

Cash Farm Lease

This CASH FARM LEASE 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 a farm operating agreement may be legally considered a partnership under certain conditions, seeking proper legal advice is recommended when developing such an agreement.

This lease is entered into this _____ day of _____, 20 _____, between

_____, landlord, 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 agricultural 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 a 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 IIA.

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 shall sell or otherwise transfer title to the farm, he will do so subject to the provisions of this lease.

F. Right of entry. The landlord reserves the right for himself, his agents, his employees, or his assigns 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 plowing, seeding, fertilizing, and any other customary seasonal work, none of which is to interfere with the tenant in carrying out regular farm operations.

G. No right to sublease. The landlord does not convey to the tenant the right to lease or sublease 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 provisions.

III. LAND USE

A. General provisions. The land described in Section I will be used in approximately the following manner. If it is impracticable in any year to follow such a land use plan, appropriate adjustments will be made by mutual 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. During each year that this lease is effective, sufficient legume or legume-grass shall be seeded or maintained to provide for approximately _____ acres. Seed required for such crops shall be furnished by _____. If any legume, or legume-grass seedlings fail, the substitute crop or crops shall be mutually agreed upon.

4. Other:

- _____ Acres
- _____ Acres
- _____ Acres
- _____ Acres

B. Restrictions. The maximum acres harvested as silage shall be _____ acres unless it is mutually decided otherwise.

1. The pasture stocking rate shall not exceed:
Pasture ID

- _____ acres/animal unit
- _____ acres/animal unit
- _____ acres/animal unit

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

2. No permanent pasture shall be plowed without the written consent of the Lessor.

3. Other restrictions are:

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 shall 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

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.

| <u>Amount of Cash Rent</u> | | | |
|---------------------------------|--------|---------------|--------|
| Kind of Land or Improvements | Acres | Rate/ Acre | Amount |
| Row Crops | | \$ | \$ |
| Small Grains | | \$ | \$ |
| Legumes | | \$ | \$ |
| Permanent Pasture | | \$ | \$ |
| Timber | | \$ | \$ |
| Waste | | \$ | \$ |
| Farm buildings | XXXXXX | XXXXXX | \$ |
| Dwelling | XXXXXX | XXXXXX | \$ |
| Other | | | \$ |
| ENTIRE FARM UNIT | | \$XXXXXX | |

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

\$ _____ on or before _____ day of _____ (month),
\$ _____ on or before _____ day of _____ (month),
\$ _____ on or before _____ day of _____ (month),
\$ _____ on or before _____ day of _____ (month),

If rent is not paid when due, the tenant agrees to pay interest on the amount of unpaid rent at the rate of _____ percent per annum from the due date until paid.

C. Rental adjustment - Additional agreements in regard to rental payment:

D. Reimbursement for Unexhausted Applications of Fertilizer

At the termination of this lease, the Lessor agrees to compensate the Lessee for (Check One - None G, 1/3 G, 1/2 G, 2/3 G, Other, specify _____) of the Lessee's cost of commercial fertilizer applied the last year of the lease, except for nitrogen applied alone or fertilizer applied in the row for cultivated crops.

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 unskilled labor necessary to maintain the farm and its improvements during his tenancy 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 permanent pasture or meadowland, b) cut live trees for sale or personal uses, 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, motor 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 as completely as practicable; 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. Damages. When he leaves the farm, to pay the landlord reasonable compensation for any damages to the farm for which he, 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 or any other building 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 repairs. To furnish all material needed for normal maintenance and repairs.
3. Skilled labor. To furnish any skilled labor for tasks which the tenant himself is unable to make 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. He further agrees to let the tenant remove such improvements even through 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 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. That costs of establishing hay or pasture seedlings, 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 his share of the depreciated cost of his contribution when he leaves the farm based on the value of the tenant's contribution and depreciation rate shown in Table I. (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.

