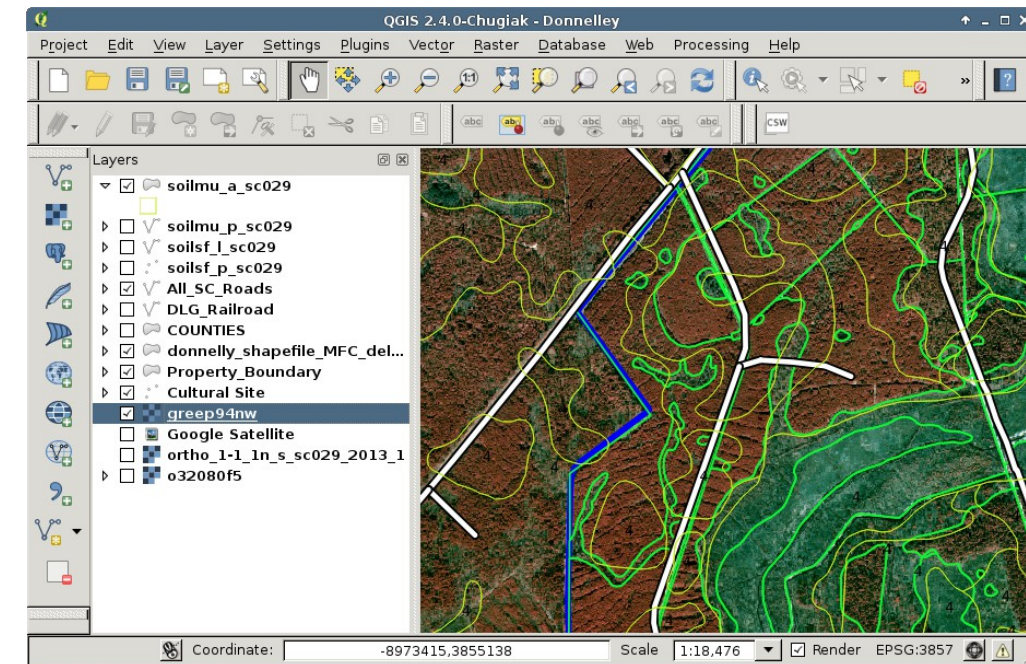




Folk Land Management, Inc. Newsletter

In order to stay in touch with you, our clients, friends, and associates, and to provide you with relevant information that is important and helpful, we have started a newsletter. The newsletter will come out twice a year and it will have information that we intend to be interesting and useful for you when considering land management practices and goals.

Geographic Information Systems (GIS) and Mapping



A sample GIS project. All sorts of information can be added and a new map with different information created quickly.

GIS is a field that has rapidly evolved over the last 20 years. Not long ago, a map was created only for a management plan or to perform a timber sale. Maps described only a handful of features (timber types, acreages, roads, wildlife openings). This was done on paper and if changes were necessary or other information was needed, a new map had to be drawn to accommodate these changes or additions. The process was laborious and time consuming, but the advent of computing technology has changed that. Today, there are numerous sources for aerial photography imagery, soils data, wetland data, roads, governmental boundaries and parcel data, and much more information you

may want on a map. Computers have changed map making from a lengthy process with limited information to what has now evolved to GIS. Computers allow us to create new maps with a click of the mouse to add or delete a layer of roads, trails, timber stands, or stand densities. GIS is more than just making maps, but also serves as a powerful tool for analysis. Using the analytical capability of GIS, we have much more information that can be stored, sorted, and queried to make land management recommendations and decisions. A small list includes: soil types, timber types, elevation, slope, roads, utility lines, railroad tracks, trees per acre, important specimen trees, silvicultural and prescribed burn history, historic sites, property lines, and many types of aerial imagery. Andrew, our Geospatial Specialist, has formal education in GIS and capabilities beyond what could have been imagined five years ago. GIS is a valuable tool for understanding the composition of your property and maintaining a record of its status.

Deer Surveys for Deer Herd and Population Management

Important components of deer management are population density and biological data, including age-weight relationships, doe:fawn ratio, buck:doe ratio, and herd increment. On residential properties where sport hunting is not feasible, the deer density can be very high. The result can be depredation of the landscape and increased deer-vehicle accidents. In these situations, it is advantageous to conduct regulated harvests to maintain the deer at acceptable levels. By performing a deer spotlight survey, population densities can be estimated and an appropriate number of deer recommended to be harvested for herd health, human safety, landscape damage reduction, and improved habitat for other wildlife species can be made.

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Timber Prices, Trends, and Outlook

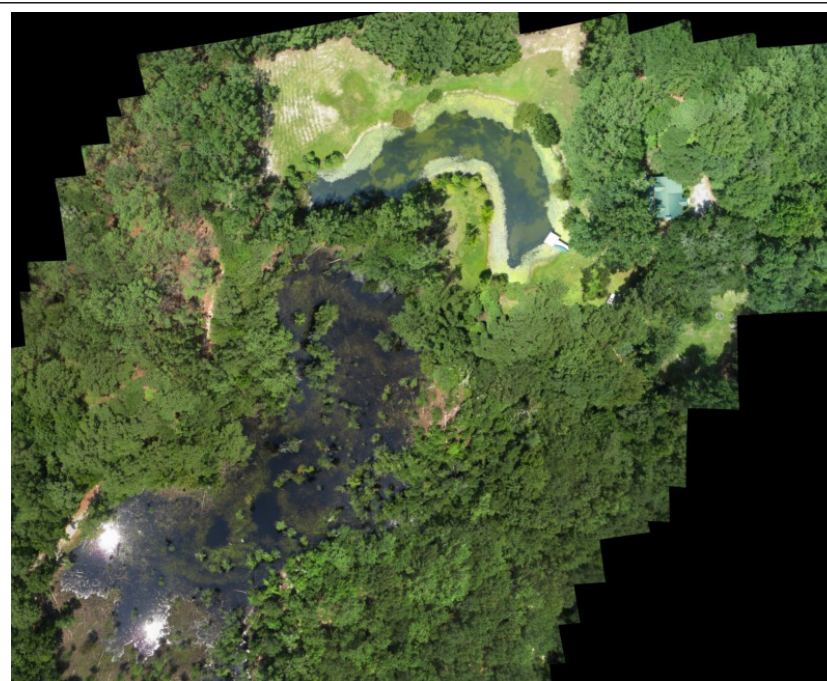
Wood prices have seen a slow increase after their precipitous decline in 2008-2009. The good times of 2006 with \$50 per ton sawtimber likely won't be seen anytime soon. However, there are several factors and markets that are developing that give reason to think the timber market will continue to improve, or at least maintain solid footing. First is an export market that a few years ago was small or nonexistent. Numerous embarkation yards have sprung up in the state to take sawtimber-sized logs to the ports for transport to China, India, Turkey, and other countries with no domestic supply of their own. These yards compete directly with our local sawmills, so competition for this wood may be improving. Second is Europe's demand for fuel pellets, or high quality compressed wood chips. The European Union has a goal that 20% of their electrical generation is to come from renewable resources by 2020. The American Southeast is well positioned to fill this demand with our location and ability to grow wood efficiently. One market where high hopes once existed, but has vanished, is the low grade fuel chip market. A few years ago it looked like this was going to be a market that would benefit landowners. The real advantage to most landowners would have been the ability to clear areas that have pre-merchantable trees or scrubs at no cost or even a little profit. Right now, there is little reason to think this market will improve and turn into something useful for landowners. Dirty wood chips are such inefficient fuels compared to coal, natural gas, and liquid fuels, that the economics just don't work out to process and transport it to be burned as a fuel. Trying to forecast what wood prices will do is a difficult task. Sawtimber prices are driven by housing starts, so a forecast on housing will give some idea of what prices will do. Pulpwood prices are driven by paper and pulp demand. The pulpwood market is one area that has seen prices climb well past what they were several years ago. While there has been a slow steady climb in chip-n-saw and sawtimber prices since their highs in 2006, they have not come close to returning to their highest point and there is little reason to think they will. Knowing when is the best time to cut your timber is difficult given that so much of that decision is based on the economy and where wood prices are headed. A big factor in deciding whether to cut now or waiting two years is based in economics. Another major factor is the current density and health of your timber stands. Fortunately, if cutting pulpwood, prices are strong and look to remain that way. With chip-n-saw and sawtimber the picture is not as clear. From a silvicultural standpoint and long term forest health perspective, a forest has to be thinned periodically. This can be delayed until more favorable economic conditions and better wood prices are available, but only for a limited time. If suppressed too long, trees will not respond to a thinning and they will not increase in growth like they would have had the stand been thinned several years sooner. Delaying a harvest also exposes you to more risk to hurricanes, pine beetles, and other natural disasters. In the event of a natural catastrophe, salvage harvests will increase dramatically. This year's ice storm was a good example of what will happen when the market is suddenly flooded with low grade or damaged wood (merchandised as pulpwood); pulpwood prices drop fast. As you can see, weighing risk, economic outlook, stand health, growth rate, and understanding markets are all factors in maximizing your income with the best timing for a harvest. We can't affect the economic outlook, but we can help you understand your stand health, growth rate, and risk exposure. Typically, harvesting timber when it's silviculturally appropriate is the best long term strategy.

Real Estate

We can represent you in selling or buying rural property. Just listed: 270 acres in Cainhoy area of Berkeley County, 30 minutes from Mt. Pleasant and West Ashley. New, furnished cabin; caretaker's house; equipment shed/workshop; fish pond; dove field; pine and hardwood forests. Excellent deer and wild turkeys. \$1,450,000. Call Robert: 843-893-7366.

Remote Sensing/Unmanned Aerial Vehicles

A rapidly developing and potential useful technology is that of Unmanned Aerial Vehicles. They are small, lightweight, can carry an off-the-shelf point-and-shoot camera for high-resolution imagery to be used in GIS or mapping. They have potential in a wide range of possible uses including agriculture, wildlife management, forestry, and real estate. If you have an interest in an application for this technology, contact us.



A high resolution image photographed and stitched together of the Berkeley County property. With UAV technology, resolutions of 1 cm are possible.

Part I Acquisitions		Total cost or other basis	
1	Name of decedent and date of acquisition		
2	Location of property (by legal subdivisions or map surveys)		
3a	Name and address of seller or person from whom property was acquired	b	Date acquired
4	Amount paid: a In cash, b In interest-bearing notes, c In non-interest-bearing notes		
5a	Amount of other consideration		
5b	Explain the nature of other consideration and how you determined the amount shown on line 5a.		
6	Legal expenses		
7	Cutting, surveying, and other acquisition expenses		
8	Total cost or other basis of property. Add lines 4a through 7		
9	Allocation of total cost or other basis on books:	Unit	Number of units
a	Forested land	Acres	Cost or other basis per unit
b	Other unimproved land	Acres	
c	Improved land (describe)	Acres	
d	Merchantable timber. Estimate the quantity of merchantable timber present on the acquisition date (see Regulations section 1.611-5(b)). Details of the timber estimate, made for purposes of the acquisition, should be available if your return is examined.		
e	Pre-merchantable timber. Make an allocation here only if it is a factor in the total cost or value of the land.		
f	Improvements (set separately)		
g	Mineral rights		
h	Total cost or other basis (same amount as line 8). Add lines 9a through 9g		

Page 1 of 4 of the IRS's Form T for timber tax.

Timber Tax

One mistake that occurs too frequently is that when timber is sold it is not taxed correctly. The usual consequence of this is a higher tax bill than would otherwise be paid. We are not tax preparers or qualified to give tax advice, but here are a few things that you may want your tax preparer or accountant to consider in order to avoid mistakes:

1. Timber should be taxed as a capital gains (currently up to 15%), not as ordinary income (up to 40%). Not doing this can result in a higher tax bill and can even place you in a higher tax bracket.
2. The capital gains should be paid on the profit above the timber basis and not the entire timber sale. Once you sell enough wood to deplete your timber basis, you would pay on the whole sale.
3. Have a basis for the timber on your property. Frequently, either a timber basis has not been established or is not known. In this scenario, you end up paying capital gains on the entire sale(s). This does not have to be the case, and can be rectified, more on this below.
4. Improvements to, and maintenance of, your timber investment (prescribed burning, for example) can increase your basis.

A new timber basis can be established only when you purchase a property or inherit it. If not done at either of these two times, a registered forester can perform a valuation retroactively, and then grow the timber back in time to estimate its value at the time of purchase or inheritance. This is acceptable to the IRS and is frequently done. If you don't yet have a timber basis, it is not a sentence to pay capital gains tax on the full value of the timber sold. Establishing a basis is something we can do for you. This is not tax advice, but something to be aware of that can save you a lot of money.

Prescribed Fire



A prescribed fire Folk Land Management conducted in 2013.

There has been an important change to state law and liability protection when burning. About two years ago "negligence" was changed to "gross negligence"... "negligence" with regard to smoke and a fire escaping. Also, with this change the Smoke Management Guidelines shifted from guidelines to law. This was an important change since the legal protection given to those who are Certified Prescribed Fire Managers is of major significance. As a landowner you can still burn if you are not a Certified Prescribed Fire Manager, but you do not get the same legal protection should you incur damages from your actions. Proving gross

negligence is a very high bar to meet, and if the Smoke Management Guidelines are followed, gross negligence must be proven in order to be found guilty of a crime. Folk Land Management has conducted prescribed burning from Jocassee Gorges in the mountains to the Wadmalaw Island on the coast. We can assist you by developing a prescribed fire plan and implementing it for your specific land management objectives.

Cost Share and Reforestation

When reforesting after a timber harvest or converting a field or pasture to forest, there are various programs that can help with the cost of establishing a new timber stand. Reestablishing longleaf pine is receiving a lot of attention and money to make it happen. Longleaf is where the most generous cost share pools are, but there is money for other species, too. Practices that can get cost sharing include site preparation (herbicide and mechanical), burning, establishing fire breaks, and buying and planting seedlings. Inclusion of wildlife management practices can be approved for cost sharing too.