

**Farmland Ownership & Rental:
Managing for Stewardship
Toolkit of Resources for Conservation Leasing
September 2019**



This toolkit was developed by the Land Stewardship Project and the League of Women Voters. All documents online are in PDF format unless otherwise noted.

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	<i>D. Setting a Rental Rate for Soil Health-Building Practices</i>
50	Minnesota Cropland and Pasture Rental Rates. Prepared by David Bau of the University of Minnesota Extension Service, rental rates are estimated over multiple years using the Minnesota Agricultural Statistics Service Annual Rental Rate Survey for land in row crops and pasture. It is followed by a Landowner's Cash Rent Worksheet that can be used to estimate cash rent: https://www.extension.umn.edu/agriculture/business/land-economics . For Iowa Farmland rental rates, see: https://www.extension.iastate.edu/agdm/wholefarm/html/c2-09.html .
54	The Cropping Systems Calculator. LSP Fact Sheet #28 describes a tool that will help you and/or a renter compare costs and returns involved with adopting longer crop rotations, cover crops, or different grazing options. It has built-in defaults or can be used with Schedule F information. This will require a separate sign-up so updates can be provided: http://landstewardshipproject.org/stewardshipfood/chippewa10croppingsystemscalculator .
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	<i>E. Other LSP Resources and Publications</i>
60	Resource Guide. This lists specific lease and rental resources available on LSP web pages, as well as other websites.
	An LSP podcast (https://landstewardshipproject.org/posts/1043) features a conversation on developing a good relationship with renters based on farmland stewardship.
	LSP's Bridge to Soil Health Program works with crop and livestock farmers and other professionals that view soil as a long-term investment. The Soil Builders' Network acts as a bridge between emerging soil health information and local farming practices: https://landstewardshipproject.org/lpssoilbuilders .
	<i>F. Additional Resources</i>
	"Unlocking the Secrets of the Soil" is a presentation on soil health given by NRCS soil scientist Kristin Brennan.

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Introduction to LSP's Farm Transition Program

What we mean by Farmland Transition:

This is the process, often complex and slow, by which we plan for the changeover of one entity's ownership and/or stewardship of the land to the next person or persons. This process can begin at any stage of life, can include many strategies. At LSP, our goal is to help people transition while preserving stewardship and conservation values and practices from one owner to the next.

Who is involved? Who is this for?

If you own and work farmland and have strong conservation values, you should be thinking about transition no matter where you are in your career. If you own farmland that you rent out and care deeply about how that land is farmed, you should be thinking about what comes next. If there is farmland in your family and there is not a clear plan for what comes next, you should be working on a transition plan.

What is involved?

Planning for a farm transition can start at any age or point in your farm story, the earlier you start the more options you will have. Although each transition is unique and specific to the parties involved, there are some basics that everyone should cover for a good outcome

Know and record your goals for yourself, your family (however you define family), and your land

Know and record your needs in relation to the property, for example: income, access, use, etc.

Start the conversations about what transition could look like for you

Talk to everyone whom this touches, everyone in relationship with the land and with you

Build a team/network of resources and professionals that will help you meet your goals

What LSP offers:

- A winter 3 day workshop series designed to help you begin and create the transition plan that meets your needs <https://landstewardshipproject.org/events/item/1421>
- A Farm Transition Toolkit: <https://landstewardshipproject.org/morefarmers/farmtransitiontools/farmtransitiontoolkit>
- Seeking Farmers Seeking Land Clearinghouse: Networking beginning and established farmers with strong conservation values <https://landstewardshipproject.org/morefarmers/seekingfarmersseekinglandclearinghouse>
- Network connections with families/individuals who have worked on transitions plans
- Stories of families/individuals who have pursued alternative transition plans <https://landstewardshipproject.org/farmtransitionsprofilesintroduction>

- Resources and staff support for farm transition planning:
<https://landstewardshipproject.org/morefarmers/farmtransitiontools>
- Resources and staff support for non-operating landowners, including conservation lease examples <https://landstewardshipproject.org/stewardshipfood/conservationleases>
See Table of Contents for resources in this document.

Managing for Stewardship: Resources for Farmland Owners and Renters



Acronyms 1/24/18

Agency Acronyms

Natural Resources Conservation Service (NRCS) is a conservation agency of the United States Department of Agriculture (USDA) that develops conservation plans and provides financial assistance to farmers to increase conservation. In Minnesota <https://www.nrcs.usda.gov/wps/portal/nrcs/site/mn/home/>

Soil and Water Conservation Districts (SWCD) local units of government in each county in MN. In some states like WI they are called Land Conservation Departments in each county.
<https://www.maswcd.org/>

Minnesota Board of Water and Soil Resources (BWSR) is a state agency that provides funding to SWCDs and other local units of government focused on conservation.
<http://www.bwsr.state.mn.us/>

Minnesota Department of Agriculture (MDA) Among other programs that host a Cropland Grazing Exchange to connect row crop farmers with farmers who have cattle.
<http://www2.mda.state.mn.us/webapp/GrazingExchange/MDAHome.html>

Sustainable Farming Association of Minnesota (SFA-MN) is a farmer to farmer network that supports bringing livestock back. They partner with the MDA on the grazing exchange and hold an annual Soil Health Conference. There are also local chapters around the state.
<http://www.sfa-mn.org/>

Farm Service Agency (FSA), an agency of the USDA that provides financial assistance for the Conservation Reserve Program, price support and disaster programs, and farm loan programs.
<https://www.fsa.usda.gov/state-offices/Minnesota/index>

Risk Management Agency (RMA), is an agency of the USDA that administers Federally Subsidized Crop Insurance. <https://www.rma.usda.gov/>

Program acronyms

Conservation Reserve Program (CRP) a 10 or 15-year contract with FSA to take productive ag land out of production and put into conservation.

Conservation Stewardship Program (CSP) is a conservation program of NRCS that helps farmers add additional conservation based on 5 year contracts.

Environmental Quality Incentives Program (EQIP) is a conservation program of NRCS that provides cost-share for structural, management and vegetative practices that while conserve natural resources like soil, water and air.



Why Do MN Farmers Do What They Do?

A Farming Practices Primer for Landowners Who Don't Farm

www.landstewardshipproject.org

The following document is meant to help you understand some of the basics of how and why farming practices are what they are today. This fact sheet can be used to inform the conversation with your renter as you begin talking about ways to build soil health on your land. This information is not meant to judge current practices or to direct what practices you and your renter decide to pursue. Many of these practices have been considered good farming practices in the past (or currently) that in one way or another reduce financial risk. However, as farmers, landowners, and scientists are learning, some of these practices do not directly support soil health or soil building. We hope to dispel beliefs that some of the soil health building practices “don’t work in Minnesota” or that they aren’t being done in this region. This is not an exhaustive discussion of any one of these particular practices. You may have further questions and we encourage you to ask them. We hope this document helps you begin to decide which topics you’d like to investigate further.

For reference, the five principles of soil health are:

- ◆ Keep the soil covered year-round with residue and/or living plant cover.
- ◆ Minimize disturbance from tillage and chemical applications.
- ◆ Increase crop diversity with cover crops and longer crop rotations.
- ◆ Keep living roots in the ground throughout the year with cover crops in row crops, rotations that include small grains and perennials or perennial cropping systems.
- ◆ Integrate livestock onto the land, especially ruminant livestock.

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Tillage

Why do farmers till, and why in the fall rather than the spring?

Tillage is used to bury residue, incorporate manure, and provide seed bed preparation in the spring. Deep tillage might be used to break up compaction from heavy equipment or from years of tillage at the same depth.

Fall tillage was long considered a “best practice” that was widely promoted by University Extension Services and industry as a good way to help soil dry out and warm up more quickly in the spring. There is also a perception that good farmers who get everything done till their fields in the fall, and conversely, if one doesn’t get tillage done in the fall, one hasn’t gotten all the work done. It is not uncommon to fall-till next to the visible roads first, just in case all the fields don’t get done. There is a perception of neatness with a tilled field, amplified by the common term for residue as “trash.”

There is the factor of scale and custom hired work. An un-tilled field that could be wetter longer in the spring might make it more difficult to plant on a tight schedule with a large operation or with a custom hire’s schedule. Fall tillage is often a way to save time in the spring in a tillage system.

Finally, organic agriculture depends heavily on tillage for weed control, although that is rapidly changing with creative use of crop rotations and cover crops.

“Conservation tillage” is any tillage and planting system that covers 30 percent or more of the soil surface with crop residue, after planting, to reduce soil erosion by water. This includes no-till systems, strip-till systems, and some shaft or chisel plow systems.

Why don’t farmers switch to no-till?

It is difficult to switch “cold turkey” to a no-till farming system. One hurdle is equipment. No-till planters and drills are expensive, and there are not a wide range of used implements to choose from. Local Soil and Water Conservation District (SWCD) offices often have small no-till drills that can be rented or hired to plant small fields or experimental plots. These can often be a good low-risk option for a farmer to experiment with. For those who depend on custom hired work, the custom planter may not have no-till equipment available.

One of the difficult realities of a tillage system is that the water and nutrient cycles have been compromised and have come to depend on tillage to make water and nutrients available to young plants. Switching to a no-till system, especially without the help of cover crops, can cause significant yield reductions for one to several years. No-till also requires the farmer to develop a different set of skills for a new system. Because of the risk involved in yield drag and the learning curve needed to master a new system, many farmers are worried about this risk, and rightly so when profit margins are very tight. Finally, sometimes the argument that “no-till simply doesn’t work in Minnesota” will come up. However, many Minnesota farmers have transitioned into no-till systems with excellent results. Minnesota farmer Myron Sylling writes about his experience with no-till and why it can make sense for other farmers in a series of LSP Soil Builders’ Network Fact Sheets: “No-till for Beginners,” “No-till & Fertilizer,” and “No-till Planter Set-up.” You can find them at www.landstewardshipproject.org/lspsoil-builders.

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Corn, Soybeans, Small Grains & Alfalfa

Why do farmers plant mainly corn and soybeans?

Currently, the agriculture industry in the Midwest has a very well-developed market system that is streamlined for two crops: corn and soybeans. Our system of acquiring seed, selling crops, accessing storage and transportation, utilizing a variety of equipment new and used, and insuring against losses is tailored for these two crops. They are the simplest crops to grow, with well-developed support industries. Custom hire operations, crop consultants, land managers, chemical and fertilizer companies, seed companies, and financial institutions are focused on these crops. Research and innovation in both seed genetics and technology have similarly focused on corn and soybeans. There are also established risk management systems for corn and soybeans, including commodity farm programs and crop insurance. Because of these systems and support industries, these crops also carry less risk than most crops and are therefore preferable to lending institutions.

Given the focus on corn and soybeans, most farmers have a complement of equipment best suited to the planting, harvesting, and transporting of these crops. Also, in land assessment, corn and soybeans are often considered the highest yielding and best use of land, according to appraisers. The actuality of this value can fluctuate according to crop markets, but the perception persists. Finally, this is what farmers know well and do well, and they've built their businesses and identities around corn and soybeans. The American public has come to understand that this is what farming looks like in the Midwest.

Why do farmers plant corn-on-corn several years in a row?

At times, corn has been more profitable than soybeans and it has been attractive to plant corn year-after-year on the same field. Corn creates a lot of residue, which can be seen as building soil organic matter. Farmers manage the higher nitrogen needs of corn following corn with nitrogen applications. There can be issues with insects such as corn rootworm, as well as leaf and stalk diseases. Soybeans following soybeans is discouraged, since it can result in more insect and disease problems, as well as a quicker and greater yield drag after each consecutive year. A December 2016 article in the *Wisconsin Crop Manager* addressed where to plant a second year of soybeans after they were projected to be more profitable than corn in 2017: "If it were my land I would stick to my rotations on my owned land and consider 2nd year soybeans on the rented ground," wrote the author.

Why don't I see more small grains (wheat, oats, rye, barley, etc.)?

As discussed above, there is a lot of structure and support for the growing, management, harvest, storage, transport, sale, and management of risk for corn and soybeans. Conversely, the structure and support for small grain crops such as oats, rye and barley have significantly decreased over the years. Small grains are much harder to find a market for outside the regions where small grains are commonly grown, such as the northern Plains states. Farmers raising small grains must be more creative and active marketers, and often have to travel longer distances to sell them. There

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are few elevators that accept small grains, and usually only wheat. There are fewer small-scale livestock operations, a common market for small grains, and large confinement livestock operations are moving away from including small grains in their rations, further reducing local markets. Small-scale livestock operations also used to provide a market for the straw from small grains (they used it for bedding). And small grains are often less profitable per acre than corn or soybeans.

When and why are some farmers planting small grains?

Some Minnesota farmers have never stopped raising small grains because they see the value of a three-crop rotation over a two-crop rotation. This can help break up weed cycles, build organic matter, and give some flexibility in a planting and harvest season, spreading out the timeline. More recently, many farmers have started growing small grains in order to more easily integrate a cover crop, either for soil building, for grazing, or for both. Sometimes they can find good local markets for small grains by, for example, growing for local livestock producers, growing cover crop seed for neighbors and seed companies, providing grains to small mills and breweries, etc.

Many farmers with livestock, especially hogs and poultry, find that diverse, locally-produced small grains make superior and more cost-effective feed than corn and soybeans. Some find that a non-GMO small grain feed can bring a premium for direct-marketed livestock. Many also use the straw from small grains for winter and spring livestock bedding. Hunters and wildlife supporters find that a mixture of small grains can provide better feed and seasonal cover in wildlife food plots.

Why don't farmers grow more alfalfa?

Similar to small grains, there are fewer support structures for growing and marketing alfalfa. And with a decline in small-scale livestock operations, there is less of a local demand for alfalfa. As milk prices have gone down in the past few years and many dairies struggle to stay viable, alfalfa rations have been decreased by significant amounts and replaced with corn silage, rolled corn, and, in the West, almond hulls. For similar reasons, there has also been a decrease in foreign markets for alfalfa.

Alfalfa is a more labor-intensive crop than corn or soybeans, with two-to-three cuttings per year, and is a difficult crop to manage in wet weather. Alfalfa requires significant equipment that is different from corn and soybean equipment and costs more to transport than grain.

Why do some farmers plant alfalfa?

In a multi-crop rotation, alfalfa can be planted with a small grain nurse crop in year one; the nurse crop is harvested and the alfalfa grows to maturity, with no cuttings in the planting year. For the next two-to-three years, depending on the soil, alfalfa variety and weather, farmers can get two-to-four cuttings per year off those fields. Generally, after its final year, the alfalfa is tilled to kill the roots and corn is planted the following year, often with a 10 percent to 15 percent yield boost for the corn.

Farmers with livestock can have some alfalfa in their rotation to provide high quality feed for their animals, often as a supplement to grains or lower quality hay. These farmers rotate their alfalfa acres with corn, soybeans, and usually small grains. Like with small grains, some farmers have continued to include alfalfa in their crop rotations, finding that there is great benefit in soil quality and available nutrients for following crops. An alfalfa rotation can help interrupt weed and pest cycles. Other farmers have found that having alfalfa can be a way to diversify and protect their farm business; when drought

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or other severe weather impacts corn and bean harvests and/or prices, alfalfa prices often rise and help fill the income gap.

Farmers have found that alfalfa is a good

way to line their waterways—along ditches or drainage paths, or next to public bodies of water. Some have used alfalfa to meet buffer law requirements. Organic farmers may use alfalfa or clover plantings in longer rotations.

Cover Crops

What are cover crops?

Cover crops are plants—primarily annual—that keep living roots in the soil and the ground covered when a cash crop is not growing. Cover crops can be interseeded into growing crops or seeded after the harvest in late summer or early fall. With their living roots in the ground during times when the cash crop is dead or removed, the cover crop maintains a living biological community in the soil, protects the soil from wind and water erosion, continues to build organic matter with its growth above and below ground, increases the diversity of your crop rotation, and can contribute to farm income through forage production or through input reductions. Farmers are experimenting a lot with various ways to plant, hay or graze cover crops. Check with your local Soil and Water Conservation District (SWCD) office or the Land Stewardship Project to find out what farmers are doing near you. Minnesota farmer Myron Sylling writes about his experience with cover crops and why it can make sense for other farmers in LSP's Soil Builders' Fact Sheets: "Cover Crop Considerations" and "Frost Seeding Cover Crops." They can be downloaded at www.landstewardshipproject.org/lspsoilbuilders.

Where/when do cover crops work best?

Cover crops are easiest to use when planted after the harvest of a small grain in August/September/early October. This also depends in part on the varieties that are used and the goals driving the use of the cover crop. For example, winter wheat and winter rye

are not expected to produce much growth in the fall. They over-winter and are used to create a full cover early in the spring. Tillage radishes, turnips and other deep-rooted plants used to break up compaction are better when planted in August/September, giving them time to develop a large hardpan-busting taproot.

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What goals could be met with cover crops?

As mentioned, depending on the variety, cover crops can:

- ◆ Maintain healthy soil biology with living roots.
- ◆ Reduce wind and soil erosion.
- ◆ Increase crop rotation diversity.
- ◆ Increase organic matter in soil.
- ◆ Increase the water holding capacity of soil.
- ◆ Break up compaction layers.
- ◆ Help control weed pressure.
- ◆ Increase available nutrients for cash crops.
- ◆ Provide forage for livestock or wildlife.
- ◆ Help transition to a no-till system.
- ◆ Help reduce chemical inputs.
- ◆ Increase long-term productivity of land.
- ◆ Increase long-term resilience of land when it's exposed to extreme weather events.

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Many farmers are also interseeding cover crops into standing corn at an early growth stage, either along with an early nitrogen side-dressing, through broadcasting or with specialized seed drills. These covers grow slowly as the corn matures, and then often burst into activity after the harvest of the corn. Interseeding can work in soybeans as well.

Finally, livestock production is the easiest way to integrate cover crops into a farm system. Livestock can make the growing of small grains a logical part of the rotation, which, in turn, establishes a planting window for seeding cover crops earlier in the fall. Cover crops make the most immediate financial sense and benefit the soil more quickly when livestock are able to add value to them via grazing. Animals that are rotationally grazed also make soil building more efficient by pressing the residue into the soil and evenly distributing manure across the field. This nutrient-rich disturbance provides food for the soil's biological community.

Why don't more farmers cover-crop?

As we mentioned earlier, farming has been streamlined and specialized to encourage and support the planting of primarily corn and soybeans. Many farmers do not own the appropriate equipment or have access to the local and/or institutional knowledge needed to integrate cover crops into their operations. There

is a lot of learning and experimentation necessary to adapt cover crops to one's operation, and that learning curve, coupled with the expense of using and planting cover crops, can present risks that are difficult to justify. One-year leases and top-dollar rental rates make it difficult to justify the investment of time, education and resources needed to build soil on land that could be lost each year and on which any investment would upset an already slim profit margin.

Local perception can influence a farmer's interest in cover crops as well. Sometimes cover crops can be perceived as weeds, or just provoke uncomfortable questions from neighbors. Some people feel a tilled field is "clean" and that when residue or growing plants are present outside the regular growing season, it indicates the farmer is not taking care of business. Fear of ridicule or misunderstanding is a very real obstacle in farm country.

A lack of livestock on an operation reduces the immediate benefits and motivation to experiment with cover crops.

The USDA Sustainable Agriculture Research and Education Program conducts an annual survey of Midwestern farmers' use of cover crops. In recent years, this survey has shown growth in both interest in cover crops and the actual use of them on more acres. Survey respondents who repeatedly plant covers cite how they provide more resilience in the face of bad weather while improving soil health.

Chemical Sprays

Insecticides to kill insects, herbicides to kill weeds and fungicides to kill fungal organisms became widely used after World War II. This increase occurred at the same time as livestock were removed from the fields and placed into separate confinement operations, and monocultural crop production displaced crop

rotation, e.g., corn, soybeans, small grains and two-to-three years of perennials for hay. Increased need for tillage and/or herbicides increases with a reduction in crop diversity, since diverse plant rotations interrupt weed cycles.

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Why did glyphosate become used so widely?

Glyphosate, marketed as Roundup and in other formulations, is an herbicide that kills grasses and broadleaf plants. Beginning in the 1990s, biotechnology seed companies that also formulate and sell pesticides started to market patented crop varieties of corn and soybeans that were genetically engineered to be tolerant to glyphosate and a naturally occurring insecticide, Bt. These plant varieties, called genetically engineered organisms, or GMOs, and often referred to as “Roundup Ready,” rapidly gained market share and hugely expanded the sales of glyphosate.

Glyphosate has been marketed as a safer alternative to harsher chemicals. Use of glyphosates reduces cultivation in the fields (a form

of light tillage to kill weeds) and therefore cuts erosion levels while reducing fuel and machinery costs, as well as the labor costs associated with hiring crews to weed where cultivation was not possible. The “Roundup Ready” system is particularly popular with no-till farmers because it provides weed control without disturbing the soil. However, it has become clear in recent years that glyphosate has some negative side-effects. For example, its widespread use has developed a whole generation of herbicide-resistant weeds that, ironically, now have to be sprayed with extremely toxic chemicals of the kind that glyphosate was promoted to avoid.

What's being sprayed and when?

You can ask your farmer about their spraying regimen, as well as require that they inform you about it in your lease.

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Can I ask my renter to stop using glyphosate?

It is important to understand:

- The reduction in diversity of crop rotations has increased the weed pressure on row crops.
- The ubiquitous use of a chemical herbicide makes it more likely that target weeds will develop resistance to the chemical. Indeed, there are currently at least 18 plant species in North America, sometimes called “superweeds,” resistant to glyphosate. That is why biotechnology companies are “stacking” engineered tolerance to dicamba, 2,4-D and other herbicide modes of action into plants. All of this costs the farmer more money each year.
- GMO seed costs more—sometimes 80 percent more—than corn or soybean seeds without traits engineered to be resistant to glyphosate and other herbicides.
- There are alternative systems that can significantly reduce pesticide use and/or control overall costs. These include use of conventional seed, rotations with very little chemical applications, organic systems, cover crops, and alternative tillage systems.
- It is not simply a matter of substituting one practice for glyphosate or stopping spraying cold turkey. Changing a system entails planning, time, experimentation, and commitment. There may be a need to develop an incremental plan to get there. Landowner commitment and support of renters trying alternatives is important.

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Livestock

Over the past 20+ years, agriculture has separated crops and livestock, with livestock often being raised in feedlots and concentrated animal feeding operations (CAFOs). Fewer farmers who raise row crops have livestock, especially in parts of Minnesota where the land is flat and farms tend to be large, and where much of the infrastructure that used to exist for livestock has now been removed.

Why is it beneficial to have livestock integrated into row crop farms?

Livestock require feed and bedding that give value to a diversity of crops, including small grains and perennials. Alfalfa, pasture forages and small grains are economically valuable in areas where livestock are out of the barns and feedlots and on the land, which benefits the soil and water quality too. Grazing livestock can harvest cover crops in the fall and even winter, adding economic value to a cover crop strategy on a crop farm. The livestock's manure adds fertility to the soil. Well-managed grazing animals can also have a beneficial impact on soil health by boosting the microbiology. The hoof impact of the animals pushing residue in contact with the soil helps to feed the biological community and incorporates organic matter into the soil.

Farms with livestock tend to have more options, thus more resilience. For example, livestock might be able to harvest a crop field damaged by hail, as well as reduce fertilizer input costs and provide off-season income.

Why have many farmers stopped raising livestock?

Agriculture has become increasingly specialized over the past generation. Production has been concentrated into larger-and-larger operations, and farmers have been told to “get big or get out” — many chose to stop raising livestock. Farmers who are interested in soil health are beginning to ask if that was a good thing, but there are challenges to overcome in bringing livestock back. In many places, the infrastructure for raising livestock has been dismantled. We have fewer veterinarians, livestock transporters, and processing facilities. We have also lost knowledge of how to raise animals at the family and community levels. The conventional wisdom in many rural communities is that specializing in corn and soybean production is the most profitable way to farm, although that assumption is being questioned. Livestock production also requires a year-round time commitment that doesn't come with seasonal crops.

How can barriers to integrating livestock be overcome?

- Talk with farmers in your area who are raising livestock. Seek creative arrangements like making a deal with an existing grazing farmer to bring their animals onto your cover crops.
- Seek out beginning farmers who want to raise livestock and are limited by access to enough land.
- Check out the Minnesota Department of Agriculture's Livestock Grazing Exchange at www.mda.state.mn.us/cropland-grazing-exchange-1. This exchange matches livestock farmers with crop farmers who have forage (crop residues, cover crops, etc.) to harvest.
- Check with your local Soil and Water Conservation District (SWCD) and Natural Resources Conservation Service (NRCS) offices about public and private programs in your area that support fencing, waterlines, and other infrastructure needed for good grazing management.



Including Stewardship in Lease Agreements

Updated:
June 2016

*Developing farm rental agreements that reflect your land ethic starts with putting them in writing. Here are a few examples of practices and the words to describe them that can change the way your land looks and behaves.**

www.landstewardshipproject.org

→ Tillage

- Fields shall be tilled on the contour as agreed by all parties.
- Soybean ground will not be fall tilled.
- No-till will be used on these fields: (list fields).
- Permanent pasture will be tilled only as agreed by all parties.
- The full breadth and length of grassy waterways will be preserved and maintained by (in part) picking up tillage implements when crossing.
- Moldboard plowing is not an option.
- We seek the least soil-disturbing methods of tillage: no-till, reduced chisel, (other).
- Existing terraces/strips will be fully maintained (list fields, exceptions).
- Tillage must not be done when the soil is too wet and risks compaction as a result.

→ Rotations

- Crop rotations will be planted and maintained as follows: (list field and crop).
- X% of all fields will be covered with a living plant or residue at all times of the year: (list field/year, cover crop species, timing, planting method, termination timing and method, and grazing plan if appropriate).
- At least X species of cover crops will be planted per field according to this plan: (list fields, species, timing, planting method, termination timing and method, and grazing plan if appropriate).
- Corn harvested for silage will be followed expeditiously by the following cover crop(s): (list crops)

→ Residue

- All soybean straw shall remain in place in the field.
 - Corn stover shall be baled once, with remaining stover left over winter.
 - Corn stover will be baled once, followed by managed grazing. If weather and soil conditions prevent grazing (name options).
- ### → Chemicals
- Chemicals must be agreed upon before application by all parties.
 - The following chemicals are prohibited on all acres, tillable and otherwise: (list).
 - In order to protect organic certification, only these fertilizers are permitted: (list).
 - Anhydrous ammonia will only be applied in the spring, never in the fall.

→ Sensitive Areas

- A vegetative buffer will be planted and maintained around the following sites: (list field, sink hole location, stream, highly eroded sloped area, etc.).

→ Erosion

- Farm ponds will be ringed by a minimum X-foot-wide buffer of permanent vegetation.
- A 50-foot vegetative buffer will be maintained on both sides of the stream. The buffer will be planted and maintained as follows: (list options).
- Erosion control structures will be fully maintained and improved (list sites, practices).

Continued on reverse page...

* Adapted in part from the Fillmore County Soil and Water Conservation District's "Sample Checklist of Conservation Practices for Farm Land Rental Agreements" and Iowa State University Extension Ag Decision Maker's "Lease Supplement for Obtaining Conservation Practices and Controlling Soil Loss." Both resources are available on the Land Stewardship Project's Conservation Leases web page (www.landstewardshipproject.org/conservationleases), or by contacting **Caroline van Schaik** in LSP's Lewiston, Minn., office at 507-523-3366, caroline@landstewardshipproject.org.

Continued from reverse page...

- The following erosion control structures will be put in place according to this schedule: (list site, practice, when, who will do, who will pay, who will maintain).

→ Miscellaneous

- The following hay field(s) will not be cut until Aug. 1 to allow ground-nesting birds to fledge: (list).
- Hay will be cut high and for maximum quality, not quantity, as best as conditions permit.
- Whether hay ground is cut more than once this season will be determined jointly by X and Y, based on rainfall and forage growth.
- Manure application will follow setback requirements.
- A manure management plan will be actively in place, per county assistance.
- A catch-all statement about cover crops: for example when a field is planted to cover crops, at least X number of species shall be planted together as soon as possible. The (who) shall pay for seed, (who) shall plant. Outline grazing and termination plan for the cover crops.
- Waterways removed or damaged by tillage,

chemicals, or other means shall be repaired/replaced at the tenant's expense.

- The following expenses will be covered by X: (list). The following expenses will be covered by Y: (list). This is a good place to share the expenses of practices that are new, might pose a financial or social risk to the tenant, could encourage the tenant to be a better sport about something new, or to stretch everyone's experience (for example, that third cover crop species or poly wire to manage a grazing situation more intensely).
- (Landowner) shall cover the financial difference between the full cost and what Y (tenant) receives through the Environmental Quality Incentives Program (EQIP) or other cost share program for putting in the following permanent practices: (list — for example, livestock fencing and watering system, ponds, pollinator strips, buffers, cover crops).
- The windbreak (state location) shall be protected from equipment and chemical damage. Damages shall be at the tenant's expense.
- Manure application, haying and anything else involving vehicles and machinery on fields must not take place if there is risk of soil compaction.

✓ A Stewardship Values Checklist ✓

Use this list to finish the following statement: What is most important about my land, to me...

- | | |
|--|--|
| <input type="checkbox"/> Healthy, biologically active soil | <input type="checkbox"/> Permanently protected natural resources |
| <input type="checkbox"/> Conservation of soil | <input type="checkbox"/> Permanently protected as a farm |
| <input type="checkbox"/> Year-round vegetative cover | <input type="checkbox"/> Source of recreation |
| <input type="checkbox"/> No synthetic fertilizer | <input type="checkbox"/> Public access – open to others |
| <input type="checkbox"/> No chemicals | <input type="checkbox"/> Certified organic or other sustainable method |
| <input type="checkbox"/> Little to no soil loss | <input type="checkbox"/> Managed for the long-term |
| <input type="checkbox"/> Clean water | <input type="checkbox"/> Build biodiversity |
| <input type="checkbox"/> Pastured (grazed) livestock | <input type="checkbox"/> People actively living on the farm |
| <input type="checkbox"/> Trees | <input type="checkbox"/> People actively farming the land for clean water and healthy soil |
| <input type="checkbox"/> Useful for human food production | <input type="checkbox"/> Legacy of stewardship |
| <input type="checkbox"/> Pretty, aesthetic | |
| <input type="checkbox"/> Sets a good example of sustainability | |
| <input type="checkbox"/> Supports birds and other wildlife | |
| <input type="checkbox"/> Something to pass on | |

NOTE: Of course, modify these and add others to best express your priorities.



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Frequently Asked Questions on Sustainable & Long-Term Leases in Minnesota

Q: Should my lease be in writing?

A: The answer is almost always yes. A written agreement can act as a roadmap for the landlord-tenant relationship, especially if a dispute arises. Also, real estate (land) leases for **more than one year must** be in writing. If a lease for over one year is not in writing, it will generally not be enforceable in court.

If your lease is for **exactly one year**, or **less than one year**, the law does not require it to be put in writing. A lease for less than one year can be orally agreed to between a landlord and tenant (often called a “handshake” agreement), as long as the landlord and tenant agree on basic terms (see below). However, if you end up in a dispute without a written lease, it is hard to prove what the terms are because it can become a “he said-she said” situation. Also, note that the term “year” refers to a calendar year of 12 months, not a crop year.

Finally, remember that if your lease is in writing, any verbal agreements that are not included in the written lease will not be enforceable.

Q: What should my lease look like?

A: Written leases do not have to be formal, but a lease should contain at least the following **basic terms** in order to be legally enforceable:

- Landlord and tenant names
- Description of the land to be rented
- Rent amount (\$)
- Usually, signatures of both the landlord and tenant

An easy way to create a written lease is to send the landlord a letter confirming the terms of an oral agreement. In the letter, ask the landlord to respond within 10 days with any objections. Also, **any changes to a lease should also be put in writing**. Oral changes to a written lease are generally not enforceable in court.

Q: What are the benefits to the landlord of a long-term lease?

A: The benefits are many. They include:

- Reduced transaction costs, since the lease need not be renegotiated every year.
- Improved tenant security, which encourages tenants to make investments that will add value to the property.

Q: What are the disadvantages to the landlord of a long-term lease?

A: Disadvantages include:

- External factors, such as market prices or natural disasters, may cause the landlord to wish to change the terms of the initial agreement.
- It could lower the market value of the land if the landlord decides to sell the land, as the lease would be binding on new owners.
- The landlord may not want to be bound to a long-term relationship with a tenant he or she does not know.

Q: How long should a sustainable farm lease last?

A: It depends on the parties' needs and goals. Most leases run from year to year. However, a longer term lease (for example, three years or more) allows a tenant to invest in sustainable practices, which in turn can lead to increased soil health, higher crop yields, and added value to farmland. Also, tenant farmers new to a particular piece of land will often need a few seasons to determine how to coax the best yields from their unique location. Higher yields can translate into increased profit for both landlords and tenants via flexible rent provisions (see below).

Landlords and tenants can also use an automatic renewal clause to help encourage a long-term relationship. Finally, note that the Minnesota Constitution limits the length of farm leases to 21 years, so a lease for an indefinite period of time would likely not be enforceable in court.

Q: What are some types of leases to consider?

A: There are generally three types of leases: cash rent leases, crop-share leases, or flexible leases. Cash leases, where the tenant pays a fixed price for the rental of the land, are the most common, and typically are for only one season. Crop-share leases allow the landlord and the tenant to share in the risk and the benefits, with both contributing to input costs and both receiving a share of the crop. Flexible leases provide landlords and tenants with some additional tools that can incorporate sustainability provisions.

Q: Are there leasing tools that can be used to incorporate rent flexibility and risk sharing to encourage longer-term leases and investment in sustainable practices?

A: Yes. There are many options, but here are some common types of lease provisions that can encourage longer leases by allowing the rent to change based on land values, crop yields, input prices, or other factors. Adding rent flexibility can help encourage a landlord to sign a longer-term lease by ensuring the landlord doesn't get locked into a lease that does not reflect the value of the property if land value, yields, or crop prices increase. Similarly, flexibility based on yield and revenue can make a tenant feel more comfortable about making a substantial financial commitment in a risky, weather-based, and market-dependent farm operation.

- **Flexibility options for cash leases:**

- * **Rent Adjustment Index.** This is typically used with cash leases, to encourage a long-term lease while addressing concerns about not being stuck with a fixed rent price when external factors that affect the rent change. The rent changes (annually or otherwise) based on agreed-upon factors (e.g., the consumer price index or a formula which could include commodity prices, land values, and input prices). It is important to agree in writing about what factors will be used to adjust the rent, as well as **how** (what market) and **when** (exact date) the prices or values will be calculated.
- * **Cost-Sharing Via Rent:** This could include “graduated rent,” where rent rises each year as the tenant gets to know the land and increases soil health. Rent could also be reduced just for the first year or so, or it could be reduced to reward specific practices—such as organic certification or soil erosion practices.
- **Crop-Share Lease:** This is a traditional method of sharing risk. Rent is a specified share of the crop, which takes both farm yield and market price into account. **Input costs are usually shared as well.**
- **Flexible Leases:** These can be structured any number of ways, including a base rent plus a bonus, based on crop yields (county yield average, last year's yield, actual yield), crop prices, or farm revenue (a combination of yield and price). Again, it is important to agree in writing how these variables will affect the rent. Using farm revenue as the flexibility factor is probably the safest route for a tenant.

Each of these flexibility options can be individualized to fit a particular landlord-tenant relationship. As the details will matter immensely, it is best to have these types of flexibility provisions **in writing**.

Note also that basing rent on actual yield and/or entering into a crop-share lease can have an impact on USDA farm program payments because the landlord could be viewed as a part-operator. This could also cause the landlord to be viewed as self-employed, which has tax, estate planning, and Social Security payment

implications. Be sure to consult with the USDA Farm Service Agency and an attorney before using those mechanisms to adjust rent.

Q: How can a lease encourage sustainable practices?

A: A landlord can agree to reimburse a tenant for the cost of improvements required for sustainable practices, could agree to share the cost of improvements, or could reimburse the tenant for any unused portion of the improvements at the end of a lease. Legally, the term “improvements” usually refers to permanent structures built on the land (such as a house, barn, or certain types of fencing) that generally become the landlord’s property after the lease is over. Sharing the cost of improvements protects the tenant against losing the capital and effort invested after the lease ends. Landlords can also include a lease provision requiring approval prior to any construction.

Landlords can also agree to share the cost of implementing sustainable practices, which can make tenants more willing to try alternative methods. Additionally, provisions requiring periodic communication (letters, emails, phone calls) or tenant reporting (sending copies of new Organic Systems Plans, FSA reports) can help solidify a landlord-tenant relationship and assure the landlord that the land is being properly managed.

Q: Can a tenant enroll in conservation programs?

A: Generally yes, although the tenant’s participation may be limited by the lease terms. For example, a tenant cannot enroll rented land in any program that imposes permanent easements, such as the Wetlands Preserve Program. But if a program requires participation for a certain number of years and the lease is for at least that long, generally a tenant can enroll the land in the conservation program—with the consent of the landlord.

Q: Can a landlord require a tenant to use sustainable practices?

A: Yes. For example, a conservation plan developed with the USDA Natural Resources Conservation Service (NRCS) could be incorporated into the lease, requiring both landlord and tenant to comply with the plan. Additionally, threshold and monitoring provisions could also be included in the lease to provide sustainability standards, such as acceptable levels of soil erosion. Provisions can also be included to address other concerns and practices, such as the removal (and ownership) of crop residue, conditions for manure spreading, and compliance with environmental laws and regulations. Tenants and landlords may also wish to include an agreed-upon statement of purpose stating that the purpose of the lease is to encourage good stewardship of the land.

From the tenant perspective, it may be wiser to agree to a lease that requires certain practices instead of specific results because circumstances beyond a

tenant's control could make certain results (such as soil erosion levels) impossible to meet.

Some typical conservation provisions can be found at:

<http://sustainableaglandtenure.com/2010/10/key-considerations-for-a-sustainable-farm-lease-agreement/>.

Q: What is a ground lease?

A: A ground lease is a long-term arrangement (typically more than 10 years) where a tenant owns “permanent improvements” on the farm property, such as a house, barn, or fencing—but rents the land. Sometimes a tenant might also own a small amount of land, such as the yard in front of a house. At the end of a ground lease, the improvements are sold back to the landlord leasing the land, or to the next tenant. This kind of lease allows a tenant to gain some equity, while not requiring a financial investment that a tenant cannot afford.

Q: What else should be considered when making a lease agreement?

A: It is impossible, in this short document, to include everything that landlords and tenants should think about, but other important items include:

- How to get out of the lease if circumstances make it difficult for either the landlord or tenant to continue with the lease arrangement.
- What happens if the landlord goes into bankruptcy. Generally, federal law allows tenants to remain on a bankrupt landowners' property until the end of a lease agreement, even if the land is sold. However, it is best to put this in writing in case a tenant is forced to assert his or her rights during a landlord bankruptcy.
- Whether there are any zoning or easement restrictions on the property.
- Whether it makes sense to invest in hiring a lawyer to draft or review a lease. Legal counsel is often a worthwhile investment for landlords and tenants entering a long, complicated, and potentially life-altering agreement.

The most important factor in a successful leasing relationship is clear communication of both the landlord's and the tenant's expectations.

Q: Do you have a standard form lease I can use?

A: Because each piece of land is different and the expectations of the landlord and tenant are different in each situation, there is no one-size-fits-all lease. It is critically important that you discuss your expectations before entering into a lease and incorporate those expectations into your lease. That said, there are some sample leases you can review for ideas at:

<http://sustainableaglandtenure.com/2010/06/form-leases/>.

ADDITIONAL RESOURCES

See the Sustainable Farm Leasing Quick Reference Guide and www.sustainablefarmlease.org (a project of the Sustainable Agricultural Land Tenure Initiative) for more information and ideas on rent flexibility, risk sharing, and encouraging sustainable practices.

- **Sustainable Ag Land Tenure (SALT) Initiative**
sustainablefarmlease.org, Sustainable Farm Lease Guide
- **Iowa State Extension Ag Decision Maker**
Sample leases, extension.iastate.edu/agdm
- **Ag Lease 101 – North Central Farm Management Extension Committee:** <http://www.aglease101.org/>
- **The Land Connection, thelandconnection.org**
Guide for Land Seekers (resource list)
- **California Farm Link, californiafarmlink.org**
A Farmers' Guide to Securing Land
- **Land For Good, landforgood.org (sample lease)**
- **Farmers' Legal Action Group, 651-223-5400**
- **Farm Transitions Toolkit, forthcoming, LSP**
landstewardshipproject.org, FLAG



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 surrender such 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	Installation Amount	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

(based on publication NCFMEC-02, Revised 2011)

For additional information see NCFMEC-02 (Crop Share Rental Arrangements For Your Farm).

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

_____, owner, of _____

Address

_____, spouse, of _____

Address

hereafter known as “the owner,” and

_____, operator, of _____

Address

_____, spouse, of _____

Address

hereafter known as “the operator.”

I. Property Description

The landowner hereby leases to the operator, 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 commencing on the _____ day of _____, 20____ and ending on the _____ day of _____, 20____.

B. Amendments and alterations. Amendments and alterations to this lease shall be in writing and shall be signed by both the landowner and operator.

C. 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.

D. 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.

E. 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 operator; 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 operator in carrying out regular farm operations.

F. No right to sublease. The landowner does not convey to the operator the right to lease or sublet any part of the farm or to assign the lease to any person or persons whomsoever.

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

H. Landowner's lien for rent and performance. The landowner's lien provided by law on crops grown or growing shall be the security for the rent herein specified and for the faithful performance of the terms of the lease. If the operator fails to pay the rent due or fails to keep the agreements of this lease, all costs and attorney fees of the landowner in enforcing collection or performance shall be added to and become a part of the obligations payable by the operator hereunder.

I. Additional provisions: _____

III. Land Use

A. General provisions. The land described in Section I will be farmed according to best management practices in the region. Crops to be planted and harvested will be agreed upon in advance by the landowner and operator. Specific restrictions as to how the land is to be farmed are the following:

B. Pasture Restrictions. The pasture stocking rate shall not exceed:

PASTURE IDENTIFICATION	ANIMAL UNITS/ACRE [†]
_____	_____
_____	_____
_____	_____

[†] 1,000-pound mature cow is equivalent to one animal unit

Other restrictions related to pasture, grazing crops, and crop residues are:

C. Government programs. The extent of participation in government programs will be discussed and decided by both parties. 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. Crop-Share Cash Rent and Related Provisions

A. Income will be shared according to the following:

Income source	Landowner (%)	Operator (%)
Crop production	_____ %	_____ %
Government payments [†]	_____ %	_____ %
Crop residue/forage	_____ %	_____ %
Hunting/lease income	_____ %	_____ %
Mineral/wind lease	_____ %	_____ %

[†] Includes all government payments (for example, Direct, Counter-cyclical, ACRE, SURE, Disaster, CSP) unless specified differently below.

Exceptions or specific provisions related to sharing of crop income are the following: _____

B. Contribution of production expenses will be according to the following:

Landowner contributions: _____

Operator contributions: _____

Shared expenses:[†] _____

[†]Split for shared expenses is _____% for landowner and _____% for operator, with the exception of the following: _____

If operator provides inputs that have a useful life beyond the term of the lease, how they will be compensated for any unused portion of the input at lease termination should be spelled out here.

2. Delivery of grain. The operator agrees to deliver the landowner's share of crops to the following location(s) at the time the crops are harvested: _____

Additional agreements related to grain hauling, storage, and marketing are: _____

3. Other terms of the lease not previously discussed: _____

V. Operation and Maintenance of Farm

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

A. The operator 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 operator's control are exceptions.

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 landowner. Other restrictions to be observed are as follows: _____

3. Insurance. Not to house automobiles, trucks, or tractors in barns, or otherwise violate restrictions in the landowner's insurance policies without written consent from the landowner. 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 unremovable structure or building, b) incur any expense to the landowner for such purposes, or c) add electrical wiring, plumbing, or heating to any building without written consent of the landowner.

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 landowner reasonable compensation for any damages to the farm for which the operator is responsible. Exceptions are any decrease in value due to ordinary wear and depreciation or damages outside the control of the operator.

8. Costs of operation. To pay all costs of operation except those specifically referred to in Section IV-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 landowner.

10. Recreational use. Use of the property for recreational purposes of any type (hunting, fishing, ATV, bird-watching, etc.) must be approved by the landowner in advance.

B. The landowner agrees:

1. Loss replacement. To replace or repair as promptly as possible the dwelling or any other building or equipment regularly used by the operator that may be destroyed or damaged by fire, flood, or other cause beyond the control of the operator 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 that the operator is unable to perform satisfactorily. Additional agreements regarding materials and labor are: _____

4. Reimbursement. To pay for materials purchased by the operator 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 operator submits the bill.

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

6. Compensation for crop expenses. To reimburse the operator 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. 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 tenant for any actual damage suffered for crops destroyed by these activities and to release the tenant from obligation to continue farming this property when and if development of such resources interferes materially with the tenant's opportunity to make a satisfactory return.

3. Environmental issues. The operator 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 operator 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 operator 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 as a result of such release.

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 the third by the two thus selected. The committee's decision shall be accepted by both parties.

Executed in duplicate on the date first above written:

_____	_____
Operator	Owner
_____	_____
Operator's spouse	Owner's spouse

State of _____

County of _____

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

Grazing Farm Lease

Generated by an LSP member/farmer/landowner when she was renting to graziers in 2017

This is the land and barn lease, starting on _____ (the day the cows arrived) between _____, (hereafter known as the landowners) and the farmers listed below (hereafter known as the farmers):

Farm Name: _____

Farmer Name: _____

Farmer Name: _____

Mailing Address: _____

Phone: _____ Email: _____

Phone: _____ Email: _____

The land and barn to be rented is part of Four Winds Farm

The rental payments will be based on a per head amount/month.

April 1 – October 31th (grazing season) the rate will be \$_____ per head/ month. (head includes weaned calves, heifers, cows and cow/calf pairs) The rental payment for _____ (35% of \$_____/head or \$_____/head because farmers arrived on July 20th)

November 1st – March 31 the rate will be \$_____ per head/month.

In addition, there will be a rental payment of _____ month for the use of ½ the hoop building/barn and storage of your 5th wheel on the property.

Payment for the next month's rent and the past month's equipment use will be due on the 1st of the month by check made out to _____.

The farmers agree to:

- 1) Use no herbicides or pesticides on the pastures that they are renting. Instead they will mow invasive weeds from rented land such as thistles, yellow mustard before they go to seed.
- 2) Maintain good communication with landowners and respond to all phone calls/emails/texts promptly.
- 3) Meet and discuss in person with landowners and other farmers if there is an issue/problem that needs resolution.
- 4) Provide all fencing repairs, gates, panels, solar electric fence charger when the existing ones break, hoses to water tanks, water tanks and floats (except the ones that owners mark as usable), tools (unless the farmer needs one urgently in which case the farmer is to be sure that it is promptly returned in good condition where it was found).
- 5) Repair/maintain the fencing and cattle handling system (which belong to landowner) to ensure that their cattle stay in their designated pastures/areas. Any fencing additions/repairs you make to the property become fixtures that stay with the property. However, if farmers buy fencing equipment that they want to take with them when they go....they will need to mark it as theirs and present the receipt for purchase of it. Otherwise it will be assumed that all fencing supplies are landowners.
- 6) Farmers have full responsibility and the final say in all decisions pertaining to how the animals are managed, fed, cared for etc. However, where possible the landowners encourage the farmers to do rotational grazing on the pastures so that the farmers optimize the amount of forage that they get off the pastures

- 7) Maintain a safe and clean worksite. Farmers are to purchase and label their own lockable garbage cans to use in the hoop building. They are to use these garbage cans for all trash and supplies that might blow around. They are to empty these cans when full by taking all of their garbage away with them off the farm. Failure to put garbage in cans and/or emptying full cans will result in a \$____/day charge for each day it remains undone.
- 8) Clean up the rented land/hoop building at the end of the lease by placing unused fencing supplies in the hoop building and cleaning out the hoop building of all manure. Failure to do this will result in a \$____/day charge for each day it remains undone.
- 9) Buy all cattle feed, cattle supplements, vet supplies that the farmers' cattle need.
- 10) Construct temporary shelters, resurrect existing structures, modify the hoop building for their cattle only after the structure and location has been approved by the landowners.
- 11) Maintain/repair water lines from the hoop building and red barn hydrants (so that there are not any leaks) and maintain/repair frost free waterers at their cost.
- 12) Build/use a rat proof platform to store feed.
- 13) Pay for water used at the rate of _____/_____ (to be filled in once the data is found) which is the cost of the electricity to pump the from landowners well. NEED TO CALCULATE THIS ANOTHER WAY BASED ON HOW MUCH WE KNOW A COW DRINKS ON AVERAGE AND THE COST TO PUMP THAT MUCH WATER
- 14) Let landowners know if a piece of equipment needs repair or sharpening.
- 15) Check the gas, oil, and water levels on each of the pieces of equipment listed in #15 before **each** use including the grease on the rotoator. Cost of repairs to fix damage done to equipment due to failure to do fluid level checks will be charged to the farmer who failed to do these checks.
- 16) Record in pen the number of hours that they use the following equipment on the log sheet provided in the hoop building on the day that they use the equipment:
 - walk-behind mower;
 - tractor and bale spear
 - tractor and mower
 - hoop building rental
 - 4 wheeler
 - weed wacker
- 17) Pay for the use of the following equipment according to the following rates:
 - walk-behind mower - \$_____/hour + \$_____/hr for gas = \$_____
 - tractor and bale spear \$_____/hour + \$_____/hr for diesel = \$_____
 - tractor and mower – \$_____/hour + \$_____/hr for diesel = \$_____
 - 4 wheeler - - \$_____/hour + \$_____/hr for gas = \$_____
 - weed wacker – _____/hour
- 18) Discuss with landowners before undoing pasture fencing to ensure that it is properly disconnected and removed so that it does not get run over by tractors or mowers. If the fence is run over and damaged, the farmer will be responsible for repair and replacement of that fence to its original state.
- 19) Discuss with landowners
- 20) Allow the landowners to enter the leased land as needed with or without prior notice or consent.
- 21) Use only the outhouse provided for toileting needs when solids are involved. (Solids are likely to attract unwelcome coyotes and dogs)
- 22) Drive no more than 10 mph on the driveway around the farmyard. (Sometimes the dogs jump out in front of the cars)

- 23) Provide landowners by June 1st, _____ a certificate of liability insurance, which lists landowners as an additional insured, and that will cover farmers for injuries that third parties might have when visiting their rented land. Failure to do this will result in a \$____/day fine for each day it remains undone, unless farmers email the landowners and they agree upon a later date in writing
- 24) Release landowners and _____ Farm and hold them both harmless for any claims that may arise out of these farmers' use of the landowners' land and landowners' equipment, including but not limited to farmers' personal injury, farmers' guests' personal injury, damage and loss to farmers' equipment and/or farmers' livestock or farmers' injury from use of landowners' equipment or truck ; other farmers at _____ Farms losses due to these farmers' livestock get out of fenced areas and damaging other farmers' crops.
- 25) Landowners are not liable to third parties for their injuries from the farmers' cattle as it the farmers' responsibility to repair and maintain the fence at all times to keep the cattle in designated pastures at all times.
- 26) Assume the inherent risks of farming and hold landowners harmless for damages due to animal predation, drought, wind, extreme weather, well failure or capacity, electricity failure, market fluctuations and other reasonable risks associated with a farming operation.
- 27) Keep all open barrels and buckets that might collect water (mosquito breeding grounds) tipped over so water does not collect.
- 28) Not walk around, hunt or forage outside their rented land.
- 29) Not consume illegal substances on the rented land or elsewhere on Four Winds Farm.
- 30) Not sublease rented land to another person.
- 31) Ask landowners before bringing guests other than family members onto the farm to work or visit.
- 32) Assume responsibility for the safety and appropriate behavior of all guests of the farmers. Such guests are welcome to be visiting that farmers' fields and are to use the outhouse when solids are involved. Guests are not allowed on other parts of _____ Farm.
- 33) Leave vehicles parked on the farm for the winter only after it has been approved by the landowners.

B. The landowners agree to:

- 1) Provide pastures and hoop building listed above to the farmers.
- 2) Maintain good communication with farmers and respond to all phone calls/emails within 48 hours.
- 3) Meet and discuss in person with farmers and other farmers if there is an issue/problem that needs resolution
- 4) Give access to roadways to the farmers' fields.
- 5) Maintain walk-behind mower, tractor, mower, 4 wheeler and weed wackers in working order and fueled.
- 6) Provide access to water at the hydrants in the hoop building and the red barn. Due to the unpredictable use of water going forward this is not a guarantee of water. If farmers' production will be dependent on water at all times, farmers are advised to have a back-up water source in the event that there is a period when there is no water/limited capacity due to the well pump being serviced or replaced.
- 7) Provide access to electricity in the hoop building and the red barn. Due to the unpredictable weather, this is not a guarantee of electricity. If farmers' production will be dependent on electricity at certain times, farmers are advised to have a back-up electrical source (generator) in the event that there is a period when there is not electricity during the time that it is being restored.
- 8) Provide electricity meter with which to measure the usage of electricity for fans lights heaters
- 9) Provide an itemized invoice to the farmers for all expenses incurred in the course of the season (water usage, electricity usage, tractor and equipment usage) on 25th day of each month.
- 10) Not disturb any of the farmers' animals or structures.

11) Any purchases of fencing equipment/ or tools to repair fencing greater than \$_____ are your personal property to take with them at the end of the lease

12)

C. Additional terms:

If after the landowners and farmers meet and agree at the end _____, the farmers may hold the lease on this plot of land for another year.

Landowners reserve the right to terminate this lease if any of the provisions of this contract are not met. However, the farmers will still be responsible for the rent and any charges that they have incurred.

If the farmers choose to terminate this lease mid-year, they will be expected to leave their rented land cleaned up of all trash, supplies and equipment as the provisions describe above

Upon completion, each party will be given a signed copy of this contract.

Signatures and Dates Signed:

Landowners

Farmers

Witness to signatures

Organic Vegetable Crops Farm Lease

Generated by an LSP member/farmer/landowner when she was renting to vegetable farmers in 2017

This land lease, made the ____ day of ____ between _____ (hereafter known as the landowners) and the farmers listed below (hereafter known as the farmers):

Farm Name: _____

Farmer Name: _____

Farmer Name: _____

Mailing Address: _____

Phone: _____ Email: _____

Phone: _____ Email: _____

The land to be rented is part of _____ located in _____. The rented land totals _____ acres which includes the planted acres and the space that the farmers occupy with stored equipment _____ to _____. In addition, there will be a monthly charge for pallets of fertilizer (\$____/month) and tractors (\$____/month) that are stored in the hoop building. 50% of the rental payment is due on the signing of this contract. The second 50% of rent and any costs that have been invoiced to the farmers per this agreement are due on _____.

A. The farmers agree to:

- 1) Practice organic farming methods unless they receive permission in writing from the landowners to use other farming methods. Organic farming methods include but are not limited to minimized rototilling of the soil, crop rotations, mowing or clearing invasive weeds from rented land such as thistles, yellow mustard, and planting cover crops by October 15th as noted below.
- 2) Maintain good communication with landowners and respond to all phone calls/emails promptly.
- 3) Meet and discuss in person with landowners and other farmers if there is an issue/problem that needs resolution.
- 4) Provide their own fencing, solar electric fence charger, hoses, tools (unless the farmer needs one in an urgently in which case the farmer is to be sure that it is returned in good condition where it was found) and seed, transplants and fertility, including the delivery of all fertilizer and supplies etc.
- 5) Maintain/repair their own fencing for keeping predators away from crops.
- 6) Maintain a safe and clean worksite. Farmers are to purchase their own lockable garbage cans by _____ to use at their site. They are to use these garbage cans for all trash and supplies that might blow around. They are to empty these cans when full by taking all of their garbage away with them off the farm. Failure to put garbage in cans and/or emptying full cans will result in a \$____/day charge for each day it remains undone.
- 7) Clean up the rented land at the end of the season by _____ (a date agreed upon by all the parties). End of season clean-up includes removal of all plastic materials, wooden stakes, trellises, tools and supplies, irrigation hose etc. from the fields and storage of such equipment in a shelter on the farm or removal from the farm. Failure to do this will result in a \$____/day charge for each day it remains undone.
- 8) Buy seed and plant cover crops (winter rye) as the fields are done being harvested through the course of the fall and on all other rented fields by October 15th, _____ to protect the rented land for the winter.

Failure to do this will result in having to pay to have this done unless discussed with and approved by the owners.

- 9) Construct temporary shelters only after the structure and location has been approved by the landowners.
- 10) Maintain water lines from the hoop building and red barn hydrants at their cost.
- 11) Keep the water meter on the irrigation water lines that they are using at all times and report monthly by email to landowners the water usage for that month.
- 12) Pay for water used at the rate of _____/_____ (to be filled in once the data is found) which is the cost of the electricity to pump the from landowners well.
- 13) Ensure that water is turned off at the hydrant after irrigating is completed.
- 14) Check and record the gas, oil, and water levels on each of the pieces of equipment listed in #15 before **each** use including the grease on the rotovator. Cost of repairs to fix damage done to equipment due to failure to do fluid level checks will be charged to the farmer who failed to do these checks.
- 15) Record in pen the number of hours that they use the following equipment and fluid level checks on the log provided in the hoop building on the day that they use the equipment:
 - walk-behind mower;
 - tractor and rotovator;
 - tractor and mower
- 16) Pay for the use of the following equipment according to the following rates:
 - walk-behind mower - \$_____/hour
 - tractor and rotovator - \$_____/hour
 - tractor and mower – \$_____/hour
- 17) Discuss with landowners before undoing pasture fencing to ensure that it is properly disconnected and removed so that it does not get run over by tractors or mowers. If the fence is run over and damaged, the farmer will be responsible for repair and replacement of that fence to its original state.
- 18) Discuss with landowners where rock piles should be established and how they should be marked. Not just throw rocks into the grass as they often result in damage to the mower when they are run over.
- 19) Allow the landowners to enter the leased land as needed with or without prior notice or consent.
- 20) Use only the outhouse provided for toileting needs when solids are involved. (Solids are likely to attract unwelcome coyotes and dogs)
- 21) Drive no more than 10 mph on the driveway around the farmyard. (Sometimes the dogs jump out in front of the cars)
- 22) Provide landowners by _____ a certificate of liability insurance, which lists landowners as an additional insured, and that will cover farmers for injuries that third parties might have when visiting their rented land and/or might have from eating their produce. Failure to do this will result in a \$_____/day fine for each day it remains undone, unless farmers email the landowners and they agree upon a later date in writing.
- 23) Release landowners and _____ Farm and hold them both harmless for any claims that may arise out of the use of the landowners' land and landowners' equipment, including but not limited to farmers' personal injury, farmers' guests' personal injury, damage and loss to famers' equipment and/or farmers' crops or farmers' injury from use of of landowners' equipment or truck.
- 24) Assume the inherent risks of farming and hold landowners harmless for damages due to animal predation, drought, wind, extreme weather, well failure or capacity, electricity failure, market fluctuations and other reasonable risks associated with a farming operation.
- 25) Keep all open barrels and buckets that might collect water (mosquito breeding grounds) tipped over so water does not collect.
- 26) Not walk around, hunt or forage outside their rented land.
- 27) Not consume illegal substances on the rented land or elsewhere on _____ Farm.
- 28) Not sublease rented land to another person.
- 29) Ask landowners before bringing guests other than family members onto the farm to work or visit.

- 30) Assume responsibility for the safety and appropriate behavior of all guests of the farmers. Such guests are welcome to be visiting the farmers' fields and are to use the outhouse when solids are involved. Guests are not allowed on other parts of _____ Farm.
- 31) Leave vehicles parked on the farm for the winter only after it has been approved by the landowners.

B. The landowners agree to:

- 1) Provide acreage listed above to the farmers.
- 2) Maintain good communication with farmers and respond to all phone calls/emails within 48 hours.
- 3) Meet and discuss in person with farmers and other farmers if there is an issue/problem that needs resolution
- 4) Give access to roadways to the farmers' fields.
- 5) Maintain walk-behind mower, tractor, mower, and rotovator in working order.
- 6) Provide access to water at the hydrants in the hoop building and the red barn. Due to the unpredictable use of water going forward this is not a guarantee of water. If farmers' production will be dependent on water at all times, farmers are advised to have a back-up water source in the event that there is a period when there is no water/limited capacity due to the well pump being serviced or replaced.
- 7) Provide water meters with which to measure the water used for irrigation.
- 8) Provide access to electricity in the hoop building and the red barn. Due to the unpredictable weather, this is not a guarantee of electricity. If farmers' production will be dependent on electricity at certain times, farmers are advised to have a back-up electrical source in the event that there is a period when there is not electricity during the time that it is being restored.
- 9) Provide electricity meter with which to measure the usage of electricity for the walk-in cooler.
- 10) Provide an itemized invoice to the farmers for all expenses incurred in the course of the season (water usage, electricity usage, tractor and equipment usage) on October 15th, _____.
- 11) Not disturb any of the farmers planting or structures.

C. Additional terms:

If after the landowners and farmers meet and agree at the end of the growing season in _____, the farmers may hold the lease on this plot of land for another year.

Landowners reserve the right to terminate this lease if any of the provisions of this contract are not met. However, the farmers will still be responsible for the rent and any charges that they have incurred.

If the farmers choose to terminate this lease mid-year, they will be expected to leave their rented land cleaned up of all trash, supplies and equipment as the provisions describe above. Also, the crops are to be worked into the soil and the fields are to be seeded back down to winter rye. If the farmers fail to do this they will be responsible to pay landowners for the cost of having this done.

Upon completion, each party will be given a signed copy of this contract.

Signatures and Dates Signed:

Landowners

Farmers



Owner/Renter Discussion Tips 2/1/18

A formal written agreement is much easier to create when you are starting out fresh with a new renter. It's harder when you have a years-long informal agreement with a renter to suddenly start demanding changes in soil management. How do we get a renter to agree to certain practices when the relationship is based on an informal handshake. How does one transition it to a written agreement?

- Project humility. Validate at least some parts of what the renter is saying. They aren't just proud of how cheaply they can do things. They are also proud of how innovative they can be.
- Start with what's working and what's working well. E.g., "thanks for clearing the snow from my mother's driveway." Feel free to tell farmer that they do certain things very well, like cover cropping, crop rotations, etc. Don't just dwell on what the farmer is doing wrong.
- Is there a way to bring up, "I admire the practice you use on your land, can you use it on mine?" What are you (renter) most proud of about the way the farmland you own is cared for?
- Respond to negativity with "Conservation is an opportunity—it's not a negative thing." If you are going to have a long-term relationship with the renter, it is to the renter's benefit to build soil health, since they will have less fertilizer and soil washing away.
- Just start the conversation about soil health. As a landowner I want to approach this like owning a car. If I don't take care of my car, it will wear out. I've been thinking about my farmland and how I would like it cared for. Here is what is important to me..... I've also like to think about how it could be even better cared for. (or phrase as appropriate to circumstance). One (or more) thing I've heard about is
- The goal is to help the renter be proud of taking good care of one's land.
- Recognize these may be additional steps that may entail time and at least initial additional costs. "What would you need from me to take these additional steps, or here is what I am offering?" Some things farmers get reimbursed, some things not. Find out what that might be and negotiate on it. Perhaps offer to split the cost-share that is the farmers responsibility.

Why should the renter pay for soil improvements? A renter of a house doesn't pay for a new roof, the home owner does. Answer: The renter may be getting the benefits of government farm programs like CSP, crop insurance and EQIP, so at the least should split the cost of putting in place practices that fall under such programs, etc.

Words to Use

If "cover crops" doesn't resonate, try bringing up winter rye (or a specific species combination) rather than the more general term.

Words Not to Use

You are doing it wrong. Tolerable soil loss or T-value. It's all about economics.

Farmer (renter) interview 2017

Name: _____

Date met or called: _____

Address: _____

Phone: _____ Email: _____

- 1) Experience growing vegetables? Raising livestock? Farming?
- 2) 5-year vision for growing / raising / cover crops/ organic production?
- 3) Have you developed a goal for your farming and in relation to this land? If so who has participated in creating that goal?
- 4) What you have been thinking about what it would take for you to make this kind of transition?
- 5) Will you need water or fencing?
- 6) Will you need a tractor, disc, other tillage? Or, pay for tractor work?
- 7) Need housing?
- 8) We expect organic production -- need organic certification?
- 9) Plan for 2018 growing season? When work soil? Types of vegetables?
- 10) Want 1-year lease? Multi-year lease?
- 11) Planning for tool shelter or green house for starting plants or cleaning station?
- 12) Need electricity / storage for cooling veggies?
- 13) What is your marketing approach?
- 14) Have you done enterprise planning, investigation, budgeting and understanding one's limitations?

Tips for Approaching Courageous Conversations

Prepared by Tracy Sides

February 2018

Background

Initiating or shifting conversations about farmland management can be challenging for any number of reasons for both farmland owners and tenants. However, effective communication between a landowner and tenant is essential to creating a lease agreement that meets the needs of both parties and to supporting a positive, ongoing relationship. Key to effective communication is a willingness to engage in conversations that might be uncomfortable, but you know are necessary to realize the outcomes that are important to you. This is why they are often called “courageous” conversations – they require us to choose that something (e.g., land stewardship) is more important to us than fear or discomfort. The good news is that engaging in courageous conversations is a skill everyone can develop and no one ever masters – so we’re all just doing the best that we can.

PREPARATION TIPS

- Consider your context
 - Have you identified your values and desired outcomes in relation to your farmland?
 - What is your current relationship with the tenant? Do you have a verbal or written lease?
 - Do you know the tenant’s land management practices on your farmland?
 - What is your current level of knowledge regarding agricultural terms and concepts and regenerative practices? Do you know where to look for more information?
- Know where you want to go – What are your values and vision for your farmland?
 - Many tools exist to assist with clarifying your short and long-term goals for your farmland; be sure to include all owners in arriving at a shared vision for the farmland – this may involve a separate or parallel series of conversations
- Start with the first step
 - Moving from farmland vision to reality will take time and ongoing conversations between landowner and tenant or potential tenant
 - Your first step will depend on your context, but will no doubt be followed by more steps. Consider what your purpose for a first or renewed conversation will be. The next conversation will be informed by the outcomes of the first conversation. The path from vision to reality is never a straight line.
 - Create a welcoming environment for a first conversation. Suggestions: meet in-person, enjoy some food or coffee/tea together, avoid intoxicating substances, pay attention to your body language and try to keep it comfortable and engaged (for typical U.S. culture, examples include: face the other person, make occasional eye contact, avoid slouching over, lean in slightly)
 - Share your purpose for the conversation when you make the invitation (an example from a non-farming landowner: *“George, I’d like to invite you over for some coffee and conversation. We’ve never really talked too much and I’d like for us to get to know each other better and to understand how things are going for you on the farm. Is there a good time this week for you to stop by the house?”*)

CONVERSATION TIPS

- **Maintain self-awareness** – Pay attention to your internal reactions and be intentional about your external responses (verbal and nonverbal). Also be aware of the impact of your responses on the other person(s) in the conversation.
- **Reinforce the positive** – If there are things your tenant does for the farmland or your family that you appreciate, tell her/him. People are more likely to remain engaged when they feel seen and valued.
- **Seek first to understand** – Be curious (rather than making assumptions) about your tenant’s situation and perspective. Try your best to ask questions without an intent to change or shame the other person.
- **Actively listen** – Avoid interrupting the other person. Repeat back what you heard to confirm understanding. Really pay attention to what they are saying; this shows respect and may illuminate aspects of their perspective that can be a connecting point.
- **Speak your truth** – Your truth is valid and is an important component of a courageous conversation with your tenant/landlord. It is also important to recognize that the other person has their own truth, which is also an important component of a courageous conversation.
- **Celebrate participation** – Find opportunities to express gratitude for their time and perspectives.
- **Laughter is the best medicine** – As feels natural to you, laughing *at yourself* or *with others* can help ease tension.
- **Be willing to be uncomfortable** – Courageous conversations are named so because there is risk that things won’t go as planned, conflict may surface - we may get anxious, start to feel out of control. Our instinct is usually to avoid and turn away from the unplanned event. If we can stay in our “stretch zone”, relax and see what opportunities may arise, these “stretch” moments sometimes precede a breakthrough into new connections or possibilities.
- **Ensure a “Good” ending** – Even if this means accepting non-closure for the conversation, perhaps as part of an ongoing dialogue or because, together, you chose to pause. Make sure things feel complete to both parties. If not, and you are out of time, be sure to schedule another time to complete the conversation.

Goal Setting for Your Land

Start with your family:

Part of the family conversation should include a discussion of goals for the farm rental. Different family members are going to have different needs and desires. Whether your family makes decisions by consensus, or by a vote with input from all members, or by a decision of the senior generation; it is still important to understand the varying goals that family members may have.

Values are central:

What is most important to you that relates to how you want to manage your farmland? Such values might include continuing the family heritage of stewardship, conservation, community, financial stability, or passing the land on in better shape.

Some possible farm rental goals:

- Gain maximum dollar value from the property
- Gain enough dollar value from the property
- Provide for needs of retiring farmers & heirs
- Help a family member get started farming
- Help a non-related beginning farmer get started
- Build soil-health to steward the farm as an asset
- Minimize polluted runoff from the farm
- Bring Livestock back with more perennial cover for wildlife

Family goal-setting activity:

It can be hard to start up a family conversation about goals and have everyone comfortable about being honest. One fun and painless method to get started is to have people vote anonymously, using colored dot stickers.

Here's how:

At a family gathering --perhaps over the holidays -- print out these goals on sheets of paper. Put them someplace where people can get to them easily, perhaps on a bathroom wall, and give everyone a set of dot stickers. Ask your family members to "vote" by putting stickers on the goals of their choice.

Based on material from Farm Transitions Toolkit developed in 2013 by Land Stewardship Project, Minnesota Institute for Sustainable Agriculture, National Center for Appropriate Technology, and Farmers' Legal Action Group.

Minnesota Cropland and Pasture Rental Rates

Prepared by David Bau September 2017

Data provided by the Minnesota Agricultural Statistic Service

September 2017, 2016, 2014, 2013, and 2012

County/ Region	Cropland Rental Rates					Pasture Rental Rates				Irrigated	
	2017	2016	2014	2013	2012	2017	2016	2014	2013	2012	2012
Becker	111	105	117	122	87	22	19	16.5	16.5	12.5	NA
Clay	141	131	139	160	111	20.5	18	NA	25.5	NA	NA
Clearwater	37.5	30	NA	33.5	21.5	12.5	12	12	11.5	12.5	NA
Kittson	75	82.5	70.5	71	63.5	10.5	11.5	13.5	10	NA	NA
Mahnomen	110	100	126	138	88	12.5	13	NA	NA	25	NA
Marshall	90	79	84.5	86	71	29	NA	NA	NA	NA	NA
Norman	110	121	116	118	118	NA	20.5	NA	NA	NA	NA
Pennington	65	64.5	63.5	54	55.5	NA	NA	20	20.5	16	NA
Polk	125	118	95	101	92	13	19	19	19.5	14	NA
Red Lake	65	68.5	66	66.5	57.5	NA	22.5	16.5	NA	NA	NA
Roseau	53.5	50.5	NA	42.5	41	15	13	14.5	15	16.5	NA
NORTHWEST	105	101	96.5	98	81.5	17	16	16	16.5	18.5	121
Beltrami	40	24	NA	NA	NA	13.5	12.5	NA	10	11.5	NA
Cass	35	24.5	35	NA	NA	9	13	NA	16.5	16.5	NA
Hubbard	24.5	21.5	16	NA	NA	12	9.2	NA	8.1	9.4	NA
Itasca	NA	22	23.5	NA	NA	NA	9.3	NA	NA	NA	NA
Koochiching	NA	25	21	NA	NA	NA	NA	NA	9	NA	NA
Lake of the Woods	32.5	31.5	NA	NA	NA	6	NA	NA	NA	NA	NA
NORTH CENTRAL	30	25	25	NA	NA	12.53	13	NA	14	14	133
Cook	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Lake	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
St Louis	12.5	NA	14	NA	NA	9	6.9	NA	NA	NA	NA
NORTHEAST	18	18	14	NA	NA	9	6.9	NA	10	NA	NA
Big Stone	163	165	144	153	126	28.5	29	38	42.5	NA	NA
Chippewa	190	188	210	212	170	25.5	27	37.5	37.5	NA	NA
Douglas	129	118	117	95	95	20	16	NA	NA	NA	NA
Grant	168	171	188	173	121	NA	NA	NA	NA	22.5	NA
Lac Qui Parle	170	181	195	174	140	71	64.5	48.5	38.5	42.5	NA
Otter Tail	106	100	90.5	98	82.5	145	13.5	18	18.5	16	NA
Pope	143	125	145	124	105	43.5	30.5	24.5	27.5	27.5	121
Stevens	164	158	169	164	129	50	NA	32.5	NA	23.5	222
Swift	174	177	180	180	146	55	60.5	54.5	37.5	28	186
Traverse	170	167	184	167	133	30	36.5	31	28	22.5	NA
Wilkin	137	150	139	140	112	NA	NA	NA	NA	NA	NA
Yellow Medicine	183	182	203	204	179	NA	NA	NA	45	33	NA
WEST CENTRAL	160	159	167	160	128	42.5	43	35	31.5	28.5	177

County	Cropland Rental Rates					Pasture Rental Rates					Irrigated
	2017	2016	2014	2013	2012	2017	2016	2014	2013	2012	2012
Benton	79	83.5	89	74	65	22	19.5	24	17	17	NA
Carver	189	195	223	226	197	NA	NA	50.5	NA	NA	NA
Kandiyohi	214	206	226	236	176	36.5	46.5	NA	35	42.5	NA
McLeod	223	248	262	220	213	NA	37	NA	40	NA	NA
Meeker	175	178	200	168	169	NA	NA	NA	NA	NA	NA
Morrison	77	64.5	72.5	64.5	65	20	14	17	17	12.5	NA
Renville	219	228	240	220	194	NA	NA	NA	23	NA	NA
Scott	198	207	237	206	165	NA	41.5	NA	NA	40	NA
Sherburne	52	58	54	54.5	51	NA	28.5	25.5	20	NA	181
Sibley	226	247	271	270	230	NA	25.5	NA	NA	NA	NA
Stearns	142	145	155	142	121	37	51	18	35	17	288
Todd	62.5	63.5	84.5	58	52.5	23	27.5	19	26	17	182
Wadena	31	32	34	34.5	28	12	23	9.5	NA	NA	140
Wright	159	149	170	174	135	35	NA	21	32	17	109
CENTRAL	186	189	200	189	164	27	28	17	23	15	214
Aitkin	33	38	32.5	35	17.5	14.5	10	12	NA	NA	NA
Anoka	57	60.5	58.5	61.5	52	NA	NA	NA	NA	NA	NA
Carlton	19.5	14.5	31	31.5	11	6	5.4	8.6	13	9.4	NA
Chisago	69	69	73	73.5	54.5	19	23	18	30	NA	NA
Crow Wing	37	33.5	30	23.5	22	16	13	13.5	10	12	NA
Hennepin	131	133	142	126	112	NA	NA	NA	30	18	NA
Isanti	62	56.5	86.5	58	58	12.5	11	12.5	12	NA	NA
Kanabec	62.5	59.5	59.5	39.5	36	16.5	21	18.5	13	7.3	NA
Mille Lacs	75.5	68	67.5	57	57.5	19.5	15.5	19.5	20	NA	NA
Pine	31.5	33.5	38.5	41.5	34	15	10	14	14	11.5	NA
Washington	114	133	142	149	102	32	28	35	38	NA	NA
EAST CENTRAL	72.5	71	81	72.5	60	15.5	12.5	14.5	15.5	12	NA
Cottonwood	202	194	223	224	204		49.5	30	NA	NA	NA
Jackson	202	199	235	222	178	41	44	42	NA	37	NA
Lincoln	171	176	199	168	149	46	54	47.5	48	50	NA
Lyon	183	197	227	210	174	41	43.5	52	52.5	NA	NA
Murray	177	191	212	213	205	51	58	48	53	58	NA
Nobles	189	207	211	212	185	60	57.5	44	NA	NA	NA
Pipestone	180	175	190	191	156	51.5	50	46	46	48	NA
Redwood	187	213	222	222	184	48	NA	31.5	NA	NA	NA
Rock	212	237	247	226	213	61	74.5	58.5	61	51	NA
SOUTHWEST	190	201	220	212	183	51	51.5	46	51.5	49	NA

County	Cropland Rental Rates					Pasture Rental Rates					Irrigated
	2017	2016	2014	2013	2012	2017	2016	2014	2013	2012	2012
Blue Earth	232	219	244	245	209	57.5	57.5	NA	NA	NA	NA
Brown	197	209	210	211	171	49	49	61.5	43	NA	NA
Faribault	219	238	264	269	214	NA	NA	NA	NA	NA	NA
Freeborn	217	243	263	252	237	41.5	41.5	NA	NA	NA	NA
Le Sueur	NA	231	256	267	221	38.5	38.5	34	41	NA	NA
Martin	NA	242	273	274	227	NA	NA	28.5	NA	NA	NA
Nicollet	215	234	276	244	234	NA	NA	NA	NA	NA	NA
Rice	214	206	249	232	215	23	23	54	NA	NA	NA
Steele	219	214	NA	208	208	NA	NA	NA	51	NA	NA
Waseca	216	232	NA	241	207	NA	NA	NA	NA	NA	NA
Watonwan	213	229	236	219	219	31	31	30	35	NA	NA
SOUTH CENTRAL	217	229	255	246	216	39	39	47.5	46.5	NA	NA
Dakota	202	189	211	212	173	NA	NA	NA	NA	NA	NA
Dodge	207	253	274	264	205	27	27	45	41	NA	NA
Fillmore	191	214	236	245	186	NA	NA	43	41	NA	NA
Goodhue	250	195	273	247	209	23	23	30.5	41.5	NA	NA
Houston	178	188	183	185	163	23	23	14	27	21.5	NA
Mower	199	239	273	256	201	23.5	23.5	NA	30	NA	NA
Olmsted	194	214	246	220	188	35.5	35.5	29	26	33	NA
Wabasha	186	191	222	206	180	32	32	44.5	NA	28.5	NA
Winona	206	228	212	213	177	30	30	26	40	30	NA
SOUTHEAST	214	219	252	239	192	35	35	32	36.5	30.5	NA
MINNESOTA	166	170	185	177	150	30	30	26	28	24.5	200

Minnesota Agricultural Statistic Service did published statewide estimates for 2015

**The state average cropland rental rates declined from:
\$185 in 2014 to \$180 in 2015 to \$170 in 2016 to \$166 in 2017.**

- **2.4% decrease from 2016 to 2017**
- **5.5% decrease from 2015 to 2016.**
- **2.7% decrease form 2014 to 2015.**
- **4.5% increase from 2013 to 2014**
- **18% increase from 2012 to 2013**
- **11.1% increase from 2011 to 2012.**

Statewide Irrigated rental rate declined from \$210 in 2015 to \$185 in 2016 & 2017

Pasture average increased from \$26 in 2014 to \$28 per acre in 2015 to \$30 in 2016 and 2017.

From Minnesota Agricultural Statistic Service Rental Rate Survey, 2017-2012



Landowner’s Cash Rent Worksheet

Prepared by: David Bau – Regional Extension Educator, Ag Business Management (September 2017)

Use the Examples below as a guide. Determine what acres are tillable and versus non-tillable and their corresponding values. For a desired return determine what interest rate you think is fair. In the example, 3% is used. Taxes can vary greatly whether homestead or non-homestead. The example is for non-homestead. Liability Insurance will protect you if someone is hurt on your property. If you have buildings or bins or other equipment on property that requires electricity, acknowledge who is responsible for payment.

	<u>Example</u>	<u>Your Farm</u>
(A) Farm Size in Acres (tillable acres)	156	_____
(B) Value per Acre	\$6,500	_____
(C) Total Farm Value (A x B)	\$1,014,000	_____
(D) Desired Return on Investment (C x 3.0%)	\$30,420	_____
(E) Real Estate Taxes (A x \$50.00)	\$7,800	_____
(F) Liability Insurance	\$200	_____
(G) Other Cash Costs (repairs, pump, Etc.)	\$0	_____
(H) Total Desired Return (D+E+F+G)	\$38,420	_____
DESIRED RENT PER ACRE (H/A)	\$246.28	_____



The Cropping Systems Calculator

Updated:
August 2016

This tool can help answer a key question: How much will diversifying my farm's rotation cost?

www.landstewardshipproject.org

Chippewa 10% Project

The Chippewa 10% Project is an innovative partnership that works directly with farmers and landowners to encourage continuous living cover in the Chippewa River watershed in western Minnesota as a way to lower water pollution levels. The partnership does this by helping these farmers and landowners adopt practices that achieve their conservation goals, build soil health and increase farm diversity and profitability.

Cropping Systems Calculator

One tool developed by the Chippewa 10% Project to help farmers and other landowners calculate the costs and returns associated with getting more continuous living cover on the land is the Cropping Systems Calculator. There are many crop budget tools available, but most require that you

know the costs associated with the practices. The Land Stewardship Project (LSP) set out to create a tool that is easy to use and will give estimates of possible returns with various cropping systems using default figures while giving the option to fully customize it to your farm.

The Cropping Systems Calculator is Excel-based and allows the comparison of two crop rotations, each up to six years in length. The calculator provides average returns over the rotation as well as a year-by-year breakdown for each crop within the rotations. It takes into account the crop-specific costs as well as the overhead expenses of the entire farm operation, which align with referenced schedule F tax form line items. Many common crops have default figures provided by the Cropping Systems Calculator in order to make

Continued on reverse page...

Cropping Systems Calculator: Continuous Living Cover

Number of Acres of Whole Farm	500	Years in Rotation	Original	2
Number of Acres to Change	40		New	6

	Original Crop Plan				New Crop Plan		
	Crop 1	Crop 2	Crop 3		Crop 1	Crop 2	Crop 3
Year 1	Corn			Year 1	Corn	LateSeasonCover	
Year 2	Soy			Year 2	Soy		
				Year 3	SpringWheat	Alfalfa	
				Year 4	Alfalfa		
				Year 5	Alfalfa		
				Year 6	Alfalfa	Grazing	

Here are examples of calculations that can be carried out by the Calculator.

Update Viewable Sheets

Clear Entire Workbook

Print Blank Sheet

Average Yearly Costs and Returns from the Two Rotations

Returns are seen as wages for the farm owner in this tool and aren't factored into labor costs.

	Original Crop		New Crop		Percent Difference
	Per Acre	Total	Per Acre	Total	
	Total Overhead Expenses	\$ 115.08	\$57,541.21		
Total Crop Expenses	\$410.14	\$16,405.40	\$491.35	\$19,654.15	20%
Total Crop Income	\$482.13	\$19,285.07	\$810.66	\$32,426.28	68%
Other Income	\$77.49	\$3,099.71	\$31.95	\$1,277.98	-59%
Returns to Management	\$34.40	\$1,376.08	\$236.17	\$9,446.82	587%

-Percent difference shows the percent increase in the new crop when compared to the old crop

Continued from reverse page...

it easier to use without knowing the costs associated with a farmer's specific operation. These figures are gathered from the University of Minnesota's farm financial and production benchmark database (otherwise known as FINBIN) for a 10-county area, which covers the Chippewa River watershed region. These defaults can be easily changed by the users to more accurately reflect the realities of their own enterprises, thus allowing them to customize the Calculator to their situation.

A unique feature of the Cropping Systems Calculator is that it allows a comparison of various grazing systems on a per-acre basis. Based off the Grass Fed Beef Calculator from the Pasture Project (an initiative of the Wallace Center at Winrock international), it allows a producer to compare types of cattle (cow/calf, stocker, feeder to finish, custom grazing) as well as management style (continuous, basic rotational, managed intensive rotational, mob grazing).

The Cropping Systems Calculator is not expected to provide an exact amount of income a farmer can rely on earning the following season, but rather a good estimate of the range of returns possible. This is just one of many tools that can be used to help make informed decisions while exploring options for a farm.

What We've Learned So Far

• Marginal Fields & Prime Crop Ground

Through the modeling work of the Chippewa 10% Project, LSP has predicted that the largest improvements in water quality come when shifting practices in marginal corn/soybean fields while also increasing income across the region. Originally the Calculator was aimed solely at reassessing practices on these marginal fields (too wet, too dry, too hilly, low fertility) that historically have poor row crop yields. The current run of low corn and soybean prices is causing many farmers to look closely at fields that may actually have high yielding soil and wonder if another enterprise may be more lucrative. Managed intensive rotational and mob grazing are two of the alternatives livestock producers are considering because of the higher returns that are possible when a pasture is well managed and can support more animals.

• Government Program Influences

When testing various scenarios in the Cropping Systems Calculator, it's impossible not to acknowledge the impact of federal crop insurance and other government subsidy programs that support commodity crops. For example, using figures from the FINBIN database for 2014 from the 10-county area in west-central Minnesota, the average reported crop insurance payment was \$123.31 per acre for corn. This payment helped corn growers avoid losing money and promoted the continued planting of the crop to the exclusion of others. The Calculator shows that even though diversifying a rotation may make sense from a pure market perspective, crop insurance skews the system, playing a big role in the dominance of corn and soybeans throughout the Midwest and beyond.

• A Second Look at Diversity


Many farmers would like to add more cover to their land or extend their rotation past the typical corn-soybean duo-culture, but struggle with making such planting decisions financially viable. Indeed, some farmers who plugged options such as cover cropping or pasture into the Calculator found that initial results did not provide the profits they desired. But through relatively minor tweaks, they were able to make more continuous living cover pay while improving soil health and protecting water quality. For example, grazing a cover crop or moving towards a higher livestock stocking density on pasture provided a boost in income levels. Many times these changes in management style made the new practice as profitable, if not more profitable, as the original commodity crop.

That's exactly the goal of the Calculator: giving farmers a way to make informed management decisions that aren't simply based on "doing it the way we've always done it," and giving them a way to be creative in finding ways to design alternative practices.

Give the Calculator a Try

The Cropping Systems Calculator is available at <http://landstewardshipproject.org/chippewa10croppingsystemscalculator>. Take a look and give it a test drive. Feedback or questions can be directed to LSP's Rebecca Wasserman-Olin at 612-722-6377 or csc@landstewardshipproject.org.

Fostering an ethic of stewardship for farmland, promoting sustainable agriculture and developing healthy communities.

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Farm Transitions: PDF Versions

[Farm Transitions Toolkit -- Complete Publication](#) (2.25 Mb)

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Minnesota Beginning Farmer Tax Credit

A new incentive can help Minnesota beginning farmers access land and other agricultural assets.

www.landstewardshipproject.org/beginningfarmertaxcredit

A Helping Hand for Beginning Farmers

The Land Stewardship Project has long recognized that training and networking beginning farmers through our Farm Beginnings and Journey person courses is not always enough to get beginning farmers launched successfully. Access to land and other assets remains a barrier for many. LSP believes that part of the solution is creating public policy and devoting public resources to helping beginning farmers get the assets they need.

During the 2017 session of the Minnesota Legislature, LSP worked to pass the Beginning Farmer Tax Credit initiative. With the leadership of Rep. Nels Pierson (R-Rochester) and LSP's support, the bill was passed by the Legislature and signed into law by Governor Mark Dayton. While other states—Nebraska, Iowa and Wisconsin—have passed similar legislation that this initiative was based on, Minnesota's law is the first to provide such a tax credit incentive for the sale, as well as rental, of farmland.

Details of the Program

The Beginning Farmer Tax Credit will go into effect January 1, 2018. The Rural Finance Authority will approve and certify tax credits on a first come first served basis. There is \$5 million available to the program in 2018.

Under this initiative, there is now a state tax credit for owners of agricultural assets—land, livestock, facilities, buildings or machinery used for farming in Minnesota—who agree to sell or rent those assets to a beginning farmer who is not a family member. There is also a tax credit available for beginning farmers who participate in a financial management program, irregardless if they are buying or renting from an asset owner.

If You are an Asset Owner

◆ **If you are selling an agricultural asset**, the credit covers:

- 5 percent of the sale price or fair market value (whichever is less) of the asset, up to \$32,000.

◆ **If you are renting an agricultural asset**, the credit covers:

- 10 percent of the gross rental income in each of the first three years of a rental agreement, up to \$7,000 per year.
- 15 percent of the cash equivalent of the gross rental income of the first three years of a share-rent agreement, up to \$10,000 per year.

In a single year, a farmer can participate in all three tax credit categories listed above, as long as these categories pertain to different assets. The agricultural asset must be rented at the prevailing community rates as determined by the Rural Finance Authority. If the amount of the credit exceeds tax liability, the excess may be carried forward 15 years.

If You are a Beginning Farmer

Beginning farmers may be eligible for a tax credit to help cover the cost of participating in an approved financial management program. The financial management credit need not be tied to any agricultural asset sale or rental. The Rural Finance Authority has developed a list (www.mda.state.mn.us/grants/fbmprograms.aspx) of financial management programs that are eligible for the credit. For example, the Minnesota Farm Business

See reverse page...

...Continued from reverse page

Management Program qualifies, as well as the Land Stewardship Project's Farm Beginnings and Journey person courses. For beginning farmers enrolled in a financial management program:

- The credit is equal to 100 percent of the cost of participating in a financial management program (up to \$1,500 per year).
- The credit can be taken for three years.
- If the amount of the credit exceeds the tax liability, the excess can be carried forward three years.

Definition of a 'Beginning Farmer'

For either of these credits, the "beginning farmer" involved must be someone who:

- Is a Minnesota resident who is seeking entry into farming, or has started farming within the past 10 years.
- Is a farmer who will provide the majority of the labor and management of the farm that is located in Minnesota.
- Can provide positive projected earnings statements.
- Is not directly related to the owner of the agricultural asset.
- Has a net worth that does not exceed \$800,000.
- Is enrolled in a financial management program approved by the Rural Finance Authority.

More Information

For more information on this tax credit initiative, see www.landstewardshipproject.org/beginningfarmertaxcredit or contact LSP Farm Beginnings Program organizer Karen Stettler at 507-523-3366 or stettler@landstewardshipproject.org.

Land Stewardship Project Resources

- ♦ **Farm Beginnings Course.** This course provides strategic farm plan development as well as networking with other beginning and experienced farmers: www.farmbeginnings.org.
- ♦ **Journey person Course.** This course is for

farmers in their third- to fifth-year, and looking at scaling up: www.landstewardshipproject.org/morefarmers/lspjourneypersonfarmtrainingcourse.

♦ **LSP Seeking Farmers-Seeking Land Clearinghouse.** Farmers who are seeking to rent or buy farmland list their information here. In addition, landowners with land for sale or rent are listed here: www.landstewardshipproject.org/morefarmers/seekingfarmersseekinglandclearinghouse.

♦ **Farm Transitions Toolkit.** This is a guide for transferring a farm to the next generation: www.landstewardshipproject.org/morefarmers/farmtransitiontools/farmtransitionstoolkit.

Additional Resources

- ♦ Rural Finance Authority: www.mda.state.mn.us/agfinance, 651-201-6004, mda.bftc@state.mn.us.
- ♦ The full 2017 Minnesota tax bill; the Beginning Farmer Tax Credit initiative is Article I: www.revisor.mn.gov/laws/?year=2017&type=1&group=Session+Law&doctype=Chapter&id=1&keyword_type=all&keyword=Beginning+Farmer.
- ♦ Information on the Nebraska Beginning Farmer Tax Credit Act: www.nextgen.nebraska.gov/index.html.

Upcoming Meetings & Workshops

♦ The Land Stewardship Project has invited the Rural Finance Authority to a meeting to discuss the **Beginning Farmer Tax Credit's** details and to answer questions. It will be held on **Thursday, Jan. 11**, in Northfield, Minn.

♦ **An LSP Farm Transition Planning Workshop** for retiring farmers thinking about next steps for their operations will be held on Saturdays in Northfield, Minn.: **January 20, February 10** and **March 3**.

For information on these and other workshops and meetings, contact LSP's Karen Stettler at 507-523-3366 or stettler@landstewardshipproject.org.

Managing for Stewardship: Resources for Farmland Owners and Renters



Resource Guide 1/16/19

- a. LSP Podcasts (soil health) For example
 - Rick Bieber describes how building soil health saved his farm from financial ruin.
<http://landstewardshipproject.org/posts/podcast/939>
 - A farmer's wish to not have his land become just one more cornfield provides an opportunity for beginning farmers.
<http://landstewardshipproject.org/posts/podcast/981>
- b. LSP Videos (soil health)
<http://landstewardshipproject.org/stewardshipfood/lspsoilbuilders/soilbuildervideos>
- c. LSP web pages
 - i. Conservation Leases
<http://landstewardshipproject.org/stewardshipfood/conservationleases>
 - ii. Soil Builders Network
<http://landstewardshipproject.org/stewardshipfood/lspsoilbuilders>
 - iii. Cropping Systems Calculator
<http://landstewardshipproject.org/stewardshipfood/chippewa10croppingsystemscalculator>
 - iv. Farm Transition Toolkit
<http://landstewardshipproject.org/morefarmers/farmtransitiontools/farmtransitiontoolkit>
 - v. Clearinghouse page
<http://landstewardshipproject.org/morefarmers/seekingfarmersseekinglandclearinghouse>
 - vi. LSP Beginning Farmer Tax Credit page
<http://landstewardshipproject.org/beginningfarmertaxcredit>
- d. University of Minnesota land rental rates web -page
<https://www.extension.umn.edu/agriculture/business/land-economics/>
- e. League of Women Voters web page
<https://www.lwvmn.org/local-leagues/upper-mississippi-river-region-inter-league-organization>
- f. Other resources
 - i. Farmers Legal Action Group <http://www.flaginc.org/topic/contracts/>
Frequently Asked Questions on Sustainable and Long-Term Leases in Minnesota covers general leases with a strong emphasis on conservation-oriented terms, answering such questions as whether a landlord can require conservation practices and can a tenant enroll in conservation programs. This is a joint publication of the Land Stewardship Project and Farmers' Legal Action Group.
 - ii. Drake University <http://sustainablefarmlease.org/>
Landowner's Guide to Sustainable Farm Leasing is a useful online and printable resource by Drake University Agricultural Law Center's Sustainable Agriculture Land Tenure (SALT) Initiative. Select laws related to Minnesota land tenancy included.

- iii. Fillmore County Soil and Water Conservation District [The Rent You Receive Is More Than Just Money](#): Scroll to the bottom of the Fillmore County Soil and Water Conservation District home page for a sampling of conservation practices and a sample lease.
- iv. Minnesota Institute for Sustainable Agriculture at University of Minnesota. <https://www.misa.umn.edu/ask-misa/discussion-groups/farm-transitions-discussion-group>
- v. North Central Farm Management Extension Committee [Tips for Farm Leases and Contracts: Creating Smart, Effective Documents](#): A succinct two-pager highlighting the considerations, useful tips and key questions you should ask yourself before signing a contract, plus the elements of a good lease.
- vi. National Center for Appropriate Technology [Tips for Farm Leases and Contracts: Creating Smart, Effective Documents](#): A succinct two-pager highlighting the considerations, useful tips and key questions you should ask yourself before signing a contract, plus the elements of a good lease.
- vii. Kansas State University. [Pasture Rental Arrangements for Your Farm](#): A publication for livestock owners and landowners with pasture to design "workable...and desirable leasing arrangements" based equitably on each others' needs. Such considerations as the cash and material contributions of each side, why to write it down, and how to set a good rate of payment can be found in linked chapters and worksheets.
- viii. Green Lands Blue Waters. [Contract Grazing Factsheets](#): Included in this series of four by the Midwest Perennial Forage Working Group is one on "Pasture Rental and Lease Agreements." Also on this page is a link to sample leases specific to farmers and landowners with land and livestock to share.
- ix. *The Future of Family Farms: Practical Farmers' Legacy Letter Project*, by Theresa Opheim. <https://www.uipress.uiowa.edu/books/2016-fall/future-family-farms.htm> She is also a senior fellow working with the Renewing the Countryside Farm Transitions project. http://www.renewingthecountryside.org/farm_transitions