

Contract Contents

The following are items to be included in a contract between the logger and the landowner. Each contract needs to be tailored to fit the specific forestry situation, the desires of the landowner, and the set-up of the contractor. For low-impact forestry, it helps to be clear about standards the contractor should meet and what compensation the landowner will pay the contractor to meet those standards (or what penalties if the contractor does not meet the standards). See appendix for a “model contract” from the Maine Forest Service.

- The location of wood to be cut (and other management activities).
- ◆ Who is responsible for marking boundaries and providing access?
- Who owns wood and who will sell it to mills.
- ◆ Contractor buys from landowner and sells to mill?
- ◆ Landowner retains ownership of wood and sells to mill?
- ◆ Forester acts as agent of landowner to sell to mill?
- How to pay and what for.
- ◆ Lump sum (agree to pay lump sum regardless of volume cut)?
- ◆ Mill tally (pay per unit based on mill scale)-what is rate per cord per species and product?
- ◆ Share basis (pay a percentage of revenues from cut, such as 20%)?
- ◆ Services rendered (per hour, day, week? This rate should account for equipment costs and labor costs on a time basis)?
- Role of forester as agent of the landowner (for example, monitoring contract compliance, or even selling wood).
- Indemnification clause-to limit liability. "Save and hold harmless" the seller.
- ◆ Contractor has filed "predetermination" form.
- ◆ require workers' compensation and liability insurance of the buyer.
- Expiration date for contract.
- Agree to settle disputes through arbitration.
- Performance bond (or money held in escrow) to ensure that forest assets are not damaged (if such assets are considered at risk).
- Expected outcome for trails, slash, limit of damage, and following BMPs (LIF standards could be used as a model).
- Penalties for damage or bonus for good performance (example could be a penalty per damaged crop tree or crop tree cut that is not marked. Bonus could be for exceeding certain standards, such as less than 5% crop tree damage).
- Terms under which the contract is considered complete and performance bonds can be returned.
- Portion of payment to be reserved until completion (1/3?).
- Full disclosure of other parties involved in contract (such as a subcontractor to build roads).
- Liability for contractor to make sure all laws and regulations are followed.
- Right of landowner to terminate operation for good cause with adequate notice to logger-but pay for what is done.