

WAC 332-140-300 Initial deposit rate. (1) The rate for the initial deposit specified in RCW 79.01.132 and 79.01.204 shall be ten percent of the actual purchase price for lump sum sales and ten percent of the projected purchase price for scale sales, except as follows:

(a) In the case of lump sum sales over five thousand dollars, the initial deposit shall not be less than five thousand dollars.

(b) When the purchaser is a defaulter, the initial deposit shall be twenty-five percent of the purchase price for lump sum sales and twenty-five percent of the projected purchase price for scale sales, subject to subsection (1)(a).

(c) When a sale is assigned to a defaulter, the initial deposit shall be increased to twenty-five percent of the purchase price for lump sum sales and twenty-five percent of the projected purchase price for scale sales, subject to subsection (1)(a).

(2)(a) The purchaser shall certify to the department on the day of the sale in the form prescribed by the department whether the purchaser is a defaulter.

(b) When a sale is assigned, the assignee shall certify to the department in the form prescribed by the department whether the assignee is a defaulter. If the assignee is a defaulter, the assignee shall deposit the additional amount before the assignment is approved by the department.

(3)(a) The increased initial deposit for a defaulter shall remain in effect throughout the term of the sale, except as provided in subsections (3)(b) and (c).

(b) The initial deposit for a defaulter may be reduced to ten percent only if the defaulter has resolved all sales which were offered for bid after January 1, 1982, and were defaulted after September 19, 1984.

(c) The initial deposit may be reduced to ten percent if the defaulter assigns the sale to an assignee who is not a defaulter, but only if the condition in (3)(b) is met by the original purchaser.

(d) If the initial deposit is reduced pursuant to subsection (3)(b) or (c), the excess deposit shall be credited to stumpage or installment payments under the timber sales contract on which the increased deposit was required.

(4) The following definitions apply to this section.

(a) "Assign" means to transfer the rights and duties of a purchaser of a sale to another pursuant to the provisions of the timber sale contract.

(b) "Default" means, in reference to a sale, that the purchaser's operating authority on such sale has expired without completion of performance or full payment of amounts due, or the department has terminated the sale prior to expiration of the operating period for a breach of contract.

(c) "Defaulter" means a purchaser who (i) defaults on a sale after September 19, 1984, which sale was offered for bid after January 1, 1982, and (ii) has not resolved the defaulted sale.

(d) "Department" means the department of natural resources of [the] state of Washington.

(e) The "operating authority" on a sale refers to the dates stated in the contract during which the purchaser is required to remove the forest products which are the subject of the sale.

(f) "Purchaser" means the purchaser of a sale and any affiliate, subsidiary or parent company thereof. "Affiliate" means a person, corporation or other business entity which is allied with or closely con-

nected to another in a practical business sense, or is controlled or has the power to control the other or where both are controlled directly or indirectly by a third person, corporation or other business entity. "Affiliate" includes a joint venture. "Parent company" shall mean a corporation which owns a controlling interest in another corporation. The corporation whose shares are so owned is a "subsidiary" of the parent company.

Purchasers shall be required, upon request of the department, to produce satisfactory written documentation of the relationship between any two or more persons, corporations or other business entities which they or the department claim should be treated as one purchaser.

(g) "Resolved" in reference to a sale in default means full compliance with the terms of (i) an agreement by the department and the defaulter of all disputed matters arising from the sale or (ii) final disposition by a court including termination of judicial review.

(h) "Timber sale contract," "sale contract," "contract," "timber sale," "sale of timber," and "sale" all mean the sale of and the contract to remove and pay for forest products which have been or are being sold by the department at auction by voice or sealed bid and which had, at time of auction, a minimum appraised value of over twenty thousand dollars. All of the foregoing terms are considered to be synonymous as referred to in these regulations.

(5) The provisions of WAC 332-140-300 shall be deemed to be incorporated into the terms of all timber sales purchased after the effective date of these rules. A violation of these rules shall be deemed a breach of the provisions of the applicable timber sale.

[Statutory Authority: RCW 43.30.150 (2) and (6) and 43.30.070. WSR 85-01-066 (Order 438), § 332-140-300, filed 12/18/84.]