

Flexible Cash Leases

Some farm leases call for the final rental rate to be determined by a formula that takes into account the actual yields attained each year and the actual selling prices available during the marketing season. Details about how the rent will be determined each year can be included in the “Flexible Cash Rent” section of the Iowa Farm Lease, or in a separate document. Including an example or two is helpful. See *AgDM File C2-21, [Flexible Farm Lease Agreements](#)* and *File C2-22, [Flexible Cash Rent Lease Examples](#)* for more information.

Investments by Tenants

Sometimes tenants want to invest in long-term improvements such as buildings, grain bins, drainage lines, conservation structures, and even lime. However, they are concerned about losing their investment should the lease be terminated early. Most leases contain a section where these expenditures can be recorded, along with a schedule for reimbursing the tenant for the remaining value of the asset should the lease be terminated before the useful life of the investment is over.

Several supplements to a farm lease are available for recording long-term investments.

- *File C2-07, [Lease Supplement for Investing in Improvements on a Rented Farm](#)*
- *File C2-08, [Lease Supplement for Obtaining Conservation Practices and Controlling Soil Loss](#)*

These lease supplements provide extra space to fully describe improvements and practices, and how their costs will be borne.

Environmental Considerations

The lease may also contain language and fill-in blanks for many different situations, including environmental considerations such as planting wildlife habitat, following an approved conservation plan, and cleaning up disposal sites for hazardous wastes and containers.

The time it takes to complete a written lease contract can prevent many problems down the road. It is simply a good business practice.

. . . and justice for all

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