TIMBER MARKETING BASICS
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If you have timber to sell, it is essential you understand the mechanics of successful timber marketing. For many landowners, selling timber is a once-in-a-lifetime event because of unfortunate circumstances that leave a bad taste in their mouth. In most cases this results from being at the mercy of others who know more about your timber than you do. Selling timber involves major economic decisions. Harvesting practices also have long term consequences for your woodland's health and value. An understanding of the following points will help you avoid the pitfalls encountered by landowners who are unfamiliar with the timber sale process.

Point 1. Seek Professional Assistance. Can you identify the trees in your woodland? Do you know how to measure them to determine their board foot volume? Can you identify the trees that are ready for harvest? Do you know how to determine what types of products can be cut from these trees? Are you familiar with the markets for timber in your area? If the answer is "No" to most of these, you're not alone. Most landowners know very little about the product potential of their woodland, and when a timber buyer appears at the door with an unsolicited offer to buy some or all of the trees in their woodland, they are at real disadvantage. Seek out a professional forester to represent your interest. There are many consulting foresters in Illinois and neighboring states who can assist you with a timber sale. There will be a fee charged for the services they provide, but past experience has shown that their assistance in merchandising your timber frequently offsets their fee. The Illinois Division of Forest Resources, 600 N. Grand Ave. West, Springfield, IL 62706 (217/782-2361) maintains a list of consulting foresters practicing in Illinois.

The district (or service) forester, who works for the Illinois Department of Natural Resources (IDNR), can provide you with only limited timber sale assistance. He or she can inventory your woodland, mark the trees for sale, and provide you with a list of potential timber buyers, but the district forester cannot recommend buyers or loggers, solicit bids or conduct the sale for you, or act as your agent during harvesting.

Point 2. Don't be Pressured or Get in a Hurry. Don't give in to high pressure techniques employed by some buyers. If someone expresses an unsolicited interest in your timber, there must be a reason. Take the time to have a forester evaluate your timber and the buyer's offer. One common technique employed is to lead the landowner to believe that the buyer will only be working in the area for a short time. If you have valuable timber, there will be ample buyers who will want a chance to bid on it.
Point 3. Know What You Have to Sell. Have a professional forester inventory your woodland, mark the trees that are ready for harvest, and determine their fair market value based on local or area timber prices. Don't allow someone to take what they want from your woodland. Chances are good that only the best trees will be removed leaving you with a woodland that will be worth very little in the future. A current timber price list is available from IL Division of Forest Resources in Springfield or your local district forester's office or from the IL Virtual Forest website (see Logging - Illinois Timber Prices).

Point 4. Advertising Your Timber and Soliciting Bids. Once the trees have been marked, the next step is to prepare a bid announcement and advertise the sale. Marketing farm crops other than timber is generally not a problem for most farmers since they are familiar with local and area markets. However, few are familiar with potential markets for timber-- particularly in the case of high value veneer.

To legally buy timber in Illinois, a buyer must possess a current, valid license. A license is obtained through the IDNR’s Office of Law Enforcement. This agency maintains a directory of these buyers which is available to landowners for use in advertising their timber sale. A copy Illinois' Timber Buyer's Directory can be obtained from the IL DNR-Office of Law Enforcement, 524 S. Second St., Springfield, IL 62701-1787 or from the local IDNR district forester's office or from the IL Virtual Forest website (see Logging - IL Timber Buyers Directory).

To advertise timber for sale, a bid announcement should be prepared. The bid announcement should identify the owner of the timber, their address and phone number, a legal description of the property (and a map showing directions to the property), and a listing of the timber for sale by board foot volume of each species. The announcement should also indicate:

- the type of sale, i.e. sealed bid, auction, etc.;
- the address where buyers should send their bids;
- a closing date for bids;
- the time period buyers have to inspect the timber;
- whether permission is needed to inspect the timber;
- the location, date, and starting time of the sale;
- if any deposit is required with the bid;
- how full payment is to be made;
- and where a copy of the sale contract can be reviewed.

One very important item to include in the bid announcement is the statement--"The Owner Reserves the Right to Refuse Any and All Bids." If you do not include this statement in the bid announcement, you may be legally bound to sell your timber to the highest bidder even though the bid may be an amount you’re not satisfied with or the buyer is someone you don’t want to deal with. You should allow at least six weeks prior to the sale date for timber buyers to inspect the timber.
You should solicit numerous bids. Do not be satisfied with just one bid. The more bids you receive, the greater the likelihood you will be compensated for the timber’s real value. Competition always brings a more equitable price, and if buyers know you are soliciting numerous bids, they will be more inclined to give you their highest offer in the bid they submit. The directory of licensed timber buyers can be used to select buyers who will receive a copy of your bid announcement. Your (consulting) forester can handle this entire procedure for you and can advise you on which buyers you should approach and which ones you should avoid. As a government employee, the IL DNR district forester cannot provide any of these services for you.

It is important that all offers on your timber be made by sealed bid. This puts pressure on the buyers to make their highest bid knowing that there will be no opportunity to change the bid on the day of the sale. In all fairness to the buyers and to show ethical business practice, you should not open any of the sealed bids until the day of the sale.

**Point 5. Sale Day Administration.** On the day of the sale, start on time. Many of the buyers who submitted a bid may be present at the bid opening. They are interested in hearing what other buyers bid and knowing who the successful buyer is. Open the bids and read them aloud. After consulting with your forester, if the offered price and buyer are agreeable to you, announce the successful buyer to those present. If none of the offers or the buyers are acceptable to you, announce that you refuse all bids. If a deposit was required with a bid, immediately return the deposits to the unsuccessful buyers who are present. Mail the other deposits right after the sale concludes to buyers not present at the bid opening.

**Point 6. Negotiating the Timber Sale Contract.** Notice that the term "negotiate" the contract is used. Everything that appears in the contract is negotiable. If the buyer cannot live with some provisions of the contract and the landowner is equally inflexible, there is a good likelihood the sale will not be consummated. In any event, a written contract protects both the buyer and the seller since each knows what is expected of the other. There is no place for oral agreements where selling timber is concerned. Make sure the final contract is in your best interest. Do not enter into any timber deed arrangements with the buyer. A timber deed is exactly what it says and is commonly used. A landowner's timber is deeded over to the buyer to do with what he or she sees fit. Timber deeds are never in your or your woodland's best interest.

At a minimum, a written timber sale contract should include:

- a complete description of what is being sold including the location of the trees, how they are marked, and the number, species, and volume of the trees;
• a complete description of the amount, necessary down payment, method of payment and date by which the seller will be paid;
• a statement indicating that all timber remains the property of the seller until full payment is received;
• protection for the buyer against new contracts between the seller and other parties;
• provisions for access to the trees including dates (seasons of the year), times, and roads (or fields where no roads exist) that may be used;
• protection for the seller against excessive logging damage to property improvements, unmarked trees, roads, etc., and compensation in the event that unmarked trees are cut (frequently three times the stumpage value of each tree);
• release of the seller from responsibility for personal injuries sustained by the buyer or the buyer's employees;
• a statement indicating the buyer is an independent contractor and neither he or she or any of the buyer’s employees are employees of the seller;
• the date by which the trees must be harvested, and the consequences of failure to meet this deadline;
• and, provisions for arbitration of contract disputes.

It is important to recognize the more restrictions you place on the timber buyer [and ultimately the logger(s)] in the contract, the fewer buyers you will have interested in your timber from the outset. This does not mean that your contract should give them free reign to do what they please, but it should not be severely restrictive either.

The contract should be signed and dated by both the buyer and the seller. Review by your legal counsel is advisable prior to your signature.

For a copy of an example timber sale contract, see your local IL DNR district forester or the IL Virtual Forest website (see Logging - Example Contracts).

**Point 7. Receive Compensation Prior to Harvesting.** There are many horror stories that can be shared, but suffice it to say that it is good business to receive your money--all of it--prior to any trees being harvested. It is not advisable to agree to receive payment after the last marked tree is cut--many landowners can attest that tree still stands in their woodland and the buyer is long gone with their money. If you negotiate something different than full payment prior to any cutting, then you should opt for at least 70-90 percent of the contract price prior to any cutting.

**Point 8. Submitting the 4 % Harvest Fee.** At the time the contract is signed, a 4% harvest fee is assessed against the contract price. This reduces the seller’s income by 4%, and it is the responsibility of the buyer to process the necessary paperwork and submit the harvest fee to the IDNR-Office of Law Enforcement in a timely manner. This harvest fee is required by law on any timber sold in Illinois. The revenue generated by the harvest fee goes to fund the cost-share payments in the FDA (Illinois Forestry Development Act) program.
Point 9. Periodic Inspection of the Harvesting Operation. Your (or your forester’s) responsibility does not end when the contract is signed and you receive payment. Periodic inspection of the harvesting operation is necessary to ensure the provisions of the contract are being upheld. Remember--it is easier to get contract infractions rectified while the buyer/logger is still on the job rather than after they leave.

Harvesting timber from your woodland can be a rewarding and often lucrative experience which can be realized periodically during your lifetime. Take the necessary time to familiarize yourself with the timber sale process and how periodic harvests can help you achieve the goals you have set for your woodland.