



Office Use Only

Contract # _____

MANAGED FOREST CARBON OFFSET PROGRAM CONTRACT

Seller(s) Name _____

Mailing Address _____ Date _____

City / State / Zip _____ Phone # _____

- 1. I/we, _____, (landowner/SELLER) hereby agree to participate in the forestry Carbon Pool managed by the Mountain Association for Community Economic Development (MACED) to quantify and trade Carbon Offsets for 15 years from the date of execution of this contract and for so long as this contract is in effect, on all forest property I/we own or control, as described in the Managed Forest Carbon Offset Program Requirements Checklist and all attachments, which covers approximately _____ acres that is located in _____ County(ies), in the state(s) of _____.
2. I/we hereby agree and warrant that I/we hold full legal ownership or control and record title to the real property described above and have the legal authority to enter into binding agreements regarding this property, or that I/we have disclosed to MACED the names and addresses of any other persons or entities that may or do have any ownership interest in this property, and that this is the property for which Greenhouse Gas Mitigation Rights are associated with the facilities and activities included in this project.
3. My/our signature(s) on this contract indicates that I/we can produce documentation that validates that I/we either hold full, legal title to this property or have appropriate power-of-attorney or authority for the individual or organization whose name appears on the property deed. I/we further agree to execute all legal documents necessary for recording to prove the existence of this contract, including but not limited to a memorandum of contract for filing in the county court clerk's or record office.
4. I/we also hereby recognize that I/we have an obligation to fully inform my/our heirs, successors, assigns, and any subsequent purchaser of my/our forest property of this contract and all rules and regulations pertaining to the Managed Forest Carbon Offset Program, and that for the term of this Contract I/we have to inform MACED within 30 days of any change in ownership.
5. I/we further agree that in the event that my/our heirs, successors, assigns, and any subsequent purchasers of my/our forest property do not abide by all the rules and regulations pertaining to the Managed Forest Carbon Offset Program during the term of this Contract, and whose actions on the property described herein result in any loss of the Carbon Baseline, I/we must refund to MACED the value of the Carbon Offsets lost at the then current market value, which shall be determined by MACED.

6. Furthermore, I/we agree that in the event that another party owns mineral rights or surface rights on the forest property whose extraction, loss or diminution of ownership rights results in the permanent loss of the Carbon Baseline during the term of this Contract, I/we will be responsible for refunding the value of the Carbon Offsets lost at the then current market value, which shall be determined as described above.
7. I/we agree to pay said refund, or refunds, within sixty days of notification by MACED.
8. I/we also hereby declare that my/our Entity-Owned Emissions are less than 10,000 Metric tons of carbon dioxide or its equivalents (CO₂e) per year.
9. I/we also hereby attest that the forest property is located in the United States, and involves forest enrichment practices in accordance with approved Forest Management Certification systems.
10. I/we also hereby declare that my/our participation in this program or any forest management practice is not required by law or other legally binding enforceable agreement.
11. I/we also hereby agree that my/our forest project has as one of its primary purposes the long-term storage of atmospheric carbon and it is my/our intention to maintain my/our Forest Management Certification on all Commercially Managed Forests under my/our ownership throughout the term of this contract.
12. I/we also hereby agree that I/we, and my/our heirs, successors, and assigns, and any subsequent purchaser of my/our forest property, shall maintain the land as a Certified Managed Forest for a minimum of fifteen (15) years from the date of execution of this contract, and for so long as this contract is in effect.
13. I/we also hereby recognize that this contract may be revised or amended by mutual agreement as necessary to comply with future rules and regulations pertaining to the Managed Forest Carbon Offset Program. If I/we do not agree to the changes, I/we may choose to exercise one of the Opt Out provisions described below. MACED agrees to notify me/us by regular mail (see paragraph 26) of any changes to this contract, 90 days prior to said changes taking effect.
14. I/we may Opt Out of the remaining years of the contract with written notification to MACED made by certified mail return receipt requested. The Opt Out notification must be made by November 1 of the year preceding the effective date of the Opt Out election. I/we may choose a Full Opt Out or a Partial Opt Out. In the event I/we make a Partial Opt Out, I/we shall pay MACED's cost associated with the yearly evaluation of the property to determine if it meets the criteria as a Certified Managed Forest.
15. I/we further agree that I/we will abide by the terms and conditions for pool participation as set forth in this contract and its attachments, and in any future mutually agreed revisions or addendums to the contract.
16. I/we hereby recognize that the quantity of Carbon Offsets to be issued to me/us shall be based on the annual increase in stored carbon on eligible lands during the duration of the contract period. I/we acknowledge that a percentage of the accrued Carbon Offsets shall be held by MACED in the Carbon Reserve Pool.

17. MACED agrees to buy and I/we agree to sell and deliver to MACED free of any liens or encumbrances that would limit or prevent the performance of the terms of this contract at 433 Chestnut Street, Berea, Kentucky 40403 the rights to the Carbon Offsets created during the 15 years from the date of execution of this contract.
18. In particular, I/we warrant that the Carbon Offsets covered by this contract are exclusively being quantified and traded through MACED and not another carbon Aggregator; and that said Carbon Offsets comply with all terms and conditions set forth in this contract and its attachments.
19. I/we understand that I/we shall receive the Net Sale Price of the Carbon Offsets covered by this contract.
20. I/we understand that the pricing and sale of Carbon Offsets covered by this contract shall be at the sole discretion of MACED. I/we further acknowledge that upon the sale of Carbon Offsets covered by this contract, payment to me/us will occur within 30 days from the date MACED receives the funds derived from the sale. The parties to this contract hereby agree that the title to the Carbon Offsets shall be automatically delivered to MACED on the first day that they become available for delivery.
21. In the event that my/our forest project fails to meet the terms and conditions of participation, all Carbon Offsets from the land identified in this contract shall be null and void. Upon notice from MACED, I/we will immediately repay the value of any Carbon Offsets sold to date at the then current market value. Further Terms and Conditions of this contract are attached and are made a part of this contract.
22. I/we understand that in the event MACED cannot continue in its role as Aggregator, MACED will make a reasonable effort to find a successive entity to fulfill such obligations.
23. I/we acknowledge that the determination of whether the property remains a Certified Managed Forest shall be determined at the sole discretion of MACED.
24. By signature below, I/we irrevocably convey title to the Carbon Offsets to MACED. I/we further warrant compliance with the terms and conditions contained in the contract for 15 years from the date of execution of this contract and for so long as this contract is in effect and for all renewal periods, and agree to provide, upon request of MACED, information reasonably necessary to verify continued compliance with this contract.
25. The parties to this contract have further agreed that a Landowner Technical Assistance Loan ___ will (or) ___ will not be a part of this Contract as set forth in the Technical Assistance Promissory Note. _____

Seller's Initials

26. In the event a dispute arises as to the execution, performance or other alleged breach of this contract, the parties shall first mediate the dispute prior to filing any legal action in a court of competent jurisdiction. Said mediation shall be held within thirty (30) days of written notification by either party to this contract with the associated costs of mediation to be evenly born by the parties. In the event mediation is unsuccessful any aggrieved party may then seek court intervention.

27. Notice by regular U.S. mail to the above addresses described in this contract for each party shall be adequate. Each party shall notify the other in writing within ten days of any change in mailing address.

_____	_____	_____	_____
Seller's Signature	Date	MACED's Signature	Date
_____		Mountain Association for Community	
		Economic Development (MACED)	

Seller's SS# or Federal Tax ID			

_____	_____
Seller's Signature	Date

Seller's SS# or Federal Tax ID	

STATE OF _____, COUNTY OF _____, ss.:

On this ____ day of _____, 20____, before me, a Notary Public in and for said County, personally came and acknowledged the signing of the foregoing instrument to be his/her/ their voluntary act and deed.

WITNESS my official signature and seal on the day last above mentioned.

Notary Public, commission expires _____



STATEMENT OF INTENT TO MAINTAIN FOREST COVER AND MANAGE FORESTRY OFFSET LAND IN A SUSTAINABLE FORESTRY SYSTEM

I/we, _____, hereby attest that it is the intent of the owners of the land enrolled in the Chicago Climate Exchange Forestry Offset program through the Mountain Association for Community Economic Development contract number _____ to maintain the enrolled land in Forest Cover and to manage such lands in compliance with the principles and practices of sustainable forestry systems for 15 years from the date of enrollment.

Owner(s) Signature _____

Date _____



MANAGED FOREST CARBON OFFSET PROGRAM CONTRACT

Terms and Definitions

1. **Aggregation Fee**—fee charged by MACED and deducted from each enrollee’s payment received from the sale of Carbon Offsets to help cover program operating costs.
2. **Aggregator**—a company or organization that combines early Carbon Offset Projects and the resulting offsets, and administrates the brokering of the offsets. MACED is the Aggregator.
3. **Carbon Offset/Carbon Credit**—a unit of carbon measure representing one metric ton of CO₂ and identified by its annual Vintage, or the year in which the Carbon Offsets occurred.
4. **Carbon Reserve Pool**—similar to a group insurance policy. The mechanism for replacing Carbon Offsets due to loss from natural disturbance. Please refer to the conditions below, which describe the Carbon Reserve Pool.
5. **Certified Managed Forests**—forestland certified under a PEFC (Program for the Endorsement of Forest Certifications) endorsed system, or FSC (Forest Stewardship Council) certification.
6. **Commercially Managed Forests**—forests managed for economic gains from either timber or non-timber forest products.
7. **Carbon Baseline**—the number of metric tons of carbon dioxide equivalents (CO₂e) stored on an individual property at the time it has completed all requirements necessary for enrollment in MACED’s program. When Carbon Offsets are sold from a given project, the Carbon Baseline increases by the number of offsets sold.
8. **Carbon Pool**—a group of Carbon Offset Projects with the same baseline year.
9. **Carbon Offset Project**—forest based carbon sequestration that results from certified forest management activities.
10. **Carbon Stock Losses**—any loss of forest carbon from fire, theft, disease, harvest or other disturbance that will result in the total amount of sequestered carbon being reduced below the baseline.
11. **Entity-Owned Emissions**—greenhouse gas emissions from lands and operations owned by the landowner/Seller.
12. **Forest Cover**—the minimum density of trees per acre as defined by the United States Forest Service.
13. **Forest Management Certification**—a forest management plan or stewardship plan is certified under a PEFC (Program for the Endorsement of Forest Certifications) endorsed system such as American Tree Farm (ATF) or Sustainable Forestry Initiative SFI), or under FSC (Forest Stewardship Council) certification.
14. **Forest Vegetation Simulator**—a model developed by the USDA Forest Service that is used for predicting forest growth over time.
15. **Full Opt Out**—A Full Opt Out means that the Seller will no longer be entitled to receive payments from MACED and chooses not to maintain their land as a Certified Managed Forest. In the event a landowner chooses a Full Opt Out, they are required to repay the value of any Carbon Offsets sold to date at the current market value.
16. **Greenhouse Gas Mitigation Rights**—refers to the entitlement/ownership of landowners to the ecosystem services that their land provides, such as the land’s ability to mitigate GHGs, and the resultant right to the financial gain from such services.
17. **Inventory Protocol**—guidelines established by MACED for use by consulting foresters to collect forest data for input into the Forest Vegetation Simulator.

18. **Net Sale Price**—the value of the Carbon Offsets to the landowner/Seller after applicable fees have been deducted. Fees may include deductions related to the repayment of a MACED loan, CCX trading or retirement fees, Verification service fees, and the Aggregation fee.
19. **Opt Out**—the Seller’s right to terminate participation in the contract and the Managed Forest Carbon Offset Program. The Seller may choose a Full Opt Out or a Partial Opt Out.
20. **Partial Opt Out**—A Partial Opt Out means that the Seller will no longer be entitled to receive payments from MACED but will maintain their lands as a Certified Managed Forest in which instance Seller may not have to repay to MACED the value of any Carbon Offsets sold to date.
21. **Seller**—property owner engaging in a contractual agreement with the MACED Managed Forest Carbon Offset Program.
22. **Trading Fees**—fees that cover the cost of carbon trading transactions. These fees vary depending on how the carbon is transacted, but average about \$.51/ton.
23. **Verification**—a process by which a third-party technical expert verifies the amount of Carbon Offsets the Aggregator (MACED) calculates as being present on an individual property.
24. **Vintage**—the year in which the Carbon Offsets occurred.

Conditions

1. The landowner/Seller agrees that one of the property’s primary purposes is long-term storage of carbon and that it is our intention to maintain it in accordance with approved Forest Management Certification systems.
2. MACED shall have sole authority to access markets, execute sales on behalf of property owners, and distribute Carbon Offset sales proceeds to individual property owners.
3. In the event of Carbon Stock Losses on any given property of any amount, every tree harvested or otherwise felled will be tallied by species, diameter, and stand. The level of inventory of the residual stand will depend on the cutting intensity. The following table describes those levels.

Cutting Intensity (Stand Volume)	Inventory Requirements
0 to 3%	Specific FVS functions will be used to model a thinning in the given stand that will match as closely as possible the actual amount and type of timber harvested. The total amount harvested will be determined by a 100% inventory of all cut stems.
4 to 25%	Exactly the same procedure as the previous level of cutting intensity except that a post harvest basal area inventory will be conducted to ensure accurate modeling. This is not a complete inventory
26% or more	Cutting intensity at this level generally means a significant change in stand structure and will require complete inventory, equivalent in scope to a baseline inventory.

A. Pre-harvest

All management activities (e.g. timber harvest, controlled burn, herbicide application) planned to occur on a landowner's property must be reported to MACED prior to commencement of the activity. The activity must also be in full compliance with the landowner's stewardship/management plan. In the event a timber harvest is scheduled, the landowner must provide MACED with information indicating: 1) property location, 2) approximate number of acres scheduled for harvest, 3) type of harvest to be utilized (e.g. clear cut, partial, thinning, sanitation), and 4) a final tally of harvested wood volume.

B. Post-harvest

A new inventory must be performed on the harvested area within 90 days using MACED's forest Inventory Protocol.

C. New acreage

If a landowner wishes to add new forested acreage to their contract that was not included in the initial contract, a separate inventory must be completed for the new acreage. The new acreage must also meet all other program requirements and a new contract pertaining specifically to the new acreage must be signed by the landowner and MACED.

4. Any landowner found to be noncompliant with the Terms and Conditions contained in MACED's Forest Offset Program Forestry Offset Pool and Sales Contract shall return a quantity of Carbon Offsets equal to the total quantity of Carbon Offsets found to be in non-compliance, or present payment in an amount equal to the cost of acquiring such Carbon Offset replacements.
5. Forestlands located in the Appalachian counties of Kentucky, Ohio, Tennessee, Virginia, and West Virginia are considered eligible for the purposes of the Managed Forest Offsets Program.
6. Carbon Reserve Pool
 - a. Events could potentially occur on the enrolled property, such as damage due to natural disturbance (e.g. wind or ice storms, insect infestation, fire, etc.), which results in a loss of carbon below the baseline level.
 - b. Prior to receiving payment from MACED for the sale of Carbon Offsets, twenty-percent (20%) of the landowner/Seller's total Carbon Offsets will be withheld in the Carbon Reserve Pool.
 - c. Before being eligible to receive any future payment from the sale of Carbon Offsets, 1) the Landowner/SELLER who experiences this type of loss must replace as many Carbon Offsets as are needed to restore the property's Carbon Baseline; and 2) the reserve pool must be restored by the group of landowners within a given pool to represent 20 percent of the total pooled carbon for the project.

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