

TENNESSEE TIMBER CONSULTANTS, INC.
P.O. Box 191
Lexington, Tennessee 38351
Phone: (731) 968-2953
Fax: (731) 968-7888
Cell: (731) 614-0625
Email: wade@tennesseetimber.com

January 23, 2012

Warmath Timber Sale
Bids to be opened **February 9, 2012**

Attn.: Buyers of Standing Timber,

John and Ann Warmath have authorized Tennessee Timber Consultants to serve as their agents in the sale of certain **hardwood sawtimber & pulpwood** located on their property in Henderson County, Tennessee. This is the same property recorded in the Henderson County Courthouse in Deed Book 70, Page 619, Control Map 137, Parcel 037.00 and Map 136, Parcel 10.

General Description of the Sale

This is largely a hardwood sawtimber and pulpwood clearcut sale on a tract totaling approximately 81.5 acres. There are two woodland sale areas. A Selectively amarked area containing about 9 acres and a clearcut area containing about 14 acres. Combined they are estimated to contain approximately **92,958 Boardfeet of hardwood sawtimber.** **This is primarily quality hardwood tract.**

The tract is located on **ridge tops** with good access.

Location:

From the junction of Highway 22 and Boldan Road south of Lexington, follow Boldan Rd. to Center Hill Wright Road where it dead ends into the property. Note the timber is accessed from the south end of the property along Washburn Rd

Sale Description

The sale includes the areas shown on the attached map. Within the selective cut area, only marked trees can be cut. Within the clearcut area that is marked by pink flagging, all trees are eligible to be harvested.

The location of all roads, primary skid trails and log decks must be approved in advance by the owners or their agents. **BMP's must be applied throughout the sale.**

Terms of the Sale

Sealed bids, submitted on a lump sum basis only, will be accepted until 11:00 A.M. on February 9, 2012, at which time they will be opened. The bid opening will be held **at the Grand China Restaurant on Highway 412 West in Lexington.** Buyers are invited to attend the bid opening and join us for lunch. Bids also may be submitted by mail, or fax (**call to be certain your fax was received**) on the attached or similar Bid Offer form, but **faxed offers must be received by us no later than 10:00 a.m. on the morning of the bid opening.** The Seller reserves the right to refuse any and all bids.

The Purchaser shall be required to make payment in full upon execution of the timber deed. The Purchaser shall provide the timber deed subject to the attached terms and conditions of the Seller, and assume all closing costs.

You are invited to inspect the tract at your convenience. Please feel free to contact us if you have any questions relative to this sale.

Sincerely,

Wade McMahan

Wade McMahan
Tennessee Timber Consultants, Inc

Warmath Timber Sale

TIMBER VOLUME SUMMARY

The following timber volume estimates are provided for informational purposes only. Neither the Seller, nor Tennessee Timber Consultants guarantees the accuracy of this information in whole or in part.

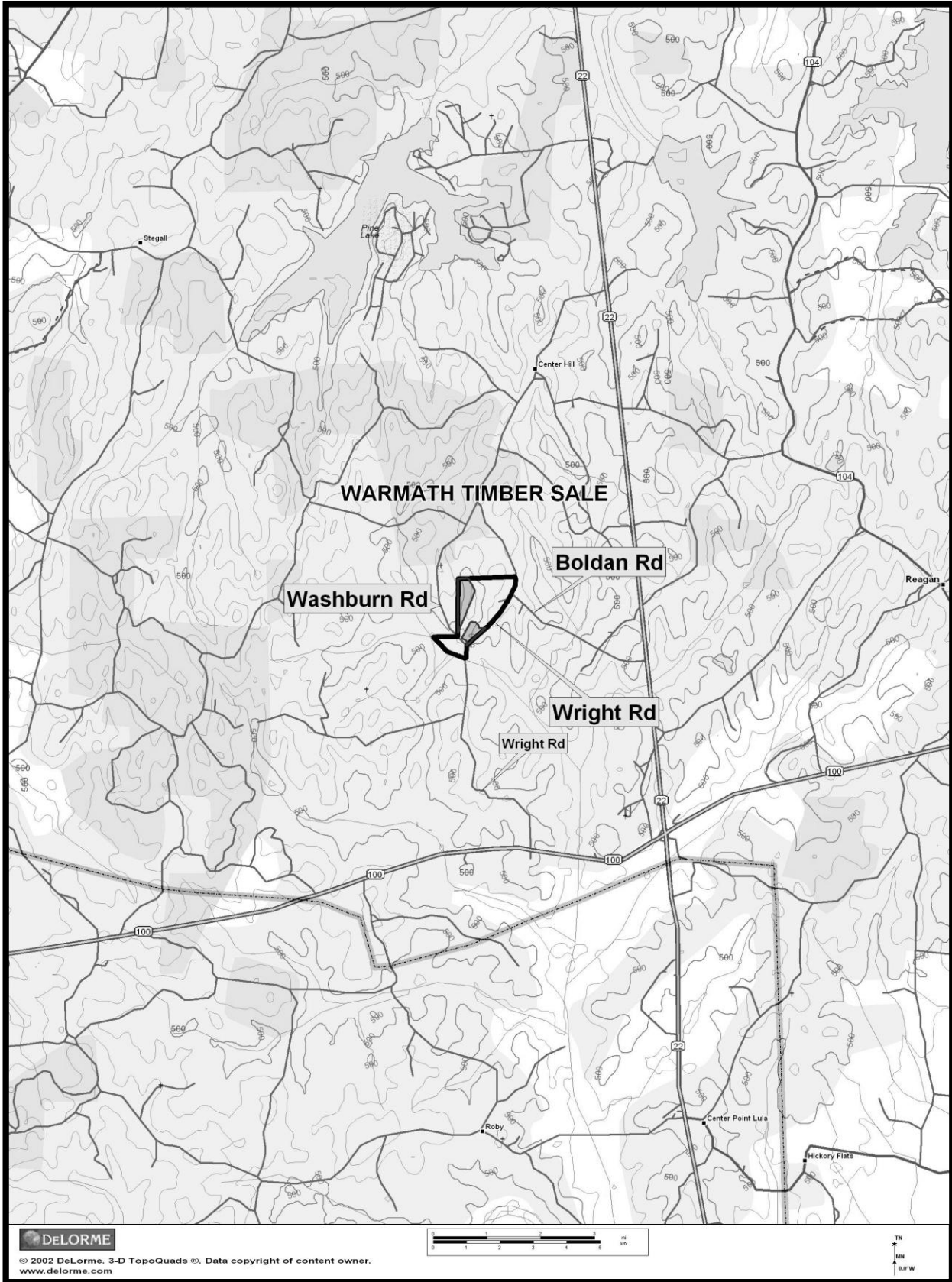
Board Feet Volume Estimates*

Species	Volume
gum	8,898
red oak	16,887
poplar	35,617
pine	5,157
white oak	21,224
hickory	2,527
red maple	801
post oak	1,847
Totals	92,958

*Doyle scale FC 78 for all species except FC 80 for yellow poplar

It is also estimated the tract contains 368 tons of pulpwood.

Warmath Tract



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TN
MIN
8.8°W

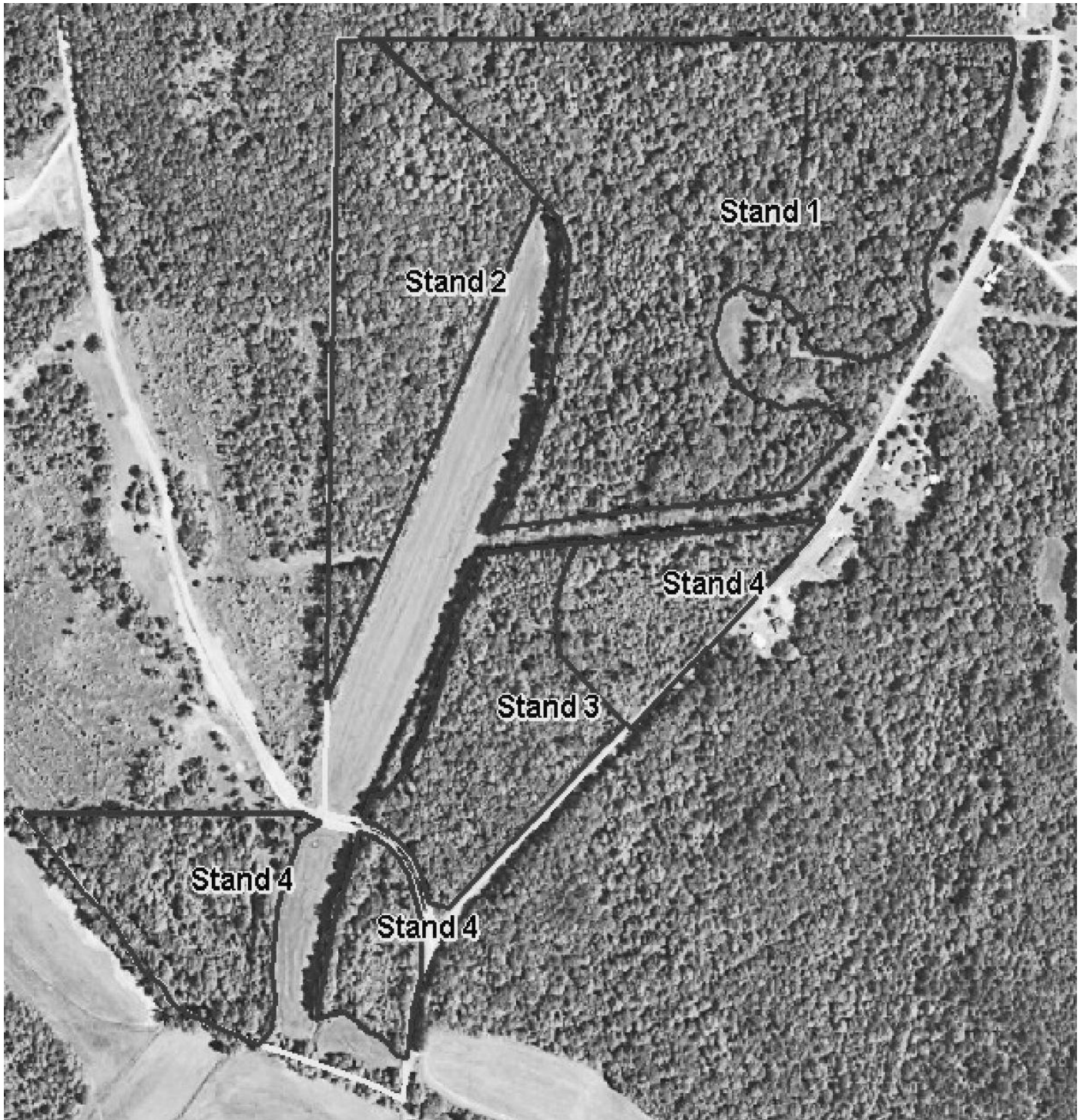
SALE TERMS and CONDITIONS

1. The Seller guarantee title to the timber sold, and grants to the Purchaser the right of ingress and egress upon the land for the purpose of harvesting and removing cut and severed trees. Securing the right to use any access points or access roads not on the property of the Seller is the sole responsibility of the Purchaser. The location of roads, loading decks and access points on the property of the Seller shall be agreed to in advance of logging activities.
2. Purchaser will pay for the timber in full at the time the contract or timber deed is signed, and shall assume all closing costs associated with the purchase of the timber contained in this sale. Purchaser shall be required to place a **5%** performance bond in the escrow account of the Seller's Agent Tennessee Timber Consultants. At the conclusion of logging operations this money or portions thereof not necessary to be used to bring the Purchaser into contractual compliance, shall be refunded provided the terms of this sale are met. In the event that the contractual terms are not upheld by the purchaser then this performance bond shall not be construed as being the final limit of the Purchasers liability to the Seller.
3. The Purchaser shall have until **November 1, 2013** to cut and remove the timber. Should adverse weather conditions preclude the removal of any or all timber prior to this date, this agreement shall be extended for any additional time, not to exceed six months, required by the Purchaser to cut and remove such timber. The Seller reserves the right to halt logging operations in the event that the logging operations are not being conducted in a manner consistent with the following terms and conditions. Any time lost due to a cessation of logging for contract non-compliance will count against the time stated in these Sale Terms and Conditions and no extension shall be granted in such event except said event shall be due to weather as stated above.
4. This timber sale is on the 81.5-acre property of John and Ann Warmath on Center Hill Wright Road in Henderson County. Only trees marked with blue paint by Tennessee Timber Consultants within Stand 3 as shown in the attached map can be cut. Additionally, all trees within approximately 14 acres within Stand 2 shown on the attached map and defined by pink flagging can be harvested (clearcut). See the attached maps for sale area locations.
5. The Purchaser shall not assign or in any way transfer its rights, duties or obligations under this contract or interest in this contract to a third party without the prior written consent of the Seller. Such consent shall not be withheld provided the third party agrees in writing to be bound by all of the Seller's original terms and conditions stated in this agreement as a condition of the transaction.
6. Purchaser will notify Tennessee Timber Consultants immediately prior to the logging operation. The Purchaser and logging supervisor will meet on site with a representative agent of the company to review all contract provisions and requirements before harvesting begins. It is understood and agreed that the Seller's agent Tennessee Timber Consultants speaks with the Seller's authority under these terms regarding logging activities and contractual issues regarding logging activities.
7. Purchaser will remove tops and logging debris from roads, fields, streams, and the land of adjacent property owners immediately upon felling. Furthermore, the Purchaser shall take precautions, as needed so as not to allow its trucks or equipment to create ruts on the property during wet weather or in moist soil conditions. Purchaser will leave haul roads in a smooth and passable condition when logging is completed. Purchaser shall scatter back into the woods all logging debris including but not limited to tops, butt offs, shorts, abandoned logs, limbs and bark and smooth out loading areas, and subsequently disk in fescue or wildlife vegetation and fertilizer on all affected areas as needed.
8. Purchaser shall exercise reasonable care during the harvesting process within the selective harvesting areas (Stand 3) to minimize damage to un-marked trees. The Sellers understand that significant damage will occur to un-marked, understory trees during the course of logging. However, merchantable trees that must be subsequently removed due to damage resulting from the ordinary course of logging will be paid for at their fair market value, while trees damaged due to recklessness or negligence, and all un-marked trees that are cut shall be paid for at twice their stumpage value as determined by the Sellers agent.
9. All trash, including but not limited to bottles, cans, lunch boxes, bags, broken equipment, oil cans, fluid spills discarded by the loggers will be removed from the property of the Seller when logging is completed. All clean up operations must be completed and all equipment removed from the property of the Seller within thirty days

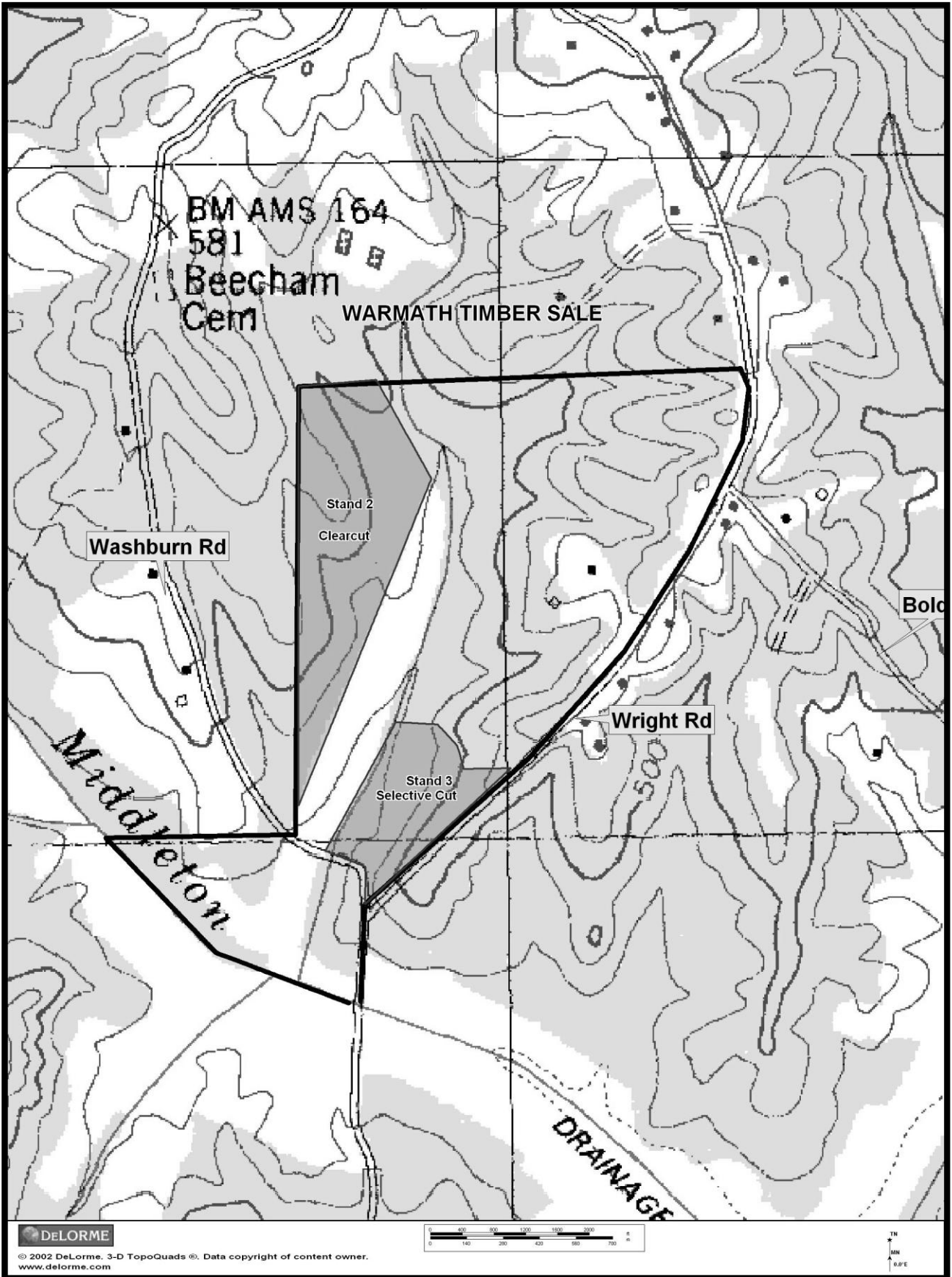
of completion of logging activities except in such case as other arrangements have been made with and agreed to in writing by the Seller.

10. Purchaser shall be responsible for monitoring that all applicable state and federal laws and regulations regarding environmental issues are complied with relating to logging activities. Furthermore, the Purchaser shall take all actions required by State of Tennessee water quality best management practices (BMP's) to prevent and mitigate any environmental damage, and take such reasonable actions which may be requested by the Seller or their agent, Tennessee Timber Consultants.
11. Purchaser shall maintain in effect, general liability insurance coverage at a minimum rate of one million dollars per occurrence to cover any and all claims by Seller or others subject to the fulfillment and/or compliance with the terms and conditions of this agreement. This insurance coverage shall not be construed as being the final limit of the Purchasers liability to the Seller.
12. Purchaser shall indemnify and hold the Seller harmless from any liability arising out of the Purchaser's logging operations on the property or Purchaser's presence on the property, including without limitation any liability for injury or loss of life, damages to property of the Purchaser, streams, lessees, or adjoining property. The Purchaser further agrees that it shall have and show proof of worker's compensation insurance currently in effect and shall continue to carry said insurance in the full amount required by law for the entire period that it, or its employees, are on the property.
13. Seller shall provide written documentation to the Purchaser that these terms and conditions have been met and showing that the Purchaser has no other contractual obligations to the Seller upon satisfactory completion of logging activities. Satisfactory completion shall be agreed to mean that all contractual obligations have been met and are in compliance with all terms and conditions, laws, regulations and other agreements made during the course of logging. Such written documentation shall not be unreasonably withheld.
14. In the event of dispute over the terms of this agreement, final decision will rest with an arbitration board of three persons, one to be selected by each party to this agreement, and a third to be selected by the first two members of the board. The cost of arbitration shall be shared equally by Purchaser and Seller. Notwithstanding the foregoing, or in addition to the foregoing, Purchaser and Seller may each bring action(s) in law or in equity to enforce their respective rights.

Warmath Sale



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Bid Offer

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Date _____

For, and in accordance with the invitation to bid for certain timber offered for sale by John and Ann Warmath, in Henderson County, Tennessee, and subject to the terms and conditions required by the Seller, the undersigned agrees to purchase and pay the sum of \$ _____.

Company Name _____

Street or P.O. Address _____

City/State/ZIP _____

Telephone _____

Authorized Signature _____ Title _____

(Mail, fax, or email your bid as shown above. Please feel free to bring your bid to the opening at the time and place described above.)