

Note: If you would like to modify this contract, you can obtain a copy in Microsoft Word by calling MLEP's office at 218-879-5633 and we will email a copy to you.

Sample Timber Sale Contract

This Contract is entered into by and between _____ (Seller), and _____ (Purchaser). This agreement is made and entered into between the parties below hereinafter called the SELLER and the PURCHASER.

The Seller solely owns the timber rights to this land and has no concurrent sales agreement on the parcel described below.

SECTION I

The Seller agrees to sell and the Purchaser agrees to buy, under the terms and conditions hereinafter stated, all the timber marked or designated by the Seller on certain lands held by the Seller and described as follows: _____ acres in Section _____, Township _____, Range _____, in _____ County, State of _____.

Timber to be harvested is marked or designated as follows: [Describe cutting blocks and how timber is marked].

SECTION II

The Purchaser and Seller hereby agree to the following payment schedule: [Insert Option A or B]

Option A. Lump Sum Sale:

The Purchaser agrees to pay the Seller [10% of sale value] dollars (\$_____) when the contract is signed, and [90% of sale value] dollars (\$_____) before any timber harvesting activity begins as compensation for timber harvested. The Purchaser also agrees to pay the Seller [10% of total lump sum sale price] dollars (\$_____) when the contract is signed as a refundable deposit to guarantee performance of Sections III and IV of this contract.

Option B. Sale-by-Unit:

The Purchaser agrees to pay the Seller an installment in advance of cutting. The first installment of [10% of estimated sale value] dollars (\$_____) shall be paid when the contract is signed and _____ subsequent installments shall be paid before harvesting begins in the next designated cutting block and in an amount equal to the estimated value of standing timber in the next designated cutting block. The volume of timber actually harvested will be measured [Location where timber will be measured, who will measure timber, when timber will be measured] (Note: if the consuming mill is designated as the official measurer of the timber volume, all scale receipts shall be provided to the Seller.)

Within thirty (30) days after the total volume of timber harvested is finally determined, the Purchaser agrees to pay or the Seller agrees to refund any difference in value from the original payment based on the actual scale at the unit prices specified below.

SPECIES	PRODUCT	ESTIMATED VOLUME	UNITS	UNIT PRICE	TOTAL ESTIMATED VALUE
				Total estimated value	

The Purchaser also agrees to pay the Seller [10% of total estimated sale price] dollars (\$ _____) when the contract is signed as a refundable deposit to guarantee performance of Sections III and IV of this contract.

SECTION III

The Purchaser agrees to cut and remove said timber according to the following conditions:

1. Timber harvesting may begin on [date], and may continue until the termination date of [date] unless an extension of time is requested and granted in writing. The Purchaser shall give the Seller three (3) days notice before harvesting begins. After this termination date all products remaining on the Seller’s premises, cut or uncut, become the property of the Seller unless an extension is granted. If extensions of this contract are deemed reasonable by the Seller, the stumpage price agreed upon herein shall be adjusted as follows:
 - a. First six-month extension: 0% increase
 - b. Second six-month extension: 5% increase
 - c. Additional six-month extensions: 10% increase
 - d. Other applicable charges or fees: _____
2. The Seller may terminate this contract by oral or written notice to the Purchaser upon its breach. The Purchaser shall cease all operations and immediately leave, and not return to, the Seller’s property unless otherwise provided by the Seller.
3. Trees cut for pulpwood shall be utilized to a minimum top diameter of 4 inches and those cut for sawlogs utilized to a minimum top diameter of 8 inches unless decay, branching, or stem deformity limits merchantability.
4. Stump heights shall be as low as practicable, but shall not exceed one-half stump diameter.
5. Sawtimber and veneer logs shall be scaled by the Scribner Decimal C rule and pulpwood according to 128 cu. ft./cord for 8-foot wood and 133 1/3 cu. ft./cord for 100-inch wood.
6. Reasonable care shall be taken to protect the residual and neighboring stands from damage caused by logging activity.
7. Only timber designated in Section I shall be cut and removed. Whenever any undesignated trees are cut or needlessly damaged, the Purchaser shall pay for them at a rate of three times their scale value. Crown damage is defined as _____ and bole damage as _____.
8. The Purchaser shall repair, at the Purchaser’s expense, damage beyond ordinary wear and tear caused by Purchaser or Purchaser’s agents to waterways, trails, roads, gates, fences, bridges, or other improvements on the Seller’s property.
9. Locations of roads, landings, etc., shall be mutually agreed to by the Purchaser and the Seller or their agents.
10. Only non-merchantable wood may be used for construction purposes in connection with the logging operation.

11. The Purchaser agrees to comply with appropriate forest management guidelines for the site for the duration of this contract. Particular guidelines of concern are noted below.
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12. The Purchaser shall remove all sale-generated debris within twenty (20) days of sale expiration, including machine parts, oil cans, paper, and other trash, and Purchaser's equipment and structures. Items not removed are deemed abandoned, become the property of the Seller, and may be removed or disposed of at the Purchaser's expense, including but not limited to the performance deposit.
13. Care shall be exercised at all times by the Purchaser and the Purchaser's agents against the start and spread of wildfire. The Purchaser agrees to pay for any and all damage and the cost of suppression of any fires caused by the Purchaser or Purchaser's agents.

SECTION IV

It is mutually understood and agreed by and between the parties hereto as follows:

1. The Purchaser agrees to save and hold harmless the Seller from any and all claims, penalties, or expenses of any nature, type, or description whatsoever, arising from the performance of this contract, whether asserted by an individual, organization, or governmental agency or subdivision. In furtherance of this clause, the Purchaser shall carry public liability insurance in the amount of \$_____ and property damage insurance in the amount of \$_____. The Purchaser shall be responsible for the same insurance requirements on the part of any of its subcontractors.
2. Workers' compensation insurance, as necessary, and to at least the minimum extent required by law, shall be bought and maintained by the Purchaser to fully protect both Purchaser and Seller from any and all claims for injury or death arising from the performance of this contract.
3. This agreement shall not be assigned in whole or in part by either party without the written consent of the other party.
4. All timber included in this contract shall remain the property of the Seller until paid for in full.
5. The Seller guarantees property boundaries which are marked or otherwise designated. The Seller also guarantees that the Seller has full right and title to the timber included in this sale.
6. The Seller shall refund any performance deposit or notify the Purchaser of intent to retain said deposit within thirty (30) days of sale expiration. The Seller may suspend or cancel all operations for violation of any term of this contract by the Purchaser, and for cause may retain all monies deposited.
7. The Purchaser agrees that it is acting solely in the capacity of an independent party in carrying out the terms of this timber sale contract. It is agreed and acknowledged by the parties that the Purchaser is not an employee, partner, associate, agent, or joint venturer in any of the functions that it performs for the Seller. The Purchaser has a separate place of business.
8. The Purchaser agrees that it will furnish all materials, labor, equipment, tools, and other items necessary for the performance of this contract.
9. The Purchaser shall be responsible for filing its own legally required information returns and income tax forms.
10. The Purchaser has inspected the premises and knows and accepts it as being satisfactory to perform this contract without undue risk to person or property.

11. The Seller agrees that the Purchaser shall have sole control of the method, hours worked, time, and manner of any timber cutting to be performed hereunder. The Seller reserves the right only to inspect the job site for the sole purpose of ensuring that the cutting is progressing in compliance with the cutting practices established herein. The Seller takes no responsibility for supervision or direction of the performance of any of the harvesting to be performed by the undersigned Purchaser or of its employees or subcontractors. The Seller further agrees that it will exercise no control over the selection and dismissal of the Purchaser's employees.
12. Neither party shall be liable for defaults or delays due to acts of God or the public enemy, acts or demands of any government or governmental agency, strikes, fires, flood, accidents of other unforeseeable causes beyond its control and not due to its fault or negligence. Each party shall notify the other in writing of the cause of such delay within five (5) days after the beginning thereof. If such uncontrollable circumstances continue for thirty (30) days and prevent either party from complying with the terms of this agreement, either party shall have the option of terminating upon ten (10) days' notice to the other.
13. In case of dispute over the terms of this contract, the final decision shall rest with an arbitration board of three persons, one to be selected by each party to this contract and a third to be selected by the other two members.
14. Special stipulations: _____

SECTION V

In witness whereof, the parties have set their hands on the dates shown below.

(Note: Separate from this form, the Seller and Purchaser are encouraged to provide one another with their Social Security Number or Federal Employer ID Number, needed to file tax returns or other financial documents.)

Seller:	Purchaser:
Name _____	Name _____
Address: _____	Address: _____
_____	_____
Phone: _____	Phone: _____
Cell Phone: _____	Cell Phone: _____

We have read and understand the entire contract comprised of _____ pages.

SELLER

Date _____ by _____

PURCHASER

Date _____ by _____