

What's in Your Farmland Lease? A Checklist of Farmland Lease Provisions

*Peggy Kirk Hall, Asst. Professor and Field Specialist
OSU Extension Agricultural & Resource Law Program*

A written farmland lease is a valuable business tool that can help ensure an equitable and sustainable leasing arrangement. A well designed lease should reflect careful consideration of terms that address the needs of both the farmland owner and the tenant operator. The following checklist presents important provisions to consider for a written farmland lease. Be sure to review the checklist with an attorney, accountant and other professionals who can help tailor the farm lease to specific needs for the leasing situation.

Identification of parties and property

- Names and addresses of the landowners and the tenant operator.
- Address or other detailed identification of the property, including total acreage.

Duration, renewal and termination of the lease

- Time period for lease, including start and end dates.
- Whether the lease automatically renews for another lease period if not terminated by a certain date, whether renewal requires review and/or a new signed agreement or whether renewal is prohibited.
- How to terminate the lease, including deadline for terminating and how to give notice of termination.
- If and how to reimburse tenant for applied crop nutrients and completed field work upon lease termination.
- Acts that constitute default or automatic termination.

Rental amount and payments

- Rental amount per acre for a cash rent lease or procedures for calculating rent if using a crop-share or flexible lease arrangement.
- When, where and how to make rental payments.
- If and how to assess penalties for late rental payment.
- Clarification of which party receives farm program payments and payments from eminent domain actions or other transfers of property interests.

General terms

- Responsibilities for insuring the property.
- Whether owner has right to enter the property.
- Whether either party may use the property for hunting, recreation or other non-farm uses.
- Whether lease is binding on heirs or on purchasers or other future owners of property.
- Whether landlord must inform potential purchaser of the lease.
- Whether tenant may sublease to another operator and if so, conditions for allowing or rejecting a sublease and procedures for subleasing.
- Whether parties may amend the lease and if so, procedures for amendments.
- Rights for non-farming uses of the land such as recreation, hunting, energy development.

Soil health and water quality

- Procedures for establishing soil health indicators at beginning and end of lease period.
- Procedures for soil testing during lease period.
- Responsibilities for maintaining or improving soil fertility, including acceptable or prohibited nutrients and financial responsibility for water quality impacts.
- Required and prohibited practices such as conservation tillage and use of cover crops, including responsibility for cover crop management.

Operation and maintenance

- Who is responsible for maintaining fences, fence rows, overhanging branches, noxious weeds, field access points, grassed waterways.
- Who is responsible for maintaining, making or paying for necessary capital improvements such as sub-surface drainage, fences and gates.

Resolving issues and disputes

- Procedure for notification and handling of disputes or problems, including whether mediation or arbitration is required.

FOR MORE INFORMATION FROM OSU EXTENSION'S AGRICULTURAL & RESOURCE LAW PROGRAM:

- Visit our website at <http://farmoffice.osu.edu>.
- Sign up to receive our blog postings by e-mail for timely articles on legal issues of importance to Ohio agriculture at <http://farmoffice.osu.edu/blog>
- Contact us by e-mail at aglaw@osu.edu.