

Cash Farm Lease (with Flexible Provisions)



**North Central Regional Extension
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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 entered into this _____ day of _____, 19 _____, 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 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 _____, 19 _____. 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 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 tillage, 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 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 provisions:

¹ For cash and flexible rental information see *Fixed and Flexible Arrangements for Your Farm*, NCR publication number 75.

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
 _____ 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 IDENTIF.	ANIMAL UNITS/ACRE
_____	_____
_____	_____
_____	_____

(1,000-pound mature cow is equivalent to one animal unit.)

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 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.

Kind of land or improvements	Amount of Cash Rent		
	Acres	Rate per Acre	Amount
Row crops	_____	\$ _____	\$ _____
Small grains	_____	\$ _____	\$ _____
Legumes	_____	\$ _____	\$ _____
Permanent pasture	_____	\$ _____	\$ _____
Timber	_____	\$ _____	\$ _____
Waste	_____	\$ _____	\$ _____
Farm buildings	XXXX	XXXX	\$ _____
Dwelling	XXXX	XXXX	\$ _____
Other	_____	\$ _____	\$ _____
ENTIRE FARM	_____	XXXX	\$ _____

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: _____

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 seedings 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. Damages. 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.

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 (bu or ton/acre)	Base price (per bu or per ton)	Min. cash rent (per acre)	Max. 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 PERIOD(S) AND LOCATION(S)

Crop(s)	_____ Day	_____ Month	through _____ Day	_____ Month	Price source at _____
_____	_____ Day	_____ Month	through _____ Day	_____ Month	at _____
_____	_____ Day	_____ Month	through _____ Day	_____ Month	at _____

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/acre ¹	x Acres grown	= Adj. rent for year
_____	\$ _____	x \$ _____	= \$ _____	x _____	= \$ _____
_____	\$ _____	x \$ _____	= \$ _____	x _____	= \$ _____
_____	\$ _____	x \$ _____	= \$ _____	x _____	= \$ _____
Total all crops					= \$ _____

METHOD II — FLEXING FOR PRICE AND YIELD

Crop(s)	Base rent	x (Current price ÷ Base price)	x (Current yld ² ÷ Base yld)	= Rent/acre ¹	x Acres grown	= Adj. rent for year
_____	\$ _____	x \$ _____	x \$ _____	= \$ _____	x _____	= \$ _____
_____	\$ _____	x \$ _____	x \$ _____	= \$ _____	x _____	= \$ _____
_____	\$ _____	x \$ _____	x \$ _____	= \$ _____	x _____	= \$ _____
Total all crops						= \$ _____

METHOD III — WORK OUT AND RECORD PROCEDURE TO BE USED.

¹ If calculated figure is less than "Min. cash rent" in D-1, use the set minimum. If calculated figure is more than "Max. 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. 19_____, 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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