

Iowa Farm Lease

This lease agreement is made this _____ day of _____, _____, between

Operator(s): _____
address: _____
_____ telephone _____

Owner(s): _____
address: _____
_____ telephone _____

Owner(s) representative: _____
address: _____
_____ telephone _____

THE PARTIES AGREE AS FOLLOWS:

1. **DESCRIPTION OF FARM.** The Owner in consideration of the terms specified herein, leases to the Operator for agricultural purposes the following legally described property (“**REAL ESTATE**”):

The Real Estate is located in _____ Township, _____ County, Iowa, containing _____ acres, more or less, and subject to all easements now existing or which the Owner may grant in the future, subject to _____, such that the usefulness of the property to the Operator is not reduced.

Easements now in effect are as follows:

2. **TERM OF LEASE.** The term of this lease shall be for the period of _____ year(s) beginning _____, and ending _____ and continuing thereafter from year to year, unless either party gives written notice to the other as specified by Iowa law, such to be given on or before September 1 of the final lease year to become effective the following March 1.

3. **PURPOSES OF THE LEASE.** The Operator shall have the right to use the property for the production of crops and livestock subject to the following limitations:

There are _____ contract acres available according to county FSA records (FSA form CC-4786).

The following housing, buildings and storage structures located on the Real Estate may be used by the Operator for the following purposes:

Structure	Purpose
_____	_____
_____	_____
_____	_____
_____	_____

In the event of damage or destruction of buildings or structures listed above the Owner will have the option to replace them or provide their functional equivalent to the Operator for the purposes described above within a reasonable period of time, or make adjustment to the terms of this lease in lieu of replacement.

- 4. **CASH RENT** (optional) Operator agrees to pay the Owner cash rent for the use of part or all of the Real Estate as follows:

<u>Description</u>			<u>Amount</u>
Cropland	_____ acres	@ \$_____	\$_____
Cropland	_____ acres	@ \$_____	\$_____
Established hayland	_____ acres	@ \$_____	\$_____
Pasture	_____ acres	@ \$_____	\$_____
Buildings and storage structures, housing			\$_____
Total annual rent			\$_____

The cash rent shall be due and payable as follows:

Due Date	Amount	Due Date	Amount
_____	\$_____	_____	\$_____
_____	\$_____	_____	\$_____
_____	\$_____	_____	\$_____

In the event the cash rent is not paid by the due date(s), interest shall be charged at the rate of _____ percent Annual Percentage Rate, beginning _____ days after the due date until paid.

All cash rent is to be paid to the Owner at the address on page 1 or at such other place as the Owner may direct in writing.

VARIABLE CASH RENT (optional) In the event the Operator and the Owner agree that the amount of cash rent to be paid for the portion of the Real Estate designated as Cropland shall depend on the actual production and/or price achieved, the amount of the cash rent shall be determined as recorded on the final page of this lease agreement.

5. **CROP SHARE RENT** (optional)

- a. In the event that this lease shall be in part or in total a crop-share lease, the Operator agrees to give to the Owner as rental the following shares of crop, and the Owner agrees to pay the following shares of crop expenses as shown in the following schedule:

Owner's Share of Expenses						
Expense	Corn	Soybeans	Oats	Hay	_____	_____
Seed	%	%	%	%	%	%
Commercial Fertilizers						
Herbicides						
Insecticides						
Custom Applications						
Drying Fuel						
Hauling						
Lime						
Owner's Share of Crops	%	%	%	%	%	%

- b. All other expenses related to the production of crops shall be paid for by the operator, with the exception of: _____

- c. Payments received from enrolling the Real Estate described in this lease in any programs offered by the U.S. Department of Agriculture or other federal, state, or county government programs shall be divided as follows:

Program	% to Owner	% to Operator
_____	_____ %	_____ %
_____	_____ %	_____ %
_____	_____ %	_____ %
_____	_____ %	_____ %

- d. The Owner reserves storage facilities proportionate to his or her share of the crop as indicated in the schedule above unless otherwise provided (state exceptions, if any): _____

The Operator agrees to store as much of the Owner's share of the crops as possible in this storage space.

e. The Operator further agrees to deliver the Owner’s share of the grain to an elevator, purchaser, or dealer at _____ or at any other place, at a time and place specified by the Owner. The Owner shall compensate the Operator for delivering the Owner’s share of grain as follows:_____

f. Other provisions:_____

6. **OPERATOR DUTIES AND CONDITIONS.** Operator agrees to:

a. Prepare the land and plant such crops as agreed on in a timely fashion, as weather conditions permit.

b. Manage carefully all growing crops and to harvest all crops in a timely fashion as weather permits. In the event Operator fails to do so, Owner reserves the right, personally or through designated agents, to enter upon the Real Estate and properly care for and harvest all growing crops, charging the cost of the care and harvest to the Operator. In the case of termination of this agreement, the Operator shall not perform any fall tillage or incur any other expense for the Owner for the following year’s crop without prior written consent of the Owner. No hayland is to be mowed or grazed after _____ without prior consent of the Owner.

c. Farm the land in an efficient and husband-like manner. Land planted to corn, soybeans or other row crops shall not exceed _____ acres each year, unless by mutual agreement.

d. Do what is reasonably necessary to control soil erosion including, but not limited to, providing labor and normal farm equipment for the maintenance of existing watercourses, waterways, ditches, drainage areas, terraces and tile drains, and abstaining from any practice which will cause damage to the Real Estate. The Operator’s responsibility does not include major reconstruction of such improvements made necessary by normal wear and tear or other natural causes.

e. Use reasonable efforts to control weeds in fields, fence rows, road ditches, building lots, and all other areas of the farm, utilizing one or more of the following control methods: _____, but excluding _____

f. Protect all desirable vegetation, such as grass field borders, grassed waterways, wildlife cover, shrubs and trees. Refrain from the following practices as they relate to the disturbance of permanent vegetation:

g. Follow a mutually acceptable tillage program for each of the crops planted. Such plan shall meet soil conservation and surface residue requirements as prescribed by the FSA conservation plan and include the following crop management practices:

- h. Conduct soil tests on a regular basis as agreed upon and provide copies of all soil test results to the Owner.
- i. Provide unskilled labor and equipment necessary in making minor repairs and improvements to buildings and fences made necessary by ordinary wear and tear or by the Operator's live-stock or equipment. In addition, the Operator agrees to replace fences up to _____ rod(s) per year. Owner shall provide all necessary materials and skilled labor. Exceptions to this are:

- j. Investigate broken and inoperative tile lines and report them to the Owner. Minor repairs to broken tile, tile inlets, and tile outlets shall be the responsibility of the _____ and the expenses for their repair shall be paid by the _____.
- k. Refrain from allowing livestock to pasture new seeding in the year seeded without permission of the Owner.
- l. Comply with all local, state, and federal laws and regulations governing all activities related to the application of pesticides and commercial fertilizers, the cultivation of crops and the compliance thereof. Follow label directions in the handling and application of all chemicals used on the Real Estate, and follow all applicator's licencing requirements. Comply with local, state, and federal laws and regulations pertaining to groundwater contamination, manure disposal, and hazardous waste storage or disposal.
- m. Not allow any public use of the land without written consent of the Owner.

7. EXPENSES

- a. Except as specified in Section 5 of this lease (CROP SHARE RENT), all materials and services related to the production of agricultural products shall be acquired and paid for by the Operator:
- b. If the amount Operator spends on lime exceeds \$ _____ per year this expense shall be prorated on a _____ year basis. The Operator shall be reimbursed proportionately for the unused portion of lime if the lease is terminated earlier than the end of this period, at the rate shown in the schedule at the end of this lease.
- c. If the amount Operator spends on seed for perennial crops exceeds \$ _____ per year this expense shall be prorated on a _____ year basis. The Operator shall be reimbursed proportionately for the unused value of seed if the lease is terminated before the end of this period, at the rate shown in the schedule at the end of this lease.
- d. No expense shall be incurred for or on account of the Owner without first obtaining written permission from the Owner. The Operator agrees to take no actions that might cause a mechanic's or other lien to be imposed upon the Real Estate and agrees to indemnify the Owner if actions are taken by the Operator that result in such a lien being imposed.

8. **REAL ESTATE AND PERSONAL PROPERTY TAXES.** The Owner agrees to pay all taxes, assessments, or other public charges levied or assessed by lawful authority against the Real Estate. The Operator agrees to pay all personal property taxes, assessments, or other public charges levied or assessed by lawful authority against the Operator’s personal property on the premises, during the term of the lease.

9. **PARTICIPATION IN GOVERNMENT PROGRAMS.** The participation in any offered program of the United States Department of Agriculture or other federal, state, or county government agencies for crop production control, soil and water conservation, or other purposes shall be at the following option (check the appropriate statement):

- Owner and Operator must mutually agree to participate in such programs.
- Participation or non-participation shall be at the option of the Owner.
- Participation or non-participation shall be at the option of the Operator.

Regardless of the above option selected, the Operator agrees to preserve the cropland acreage bases allowed under USDA program provisions and shall not combine this parcel with another farm unit for governmental program purposes without written permission from the Owner.

10. **COMPENSATION FOR IMPROVEMENTS.** The Operator may make improvements to buildings, fences, or water systems and other items listed in the table below at Operator’s own expense and consistent with the terms of the lease, provided consent of the Owner has been given and provided these improvements shall not be removed when the Operator leaves the farm. The Operator shall receive compensation from the Owner for the undepreciated value of these improvements upon termination of the lease, provided the value, depreciation starting date, and rate of depreciation have been agreed upon and entered in the schedule at the end of this lease.

11. **COMPENSATION FOR CROP EXPENSES.** The Owner shall reimburse the Operator at the termination of this lease for fieldwork done and for other crop costs incurred for crops to be harvested during the following year. Unless otherwise agreed, current custom rates for field operations involved will be used as a basis of settlement.

12. **REMOVAL OF PORTABLE BUILDINGS.** The Owner shall not be responsible for property owned by the Operator. The Operator shall have the right to remove from the farm any portable buildings which the Operator has placed upon the farm at the Operator’s expense. Such moving must be done within _____ days following the termination of the lease, unless additional time is granted in writing. If such property is not removed, it shall be considered abandoned and Operator shall claim no further interest in it except by written agreement between the Owner and the Operator.

13. **WELL AND WATER SYSTEMS.** Both parties agree to the following terms relative to the repair and replacement of wells, water lines, well pumps, septic tanks and related equipment:

14. **HOUSING.** In the event that housing is included in the structures listed in Section 3 of this lease the following expenses shall be paid by the party indicated:

<u>Expense</u>	<u>Paid by (check)</u>
electricity	_____ operator _____ owner
telephone	_____ operator _____ owner
water and sewer	_____ operator _____ owner
garbage collection	_____ operator _____ owner
gas or heating oil	_____ operator _____ owner

Minor repairs under \$ _____ shall be paid by the Operator. Repairs over this amount shall be made by mutual agreement of the Operator and Owner and paid as follows: _____

15. **INSURANCE.** Both the Operator and Owner will keep their respective property interests reasonably insured against hazards and casualties. In the event of any damage to crops, buildings, or improvements by any natural or man-made disaster, the Operator shall inform the Owner with 48 hours. The Operator shall carry the following types and minimum coverage of insurance.
- Workers' Compensation Insurance (if applicable).
 - Comprehensive General Liability with limits of not less than \$1.0 million.
 - Automobile Liability Insurance on all owned, non-owned, hired, or leased automotive equipment in conjunction with operations in amounts not less than \$ _____ for bodily injury and \$ _____ for property damage and liability.

Both Owner and Operator hereby release the other from claims for recovery for any loss or damage to any property owned by either party which is insured under valid and collective insurance policies to the extent of any recovery collectible under such insurance. It is further agreed that waiver shall apply only when permitted by the applicable policy of insurance.

16. **RIGHT OF ENTRY AND INSPECTION.** The Owner may enter the real estate at any reasonable time for the purpose of consulting with the Operator, viewing the property, making repairs or improvements, or for other reasonable purposes that do not interfere with the Operator's ability to carry out regular farming operations. Upon properly served notice of termination of the lease and permission of the Operator provided that such permission shall not be unreasonably withheld, the Owner reserves the right to enter the Real Estate and perform fall tillage, seeding, fertilizing or other customary seasonal operations after the Operator has completed the harvesting of crops.

OWNER'S LIEN AND SECURITY INTEREST. The Operator acknowledges that a statutory Landlord's Lien exists in favor of the Owner. The Operator grants to the Owner a security interest on, but not limited to, all growing or mature crops on the Real Estate as provided in the Iowa Uniform Commercial Code. The Operator shall sign security agreements and financing statements as requested by the Owner to perfect the Owner's security interests.

At Owner's request, the Operator shall provide the Owner a list of potential buyers for the crops grown on the farm. The Operator agrees to deliver and sell such crops only to those buyers listed. The Owner shall deliver a Notice of Security Interest to those buyers and only those buyers listed. The Operator shall not sell such crops to any buyer not listed without first obtaining written consent of the Owner.

18. **ATTORNEY'S FEES AND COURT COSTS.** In the event a judgement is granted to either party as a result of legal action related to the terms of this lease, the payment and discharge of all costs and attorney's fees or other expenses incurred to enforce the terms of this lease shall be handled as follows (check appropriate statement):
- _____ Each party shall pay its own attorney's fees, legal expenses, and other costs.
- _____ If the Operator is awarded a judgement against the Owner, the Owner shall pay all attorney's fees and legal expenses.
- _____ If the Owner is awarded a judgement against the Operator, the Operator shall pay all attorney's fees and legal expenses.
19. **TRANSFER OF INTEREST.** The Operator agrees not to lease or sublet any part of the Real Estate nor assign this lease to any other person, nor sublease any or all of the property described herein without prior written permission of the Owner. This lease shall be binding upon the heirs, assignees, or successors in interest of both parties. If the Owner should sell or otherwise transfer title to the Real Estate, the Owner will do so subject to the provisions of this lease.
20. **CHANGES IN LEASE TERMS.** The conduct, representation, or statement of either party, by act or omission, shall not be construed as a material alteration of this lease until such provision is reduced to writing and executed by both parties as an addendum to this lease.
21. **ARBITRATION.** Any disputes between the Owner and Operator not covered by the terms of this lease may be submitted by either party for arbitration by three disinterested persons, one of whom shall be selected by the Owner, one by the Operator, and a third by the previously named two. If and when disputes are submitted, a decision of the arbitrators shall be binding upon the parties to the lease.
22. **CONTRACT CONSTRUCTION.** Words or phrases herein, including acknowledgment, are construed as in the singular or plural and as the appropriate gender, according to the context.
23. **NOTICES.** Any notice contemplated in this lease shall be made in writing and shall either be delivered in person, or be mailed by certified U.S. mail, return receipt requested, to the last known mailing address. The notice provisions of this section shall not apply to the notice of termination as set forth in Section 2 of this lease agreement.
24. **INDEMNIFICATION.** The Operator shall take possession of the premises subject to the usual hazards of operating a farm and assume all of the risks of accidents to the Operator and the Operator's family or agents, in pursuance of the farming operation, and in performing repairs or improvements or other actions pursuant to this lease. The Operator agrees to indemnify, defend, and hold harmless the Owner against any liability and/or pay for any and all damages, losses, or expenses incurred by the Owner in connection with leased premises, beyond that covered by insurance due to Operator's negligence or failure to perform the terms of this lease.

The Owner agrees to indemnify, defend, and hold harmless the Operator against any liability and/or pay for any and all damages, losses, or expenses incurred by the Operator in connection with the leased premises, beyond that covered by insurance, due to Owner's negligence or failure to perform the terms of this lease.

The Owner shall assume liability and shall indemnify and hold the Operator harmless against any liability or expense arising from any condition which existed, whether known or unknown, at the time of execution of the lease which is not a result of actions of the Operator or which arises after the date of execution but which is not a result of actions of the Operator.

The Owner shall disclose in writing to Operator the existence of any known wells, underground storage tanks, hazardous waste sites, and solid waste disposal sites on the Real Estate.

- 25. **MINERAL RIGHTS.** The Owner reserves all rights to any minerals on or underlying the farm.
- 26. **YIELDING POSSESSION.** The Operator agrees that on termination of the lease, the Operator will yield possession to the Owner without further demand or notice. The premises shall be in as good order and condition as when same were entered by the Operator. Loss by fire, tornado or forces beyond Operator’s control and ordinary wear and tear are excepted. If the Operator wrongfully withholds possession of the premises after the date of termination, the Operator shall pay to the Owner \$ _____ for each day the Operator remains in possession thereafter as liquidated damages.
- 27. **NO PARTNERSHIP.** It is understood and agreed that this lease shall not be deemed to be nor intended to give rise to a partnership relation.
- 28. **OTHER PROVISIONS.** Other provisions to this lease agreement are listed below:

It is further understood that both parties have read the terms and provisions of this lease agreement and have agreed to abide by the terms and provisions herein.

29. **SIGNATURES.**

OPERATOR(S):

OWNER(S):

SS# _____ Date _____

OWNER’S REPRESENTATIVE:

by _____ Date _____

Record of Long-term Costs and Improvements

Type of Cost or Improvement	Depreciation Starting Date	Value of Operator's Contribution	Annual Rate of Depreciation
		\$	%
		\$	%
		\$	%
		\$	%
		\$	%
		\$	%

(Note: A larger form for this purpose is available from Iowa State University Extension. It is titled "A Lease Supplement for Making Improvements on a Rented Farm," FM-1780. A form for recording investment in conservation practices is also available. It is titled "ALease Supplement for Use in Obtaining Conservation Practices and Controlling Soil Loss," FM-1814.)

Variable Cash Rent Agreement

The amount of cash rent per acre to be paid by the Operator to the Owner for the portion of the Real Estate designated at Cropland shall be determined as follows (choose one and fill in the blanks where needed):

- _____ (1) (actual yield x actual price) x _____ %
- _____ (2) (actual yield x actual price) - base rent
- _____ (3) (actual yield - base yield) x \$ _____ (corn) or \$ _____ (soybeans)
- _____ (4) (actual price - base price) x _____ bu. (corn) or _____ bu. (soybeans)
- _____ (5) (actual price / base price) x (actual yield / base yield) x base rent:

Calculations shall be based on the following values:

	Corn	Soybeans	
Area of Cropland	_____	_____	acres
Base rent per acre (if applicable)	\$ _____	_____	per acre
Base price (if applicable)	\$ _____	_____	per bu.
Base yield (if applicable)	_____	_____	bu. per acre
Minimum rent per acre (if applicable)	\$ _____	_____	per acre
Maximum rent per acre (if applicable)	\$ _____	_____	per acre

The actual **yield** and/or **price** shall be determined as follows: _____

The value of any payments received as the result of participation in programs of the United States Department of Agriculture or from crop insurance indemnity payments that accrue to the operator of the Cropland for the crop year for which the variable cash rent applies shall be included in the calculation of the cash rent in the following manner: _____

... and justice for all
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