



Montmorency Conservation District
13210 M-33 North (Fairgrounds)
P.O. Box 789
Atlanta, MI 49709
989-785-4083
montmorencycd.org

Forest Management: Timber Sale Contracts

For years landowners and timber buyers bought and sold timber on a handshake basis. Just as the world has become more complex, so has the transaction of buying and selling timber.

A written timber sale contract is essential to all timber sales. Both buyer and seller need the protection that only a well-written contract can provide. Oral agreements are subject to misunderstanding and misinterpretation and are simply not adequate. Many landowners, and for that matter, many timber buyers, have come out of a sales transaction that lacked a formal, written agreement unsatisfied because the parties had different expectations of what they wanted from the sale.

The best way to help prevent misunderstandings is to have good communication before the sale and then document that communication in a timber sales agreement so all persons know their responsibilities and what is expected. A well-written contract will save the purchaser and seller time and money by eliminating problems that can result in litigation. It will also preserve goodwill between the parties.

There are a number of common provisions that should be included in every sales agreement, but there is no one standard contract form. Each timber sales agreement is different, since each and every timber sale is different. Many timber buyers have their own preferred form. Generally, such a contract is written to protect the buyer. It may or may not protect the seller. Therefore, it is important at the time a sales agreement is developed that the landowner gets professional assistance from a forester and an attorney in developing any sale agreement.

A well-written, thought-out timber sale agreement, while it may not cover every situation that can occur, serves as a vehicle to solve problems mutually. This is the keystone of a productive and profitable business relationship and ensures that the landowner walks away from a timber sale with a sense of satisfaction.

The items in the following lists should be considered by the seller in negotiating the terms of the contract. The first group of Essential Items should be included in all timber sale contracts. The second group labeled Other Important Considerations may be essential, depending on individual circumstances. The items in the Special Provisions section may be applicable to certain specific conditions.

Essential Items

Identification of the buyer and seller

“This agreement will be governed by the laws of the State of _____”

Location of property and description of trees being sold

Statement of Seller’s right to sell

Compensation—the amount and type of payment (lump sum or pay-by-scale)

Ownership of timber remains with seller until the contract is paid in full

Ending date

Seller’s freedom from liability for the logger’s operation

Statement that buyer is not an employee of the seller
Buyer certifies compliance with the Michigan Worker's Compensation Statutes
Seller's right to suspend operations if the terms of the contract are violated
Modifications or amendments must be in writing
Performance Bond
Signatures/Date/Witnesses

Other Important Considerations

No cutting of unmarked trees
All tops remain property of the seller
Buyer may not subcontract any part of this contract
Arbitration in the event of a dispute
Boundary requirement
Buyer has right of access to property for harvesting purposes
Location of roads, landings, and decking areas
Seller shall be informed #__ days before the commencement of the harvest
All sawtimber is to be scaled by the _____ rule.
Fires
Uncontrollable events
Erection of a mill on the premises

Special Provisions

Stump heights may not exceed _____ inches
Trees may not be left hanging in other trees
Roads and trails must be opened and/or built before the skidding operation begins
Rutted roads, fields, and decking areas will be smoothed
Logging can only be done when the ground is dry or frozen
Logging can only be done (date) to (date)
Girdling of trees
Damaged fencing shall be repaired
Use of surrounding fields
Damage to buildings
Litter
Crop damage
Hunting by loggers

All of these items are expanded and explained in the MSUE bulletin cited below.

MSUE Department of Forestry
"Timber Sales Contracts"
<http://www.for.msu.edu/extension/ExtDocs/contract.htm>

Other helpful resources:

Utah State University Extension
"Preparing a Timber Sale Contract"
http://extension.usu.edu/forestry/Reading/Assets/PDFDocs/NR_FF/NRFF013.pdf

Mississippi State University Extension
"The Timber Sales Agreement"
<http://msucares.com/pubs/publications/p1855.htm>