

**CASH/ FLEXIBLE CASH RENT FARM LEASE**

**SAMPLE**

THIS AGREEMENT, made this day of \_\_\_\_\_, between \_\_\_\_\_ Party of the First Part, also hereinafter referred to as "OWNER", and \_\_\_\_\_ Party of the Second Part, also hereinafter referred to as "OPERATOR".

WITNESSETH, that said Owner, in consideration of the agreements set forth in this lease to be kept and performed by said Operator, rents and leases to the Operator, to occupy and use for agricultural purposes only, the following described real estate, to wit:

\_\_\_\_\_ tillable acres located in \_\_\_\_\_ Township, \_\_\_\_\_ County, MN.

This lease does not include non-cropland such as woods, slough, meadow. Operator shall have the right to drive and park machinery on the building site as long as it does not interfere with Owner's use of the premises.

Upon the following terms and conditions, it is mutually agreed that:

Terms: This lease shall be for the \_\_\_\_\_ (year) through and including \_\_\_\_\_ (year) farming season, commencing January 1, \_\_\_\_\_, and ending December 31, \_\_\_\_\_. The lease shall be for a period of \_\_\_\_\_ crop years. The Owner and Operator each reserve the right to review and negotiate rent per acre following each crop year for the next crop year.

Extent or Agreement: The terms of this lease shall be binding on the heirs, personal representatives, assigns, or agents, For both Owner and Operator in the same manner as upon the original parties.

Cash rent & Other Rent Stipulations: **OPTION A: CASH RENTAL LEASE**

Cash rent is calculated on the basis of \_\_\_\_\_ tillable acres at \$ \_\_\_\_\_ per acre. Cash rent due and payable to Owners as follows:

\$ \_\_\_\_\_ on or before \_\_\_\_\_ of each crop year.

\$ \_\_\_\_\_ on or before \_\_\_\_\_ of each crop year.

**OPTION B: FLEXIBLE CASH LEASE**

Cash rent is calculated based upon the following cash rent lease terms:

Base rent will be: \$ \_\_\_\_\_ per tillable acre.

Variables for flexible cash lease will include:

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

Base Yield will be determined as follows: \_\_\_\_\_

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

Base Price will be determined as follows: \_\_\_\_\_

\_\_\_\_\_  
Actual Yield will be determined as follows: \_\_\_\_\_

Actual Price will determined as follows:

Month(s): \_\_\_\_\_

Day(s) of Month(s): \_\_\_\_\_

Time of Day(s): \_\_\_\_\_

Location: \_\_\_\_\_

Cash rent calculated using variables listed shall not exceed base rent by \$ \_\_\_\_\_ per tillable acre or be less than base rent by \$ \_\_\_\_\_ tillable acre.

Should Operator fail to make the above mentioned payments or to pay any of the rent aforesaid when due or fail to fulfill any of the covenants herein contained, then Owner shall give Operator written notice that Operator has 10 days to correct the breach. If Operator does not correct the breach within the time as required, then Owner may reenter and take possession of the rented premises and Operator agrees to pay or to reimburse Owner for all reasonable costs, including attorney's fees, resulting from Operator's breach of said agreement in addition to all other expenses associated with Owner's obtaining possession of said premises or removal of Operator therefrom. In the event Operator defaults as set forth above, Owner, after providing the 10 day written notice and upon the expiration of the 10 day cure period, may elect to declare the remaining unpaid rental immediately due and payable and proceed at once to collect the same. In the event said collection procedure proceeds to litigation, Operator agrees that the entire annual rent due hereunder will form the basis of the suit rather than requiring Owner to sue for rental amounts as they become due at future dates. Further, Operator agrees to pay all reasonable costs, including attorney's fees in addition to all other expenses associated with Owner's collection procedure.

The parties further agree that failure by Owner to comply with any of the covenants or conditions of this lease agreement will entitle Operator to either withhold rent or sue for damages for an amount equal to the monetary damages resulting from the breach. Further, Owner agrees to pay costs of the procedure.

The Owner

Hereby Agrees: To furnish the above-described tillable acreage. To keep the tile and drainage system in good Repair.

The Operator

Hereby agrees: To till, plant and harvest crops in proper season and in a good and husbandlike manner.

To use the premises for farming and no other purpose unless Operator first obtains Owner's written consent. Operator may not use the premises for any purpose or in any manner which would void or adversely affect any federal, state, or other leases directly associated with said premises during the term of such leases. Owner will make all payments required under said leases and will be responsible for keeping said leases current. Operator agrees not to use said premises or to permit said premises to be used for any unlawful business or purpose. Use of said premises must comply with all laws and regulations applicable thereto and is further subject to existing usage in matters of record. Operator further agrees to cut no live trees without first obtaining Owner's written consent.

This lease shall not be assigned by the Operator, nor shall any part of the premises be sublet or vacated by Operator without the written consent of the Owner.

To furnish all machinery, equipment, power and labor necessary to farm the premises properly.

To furnish all seeds and other operating costs.

To cooperate in conservation practices to keep erosion at a minimum. Operator will not intentionally damage or destroy any temporary or permanent conservation practice on the premises. "Conservation Practice" means: (a) any vegetative or structural measure that aids the control of wind and water erosion, such as grassed waterways, terraces, field windbreaks, water control structures, grade stabilization structures, sediment retention structures, strip-cropping, conservation tillage, contour farming, grasses and legumes in rotation, and other practices approved by the Minnesota Soil and Water Conservation Board; and (b) anything else defined as a "conservation practice." If Operator violates this section, Operator shall indemnify and reimburse Owner for all sums which Owner is consequently required to pay to the State of Minnesota or the Federal government. Such right of indemnification is a non-exclusive remedy in addition to Owner's right to cancel and annul this Lease.

To use utmost care in the control of noxious weeds and to prevent their going to seed or spreading, by means of the use of chemicals and/or manual procedures (hoeing or pulling) in order to accomplish the desired control. Operator further agrees to keep said premises reasonably clean and free from rubbish and waste material and to neither commit nor permit any waste on said premises.

To conserve the crop contract acres established for Farm Service Agency purposes.

#### Additional

Agreements: The Operator is to take possession of the premises under this lease subject to the usual hazard of operating a farm, and to assume all risk of accidents to himself, his family, his employees, or agents in pursuance of the farming operation, or in caring for livestock placed thereon.

It is understood and agreed between the parties of this lease that all improvements of every kind and nature that may be erected on the above-described land during the term of the lease by the operator shall become a part of the premises and shall become property of the Owner unless permission to erect and remove the same shall be obtained in writing.

The Operator is not to purchase any materials or incur any expenses for the account of the Owner without approval, and will not make a claim for labor at any time unless Owner gave permission at a previous date.

Owner expressly authorizes operator to apply or inject manure, consistent with standards of good husbandry.

Right of Entry: The Owner, or his/her agent, reserves the right to enter upon the premises at any time to inspect the same, to make such repairs, alterations or improvements as it may deem necessary.

#### Public

Condemnation: In case any portion of said premises is required for public use and is taken by condemnation or otherwise, the proceeds shall go to the Owner. If growing crops are damaged, the Operator's share of the value of same shall go to the Operator.

Possession: If for any reason, except the action or the result of action by Operator, Owner is prevented from putting Operator in possession of the premises, the lease will become null and void. Under such circumstances, Operator relieves Owner of any liability hereunder and Owner will repay any rent paid by Operator under this Lease.

Security Interest

And Default: To secure the payments of rents herein specified, and the performance and fulfillment of the terms, the Operator does hereby grant a security interest to the Owner in all crops growing or grown on said premises during the term of this lease and in products and contract rights with respect to them and all proceeds of each. Upon any default by the Operator in paying said rent or in performance of this lease and at any time thereafter, the Owner shall have in addition to the right granted hereby, all rights and remedies of a secured party under the Uniform Commercial Code or other applicable law. In case the Operator defaults in the rents or terms of the lease, the Owner may after 45 days written notice terminate the lease and reenter and repossess said premises, to dispose of crops and the proceeds thereof as before provided without liability except to account to the Operator for proceeds actually realized.

Plowing: In the event Owner shall sell premises during the year of this lease or decide to lease said premises to another operator for the year following the term of this lease, Operator agrees that, upon his removal of the crop, he may enter upon the premises as cleared of crop for the purpose of plowing the land for the following year's crop. It is agreed that the act of plowing or spreading fertilizer by Operator absolutely does not constitute renewal or continuation of this lease.

Termination

And Notice: If Operator or Owner chooses to terminate this lease they shall do so in writing to the other party no later than \_\_\_\_\_ of the crop year.

Other

Agreements: The term of this lease is solely for the period stated and terminates on the last day thereof unless renewed in writing by the parties hereto by \_\_\_\_\_ prior to the growing season.

Owner agrees that if Operator participates in the federal Farm Service Agency feed grain program for price supports, Owner will not take any action or allow a subsequent Operator to take any action that would disqualify Operator from participation in the federal feed grain program. If Owner violates this section, Owner shall indemnify and reimburse Operator for all sums which Operator loses or is consequently required to pay to the federal government.

IN TESTIMONY WHEREOF, the parties hereof have hereunto set their hands the day and year first above written.

Operator:

Date:

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

Owner:

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