



Cash Farm Lease

with Flexible Provisions

Revised 1997

This form can provide the landlord and tenant with a guide for developing an agreement to fit their individual situation. This form is not intended to take the place of legal advice pertaining to contractual relationships between the two parties. Because of the possibility that an operating agreement may be legally considered a partnership under certain conditions, seeking proper legal advice is recommended when developing such an agreement.

This lease entered into this _____ day of _____, 20____, between _____, landlord, of _____ address _____, spouse, of _____ address _____ hereafter known as "the landlord," and _____, tenant, of _____ address _____, spouse, of _____ address _____ hereafter known as "the tenant."

I. Property Description

The landlord hereby leases to the tenant, to occupy and use for agriculture and related purposes, the following described property:

_____ consisting of approximately _____ acres situated in _____ County (Counties), _____ (state) with all improvements thereon except as follows: _____

II. General Terms of Lease

- A. Time period covered.** The provisions of this agreement shall be in effect for _____ year(s), commencing on the _____ day of _____, 20____. This lease shall continue in effect from year to year thereafter unless written notice of termination is given by either party to the other at least _____ days prior to expiration of this lease or the end of any year of continuation.
- B. Review of lease.** A written request is required for general review of the lease or for consideration of proposed changes by either party, at least _____ days prior to the final date for giving notice to terminate the lease as specified in II - A.
- C. Amendments and alterations.** Amendments and alterations to this lease shall be in writing and shall be signed by both the landlord and tenant.
- D. No partnership intended.** It is particularly understood and agreed that this lease shall not be deemed to be, nor intended to give rise to, a partnership relation.
- E. Transfer of property.** If the landlord should sell or otherwise transfer title to the farm, such action will be done subject to the provisions of this lease.
- F. Right of entry.** The landlord, as well as agents and employees of the landlord, reserve the right to enter the farm at any reasonable time to (a) consult with the tenant; (b) make repairs, improvements, and inspections; and (c) (after notice of termination of the lease is given) do tilling, seeding, fertilizing, and any other customary seasonal work, none of which is to interfere with the tenant in carrying out regular operations.
- G. No right to sublease.** The landlord does not convey to the tenant the right to lease or sublet any part of the farm or to assign the lease to any person or persons whomsoever.
- H. Binding on heirs.** The provisions of this lease shall be binding upon the heirs, executors, administrators, and successors of both landlord and tenant in like manner as upon the original parties, except as provided by mutual written agreement.
- I. Additional agreements regarding terms of lease:**

III. Land Use

A. General provisions. The land described in Section I will be used in approximately the following manner. If it is impractical in any year to follow such a land-use plan, appropriate adjustments will be made by mutual written agreement between the parties.

- 1. **Cropland** a) Row crops _____ Acres
 b) Small grains _____ Acres
 c) Legumes _____ Acres
 d) Rotation pasture _____ Acres
 - 2. **Permanent pasture** _____ Acres
 - 3. **Other:** _____ Acres
 _____ Acres
- TOTAL Acres** _____ Acres

B. Restrictions. The maximum acres harvested as silage shall be _____ acres unless it is mutually decided otherwise. The pasture stocking rate shall not exceed:

Pasture Identifications	Animal Units / Acre
_____	_____
_____	_____
_____	_____

(1000-pound mature cow is equivalent to one animal unit.)

Other Restrictions:

C. Government Programs. The extent of participation in government programs will be discussed and decided on an annual basis. The course of action agreed upon should be placed in writing and be signed by both parties. A copy of the course of action so agreed upon shall be made available to each party.

IV. Amount and Payment of Rent

If a flexible cash rental arrangement is desired, use material on the last page of this form and omit section A below.

A. Cash rental rates. The tenant agrees to pay as cash rent the amount as calculated below for each kind of land; or, one total may be entered for **Entire Farm** unit.

Amount of Cash Rent

Kind of Land or Improvements	Acres	Rate per Acre	Amount
Row crops	_____	\$ _____	\$ _____
Small grains	_____	\$ _____	\$ _____
Legumes	_____	\$ _____	\$ _____
Permanent pasture	_____	\$ _____	\$ _____
Timber	_____	\$ _____	\$ _____
Waste	_____	\$ _____	\$ _____
Farm buildings			\$ _____
Dwelling			\$ _____
Other	_____	\$ _____	\$ _____
Entire Farm			\$ _____

B. Rental payment. The annual cash rent shall be paid as follows:

\$ _____	onor before	day of	(month)
\$ _____	onor before	day of	(month)
\$ _____	onor before	day of	(month)
\$ _____	onor before	day of	(month)

Rental adjustment. Additional rental payment agreements:

V. Operation and Maintenance of Farm

In order to operate this farm efficiently and to maintain it in a high state of productivity, the parties agree as follows:

A. The tenant agrees:

1. General maintenance: To provide the labor necessary to maintain the farm and its improvements during the rental period in as good condition as it was at the beginning. Normal wear and depreciation and damage from causes beyond the tenant's control are excepted.

2. Land use. Not to: a) plow pasture or meadowland, b) cut live trees for sale or personal use, or c) pasture new seedlings of legumes and grasses in the year they are seeded without consent of the landlord.

3. Insurance. Not to house automobiles, trucks, or tractors in barns, or otherwise violate restrictions in the landlord's insurance policies without written consent from the landlord. Restrictions to be observed are as follows: _____

4. Noxious weeds. To use diligence to prevent noxious weeds from going to seed on the farm. Treatment of the noxious weed infestation and cost thereof shall be handled as follows: _____

5. Addition of improvements. Not to: a) erect or permit to be erected on the farm any nonremovable structure or building, b) incur any expense to the landlord for such purposes, or c) add electrical wiring, plumbing, or heating to any building without written consent of the landlord.

6. Conservation. Control soil erosion according to an approved conservation plan; keep in good repair all terraces, open ditches, inlets and outlets of tile drains; preserve all established watercourses or ditches including grassed waterways; and refrain from any operation or practice that will injure such structures.

7. Damage. When leaving the farm, to pay the landlord reasonable compensation for any damages to the farm for which the tenant is responsible. Any decrease in value due to ordinary wear and depreciation or damages outside the control of the tenant are excepted.

8. Costs of operation. To pay all costs of operation except those specifically referred to in Sections V-A-4 and V-B.

9. Repairs. Not to buy materials for maintenance and repairs in an amount in excess of \$ _____ within a single year without written consent of the landlord.

B. The landlord agrees:

1. Loss replacement. To replace or repair as promptly as possible the dwelling of any other building or equipment regularly used by the tenant that may be destroyed or damaged by fire, flood, or other cause beyond the control of the tenant or to make rental adjustments in lieu of replacements.

2. Materials for repair. To furnish all material needed for normal maintenance and repairs.

3. Skilled labor. To furnish any skilled labor tasks that the tenant is unable to perform satisfactorily. Additional agreements regarding materials and labor are: _____

4. Reimbursement. To pay for materials purchased by the tenant for purposes of repair and maintenance in an amount not to exceed \$_____ in any one year, except as otherwise agreed upon. Reimbursement shall be made within ____ days after the tenant submits the bill.

5. Removable improvements. Let the tenant make minor improvements of a temporary or removable nature, which do not mar the condition or appearance of the farm, at the tenant's expense. The landlord further agrees to let the tenant remove such improvements even though they are legally fixtures at any time this lease is in effect or within ____ days thereafter, provided the tenant leaves in good condition that part of the farm from which such improvements are removed. The tenant shall have no right to compensation for improvements that are not removed except as mutually agreed.

6. Compensation for crop expenses. To reimburse the tenant at the termination of this lease for field work done and for other crop costs incurred for crops to be harvested during the following year. Unless otherwise agreed, current custom rates for the operations involved will be used as a basis of settlement.

C. Both agree:

1. Not to obligate other party. Neither party hereto shall pledge the credit of the other party hereto for any purpose whatsoever without the consent of the other party. Neither party shall be responsible for debts or liabilities incurred, or for damages caused by the other party.

2. Capital improvements. Costs of establishing hay or pasture seedings, new conservation structures, improvements (except as provided in Section V-B-5), or of applying lime and other long-lived fertilizers shall be divided between landlord and tenant as set forth in the following table. The tenant will be reimbursed by the landlord either when the improvement is completed, or the tenant will be compensated for the share of the depreciated cost of the tenant's contribution when the lease ends based on the value of the tenant's contribution and depreciation rate shown in the "Compensation for Improvements" table. (Cross out the portion of the preceding sentence which does not apply.) Rates for labor, power and machinery contributed by the tenant shall be agreed upon before construction is started.

Table 1. Compensation for improvements.

Type of Improvement	Date of Completion	Estimated Total Dollar Cost	Percent Contributed by Tenant			TOTAL Dollar Value of Tenant's Contribution*	Percent Rate of Annual Depreciation
			Material	Unskilled Labor	Machinery		
_____	_____	\$ _____	%	%	%	\$ _____	%
_____	_____	\$ _____	%	%	%	\$ _____	%
_____	_____	\$ _____	%	%	%	\$ _____	%
_____	_____	\$ _____	%	%	%	\$ _____	%
_____	_____	\$ _____	%	%	%	\$ _____	%
_____	_____	\$ _____	%	%	%	\$ _____	%
_____	_____	\$ _____	%	%	%	\$ _____	%
_____	_____	\$ _____	%	%	%	\$ _____	%
_____	_____	\$ _____	%	%	%	\$ _____	%

* To be recorded when improvement is completed.

VI. Arbitration of Differences

Any differences between the parties as to their several rights or obligations under this lease that are not settled by mutual agreement after thorough discussion, shall be submitted for arbitration to a committee of three disinterested persons, one selected by each party hereto and to the third by the two thus selected. The committee's decision shall be accepted by both parties.

Amount of Rent to be paid when Cropland is rented on a Flexible Basis

A. Cash rent for inflexible items. (Complete at beginning of lease period.)

- a) Pasture \$ _____
- b) Hayland \$ _____
- c) Other inflexible cropland \$ _____
- d) Timber, wasteland \$ _____
- e) Farmstead \$ _____

TOTAL Inflexible Rent \$ _____

B. Flexible cropland rent. (From Method I, II, or III below.) \$ _____

C. TOTAL Rent for Year \$ _____

D. Flexible cropland rent. (Use Method I, II, or III.)

1. Basic information to be used in Methods I and II

Crop(s)	Base Cash Rent (per acre)	Base Yield (bushel or ton per acre)	Base Price (per bushel or ton)	Minimum Cash Rent (per acre)	Maximum Cash Rent (per acre)
_____	\$ _____	_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	_____	\$ _____	\$ _____	\$ _____

2. The current price for the current year shall be Average Price at close of day based on the following time periods(s) and location(s).

Crop(s) _____	Day _____	Month _____	through _____	Day _____	Month _____	at _____	PriceSource _____
Crop(s) _____	Day _____	Month _____	through _____	Day _____	Month _____	at _____	PriceSource _____
Crop(s) _____	Day _____	Month _____	through _____	Day _____	Month _____	at _____	PriceSource _____

For each year of this lease, the Per-acre Base Cash Rent for each crop shall be adjusted at the close of the cropping season by one of the following methods:

Method I - Flexing for Price Only

Crop(s)	Base Rent	x	(Current Price ÷ Base Price)	=	Rent per acre ¹	x	Acres Grown	=	Adjusted Rent for the Year
_____	_____	x	_____	=	_____	x	_____	=	_____
_____	_____	x	_____	=	_____	x	_____	=	_____
_____	_____	x	_____	=	_____	x	_____	=	_____

Method II - Flexing for Price and Yield

Crop(s)	Base Rent	x	(Current Price ÷ Base Price)	x	(Current Yield ÷ Base Yield) ²	=	Rent per acre ¹	x	Acres Grown	=	Adjusted Rent for the Year
_____	_____	x	_____	x	_____	=	_____	x	_____	=	_____
_____	_____	x	_____	x	_____	=	_____	x	_____	=	_____
_____	_____	x	_____	x	_____	=	_____	x	_____	=	_____

Method III - Work Out and Record Procedure to be used.

¹ If calculated figure is less than "minimum cash rent" in D-1, use the set minimum. If calculated figure is more than "Maximum Cash Rent" in D-1, use the set maximum.

² The current yield shall be the "farm" yield for the current lease year.

Executed in duplicate on the date first above written:

tenant _____ landlord _____

tenant's spouse _____ landlord's spouse _____

State of _____ }
 County of _____ } SS:

On this _____ day of _____, A.D. 20____, before me, the undersigned, a Notary Public in said State, personally appeared _____, _____, _____, and _____ to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

 Notary Public

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