

# Illinois Livestock Share 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. Write any additional provisions that are desired. Use ink or typewriter. The Lessor and Lessee may want to discuss lease provisions with their respective legal counsel since a lease creates and alters legal rights.

**Date and names of parties.** This lease is entered into on \_\_\_\_\_, 20\_\_\_\_.

Between \_\_\_\_\_ (Landlords) Lessor(s),

at (address) \_\_\_\_\_

and \_\_\_\_\_ (Tenants) Lessee(s),

at (address) \_\_\_\_\_.

## The parties to this lease agree to the following provisions.

**Description of land.** The Lessor rents and leases to the Lessee, to occupy and to use for agricultural purposes only, the following real estate located in the

County of \_\_\_\_\_ and the State of \_\_\_\_\_,

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 \_\_\_\_\_

\_\_\_\_\_.

**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 placed in writing on 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.

**Amendments and alterations** to this lease may be made in writing in the space provided at the end of this form at any time by mutual agreement. If the parties fail to agree on proposed alteration, the existing provisions of the lease shall control operations.

## Section 1. Division of Crops, Livestock, Cash Rent, and Other Rent Stipulations

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

<i>Crop</i>	<i>Lessor's share of crop</i>
Corn	
Soybeans	
Oats	
Wheat	

<i>Crop</i>	<i>Lessor's share of crop</i>
Alfalfa	
_____ hay	
Straw	
Silage	

<i>Crop</i>	<i>Lessor's share of crop</i>
Other	

**B.** The Lessee 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:** The lessee agrees to pay to the Lessor or the Lessor'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.

	<i>Cash Rent</i>	
	<i>Per acre</i>	<i>Total</i>
Farmstead	xxxxxxx	_____
Buildings	xxxxxxx	_____
Other	_____	_____
Supplemental cash rent	_____	_____
<b>Total Cash Rent</b>		_____

The Lessee agrees to pay any cash rent in installments as follows: \_\_\_\_\_ on or before \_\_\_\_\_;

*amount or share* *date due*

\_\_\_\_\_ on or before \_\_\_\_\_.

*amount or share* *date due*

**D. Livestock Contributions** The Lessor and Lessee each agree to furnish the livestock listed below in such quantities and amounts as to permit the most efficient and profitable uses of resources of both parties.

**Livestock**

	<i>Approximate number To be kept</i>	<i>Lessor</i>	<i>Lessee</i>
Breeding:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Replacements:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Feeders:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Other:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

## Section 2. Investments and Expenses

A. The Lessor and Lessee 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>Lessee</i>	<i>Lessor</i>		<i>Lessee</i>	<i>Lessor</i>
Land			Baling	___	___
____ acres of cropland	<u>0%</u>	<u>100%</u>	Field chopping	___	___
____ acres permanent pasture	<u>0%</u>	<u>100%</u>	Silo filling	___	___
____ acres of rotation pasture	<u>0%</u>	<u>100%</u>	Grain drying fuel and electricity	___	___
____ acres of other land	<u>0%</u>	<u>100%</u>	Other electric power	___	___
Improvements:			Tractor fuel	___	___
House, farm buildings, tile, line fences, driveways, water supply, farm culverts, and bridges	<u>0%</u>	<u>100%</u>	Other fuel, oil, grease	___	___
Major repairs on improvements	<u>0%</u>	<u>100%</u>	Machinery repairs	___	___
Minor repairs on improvements:			_____		
Materials	___	___	Hauling Lessor's grain to local elevator (distance _____)	___	___
Labor	___	___	Hauling Lessor's grain to _____	___	___
Machinery and equipment:			Itemized Livestock Expenses:		
Crop and field machinery	<u>100%</u>	<u>0%</u>	Feed purchased	___	___
Livestock equipment	<u>100%</u>	<u>0%</u>	Veterinary	___	___
Crop drying equipment	___	___	Breeding fees	___	___
Grain elevators and augers	___	___	Medicines and drugs	___	___
Electric motors	___	___	Feed grinding and mixing	___	___
Other _____	___	___	Other _____	___	___
_____	___	___	Other _____	___	___
_____	___	___	Hauling livestock to local market (distance _____)	___	___
Labor:			Hauling livestock to _____	___	___
Labor to operate the farm, make minor improvement repairs, and provide general farm maintenance	<u>100%</u>	<u>0%</u>	Fertilizers:		
Itemized crop operations and expenses:			Limestone, including hauling and spreading	___	___
Grain crop seeds	___	___	Anhydrous ammonia		
Legume and grass seeds	___	___	Material	___	___
Herbicides (chemicals only)	___	___	Application	___	___
Herbicide application	___	___	Bulk fertilizer		
Crop pesticides	___	___	Materials	___	___
Crop pesticide application	___	___	Application	___	___
Combining _____	___	___	Mixed and other fertilizer	___	___
_____	___	___	_____	___	___
_____	___	___	_____	___	___

**B. Exceptions, other arrangements, and explanations**

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### Section 3. Additional Livestock Provisions

1. Breeding replacements shall be furnished \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. Sale of breeding stock shall be \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Other breeding stock provisions: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Neither Lessor nor Lessee shall bring additional livestock to the premises without express written consent from the other party.

### Section 4. Lessee's Duties in Operating Farm

The Lessee further agrees to perform and carry out the stipulations below. (Strike out any not desired.)

#### A. Activities required:

1. To cultivate the farm faithfully and in a timely, thorough, and businesslike manner.
2. To prevent noxious weeds from going to seed on said premises and to destroy the same and keep the weeds and grass cut.
3. To haul and spread all manure on appropriate fields at times and in quantities consistent with environmental protection requirements.
4. To keep open ditches, tile drains, tile outlets, grass waterways, and terraces in good repair.
5. To preserve established watercourses or ditches, and to refrain from any operation that will injure them.
6. To keep the building, fences (including hedges), and other improvements in good repair and condition as they are when the Lessee takes possession or in as good repair and condition as they may be put by the Lessor during the term of the lease – ordinary wear, loss by fire, or unavoidable destruction excepted.
7. To take proper care of all trees, vines, and shrubs, and to prevent injury to the same.
8. To keep the farmstead neat and orderly.
9. To prevent all unnecessary waste, or loss, or damage to the property of the Lessor.
10. To comply with pollution control and environmental protection requirements as required by local, state, and federal agencies, as well as to implement soil erosion control practices to comply with the soil loss standards mandated by local, state, and federal agencies.
11. Insurance: For the term of the lease, Lessee shall maintain insurance with a carrier acceptable to the Lessor, insuring Lessee while performing on these premises hereunder for the following types and in stated minimum amounts:
  - i) Crop Insurance \$ \_\_\_\_\_ per acre
  - ii) Liability Insurance: \$ \_\_\_\_\_ per person  
\$ \_\_\_\_\_ per occurrence
  - iii) Property Damage: \$ \_\_\_\_\_ per occurrence
  - iv) Workers Compensation: Full Statutory Limits

Lessee shall furnish a Certificate of Insurance and agrees that all applicable insurance policies name the Lessor as an additional insured and to receive notice of termination of coverage.

12. To use prudence and care in transporting, storing, handling, and applying all fertilizers, pesticides, herbicides, and other chemicals and similar substances; to read and follow instructions on the labels for the use of such materials in order to avoid injury or damages to persons or property or both on the leased premises and adjoining areas; and to comply with state pesticide training, licensing, storing, and usage.
13. Any chemicals for weed or insect control or other use, when used, should be applied at levels not to exceed the manufacturer's recommendation for the soil types involved. The Lessee agrees to provide to the Lessor, annually, a written report indicating the product name, amount, date of application and location of application of all pesticides, fertilizers, and seed used on the farm.
14. No chemicals will be stored on the property for more than one year. When chemicals or petroleum products are stored on the farm, they will be only those planned to be used on the farm and they will be in closed, tight containers above ground and clearly marked. No chemicals or chemical containers will be disposed of on the property.
15. To follow Natural Resources Conservation Service and Farm Service Agency recommendations and to maintain all other requirements necessary to qualify current and future farm operators to participate in federal farm programs.

#### B. Activities restricted. The Lessee further agrees, unless the written consent of the Lessor has been obtained:

1. Not to stock above the following rate:  
Pasture identification:  
\_\_\_\_\_ acres/animal unit  
\_\_\_\_\_ acres/animal unit  
\_\_\_\_\_ acres/animal unit  
If the pasture owner and the owner of the livestock prefer, they can use the following basis for calculating animal units: one bull, 1.25 animal units; one 1,000-pound cow, 1 animal unit; one yearling steer or heifer, .075 animal unit; calf, 6 months to 1 year, 0.5 animal unit; 3 to 6 months, 0.3 animal unit; sheep, 5 per animal unit; horse, 1.25 animal unit.)
2. Not to assign this lease to any person or persons or sublet any part of the premises herein leased.
3. Not to erect or permit to be erected any structure or building or to incur any expense to the Lessor for such purposes.
4. Not to add electrical wiring, plumbing, or heating to any building. (If consent is given such additions must meet standards and requirements of power and insurance companies.)

5. Not to permit, encourage, or invite other persons to use any part of all of this property for any purpose or activity not directly related to its use for agricultural production, except as specifically noted here:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
6. Not to plow permanent pasture or meadowland.
7. Not to allow any stock on any tillable land except by annual agreement.
8. Not to burn or remove cornstalks, straw, or other crop residues grown upon the farm, except as specifically noted:  
\_\_\_\_\_  
\_\_\_\_\_
9. Not to cut live trees for sale purposes or personal uses.

10. Not to erect or permit to be erected any commercial advertising signs on the farm.
11. Not to enter into any agreement, contract, or other farming or business arrangement that alters rights in the Lessor's security interest, right of entry, default or possession.
12. Other restrictions: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

C. Additional agreements:

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

## Section 5. Management and Business Procedures

The Lessor and Lessee agree that they will observe the following provisions (Strike out any not desired.)

- A. Except when mutually decided otherwise, the land use and cropping system shall be approximately as follows:  
 \_\_\_\_\_ acres for rotated crops  
 \_\_\_\_\_ acres in permanent pasture  
 \_\_\_\_\_ acres in rotated pasture  
 \_\_\_\_\_ acres in nongrazed woodland  
 \_\_\_\_\_ acres in building and lots  
 \_\_\_\_\_ acres in other \_\_\_\_\_

- B. **Management participation.** Within the general framework of the cost-sharing agreed to in Section 2, and the limits on land-use in Clause A above, Lessor and Lessee 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 Lessee'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 Lessee at regular and other appropriate times. Each year the Lessor shall propose a plan of operation for consideration by the Lessee, 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 Lessee except as specifically noted in other clauses in this lease. The Lessee 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.

- C. **Business and accounting procedures.** Although this agreement recognizes that in many instances it will be expeditious and

appropriate for the Lessee to act as a spokesperson for the Lessor in dealing with suppliers and outside contractors, it is not intended that the Lessee 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 Lessee insofar as is prudent and practicable, and therefore the Lessee, 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.  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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

The Lessee 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.  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

- D. The Lessee 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.
- E. The Lessee and Lessor agree to review annually the items under Section 4 Part A, for the purpose of establishing priorities among tasks to be performed and materials to be provided.
- F. The Lessor and Lessee 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.
- G. At the end of this lease, the Lessor agrees to reimburse the Lessee:
  1. For the Lessee's remaining cost in limestone. The Lessee's remaining cost shall be calculated by depreciating the Lessee's net cost at the rate of \_\_\_\_\_ percent annually.

2. For the Lessee's cost of soluble phosphate (P<sub>2</sub>O<sub>5</sub>) and potash (K<sub>2</sub>O) 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 Lessee's share of these crops.

3. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

H. If, after notice to terminate this lease has been given, 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 Lessee 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.

I. At the termination of this lease the Lessee 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 Lessee.

J. Both Lessor and Lessee 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.

K. The Lessee 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.

L. **Other management agreements:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

The Lessor and Lessee 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 C of this section, the reimbursement agreements of Section 5, and any amendments to this lease.

B. **Yielding possession.** The Lessee 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 Lessee, loss by fire, flood, or tornado, and ordinary wear excepted. If the Lessee fails to yield possession, the Lessee shall pay to the Lessor a penalty of \$ \_\_\_\_\_ per day or the statutory double rent, whichever is less, for each day the Lessee remains in possession thereafter, in addition to any damages caused by the Lessee to the Lessor's land or improvements, and said payments shall not entitle the Lessee to any interest of any kind or character in or on the premises.

C. **Lessor's lien.** The Lessor'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. The Lessee shall provide the Lessor with the names of persons to whom the Lessee 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. If the Lessee 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 Lessee.

D. **Lessor'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 and livestock, 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, an any other operation necessary to good farming by the succeeding operator, these operations not to interfere with the Lessee in carrying out the regular farming operations.

E. **Mineral rights.** Nothing in this lease shall confer upon the Lessee 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 Lessee for any actual damage the Lessee may suffer for crops destroyed by these activities and to release the Lessee from obligation to continue farming this property when development of mineral resources interferes materially with the Lessee's opportunity to make a satisfactory return.

F. **Extent of agreement.** The terms of this lease shall be binding on the heirs, executors, administrators, and assigns of both Lessor and Lessee in like manner as upon the original parties.

G. **Lessor liability.** The Lessee 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 building, fences, tile, and other improvements.

# Section 7. Additional Agreements

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_____	<i>Lessor</i>	_____	<i>Date</i>
_____	<i>Lessor</i>	_____	<i>Date</i>
By _____	<i>Agent</i>	_____	<i>Date</i>
_____	<i>Lessee</i>	_____	<i>Date</i>
_____	<i>Lessee</i>	_____	<i>Date</i>

## Amendments to the Lease

A. Improvements made by the Lessee at the Lessee's own expense. When the Lessor and Lessee agree that the Lessee 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 Lessee's own expense and that the Lessee 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.

<i>Description and location of the improvement</i>	<i>Lessee's net cost</i>	<i>Annual rate of depreciation (percent)</i>	<i>Date depreciation begins</i>	<i>Date of signatures</i>	
_____	_____	_____	_____	_____	<i>Signatures</i>
_____	_____	_____	_____	_____	Lessor
_____	_____	_____	_____	_____	Lessee
_____	_____	_____	_____	_____	Lessor
_____	_____	_____	_____	_____	Lessee
_____	_____	_____	_____	_____	Lessor
_____	_____	_____	_____	_____	Lessee

B. Lessor's written consent to Lessee'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:

1. \_\_\_\_\_  
 \_\_\_\_\_ *Date* \_\_\_\_\_ *Lessor*  
 \_\_\_\_\_ *Date* \_\_\_\_\_ *Lessee*

2. \_\_\_\_\_  
 \_\_\_\_\_ *Date* \_\_\_\_\_ *Lessor*  
 \_\_\_\_\_ *Date* \_\_\_\_\_ *Lessee*

3. \_\_\_\_\_  
 \_\_\_\_\_ *Date* \_\_\_\_\_ *Lessor*  
 \_\_\_\_\_ *Date* \_\_\_\_\_ *Lessee*