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**Cash Rent Farm Lease Template**

**Drafted by George Boody and Audrey Arner in 2017**

This lease entered into the 15\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_, between

**Landowner:**

**Lessee (Farmer Operator):**

**I. Property Description:** The landowner hereby leases to the lessee, to occupy and use for agriculture and related purposes, the following described property: consisting of acres situated in XXXX County, Minnesota, and the Lessee does hereby hire and take from the Lessor, the following described land situated in the County of XXXX, and State of Minnesota.

Property legal description. (See Appendix I for map)

Extra note; E.g., The property available for planting during this lease does not include XXX acres proposed to be put into Conservation Reserve Program buffer and wildlife habitat along the waterway that flows diagonally through the field from southeast to northwest. (See Appendix 2 for map)

**II. General Terms of Lease**

**A. Time period covered.** The provisions of this agreement shall be in effect for 4 year(s), commencing no later than \_\_\_\_\_\_\_ This lease shall continue in effect from year to year thereafter until \_\_\_\_\_, unless written notice of termination is given by either party to the other at least 60 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 30 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 landowner and lessee.

**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 relationship.

**E. Transfer of property.** If the landowner 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 landowner, as well as agents and employees of the landowner, reserve the right to enter the farm at any reasonable time to a) consult with the lessee; b) make repairs, improvements, and inspections; c) perform soil testing; and d) 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 lessee in carrying out regular operations.

**G. No right to sublease.** The landowner does not convey to the lessee the right to lease or sublet any part of the farm or to assign the lease to any person or persons whomsoever, including for purposes of hunting, trapping or other recreational uses.

**H. Binding on heirs.** The provisions of this lease, unless specified otherwise, shall be binding upon the heirs, executors, administrators, and successors of both landowner and lessee in like manner as upon the original parties, except as provided by mutual written agreement.

**I. Mineral rights and wind/solar development.** The landowner shall have the right to enter into agreements for the development of petroleum, wind, solar, or other resources on the property, and may also authorize third parties to enter the property to survey, construct, and/or operate the facilities reasonably necessary to develop those resources. The landowner agrees to reimburse the lessee for any actual damage suffered for crops destroyed by these activities and to release the lessee from obligation to continue farming this property when and if development of such resources interferes materially with the lessee’s opportunity to make a satisfactory return.

**J. Environmental issues.** The lessee shall conduct all operations on the property in a manner consistent with all applicable local, state, and federal environmental codes, regulations, and statutes and shall bear sole responsibility for any violations thereof. The lessee shall be solely responsible for securing any permits or approvals necessary for his or her activities on the property. In the event of any legally prohibited release of materials to the environment, the lessee will indemnify the landowner for any costs of environmental cleanup and restoration as well as any penalties, fines, judgments or other amounts incurred by landowner because of such release.

**K. 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.

**L. Surrender of Possession and Holding Over:** At the termination of the term of this lease and upon re-entry by Lessor as herein provided, Lessee will peaceably surrender possession of all said land to Lessor; and that in case Lessee shall remain in possession thereof after expiration of the term of this lease or after re-entry, as herein provided, it shall not be construed as a renewal of this lease, and that, in such case, Lessee will surrendersuch possession to Lessor upon demand.

**III. Land Use**

**A. Intent of Landowner**

The intent with the landowner is to manage the land as a natural, environmentally balanced ecosystem that could include continuous living cover systems including returning livestock back on the land with managed rotational grazing on permanent pastures, cover crops, hay, organic farming, wildlife habitat, habitat for pheasants, etc. A Public Waterway runs through the field and Landowner intends to meet the obligations to buffer the waterway. The Landowner intends to transition the field to continuous living cover to improve long-term productivity through profitable conservation provisions, and to lease and ultimately sell it to a family farmer who will agree to farm it in ways that honor these approaches.

**B. General provisions.**

**1. Land use.** The land described in Section I will be used in approximately the following manner on land owned by Landowner, not including proposed CRP land. Note that blacked out areas mean those crops wouldn’t be planted in a given year. This chart will be completed with consultation between landowner and lessee before the lease is signed. It can be modified in future years as conditions change.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type of land use | Year 1 | Year 2 | Year 3 | Year 4 |
| 1. Cropland |  |  |  |  |
|  A Row crops |  |  |  |  |
|  B. Row crops with cover crops | Soybeans with cover crop |  |  |  |
|  C. Corn silage with cover crops |  |  |  |  |
| C. Small grains with cover crops |  |  |  |  |
| D. Alfalfa |  | Alfalfa | Alfalfa | Alfalfa |
| E. Short-term grazing |  |  |  |  |
| 2. Managed rotational grazing on permanent pasture |  |  |  |  |
| 3. Other |  |  |  |  |
|  |  |  |  |  |
| Total Acres |  |  |  |  |

Landowner prefers that on this field the lessee plant alfalfa by the second year or other multispecies hay crops.

B. **Government Programs.** The participation by landowner or lessee in federal, state or county government programs for purposes of commodity support, conservation enhancement or other objectives related to this field will be discussed at the time the lease is signed and annually as needed.

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**

**A. Cash rental rates.** The lessee agrees to pay landowner as cash rent the amount as calculated in the “Amount of Cash Rent” table for the specific crops grown in each year; or, one total may be entered for Entire Farm unit to Landowner per year.

**Year one**

|  |  |  |  |
| --- | --- | --- | --- |
| Type of Crop | Rate/ac | # acres | Amount |
| Row crops (for reference) | XXX |  |  |
| Row crops with cover crops | -22% |  |  |
| Corn silage | XXX |  |  |
| Corn silage with cover crops | -22% |  |  |
| Alfalfa | -22% |  |  |
| Wheat | -22% |  |  |
| Wheat with cover crop | -27% |  |  |
| Other hay | -27% |  |  |
| CRP land for hunting | 0 |  |  |
| **Total Amount** |  |  |  |

**Year two**

|  |  |  |  |
| --- | --- | --- | --- |
| Type of Crop | Rate/ac | # acres | Amount |
| Row crops (for reference) | XXX |  |  |
| Row crops with cover crops | -22% |  |  |
| Corn silage with cover crops | -22% |  |  |
| Alfalfa | -22% |  |  |
| Wheat | -22% |  |  |
| Wheat with cover crop | -22% |  |  |
| Other hay | -27% |  |  |
| CRP land for hunting | 0 |  |  |
| **Total Amount** |  |  |  |

**Year three**

Possibly introducing a well and transition to pasture on this land, if agreed upon with sisters and lessee

|  |  |  |  |
| --- | --- | --- | --- |
| Type of Crop | Rate/ac | # acres | Amount |
| Row crops (for reference) | xxx |  |  |
| Alfalfa | -22% |  |  |
| Wheat | -22% |  |  |
| Wheat with cover crop | -27% |  |  |
| Other hay | -27% |  |  |
| Multi-species perennial pasture managed with rotational grazing | -30% |  |  |
| CRP land for hunting | 0 |  |  |
| **Total Amount** |  |  |  |

**Year four**

|  |  |  |  |
| --- | --- | --- | --- |
| Type of Crop | Rate/ac | # acres | Amount |
| Row crops (for reference) | xxx |  |  |
| Alfalfa | -22% |  |  |
| Wheat | -22% |  |  |
| Wheat with cover crop | -27% |  |  |
| Other hay | -27% |  |  |
| Multi-species perennial pasture managed with rotational grazing | -30% |  |  |
| CRP land for hunting | 0 |  |  |
| **Total Amount** |  |  |  |

**B. Rental payments to Landowner.** The annual cash rent shall be paid as follows:

$ on or before 1st day of April, \_\_\_\_

$ on or before 1st day of April, \_\_\_\_

$ on or before 1st day of April, \_\_\_\_

$ on or before 1st day of April, \_\_\_\_

Interest shall accrue at the rate of ten percent (10%) on any rent paid after the due date. If the rent is not paid within ten (10) days of the due date, this lease shall immediately terminate.

**C. Payee information.** The rental payments shall be sent to the address of the landowner as shown on page 1 of this lease.

**D. Liens.** The lessee acknowledges and agrees that the landowner may file and perfect a lien upon the crops grown under this lease to secure the payment of rents or any other amounts due under this lease, and that the lessee may execute the same against such crops in accordance with state law.

**V. Operation and Maintenance of Farm**

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

**A. The lessee agrees:**

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

**2. Noxious weeds and other pests.** To use diligence to prevent noxious weeds from going to seed on the farm. Treatment of a noxious weed infestation and cost thereof shall be handled as follows. To use minimize the use of toxic pesticides and pesticide losses from runoff and leaching, reduce pesticide residues in crops and the soil, and reduce energy use and production costs: use Integrated Pest Management (IPM) strategies to control pests. These include suppression of weeds, insects, diseases and other pests by using diverse rotations of annual crops with various small grains and alfalfa, hay, grazing, monitoring for pest thresholds that might cause damage, and use of biological and other alternatives to chemical control. As a last resort, planned use of least toxic chemicals as defined by labels and IPM programs to keep pest populations below damaging levels, while minimizing harmful effects of pest control on humans, pollinators and natural resources.

**3. Conservation.** Preserve and improve soil health and all established watercourses and related buffers, and refrain from any operation or practice that will injure such structures. There are no designated highly erodible soils on this property. A copy of any conservation plans will be provided to Landowner/Lessee.

**Specific conservation provisions include:**

* To keep the lease premises neat and orderly.
* To improve soil health by increasing soil organic matter, aggregate stability and long-term sequestration of carbon in the soil resulting from adoption of continuous living cover systems such as use of cover crops with annual crops, longer crop rotations with small grains and perennials, alfalfa, other hay crops and pastures.
* To comply with pollution control and environmental protection requirements as required by local, state, and federal agencies.
* To implement water conservation and soil erosion control practices to comply with the soil loss standards that may be mandated by local, state, and federal agencies to minimize erosion from wind, rill or sheet and gullies.

**Specific conservation provisions (continued)**

* To improve the functioning of soil microbiology, minimize soil disturbance resulting from tillage and transition toward minimizing tillage after year one.
* To haul and spread fertilizer or manure at times and in quantities consistent with environmental protection requirements, soil survey limitations, soil and manure testing, and University of Minnesota recommendations for rates and timing of nutrient application. Manure application as a part of managed rotational grazing or composting are preferred methods. In years one through three, knifing or spreading manure through a lessee-owned and temporary irrigation system manure in corn, wheat or cover crops would be acceptable. However, to avoid loss of fertilizer nitrogen there will be no fall application of nitrogen fertilizers including but not limited to anhydrous ammonia. Lessee will monitor soil test levels for phosphorus and avoid building these levels above 20 ppm (Bray test) or 16 ppm (Olsen test).
* Not to plow or spray permanent pasture, Conservation Reserve Program or buffer areas.
* Not to remove cornstalks, straw, or other crop residues grown upon the land unless cover crops are used in conjunction with annual crops.
* No drainage tile exists or will be installed in this field.

**4. Damage.** Upon termination of the lease agreement, to pay the landowner reasonable compensation for any damages to the farm for which the lessee is responsible. Any decrease in value due to ordinary wear and depreciation or damages outside the control of the lessee are excepted.

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

**6. Lessee insurance.** To carry liability insurance lessee’s farming operation naming landowner as an additional insured in case an employee, agent or invitee of the lessee is injured on landowner land because of lessee negligence. If hired workers besides lessee and related family members may on occasion perform paid work on landowner’s land, to carry worker’s compensation insurance for those hired workers

**7. Hunting Rights:** Lessee may hunt on this property.

**8. Repairs.** Not to buy materials for maintenance and repairs without written consent of the landowner.

**9. Lessee is Family Farmer**: By signing this lease the Lessee acknowledges that she/he (or any sub-lessee) is a family farm unit, family farm corporation, family farm limited liability company, a family farm trust, a family farm partnership or an authorized partnership as defined in the Minnesota Corporate Farm law.

**B. The landowner agrees:**

**1. Loss replacement.** To replace or repair as promptly as possible conservation structures damaged by natural causes.

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

**3. Skilled labor.** To furnish or pay for any skilled labor tasks that the lessee is unable to perform satisfactorily.

**4. Reimbursement.** To pay for materials purchased by the lessee for purposes of repair and maintenance if repair is approved by landowner ahead of the purchase. Reimbursement shall be made within days after the lessee submits the bill.

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

**6. Compensation for crop expenses.** To reimburse the lessee 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 and actual costs for materials applied will be used as a basis of settlement.

**8. Pay Property Taxes.** To pay property taxes for this land.

**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. Rent to Buy.** Lessee, assuming obligations are fulfilled and movement toward continuous living cover farming system and conservation provisions are fully implemented, as determined by landowner, shall have the right of first refusal if landowner should decide to sell the property. Property will be valued through an appraisal conducted by landowner considering conservation provisions to be continued on the land and any other stipulations. This right also does not pass on to lessee’s heirs or successors after the lease is terminated. If the lease is terminated for any reason and a new tenant takes possession, the right of first refusal for the lessee will be extinguished.

**3. Capital improvements.** Costs of establishing permanent hay or pasture seeding, a well to use for cattle, permanent fencing improvements (except as provided in Section V-B-5), shall be divided between landowner and lessee as set forth in the following table. Such costs would not include government share of conservation cost-share program payments, e.g., from Environmental Quality Incentives Program. The lessee will be reimbursed by the landowner either when the improvement is completed, or the lessee will be compensated for the share of the depreciated cost of the lessee’s contribution when the lease ends based on the value of the lessee’s initial 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 lessee shall be agreed upon before construction is started.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Capital Improvement | InstallationAmount | Landowner% of Amount | Lessee% of Amount | Depreciation rate reimbursement upon end of lease |
| Well for water |  | 50% | 50% | 20 yrs. |
| Perimeter fencing |  | 40% | 60% | 10 yrs. |
| Multi-species perennial pasture seeding |  | 20% | 80% | 5 yrs. |
|  |  |  |  |  |
| Total Amount |  |  |  |  |

Executed in duplicate on the date first above written:

­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Lessee

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Lessee Spouse or Operating Partner

State of Minnesota County of

On this day of \_\_\_\_\_\_\_A.D. 2017, 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

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Landowner:

State of Minnesota County of

On this day of \_\_\_\_\_\_\_A.D. 2017, 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

**Appendix I: Map of Land**

**Appendix II: Conservation Reserve Program Map**