



UNITED STATES  
DEPARTMENT OF THE INTERIOR BUREAU OF LAND  
MANAGEMENT

**TRANSMITTAL SHEET**

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**I. INTRODUCTION.**

This handbook sets forth policy and procedural guidelines for the award of forest product sale contracts.

## II. AWARD OF CONTRACTS – GENERAL.

A. Award General. Under normal circumstances, award of the contract should proceed expeditiously and in a business-like manner, typically no longer than 30 days beyond the sale date.

1. Uniform Commercial Code. Generally, a government contract must be in writing and signed by the parties before it binds them (*American General Leasing, Inc. v. U.S.*, 218 Ct. Cl. 367, 587 F.2d 54, 1978). In particular, for BLM timber contracts: "[T]he severance and or removal of any vegetative resource for personal or commercial use requires a written contract or permit issued by the authorized officer or other person authorized by the United States. Code of Federal Regulations at title 43 § 5424.0-6(b)(1) - (6) states that:

All contracts or permits will contain the following:

- (1) The name of the purchaser or his/her authorized representative with complete mailing address.
- (2) The specific vegetative resources authorized for removal and their respective quantities and values.
- (3) The specific location from which the vegetative resources are to be removed.
- (4) The term for which the contract or permit is valid.
- (5) Contract or permit conditions and stipulations.
- (6) Signature of purchaser or authorized representative.

Under contract law principles found in the Uniform Commercial Code (UCC), the BLM generally must tender contract documents (award the timber sale contract) to the high bidder, within a reasonable period of time, following the designation of a high bidder at a timber sale auction. Under the UCC, this time period is usually 90 days. If 90 days have passed since the sale date and the BLM has not tendered the contract documents to the high bidder for execution, the high bidder is no longer obligated to accept the contract award and may withdraw their bid without penalty. It is possible that circumstances could arise that delay award of a contract beyond 90 days. In most circumstances the delay is not due to the actions of the high bidder. It is more likely that such circumstances could include issues such as changed physical conditions or a court order directly affecting the legal validity of the sale decision.

2. High Bidder Notification. Offices should keep the high bidder informed if contract award will be delayed or if new information becomes available that would influence the bidder's intent. If a contract award will be delayed, a letter so informing the high bidder should be sent. Refer to [Illustration 3](#) for a sample letter. If the contract has not been awarded within 90 days following the sale date and the possible rejection of all bids has not yet been determined, inform the high bidder by letter of the circumstances delaying award as well as their rights. Refer to [Illustration 4](#) for a sample letter.

3. Appeals Timeline. Although the Forest Management Decision regulations in 43 CFR 5003 provide that forest management decisions can be effective immediately upon posting and the filing of an appeal and a petition for a stay will not change the effectiveness of the decision, the contracting officer should consider the implications of a potential appeal to the

Interior Board of Land Appeals and the potential for the Board to grant a stay prior to awarding a timber sale. The two milestones the contracting officer should consider are the period that the BLM could receive an appeal and the period in which the BLM decision can be stayed if an appeal was received. Once a decision is issued, an appeal may be filed in 30 days. If an appeal is received, the BLM must respond to the IBLA within 10 days. The IBLA has 45 days from the filing of a stay petition to rule on the stay request, otherwise it is deemed denied 43 CFR 4.21(b)(4). If the IBLA issues a stay, the timber sale must be suspended at the stage it is in when the stay is issued until the stay is lifted unless an order specifies otherwise.

B. Qualifications to Purchase.

1. Purchaser Qualifications. A purchaser must be:

- a. An individual who is a citizen of the U.S. (sales of timber only) and of the age of majority for the State in which they reside; or
- b. A partnership composed wholly of such citizens; or
- c. An unincorporated association composed wholly of such citizens; or
- d. A Limited Liability Company (LLC); or
- e. A corporation authorized to transact business in the State in which the forest product is located.

C. Advertised Sales. The contract will be awarded to the high bidder unless the contracting officer finds that the high bidder is not qualified or responsible, or unless all bids are rejected. If the high bidder is not qualified or responsible, or is qualified and responsible but fails to sign and return the contract together with the required performance bond and any required payment within the specified time, the contracting officer sends notification to the high bidder that any right or interest of the high bidder in and to the particular contract is revoked. The contract may then be offered and awarded for the amount of the high bid to the next highest bidder who is qualified and responsible (refer to section III.B.1. Failure to Qualify) and will accept the contract at the high bid price. If there are no other qualified bidders for the contract or if no other qualified bidders will accept the contract at the high bid price, the contracting officer should reoffer the contract for sale at a later date.

D. Other than-advertised (Negotiated) Sales. Prospective purchasers of non-advertised sales must meet the same qualifications to purchase as set forth herein for advertised sales.

E. Award of Stewardship Forest Product Sale Contract. Stewardship Forest Product Sale contracts are not timber sales and therefore must not be advertised for sale under the Timber Sale Regulations at 43 CFR 5400. Refer to the Stewardship Contracting Manual, MS-5920 (Rel. 5-163) and Stewardship Contracting Handbook, H-5920 for award procedures.

F. Formation of a Contract. There are three steps in the BLM's contract formation process for an advertised sale of forest products.

1. **Advertisement:** This step is initiated when the BLM publishes a newspaper advertisement or posts a sale on a BLM website that specifies a time and location where a sealed bid or oral auction sale will be conducted, minimum prices if applicable, and the expected contract terms. A qualifying bid may be submitted at any time after publication of the advertisement up to the time and date specified in the advertisement for submission of sealed bid or up to and including the opening of an auction when qualifying bids are called for. If the qualifying bid is submitted after publication of the advertisement, but prior to the formal call for qualifying bids, it is called an “advance written bid”.

2. **Auction:** This step is initiated when, after all qualifying bids are received, the BLM opens sealed bids or calls for additional bids from qualified bidders who have elected to participate in an auction. When the BLM has received the highest offer for the timber tract, a high bidder is declared. If the BLM elects to accept the highest bid price offered and award the timber sale contract to the high bidder, it will do so with all the terms that were specified (in the Timber Sale Notice and Prospectus) prior to accepting bids at auction.

3. **Award/Approval:** This step is initiated when the BLM accepts the high bidder's offer (the high bid price) and tenders contract documents to the high bidder. Refer to [Illustration 2](#) Timber Sale Contract Instruction to prepare the contract.

a. **Award** of a contract means the BLM has (1) determined that the high bidder is qualified to purchase government timber; (2) has accepted the high bidder's offer; and (3) has tendered contract documents to the high bidder. The award letter includes a request to return within 30 days any payment, bonding, and other requirements that must be met for the contract to be approved. If the contract is not awarded within 90 days past the advertised sale date, the declared high bidder is not obligated to retain their high bidder status and may withdraw their offer without penalty. In addition, if the BLM fails to award the timber sale within 90 days of the determination of the high bidder, a portion of the bid deposit may be refunded to the high bidder upon written request to the authorized officer, such that the BLM retains a deposit of at least 5% of the appraised value 43 CFR 5441.1-1.

b. **Approval** of the contract means the contracting officer has reviewed the purchaser's executed contract to ensure the purchaser complied with the requirements specified in the award letter and to determine that the awarded contract was properly executed and signed. If the contracting officer finds that everything from the purchaser is in order, they execute the contract by signing. Approval of the contract initiates the time for cutting and removal specified in section 4 of the contract. Refer to [Illustration 2](#) Timber Sale Contract Instruction to execute the contract.

G. **Rejection of All Bids on Sold but Unawarded Contracts.** If it is determined that it is in the Government's interest to reject all bids on a sold but unawarded contract, a letter should be sent to the high bidder informing them. Circumstances leading to rejection of all bids are specific to each contract and should be discussed with the state office. Refer to [Illustration 8](#) for a sample letter.



### III. PRE-AWARD QUALIFICATIONS.

A. Determining Pre-award Qualifications of High Bidder and Prospective Purchaser. Before awarding a forest product sale contract, the contracting officer must determine that the high bidder, or, in the case of a negotiated sale, the prospective purchaser, is qualified. For contracts written on Form 5450-5, Vegetative Material Negotiated Cash Sale Contract, the certification on the contract form as to age of majority is met when the contract is signed. If selling timber on Form 5450-5, a Form 5450-9 Citizenship affidavit is required for new purchasers. The qualifications in this section apply to contracts written on Form 5450-3, Contract for the Sale of Forest Products - Lump Sum; Form 5450-4, Contract for the Sale of Forest Products - Scale; and Form 5450-1, Contract for Sale of Vegetative Resources.

Contracts may only be awarded to the individual or company declared the high bidder based on the information submitted in their qualifying bid. The procedures in this section apply to all advertised sales. The procedures in (A)(1) below, also apply to all negotiated sales and must be completed prior to contract execution.

1. Qualifying Actions and Request for Qualifying Information. The contracting officer reviews Timber Sale Information System (TSIS) to determine if the bidder, or prospective purchaser, has previously conducted business with the BLM. If a high bidder is not found in the TSIS, the contracting officer will need to verify their qualifications. A bidder or prospective purchaser that is debarred from doing business with the Government is not approved to purchase BLM timber during the term of debarment. Timber sale contracts are covered transaction under the suspension and debarment rules 43 CFR 5441.1(c). If a bidder has been approved to purchase BLM timber, and does not have an unresolved contract default, and is not under review for debarment by a Department-level debarring official, the contracting officer proceeds with the normal procedures for award of contract. Refer to [Illustration 1](#) Timber Sale Approval Checklist. If, however, the information systems contain no record of the bidder, or prospective purchaser, or reveals adverse information, the contracting officer may request additional evidence of their qualifications or their ability to perform responsibly.

(1) For Individuals. If Form 5440-9 was not used to submit the bid, complete the Citizenship Affidavit, Form 5450-9.

(2) For Partnerships and Unincorporated Associations. Citizenship Affidavit, form 5450-9, for each member of the partnership or association if Form 5440-9 was not used to submit the bid or all members of the partnership or association did not sign the 5440-9.

(3) For corporations authorized to transact business in the State in which the timber is located. Verify through the State Government whether the corporation is authorized to transact business in the State in which the forest products are located. This information is often found on a Secretary of State website.

2. Unsettled Trespass. The authorized officer may refuse to sell timber or materials to a trespasser if the conditions in 43 CFR 9239.0-9 are present.

(1) Notification. The contracting officer advises the high bidder, or prospective purchaser, of outstanding liability and available options to settle the liability ([Illustration 6](#)).

(2) Refusal to Settle. If a trespasser refuses to settle, the contracting officer declares the trespasser ineligible to receive the contract except in cases where the state director finds that the contract should be awarded.

3. Qualifying Documents Relating to Log Export Restrictions. Administration of laws, executive orders, and regulations concerning log export and substitution restrictions require that operators furnish specific qualifying documents in those subject areas prior to award of contract.

(1) [Form 5450-17, Export Determination](#), is required prior to award of any contract for timber sold through public auction or negotiated sales. This form is submitted upon request of the contracting officer.

4. Procedures for Past Defaulters. Defaulting on past contracts may indicate that a high bidder or prospective purchaser is not capable of meeting contractual obligations for new contracts. High bidders or prospective purchasers who have had unresolved contract defaults and have not paid or bonded for the damages associated with these defaulted contract(s) are considered a risk and will be required to provide additional security to establish financial responsibility prior to the award of a new contract. If the contracting officer determines that a bidder who is deemed a risk for award of a new contract is the high bidder on a tract, a notice (refer to [Illustration 7](#)) must be sent to the high bidder, by Certified Mail – Return Receipt Requested, requiring the high bidder to provide payment, bonding, or a combination of the two within 30 days of receipt of notice for one of the following:

(1) The total unpaid balance of the purchase price of all defaulted contracts;

(2) The unsettled damages on all defaulted contracts; or

(3) Fifty percent of the purchase price of contracts bid after the most recent default. In the event the high bidder selects this option, any payment provided should be held as final payment for forest products cut and/or removed under the terms of the new contract.

The contracting officer has the discretion to extend the 30-day period for an additional 30 days if the extension is applied for in writing and granted in writing within the first 30-day period. Should the high bidder or prospective purchaser fail to demonstrate responsibility within 30 days or the 30-day extension period (i.e., does not provide the required payment/bonding within the specified time), the contracting officer offers the contract for the amount of the high bid to the next highest bidder who is qualified. Further, failure by the high bidder or prospective purchaser to demonstrate responsibility within 30 days indicates the high bidder or prospective purchaser is not responsible and debarment proceeding will be considered.

5. Purchasers under Review for Debarment and Debarred Purchasers. Absent issuance of a written compelling reasons determination pursuant to 2 CFR 180.135 and 1400.137, no

award shall be made to a purchaser that is suspended, debarred, or ineligible during the period of award ineligibility (43 CFR 5441.1). Debarment is Government-wide, meaning, if a company is debarred by one Department they are not permitted to enter into a contract with any other Department or Agency for the period of their debarment. Debarment “review” is a formal process performed by the debarring official at the Department of the Interior or equivalent-level officials at other Departments, such as the Department of Agriculture. Local agency-level evidence gathering and recommendations for debarment do not constitute the review specified in the regulations; nor do debarment recommendations made by state, county, or local government entities until such recommendations have been accepted for consideration by the Departmental-level official. Use the System of Award Management at <https://sam.gov/SAM/pages/public/index.jsf> to check for debarred entities.

6. Bids submitted with no intention of harvesting. If the contracting officer suspects the high bid was submitted by a bidder that may be unable to perform the obligations of the contract, including the lack of intent to harvest the timber, the contracting officer may request additional information such as proof of equipment ownership, proof of subcontract for harvest operations, or rental agreement for equipment. If, in the opinion of the contracting officer, the prospective purchaser has not shown sufficient proof of the ability to complete the contract, the contracting officer may notify the high bidder that they are not qualified or responsible and are ineligible to receive a contract pursuant to 43 CFR 5450.1(a).

B. Failure to Qualify. If the information supplied by the high bidder, or prospective purchaser, indicates non-qualification to meet the terms of the contract, the Government cannot enter into a contract and the contracting officer must notify the high bidder or prospective purchaser of ineligibility to receive a contract (refer to [Illustration 8](#)). Under such circumstances, the bid deposit of the high bidder will be returned or refunded. The notice should be sent by certified mail.

1. Regular Advertised Sales. If a high bidder on an advertised sale is declared ineligible, the contracting officer may offer the contract, in writing, to the other qualified bidders for the amount of the high bid.

In a situation with two or more bidders, more than one bidder may bid higher than the appraised price. In those situations, the contract should be offered as follows.

a. Begin with the bidder with the higher bid of the remaining qualified bidders and provide them with the opportunity to accept the bid price submitted by the highest bidder. If the next highest bidder declines the sale, offer the sale at the highest bid price to each of the bidders that bid above the appraised price in descending order by the amount of their bids.

b. If none of the bidders that bid higher than the appraised price want the contract at the highest-bid price, offer the contract at the highest bid price to all remaining bidders who submitted qualified bids at the appraised price. If more than one remaining bidder is interested in accepting the contract at the highest bid price, the new high bidder will be determined from among them by lot.

c. If the bidder list is exhausted and no bidder accepts the contract for the high bid amount, the tract should be rescheduled for public auction. The contract may be reappraised prior to reoffer.

#### IV. PERFORMANCE BOND REQUIREMENTS

The required performance bond must be submitted by the prospective purchaser prior to approval of a contract.

A. Types of Performance Bonds. Four types of performance bonds are acceptable to the Government. Selection of the type of bond is the option of the purchaser.

1. Bond of Corporate Surety. The bond of corporate surety is executed on General Services Administration (GSA) [Standard Form \(SF\) 25](#) by an acceptable Surety. It must be accompanied by a power of attorney when the bond is executed by an agent or attorney-in-fact for the surety (refer to [Illustration 10](#)). The power of attorney must be executed by the corporate surety on a date reasonably proximate to the date of the bond, or it must be accompanied by a certification of the surety to the effect that the power of attorney is in full force and effect on a date reasonably proximate to the date of the bond.

a. List of Acceptable Sureties. The list of acceptable sureties, Treasury Department Circular 570, is maintained by the United States Department of the Treasury, Bureau of the Fiscal Service, on their website <https://www.fiscal.treasury.gov/surety-bonds/>.

b. Disposition of Bond. The original SF 25, Performance Bond, is filed with the approved contract.

2. Individual Surety Bond. An individual surety bond is a bond guaranteed by two separate responsible individuals as sureties. The bond is executed on GSA SF 25. When an individual surety bond is used, each of the sureties must be responsible individuals. Each individual surety must submit an [Affidavit of Individual Surety on GSA SF 28](#).

a. Evaluation of Individual Surety Bond. Upon receipt of a completed SF 25, Performance Bond, with the attendant SF 28, Affidavit of Individual Surety, the contracting officer, with the required advice and assistance of the state director, makes a determination that the parties are capable of carrying out the terms of the contract, including financial obligations. This form of performance bond may represent an unacceptable risk to the Government and should be carefully reviewed and the information verified.

b. Disposition of Bond. The original SF 25 and the original of each SF 28 are filed with the approved contract.

3. Cash Bond. The cash bond is executed on Form [1822-4, Cash Bond](#).

a. Monetary Requirements of Bond. The monetary requirements of the bond (using Form 1822-4) may be satisfied by any of the following methods.

(1) Cash Deposit. A cash deposit is a Cash Bond whereby the purchaser submits an actual cash payment equal to the penal sum of the bond. Such payments are deposited in a BLM suspense account. Personal checks do not represent cash and are not acceptable for cash deposits. The performance bond form is not supported by a guaranteed remittance if a personal check is presented. Third parties may not make payment on behalf of the purchaser. A

third-party providing surety constitutes an Individual Surety Bond and must be handled according to section A.2 above.

(2) Cashier’s Check or Certified Check. A cashier’s check from a banking institution or a certified check may be submitted as a cash bond, made payable to the Department of the Interior – BLM, in an amount equal to the penal sum of the bond. The cashier’s check or certified check is cashed and the funds placed in a BLM suspense account.

(3) Irrevocable Letter of Credit. An irrevocable letter of credit (ILC) is issued to the BLM by a financial institution in an amount equal to the penal sum of the bond. An ILC is similar to a cash deposit and the BLM may draw up to the amount stated in the ILC on the issuing financial institution. There is no standard BLM form for an ILC; rather an ILC is prepared by the issuing bank on its letterhead following a format prescribed by the BLM (refer to [Illustration 11](#)).

When an ILC is submitted in lieu of cash with a cash performance bond, the contracting officer must review it to ensure that the minimal information specified for an ILC is met, that the information is accurate, and that no conflicting information has been added. The ILC will be placed in a locked cabinet or safe until drawn upon (in the case of default) or returned to the issuing bank.

(4) Assignment of Surety. An Assignment of Surety (refer to [Illustration 12](#)) is executed by the purchaser and issuing institution and accompanied by an executed copy of Form 1822-4, Cash Bond. A certificate of time deposit or savings account may be assigned. All owners of the surety on record must sign the assignment form. The assignment must be recorded and certified by an officer from the issuing institution. The Assignment of Surety will be placed in a locked cabinet or safe until drawn upon (in the case of default) or returned to the issuing bank.

b. Disposition of Bond. The original Disposition of Bond (Form 1822-4) is filed in the official contract file.

c. Statutory and regulatory References on Form 1822-4. The statutory and regulatory references to use in the lower left column of Form 1822-4 are:

(1) For O&C program, “Act of August 28, 1937 (43 U.S.C. 2601)” or for Public Domain Program, “Act of July 31, 1947 (30 U.S.C. 601 et seq.)” and;

(2) Regulations Part “5000”

4. Deposit of Negotiable Securities of the United States. Negotiable securities of the United States may be presented by the purchaser for a performance bond. Bureau Form [5450-13, Deposit of Negotiable Securities of the United States Performance Bond](#), is used to document the action. Together with this bond form, the purchaser must submit the necessary securities with a cash or market value (rather than a face value) equal to or in excess of the penal amount of the bond requirement.

a. Identification of Acceptable Negotiable Securities. Negotiable securities are written securities that may be transferred by endorsement and delivery (i.e., securities that are transferable and payable to the bearer). Examples of such negotiable securities are U.S. Treasury Bonds, U.S. Treasury Notes, and U.S. Certificates of Indebtedness. Nearly all U.S. Treasury obligations, except U.S. Savings Bonds, are negotiable. Negotiability of the document will be indicated on its face. The usual words of negotiability are "Pay to the order of" or "Pay to the Bearer." The language of each security must be examined to confirm negotiability.

b. Disposition of Negotiable Securities and Bond. Upon approval of the contract, the negotiable securities and bond forms are distributed as follows.

(1) The original of Form [5450-13, Deposit of Negotiable Securities of the United States–Performance Bond](#), together with the securities, are forwarded by registered mail to the Division of Business Services, National Operations Center for deposit with the Federal Reserve Bank for safekeeping and monitoring.

(a) Negotiable securities are the same as cash. The District must exercise the same safeguards in handling these securities as is exercised in the case of cash transactions.

(b) If any of the securities submitted require coupon clipping for the payment of interest, this will be handled by the Federal Reserve Bank.

A copy of the bond and Form 5450-13 is filed with the approved contract.

B. Minimum Amount of Performance Bond. The regulatory minimum performance bond requirements are in table 1.

**Table 1. Minimum performance bond requirements**

<b>Contract total purchase price</b>	<b>Contract payment</b>	<b>Minimum performance bond require:</b>
Under \$10,000	Cash	Discretion of Contracting Officer
	Installment	\$500
Over \$10,000	Cash	20% of total contract price to a maximum \$500,000
	Installment	

Where the minimum bond requirements are expressed as a percentage of the contract value, the value thus computed should be rounded UP to the next highest \$100. For example, the bond

required for a contract with a total contract purchase price of \$52,600 should be \$10,600 computed as:

$$\$52,600 \times 0.20 = \$10,520$$

$$\$10,520 \text{ rounded up to the next highest } \$100 = \$10,600$$

C. Performance Bond in Excess of Minimum Level. If during the review of purchaser qualifications the contracting officer is provided documentation from an entity other than the purchaser indicating past performance issues by the purchaser that would increase the risk to the BLM of contract violation or default, the authorized officer may increase the performance bond, but the amount of the bond cannot be in excess of \$500,000 except when the purchaser opts to increase the minimum bond as provided in 43 CFR 5451.2. The authorized officer should provide adequate justification for increasing the performance bond. Reasons for increasing the performance bond may include but are not limited to: BLM records showing past record of Remedy Notices, other federal agency records of poor performance, state government documentation of poor performance, and records compiled by another federal agency that is in the process of seeking suspension or debarment.



## V. METHODS OF PAYMENT.

The regulations and contract forms governing the sale of forest products provide for two basic ways to pay for forest products purchased, cash payment and installment payments. Cash payment means payment of the full amount of the contract purchase price (cash, money order, credit card [Visa, MasterCard, American Express, and Discover], or cashier/certified check [no personal checks or debit cards]) prior to or at the time of contract signing by the contracting officer. Installment payments mean the purchase price of the contract is paid over time. Note that each credit card payment is currently limited by the U.S. Treasury to \$25,000 or less, though the U.S. Treasury could change this value in the future.

A. Cash Payment. Cash payment is mandatory for all sales under \$500 in value on contract Forms 5450-1, 5450-3, and 5450-4 and may be required for other sales over \$500 at the discretion of the contracting officer. In addition, cash payment is mandatory for all sales made using Forms 5450-5 and 5450-24; and for all sales of right-of-way timber to a permittee under 43 CFR 2812.5-1.

B. Installment Payments. Contracts written on Forms 5450-1, 5450-3, and 5450-4 permit payment by installments when the total purchase price is over \$500. While acceptance of installment payments on a contract is discretionary with the contracting officer, most sales over \$500 authorized with these forms will provide for payment by installments. Third parties may not make installment payments on behalf of the purchaser.

C. Computation of Amount of Installment. For sales under \$500,000, the minimum installment will not be less than 10 percent of the total purchase price in whole dollars. For sales of \$500,000 or more, installment payments will be \$50,000. The amount of the installment payment is entered on the contract form prior to award of contract. The first installment will be paid prior to or at the time of contract signing by the contracting officer.

### D. Application of Bid Deposits.

1. Cash Deposit. When the bid deposit is submitted in the form of cash (no personal checks or debit cards), wire transfer (EFT), money order, credit card (Visa, MasterCard, American Express, and Discover), or cashier/certified check, the entire bid deposit will be retained until such time that the contract is approved by the contracting officer and applied toward payment requirements of the contract.

2. Bid Bond or Cash Bid Bond. When a corporate surety bid bond or cash bid bond (with an ILC or Assignment of Surety) has been used by a purchaser to qualify for bidding, the bond will be retained by the contracting officer until all requirements for contract approval have been met. When the contract has been approved and the first installment paid, these documents are returned either to the purchaser in case of a corporate surety bid bond, or to the issuing bank in the case of an ILC or an Assignment of Surety in concurrence with the approval letter to the purchaser.

## VI. LETTER OF AWARD.

The letter of award is the formal notice to the high bidder that their offer (the high bid) has been accepted. The award letter includes the performance bond form, clear instructions for executing the contract, and other appropriate documents. The letter of award is often referred to as the first letter. If a field office has established reliable communication with a purchaser using email, then email can be used for various correspondence during award.

A. Preparation of Award Letter. The letter of award is prepared for the signature of the contracting officer after a determination has been made that the high bidder is qualified and responsible. The letter notifies the bidder of bid acceptance and sets forth payment and bonding options, proposed disposition of the bid deposit, and instructions for completing and returning the contract and other forms (refer to [Illustration 13](#) for template). Note that the template is set up for use with Form 5450-3 in terms of contract references; the correct references for Form 5450-4 are parenthetically included as well.

1. Payment Options. The letter of award must contain instructions for payment of the first installment, including mention, if applicable, for purchaser election to have the sale added to their existing blanket payment bond.

2. Performance Bonds. The letter of award must contain instructions for completion of a performance bond, when required.

3. Trespass Warning. The letter of award must advise that the award of the contract does not authorize the purchaser to initiate operations on the contract area and that any forest products cutting prior to approval of the contract constitutes forest products trespass.

4. Award Date. The date of the letter of award (award date) is the date on which an offer made by the high bidder is accepted by the Government (refer to [Illustration 2](#) for contract preparation checklist).

5. Miscellaneous. Frequently contracts include requirements that the contracting officer should consider bringing special attention to the purchaser. This section includes some of the other items that should be considered for inclusion in the award letter where applicable.

a. Salvage Contract Extension Credits. If a sold contract is for salvage timber, the state director may approve an extension(s) without reappraisal of qualifying BLM contracts for tracts of green (non-salvage) timber previously awarded to the salvage contract purchaser (43 CFR 5473.4(d)). Qualifying contracts for green timber in any district may be extended (refer to [H-5470-1](#), Contract Modification, Extension, Assignment for more information).

b. Designation of Purchaser's Representative. Refer to [Illustration 14](#).

c. Operation, Fire Control, and Logging Plan. Refer to [Illustration 15](#).

d. Election of Buyout Securities or Optional Contributions. The award letter must inform the purchaser of any choice to complete certain work or pay an optional contribution in lieu of completing certain work, for example, if a contract provides for a purchaser to contribute

funds to have BLM burn logging slash rather than burning the logging slash themselves. Refer to [Illustration 16](#) for an election format.

e. Access Information. Include any information regarding easements and right-of-way agreements, etc., and any necessary license agreements that must be executed.

B. Time Limit for Returning Signed Contract. The purchaser will be allowed 30 days to sign and return the contract together with the required performance bond and other requested documents. One 30-day extension of this time period may be permitted upon written request if filed with the contracting officer within the original 30-day period (43 CFR 5450.1 (c)). As a matter of courtesy, the high bidder should be contacted when 25 days have elapsed and the district/field office has not received the executed contract and bond.

C. TSIS Reporting Requirements. Data must be entered into TSIS no later than five working days following contract award.

## VII. EXECUTION OF CONTRACT.

Execution of the contract by the prospective purchaser includes signing the contract and applicable forms, making required payments or deposits and, if required, submitting a performance bond.

A. Contracting Officer Review. The principal review action of the contracting officer is to determine whether or not the documents submitted by the prospective purchaser are complete, accurate, and include any required payment or deposit.

1. Contract. The contract should be reviewed to ensure it is complete and has been signed.

2. Payments. Payment requirements differ with the type of sale (i.e., cash sale or installment sale). For cash sales written on contract Forms 5450-1, 5450-3, and 5450-4, payment must be made in full prior to or at the time of signing of the contract by the contracting officer. For installment sales written on contract Forms 5450-1, 5450-3, and 5450-4, a deposit equal to one installment, as specified in the contract, must be made prior to or at the time of contract signing by the contracting officer.

3. Blanket Payment Bond. If the purchaser (principal) has an approved existing blanket payment bond on a district and requests addition of a new contract to that same approved blanket payment bond on a district, the authorized officer must add the contract number, contract entered into date, and date the contract is added to the listing of contracts on the reverse side of the blanket payment bond form. In addition, a letter must be sent to the payment surety by certified mail informing them the contract has been added to the bond (refer to [Illustration 17](#)).

B. Extension of Time. If the successful bidder is not able to meet the 30-day requirement, an additional 30-day period may be requested. The application for the extension of time must be made in writing and granted in writing prior to expiration of the original 30-day period (refer to [Illustration 18](#)). While action on such a request is discretionary with the contracting officer, only in special situations would the request be denied. If it is anticipated that extensions will not be granted, such as in situations involving critical resource needs (i.e., salvage of deteriorating timber or a short-term contract with a looming operating season), this should be explained in the award letter (refer to first paragraph of [Illustration 13](#)).

C. Retention of Bid Deposit. When a successful bidder fails to sign and return a contract, together with any required performance bond and any required payment within the time provided, the rights and privileges of the successful bidder in and to such forest products are terminated and the bid deposit retained as liquidated damages. The bidder will be promptly notified by letter of this action and the letter will include the right of appeal (refer to [Illustration 19](#)).

1. Cash Bid Deposit. In the event the amount of the bid deposit is in excess of the minimum deposit specified in the sale notice, the excess amount will be refunded after the 30-day appeal period has passed and no appeal has been filed.

2. Bid Bond. If the successful bidder submitted a corporate surety bid bond to qualify for bidding, demand will be made upon the bonding company for liquidated damages after expiration of the 30-day appeal period and in the absence of an appeal.

3. Cash Bid Bond. If the successful bidder submitted a cash bid bond supported by an ILC to qualify for bidding, demand will be made upon the issuing bank for liquidated damages after expiration of the 30-day appeal period and in the absence of an appeal. Demand is accomplished by delivery of a sight draft (refer to [Illustration 20](#)) and letter explaining the reason for the sight draft.

4. Disposition of Forfeited Bid Deposits. The Federal Land Policy and Management Act Section 305(a) in 43 U.S.C. 1735(a) provides that any money received by the Government as a result of the forfeiture of a bond or other security by a purchaser or permittee who does not fulfill the requirement of his contract or permit or does not comply with the regulations of the Secretary of the Interior, will be credited to a separate account in the Treasury of the United States and is authorized to be appropriated and made available until expended.

D. Offer and Award to Other High Bidder. When the successful bidder fails to sign and return the contract and any required bond and payments, the contract may be offered and awarded for the amount of the high bid to the highest of the bidders qualified, responsible, and willing to accept the contract, provided however, the 30-day appeal period has expired and no appeal has been filed by the high bidder. Refer to II.B.1. for additional award procedures when no qualified bidder will accept the sale at the highest bid.

## VIII. APPROVAL OF CONTRACT.

Approval of contract includes signing of the contract by the contracting officer, transmittal of the approved contract and necessary forms to the purchaser, and notification of interested parties that forest products have been sold.

A. Requirements upon Contract Approval. When the contract is signed, necessary bonding has been provided, and required payments have been made, the contract will be approved by the contracting officer (refer to [Illustration 2](#) for contract preparation checklist). The date of signing (approval date) is important because it is the date for which time for cutting and removal is measured. For non-advertised sales, the approval date will be identical to the sale date.

B. Distribution of Contract.

1. District Copy. The original of the contract is retained in the official files of the BLM.

2. Purchaser Copy. A copy of the contract and pertinent documents are transmitted to the purchaser by letter or email. The approval letter is commonly called the second letter (refer to [Illustration 21](#)). The letter should identify those individuals who are designated as authorized officers by the contracting officer along with their specific responsibilities as appropriate (e.g., contract administrator, road inspector). The second letter should also call attention to transmission of forms and any action required of the purchaser before cutting can begin. Generally, the following forms are sent to the purchaser at this time.

a. Form 5450-17, Export Determination to be distributed to each third-party buyer of the timber.

b. Form 5460-15, Log Scale and Disposition of Timber Removed Report.

3. Surety Copies. A copy of the second letter ([Illustration 21](#)) should be sent to the surety.

C. Reporting Requirements.

1. TSIS Reporting Requirements. The contract approval date will be entered into TSIS no later than five working days following contract approval.

2. Treatments. Forest management actions implemented through timber sale contracts should also be entered into the treatments record system designed to track forest management treatments.

D. Notice of Timber Sold. A Notice of Timber Sold (refer to [Illustration 22](#)) will be made available to any individual, agency, or other party that has a direct interest or probable involvement in the sale action, such as the following.

1. Private landowner whose land is crossed by a road that is being used to remove the sold timber or across whose land roads will be constructed or improved under terms of a right-of-way and road-use agreement or easement.
2. Agency responsible for fire protection in the timber sale contract area.
3. County assessor.
4. State Forester.

## **GLOSSARY OF TERMS**

**Advertised sale.** An offering or sale of forest products using competitive bidding procedures following formal publication and posting of a notice of the sale.

**Advertisement.** A notice of sale published in a newspaper of general circulation or agency website in the area in which the timber or other vegetative resources are located. The advertisement of sale shall state the location by county, section, township, range, meridian, of the tract or tracts on which timber or other vegetative resources are being offered, the estimated total quantity, the unit of measure, the total appraised value, the minimum deposit, time and place for receiving bids, the office where additional information may be obtained, and such additional information as the authorized officer may deem necessary.

**Authorized manager.** The Bureau of Land Management line official authorized to manage BLM personnel, funding, and processes in support of the sale, disposal, and free use of forest products. This individual may also sign planning (National Environmental Policy Act) documents. This individual may or may not be the contracting officer.

**Authorized Officer.** Any employee of the Bureau of Land Management to whom has been delegated authority to take action in connection with a timber sale contract, BLM's delegation manual, or BLM regulations.

**Contracting Officer.** The BLM official who would have authority conferred in the 1203 Manual Section (Delegation of Authority) to execute timber sale contracts and delegate authority to take action in connection with the timber sale contract.

**Default.** A condition where a purchaser fails to correct a contract violation after a remedy has been prescribed by the contracting officer.

**Other-than-advertised sale.** A sale of forest products that is made without formal publication and posting notice of the sale and without use of competitive bidding procedures (synonym: negotiated sale).

**Oral auction.** An offering of forest product where written bids are received and oral bids are invited from qualified bidders.

**Performance bond.** An instrument that binds the parties executing the bond to pay a stated monetary penalty in the event one or more of the parties fails to perform their obligations under a particular contract.

**Sealed bid auction.** An offering of forest product where sealed bids are received from qualified bidders and the contents of the sealed bids determine the high bidder.

**Set-aside sale.** A designation of timber for sale that is limited to bidding by small business concerns as defined by the Small Business Administration in its regulations (13 CFR Part 121) under the authority of Section 15 of the Small Business Act of July 18, 1958, (72 Stat. 384) as codified and amended (15 U.S.C. 631 et seq.).



Unprocessed timber. Trees or portions of trees or other roundwood not processed to standards and specifications suitable for end product use. The term "unprocessed timber" does not include timber processed into any one of the following: (i) Lumber or construction timbers, except Western Red Cedar, meeting current American Lumber Standards Grades or Pacific Lumber Inspection Bureau Export R or N list grades, sawn on 4 sides, not intended for remanufacture; (ii) Lumber, construction timbers, or cants for remanufacture, except Western Red Cedar, meeting current American Lumber Standards Grades or Pacific Lumber Inspection Bureau Export R or N list clear grades, sawn on 4 sides, not to exceed 12 inches in thickness; (iii) Lumber, construction timbers, or cants for remanufacture, except Western Red Cedar, that do not meet the grades referred to in clause (ii) and are sawn on 4 sides, with wane less than ¼ of any face, not exceeding 8¾ inches in thickness; (iv) Chips, pulp, or pulp products; (v) Veneer or plywood; (vi) Poles, posts, or piling cut or treated with preservatives for use as such; (vii) Shakes or shingles; (viii) Aspen or other pulpwood bolts, not exceeding 100 inches in length, exported for processing into pulp; (ix) Pulp logs, cull logs, and incidental volumes of grade 3 and 4 sawlogs processed at domestic pulp mills, domestic chip plants, or other domestic operations for the primary purpose of conversion of the logs into chips, or to the extent that a small quantity of such logs are processed, into other products at domestic processing facilities (refer to 43 CFR 5400.0-5).

**Illustration 1- Example Timber Sale Approval Checklist**

The following checklist covers the purchaser's requirements from the acceptance of a bid to the authorized officer approving the timber sale by signing the contract.

**Pre-Award**

- Form 5440-9 Deposit and Bid (Form 5440-9 includes all requirements certifying age of majority, non-debarment, certification of no export in last 24 months, authorized representative as well as requirements from Forms 5450-9 Citizenship Affidavit and 5430-11 Independent Price Determination).

**Award**

- First installment payment or bid deposit properly converted to the first installment in TSIS/CBS.
- Performance Bond (applicable to sales on Forms 5450-1, 5450-3, 5450-4).
- Form 5450-17 Export Determination.
- Send copy of license agreement(s) to the purchaser for use of permittee roads, if applicable.

**Approval**

- Provide purchaser with copies of Form 5450-17 for each third-party purchaser of the timber in this contract and Form 5460-15 Log Scale and Disposition of Timber Removed Report to be returned prior to contract termination.
- (If 5440-9 was not used such as for negotiated sales) Form 5450-9 Citizenship Affidavit (for first time purchasers).
- Send "Notice of Timber Sold" to the affected ROW permittees, if applicable. Purchaser must have the license agreement(s) in place prior to start of operations.

In cases where there are reciprocal rights-of-way, the purchaser should be provided with instructions on executing the license agreements with the require permittees. A copy of the license agreement with the affected routes and required fees should be provided whenever possible. The BLM should have requested terms and conditions for purchaser's use of permittee rights-of-way and incorporated the terms and conditions into the prospectus and contract prior to advertisement.

**Illustration 2- Timber Sale Contract Instructions**

Award (after high bidder is declared, prepare the contract 5450-3 or 5450-4 for the Purchaser to sign)

- Top right of contract: enter timber sale contract number from TSIS.
- Preamble: leave the date blank in the first sentence but enter the name and address of the purchaser(s) at the end of the preamble.
- Section 1: enter the county or counties and state where the harvest units are located.
- Section 1: provide Exhibit A, labeled as such, of the contract cutting units and Exhibit B, labeled as such, of the forest products included in the contract. 5450-3a for Lump Sum sales and 5450-6 or similar custom exhibit for Scale sales.
- Section 1: enter the township, range, section, and subdivisions (quarters and corners, i.e., NE corner of the SE quarter) for all the cutting units.
- Section 2: enter the dollar amount in words as well as digits in the spaces (5450-3 only).
- Section 3(b): enter the dollar amount in words as well as digits in the spaces. The installment payment amount must be at least 10 percent of the total purchase price (whole dollars) in Section 2 of the 5450-3 or the estimated total purchase price in Exhibit B of the 5450-4; provided that for sales of \$500,000 or more, the amount must be \$50,000.
- Section 4: enter the number of months not to exceed 48 months as words and digits in the spaces.
- Section 39(a): enter the dollar amount in words as well as digits in the spaces. A performance bond shall not be less than 20 percent of the total purchase price (whole dollars) in Section 2 of the 5450-3 or the estimated total purchase price in Exhibit B of the 5450-4 except that a performance bond shall not exceed \$500,000.
- Section 39(c): enter the dollar amounts in words as well as digits in the spaces. The first set of blanks shall not be less than the 20 percent minimum in 39(a) and may be the same unless a higher initial bond amount was required. The second set of blanks may be an amount that is 10 percent of the total purchase price or the total cost of the uncompleted post-harvest contract requirements, whichever is greater.
- Section 40: The minimum time allowed for removal of personal property is one month and the maximum period is 12 months and should be based upon the circumstances of the particular contract.
- Section 43: Provide a description of the forest products that are reserved from cutting and would constitute a trespass if cut.
- Section 44: Provide the special provisions that were described or provided in the prospectus and in the prepared contract prior to the sale. It is important that unexpected special provisions are not added after the sale was conducted that would have influenced the purchaser's bid. Contact HQ-220 or the Oregon/Washington State Office for a list of approved special provisions.

Approval

- Signature Block: Confirm the purchaser completed and signed the correct block depending on individual/partnership or corporation. If the purchaser is a corporation, confirm the bottom block for the Secretary or Assistant Secretary of the corporation was completed and signed.
- Signature Block: When all items on the timber sale approval checklist (Illustration 1) are complete and the purchaser had signed the completed contract, the contracting officer will provide the signing date in the preamble, sign the signature block under UNITED STATE OF AMERICA, provide his or her title, and date the contract to execute the contract thereby beginning the contract term specified in Section 4 of the contract and authorizing the rights and terms of the contract.

**Illustration 3- Example of First Delayed-Award Letter**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

ADDRESS  
ADDRESS  
ADDRESS.

Dear (insert high bidder name):

On [insert sale date] you were declared the high bidder on the (insert timber sale name). Award of this sale has been delayed as a result of the administrative review process and ongoing litigation in the [for example: Survey and Manage case (Northwest Ecosystem Alliance et al. vs. Rey et al. 04844-P (W.D. Wash.))]. Enter status of lawsuit [for example On August 1, 2005, the Court ruled on the merits of the National Environmental Policy Act claims but delayed issuing a specific remedy to allow further argument from the parties and the timber association which intervened in defense of the government. The Court has set oral argument on the remedy phase of this case for December 16, 2005. As a result, the award of this sale will continue to be delayed pending issuance of remedy by the Court.]

If the contract becomes available for award you will be awarded the contract at bid price if a determination is made that award is in the interest of the Government. However, there is a possibility that subsequent changes to the contract may be necessary as a result of the Court remedy or the delay. If changes to the contract are necessary, you will have the opportunity in response to any award letter to choose whether to accept or reject the contract without penalty.

It is possible that the delay in awarding of the (insert timber sale name) contract could continue for a substantial amount of time, or that the BLM may exercise its discretion to reject all bids and the sale would never be awarded.

If you have questions, please contact (insert contact name) at (insert contact phone number).

Sincerely,

Field Manager

**Illustration 4- Example of 90-Day Award Delayed Letter**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

ADDRESS  
ADDRESS  
ADDRESS.

Dear (insert high bidder name):

On [insert sale date] you were declared the high bidder on the (insert timber sale name). More than ninety (90) days have passed since the bidding took place for this sale. Award of this sale has been delayed longer than 90-days as a result of (specify the reason(s) [e.g., the administrative review process; or, a court decision which changes programmatic requirements relating to .....]). Under contract law principles, your offer must have been accepted within a reasonable amount of time. This amount of time has been defined in the Uniform Commercial Code as usually 90 days. However, the BLM will retain the right to reject all bids as “not-in-the-interest-of-the-Government” if conditions related to this sale change sufficiently. We will keep you informed of any changes, or new information as regards the (insert timber sale name) timber sale.

If you are no longer interested in maintaining your status as high bidder, please notify this office immediately. If you would like to maintain your status as high bidder, we would like to discuss with you, at the earliest possible opportunity, the steps and timeline leading to the anticipated award of the contract. Additionally, you may request in writing for a portion of your bid deposit to be refunded, such that the BLM retains a deposit of at least 5% of the appraised value. The refunded amount must be resubmitted within 30 days of written notification that the BLM is prepared to award the contract.

If you have questions, please contact (insert contact name) at (insert contact phone number).

Sincerely,

Field Manager

**Illustration 5- Example of Reject-All-Bids Letter**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

ADDRESS  
ADDRESS  
ADDRESS.

Dear (insert high bidder name):

Please refer to Bureau of Land Management (BLM) (insert sale name) timber sale contract. You were declared high bidder on this sale on (insert date). Also refer to our letter of (insert date) in which we explained the award delay circumstances and that you were no longer under any obligation to accept award since more than 90 days had passed since the sale date. (Specify the other letters and facts surrounding delay correspondence and/or a subsequent letters sent regarding the delay.)

The District Court in the Western District of Washington (the Court) issued an order in Conservation Northwest, et al. v. Mark E. Rey, No. 04-844-P (W.D. Wash.) on January 9, 2006. The order enjoined the BLM from authorizing, allowing, or permitting any logging or other ground-disturbing activities on certain projects unless those projects met survey and manage direction as specified by the Court. This timber sale was among those enjoined under the order. The Court denied the Government's motion to lift this injunction on November 21, 2007. We have determined award of this sale cannot be accomplished as currently configured and analyzed, and the legal risk involved in attempting to proceed with this sale as offered and bid is unacceptable to the Government.

For this reason, I have determined it is not in the interests of the Government to award this sale on the basis of the bids submitted for the sale on (insert sale date) and am therefore rejecting all bids. Consequently I will not proceed with award of the sale (and am returning your bid bond).

If you have questions, please contact (insert contact name) at (insert contact phone number).

Sincerely,

Field Manager

**Illustration 6- Model Letter for Advising High Bidder or Prospective Purchaser of Outstanding Trespass Liability**

CERTIFIED MAIL RETURN RECEIPT REQUESTED

(Bidders Name)

(Business Address)

(Salutation)

By certified letter dated (insert date) the Bureau of Land Management's Oregon State Director advised you that no lease, permit, or license will be issued to you and no sale of timber or materials will be made to you by the Bureau of Land Management until you make arrangements to satisfy your liability associated with timber trespass (insert trespass case number), located in (insert legal description). The full amount of the trespass damage is (insert dollar amount).

On (insert date), you were declared high bidder on timber sale tract (Insert tract number and name). Before we can proceed with the award of the timber sale contract, you must settle the trespass case as follows:

1. Submit payment in full; or
2. Submit a promissory note for the full amount of damage; or
3. Submit a trespass bond covering the full amount of damage.

If you elect to submit a promissory note or bond, please contact this office and the appropriate forms will be sent to you.

You have 15 days from your receipt of this letter to submit an offer of settlement to this office. If not received by that time, you will be declared ineligible to receive the contract.

Please advise if you have any questions in this matter.

Sincerely yours,

Contracting Officer



**Illustration 7- Model Letter for Notification of Default and Additional Security for Award**

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

(Bidders Name)  
(Business Address)

(Salutation)

On (insert date), you were notified your company was in default on the Bureau of Land Management timber sale contract No. (insert tract number and name) for (specify reason purchaser is in default).

Defaulting on past contracts may indicate that a prospective purchaser is not capable of meeting contractual obligations. Prospective purchasers who have had unresolved defaults and have not paid or bonded for the damages associated with these defaulted contracts, are considered a risk and will be required to provide additional security prior to the award of a new contract to establish bidder responsibility. This additional security is comprised of payment, bonding, or a combination of the two for one of the following to be provided within 30 days in order for this contract to be awarded:

- a. The total unpaid balance of the purchase price of all defaulted sales;
- b. The unsettled damages on all defaults; or
- c. 50 percent of the purchase price of contracts bid after the most recent default. In the event the purchaser selects this option, any payment provided should be held as final payment for timber cut and/or removed under the terms of the contract.

The contracting officer has the discretion to extend such period 30 days if the extension is applied for in writing and granted in writing within the first 30-day period. Further, failure by a purchaser to demonstrate responsibility within 30 days indicates the purchaser is not responsible, and debarment proceedings may be considered.

If you have questions, please contact (insert contact name) at (insert contact phone number).

Sincerely yours,

Contracting Officer

**Illustration 8- Model Letter Advising that High Bidder Declared Ineligible to Receive Timber Sale Contract**

CERTIFIED MAIL RETURN RECEIPT REQUESTED

(Bidders Name)

(Business Address)

(Salutation)

Based on an evaluation of the qualifying documents submitted in response to our request of (insert date), we have determined (specify reason high bidder is considered not responsible or financially unable to carry out the terms of the contract).

Regretfully, I must inform you that the Bureau of Land Management considers you to be (not responsible) (financially unable to carry out the terms of the timber sale contract); therefore, your company is declared ineligible to receive the contract.

We have requested a refund of your cash bid deposit of (insert dollar amount). You should receive a refund in within 30 days.

If you have questions, please contact (insert contact name) at (insert contact phone number).

Sincerely yours,

Contracting Officer

**Illustration 9- Model Letter Notifying Bidder of Interdiction for Unsettled Trespass**

CERTIFIED MAIL RETURN RECEIPT REQUESTED

(Bidders Name)

(Business Address)

(Salutation)

You are hereby notified that you have failed to make satisfactory arrangements, and it now appears that it is your intention to not satisfy your liability to the United States resulting from a timber trespass (insert trespass number) on federal lands located in the (insert legal description).

No lease, permit or license will be issued to you and no sale of timber or materials will be made to you by the Bureau of Land Management until you make arrangements to satisfy your liability according to 43 Code of Federal Regulations 9239.0-9.

If you have questions, please contact (insert contact name) at (insert contact phone number).

Sincerely yours,

Contracting Officer

**Illustration 10- Example of Power of Attorney for Corporate Surety Bonds**

*Company logo*  
[INSURANCE CO. NAME]  
[Insurance Co. Address]  
Certificate of Authority No.

GENERAL POWER OF ATTORNEY – CERTIFIED COPY  
(Original on File at Home Office of Company. Refer to Certification.)

KNOW ALL PERSONS BY THESE PRESENTS: That [Insurance Co. Name], a corporation organized and existing under the laws of the State of [State Name], and having its principal office in the City of [City Name, State Name], does hereby constitute and appoint:

[Name 1 and Name 2], individually,  
[City, State]

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise.

NOT TO EXCEED IN PENALTY THE SUM OF [\$ Dollar Amount] EACH

and the execution of all such instrument(s) in pursuance of these presents, shall be as binding upon said [Insurance Co.], as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, Section 6(C), of the By-Laws adopted by the Board of Directors of [INSURANCE CO. NAME] at a meeting called and held on the [Date], of which the following is a true transcript of said Section 6(C):

“The President or any Vice President, Assistant Vice President, Secretary or Resident Secretary shall have power and authority

- 1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
- 2) To appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-Laws of the Company, and
- 3) To remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given him.”

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on [Date], of which is a true excerpt:

“Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.”

*Company logo*

IN TESTIMONY WHEREOF, *[Insurance Co.]* has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this *[Date]*.

STATE OF *[STATE NAME]* } ss.  
County of *[County Name]*

*[Insurance Co.]*  
*[Signature]*  
*[Title]*

On this *[date]* day of *[month]*, *[year]*, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said that they are the therein described and authorized officer of *[Insurance Co.]*; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and their signature were duly affixed by order of the Board of Directors of said Company.

*Notarial Seal*

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the city of *[City Name]*, the day and year first above written.

*[Signature]*  
*[Name]*, Notary Public, *[County, State]*  
My commission Expires *[Date]*

CERTIFICATION

I, the undersigned officer of *[Insurance Co.]*, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

*Company logo*

IN TESTIMONY WHEREOF, I have hereunto set my hand this *[date]* day of *[month]*, *[year]*.

*[Signature]*

[Title]

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproduction of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT ANY VALIDITY.

For verification of the authenticity of this Power of Attorney, you may telephone toll free [toll free no.] and ask for the Power of Attorney Clerk. Please refer to the above Certificate of Authority No. and the above named individual(s).

**Illustration 11- Format for Irrevocable Standby Letter of Credit-Performance Bond**

(Letterhead of Issuing Bank)

**IRREVOCABLE STANDBY LETTER OF CREDIT-PERFORMANCE BOND**

Date:

Letter of Credit Number: \_\_\_\_\_

Beneficiary:

United States Department of the Interior  
Bureau of Land Management  
(District Office Name)  
(P.O. Box or Street Address)  
(City, State, Zip Code)

Amount:\$ \_\_\_\_\_

To whom it may concern:

We hereby establish this irrevocable standby letter of credit in your favor for account of:

(name of purchaser)  
(address of purchaser)

up to the aggregate amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_)  
available by your drafts drawn on the issuing bank at sight accompanied following documents.

A signed statement from Bureau of Land Management, United States Department of the Interior stating the following:

"We hereby certify that (name of purchaser) has failed to perform in accordance with the terms and conditions of (BLM sale name and contract number)."

**SPECIAL CONDITIONS:**

Partial drawings are permitted.

This credit initially expires at the counters of the issuing bank on (one year after contract expiration date). It is a condition of this credit that it shall automatically extend for an additional one year period(s) from the present or any future expiry date, without amendment, unless 120 days preceding any such expiry date the issuing bank notifies the beneficiary by registered mail that such extension will not take place and that the credit is considered to expire on the then in force expiry date. Upon receipt by the beneficiary of such notice, under this provision, the beneficiary may make immediate demand for payment by presentation of the draft as specified above accompanied by the following signed statement:

"We hereby certify that (name of purchaser) continues to have liability for nonperformance under (BLM sale name and contract number)."

This credit is subject to the "Uniform Customs and Practice for Documentary Credits, (2006 Revision)" International Chamber of Commerce, Publication No. 600, or any further revision thereof.

We hereby engage with drawers, endorsers and bona fide holders that drafts and documents will be duly honored upon presentation.

(Name of issuing bank) \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)



**Illustration 12- Format for Assignment of Surety-Performance Bond**

ASSIGNMENT OF SURETY FOR PERFORMANCE BOND

The undersigned Owner, and Co-owner, if any, of the herein described Certificate of timber Deposit/Savings Account (“deposit”) hereby assigns his, her, or their right, title and interest in, to or under said “deposit” to the U.S. Department of the Interior, Bureau of Land Management in the amount of (Twenty Thousand and 00/100 Dollars (\$20,000)).

Such amount shall be for the purpose of surety in lieu of a performance bond by a surety company required by (insert contract name and number) awarded to owner. The Bureau of Land Management, U.S. Department of Interior shall be authorized to charge against the described “deposit” for any unpaid claims arising out of and pertaining to said contract.

Any interest earnings shall remain the property of the Owner. It is agreed the issuing institution will hold the “deposit” in trust for the uses and purposes stated above until released by the Bureau of Land Management, U.S. Department of the Interior. Time deposits shall be automatically renewable at maturity dates at the rates and terms in effect at the time of renewal.

Type of Deposit: Certificate of Time Deposit

Number: 00-000000 Effective Date: \_\_\_\_\_

Signature(s) Guaranteed: \_\_\_\_\_  
(Owner) (Seal)

Title: Asst. Vice President & Manager  
(Co-Owner)

Acknowledge & Recorded: \_\_\_\_\_

Institution: \_\_\_\_\_  
(Address)

By: \_\_\_\_\_

Title: Asst. Vice President & Manager

RELEASE OF ASSIGNMENT

The Bureau of Land Management, U.S. Department of the Interior hereby releases all right, title and interest in, to and under the form of deposit described in above Assignment.

Dated: \_\_\_\_\_ Bureau of Land Management  
U.S. Department of the Interior  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Owner  
Issuing Institution

**Illustration 13-Template of Letter of Award (First Letter)**

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

(Bidder's Name)  
 (Business Address)

(Salutation:)

**Opening paragraph for all sales:**

Your bid of \$ \_\_\_\_\_, submitted on (month, day, year) for the purchase of forest products in Sec(s). T., R., W.M., is accepted. Please execute all copies of the enclosed forest products sale contract and appropriate forms and return the contract and completed forms to this office within 30 days after receipt of this letter. (Use these three sentences if it is anticipated a 30-day extension will be granted if requested: If you cannot comply with these requirements within the time allowed, please advise us promptly. Extension of this time must be requested in writing and granted in writing prior to expiration of the 30-day period. No additional extensions may be granted.) (Use this sentence if due to critical resource needs [e.g., salvage of deteriorating timber] or a short-term contract with a looming operating season, no extensions will be granted: No extensions of this time will be granted.)

**Use for all sales with a required performance bond:**

A performance bond in the amount of \$ \_\_\_\_\_ is required. If you elect to use a Cash Bond, please complete and submit Form 1822-4, and a Certified or Cashier's Check, or an Irrevocable Letter of Credit. Checks should be made payable to the U. S. Department of Interior - BLM in the amount of the performance bond. Cash or certified/cashier's checks will be cashed and placed in a suspense account. The full amount will be refunded to you upon completion of the contract requirements. Enclosed are Standard Form 25 - Performance Bond and Form 1822-4 - Cash Bond.

**Use for installment sales, bid bond provided:**

Payment of the total purchase price may be made by installments as specified in the forest products sale contract. The first installment of \$ \_\_\_\_\_ must accompany the executed contract and bond forms. The second installment of \$ \_\_\_\_\_ must be paid prior to the cutting or removal of any forest products sold under the contract. Each subsequent installment shall be due and payable without notice whenever the value of the forest products cut or removed shall equal the sum of all payments made not including the first installment or one-half of the first installment after 60 percent of the total purchase price has been paid. The value of

completed road construction, based on the Bureau of Land Management's appraisal allowance, and all completed contract payments may be credited against the 60 percent requirement; however, such credit for road construction shall not reduce the total purchase price of the forest products sale contract.

**Use for installment payment sales where bid deposit is less than required first installment:**

Payment of the total purchase price may be made by installments as provided in the forest products sale contract. Your bid deposit will be applied upon the first installment. To complete payment of the first installment of \$ \_\_\_\_\_, your check for \$ \_\_\_\_\_ must accompany the executed contract and bond forms. The second installment of \$ \_\_\_\_\_ must be paid prior to the cutting or removal of any forest products sold under the contract. Each subsequent installment shall be due and payable without notice whenever the value of the forest products cut or removed shall equal the sum of all payments made not including the first installment or one-half of the first installment after 60 percent of the total purchase price has been paid. The value of completed road construction, based on the Bureau of Land Management's appraisal allowance, and all completed contract payments may be credited against the 60 percent requirement; however, such credit for road construction shall not reduce the total purchase price of the forest products sale contract.

**Use for installment payment sales where bid deposit is more than the first installment:**

Payment of the total purchase price may be made by installments of \$ \_\_\_\_\_ each. Your bid deposit of \$ \_\_\_\_\_ will be applied toward the first installment, with the balance of \$ \_\_\_\_\_ to be applied toward partial payment of the second installment. The balance of \$ \_\_\_\_\_, required to complete the second installment, must be paid prior to the cutting or removal of any forest products sold under the contract. Each subsequent installment shall be due and payable without notice whenever the value of the forest products cut or removed shall equal the sum of all payments made not including the first installment or one-half of the first installment, after 60 percent of the total purchase price has been paid. The value of completed road construction, based on the Bureau of Land Management's appraisal allowance, and all completed contract payments may be credited against the 60 percent requirement; however, such credit for road construction shall not reduce the total purchase price of the forest products sale contract.

**Use for installment payment sales when use of a Blanket Payment Bond is not anticipated:**

Sec. 3(e) (Use 3(d) for Form 5450-4) of the contract allows you to increase the performance bond as permitted by Sec. 39(b). If you so elect, cutting or removal of forest products of a value not in excess of the increase in value of such bond may be permitted prior to payment of the second or subsequent installments provided, however, that no forest products may be skidded or yarded to a loading point or removed from the contract area prior to payment of installments which would otherwise be due.

Sec. 3(f) (Use 3(e) for Form 5450-4) of the contract allows you to provide a payment bond. If you so elect, cutting and/or removal of forest products of a value not in excess of the penal sum

of such bond may be permitted prior to payment of the second or subsequent installments. You would then be billed monthly for forest products skidded or yarded to a loading point or removed from the contract area.

Upon return of the executed contract and performance bond, please advise if you wish us to send increase-decrease performance bond rider forms or payment bond forms for your use in the event you elect to use one or both of the above optional bonding provisions of the contract.

**Use for Sales when use of a Blanket Payment Bond is anticipated:**

A first installment of \$ \_\_\_\_\_ must accompany the executed contract and bond forms.

Enclosed is Form 5450-20, Blanket Payment Bond. If you elect to have this contract covered by your Blanket Payment Bond, this form is to be completed by your office and returned to this office with the signed contract. If you choose to add this contract to your Blanket Payment Bond, we will bill you monthly for future payments in accordance with Sec. 3(f) (Use 3(e) for Form 5450-4) of your contract. Placing your contract under your Blanket Payment Bond waives the second and subsequent installment requirements.

**Use for installment payment sales, 19-month or longer sales, but less than 27-month sales:**

A partial payment of no less than 20 percent of the total purchase price must be made by the first anniversary of the forest products sale contract. The value of satisfactorily completed road construction, based on the Bureau of Land Management's appraisal allowance and all completed contract installments, not including the first installment, may be credited against the 20 percent requirement; however, such credit for road construction shall not reduce the total purchase price of the forest products sale contract.

**Use for installment payment sales, 27-months or longer sales, but less than 39-month sales:**

A partial payment of no less than 20 percent of the total purchase price must be made by the first anniversary of the forest products sale contract, and a partial payment of no less than 40 percent of the total purchase price must be made by the second anniversary of the forest products sale contract, not including the first installment. The value of satisfactorily completed road construction, based on the Bureau of Land Management's appraisal allowance and all completed contract installment payments, not including the first installment, may be credited against the 20 percent and 40 percent requirements; however, such credit for road construction shall not reduce the total purchase price of the forest products sale contract.

**Use for installment payment sales, 39-months or longer sales:**

A partial payment of no less than 20 percent of the total purchase price must be made by the first anniversary of the forest products sale contract, a partial payment of no less than 40 percent of the total purchase price must be made by the second anniversary of the forest products sale

contract, and a partial payment of no less than 60 percent of the total purchase price must be made by the third anniversary of the forest products sale contract, not including the first installment. The value of satisfactorily completed road construction, based on the Bureau of Land Management's appraisal allowance and all completed contract installment payments, not including the first installment, may be credited against the 20, 40, and 60 percent requirements; however, such credit for road construction shall not reduce the total purchase price of the forest products sale contract.

**Use for cash sale under \$500 and bid deposit is less than total purchase price:**

Contracts for the sale of forest products for less than \$500 must be paid in full prior to or at the time the authorized officer signs the contract. Your bid deposit has been applied upon the purchase price; consequently, you are requested to submit the balance of the purchase price, \$ \_\_\_\_\_, along with the executed contract.

**Use for cash sales where the bid deposit equals total purchase price:**

Your bid deposit of \$ \_\_\_\_\_ has been accepted and credited as cash payment of the purchase price on the contract.

**Use for all sales on Form 5450-3, do not use for 5450-4 sales:**

The total purchase price must be paid not later than the expiration of the time for cutting and removal as set forth in the contract.

**Use for cash sales including road maintenance/rockwear fee(s):**

The total road maintenance fee of \$ \_\_\_\_\_ (and rockwear fee of \$ \_\_\_\_\_) shall be paid along with the payment for forest products.

**Use for installment payments sales when road maintenance/rockwear fee(s) is over \$500:**

Unless the total road maintenance fee of \$ \_\_\_\_\_ (and rockwear fee of \$ \_\_\_\_\_) (are) (is) paid prior to commencement of hauling operations, you will be required to make installment payments together with your forest product sale installments in the amount of \$ \_\_\_\_\_.

**Use for installment payments sales when road maintenance/rockwear fee(s) is ≤ \$500:**

The total road maintenance fee of \$ \_\_\_\_\_ (and rockwear fee of \$ \_\_\_\_\_) shall be paid prior to commencement of hauling operations.

**Miscellaneous paragraphs for use in all sales:**

Please make all checks payable to U. S. Department of the Interior - BLM.

The timber sold under this contract is subject to the Forest Resources Conservation and Shortage Relief Act of 1990, as amended (16 USC 620, et seq.). Unprocessed timber sold shall not be exported from the United States nor can a third party that has exported in the last 24 months purchase unprocessed timber from this contract. To the extent Section 41 of your contract addressing log export restrictions is not consistent with this Act, it is ineffective. If new log export regulations are enacted, they will supersede the current contract language in Section 41.

Enclosed is one copy of "purchaser's representative" form. Please have this form completed and signed by your authorized signing officer and return with the signed forest products sale contract.

Also enclosed is one copy of the "Operation, Fire Control, and Logging Plan" form on which you are requested to outline your operations and fire control plan for this contract area, and designate representatives readily available to receive instructions from the authorized offices on the contract area during operations. This form is normally completed during the required pre-work conference. Any necessary modifications to the form relating to fire control should be completed, signed and submitted to this office within 10 days prior to conducting operations during periods of fire danger.

(Include any necessary information regarding state requirement for operating permits or severance taxes.)

**Use for all sales of salvage caused by fire or other natural or human-caused disaster:**

This sale is made to salvage timber. Pursuant to 43 CFR 5473.4(d), the state director may approve a contract term extension(s) without reappraisal of qualifying green Bureau of Land Management sales held by the purchaser. Contact us if you have questions on computing and applying extension credits earned with the purchaser of this sale. Please identify in writing the contract or contracts you wish to have extended by sale name, contract number, and Bureau of Land Management district, and return your extension request with your signed contract.

**Use when a contract requires one or more license agreements with permittees:**

Also enclosed is a copy of a license agreement. Please execute all copies and forward them along with a performance bond, if required, to (insert name of Licensor). An approved copy of the license agreement will be returned to you and will be your authorization to use the existing road.

**Use for all sales when there is a contributed funds option:**

Section 44( ) ( ) of this contract allows you to contribute \$ \_\_\_\_\_ in lieu of performing [describe activity] required by Sec. 44( ) ( ), and Section 44( ) ( ) allows you to contribute \$ \_\_\_\_\_ in lieu of performing [describe activity] required by Sec.44( ) ( ). The enclosed format for Optional Contribution Declaration must be completed and returned with your signed contract.

**Closing paragraph:**

If you have any questions concerning the execution of this contract or the accompanying forms or the performance of any portion of the contract, please inquire at this office. It is to our mutual interest that you have a clear understanding of your rights and obligations concerning this sale. We caution you that you may not cut any of the forest products purchased prior to receipt of the executed forest products sale contract signed by the authorized officer of the Government. Any cutting prior to that time will be considered a trespass.

Sincerely yours,

Contracting Officer

Enclosures: (Select from the following:)

1. Contract
2. SF 25, Performance Bond
3. Form 1822-4, Cash Bond Form
  
4. Operations, Fire Control, and Logging Plan
5. License Agreement (if applicable)
6. Form for Buyout Security Declaration
7. Form 5450-20, Blanket Payment Bond Option

**Illustration 14- Example Purchaser Representative Designation Format**

**U.S. Department of the Interior – Bureau of Land Management  
Eugene District Office**

**PURCHASER’S REPRESENTATIVE**

Purchaser \_\_\_\_\_

Contract Name and No. \_\_\_\_\_

The following person or persons are hereby designated to represent the purchaser, on site; and to receive instructions for operating timber sale contract No. OR10-TS07-203. This person shall have authority that will be considered binding upon the purchaser with respect to the following item, unless specific limitations are listed under “Remarks”.

**Road Construction:**

Name \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

**Logging Operations, and signing of Operations, Fire Control, and Logging Plans:**

Name \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

**Purchase of Additional Timber (including field mods.) Other Timber Sale Modifications:**

Name \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

(Note: This person must be authorized by Board of Directors)

Name \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

Remarks:

Purchaser’s Signature (Signing Officer):



Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

**Illustration 15- Example Operation, Fire Control, and Logging Plan**

**BUREAU OF LAND MANAGEMENT  
EUGENE DISTRICT OFFICE  
P.O. BOX 10226  
2890 CHAD DRIVE  
EUGENE, OREGON 97440**

Sale Name:  
Contract No.

Prewrite Conference For:  
(Circle)  
A. Cutting  
B. Yarding  
C. R/W Falling &  
Construction Only

**OPERATION, FIRE CONTROL, AND LOGGING PLAN**

Upon completion and approval, this will be your operation, fire control, and logging plan.  
Proposed changes shall be submitted to this office for the authorized officer's consideration.

**Operations**

Company Representatives:  
Purchaser's Representative

Name:  
Address:  
Phone:  
Cell Phone:  
Fax:

Watchman / Emergency

Name:  
Address:  
Phone:  
Cell Phone:

Logging Operations

Name:  
Address:  
Phone:  
Cell Phone:  
Other:

Contract Cutter

Name:  
Address:  
Phone:  
Cell Phone:  
Other:

BLM authorized officers:  
Principal authorized officer:  
Contract administrator:  
Phone number:  
Cell phone:  
Fax:

**Logging Operation**

Name of person to obtain State operating permit and check fire stipulations:

Name of person authorized for the purchase of additional timber:

Date operations will begin:

Falling:

Yarding:

No. of Fallers:

Anticipated Production Rate (MBF/day):

Logging Equipment:

Method of Logging:

Cross drainage and water leadoff will be provided on fire trails and temporary roads which may channel water and cause action. Where possible, the interval between such features will be approximately 100 feet. Cross drainage will be installed before oil is exposed to winter rains.

Where tractor work is authorized, soil excavation will be held to a minimum. Fire trails and yarding roads will conform to the natural slope of the ground, where possible, instead of being dug into the ground to prepare a level bed.

Written Permission is hereby granted to the purchaser and subcontractors to attach logging equipment to reserve trees provided that the purchaser and subcontractor shall take all necessary precautions to protect said trees from damage.

**Contract Requirements**

Timber Reserved from Cutting:

Seasonal Limitations:

Branding and Painting of Logs (if applicable):

Bearing Tree Protection and Treatment:

**Road Use**

BLM maintenance:

Purchaser Maintenance:

Operational Roads:

Road Use Agreements:

Easement No.	Grantor	Provisions
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Environmental Protection**

Watershed:

Soil:

Wildlife:

Plants:

Cultural sites:

Other:

**Slash Disposal and Site Prep**

**Additional Items**

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Approved Bureau of Land  
Management

By \_\_\_\_\_  
Signature of Purchaser Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Illustration 16- Format for Optional Contribution/Buyout Security Declaration**

(insert contract number)

(insert sale name)

**OPTIONAL CONTRIBUTION/ BUY-OUT SECURITY DECLARATION**

In accordance with Section 44( ) ( ) of Forest Products Sale Contract No. (insert contract number), (insert sale name), (I)(We) select the following option:

(check one)

\_\_\_\_\_ Option No. 1: to perform the work required in Section 44( ) ( ).

\_\_\_\_\_ Option No. 2: to make a remittance of \$ \_\_\_\_\_ in lieu of completing work required in Section 44( ) ( ).

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Signature of Signing Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**Instructions:**

1. This form is for use with timber sale contracts containing the optional contribution or buyout securities clause. Purchaser checks Option No. 1 or Option No. 2, signs the form, and forwards it to the (insert district name) District Office along with the signed contract.
2. This declaration statement must bear the signing officer’s signature, and must be completed prior to approval of the contract.

**Illustration 17- Example of Letter Informing Surety of Contract Added to Blanket Payment Bond**

CERTIFIED MAIL RETURN RECEIPT REQUESTED

ABC Bonding Company  
P.O. Box 000  
City, State, Zip Code

(Salutation)

We have entered into the (insert sale name) timber sale contract No. (insert contract number) with the John Doe Lumber Company on (insert contract-entered-into date). The cutting of timber before payment is authorized for this purchaser in the (insert district name) District by Blanket Payment Bond No. (insert bond number).

This letter is to inform you that we have added contract No. (insert contract number) to Bond No. (insert bond number) as provided by the terms of the bond. A copy of the amended bond is attached.

Please contact (insert contact name) at (insert contact phone number) if you have any questions.

Sincerely,

Contracting Officer

Enclosure: Bond Form

cc: John Doe Lumber Company

**Illustration 18- Model Letter Authorizing Additional Time to Sign and Return Contract Documents**

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

(Purchaser Name)  
(Purchaser Address)

(Salutation)

On (insert date), you received our letter advising that your bid for purchase of timber in the (insert sale name) contract No. (insert contract number) was accepted. You were requested to execute all copies of the contract and performance bond and return the completed forms together with required payment to this office within 30 days.

Your written request dated (insert date), for a 15-day extension of time to complete and return the contract and performance bond, because of unexpected delay in obtaining a corporate surety bond, is approved.

All copies of the contract and performance bond must be executed and returned to this office together with required payment, not later than (insert date).

If you have questions, please contact (insert contact name) at (insert contact phone number).

Sincerely,

Contracting Officer

**Illustration 19- Model Letter Terminating Bidder's Right to Timber Sold; Retention of Bid Deposit**

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

(Purchaser Name)  
(Purchaser Address)

(Salutation)

We have not received the executed contract and performance bond with the required deposit for the purchase of the United States timber described in contract (insert contract number). More than 30 days have elapsed since these documents were made available to you.

All rights and privileges of (insert purchasers name) in and to such timber are hereby terminated.

In accordance with the timber sale regulations (43 CFR 5450.1(c)) and the language of the Deposit of Bid for Timber, the bid deposit of (insert dollar amount), which was submitted in support of your offer to buy this timber on (insert date), is hereby retained by the United States as liquidated damages.

You are allowed the right of appeal to the Board of Land Appeals in the Office of Hearings and Appeals, Department of the Interior, in accordance with the regulations in 43 CFR Part 4. Refer to enclosure. If an appeal is taken, a notice of an appeal must be filed with this office within 30 days from your receipt of this letter. In taking any appeal there must strict compliance with the regulations.

Sincerely,

Contracting Officer



**Illustration 20- Model of Sight Draft**

**SIGHT DRAFT**

Amount: \_\_\_\_\_

Date: \_\_\_\_\_

At sight upon presentation, pay to the order of the UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT the

Sum of \_\_\_\_\_ (\$ \_\_\_\_\_) drawn under irrevocable standby letter of credit number \_\_\_\_\_

of the (name of banking institution) of (address) \_\_\_\_\_

\_\_\_\_\_.

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

By: \_\_\_\_\_  
Signature

\_\_\_\_\_ Title

Draft No: \_\_\_\_\_ Sale No: \_\_\_\_\_

**Illustration 21- Template of Letter of Approval (Second Letter)**

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

(Bidder's Name)  
(Business Address)

(Salutation:)

**Opening paragraph for all sales:**

Enclosed are your executed copies of your (insert sale name), Timber Sale Contract No. (insert contract number) and the performance bond. (Your bid bond is also returned herewith.) Also enclosed is Form 5460-15, Log Scale and Disposition of Timber Removed Report, on which you will be required to submit the net scale of the logs removed from the contract area and identify any parties to whom unprocessed timber was sold or otherwise transferred. When you have completed removal of logs from this contract area, please complete and return to this office. The scale submitted is for administrative purposes only, and in no event will be used as a basis for adjustment of the total amount bid. A record of all sales or transfers of logs from the sale area must be available for BLM inspection and use for a period of three years from the contract termination date.

**Use this if access pursuant to BLM rights-of-way is provided:**

Additionally, should you elect to exercise the right to use access furnished by the Bureau of Land Management pursuant and subject to Right-of-Way and Road Use Agreement No. (insert agreement number) between the United States and (insert name of permittee) for the removal of timber from the contract area, you will be required to furnish to the authorized officer a copy of the executed license agreement prior to commencement of operations.

**Use this if all or part of the second installment remains unpaid:**

If you do not elect to cover this contract with a blanket payment bond, no cutting will be authorized until the second installment payment of (insert dollar amount) is received in this office. After this payment, cutting may proceed in accordance with the terms of the contract. If you wish to avail yourself of the provisions of Sec. 3(f). (Use 3(e) for Form 5450-4) of the contract, please contact this office for approval of a performance bond increase rider form.

**Use this paragraph if the sale is to be covered under the blanket payment bond:**

We have amended the list of timber sales covered under Blanket Payment Bond No. (insert payment bond number) by the addition of timber sale contract No. (insert contract number) as requested in your letter of (insert date). A copy of Form 5450-20, Blanket Payment Bond, is enclosed to verify the addition of this sale to your bond. You may proceed with the cutting of the timber in accordance with this contract.

**Use this paragraph if the sale is to be covered by a payment bond for a single contract:**

Enclosed for verification is a copy of Form 5450-11, Payment Bond for Single Contract, Bond No. (insert payment bond number) submitted for your contract. You may proceed with the cutting of timber in accordance with the terms of this contract.

**Use this if two or more installments have been paid:**

You may proceed with the cutting of the timber in accordance with the terms of this contract up to a value of (insert dollar amount of the paid second and any subsequent installment). If you wish to avail yourself of the provisions of Sec. 3(f). (Use 3(e) for Form 5450-4) of the contract, please contact this office for approval of a performance bond increase.

**Use this paragraph if the buyout security deposit has been declined:**

You have elected to construct fire trails and assist the government in slash disposal as required by Sections 44.( ).( ).( ). and 44.( ).( ).( ) in lieu of making the optional contribution.

**Use the this paragraph if the buyout security deposit has been accepted:**

You have elected to deposit (insert dollar amount) in lieu of performance under Sections 44. ( ).( ).( ). and 44.( ).( ).( ). Upon making this deposit you will be relieved of your obligations under the above mentioned sections of this contract. (Use this sentence to allow installment payments of the contribution: You will be billed monthly for the deposit amount in installments of not less than \$1,000.00 as payments are required by Section 3 of this contract. The above amount will be paid in installments of (insert dollar amount) payable as and together with payments required in Section 3 of this contract.) (Use this sentence to require a single cash payment of the deposit: The above deposit amount must be paid prior to cutting.) (Use this sentence if the purchaser returned the full value of the buyout security with the executed contract: This amount has been paid in full.)

**Miscellaneous paragraphs for use in all sales:**

Please make checks payable to Department of the Interior - BLM.

A pre-work conference between your representative and a representative of the Bureau of Land Management must be held at a location designated by the authorized officer before the Logging Plan will be approved.

While you are operating under this contract, please be sure to obtain from the authorized officer any permission or instructions required by the terms of this contract.

Please refer to Section 44 concerning log export and substitution restrictions. In the event you elect to sell unprocessed timber to domestic buyers, have the buyer complete both copies of the enclosed Form 5450-17, Export Determination, and then forward the original to this office prior to hauling timber. To the extent Section 41 of your contract addressing log export restrictions is not consistent with this Act, it is ineffective. If new log export regulations are enacted, they will supersede the current contract language in Section 41.

**Closing paragraphs:**

Before commencement of operations on the contract area, or at any time after an extended shutdown, please notify this office as to the date you plan to start or resume operations. If you intend to cease operations for any extended period, please notify this office.

Pursuant to Section 36 of this contract, the following authorized officers are delegated the specified authorities to take action in connection with this contract:

Logging Operations: (insert name), (insert title), is hereby designated to administer the portions of this contract dealing with logging operations, including the transportation of logs, on the contract.

Construction Operations: (insert name), (insert title), is hereby designated to administer the road construction (and maintenance) operations on the sale.

Logging Residue Reduction Operations: (insert name), (insert title), is hereby designated to administer logging residue reduction operations on the sale.

We will be glad to confer with you regarding terms of this contract or any related issues or concerns.

Sincerely yours,

Contracting Officer

8 Enclosures: (Select from the following:)

1. Approved Contract No. (insert contract number)
2. Performance Bond (1)
3. Bid Bond (1)
4. Form 5460-15, Log Scale and Disposition of Timber Removed Report (2)

5. Form 5400-2, Report of Road Use Fees (1)
6. Form 5450-20, Blanket Payment Bond (1)
7. Form 5450-11, Payment Bond for Single Contract (1)

cc: Performance Surety w/copies of contract, and blanket and/or performance bonds

**Illustration 22-Format for Notice of Timber Sold**

NOTICE OF TIMBER SOLD

\_\_\_\_\_  
(Date)

Gentlemen:

This is to advise you that the (insert sale name) timber sale contract No.(insert contract number) with \_\_\_\_\_

\_\_\_\_\_

(Purchaser's Name & Address)

consisting of \_\_\_\_\_ thousand board feet of timber on the following described lands,

(legal description) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

was sold on \_\_\_\_\_.

(Sale Date)

Sincerely yours,

Contracting Officer