

Thinking About Selling Your Timber?

Selling timber is something the timberland owner does once or twice in a lifetime. Because it is only dealt with once or twice it makes it difficult to know the best methods by which to sell your timber.

When you sell your timber, you may sell it either based on the "shares" method or the "lump sum" method. The share method is based on a percent of the actual board foot volume, or cordage of round wood removed and delivered to the sawmill. For example the buyer may deal with you on a 60%-40% basis (where you receive 60% of the revenue from the sale of timber and he receives 40%). In this case the buyer usually will have the sawmill where he sells to make up two receipts and checks, one check and one receipt showing 60% of the revenue going to you, and the same showing the 40% going to him. This is usually done for every truckload of logs leaving the logging site. This "shares" type of sale does not generally give you the best dollar price for your timber. However, if you have a small tract of timber it may be the only way you can arrange a sale agreement with a buyer.

With the lump sum sale the buyer bids or offers a total amount for all the timber removed. This type of sale is usually the most convenient type of sale. Using this method, you know exactly what you will get before agreeing to sell. With the share basis, you do not know the exact total sales price until the timber has been cut and its volume is determined.

If possible, the sale should be made on a sealed bid basis. Bidding provides for competition between buyers and will insure you receive maximum value. To get bids on your timber, you will need to prepare an announcement of the sale. This should contain:

1. Your name and mailing address.
2. The location of the timber (A US Quadrangle Map is a great way of showing the location).
3. The size and type of timber.
4. How the timber will be harvested (clear cut, select cut, or commercial thinning).
5. The type of bidding (lump sum or shares).
6. The time limit on harvesting (normally one year).
7. Any special requirements on the sale.
8. A statement allowing you the right to refuse all bids.

Get as many buyers as possible to bid on your timber. This can be done by sending an *Invitation to Bid* to all potential buyers and by putting an advertisement in your local papers.

All sales should also be made with a written contract. This will protect you and the buyer. Your state forester or a consulting forester can provide you with a sample contract.

Before considering any timber sale, you should consult a professional forester. He can advise you on what to be sold and suggest possible buyers in your area. The Tennessee Division of Forestry has area foresters available to assist the owners in the sale of their timber.

You may also want to consider hiring a forestry consultant to help you with the sale. This would be particularly appropriate where the value of the timber is very high or the volume of timber to be cut is very large. A forestry consultant knows the ins and outs of the timber market. He knows the type of timber you have and can accurately estimate its value. Usually he will bring you a greater dollar return from your sale than the cost to hire him.