Irrigation Crop-share or Crop-share/Cash Farm Lease

NCR-106

Revised 1997

This form can provide the landlord and tenant with a guide for developing an agreement to fit their individual situation. This form is not intended to take the place of legal advice pertaining to contractual relationships between the two parties. Because of the possibility that a farm operating agreement may be legally considered a partnership under certain conditions, seeking proper legal advice is recommended when developing such an agreement. For more information see NCR-148, Irrigation Crop-share and Cash Rental Arrangements for Your Farm.

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

_____, landlord, of _____
address
_____

_____, spouse, of _____
address
_____

hereafter known as "the landlord", and

_____, tenant, of _____
address
_____

_____, spouse, of _____
address
_____

hereafter known as "the tenant."

I. Property Description

The landlord hereby leases to the tenant, 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 for _____ year(s), commencing on the _____ day of _____, 20_____. This lease shall continue in effect from year to year thereafter unless written notice of termination is given by either party to the other at least _____ 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 a general review of the lease or for consideration of proposed changes by either party, at least ____ 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 landlord and tenant.

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 relation.

E. Transfer of property. If the landlord 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 landlord, as well as agents and employees of the landlord, reserve the right to enter the farm at any reasonable time to: a) consult with the tenant; 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 tenant in carrying out regular farm operations.

G. No right to sublease. The landlord does not convey to the tenant the right to lease or sublet any part of the farm or to assign the lease to any person or persons whomsoever.

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

I. Landlord's lien for rent and performance. The landlord'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 tenant fails to pay the rent due or fails to keep the agreements of this lease, all costs and attorney fees of the landlord in enforcing collection or performance shall be added to and become a part of the obligations payable by the tenant hereunder.

J. Additional provisions: _____

_____

_____

III. LAND USE

A. General provisions. The land described in Section I will be used in approximately the following manner. If it is impractical in any year to follow such a land-use plan, appropriate adjustments will be made by mutual written agreement between the parties.

	Dry	Irrigated	
1. Cropland			
a) Corn	_____	_____	Acres
b) Grain Sorghum	_____	_____	Acres
c) Wheat	_____	_____	Acres
d) Sugar Beets	_____	_____	Acres
e) Silage	_____	_____	Acres
f) Alfalfa	_____	_____	Acres
g) Pasture	_____	_____	Acres
h) Other	_____	_____	Acres
i)	_____	_____	Acres
j)	_____	_____	Acres
k)	_____	_____	Acres
TOTAL ACRES	_____	_____	Acres

B. Restrictions. The maximum acres harvested as silage shall be _____ acres unless it is mutually decided otherwise. 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 are:_____

_____

_____

C. Government programs. The extent of participation in government programs will be discussed and decided on an annual basis. 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. General agreement. (1) The tenant agrees to pay as rent for the use of the land the share of crops shown in Table 1 of this section. The tenant also agrees to furnish all labor, machinery, and cash operating expenses except for landlord's share (percent and/or dollar charge per unit) indicated in Table 1. (2) Other provisions relative to Table 1. _____

_____

B. Other crop-share cash agreements.

1. Operating expenses. Additional agreements relative to the sharing of expenses are as follows: _____

_____

2. Storage, landlord's crop. At the landlord's request, the tenant agrees to store as much of the landlord's share of the crops as possible, using storage space reserved by the landlord and not to exceed ____ percent of the storage space not specifically reserved.

3. Delivery of grain. The tenant agrees to deliver the landlord's share of crops at a place and at a time the landlord shall designate, not more than _____ miles distance at the charge shown in Table 1 of this section. Additional agreements are: _____

Table 1. Landlord's Share (% or $) of Crops and Crop Expenses

	Corn Example	Corn	Grain Sorghum	Small Grain
Share of Crops	50%			
Share of Crop Expenses				
Fertilizer:				
Materials	50%			
Application	50%			
Herbicide:				
Materials	50%			
Application	50%			
Insecticide:				
Materials	50%			
Application	50%			
Seed	50%			
Lime, Rock phosphate*	100%			
Harvesting (per acre)				
Drying	50%			
Baling				
Delivery to:				
Storage/bushel				
Market/bushel				
Share of Irrigation Expenses				
Well Repairs	100%			
Pump Repairs	100%			
Gear head Repairs	100%			
Power Unit Repairs	100%			
System Repairs				
Land Maintenance				
Irrigation Fuel				
Power Replace				
System Replace				
Labor				
Other:				

*** Lime, rock phosphate, and other fertilizers having more than one year of life paid by the tenant should be recorded as compensation.**

4. **Cash rent on non-shared items.** The tenant agrees to pay cash rent annually for the use of the following non-shared items.
5. **Pasturing.** The tenant will prevent damage to cropland and growing crops by livestock.
6. **Home use.** The tenant and landlord may take for home use the following kinds and quantities of jointly owned crops:
   _____
   _____
7. **Buying and selling.** The landlord and tenant will buy and sell jointly owned property according to the following agreement:
   _____
   _____
8. **Division of property.** At the termination of this lease, all jointly owned property will be divided or disposed of as follows:
   _____

V. OPERATION AND MAINTENANCE OF FARM

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

A. The tenant 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 tenant's control are excepted.
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 landlord.
3. **Insurance.** Not to house automobiles, trucks, or tractors in barns, or otherwise violate restrictions in the landlord's insurance policies without written consent from the landlord. 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 landlord for such purposes, or c) add electrical wiring, plumbing, or heating to any building without written consent of the landlord.
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 landlord reasonable compensation for any damages to the farm for which the tenant is responsible. Any decrease in value due to ordinary wear and depreciation or damages outside the control of the tenant are excepted.
8. **Costs of operation.** To pay all costs of operation except those specifically referred to in Sections IV, V-A-4, and V-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 landlord.

B. The landlord agrees:

1. **Loss replacement.** To replace or repair as promptly as possible the dwelling or any other building or equipment regularly used by the tenant that may be destroyed or damaged by fire, flood, or other cause beyond the control of the tenant 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 tasks that the tenant is unable to perform satisfactorily. Additional agreements regarding materials and labor are: _____
   _____
4. **Reimbursement.** To pay for materials purchased by the tenant 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 tenant submits the bill.
5. **Removable improvements.** Let the tenant make minor improvements of a temporary or removable nature, which do not mar the condition or appearance of the farm, at the tenant's expense. The landlord further agrees to let the tenant remove such improvements even though they are legally fixtures at any time this lease is in effect or within _____ days thereafter, provided the tenant leaves in good condition that part of the farm from which such improvements are removed. The tenant shall have no right to compensation for improvements that are not removed except as mutually agreed.
6. **Compensation for crop expenses.** To reimburse the tenant 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. **Capital improvements.** Costs of establishing hay or pasture seedings, new conservation structures, improvements (except as provided in Section V-B-5), or of applying lime and other long-lived fertilizers shall be divided between landlord and tenant as set forth in the following table. The tenant will be reimbursed by the landlord either when the improvement is completed, or the tenant will be compensated for the share of the depreciated cost of the tenant's contribution when the lease ends based on the value of the tenant's 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 tenant shall be agreed upon before construction is started.
3. **Mineral rights.** Nothing in this lease shall confer upon the tenant any right to minerals underlying said land, but same are hereby reserved by the landlord together with the full right to enter upon the premises and to bore, search, and excavate for same, to work and remove same, and to deposit excavated rubbish, and with full liberty to pass over said premises with vehicles and lay down and work any railroad track or tracks, tanks, pipelines, power lines, and structures as may be necessary or convenient for the above purpose. The landlord 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 development of mineral resources interferes materially with the tenant's opportunity to make a satisfactory return.

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.

Table 2. Amount of Annual Cash Rent (Complete at beginning of lease)

Non-share Items	TOTAL
Pasture	$
Hay land:	$
	$
Farmstead:	
Dwelling	$
Service buildings. $	
Timber and waste	$
TOTAL CASH RENT	$

Payment of cash rent: The tenant agrees to pay cash rent as follows:

$ _____ on or before _____ day of _____ (month)
$ _____ on or before _____ day of _____ (month)
$ _____ on or before _____ day of _____ (month)
$ _____ on or before _____ day of _____ (month)

If rent is not paid when due, the tenant agrees to pay interest on the amount of unpaid rent at the rate of _____ percent per annum from the due date until paid.

Table 3. Compensation for Improvement Table

			Proportion to be Contributed by Tenant				
Type of Improvement	Date to be Completed	Estimated Total Cost	Material	Unskilled Labor	Machinery	Total Value of Tenant's Contribution*	Rate of Annual Depreciation
Irrigation Well		$	%	%	%	$	%
Underground Pipe		$	%	%	%	$	%
Land Development		$	%	%	%	$	%
Tailwater Structures		$	%	%	%	$	%
Power Lines		$	%	%	%	$	%
Other		$	%	%	%	$	%

* To be recorded when improvement completed

Executed in duplicate on the date first above written:

_____ tenant

_____ landlord

_____ tenant's spouse

_____ landlord'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

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