

TOP TEN THINGS NOT TO DO WHEN SELLING TIMBER

Trees are a valuable product; some woods can be worth several thousands of dollars per acre and if managed properly can earn you hundreds of dollars per acre per year. If you own woods, you should manage them properly. Part of management is selling timber; these are the basic things you should know if you ever sell timber.

1. **DON'T SELL TO A TIMBER BUYER THAT IS NOT BONDED.** Iowa has a bonded timber buyer's law that requires anyone that buys timber to be bonded. This may not mean that all bonded buyers are reputable but it gives you a good starting point.
2. **DON'T SELL UNLESS EVERYTHING IS IN WRITING.** A good timber contract can go a long ways to ensure that you have a good experience selling timber. The contract should state how the trees are marked, how many trees, the purchase price, time period to remove the timber, what logging conditions are acceptable (dry or frozen), and who is liable for damage to the property, etc.
3. **DON'T SELL UNMARKED TREES.** If the trees to be harvested are marked there is no question as to which trees should be harvested. It is also advisable to solicit comparable bids on the timber when each company is bidding on the same item. After the sale is done, don't add or exchange trees, remember trees vary considerably in value, by changing things the whole bid process can be ruined.
4. **DON'T SELL TIMBER ON THE SPUR OF THE MOMENT.** Think about what you are doing. Once you sign the contract or accept the money there is no going back. The deal will more than likely be there tomorrow, so take time to check it out. Timber varies considerably in price-know what you are selling.
5. **DON'T SELL TREES ON A DIAMETER LIMIT.** The size of the tree shouldn't dictate if that tree should be harvested, the condition or potential of the tree should. The woods contains many different species, each maturing at a different age and size, when selling on a diameter limit you often will over-cut the woods selling many trees that would increase significantly in value in the near future.
6. **DON'T SELL ONLY YOUR BEST TREES.** Trees vary considerably in value, often only from a few dollars to hundreds or on occasion thousands of dollars. Selling only the best trees is called high grading and can hurt the long term productivity of the woods. When selling timber sell the trees that are declining in value, sell the less desirable or weeds trees and mix in the best trees when they've reached their peak value. The best trees are probably earning you at least 10% per year and you will always find a buyer who wants them.
7. **DON'T SELL CUT AND SCALE OR ON SHARES.** Unless you know how to cut and scale trees you are relying on the buyer to determine what trees are worth and to maximize the yield from the tree. Some buyers may not want to mess with the lower grade logs at the tops of the tree even though there may be value in those logs. Sell your timber on a lump-sum, up-front payment and "take it or leave it" for only the marked trees.
8. **DON'T ACCEPT CASH.** Accepting cash may not be a problem, but it often may entice you into acting too quickly to sell. Don't forget once you accept the money and sign the contract it's a done deal-there's no going back.
9. **DON'T ENTER INTO A MANAGEMENT AGREEMENT GIVING A COMPANY EXCLUSIVE RIGHT TO YOUR TIMBER.** A management agreement may sound good, but there is usually a cost. The buyer has a conflict of interest if he works for the timber company and they want your timber.
10. **DON'T INCLUDE TREES DAMAGED DURING THE LOGGING.** This may sound like the logical thing to do the problem is trees can be damaged on purpose. When the trees are marked care should be taken to make sure the trees can be harvested without damage to the remaining trees.