foresters generally measure diameter at “breast height.” They call this measure DBH (for d iameter at b reast h eight). Breast height is measured at 4 ½ feet above the ground.	
Incentive program	A financial reward for improving forest management. This can be a tax break or a sum of money.	
Logger	The person or company that cuts trees. Some loggers work independently, and others work for large logging companies. Some loggers may offer to buy timber; not all loggers are timber buyers.	
Logging	The activity of cutting the trees. Logging requires special equipment. Many loggers use heavy equipment to haul the cut timber from a woodland.	
Logging costs	The payments made to loggers that will have to be subtracted from the final receipts from your timber sale.	
Logging practices	Loggers impact the land that they cut. But you can tell your logger how you want your trees and land to be treated. For example, you may want loggers to leave trees near streams and ponds. See North Carolina Division of Forest Resources publication about forestry best management practices: http://www.dfr.state.nc.us/publications/bmpmanual.pdf	
Marking timber	Trees that are to be harvested are marked with paint so that the logger knows which trees to cut. The tree is painted at 4 ½ feet above the ground and at the bottom of the tree just above the ground.	
Market	The timber market describes current prices for wood of a specific type, size, and quality. Sometimes the market for certain types of trees is very strong and prices are high. This is the best time to sell timber. When the market is weak for your type of trees, you may consider waiting until the market becomes stronger. <i>Fair market value</i> involves getting a good price for your timber that reflects the strength of the market.	
Maturity	If your forest management plan is to cut your trees, then financial maturity is reached when the income from the tree is greater than the risk of keeping the tree growing longer. A tree is biologically mature when it reaches the maximum size and age for its species.	
Plantation	A woodland that is planted on purpose. The trees are arranged in rows (see regeneration).	
Pole timber	Young trees that are smaller than about 8 to 12 inches in diameter and larger than 4 inches in diameter.	
Pulpwood	Wood cut for the purpose of making pulp for paper. Thinning a woodland can produce pulpwood. Crooked or damaged trees can be used for pulpwood.	 <p>Saw log > 12" dbh Pole 8-12" dbh Pulpwood <8" dbh</p>

Quality	A judgment about the value of a tree. For example, trees that are very straight have good quality.
Regeneration	The renewal of forest, woodland, or tree crop after harvest. Regeneration can be <i>natural</i> or <i>artificial</i> . Natural regeneration occurs from seeds, seedlings, or sprouts, without planting. Artificial regeneration requires site preparation and hand seeding or planting. Also called “reforestation.”
Replant	To plant seedlings in an area that has been cleared or partially harvested.
Sample	A part of a group or area that represents the whole.
Saw timber	A tree large enough to be sawed into products that can be sold, such as boards, and other lumber.
Sealed bid	The price that a buyer or logger offers for your timber. Sealed bids are submitted by a certain day, and each bid is secret until that day. In addition to the price offered, a bid may also include information about logging practices and plans.
Selective cut	When some trees in a tract are cut down (harvested). Also called a partial cut
Site preparation	Preparing land for a new forest. This may include burning, mechanical movement of brush and soil, or use of chemicals to control trees or weeds that might compete with the new trees.
Species	Plants that interbreed only with each other. For example, loblolly pine (<i>Pinus taeda</i>) will not interbreed with white pine (<i>Pinus strobus</i>).
Standing timber	Timber that is not yet cut. Foresters sometimes use this term when talking about a piece of land with trees still standing.
Thinning	Thinning is the removal of some of the trees from an area. Sometimes immature trees are removed from a forest to improve the growth and health of the forest.
Timber	Trees—whether standing, cut, or sawed. Timber is a major product of forests. (See also, standing timber.)
Timber sale	Activities having to do with selling your trees.
Tract	The land that you own may be divided into tracts. Some tracts may have saw timber, some may have pulpwood, and some may be for agricultural use.
Volume	A measure for trees that describes the amount of wood in a log. This can be stated in cubic feet, board feet, cords, or weight.



Thinning



Tract

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