



Selling Timber

Ownership of forest land is a privilege and responsibility. Timber harvesting is an important management tool forest owners can use to meet objectives such as reducing wildfire risk, improving forest health, and addressing financial needs. When carefully planned, a harvest can meet multiple objectives for your forest. Managing forest land and selling timber are complicated. Harvesting has both short and long-term impacts on your forest. This guide provides an overview of the general steps and considerations for selling timber to ensure you make informed decisions that benefit your forest and finances.



Planning to Sell

Landowner Objectives

Ask yourself these important questions when you are thinking about harvesting timber.

- Why do I own timberland?
- When should I sell?
- What is best for the forest?
- Will this harvest be a benefit to my forest?
- Will this harvest impact my other forest objectives and goals?

While earning income from selling timber is often a main goal, there are many other benefits from a sustainable timber harvest, such as reducing wildfire risk and improving habitat for wildlife. In many cases with proper planning and care, a timber harvest can accomplish multiple objectives you have for your forest and may also improve your property's value. Still, it is important to ask yourself whether a harvest would compromise your other forest values. Only you can decide whether a timber harvest is right for your forest.

How Do I Plan to Succeed?

There are many different ways to harvest trees. Forests come in all sizes, ages, species, densities, conditions, and ecological stages. Together with the other aspects of ownership, your objectives, and fluctuating timber markets, it can become one confusing puzzle. You need a plan!

A comprehensive forest management plan for all the resources on your land will guide your forest's shape for years to come. A plan will help you do what you want, when you want, in a way that is best for your forest.

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Planning assistance is available from consultant foresters and from Department of Natural Resources and Conservation (DNRC) Service Foresters. You can also write your own plan by attending a Montana Forest Stewardship workshop. [Find your local Service Forester.](#)

Know What It's Worth

It's Saturday afternoon at 3:00, and there's a knock on your door – it's a friendly young man from the Thick and Thin Lumber Company. He is aware that you have 40 acres of timber and offers you \$40,000 cash for your timber. What should you do? \$40,000 sure is a lot of money. You never really thought the timber could be worth that much...but what is it really worth?

A consulting forester can give you a good estimate of how much timber volume you have and what it is worth. The offer by that young man from the lumber company is one offer. It is likely that others may also be willing to make offers. If timber purchasers are aware that they are competing, they are more likely to give you their highest bid. Bidding competition will ultimately establish the full-market value of your timber.

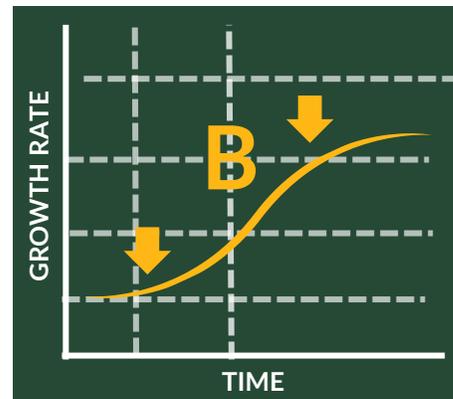
How much you may earn from a harvest will depend on a variety of factors specific to your forest site and what type of treatment you'd like done. Your trees' size and quality, the steepness and accessibility of your property, and distance to the mill can all impact income earned.

Selling

When Should I Sell?

If income is your main concern, consider the trade-offs of short-term vs. long-term income. By cutting your trees now, you get income now, but have you given up even greater future profit? Trees generally grow the most wood during their middle years (roughly 30-100 years of age), after which growth rates begin to taper off.

Timber growth rates are the same as financial interest. Harvesting trees during that period of rapid growth shown as period "B" between the two arrows on the graph may bring in quick cash, but it forgoes the "interest" of future tree growth. It is the same as selling a stock while it is on the rise or a bond before it matures. A forester can determine your stand's growth rate and its implied interest. Keep in mind that markets for particular tree species will rise and fall over time.



Who Should I Sell To?

You may receive offers from timber purchasers or logging contractors. Different mills produce different products and therefore will bid differently. Some timber value factors are average tree size, tree species, current lumber value, distance from your property to the mill, and condition of your timber.

How Should I Sell?

If you are uncomfortable with completing the following tasks yourself, hire a consultant. View the [Montana DNRC Directory of Consulting Foresters.](#)

Get Bids

Having prospective buyers bid ensures you get fair market value for your timber. Bidders don't like risk. The better the quality of information you can give them up front, the more likely they will give you their best offer. If you already have your trees marked and you know what is to be sold, it is a simple matter to put together a short prospectus to advertise your timber.

Your prospectus should include the following:

- Name
- Address
- Estimated volume
- Average tree diameter
- Number of acres
- Sale location
- Time of harvest
- Type of machinery to be used (if machinery is to be restricted)
- Type of terrain (flat, steep)

If you hire a logging contractor yourself, always ask for references and call them. View the [Montana Logging Association's \(MLA\) list of Accredited Logging Professionals](#). These loggers have gone through a voluntary education program to provide a high level of service to landowners. Neighboring landowners may also have loggers they recommend. Additionally, your DNRC Service Forester can also supply a list of prospective buyers in your area. Remember: The highest bid is not always the best deal. Make sure you select a logger whose skill set and qualifications fit the work you need to get done.

Contracts

It is smart to have a signed contract before any harvest begins. Contracts can provide an opportunity to discuss and agree upon important items such as start and end dates for harvesting, how and when the contractor will be paid, and how slash will be disposed of. Contracts also include proof of insurance. Ensure that your

logger and anyone working for them is insured with up-to-date coverage.

You can get contracts from many sources. Most contractors will supply a contract. Your DNRC Service Forester can supply a sample timber sale contract, or a consultant foresters can customize one for you. There are basically two types of contracts: 1) a logging contract, and 2) a log purchase agreement. Both need to be agreed upon by you and the contractor, and then signed by you, the contractor, and a witness. They do not have to be reviewed by an attorney, but it may be beneficial to do so.

Methods of Payment

There are typically two methods of payment for timber: 1) lump sum, and 2) payment by unit. Both methods have advantages and disadvantages. The lump sum method is often best for a short-term, low volume sale. You get paid a designated price for the entire estimated timber volume to be cut. However, it is an estimate that may or may not reflect the full value of your timber. If the price of logs goes up before the timber is cut, you lose some profit. However, if lumber prices go down, you'll receive more than market value. The payment-by-unit method is more complicated, but often better for large sales. This method means that you are paid, either by the ton or by the scaled measurement, as the logs are hauled into the mill. You are paid for exactly what is cut. Additionally, you can include an escalation clause in your timber sale contract that allows you to receive more money for your logs if the price goes up during the harvest. A complication to this method is the need to track where the logs go and how many loads are hauled. This can be completed by requiring trip tickets or mill receipts for all log loads.



If you would like a performance bond to ensure the contractor does a proper job, you can have the payments (\$ per thousand board feet) split three ways: 1) one payment to you, 2) one payment to the contractor, and 3) one bond payment to a separate account which can be accessed by you. After the contractor has completed the job according to the contract, this bond can be released to the contractor. You can also require a bond up front from the contractor to ensure performance.

The Harvest

Control the Harvest

Most landowners care how their forest looks and functions after harvesting. There are a variety of techniques that loggers use to remove trees and transport them to the mill. While most of these methods are reliable, you may better protect your land and water with the following considerations:

- Before any trees are harvested, make sure property and timber sale boundaries are clearly marked.
 - Best management practices (BMPs) are voluntary operating procedures that reduce soil erosion and water quality degradation. View additional information on [Forestry BMPs](#) or ask your Service Forester about BMPs and how to include them in your timber sale where appropriate.
 - Skidding equipment moves logs from the forest to a road. Ground-based skidders, such as dozers, tractors, or horses, should be restricted to slopes of less than 40 percent. These slopes are dangerous and may be unstable. Uphill cable yarders or helicopters are the best tools for steep slopes.
- Don't allow ground-based skidding equipment into sensitive riparian areas. If areas are narrow enough, you may allow the logger to winch the logs out, but it's best to keep equipment off soft, wet soils. Horses may be an option in Montana during the dry or frozen times of the year.
 - Tree residue, or "slash", can be left in the woods or brought to a central location (landing) to be piled and burned. Slash left in the forest improves soil nutrition but increases the fire hazard. Regardless of method, compliance with the Timber Slash Reduction law through a Hazard Reduction Agreement (HRA) is required to reduce the risk and impacts of wildfire. For more information on the Timber Slash Reduction law, visit the [DNRC Forest Practices Page](#).
 - Connect with your consulting forester or DNRC Service Forester on the best season to harvest to meet the goals you have for your forest. Avoid machinery operations during the spring or wet conditions. It is best to get the advice of a professional forester before you make final decisions regarding logging methods.



Ground-based skidding



Wet soils are more prone to soil compaction

Another way to have local control is to pre-determine which trees are to be cut and which are to remain. You can tell the logger to leave a nice tree every so often, but then the logger, not you, chooses the “leave” trees. A way to ensure the quality, size, and species of “leave” trees is to designate or mark the “cut” trees or “leave” trees. You can do this yourself or hire a consultant.

Legal Requirements

Several Montana laws apply to harvesting timber, and you should be aware of them. You can view the laws at the [DNRC Forest Practices Page](#). Ask your DNRC Service Forester for more information.

Fire Hazard Reduction Law

In Montana, it is illegal to create an excessive fire hazard of logging slash. Therefore, whenever timber is cut and logs are hauled to a mill, it is necessary to acquire a Hazard Reduction Agreement (HRA). This agreement stipulates that any slash created from forest activities will be removed, scattered, or otherwise cleaned up to meet state slash reduction standards. Each HRA costs \$25.00, plus \$7.15 withholding by the log purchaser for every thousand board feet of logs hauled to the mill. This money is held by DNRC, and \$6.00 per thousand board feet is refunded when the completed slash

treatment meets state standards. The HRA can be between the DNRC and the landowner, the contractor, or your consultant.

TOO MUCH SLASH



THE RIGHT AMOUNT OF SLASH



Streamside Management Law

This law, administered by DNRC, provides minimum regulatory standards for water quality protection and wildlife habitat within 50 feet (in some cases a 100 ft) of a stream, lake or other body of water. This area is referred to as the streamside management zone (SMZ). *The following seven activities are prohibited within the SMZ:*

1. Operating wheeled or tracked vehicles, except on roads
2. Constructing roads, except when necessary to cross a stream
3. Broadcast burning
4. Clearcutting
5. Depositing slash into streams
6. Side-casting of road material
7. Handling or storing chemicals

310 Permit

This law is administered by your local conservation district and requires a permit for activities within a natural, perennially-flowing stream, such as culvert or bridge installation or any activity that alters a stream's bed, banks, or channel. For more information, [contact your local conservation district](#).

Avoid Problems and Misunderstandings

For landowners who have never been through the process of selling or harvesting timber, there are a number of common problems and misunderstandings.

Insurance

Make sure that the contractor you hire, and anyone working for them, has liability insurance. Otherwise, if an accident happens while active harvesting, you may be liable. Ask to see proof of insurance before the operation begins.

Slash Clean Up

It is necessary to have clear understanding of who is to clean up the slash and to what extent. If you want more cleanup than the state of Montana requires, make sure that the contractor knows your expectations by putting them into your contract. Remember: The more cleanup work you want, the more it may cost.

Weed and Erosion Control

Most landowners don't want the harvest area torn up by machinery. It not only detracts from aesthetics of the remaining stand, but it also encourages the spread or invasion of weeds. Seeding with native grass on skid trails, roads, and landings after harvesting helps control weeds and erosion.

Lastly, DNRC Service Foresters are here to help you manage your forest. Feel free to [contact your local Service Forester](#) for further assistance.

HELPFUL RESOURCES

[Find Your Service Forester](#)



[Find a Logging Professional](#)



[Directory of MT Consulting Foresters](#)



[Montana Forest Practices Program](#)



[MTForestInfo Logging & Selling Timber](#)



[MSU Extension Stewardship Workshop](#)



[Montana Tree Farm System](#)



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