

im-or-2004-032-Timber Sale Contract Administration and Award – First Installment Payment Application to Anniversary Payments for Timber Sale Contracts and ...

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Oregon State Office
P.O. Box 2965
Portland, OR 97208**

In Reply Refer to:
5400 (OR-931) P

December 19, 2003

EMS TRANSMISSION 12/22/2003
Instruction Memorandum No. OR-2004-032
Expires: 9/30/2005

To: All District Managers

From: State Director

Subject: Timber Sale Contract Administration and Award – First Installment Payment Application to Anniversary Payments for Timber Sale Contracts and Update of First Letter Format

Program Area: Timber sale contract administration and award

Purpose: To clarify existing regulations for ensuring proper application of the first installment payment to the total purchase price of the contract and the anniversary payments.

Policy/Action: The Code of Federal Regulations Title 43 § 5461 contains the requirements for timber sale contract payments. This regulation is promulgated in Section 3 of the lump sum and scale sale timber sale contract forms 5450-3 (Lump Sum Sale) and 5450-4 (Scale Sale).

Section 3 (b) (1) (i) of form 5450-3 and Section 3 (a) (1) (i) of form 5450-4 state that the first installment may not be applied to any payments until “no less than 60 percent of the total” purchase price or estimated purchase price (scale sale) in combination with road construction costs (as defined in Information Bulletin No. OR-2003-169 (if applicable)) has been paid.

Simply stated, for payments made under Section 3 of the timber sale contract, no part of the first installment may be applied to any payments until a minimum of 60 percent of the total purchase price or estimated purchase price has been paid. When a minimum of 60 percent of the total purchase price or estimated purchase price has been paid, a maximum of one-half the value of the first installment payment may be credited to subsequent payments for the purchased timber.

The proper accounting procedures shall not be applied retroactively to payments that have already been made. However, the districts should apply the correct procedure on all future contract payments.

The attached letter (attachment 1) shall be mailed to all Purchasers to notify them of this correction in accounting procedures. In addition, a revised first letter format (attachment 2), which supercedes the first letter format issued with Instruction Memorandum No. OR-2002-018, contains appropriate highlighted revisions clarifying the letter and specifying this change in accounting procedures, and other updated language.

Timeframe: Upon receipt

Budget Impact: None

Background: The recent revision of the Timber Sale Information System included a new module that accounts for payments received for the sale of Government timber. By virtue of the new accounting module, it became apparent that many Districts in Oregon were improperly applying the payment received for the first installment to subsequent payments, including the anniversary payments.

Manual/Handbook Sections Affected: None

Coordination: Preparation of this Instruction Memorandum was coordinated with the Oregon State Office Forestry Staff, District Forestry leads, and the Regional Solicitor's office.

Contact: For additional information, contact Alan Wood, Forester, Oregon State Office, at (503) 808-6072.

Districts with Unions are reminded to notify their unions of this Instruction Memorandum and satisfy any bargaining obligations before implementation. Your servicing Human Resources Office or Labor Relations Specialist can provide you assistance in this matter.

Signed by
Charles E. Wassinger
Associate State Director

Authenticated by
Mary O'Leary
Management Assistant

2 Attachments:

- 1 - [First letter format](#) (5pp)
- 2 - [Letter to Purchasers](#) (1p)

Distribution

WO-270(204 LS)
OR-014 (Rodney Johnson)
OR-020 (Jon Reponen)
OR-035 (Walt Wood)
OR-050 (Steve Castillo)
OR-082 (Jeffrey Gordon)
OR-090 (Dave DeMoss)
OR-100 (Steven Niles)
OR-110 (David D. Reed)
OR-120 (Jon Menten)
OR-130 (Allen Gardner)

Dear ??,

A recent evaluation of our timber sale program revealed that in some situations the value of the first installment payment for timber purchased under Government timber sale contracts has been improperly applied to other payments, including the first and second anniversary payments, under the timber sale contracts.

To ensure that proper accounting procedures are used throughout western Oregon, we are taking this opportunity to inform you that 43 CFR Section 5461.2 (2) states that "The first installment shall be paid prior to or at the time the authorized officer signs the contract. A purchaser cannot apply any portion of the first installment to cover other payments due on the contract until either 60 percent of the total purchase price has been paid or road construction required by the contract, the value of which when combined with contract payments is equal to 60 percent of the total purchase price, has been completed. When either of these 60-percent levels has been reached, one-half of the first installment may be applied to other payments due on the contract."

Therefore, for payments made under Section 3 of the Contract for the Sale of Timber - Lump Sum Sale (Form 5450-3) and Contract for the Sale of Timber - Scale Sale (Form 5450-4), no part of the first installment can be applied to any payments until a minimum of 60 percent of the total purchase price or estimated purchase price has been paid. When a minimum of 60 percent of the total purchase price or estimated purchase price has been paid a maximum of one-half the value of the first installment payment may be credited to subsequent payments for the purchased timber.

The proper accounting procedures will not be applied retro-actively to payments that have already been made. However, the districts have been informed of the accounting problem and will be applying the correct procedure on upcoming payments.

We regret any confusion that may have resulted from this error in accounting procedures.

Attachment 1-1

IN REPLY REFER TO
 (File Code)
 (Timber Sale Number)
 (Timber Sale Name)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
 (Bidder's Name)
 (Business Address)

Gentlemen:

Opening paragraph - all sales with bond required:

Your bid of \$_____ submitted on (month, day, year) for the purchase of timber in Sec(s). T. R. W.M., is accepted. Please execute all copies of the enclosed timber sale contract and performance bond and return all of the completed forms to this office within 30 days after receipt of this letter. 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.

Use for installment sales, bid bond provided:

Payment of the total purchase price may be made by installments as in the timber 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 timber sold under the contract. Each subsequent installment shall be due and payable without notice whenever the value of the timber cut or removed shall equal the sum of all payments made less the first installment as provided in Sec. 3(b)(1) under the contract, until the total purchase price is paid.

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 timber 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 timber sold under the contract. Each subsequent installment shall be due and payable without notice whenever the value of the timber cut shall equal the sum of all payments made not including the first installment or one-half of the first **installment after** 60

Attachment 1-1

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 timber sale contract. 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 installment payment sales where bid deposit is more than the first installment:

Payment of the total purchase price may be made by installments \$_____ 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 timber sold under the contract. Each subsequent installment shall be due and payable without notice whenever the value of the timber cut 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 timber sale contract. 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.

Installment payments when road maintenance fee is over \$500:

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

Use for installment payment sales when not Blanket Payment Bond:

Sec. 3(c) of the contract allows you to increase the performance bond as permitted by Sec. 38(b). If you so elect, cutting of timber 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 timber 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(d) of the contract allows you to provide a payment bond. If you so elect, cutting and/or removal of timber 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 timber skidded or yarded to a loading point or removed from the contract area.

Attachment 1-2

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 there is a Blanket Payment Bond:

A first installment of \$_____ must accompany the executed contract and bond forms. 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(d) of your contract.

Enclosed is Form OR-5400-3, Blanket Payment Bond Option. 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.

Use for installation 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, **excluding the value of the first installment**, must be made by the first anniversary of the timber sale contract. The value of satisfactorily completed road construction, based on the Bureau of Land Management's appraisal allowance and all completed contract installments may be credited against the 20 percent requirement; **however**, such credit for road construction shall not reduce the total purchase price of the timber sale contract. 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 installment payment sales, 27-months or longer sales:

A partial payment of no less than 20 percent of the total purchase price, **excluding the value of the first installment**, must be made by the first anniversary of the timber sale contract, and a partial payment of no less than 40 percent of

the total purchase price, **excluding the value of the first installment**, must be made by the second anniversary of the timber sale contract. The value of satisfactorily completed road construction, based on the Bureau of Land Management's appraisal allowance and all completed contract installment payments (except the value of 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 timber sale contract. 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 installment payment sales, less than 19-month 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.

Attachment 1-3

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

Contracts for the sale of timber 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 (and performance bond).

Use for cash sale and 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. A performance bond in the amount of \$_____ is required prior **to approval**.

Use when unsettled trespass exists and State Director has notified successful bidder prior to sale that restrictions set forth in 43 CFR 9239.0-9 have been imposed:

Records of the Bureau of Land Management show an unsettled obligation of \$_____ due the United States as a result of unauthorized (type of trespass, case number). Notice was previously given to you concerning your involvement in this matter, but satisfactory arrangements have not been made to settle this obligation. We are not authorized to execute this timber sale contract until such arrangements are made. Please contact this office to work out the details of the settlement.

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 timber sale contract.

Also enclosed is one copy of the "Fire Control Plan" form on which you are requested to outline your fire plan for this contract area. This form should be completed, signed and submitted to this office within 10 days prior to conducting operations during periods of fire danger.

Also enclosed are three copies of a license agreement. Please execute all copies and forward them along with a performance bond, if required, to

_____.

An approved copy of the license agreement will be returned to you and will be your authorization to use the existing road.

Only when there is contributed funds:

Also enclosed is Form OSO-5400, Optional Contribution Declaration, to be completed by your office if you desire to use the contributed fund option. This form must be returned with the signed contract.

Export Act:

The Forest Resources Conservation and Shortage Relief Act of 1990 (P.L. 101-382) became effective on August 20, 1990. The Act is applicable to timber sale contracts awarded subsequent to the effective date. To the extent the current special provision in Section 41 of your contract addressing log export restrictions is not consistent with this Act, it is ineffective.

Courtesy reminder of State law requirements:

In accordance with the terms of a July 6, 1972, agreement between the BLM and the Oregon State Board of Forestry, the application filed by you for a permit to operate power driven machinery under ORS 477.625 will serve to inform the State Forester of operations on your BLM timber sale area. Your cooperation in providing such notice to the State in a timely manner will be appreciated. You should also be advised that the BLM has not interposed any objection to the collection by the State of forest products harvest taxes on timber removed from the Government's land; however, the BLM is not involved in this process and any questions you may have concerning such taxation should be directed to the appropriate State officials.

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 timber purchased prior to receipt of the executed timber sale contract signed by the Authorized Officer of the Government. Any cutting prior to that time will be considered a trespass.

Sincerely yours,

Field Manager

10 Enclosures:

- 1 - Contract (3)
- 2 - Performance Bond (3)
- 3 - Cash Bond Forms (2)
- 4 - SBA Form 723
- 5 - Purchaser's Representative (1)
- 6 - Fire Control Plan (1)
- 7 - Exhibit A (2)
- 8 - License Agreement (3)
- 9 - Form OSO 5400 (1)
- 10 - Form OR-5400-3 (1)

Dear ??,

A recent evaluation of our timber sale program revealed that in some situations the value of the first installment payment for timber purchased under Government timber sale contracts has been improperly applied to other payments, including the first and second anniversary payments, under the timber sale contracts.

To ensure that proper accounting procedures are used throughout western Oregon, we are taking this opportunity to inform you that 43 CFR Section 5461.2 (2) states that "The first installment shall be paid prior to or at the time the authorized officer signs the contract. A purchaser cannot apply any portion of the first installment to cover other payments due on the contract until either 60 percent of the total purchase price has been paid or road construction required by the contract, the value of which when combined with contract payments is equal to 60 percent of the total purchase price, has been completed. When either of these 60-percent levels has been reached, one-half of the first installment may be applied to other payments due on the contract."

Therefore, for payments made under Section 3 of timber sale contracts 5450-3 (Lump Sum Sale) and 5450-4 (Scale Sale), no part of the first installment can be applied to any payments until a minimum of 60 percent of the total purchase price or estimated purchase price has been paid. When a minimum of 60 percent of the total purchase price or estimated purchase price has been paid a maximum of one-half the value of the first installment payment may be credited to subsequent payments for the purchased timber.

The proper accounting procedures will not be applied retro-actively to payments that have already been made. However, the districts have been informed of the accounting problem and will be applying the correct procedure on upcoming payments.

We regret any confusion that may have resulted from this error in accounting procedures.

Attachment 2-1

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Oregon State Office
P.O. Box 2965
Portland, OR 97208**

In Reply Refer to:
5400 (OR-931) P

February 24, 2004

EMS TRANSMISSION 02/25/2004
Instruction Memorandum No. OR-2004- 032 – Change 1
Expires: 9/30/2005

To: All District Managers
From: State Director
Subject: Timber Sale Contract Administration and Award – First Installment Payment
Application to Anniversary Payments for Timber Sale Contracts and Update of First
Letter Format

Program Area: Timber sale contract administration and award

Purpose: To clarify existing regulations for ensuring proper application of the first installment payment to the total purchase price of the contract and the anniversary payments. Instruction Memorandum No. OR-2004-032 Change 1 is intended to correct an error that was identified in the ordering of the attachments associated with the original Instruction Memorandum. In addition, two additional edits were made: 1) an edit was made to the responsibility for issuance of the notification letter (Attachment 1) indicating that the Oregon State Office would be issuing it to the purchasers currently qualified to purchase Government timber and 2) an edit was made to the wording in the example first letter (Attachment 2) to simplify language in the sections related to contract lengths of 19 to 27 months and greater than 27 months.

Policy/Action: The Code of Federal Regulations Title 43 § 5461 contains the requirements for timber sale contract payments. This regulation is promulgated in Section 3 of the Contract for the Sale of Timber - Lump Sum Sale (Form 5450-3) and Contract for the Sale of Timber - Scale Sale (Form 5450-4).

Section 3 (b) (1) (i) of Form 5450-3 and Section 3 (a) (1) (i) of Form 5450-4 state that the first installment may not be applied to any payments until “no less than 60 percent of the total” purchase price or estimated purchase price (scale sale) in combination with road construction costs (as defined in Information Bulletin No. OR-2003-169 (if applicable)) has been paid.

Simply stated, for payments made under Section 3 of the timber sale contract, no part of the first installment may be applied to any payments until a minimum of 60 percent of the total purchase price or estimated purchase price has been paid. When a minimum of 60 percent of the total

purchase price or estimated purchase price has been paid, a maximum of one-half the value of the first installment

payment may be credited to subsequent payments for the purchased timber.

The proper accounting procedures shall not be applied retroactively to payments that have already been made. However, the districts should apply the correct procedure on all future contract payments.

The attached letter (Attachment 1) shall be mailed to all Purchasers by the Oregon State Office to notify them of this correction in accounting procedures. In addition, a revised first letter format (Attachment 2) which supercedes the first letter format issued with Instruction Memorandum No. OR-2002-018, contains revisions in language related to accounting procedures.

Timeframe: Upon receipt

Budget Impact: None

Background: The recent revision of the Timber Sale Information System included a new module that accounts for payments received for the sale of Government timber. By virtue of the new accounting module, it became apparent that many Districts in Oregon were improperly applying the payment received for the first installment to subsequent payments, including the anniversary payments.

Manual/Handbook Sections Affected: None

Coordination: Preparation of this Instruction Memorandum was coordinated with the Oregon State Office Forestry Staff, District Forestry leads, and the Regional Solicitor's office.

Contact: For additional information, contact Bill Hatton, Forester, Oregon State Office, at (503) 808-6015.

Districts with Unions are reminded to notify their unions of this Instruction Memorandum and satisfy any bargaining obligations before implementation. Your servicing Human Resources Office or Labor Relations Specialist can provide you assistance in this matter.

Signed by
/s/ Judy Ellen Nelson

Authenticated by
Heather Gisch
Computer Specialist

2 Attachments:

- 1 - [Letter to Purchasers](#) (1p)
- 2 - [First letter format](#) (5pp)

Distribution

WO-270(204 LS)
OR-014 (Rodney Johnson)
OR-020 (Jon Reponen)
OR-035 (Walt Wood)
OR-050 (Steve Castillo)
OR-082 (Jeffrey Gordon)
OR-090 (Dave DeMoss)
OR-100 (Steven Niles)
OR-110 (David Roché)
OR-120 (Jon Menten)
OR-130 (Allen Gardner)

IN REPLY REFER TO
 (File Code)
 (Timber Sale Number)
 (Timber Sale Name)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

(Bidder's Name)
 (Business Address)

Gentlemen:

Opening paragraph - all sales with bond required:

Your bid of \$_____ submitted on (month, day, year) for the purchase of timber in Sec(s). T., R., W.M., is accepted. Please execute all copies of the enclosed timber sale contract and performance bond and return all of the completed forms to this office within 30 days after receipt of this letter. 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.

Use for installment sales, bid bond provided:

Payment of the total purchase price may be made by installments as in the timber 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 timber sold under the contract. Each subsequent installment shall be due and payable without notice whenever the value of the timber cut or removed shall equal the sum of all payments made less the first installment as provided in Sec. 3(b)(1) under the contract, until the total purchase price is paid.

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 timber 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 timber sold under the contract. Each subsequent installment shall be due and payable without notice whenever the value of the timber cut 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 timber sale contract. 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 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 timber sold under the contract. Each subsequent installment shall be due and payable without notice whenever the value of the timber cut 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 timber sale contract. 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.

Installment payments when road maintenance fee is over \$500:

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

Use for installment payment sales when not Blanket Payment Bond:

Sec. 3(c) of the contract allows you to increase the performance bond as permitted by Sec. 38(b). If you so elect, cutting of timber 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 timber 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(d) of the contract allows you to provide a payment bond. If you so elect, cutting and/or removal of timber 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 timber 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 there is a Blanket Payment Bond:

A first installment of \$_____ must accompany the executed contract and bond forms. 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(d) of your contract.

Enclosed is Form OR-5400-3, Blanket Payment Bond Option. 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.

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 timber 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 timber sale contract. 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 installment payment sales, 27-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 timber 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 timber 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 timber sale contract. 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 installment payment sales, less than 19-month 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 sale under \$500 and bid deposit is less than total purchase price:

Contracts for the sale of timber 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 (and performance bond).

Use for cash sale and 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. A performance bond in the amount of \$_____ is required prior to approval.

Use when unsettled trespass exists and State Director has notified successful bidder prior to sale that restrictions set forth in 43 CFR 9239.0-9 have been imposed:

Records of the Bureau of Land Management show an unsettled obligation of \$_____ due the United States as a result of unauthorized (type of trespass, case number). Notice was previously given to you concerning your involvement in this matter, but satisfactory arrangements have not been made to settle this obligation. We are not authorized to execute this timber sale contract until such arrangements are made. Please contact this office to work out the details of the settlement.

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 timber sale contract.

Also enclosed is one copy of the "Fire Control Plan" form on which you are requested to outline your fire plan for this contract area. This form should be completed, signed and submitted to this office within 10 days prior to conducting operations during periods of fire danger.

Also enclosed are three copies of a license agreement. Please execute all copies and forward them along with a performance bond, if required, to

An approved copy of the license agreement will be returned to you and will be your authorization to use the existing road.

Only when there is contributed funds:

Also enclosed is Form OSO-5400, Optional Contribution Declaration, to be completed by your office if you desire to use the contributed funds option. This form must be returned with the signed contract.

Export Act:

The Forest Resources Conservation and Shortage Relief Act of 1990 (P.L. 101-382) became effective on August 20, 1990. The Act is applicable to timber sale contracts awarded subsequent to the effective date. To the extent the current special provision in Section 41 of your contract addressing log export restrictions is not consistent with this Act, it is ineffective.

Courtesy reminder of State law requirements:

In accordance with the terms of a July 6, 1972, agreement between the BLM and the Oregon State Board of Forestry, the application filed by you for a permit to operate power driven machinery under ORS 477.625 will serve to inform the State Forester of operations on your BLM timber sale area. Your cooperation in providing such notice to the State in a timely manner will be appreciated. You should also be advised that the BLM has not interposed any objection to the collection by the State of forest products harvest taxes on timber removed from the Government's land; however, the BLM is not involved in this process and any questions you may have concerning such taxation should be directed to the

appropriate State officials.

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 timber purchased prior to receipt of the executed timber sale contract signed by the Authorized Officer of the Government. Any cutting prior to that time will be considered a trespass.

Sincerely yours,

Field Manager

10 Enclosures:

- 1 - Contract (3)
- 2 - Performance Bond (3)
- 3 - Cash Bond Forms (2)
- 4 - SBA Form 723
- 5 - Purchaser's Representative (1)
- 6 - Fire Control Plan (1)
- 7 - Exhibit A (2)
- 8 - License Agreement (3)
- 9 - Form OSO 5400 (1)
- 10 - Form OR-5400-3 (1)