

Illinois Crop-Share Cash Farm Lease

To use this lease form: Complete two identical copies – one for the Lessor (Landowner) and one for the Lessee (Tenant). Cross out any provisions that are not to become a part of the contract and add any additional provisions that are desired. If preparing the lease manually, use ink or typewriter; however, the web-based lease form can be filled in on-line before printing. This lease form is available on the farmdoc website at <http://www.farmdoc.uiuc.edu/legal/farm_lease_forms_abs.html>. Additional leasing information can be found in the Leasing Fact Sheets prepared by University of Illinois Farm Business Management Educators located at <http://www.farmdoc.uiuc.edu/manage/leasing_fact_sheets.html>. **Note: A lease creates and alters legal rights; thus, Landowners and Tenants may want to discuss specific lease provisions with their respective legal advisors.**

Date and names of parties. This lease is entered into on _____, 20____, between:

Lessor(s) (Insert Landowner's exact name): _____,

whose mailing address is _____,

and

Lessee(s) (Insert Tenant's exact name): _____,

whose mailing address is _____,

and whose Social Security Number or Employer Identification Number is _____.

The parties to this lease agree to the following provisions.

Section 1. Description of Rented Land and Length of Tenure

A. Description of Land. The Landowner (Lessor) rents and leases to the Tenant (Lessee), to occupy and to use for agricultural purposes only, the following real estate located in the County of _____ and the State of _____, and described as follows: _____

_____ ,
 commonly know as the _____ farm and consisting of approximately _____ acres, together with all buildings and improvements thereon belonging to the Lessor, except _____.

B. Length of tenure. The term of this lease shall be from _____, 20____, to _____, 20____, and the Lessee shall surrender possession at the end of this term or at the end of any extension thereof. Extensions must be in writing and attached to this lease, and both parties agree that failure to execute an extension at least _____ months before the end of the current term shall be constructive notice of intent to allow the lease to expire.

Section 2. Division of Crops, Storage, Cash Rent (if any) and Installments

A. Share rent: The Tenant agrees to pay the Lessor or the Lessor's agent as rent for the above-described farm the following shares of crops grown:

Crop	Landlord's share of crop
Corn	
Soybeans	
Oats	
Wheat	

Crop	Landlord's share of crop
Alfalfa	
_____ hay	
Straw	
Silage	

Crop	Landlord's share of crop
Other	

B. Storage. The Tenant agrees to store, at the Lessor's request, as much of the Lessor's share of the crops as possible, using not more than _____ percent of the total space provided by the Lessor in cribs, grain bins, buildings, or barns on the farm.

C. Cash Rent and Installments: The Tenant agrees to pay to the Landlord's Agent, in addition to the share of crops in Clause A, cash rent for each year of this lease in the amount determined by the following.

	<u>Cash Rent</u>		
	<u>Per acre</u>	<u>Total</u>	
Rotation hay and pasture	_____	xxxxxxx	_____ on or before _____;
Permanent pasture	_____	_____	
Farmstead	xxxxxxx	_____	_____ on or before _____;
Buildings	xxxxxxx	_____	
Crop for silage	_____	_____	
Supplemental cash rent (if any)	_____	_____	_____ on or before _____;
Total Cash Rent	_____	_____	

The Tenant agrees to pay any cash rent in installments as follows:

Section 3. Investments and Expenses

A. Investments. The Lessor and Tenant each agree to furnish the investment items and pay the shares of expenses listed below in such quantities and amounts as to permit the most efficient and profitable uses of resources of both parties. Any exceptions or alternatives to the stated shares for any items or categories of items are to be specified in Clause B.

<i>Investment and expense items</i>	<i>Amount (\$) or share (%) to be paid or furnished by</i>		<i>Investment and expense items</i>	<i>Amount (\$) or share (%) to be paid or furnished by</i>	
	<i>Tenant</i>	<i>Lessor</i>		<i>Tenant</i>	<i>Lessor</i>
Land			Operations and expenses, continued:		
_____ acres of cropland	<u>0%</u>	<u>100%</u>	Crop pesticides	_____	_____
_____ acres of other land	<u>0%</u>	<u>100%</u>	Crop pesticide application	_____	_____
Improvements:			Combining _____	_____	_____
House, farm buildings, tile, line fences, driveways, water supply, farm culverts, and bridges	<u>0%</u>	<u>100%</u>	_____	_____	_____
Major repairs on improvements	<u>0%</u>	<u>100%</u>	Grain drying fuel and electricity	_____	_____
Minor repairs on improvements:			Other electric power	_____	_____
Materials	_____	_____	Tractor fuel	_____	_____
Labor	_____	_____	Other fuel, oil, grease	_____	_____
Machinery and equipment:			Machinery repairs	_____	_____
Crop and field machinery	<u>100%</u>	<u>0%</u>	_____	_____	_____
Livestock equipment	<u>100%</u>	<u>0%</u>	Hauling Lessor's grain to local elevator (distance _____)	_____	_____
Crop drying equipment	_____	_____	Hauling Lessor's grain to _____	_____	_____
Grain elevators and augers	_____	_____	Fertilizers:		
Electric motors	_____	_____	Limestone, including hauling and spreading	_____	_____
Labor:			Anhydrous ammonia		
Labor to operate the farm, make minor improvement repairs, and provide general farm maintenance	<u>100%</u>	<u>0%</u>	Material	_____	_____
Itemized operations and expenses:			Application	_____	_____
Grain crop seeds	_____	_____	Bulk fertilizer		
Legume and grass seeds	_____	_____	Materials	_____	_____
Herbicides (chemicals only)	_____	_____	Application	_____	_____
Herbicide application	_____	_____	Mixed and other fertilizer	_____	_____
			_____	_____	_____
			_____	_____	_____

B. Exceptions, other arrangements, and explanations

C. Management participation. Within the general framework of the cost-sharing agreed to in Section 3, and the limits on land-use in Clause A above, Lessor and Tenant elect to share the general management and operating decisions as specified in Option _____ below. All unspecified decision-making, including the day-to-day implementation and execution of mutually agreed upon operating and maintenance plans, shall be the Tenant's responsibility.

Option 1. The Lessor is hereby authorized to materially participate each year and at various times during the year in deciding what crops are to be grown, acres in each crop, varieties and sources of seed, planting rates, crop sequences, tillage operations and cultural practices to be employed, crop treatment and market disposition of the products, and other organizational and operating questions of mutual concern. To implement his authority the Lessor shall consult and counsel with the Tenant at regular and other appropriate times. Each year the Lessor shall propose a plan of operation for consideration by the Tenant, and for adoption through mutual decision-making. In selecting this option, the Lessor intends to materially participate in management for purposes of self-employment taxation.

Option 2. The Lessor specifically desires not to be materially participating in management of this property and the farm use of it. As evidence of this intent, all substantial final management decisions shall be made by the Tenant except as specifically noted in other clauses in this lease. The Tenant shall each year propose a plan of operation for the Lessor's information prior to the beginning of each lease year, and shall submit a report to the Lessor at the end of each year.

Option 3. The extent to which the Lessor will participate in management decisions shall be governed by provisions attached to this lease form and hereby incorporated as a part of this lease.

D. Business and accounting procedures. Although this agreement recognizes that in many instances it will be expeditious and appropriate for the Tenant to act as a spokesperson for the Lessor in dealing with suppliers and outside contractors, it is not intended that the Tenant is to have a general power of agency for the Lessor. The two parties agree that Option _____ below, as amplified or modified, shall be the intended basis of operation between them.

Option 1. The Lessor desires to remain separate and independent from the Tenant insofar as is prudent and practicable, and therefore the Tenant, in dealing with suppliers and contractors where the Lessor's account is involved, shall require direct and separate billing and accounting for the Lessor's share. The Lessor shall be solely responsible for contracting and financing the Lessor's own insurance of all kinds (*Note: Either this sentence or the last sentence under B, Insurance, should be struck since these two sentences are inconsistent with each other*).

Option 2. For the most expeditious method of handling, the Lessor is willing to have the Tenant contract for the shared operating inputs, as noted in Section 3, and to have the Tenant render a summary account for reimbursement or other settlement by the Lessor at the end of each year, or periodically as follows:

_____, _____
_____, _____

The Tenant is willing to provide this service on behalf of the Lessor because of the greater freedom provided and the opportunity to obtain price concessions, quantity discounts, etc.

E. Financial and production records. The Tenant agrees to keep financial and production records of the farm business and to furnish an annual report to the Lessor, on such forms as the Lessor may provide, on or before _____. The Lessor agrees to cooperate in such record-keeping by providing information on his or her side of the farm business and by contributing _____ (dollars or percent) to the cash costs of the service.

F. Annual review of tasks and materials to be provided. The Tenant and Lessor agree to review annually the items under Section 3, Part A, for the purpose of establishing priorities among tasks to be performed and materials to be provided.

G. Government programs. The Lessor and Tenant shall decide each year whether to enter into governmental programs designed to aid agriculture and low payments for doing so and the cost involved shall be shared between them.

H. End of lease reimbursements. At the end of this lease, the Lessor agrees to reimburse the Tenant:

1. For the Tenant's remaining cost in limestone. The Tenant's remaining cost shall be calculated by depreciating the Tenant's net cost at the rate of _____ percent annually.
2. For the Tenant's cost of soluble phosphate (P₂O₅) and potash (K₂O) fertilizers applied on crops harvested for grain in the last year of this lease minus the amount of these plant food elements, valued at the same rates, contained in the Tenant's share of these crops.
3. _____

I. Land use in last year of lease. If, during the last six months of the lease term, or after notice to terminate has been given if this leasing arrangement has become a year to year lease, the parties fail to agree on questions of land use, cropping system, fertilizer applications, or any deviations from the lease provisions, then the specific agreements in this lease shall prevail or, in the absence of agreements in the lease, the Lessor shall decide and the Tenant agrees to abide by the Lessor's decisions. The Lessor's decisions shall not contradict any provisions in this lease or violate good farming procedures.

J. Hay and straw in last year of lease. At the termination of this lease the Tenant shall have the right to remove up to _____ (tons, bales) of hay and up to _____ (tons, bales) of straw grown on this farm and belonging to the Tenant.

K. Conservation. Both Lessor and Tenant affirm the goals of minimizing soil erosion losses and preserving the productivity of the land in ways that are consonant with their needs and desires for acceptable current returns to their individual inputs on the leased premises. To these ends they agree to implement as far as possible the best management practices recommended by the Natural Resource Conservation Service and to cooperate with that agency's soil and water conservation programs.

L. Tenant responsible for hired labor. The Tenant shall be solely responsible for all employer obligations on hired labor with respect to safety requirements and social security and workers' compensation contributions, and the Lessor shall have no responsibilities therefore.

M. Other management agreements _____

Section 6. Default, Possession, Landlord's Lien, Right of Entry, Mineral Rights, Liability, Extent of Agreement

The Lessor and Tenant agree to the following provisions. (Strike out any not desired.)

A. Termination upon default. If either party fails to carry out substantially the terms of this lease in due and proper time, the lease may be terminated by the other party by serving a written notice citing the instance(s) of default and specifying a termination date of _____ days from the date of such notice. Settlement shall then be made in accordance with the provisions of Clause B of this section, the reimbursement agreements of Section 5, and any amendments to this lease.

B. Yielding possession. The Tenant agrees at the expiration or termination of this lease to yield possession of the premises to the Lessor without further demand or notice, in as good order and condition as when they were entered upon by the Tenant, loss by fire, flood, or tornado, and ordinary wear excepted. If the Tenant fails to yield possession, the Tenant shall pay to the Lessor a penalty of \$_____ per day or the statutory double rent, whichever is less, for each day the Tenant remains in possession thereafter, in addition to any damages caused by the Tenant to the Lessor's land or improvements, and said payments shall not entitle the Tenant to any interest of any kind or character in or on the premises.

C. Landlord's lien. The Landlord's lien provided by statute on crops grown or growing, together with any other security agreement(s) created by Tenant in favor of Landlord, shall be the security for the rent herein specified and for the faithful performance of the terms of the lease. The Tenant shall provide the Lessor with the names of persons to whom the Tenant intends to sell crops grown on these premises at least 30 days prior to the sale of such crops. A lesser period may be allowed by mutual written agreement. Tenant consents to any filing required by law to perfect the statutory landlord's lien upon crops. If the Tenant fails to pay the rent due or fails to keep any of the agreements of this lease, all costs and attorney fees of the Lessor in enforcing collection or performance shall be added to and become a part of the obligations payable by the Tenant.

D. Landowner's right of entry. The Lessor reserves the right personally or by agents, employees, or assigns to enter upon the premises at any reasonable time to view them, to work or make repairs or improvements thereon, to care for and dispose of the Lessor's share of crops, to develop mineral resources as provided in Clause E below, or, after constructive notice has been given that the lease may not be extended, and following severance of crops, to plow and prepare a seed bed, apply fertilizers, and any other operation necessary to good farming by the succeeding operator, these operations not to interfere with the Tenant in carrying out the regular farming operations.

E. Mineral rights. Nothing in this lease shall confer upon the Tenant any right to minerals underlying the land. Such mineral rights are hereby reserved by the Lessor together with the full right to enter upon the premises and to bore, search, excavate, work, and remove the minerals, to deposit excavated rubbish, to pass over the premises with vehicles, and to lay down and work any railroad track or tracks, tank, pipelines, power lines, and structures as may be necessary or convenient for the above purpose. The Lessor agrees to reimburse the Tenant for any actual damage the Tenant may suffer 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.

F. Landowner liability. The Tenant takes possession of the leased premises subject to the hazards of operating a farm, and assumes all risk of accidents personally as well as for family, employees, or agents in pursuance of farming operations, or in performing repairs on buildings, fences, tile, and other improvements.

G. Binding on heirs, etc. The terms of this lease shall be binding on the heirs, executors, administrators, and assigns of both Lessor and Tenant in like manner as upon the original parties.

Section 7. Additional Lease Provisions

Signatures of parties to lease:

	_____ <i>Landowner</i>		_____ <i>Date</i>
	_____ <i>Landowner</i>		_____ <i>Date</i>
By _____	_____ <i>Agent</i>		_____ <i>Date</i>
	_____ <i>Tenant</i>		_____ <i>Date</i>
	_____ <i>Tenant</i>		_____ <i>Date</i>

Amendments and Extensions to the Lease

(Must be completed manually/cannot be completed on-line)

Amendments, alterations, and extensions to this lease may be made in writing in the space below at any time by mutual agreement. The written amendments should be noted on both the Landlord's and Tenant's copies of the lease (complete and sign two identical copies). If the parties fail to agree on a proposed alteration, the existing provisions of the lease shall control operations.

A. Improvements made by the Tenant at the Tenant's own expense. When the Lessor and Tenant agree that the Tenant may make all or part of an improvement (such as buildings, additions to buildings, major repairs, fences, bathrooms, water systems, etc.) to the farm at the Tenant's own expense and that the Tenant is to be reimbursed for any costs remaining at the end of the lease, the necessary information shall be recorded in one of the following blanks and, after being duly signed by both parties, it shall become a part of the lease above and obligate the Lessor and his or her heirs and assigns to make such reimbursement. Such improvements become the Lessor's property upon completion of the form below. The Lessor thereby assumes the responsibility for property taxes, insurance coverage, and risk of loss.

Description and location of the improvement	Tenant's net cost	Annual rate of depreciation (percent)	Date depreciation begins	Signatures and Date Signed
1.				Lessor: Tenant:
2.				Lessor: Tenant:
3.				Lessor: Tenant:

B. Lessor's written consent to Tenant's participation in items in Section 4, Clause B.

1. Item: _____ Description and restrictions: _____

 _____ Date: _____ Lessor's Signature _____

2. Item: _____ Description and restrictions: _____

 _____ Date: _____ Lessor's Signature _____

C. Other amendments: To be completed in duplicate, dated, signed and attached to both Landowner's and Tenant's copies of lease.

D. Lease Extensions

Lease Extension # 1	Lease Extension # 2	Lease Extension # 3
This lease, originally dated _____, 20____, shall be extended . . .	This lease, originally dated _____, 20____, shall be extended . . .	This lease, originally dated _____, 20____, shall be extended . . .
From _____, 20____,	From _____, 20____,	From _____, 20____,
To _____, 20____.	To _____, 20____.	To _____, 20____.
Signed: _____, 20____	Signed: _____, 20____	Signed: _____, 20____
_____ Lessor	_____ Lessor	_____ Lessor
_____ Tenant	_____ Tenant	_____ Tenant