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Crop Share Leasing and Lease Form*

J. H. Atkinson, professor of agricultural economics**

The crop share lease provides a means for a tenant to have an adequate-sized, profitable farming operation without the large capital outlay necessary to own land. It provides the landowner a return on his investment and allows him to participate in major management decisions. To a considerable degree, the two parties share in the risks and rewards from farming. This risk-sharing feature appeals to many tenants who are short on capital. The crop share lease appeals to landowners who are familiar with modern farming methods (or who may want to hire management assistance) and whose financial situation allows them to meet operating capital needs and carry their share of the risk.

This discussion will be limited to crop share leases although 50-50 crop and livestock share leases are still fairly common, especially in central and northern Indiana. Purdue Extension publication EC-207 provides a form for livestock share leasing agreements.

Types of Leases

Replies to a 1976 survey of cash and crop share leasing arrangements indicated that the 50-50 crop share lease was being used by 61 percent of the respondents. Cash leases were the next most common (17%), 60-40 and 2/3-1/3 arrangements were used by 11 percent, while the remaining 11 percent, were miscellaneous arrangements. Thus, while cash leasing has increased over the past decade., the 50-50 crop share lease remains the predominate type of arrangement throughout Indiana.

The 2/3-1/3 and 60-40 leases tend to be found in the southern part of the state. There are a few 60-40 leases in which the landowner receives 60 percent of the crops and pays 60 percent of the operating costs, but as a general rule the smaller share, 1/3 or 40 percent, is the portion of the crop which goes to the landowner. He basically provides the real
estate (with or without buildings) although in some cases the landowner may pay a share (the same as the share he
receives) of specified production expenses, for example, nitrogen fertilizer or drying fuel for his share of the grain. The
landowner has relatively low production expenses and thus lower risk. In years of very good prices or yields, his returns
tend to be somewhat lower than if he had rented on a 50-50 basis. But when yields or prices are low, he tends to come
out better. This type of lease, rather than the 50-50 arrangement, appeals to the landowner who has limited capital for
production expenses, desires less risk and does not want to be bothered with management decisions. However, rates of
fertilization, cropping programs, weed control measures, etc. affect his return and since he loses the management
control which comes from sharing these costs, it may be even more important than is true in the 50-50 lease to specify
major production practices.

The tenant who rents on a 2/3-1/3 basis usually provides labor, machinery and equipment and most of the other
operating expenses. He will need more operating capital than under the 50-50 lease and tends to get more management
control. Tenants may look on this as a big advantage, especially if they feel they have been "held back" by a landowner
who is not knowledgeable about modern farming practices or who does not want to risk the high investment in
operating capital necessary to get high yields.

Before shifting from 50-50 to a 2/3-1/3 lease, both tenant and landowner may want to budget through both
arrangements using 2 or 3 different levels of prices and yields.

In the typical 50-50 crop share lease, the tenant provides all the labor, owns the field machinery, pays for fuel, oil and
repairs for machinery and 50 percent of other operating expenses. But within this general framework there are
variations, especially with regard to services provided and sharing of costs. A recent survey revealed some of these
variations.

Grain storage was included in 45 percent of the leases; 81 per cent owned by the landowner, 11 percent by the tenant
and 8 per cent jointly owned. About one-third of the leases included grain drying facilities, 45 percent owned by the
landowner, 40 percent by the tenant and 15 percent jointly owned. Other variations are listed below, as indicated in the
1976 leasing survey.

1. Who applies herbicides? Tenants, 63%; custom hire 27%; both 10%
2. If herbicides custom applied, who pays? 50-50 in nearly all cases
3. What percent of fertilizer applied by tenant? 61% applied all; 33% applied 50 to 90%
4. If fertilizer custom applied, who pays? 50-50 in nearly all cases
5. Tenant charge for corn harvest? 54% charged—of these, 31% on a per bushel basis, 69% on per acre basis
6. What charge for corn harvest? 61% charged 2 to 3 cents bu.
on per bushel basis
on per acre basis
47% charged $10 to 12/A
28% charged $7 to 9/A
most often reported $10/A
7. Tenant charge for bean harvest? 58% charged, 92% on per acre basis
8. What charge for bean harvest? 39% charged $9 to 10/A
46% charged $5 to 8/A
most often reported $10/A
9. Hauling charge? 17% charged from field to elevator
14% charged from bin to elevator
most frequent charge, 5 cents/bu.
10. What facilities included in lease? ITEM YES NO
Permanent pasture 33% 67%
Hog or cattle feeding facilities 31% 69%
Barn 49% 51%
Machine shed 62% 38%
Dwelling 35% 65%
Farrowing house 21% 79%
11. Who pays for lime? Landowner 58%, 32% shared 50-50
12. How share expense for seed, fertilizer and herbicide? 92% shared 50-50

The above items are not the only variations in leases. The quality of land and the productiveness of the tenant are
important. The terms of two leases may be identical, but if one involves 130-bushel corn land and the other 90-bushel land, the results to both landowners and tenants will differ. The tenant stands to earn more on the good land while the tendency is for the landowner to get a higher percentage return on his investment in the lower quality land. Or what may happen is that the owner of highly productive land can attract a tenant who is a top manager with excellent equipment. In a few cases, the percentage sharing of costs and/or returns is being changed--for example, on excellent land with a nice house, the landowner may get 55 percent of returns and pay 55 percent of operating costs.

Tailoring Leases to Individual Situations

It is obvious that the customary lease is not necessarily suitable for every individual case. A recipe for the "right" lease cannot be written. The best bet is to use the customary lease in the community as a general guide, then make changes which fit the individual situation.

Changes appear to be most easily made when an agreement is worked out between a landowner and tenant who have not previously farmed together. Yet the risk of dealing with a new person plus the pressure of custom and tradition tend to slow down changes in share leases. For example, the 1976 survey indicated that the average length of tenure of 50-50 crop share leases was more than 11 years and that in only 5 percent of the cases had a change in the lease been made in the past 2 years.

The assumption that one party can gain in income only at the expense of the other is a major difficulty in changing lease terms. For example, the landowner may argue for dropping harvesting payments to the tenant because his interest and taxes have increased. The tenant argues that the charges ought not to be dropped but increased because machinery expenses have increased. How can one party gain without the other losing? The key is to look for changes which may increase net income for both parties, or at least increase income for one party with no reduction for the other. Here are some examples:

1. Landowner agrees to construct additional grain storage, tenant drops harvesting charge,
2. Tenant agrees to purchase 30-inch row equipment, landowner raises harvesting payment,
3. Landowner agrees to improve drainage, tenant drops harvesting charge.

Rather than bickering over dividing up the income pie, spend the effort on making the pie bigger. Few farms are so well operated that there are no opportunities for increasing net income by $10 to $15 per acre or more.

Developing a lease for an individual situation requires knowledge and evaluation of each party's contributions. For the tenant this requires information on amount, size and condition of machinery and equipment in relation to acreage farmed so that a judgment can be made about the timeliness and quality of cropping operations. Labor availability, both regular and "back-up" help, is important. Past performance in terms of yields and timeliness of planting and harvesting are good over-all measures of the tenant's ability.

The landowner needs to know the productive capacity of his land and the yield history. Recent land improvements are important. Useful buildings included in the lease should be listed.

This information can then be used to arrive at a well-reasoned arrangement rather than arguing a point based on what someone else is doing. At the same time, both parties should recognize that there is keen competition for land to rent, both on a share and a cash basis.

Getting Along

The crop share lease places the operator and landowner in a joint business venture which has some aspects of a partnership. They share certain costs, risks and management decisions, thus need to get along well as a team.

The lease agreement itself is a basic element in getting along. Communications is also important. For the tenant this
means finding out how much the landowner wants to know about the operation throughout the year and how much he wants to be consulted about management decisions. The landowner needs to figure out whether the operator welcomes his visits or considers them a waste of time, whether he thinks it is helpful to discuss operational problems and progress, and whether he may actually need managerial help.

In general, most landowners want to be informed occasionally about the farming operation and consulted on major decisions. Sometimes they complain, "I never know what's going on--the barn would have to blow down before the tenant would call me." Many tenants appreciate the landowner taking an interest in the farm and may complain, "All he's interested in is the grain check--he wouldn't care if the barn burned down." With a little conscious effort on the part of both parties, they can usually establish the degree of contact that is suitable to both.

A tip to tenants--Many landowners like to see the appearance of the place kept up. Even though mowing fence rows and lots, nailing a loose board on the barn, repairing a sagging gate, etc., do not make you any more money, doing these things may mean the difference between keeping the farm and losing it. Having a nice looking farm is especially important to many older landowners, especially if it is the home place. Try inviting the landowner out to look around in late spring after planting is finished and you have had time to "tidy up" the place.

A tip to landowners--Give your tenant as much freedom as he can handle in running the farm. Then let him know you appreciate it when he does a good job, either in farming operations or in keeping up the appearance of the farm. Try taking your tenant out to dinner occasionally.

**Value of a Written Lease**

The attached lease form, when completed, can serve as a memorandum of understanding between a landlord and tenant. It also is helpful in reaching an agreement in that it calls attention to a number of points which otherwise might not be considered.

A written lease serves as a memorandum of understanding between the tenant and landlord. It eliminates the reliance on memory of an oral agreement. "Writing it down" makes the agreement clear to both parties and avoids .... but I thought it was this way .... problem. Insisting on a written lease does not imply a distrust of the other party when the objective is a clear understanding which will be recorded for possible future reference.

Although a written lease can help prevent or resolve disputes, it also helps protect the legal rights of both parties and is helpful in event of the death of either party. In case the farm is sold subject to the lease, the written contract defines certain rights and obligations of the purchaser.

In spite of the advantages of a written lease, many share lease arrangements are oral. Even so, a good lease form can be used as a check-list to make sure that all major points have been covered.

**Using the Lease Form**

The lease form is largely self-explanatory, but suggestions will be made on various sections. A copy should be made for both parties. Provisions that are not wanted and blanks that are not filled in should be crossed out and initialed in ink by both parties. Spouses are often involved in ownership or farm operations and should be included in discussions if they so desire. They might also sign the agreement.

Section I. Date, Contracting Parties, Description, etc. --State specifically what real estate is included in the lease. In this way, the form can be used either for field or whole farm rental.

The form stipulates a year-to-year automatic renewal unless notice is given by a specified or determinable date. Unless specified, Indiana law requires that notice be given 3 months prior to the end of the lease year. As proof that notice has been given, the notice should be in writing and sent by registered or certified mail with return receipt requested.

Three months may be an inadequate notice period, especially if the lease year ends March 1. Notice before wheat
seeding and plowing time is suggested.

A longer term automatic renewal lease might be considered, especially from the tenant's viewpoint. If the land in question constitutes an important part of his operation, he is placed in a vulnerable position in risking the loss of the farm every year and must constantly be on the alert for additional land.

Item 7, regarding renting of additional land may be controversial, yet it might be preferable to reach agreement on this matter beforehand rather than risking a later disagreement. The acreage figure might be set higher than the present acreage to allow renting some additional land. Or an agreement might be reached which would specify that farming operations would be performed first on land covered in the lease, soil conditions permitting.

Section II. Cropping Program--The idea here is to reach agreement on land use, fertilizer and herbicides, yet leave flexibility for changes dictated by prices, weather or other factors. The details of this section will have to be re-worked annually as an amendment to the lease.

Section III. Obligations of the Landlord--This section specifies the basic responsibilities of the landlord. Item - regarding buildings which may be destroyed is especially important to the tenant if a dwelling or other essential buildings are involved. Buildings usually are insured, but this often provides compensation only to the landowner.

A blank is provided for other things the landowner may agree to do. Examples include payment for harvesting (be sure to state the rate per bushel or per total acreage of specified crops), future repair or construction of specified buildings, payment for grain hauling, etc. A different kind of provision which is sometimes used is this: an agreement by the landowner to provide a specified sum to be used by the tenant for land improvements such as drainage, fence removal and bulldozing small areas.

Agreements regarding grain handling could be included in this section if the landowner provides storage, drying facilities, auger, etc. Or if grain handling facilities are supplied by the tenant and a payment is made by the landowner, this should be included.

Section IV. Obligations of the Tenant--In addition to the listed items, blanks are left in this section for agreement on the tenant's responsibilities regarding, for example, miscellaneous hauling, grain handling facilities, periodic checking on farm stored grain, mowing, etc.

Item 1, calling for the tenant to follow generally recommended farming practices may be made more specific by including practices such as the following:

1. Spread all available manure as soon as practicable on appropriate fields.
2. Mow permanent pasture at least once each year.
3. Cut or spray weeds in lots, fence rows and along roads and ditches.
4. Keep grass waterways and terraces in good repair, and do minor repair work on tile drains and tile outlets.
5. Protect sod crops from over grazing.
6. Burn no corn stalks, straw or other crop residues.
7. Inoculate alfalfa and soybean seed unless sown on land thoroughly inoculated for the crop planted.
8. Cultivate the land in a timely and thorough manner.
10. Prevent trampling of fields by stock and rooting by hogs when injury will be done.
Section V. Division of crop production expenses--As noted in the above discussion, division of expenses varies widely and some expenses are bargaining points. Often these include payment by the landowner for harvesting and hauling grain. On expenses that are shared, it is a good idea to divide expenses the same way that receipts are divided.

Row or starter fertilizer and supplemental nitrogen costs are nearly always divided in the same manner as crops are divided. Investments in heavy applications of plowdown potash or super phosphate often are also shared on the same basis as crops are shared. On some farms, however, sufficiently large applications of plowdown phosphate and potash may be applied so as to raise the fertility level and give yield responses for several years. Since most Indiana leases are on a year to year basis, the tenant may not have received full benefit from his investment at the termination of the lease.

If the phosphate and/or potash levels were high when the tenant moved on the farm and if he was not required to pay for fertilizer applied prior to his rental of the farm, then he should expect no compensation when he leaves the farm. However, if the tenant contributes in a substantial "build up" of fertility levels, then he should expect compensation if he moves before receiving full benefits from the higher fertility levels. Applications of phosphate and/or potash may be depreciated over a 2 to 5-year period depending upon amount applied and crops grown.

As an alternative, so that there will be no compensation due the tenant at the termination of the lease, the landlord could pay for phosphate and potash in excess of 1.0 to 1.25 times the amounts estimated to be removed by crops. An approximation of these amounts per bushel of beans and corn follows:

<table>
<thead>
<tr>
<th>CROP</th>
<th>P205</th>
<th>K20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soybeans</td>
<td>1.0 lb.</td>
<td>1.0 lb.</td>
</tr>
<tr>
<td>Corn</td>
<td>.4</td>
<td>.3</td>
</tr>
</tbody>
</table>

This section also provides for describing jointly-owned machinery and equipment. Sometimes grain storage facilities may also be jointly owned. In these cases, it is suggested that the person on whose land the facilities are built agree to purchase them when the lease is terminated based on a predetermined depreciation schedule.

Section VI. Division of Crops--As a rule, it is recommended that all major crops be divided the same way and that crops be divided in the same proportion as expenses are shared.

Section VII. Privilege Rent--Bare land often is share rented on basically the same terms as a farm with a dwelling or other buildings. Of course, if the tenant has a use for the buildings, he would prefer to share rent on the same terms as bare land rental. But sometimes the question comes up as to how the lease can be altered to take account of buildings. Rather than change the terms of the lease, it may be preferable to agree on cash rent for pasture and buildings. In this way, the landowner knows what he gets for building use and may be more inclined to keep them in good repair or make improvements. Knowing what buildings cost also gives the tenant a basis for considering alternative possibilities.

Permanent pasture rental is fairly common and may be figured either on a per acre or per head basis.

Section VIII Rights and Privileges--This section contains several standard provisions with blanks to add others. For example, agreement on hunting, fishing or camping rights might be included or the landowner might want to reserve the right to build a house on a specified location or remove existing buildings not being used by the tenant.

Section IX. Financial Settlements and Business Management--In order to facilitate settlements between the landlord and tenant and to record the data needed to prepare income tax reports, complete and accurate records of the farm receipts and farm expenses for both the landlord and tenant are necessary. Also, it is recommended that both parties cooperate in keeping a complete record of the entire business (all farm receipts, farm expenses and farm inventories) in order that a summary and an analysis of the year's business may be made at the end of each year.

If each party keeps a record of his transactions of jointly-owned property, cash settlements can easily be made at any time. It is recommended that the parties to the lease agree upon a regular place and time for making settlements, perhaps several times per year.

Space is provided to permit the parties to the lease to designate how their joint receipts and expenses shall be handled.
is important that such designations be entered and the procedures be clearly understood by both parties before the lease is signed. It is suggested that businesses where most of the purchases and sales are made be informed of how they should make billings payments.

Item 4, participation of landlord in management, not only is important from the viewpoint of operating the farm but also in connection with the landlord's Social Security "Material participation" in management may allow him to continue building up Social Security if he has not retired. But if he has retired, material participation may reduce his benefits. Consult your Social Security office for details on what constitutes material participation in farming operations.

Section X. Insurance Coverage--Both parties may want to meet with their insurance agent to work out coverage agreeable to them. As a rule, both parties will need to carry general farm liability insurance.

Section XI. Other agreements--This space is provided to enable the parties to the lease to include in the lease any provisions they desire which are not provided for in other sections. For example, if the landlord employs someone to look after his interests in the farm, the arrangement should be specified in this section.

Section XII. Enforcement of Agreements and Arbitration--This section provides for commonly used methods of presenting claims and arbitration to settle disputes which might otherwise go unsettled or end up in court.

Section XIII. Signatures--Both copies of the lease, one for the tenant and one for the landlord, should be signed Having the signatures witnessed or notarized may prove helpful, especially if disputes arise or death of either party occurs.

Amendments and Renewal--Although the lease form contains an automatic renewal provision, it is strongly suggested that the parties to the agreement meet annually to discuss possible changes. Minor changes can be made as amendments to the original lease, but major changes might better be handled by preparing a new lease.

CROP SHARE LEASE

This form is intended to be used as a guide by landowners and farm operators in reaching and recording a crop share lease agreement. Although the form contains legal provisions which are generally viewed as being necessary, the parties to the agreement can be assured that the agreement adequately fits their particular situation from a legal viewpoint by consulting an attorney. Similarly, the form contains a number of economic provisions on which either party may want to obtain counsel from a professional farm manager.

Identical copies of this form should be completed for each person who signs the agreement. Any provisions in the lease form which are not desired and any unused blanks should be crossed out in ink. Additions to the form or blanks which are completed should be in ink. Both deletions and additions should be identical on all copies and should be initialed in ink by landowner and operator to indicate their agreement.

The form may be used either for an entire farm or for field rental agreements. Special care should be taken in field rental agreements to describe exactly what real estate is included.

Indiana Crop Share Lease Form

Section I. Date, Contracting Parties, Description of Property, and Term of the Lease

a. This lease is made this ________ day of__________19______ by ________________________ , Landlord, whose address is ____________________________________________________________, Tenant, whose address is ____________________________________________________________.

b. Landlord hereby leases to the Tenant, to use for agricultural purposes only, the _________________ farm, containing_______acres, located in ____________________ Township, ___________________ County, State of___________, described as follows:
_____________________________________Twp.____________Range____________, with all improvements
c. This lease agreement shall become effective on the ______ day of ______________, 19_______ and shall terminate on the ______ day of ______________, 19_____. The Tenant agrees to contact the Landlord _____ days prior to the termination date to consider re-negotiating for the following year the terms of this lease.

Section II. Land Use and Cropping Program

a. Approximately ______ acres of the farm are to be cultivated,______ acres are to remain in permanent pasture,______ acres in woods not to be grazed.

b. The acres of land in cultivation as specified in II-a shall be used in approximately the following manner or as mutually agreed upon in writing and signed by both parties;

<table>
<thead>
<tr>
<th>Corn</th>
<th>Soybeans</th>
<th>Wheat</th>
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<td>____</td>
<td>____</td>
<td>____</td>
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<tr>
<td>Application</td>
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| Section III. Division of Costs and Returns |

a. This lease shall be a crop share lease in which both parties furnish specified production inputs and costs and share the resulting production as indicated in items b) and c) below, Table 1 and Sections IV and V.

b. The landlord agrees to furnish the land and fixed improvements referred to in Section I.

c. The tenant agrees to furnish all labor, power, machinery and movable equipment and all related operation and maintenance expenses to operate the farm except as indicated in Table 1 and as follows:

<table>
<thead>
<tr>
<th>Fertilizer Material</th>
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<td>Application</td>
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<thead>
<tr>
<th>Section III. Division of Costs and Returns</th>
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<tbody>
<tr>
<td>d. This lease is not intended to be nor to give rise to becoming a partnership.</td>
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</table>

Table 1. Landlord's and Tenant's Shares of Crops and Crop Expenses (Indicate % and/or amount).

<table>
<thead>
<tr>
<th>ITEM</th>
<th>Landlord Tenant</th>
<th>Corn Landlord</th>
<th>Soybeans Landlord</th>
<th>Wheat Landlord</th>
<th>Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHARE OF CROPS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CROP EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer Material</td>
<td></td>
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<td></td>
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<tr>
<td>Application</td>
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<tr>
<td>Herbicides</td>
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<tr>
<td>Application</td>
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</tr>
</tbody>
</table>
Section IV. The Landlord Agrees to:

a. Furnish the property referred to in Section 1, and with regard to said property:

1. Pay all taxes, assessments and insurance,

2. Furnish materials which he deems necessary for improvement of buildings, drains, and fences, and

3. Replace or repair any buildings that may be destroyed or damaged by any cause beyond control of the tenant and, until such replacement or repair is made, to compensate the tenant as follows:

________________________________________________________________________
________________________________________________________________________

4. Other._______________________________________________________
________________________________________________________________________

Section V. The Tenant Agrees to:

a. Follow the farming practices that are generally recommended for and that are best adapted to this type of farm and for this locality unless other practices are agreed upon.

b. Furnish all labor for minor repair and the minor improvement of buildings, fences, and drains with the material to be furnished by the Landlord. The buildings, fences, and other improvements on the farm are to be kept in as good repair and condition as they are at the beginning of the lease, or in as good repair and condition as they may be put in by the
Landlord during the term of the lease; ordinary wear, depreciation, or unavoidable destruction excepted.

c. Haul to the farm, except where other arrangements are agreed to with the Landlord, any material provided by the Landlord for the minor repair or minor improvement of buildings, fences, and drains.

d. Cut the weeds in lots, fence rows, and along roads whenever necessary to prevent reseeding. Mow permanent pastures at least once each year when it is most effective to destroy weeds and other undesirable plants.

e. Keep livestock out of the fields when the soil is soft, and protect sod crops, especially new seedings, from close grazing that might impair the following year's crop.

f. Follow SCS recommendations and fulfill all other requirements necessary to maintain the rights of current and future operators of this farm to participate in federal farm programs. Planted acreages of crops shall be reported as required by ASCS.

g. Store and use pesticides, fertilizers, and other chemicals, and dispose of containers in accordance with state and federal regulations and recommendations. Furnish the Landlord a written field by field record of the amount, kinds, and dates of applications of pesticides and fertilizers.

h. Not store motor vehicles, tractors, fuel, and chemicals on the farm in violation of restrictions in the Landlord's insurance policies.

i. Apply fertilizer annually as follows:

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<tr>
<th></th>
<th>Corn</th>
<th>Soybeans</th>
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</thead>
<tbody>
<tr>
<td>Potash (K20) no less than</td>
<td>___ lb/a</td>
<td>___ lb/a</td>
</tr>
<tr>
<td>Phosphate (P205) no less than</td>
<td>___ lb/a</td>
<td>___ lb/a</td>
</tr>
<tr>
<td>Nitrogen (N) no more than</td>
<td>___ lb/a</td>
<td>___ lb/a</td>
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</table>

j. Obtain the landlord's permission or sign a lease agreement covering the following year before doing any fall land preparation and/or seeding of crops.

k. Neither assign this lease to any person or persons nor sublet any part of the real estate for any purpose without the written consent of the Landlord.

l. Not to farm more _____ than tillable acres during the term of this lease (including the acreage covered by this lease) unless agreed to by the landlord.

m. Yield peaceable possession of the farm at the termination of this lease.

Section VI. Marketing, Billing, Management and Miscellaneous Provisions.

a. Separate checks to the tenant and landlord shall be issued by the purchaser of co-mingled farm production unless otherwise specified below:

b. Marketing decisions regarding jointly owned or co-mingled production shall be made by mutual agreement. If agreement cannot be reached, each party shall make decisions on their approximate amount of production.

c. Input suppliers shall be instructed to issue separate bills to the tenant and landlord for their respective shares of shared production expenses except as follows:

<p>| |</p>
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</table>

d. Privilege rent of $________ per year shall be paid to the landlord on the _____ day of ________________, 19________ for the use of
e. The extent of participation by the landlord in the management of farm production shall be as follows:

f. The landowner shall carry general farm liability insurance coverage in the amount of $________.

g. The tenant shall carry general farm liability insurance coverage in the amount of $________.

Section VII. Rights and Privileges

a. The Landlord or anyone designated by him shall have the right of entry at any mutually convenient time to inspect the property and/or the farming methods being used.

b. The Tenant shall have the right of entry for _______ days after the termination of the lease for the purpose of harvesting spring seeded crops. The Landlord or his designated agent shall have the right of entry before termination of the lease to plant fall crops following harvest of the current year’s crops.

c. Reimbursement shall be made to the Tenant for the portion of tenant-furnished inputs remaining unused at the beginning of the year in which no lease agreement is entered into. Said reimbursement shall be made as follows:

d. Transfer of ownership of this farm shall be subject to the provisions of this lease.

Section VIII. Enforcement of Agreements and Arbitration

a. Failure of either the Landlord or the Tenant to comply with the agreements set forth in this lease shall make that party liable for damages to the other party. Any claim by either party for such damages shall be presented, in writing to the other party, at least _______ days before the termination of this lease.

b. The provisions of this lease shall be binding on the heirs, executors, administrators, and assigns of the party or parties involved.

c. Any disagreements between the Landlord and the Tenant shall be referred to a board of three disinterested persons, one of whom shall be appointed by the Landlord, one by the Tenant, and the third by the two thus appointed. The decision of these three shall be considered binding by the parties to this lease unless a sum exceeding $_______ is involved. Any cost for such arbitration shall be shared equally between the two parties of this lease.

Section VIII. Other Agreements and Provisions
Section IX. Signatures

__________________________   ________________     __________________________     _______________
(Tenant)               (Date)                    (Landlord)                  (Date)

_________________________________      ________________
(Witness or Notary Public) (Date)

Section X. Annual Renewal

a. Except as indicated below, all agreements in the attached lease are hereby renewed for_______year(s) beginning on the_______ day of____________ , 19_______ and terminating on the_______ day of_______________, 19_______ . Changes agreed upon (or so indicate if none):

___________________________________________________________________________
__________________________________________________________________________.

__________________________   ________________     __________________________     _______________
(Tenant)               (Date)                    (Landlord)                  (Date)

b. Except as indicated below, all agreements in the attached lease are hereby renewed for______ year(s) beginning on the_________ day of______________ , 19_________ and terminating on the___________ day of_______________ , 19_________ . Changes agreed upon (or so indicate if none):

___________________________________________________________________________
__________________________________________________________________________.

__________________________   ________________     __________________________     _______________
(Tenant)               (Date)                    (Landlord)                  (Date)

c. Except as indicated below, all agreements in the attached lease are hereby renewed for_______ year(s) beginning on the____________ day of_______________ , 19____________ and terminating on the)______________ day of_________________ , 19______________ . Changes agreed upon (or so indicate if none):

___________________________________________________________________________
__________________________________________________________________________.

__________________________   ________________     __________________________     _______________
(Tenant)               (Date)                    (Landlord)                  (Date)

Lease Form Rev 4/96

Reviewed 8/2000

* Working out a leasing arrangement invokes both legal and economic considerations. Although this discussion and the leasing form treat legal provisions in a general manner, the parties to the agreement can be assured that the agreement adequately fits their particular situation from a legal viewpoint by consulting an attorney. Similarly, the form contains a number of economic provisions on which either party may want to obtain counsel from a professional farm manager.

**Appreciation is expressed to Dorwin Williams, agricultural economist with the USDA Research Service, and James Pleasant, research assistant, for their help in the survey of leasing arrangements.

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