

Pay-AS-Cut Contract – Example only, not authorized for use
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This timber sale and purchase contract (the "contract") is made and entered into on this _____ day of _____, by and between (*Seller's Name*), whose mailing address is (*Mailing Address*), hereinafter referred to as "Seller," and, (*Purchaser's Name*), whose mailing address is (*Mailing Address*), hereinafter referred to as "Purchaser," under the following terms and conditions:

Witnesseth:

1. Seller is the owner of a certain (*acres*), described as: (*Legal Description*), located in (*County Name*), (*State*), and further indicated on the attached timber sale map.

2. Seller agrees to sell and Purchaser agrees to purchase (*Description of Timber*); ("contract timber"). For and in consideration of the payments hereinafter set forth and of the obligations undertaken by Purchaser, Seller hereby grants unto Purchaser, upon the terms and conditions hereinafter set forth, a license, privilege or permit to cut and remove all of said timber or trees hereinabove described (the "contract timber") and Seller agrees that Purchaser shall have the right to cut and remove said "contract timber." Purchaser shall have the right and obligation to so cut and remove all of, but only, the said "contract timber," and Purchaser hereby agrees to cut and remove all of the "contract timber."

3. The timber shall be cut on a pay-as-cut basis. All receipts and scale tickets will be retained and summarized. Payments shall be based as agreed by both parties as follows:

<u>Product</u>	<u>Utilization</u>	<u>Stumpage</u>
Pine Small Poles (distribution)	30' - 55' lengths	\$ 49.00 / ton
Pine Large Poles (transmission)	≥ 65' lengths	\$ 74.00 / ton
Pine Grade Butt Cuts	≥ 16" dbh (3-clear faces)	\$ 285 / 1000bf
Pine Regular Sawtimber	7" top	\$ 37.00 / ton
Pine Pulpwood	2.5" top	\$ 6.00 / ton
Red Oak Sawtimber	12" top	\$ 44.00 / ton
White Oak Sawtimber	12" top	\$ 34.00 / ton
Oak Ties	10" top	\$ 17.00 / ton
Miscellaneous Sawtimber	12" top	\$ 14.00 / ton
Hardwood Pulpwood	2.5" top	\$ 7.00 / ton

4. Purchaser shall provide the following harvest documents to the Seller:

- A) Loader's Ledger (maintained on-site by the loader operator or logging foreman).
- B) Scale tickets (provided by the mill to the 18-wheeler driver).
- C) Mill ticket summary (provided by each mill).
- D) Life history of the tract (provided by purchase administrator summarizing all receiving mills and deliveries).

5. Title to a tree designated for severance under this contract shall vest in Purchaser, and become Purchaser's property, at such time as said tree is severed by Purchaser or Purchaser's loggers, contractors or others claiming through or under Purchaser. Seller shall retain the risk of loss or damage prior to severance with respect to all "contract timber" designated for severance under this contract, and is responsible for loss or damage to all such trees and timber prior to severance, unless the loss or damage is caused by Purchaser, or Purchaser's agents, contractors, employees or other representatives. Likewise the seller benefits from all gains in growth and increases from the actual harvest.

6. In the event any "contract timber" is damaged or destroyed by fire, wind, flood, lightning, drought, disease, insects, theft, trespass, condemnation or any other type of involuntary conversion, so as to become un-merchantable, the party holding title thereto shall bear the loss resulting from such damage or loss.

7. All timber subject to this contract shall be cut and removed by (*Contract End Date*), whereupon this contract shall terminate and expire unless extended by Seller.

8. During the term of this contract, Purchaser, and Purchaser's agents, contractors and assigns, shall have the right of ingress, egress and access over and across the real property on which the contract timber is growing, and over and across any other lands or right-of-ways owned by Seller, as may be reasonable, necessary or required by Purchaser to cut and remove the contract timber, with the necessary employees, trucks, tractors, logging equipment and any other machinery and appliances necessary or convenient for the purposes of cutting and removing the contract timber and for the transportation of employees.

9. Seller warrants and guarantees the marketable title to the timber subject to this contract, and warrants and guarantees that the contract timber is free, discharged, and unencumbered from any and all former and other grants, titles, charges, estates, judgments, encumbrances and claims of whatever kind or nature, except for state and/or county/parish property and/or ad valorem taxes as may accrue and be due from timber or time during the period of this contract, which said taxes Seller agrees to assume and pay in full. Seller agrees to defend and hold harmless Purchaser against any and all claims against the contract timber. Purchaser acknowledges that Purchaser or Purchaser's agent has examined the contract timber and nothing herein shall be construed as a warranty by Seller as to the total volume of the contract timber.

10. Purchaser shall report and pay the forest product severance or yield tax, as the case may be, if required by state law, for the contract timber purchased under this contract, and shall reimburse Seller for any such taxes that Seller may be required to pay.

11. Purchaser covenants and agrees to cut and remove the contract timber in a good and workmanlike manner, not unnecessarily or unreasonably damaging timber not covered by this contract; to take all reasonable precautions against destructive logging practices; to keep all gates closed; to avoid falling or dropping trees or tops into fences, fields, trails, roads, creeks or mowed areas on Seller's lands or on adjacent lands; to not, during excessively wet weather, enter upon the lands covered by this contract so as to needlessly damage Seller's roads or excessively rut Seller's lands; to restore and repair any and all roads, fire lanes, pastures and fences which have been damaged or destroyed by Purchaser's operations to substantially the same condition as existed prior to such damage or destruction; to remove all butts, tops, limbs and other debris resulting from Purchaser's operations from Seller's roads, fields, pastures, fire lanes and all weather creeks and streams; and to conduct cutting, skidding and hauling operations only when the roads and adjacent lands are firm enough to support loaded trucks and other equipment. Reasonably repairing road to original status following logging is the purchaser's responsibility. If logged in the winter and road too wet to repair, then purchaser must return the following summer to complete road repair. Road responsibility does not transfer from purchaser to logging contractor (if contractor utilized by purchaser), but remains the purchaser's responsibilities.

12. All logging is to be conducted based on Best Management Practices (BMP). If Seller determines that destructive logging operations are occurring, or if ground conditions are such that continued logging operations would cause excessive damage to Seller's lands and/or timber unless logging operations are suspended, then Seller shall be entitled, at Seller's election, to postpone logging operations hereunder by giving a written notice of such postponement to Purchaser, and the period of postponement shall be deemed an extension of the contract period.

13. The Purchaser covenants and agrees to take reasonable precautions against fire during its logging activities and will accept full liability for damages to Seller's property occurring as a result of any fire attributable to Purchaser's loggers activities.

14. Purchaser agrees to protect, indemnify, defend and hold Seller harmless from any and all liability, claims and damages whatsoever to any person or thing, and from any loss, damage or expense, including reasonable attorney's fees and other costs of litigation, arising out of or in connection with Purchaser's performance of this contract, including, but not limited to, claims arising from the Purchaser's negligence, acts or omissions, or the negligence, acts of omissions of Purchaser's agents, employees, contractors or subcontractors. Before commencing operations, Purchaser shall furnish Seller with evidence of:

- a) Employer's Auto Liability with minimum limit of \$1,000,000.
- b) Employer's Workers Compensation Liability with minimum limits of \$500,000 each accident, 500,000 policy limit, and 500,000 each employee.
- c) General Liability insurance coverage of not less than \$1,000,000 aggregate for bodily injury and property damage.

Purchaser agrees that such insurance coverage will not be canceled or reduced in amount during the term of this contract, or during the cutting period if less than the contract term, without the prior written consent of Seller.

15. In the event that either party hereto shall break this contract, the party required to enforce the provisions hereof in any court of law shall be entitled to recover from the defaulting party, in addition to any other equitable relief or damages allowable by law, attorney fees and all other costs and expenses incurred in connection therewith.

16. SELLER represents that there are no threatened or endangered species of fish, wildlife or plants or habitat therefore on any of the land subject to the best of SELLER'S knowledge.

17. Prior to each commencement of operations under this timber contract, Purchaser shall notify (Seller) at (telephone number).

18. No line trees, boundary trees, witness trees or corner trees (unless marked and identified) shall be cut and removed by Purchaser. Concrete corner markers, other corner markers, and line markers or line markings located on or adjacent to the property shall not be disturbed in any manner by the operations of the Purchaser. In the event any such markers or markings are disturbed by the Purchaser, the Purchaser shall pay all costs reasonably incurred by the Seller in replacing the same, including any survey fees incurred by the Seller.

19. This contract constitutes the entire understanding between the parties hereto with respect to the subject matter of the contract, and supersedes all prior agreements, options, and understandings between the parties hereto with respect to such subject matter.

20. Purchaser is to make payment by check to (Seller) - (Address) - and such payments shall satisfy Seller's entire obligation to make payment for the timber purchased hereunder.

IN WITNESS WHEREOF, this contract is executed by and between (Seller's Name) and (Purchaser's Name), the undersigned parties hereto on this _____ day of _____.

SELLER: _____

SELLER: _____

PURCHASER: _____

Acknowledgement

STATE OF _____)

)SS

COUNTY OF _____)

On this day the Seller(s) personally appeared before me the undersigned, a Notary Public within and for the County and State aforesaid, duly qualified, commissioned and acting, _____, and stated that they had executed this instrument for the consideration and purposes therein mentioned and set forth.

WITNESS my hand and official seal this _____ day of _____, _____.

My Commission Expires: _____.

Notary Public _____

The standard language herein that is common to all documents was drafted by William C. Siegel, Timber Tax Consultant, Attorney at Law, 9110 Hermitage Place, River Ridge, LA 70123. The contract was prepared and completed by (User's Name). Any error is the sole responsibility of (User's Name).