



TERMS OF SALE AND PAYMENT

FOR TIMBER SALES OF THE STATE FOREST INSTITUTION

OF LOWER SAXONY

(HVZ)

Terms of sale and payment For timber sales of the State Forest Institution of Lower Saxony (HVZ)

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Scope of Application

The Sales and Payment Conditions for Timber Sales/[Verkaufs- und Zahlungsbedingungen für Holzverkäufe] (HVZ) apply to all timber sales by the Lower Saxony State Forest Institution. All negotiations on the sale of timber from the state forests take place only on the basis of these terms of sale and payment. Legal basis is exclusively the German version

A. General Terms and Conditions of Sales

1. Sales Types

- 1.1. Advance sale is the sale of wood before logging and before data collection of the timber. Self-promotion is a form of presale.
- 1.2. Direct sale is the sale of timber after logging and after data collection.

2. Sales procedures

- 2.1. Private treaty is a non-public sale in the form of a written or verbal agreement between the seller and the buyer.
- 2.2. A best-offer sale is a public sale in written bids (submission) or oral bids (auction).

3. Contract of Sale

- 3.1. The timber sale's contract is considered closed by
 - 3.1.1. Private Treaty by written purchase contract signed by the seller and buyer or their agents, provided that the management of the Lower Saxony State Forests has reserved the approval of the purchase contract, at the time of approval;
 - 3.1.2. Private treaty by non-written sale's contract to the point the buyer receives an invoice from the seller;
 - 3.1.3. Best-offer sale in award of the knockdown, unless it is subject to reservation.
- 3.2. The purchase price has to be agreed upon the respective unit of measurement.
- 3.3. Advance sale must be concluded by written contract of sale prior to logging.
4. The buyer may neither contest the purchase contract nor withdraw his bid in the event of a sale to the highest bid due to the buyer's error regarding the condition, type, properties, quantities, dimensions or location of the timber. **Supply of Wood**

- 4.1. The timber is scaled, measured, calculated, classified and defined according to the Framework agreement for the timber trade in Germany (RVR) and the supplementary regulations or the corresponding succession provisions issued, as well as the additional agreements of the purchase contract.
- 4.2. Insofar as nothing else is agreed upon in writing for pre-sale in individual cases, the seller warrants that at least 90% of the contractually agreed total amount of wood will be provided

and the buyer is obligated to accept an amount of up to 110% of the contractually agreed total amount of timber at the agreed prices.

- 4.3. The place of performance, unless otherwise agreed, is the truck-accessible forest removal road. By way of derogation, the place of delivery may be agreed to be the felling site of stumpage sale, the location of harvesting without hauling or point of delivery "Free Factory" or "Free Carrier" (FCA) (e.g. station, port).

5. Presentation

- 5.1. A local presentation of the timber takes place only at the request of the buyer. This request must be communicated to the seller before the transaction is completed. In case of subsequent sale, the presentation will be made at the time the contract is concluded.
- 5.2. The presentation date is scheduled by the seller. If delivery dates are agreed for partial quantities, the presentation dates will be adjusted to suit this. The buyer can apply for a one-time change to the presentation date of a maximum of 10 days. If the buyer is not present for the presentation, then they have waived it – with the legal consequences stated in Nos. 5.3. and 5.4. The same applies if the buyer commences hauling, debarking, processing or removal of the timber before the presentation date.
- 5.3. If the forest measurement is considered to be a sales measure, the buyer must submit complaints about the wood species, the grading, the classification regarding quality or utilisation, existence, location, condition, quantity and dimensions of the wood provided during the presentation. If no presentation is required by the buyer, they accept the details provided by the seller. Subsequent claims for compensation against the seller are excluded, unless they result from an intentional or grossly negligent breach of contract.
- 5.4. At the presentation, the buyer accepts the timber and acquires co-ownership of it. If the buyer has not requested a presentation, the acceptance and co-owner acquisition takes place at the time of the transfer of risk (see No. 7).

6. Warranty

- 6.1. The wood is sold in all cases in its apparent condition. The seller guarantees the correct application of the statutory or contractually agreed conditions of classification.
- 6.2. The seller warrants for the point in time of the transfer of risk for externally visible significant defects in terms of wood species, type of wood, quantity and dimensions and for the written assured properties. A guaranteed property exists only if it is expressly designated as such. Liability for externally unrecognisable defects is excluded, unless the seller has fraudulently concealed these defects or must have assumed from circumstances, which could lead to such defects, but did not inform the buyer.
- 6.3. The buyer must issue a notification of defects, as far as claims for compensation that are not according to No. 5.3. are excluded, within 14 calendar days of the transfer of risk to the seller in writing, stating the rejected trunk numbers and

the alleged defects. The buyer loses the warranty claim if they do not raise it in the prescribed form and period of time or if they commence the hauling, removal, debarking or processing of the rejected timber.

For a special ruling on notice periods for sales according to factory size, see No. 20.4.

The period of notice for maliciously concealed defects is 12 months from the date of the transfer of risk, regardless of whether the buyer has started the hauling, removal, debarking or processing of the timber.

- 6.4. As far as warranty claims are justified, these are limited to the withdrawal from the purchase contract or the reduction of the purchase price (reduction). The seller is entitled to make a one-off supplementary performance (replacement delivery). Claims for damages by the buyer within the meaning of § 437 No. 3 BGB/[Bundesgesetzbuch] (German Civil Code) are excluded. The buyer can only demand compensation instead of performance, replacement of consequential damages or subsequent performance, if the seller caused the defect by grossly negligence or intentionally.
- 6.5. The seller shall inform the buyer immediately if and to what extent the asserted warranty claim is accepted. If the claim is justified, the seller can, at their discretion, remedy the defect, take back the contested partial quantity and, if necessary, provide a replacement or reduce the purchase price.

7. Transfer of Risk

- 7.1. The risk of loss, decay and deterioration of the timber sold is usually transferred to the buyer upon delivery of the invoice, that is, upon receipt via the post office on the third working day after dispatch. If the buyer has provided a security deposit in accordance with No. 18, the transfer of risk to the buyer takes place upon receipt of the provision notification.
- 7.2. With the transfer of risk, the traffic safety obligations regarding the dangers that may arise from the sold timber are transferred to the buyer.
- 7.3. Special regulations for the transfer of risk apply for sales according to factory size (see No. 20.3), free at factory gate or free of transport (see Nos. 21.4. or 21.7.) and for self-promotion (see No. 22.2.).
- 7.4. The time of the transfer of risk is at the same time as the time of delivery and performance in accordance with the German Value Added Tax Act/[Umsatzsteuergesetz].

8. Transfer of Ownership

- 8.1. Until full payment of the purchase price and all ancillary costs, the wood remains – also in further processed form – the property of the seller.
- 8.2. Ownership of the sold timber passes to the buyer at the time when he receives the "Wood removal certificate" from the seller (see No. 16.3.). If in the course of the sales process no removal certificate is handed over to the buyer, the transfer of title takes place as soon as the purchase price including all ancillary claims has been paid.
- 8.3. The buyer transfers the ownership acquired by way of mixing or processing (§§ 946 - 951 BGB) of the wood of a new item or the main item to the seller as a security, whereby he (the buyer)

retains possession as a trustee (extended retention of title). In the case of further chattel mortgages, the extended retention of title of the seller has priority.

- 8.4. The buyer is entitled to sell the wood provided or the resulting new item before full payment in the ordinary course of his business. He must notify the seller in writing, stating the new buyer, and assign claims to this person from this sale up to the amount of the seller's claims. The seller may accept this assignment within two weeks of receipt of the notice of sale by written notice to the buyer. A sale does not exempt the buyer from the fulfilment of the obligations specified in these conditions of sale and payment or stipulated by special conditions, even if these liabilities arise through the fault of the persons to whom they sold the wood.

9. Removal of Timber

- 9.1. The buyer is only entitled to remove the timber if he has received the "Wood removal certificate" (see No. 16.3.) or a delivery note (see Nos. 18.4., 20.5.) from the seller. In the case of removal, the buyer or his agent must carry the removal certificate or a copy thereof and show it to the seller or their agent on request. If the removal certificate has been lost or rendered unusable, the seller issues a duplicate copy on request.
- 9.2. If the buyer begins to process or remove the timber before receiving a removal certificate, the seller may either demand the return of the wood or the immediate payment of the purchase price, including all ancillary claims, even if the general payment deadline has not yet been reached or the purchase price was deferred.
- 9.3. The buyer is obliged to remove the wood within the removal period specified in the purchase contract or on the invoice. For important reasons, the seller can shorten the removal period retrospectively (e.g. due to the forest protection situation) or extend it (e.g. if the purchase price payment is deferred). If no deadline is specified in the purchase contract or on the invoice, the timber must always be removed within three months according to the date of the invoice.
- 9.4. If the timber is not removed in a timely manner, the seller may ask the buyer in writing to remove all timber within a grace period of a maximum of four weeks. If the grace period is not met, the seller is entitled to have the timber transported to other locations at the expense and risk of the buyer. The seller is not liable for any resulting loss in value or loss of timber. Twelve months after the expiry of the removal period, the seller is entitled to repurchase the property and may, after an unsuccessful final written request for removal within a grace period of two weeks, dispose of the wood freely. Because of the loss of their property, the buyer has no claim to a consideration.
- 9.5. If wood that has not been removed in due time poses a risk for neighbouring forest stands or wood lying nearby, the seller is entitled to carry out the required defensive measures with a notice period of 14 days at the expense of the buyer. Insecticidal treatments of the wood by the buyer are only permitted with the agreement of the seller and in compliance with the relevant legal provisions and the certification requirements. Upon completion of the treatment, the buyer must notify the seller of the completion of the operation, indicating the date of use, the product used and the dosage.
- 9.6. The timber removal may only take place on the designated removal roads. In the event of the risk of considerable damage to the road due to unfavourable weather or for other reasons, the seller may block certain removal roads temporarily or for certain vehicles or interrupt the removal of timber altogether. The removal periods are extended automatically by the duration of the

interruption. If the buyer removes the wood despite closure of the route or interruption of removal, they are liable for all damages incurred as a result.

- 9.7. The purchaser is obliged to drive the removal roads in a gentle manner at a speed of at most 30 km/h during the removal of timber and to limit the usability of the roads only for a short period to the required extent. The STVO/[Straßenverkehrsordnung] (Road Traffic Act) and the STVZO/[Straßenverkehrszulassungsverordnung] (Road Traffic Licensing Act) apply to the forest roads.

Loading points are to be left clean; in particular, wood residues must not remain on the road or clog water-dissipating pathways. Vehicle hydraulic supports may only be used in combination with assisting platforms. To prevent damage in the case of oil spills, suitable oil binders must be carried on the timber transport vehicles and used as required. The leakage of oil and lubricants or fuel and the countermeasures initiated must be reported to the seller immediately.

- 9.8. To protect the removal roads and any existing structures, the buyer must comply with the permissible total weight of the timber transport vehicles when using the removal roads. The buyer grants the seller the right to demand proof of the actual total weight of the vehicle from any vehicle transporting timber purchased from the Lower Saxony Forest Institution directly on site, including outside the seller's forest. If this is not initially technically possible, the seller or their representative may demand that the vehicle be weighed in their presence on a suitable vehicle scale. Should the permissible total weight be exceeded by more than 10% or if the driver refuses to weigh their vehicle upon verbal request by the agent of the seller, the buyer must pay a contractual penalty of €500.00 for each individual case to the seller as well as the costs of weighing; the seller bears the costs of the weighing up to the stated weight limit, but not the additional travel costs to the scale.

The above regulations also apply if the buyer uses a vicarious agent for the transport of the wood (e.g. a forwarding agent) (§ 278 BGB). The buyer must inform their vicarious agents about these regulations and oblige them to comply with them.

The provisions on liability in No. 11 HVZ/[Holzverkäufe der Anstalt Niedersächsische Landesforsten] (Wood Sales of the Lower Saxony Institution of State Forests) are not affected by this.

10. Wood Processing

- 10.1. Cutting, debarking, processing or relocation of the timber by the buyer is only permitted after prior payment or provision of a security in accordance with No. 18 HVZ.
- 10.2. If it is contractually agreed that the timber is to be debarked by the buyer and if the buyer does not carry out these measures by the appointed date, the seller is entitled, after a single reminder with a deadline, to take the measures at the expense of the buyer. For alternative treatment with insecticides by the buyer, the provisions in 9.5. apply accordingly.

11. Liability

- 11.1. The buyer and their agent use the roads, skid trails and storage yards at their own risk. This also applies to the forest stands they visit.
- 11.2. The seller shall be liable for damages of any kind arising as a result of timber harvesting and timber removal, any other treatment or in connection therewith, in each case only to the extent

that the damage was itself caused deliberately or through gross negligence. The limitation on intent and gross negligence does not apply to damage to life, body and health.

- 11.3. The buyer is liable for damages caused by themselves or their agents. They indemnify the seller from the time of the transfer of the risk of claims by third parties, which are asserted in connection with the sale of timber ex forest road and wood removal on behalf of the buyer.

12. Disaster Clause

- 12.1. In the case of pre-sale, the seller can fulfil the contract in case of exceptional timber accumulation due to damage events by supplying timber of the same type, dimension and quality from forest sites or even forest districts other than those agreed. If the buyer incurs higher transport costs, these are taken into account by a price discount.
- 12.2. If, due to forced timber accumulations in Lower Saxony, harvesting restrictions come into force for the assortments to be delivered under a contract under the Forest Damages Compensation Act/[Forstschäden-Ausgleichsgesetz], the buyer and seller are entitled to withdraw from the contract within 4 weeks of entry into force of the statutory harvesting restriction in writing. Timber already harvested in accordance with the contract remains unaffected by the retreat.

13. Place of Jurisdiction

- 13.1. The place of jurisdiction for all disputes arising under these terms of sale and payment shall be Braunschweig for both parties.
- 13.2. The law of the Federal Republic of Germany exclusively applies between the parties.
- 13.3. The term of the deadlines shall be governed by the provisions of the German Civil Code, unless stipulated otherwise or stipulated otherwise in the wood sales contract.

B. General Terms of Payment

14. General Payment Deadline

- 14.1. The general payment deadline (GPD) is usually set by the seller to the 30th day after the date of the invoice. In individual cases, a shorter payment period may be agreed or cash payment (e.g. in case of direct marketing) may be required. When selling to factory measurement, a GPD of 15 days after the date of invoice applies (see Nos. 20.7.4., 20.8.4.).
- 14.2. If the purchase price of a sale is more than €3,000.00 the GPD may be extended to 60 or 90 days after the date of invoicing, at the buyer's request. The buyer must apply for the extension in good time before the invoice is created.
For the granting of a GPD extension, a purchase price premium of 1.8% p.a. above the respective base interest rate, but at least 1.8% p.a. is charged.

15. Deferral

- 15.1. If the purchase price for an invoice is more than €3,000.00, this may be deferred in writing at the request of the purchaser subject to the provision of a security according to No. 18 upon the first written request by the purchaser, alternatively to three or six months after the GPD. The application must always be received by the seller 10 days before the GPD.
- 15.2. In the case of a deferral request of three months, a security deposit of at least 20% of the invoice amount is required. If a deferral period of six months is requested, the security deposit amounts to at least 50% of the invoice amount.
The seller may at any time during the period of deferral demand an increase in the security deposit from the buyer, if this is necessary due to depreciation of the wood occurring.
The purchase price can be paid at any time within the deferral period.
- 15.3. The deferral is revocably granted by the seller. The stipulated removal deadline may need to be extended accordingly.
- 15.4. Deferred interest must be paid for the deferred amounts according to No. 19.1. If the deferral period is exceeded, dunning costs and default interest pursuant to No. 19.2. become due.
- 15.5. The provision of collateral serves to hedge against losses due to any impairment of the value of the wood that may occur. Wood removal certificates are not issued, even for partial quantities.
- 15.6. The wood removal certificate will be sent to the buyer after they have paid the purchase price, including ancillary claims, (see No. 16.3.); at that point the security deposit will be returned.

16. Incoming Payments

- 16.1. The invoice can be paid by bank transfer or deposit to the account of the seller. Payment by cheque or bill of exchange is not permitted.
- 16.2. The day of payment is the day on which the purchase price is credited to the account of the seller.

- 16.3. As soon as the buyer has fully paid the purchase price, including all ancillary claims, and the amount has been credited to the account of the seller, they receive the wood removal certificate. Upon presentation of a bank-confirmed irrevocable transfer order by the buyer, the removal certificate may be handed to them immediately.
- 16.4. In the case of a credit note process, for the wood released on the basis of a security deposit in accordance with No. 18 the buyer automatically determines the value of the measured wood on the basis of the factory measurement and the contractually agreed purchase price, creates a credit note on this basis and transmits it regularly or in each case after the measurement of a whole sales unit together with the surveying documents to the seller.
If the buyer does not pay the corresponding amount of money to the seller's account within 15 days of receiving the credit note from the seller, they will be in default.

17. Default of Payment

- 17.1. If the buyer does not pay by the GPD, they will be in default without a reminder (§ 286(2)1 BGB). The seller can assert further claims for damages caused by the delay.
- 17.2. In a case of late payment, dunning costs and costs for the outstanding amount of the purchase price accrue default interest from the day after the general payment deadline according to No. 19.2.
- 17.3. If buyer does not pay the full invoice amount by the 30th calendar day after the GPD or if insolvency proceedings are filed against the buyer's assets, the seller may rescind the contract and other contracts with the buyer and, if necessary, make a second sale. This must be communicated to the buyer in writing. Contractually provided services remain unaffected by the resignation.
- 17.4. In the case of a second sale, the buyer is obligated to pay compensation for the costs incurred and any shortfall, as well as to pay the default interest, at the latest until the GPD of the second sale. They shall refrain from the plea that higher revenue could have been obtained from the second sale. Payments already made by the buyer will be credited towards the damages to be paid. Further claims for damages remain reserved. If a second sale of the wood is not possible in whole or in part, the original purchase price plus the costs and interest is the basis for the calculation of damages. The amount of the damages shall be notified to the buyer by way of a postal delivery of summons, requesting them to pay within two weeks. If the amount of the damages is not paid on time, the claim shall be asserted in court.
- 17.5. If an insolvency proceeding is applied for over the property of the buyer, then the seller is entitled to the exclusion from the proceeding of the wood still in the property of the seller, as well as the claims assigned to them.
- 17.6. In addition, the seller has the right, after a request for insolvency proceedings has been made over the assets of the buyer, to keep separate wood that has already been paid for that is still in the forest, is on the property of the buyer or is in another location to the value of any claims still outstanding, plus any administrative costs incurred.

18. Security Deposit

- 18.1. If the purchase price from a timber sale is more than €3,000.00, the buyer may be allowed to remove the wood before final payment, provided that they present a directly enforceable guarantee or a limited or permanent global or maximum guarantee from a credit institution acceptable to the seller, which serves to secure the purchase transaction and all obligations arising therefrom, or has paid a sum of money in the amount required by the seller to an account of the seller. This security deposit does not accrue interest for the buyer.
- 18.2. In order to secure the purchase transaction and all liabilities arising therefrom, the seller may require the placement of a security deposit by the buyer as described under 18.1.
- 18.3. The guarantee submitted must conform to the prescribed form (see Annexes 1 and 2) and have a validity period of at least 15 calendar days after the GPD. In the case of a limited guarantee, the GPD is subsequently shortened accordingly where required.
- 18.4. If the presented guarantee statement is acknowledged by the seller, the amount of wood secured by this is released by a delivery note.
- 18.5. If the purchase price is not paid in full by the buyer up to and including the GPD, the seller may claim the payment from the credit institution.

19. Interest Calculation

- 19.1. The deferred interest according to No. 15.4. amounts to 3% p.a. above the relevant base rate of interest.
- 19.2. The interest on arrears according to No. 17.2. amounts to 9% p.a. above the relevant base rate of interest.
- 19.3. The interest calculation starts from the day after the general payment deadline and ends with the deposit day or the value date. No interest payments are granted for payments before the due date.

C. Special Conditions For Selling Regarding Factory Measurement

- 20.1. Selling regarding factory measurement, the seller accepts the measure determined by the measuring system or the vehicle scale of the buyer as a binding sales measure under the following provisions. The sale according to factory measurement must be agreed in the purchase contract. The unit of measurement (e.g. cubic metre in solid log mass, staked cubic metre or tonne of absolutely dry timber mass) must be specified. A prerequisite for this form of timber sale is the provision of a security acc. No. 18. by the buyer.
- 20.2. The seller shall notify the buyer in writing of the provision of the timber and, if the buyer has requested presentation, fixes the presentation date.
- 20.3. The risk of loss, destruction and deterioration of the sold timber passes to the buyer upon the handover of the provision notification, or, if the buyer does not receive provision notification, with the delivery of the delivery note, upon its delivery by the post office on the third working day after dispatch.
- 20.4. Any deficiencies regarding the suitability and quality of the delivered wood are to be notified with the presentation of the survey report or weighing certificate. If the submission is not made on time (see Nos. 20.7.3. or 20.8.3.), a notice of defect is excluded. Any rejection of timber due to material defects must be documented and verifiable. The number of logs and the volume of the rejected timber are to be communicated to the seller together with the survey record or the weighing certificate.
- 20.5. For each billing unit, the seller shall determine a forest control measure. It is used to check the factory measurement and serves as a basis for determining the provisional value of goods for the charge against the security deposit provided by the buyer. If sufficient cover is provided by the security deposit, the buyer shall receive a delivery note.
- 20.6. With regard to forest protection and wood preservation, the provisions of No. 9.5. apply accordingly.

The following additional regulations apply to:

20.7. *Factory Measurement by volume (cubic metre in solid log mass)*

20.7.1. The forest control measurement comprises of number of logs and volume.

20.7.2. In the factory, the timber is measured according to the "Framework agreement for the factory survey of trunk wood of the German Forestry Council (DFWR) and the German Sawmill and Timber Industry Association (VDS)/[Rahmenvereinbarung für die Werksvermessung von Stammholz des Deutsches Forstwirtschaftsrates e.V. (DFWR) und des Verbandes der Deutschen Säge- und Holzindustrie e.V. (VDS)]" in the currently version valid. The buyer must ensure that a separate measurement of each billing unit is guaranteed. In the timber purchase contract an agreement is to be made to what extent the factory classification will be accepted by the seller.

20.7.3. The buyer shall provide the seller with the factory survey reports separated according to the billing units at the latest on the 30th day after the presentation or provision notification. If the survey report is not submitted on time, the seller may use the forest control measurement as the sales

measure. Subsequent billing according to factory measurement does not take place in this case. The period of 30 days does not apply if the seller is responsible for the delay.

20.7.4. The seller creates the invoice based on the factory survey logs. The general payment deadline for the bill is 15 days from the date of the invoice.

20.7.5. In the case of number of logs deviations above 3% occurring between the forest control measurement and the factory measurement, the following applies in principle:
The number of logs of the forest control measurement at the place of performance is binding. To calculate the final sales price, the average piece-volume determined during the factory measurement is multiplied by the number of logs in the control measurement.

20.8. Sale by Weight

20.8.1. The timber purchase price is agreed and calculated per ton of absolutely dry timber mass.

20.8.2. The fresh weight of the timber must be determined immediately after the discharge of each load from the forest on calibrated scales at the expense of the buyer and recalculated after subsequent determination of the dry content in the laboratory to convert to absolutely dry timber mass. The derivation of the absolutely dry timber mass is based on the RVR (Framework Agreement for the Raw Timber Industry in Germany) Annex "Weight measurement for industrial and energy wood".

20.8.3. The buyer shall present the weighing voucher to the seller no later than 7 days after the removal, at the latest 60 days after the provision or presentation. If delivery dates have been agreed in the purchase contract, this period shall be shortened to 30 days. If the seller is responsible for any delay, this period from 60 or 30 days does not apply.
If the weighing certificate is not submitted on time, the seller may charge for the wood on the basis of the estimated amount of wood.

20.8.4. Immediately after receipt of the weighing certificates, the seller will send the invoice to the buyer. The GPD for the bill is 15 days from the date of the invoice.

20.8.5. Any leftovers remaining in the forest, which have been taken over by the buyer but not taken away and weighed by them, can be estimated by the seller to be worth by the tonne of absolutely dry timber and charged to the buyer with a GPD of 15 days.

20.8.6. Regulations for the application of the forest control measurement as the sales measurement should be specified in the purchase contract.

D. Special Conditions on Delivery “Free at Factory” or “Free of Carrier”

- 21.1. A delivery “Free at Factory” or “Free of Carrier” by the seller must be agreed in the sales contract.
- 21.2. If the sale is based on the forest measurement, the seller will charge the wood to the buyer. After receipt of the wood purchase amount, the seller arranges for the transport of the wood to the buyer or their means of transport within a contractually stipulated period or on call.
- 21.3. If the sale takes place on the basis of a factory measurement, the seller notifies the buyer of the wood provided and arranges for the transport of the wood to the buyer or their means of transport within a contractually stipulated period or on call. The conditions for sale according to factory measurement apply accordingly.
- 21.4. Upon delivery of the invoice (21.2.) or the notification of delivery (21.3.), the risk of loss, destruction and deterioration of the wood passes to the buyer. Deviating dates for the transfer of risk (e.g. arrival at the factory or provision at the place of loading) can be agreed in the contract. If the seller does not comply with the delivery obligation within the agreed time period, the risk is transferred back to them.
- 21.5. The costs of transport to the buyer or place of loading are borne by the seller. If the buyer refuses to accept the wood, they must bear the transport costs incurred.
- 21.6. In unfavourable weather periods, the seller is entitled to delay or interrupt the delivery of the wood to protect the removal roads. The period for the maximum possible delivery delay must be agreed in the purchase contract.
- 21.7. Direct loading on a trailer is only possible if the buyer has provided a sufficient security deposit according to No. 18. The billable amount of wood per trailer must be agreed between the buyer and seller in writing.
For each trailer, the seller shall create a consecutively numbered trailer delivery note with the contracted loader, clearly showing the official number plate of the trailer, the delivery date and the assortment. This trailer delivery note must be taken along during the wood removal and presented on request. The seller shall receive a copy of the delivery note as a basis for mass control and invoicing.
Differently from No. 7 the transfer of risk takes place at the beginning of the process of loading a trailer.
The seller shall be liable for any damage caused as a result of the direct loading of the trailers or towing vehicles, in each case only to the extent that the damage was caused intentionally or through gross negligence. The buyer is liable for compliance with the provisions of the Road Traffic Regulations (vehicle weight, load securing, etc.) (StVO) and indemnifies the seller from the time of completion of each loading process from any claims of third parties, which are asserted in connection with the trailer transport.

E. Special Conditions for Sale Through Self-Promotion

- 22.1. The timber harvesting and delivery are carried out by the buyer, while the seller performs the mass determination and invoicing, depending on the assortment.
- 22.2. The acceptance and transfer of risk under No. 7 take place at the beginning of the harvest. The buyer stores the wood ready for removal until the sales or control measure has been determined

in an appropriate manner. The seller determines the sales or control measure immediately after being notified by the buyer. A deviating mass measurement (e.g. by trailer loading or wood chip container) requires contractual agreement. Invoicing takes place immediately after the determination of the sales measure.

- 22.3. The right to harvest and transport the wood ends after the expiry of the contractually agreed deadlines. The seller is entitled to restrict or interrupt the harvest or removal of wood due to unfavourable weather conditions or other important reasons.
- 22.4. The buyer is obligated to harvest and transport all trees marked or agreed for collection. They must organise the timber harvest and removal in such a way that no forest protection hazards arise for the adjacent forest stands. The provisions in the forestry certificate of the seller and the current regulations for soil protection must be observed. In self-promotion, the "Terms and Conditions for Forest Services in the Lower Saxony State Forests" apply.

F. Special Conditions for Sale Against Written Best Offer (Submission)

- 23.1. Timber sales against a written bid (submission) will be announced in a suitable manner. This shall indicate the time and place for the submission and the opening of the bids. The submission terms determine whether bids are to be submitted per lot or per unit of measure.
- 23.2. Bids must be received by the designated body by the deadline specified in the notice. Bids must be submitted in a sealed envelope and must be labelled with the appropriate submission. The envelopes are kept closed until their opening. Bids sent by fax or e-mail shall not be considered. When making a bid, the bidder accepts the terms of the HVZ and the submission regulations.
- 23.3. Bids may only be withdrawn or revoked in writing. Withdrawals or revocations will only be considered if they are in the hands of the Submission Manager prior to the opening of the first bid.
- 23.4. The bids shall be opened by the submission manager at the appointed place and time. He shall check the bids received for any violation in regards to form and content and decides on their validity.
- 23.5. The bids must be clearly legible. They may be declared invalid if they do not contain the following information:
- the name and address of bidder;
 - the name of the lot
 - the offered price in a full Euro amount
 - the place, date and signature of the bidder
- Conditional and shared bids and summary bids on multiple lots are invalid.
Bids with insignificant errors in form may be taken into account, provided that the will of the bidder is unequivocally recognisable.
- 23.6. The submission manager knocks down at the date or subject to reservation within five working days. In the latter case, the bidder remains bound to their bid.
- 23.7. The knockdown can only be awarded to one of the three highest bidders. If several bidders have bid on the same lot at the same price, a lottery shall decide who will be awarded the knockdown. The form and process for the lottery is determined by the submission manager.

- 23.8. The knockdown may be refused if the three highest bids are found to be too low or if the solvency of these three bidders is in doubt.
The knockdown may be subject to the presentation of a security by the buyer referred to in No. 18 within a specified period. If the security is not provided on time, the knockdown may be awarded retroactively to another bidder.
- 23.9. All bidders shall receive a message about the awarding of the knockdown within five working days.

G. Special Conditions for Sale Against Oral Best Offer (Auction)

- 24.1. At the beginning of the auction, the auction manager shall announce the auction regulations. By submitting their bids, the bidders agree to the HVZ and the auction regulations.
- 24.2. The auction manager may make bidding dependent on the submission of a security deposit in accordance with No. 18. If this is not provided to a sufficient amount, they may exclude the bidder from further bidding.
The auction manager alone decides whether the security deposit is sufficient. He may also exclude prospective buyers from bidding who have proven to be unreliable.
- 24.3. The bidder is not entitled to the award of the knockdown. The auction manager awards the knockdown to the highest bidder whose bid seems acceptable to him and whose own solvency, person and power of representation are in no way objectionable.
- 24.4. If the auction manager finds a bid unacceptable, they may refuse to knockdown, award it subject to reservation or conduct a further auction. If the knockdown is awarded subject to reservation, the bidder can immediately withdraw from the bid. If they make no use of this option, they remain bound to their bid for two weeks from the time of the auction.
- 24.5. The auction manager decides on matters of doubt and disputes in the auction.

H. Special Conditions for Direct Export Sales

- 25.1. When selling to an EU country (intra-Community delivery) and in accordance with § 17a UStDV/[Umsatzsteuer-Durchführungsverordnung] (Value Added Tax Implementing Regulation), the buyer is obliged to confirm to the seller the proper delivery to the destination in another EU member state) not later than two weeks after the wood removal or, if delivered continuously as a collective confirmation, not later than two weeks after expiry of a calendar quarter. For this purpose, the attached sample of a confirmation of arrival (see Annex 3) can be used. The buyer must inform the seller in good time which form of confirmation they choose.

When transport is carried out by a third party (e.g. a forwarding agent), the proof of delivery can also be made in another form (e.g. a bill of lading or freight forwarding certificate).

- 25.2. When selling outside the EU (extra-Community delivery), the buyer is obliged to present the export certificate issued by the customs authority to the seller no later than two weeks after the timber removal.
- 25.3. If the value added tax amounts under 25.1. and 25.2. are not paid or not paid in a timely manner, the value added tax shall be calculated at the applicable domestic value added tax rate

and invoiced to the buyer at a later date. The buyer is obligated to pay the requested value added tax without delay.

I. Other Provisions

26.1. Data Protection

The seller is authorised to store data about the buyer for internal purposes. The buyer waives the requirement for a notification about the storage and the nature of the stored data.

26.2. Severability Clause

Should individual provisions of these terms of sale and payment be or become ineffective, this shall not affect the validity of the remaining provisions. The ineffective provision shall be replaced by a provision which comes closest to the intended result in a legally valid manner. The same applies if individual regulations are not applied or in the event of loopholes. This clause also applies to all purchase contracts concluded on the basis of these terms of sale and payment.

J. Annex 1: Sample - Individual Guarantee

* = the words printed in bold are examples

Declaration of Guarantee

The Holzbank Company, Am Dax 11, 12345 Börsenstadt (*)
(The bank)

guarantees itself as absolute debtor, waiving the pleas of avoidance, set-off and advance legal action (§§ 770, 771 BGB) for the fulfilment of the liabilities of the company.

K.-M. Holthöcker, Sawmill
Späneberg 4
67890 Schnittholzhausen

from the timber purchase in the Lower Saxony Forestry District **Eichenhain**

according to the Wood Bulletin (invoice)

No. 4711800840040 for **EUR 5,890.31**

No. 4712800840058 for **EUR 2,303.14**

General Payment Date (GPD) **16 October 2014**

with respect to

the State Forest Institution of Lower Saxony, Bienroder Weg 3, 38106 Braunschweig
in the amount of

EUR 8,193.45 (eight thousand one hundred ninety-three 45/100 euros)

– plus any ancillary claims – with the proviso that only the payment of money can be claimed under this guarantee.

The guarantee is valid until **31 October 2013** (15 calendar days after the GPD) and expires if we have not been used as guarantor by the end of that day.

The bank undertakes to make payment on first request.

The rights and obligations under this guarantee are determined by the law of the Federal Republic of Germany. The place of jurisdiction is Braunschweig.

Börsenstadt, 01 September 2014

Holzbank, Aktiengesellschaft
ppa. Soll ppa. Haben
(the bank)

K. Annex 2: Annex 2: Sample - Global/Maximum Guarantee

* = the words printed in bold are examples

**Global Guarantee/Maximum Guarantee(*)
(limited/unlimited)**

Declaration of Guarantee

The Holzbank Company, Am Dax 11, 12345 Börsestadt
(a bank)

guarantees itself as absolute debtor, waiving the pleas of avoidance, set-off and advance legal action (§§ 770, 771 BGB) for the fulfilment of the liabilities of the company.

**K.-M. Holthöcker, Sawmill
Späneberg 4
67890 Schnittholzhausen**

from the timber purchase in the Lower Saxony State Forests

with respect to the State Forest Institution of Lower Saxony, Bienroder Weg 3, 38106
Braunschweig
in the amount of/up to the amount of

EUR 100.000,00 (One Hundred Thousand euros)

– plus/including – any ancillary claims – with the proviso that only the payment of money can be claimed under this guarantee.

(in the case of a temporary guarantee)

The guarantee is valid until **31 December 2014** and expires if we have not been used as guarantor by the end of that day.

(for an unlimited guarantee)

The guarantee is unlimited. Our obligations under this guarantee expire with the return of the guarantee.

The bank undertakes to make payment on first request.

The rights and obligations under this guarantee are determined by the law of the Federal Republic of Germany. The place of jurisdiction is Braunschweig.

Börsestadt, 02 January 2014

Holzbank, Aktiengesellschaft
ppa. Soll ppa. Haben
(the bank)

L. Annex 3:

Sample: Confirmation of Arrival

Certificate of the arrival of the subject of an intra-Community supply in another EU member state (Confirmation of Arrival)

Company name of the EU customer
 Company Identification
 Street
 State ID – Postcode – Town
 VAT No. of the EU Customer

I hereby confirm as the purchaser of the delivery items listed in the following wood invoices that they have arrived in another European country as follows:

Forest agency	Invoice number	Invoice date	Invoice amount in EUR	Date of arrival at the destination (min. month information)	Member state of the destination	Destination

.....
 Date creation of the confirmation

.....
 Signature of the recipient

Note: the certificate may at most cover the intra-Community deliveries for one quarter (collective confirmation).