

Timber Sale Security Guidelines for CRP Plantations

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Introduction

To a landowner, timber is a valuable asset. It often seems to grow by itself, requiring little care or management. However, there are security concerns during the entire process of producing salable products from a forest.

These guidelines have been developed in an effort to provide sound measures for overseeing protection of timber assets of landowners and timber buyers. They are not to be construed as “industry standards”, though they can be used as a checklist of wood and timber asset-control measures. By working together, buyers and sellers can more effectively reduce risks of theft and fraud.

Additional information on this subject is available from the American Forest and Paper Institute, the Georgia Forestry Commission and from the U. Ga. Cooperative Extension Service.

General Considerations

The most important operation in assuring security of timberland is to mark property boundaries. This reduces risks of accidental or intentional trespass. Painted trees, plowed lines, fences, roads and ditches are common methods of distinguishing one ownership from another. Periodic maintenance of all these delineations is necessary to continue effectiveness.

Access to property should be limited. Gates or other methods of controlling access will indicate the owner’s intent to limit entrance, preventing innocent trespass and deterring illegal entry. Owners should know those who are authorized for access to the property, such as hunting club members, other lease holders and contractors. Periodic inspection of the property improves effectiveness of controls.

A specific process for reporting and communicating illegal, suspicious or fraudulent activities associated with timberland should be established. Distributing and displaying posters advertising the GFA Reward and the FBI Hotline is helpful. However, it is critical to provide a means of assuring anonymity for employees who report such activities. All reports made to appropriate officials should be documented. Lastly, being willing to share information to reduce likelihood of theft or fraud helps all landowners.

Pre-contract Considerations

Owners should educate themselves as to the best time and manner for sale of their timber. Involvement with organizations such as the Georgia Forestry Association and Forest Farmers is helpful. A survey of the volume and quality of timber being offered for sale, and a determination of its approximate value, is an important step. Public agencies such as the Cooperative Extension

^{1,2}1998. Timber Sale Security Guidelines for CRP Plantations. Georgia Cooperative Extension Service, College of Agricultural and Environmental Sciences, The University of Georgia, Athens, GA 30602 U.S.A.

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Service and the Georgia Forestry Commission can provide historical price trends for timber. Also, accountants and attorneys experienced in timber sales, as well as people in the forest products industry and forestry consultants can be helpful.

It is important that boundaries of stands to be harvested are clearly marked. Also, a map should be made, along with a legal description of the property. It should also be confirmed on the ground with the buyer personally, that the area in question is in fact the sale area.

Contract Considerations

All timber transactions should be covered by a clear, legally binding contract. Recordable written contracts are the most desirable type of instrument, offering the best protection. Contracts should be recorded at the county court house immediately after closing. Every contract should clearly identify what is being transferred, including a legal description of the property and a map showing tract location, property lines and sale boundaries. The particular trees and/or products to be harvested should be clearly described in after harvest terms, such as tree species, marked trees, stump diameter, etc. Contracts should define a specific beginning and ending date, subject to conditional extensions. They should stipulate that the owner will be notified when cutting begins, when it is interrupted and when it ends. Owners who sell on a per-unit basis should know the dates on which logging occurs, and they should compare those dates to ones on scale tickets. The landowner may wish to request a performance bond within the contract to ensure that roads, streams, and other timber, etc. will be returned to original condition by the buyer or contractor.

The method of payment should be clearly defined, such as “per unit” or “lump sum”. On “per unit” sales, the unit of measure, and how it will be measured should be specified to prevent

misrepresentation or misunderstanding. Georgia law requires that all timber which is sold or measured by weight, shall be on the basis of tonnage (one ton = 2,000 lbs.) or pounds. Of course timber may also continue to be measured/sold by volume, so long as such measurement is not calculated by weight equivalent. The Georgia Forestry Commission and the Cooperative Extension Service have sample Timber Sale Contracts available for landowners.

Regeneration choices which will affect harvesting operations must be given consideration in the contract also. For instance, in a selection or shelterwood harvest/regeneration scheme, some means to assure protection of residual trees must be detailed contractually.

Harvest Considerations

Systematic and frequent on-site inspections of logging operations, is an extremely important part of the security process when selling timber. A visible presence is a strong deterrent to theft and fraud. On-site inspections also allow a check for full compliance with all contractual terms, and for the integrity of sale boundaries. Knowing logging contractors and sub-contractors also reduces risks of dishonest treatment. When on site, for safety reasons, extreme caution should be exercised around harvesting operations. Separating timber into product classes such as veneer logs, sawtimber and pulpwood (called merchandising), should be monitored carefully on per-unit sales. Improper merchandising can greatly reduce proceeds from such sales. Contract specifications must be followed.

On per-unit sales, timely settlement and scale-ticket reporting are required by Georgia law. In fact, consideration should be given to monitoring movement of wood from harvesting operations to log yard or mill site. Surveillance of logging trucks, conspicuous marking of loads of logs and utilization of trip tickets and production records are frequent options.

Post-harvest Considerations

Owners should reconcile initial appraisals against actual results to determine unreasonable trends or incidents which may indicate trouble. Regeneration plans should be implemented as soon as appropriate, to assure the next stand of productive timber is initiated quickly. If artificial regeneration is chosen, specific decisions regarding species, site selection, site preparation, and manual or machine planting must be made. Bidding and contractual agreements also come into play again with these choices.