

# **Ohio Farmland Leasing Update**

**Welcome!**  
**The webinar will begin at 8 a.m.**



**THE OHIO STATE  
UNIVERSITY**

EXTENSION





**CFAES**

**DATE:**  
August 11, 2022

**TIME:**  
8:00–10:00 a.m.

**ZOOM  
WEBINAR  
(to be  
recorded)**



**OSU'S FARM OFFICE TEAM PRESENTS**

## Ohio Farmland Leasing Update

*With Barry Ward, Leader of Production Business Management  
and Peggy Hall and Robert Moore, Attorneys, Ag Law Program*

Join us for an economic and legal update on Ohio farmland  
leasing, covering:

- Ohio's new statutory termination law for farmland leases
- Using a Memorandum of Lease and other practice tips
- Economic outlook for Ohio row crops
- New Ohio cropland values and cash rents survey results
- Rental market outlook

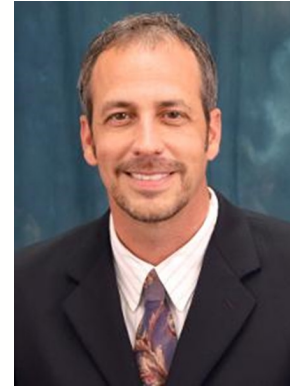
To register, visit [go.osu.edu/farmlandleasingupdate](https://go.osu.edu/farmlandleasingupdate)

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College of Food, Agricultural, and Environmental Sciences

## Agenda

- Ohio's New Statutory Termination Law for Farmland Leases
- New Ohio Cropland Values and Cash Rents Survey Results
- Economic Outlook for Ohio Field Crops
- Rental Market Outlook
- Using a Memorandum of Lease and Other Practice Tips



## Speakers

Barry Ward

Leader, Production  
Business Management



Peggy Kirk Hall

Attorney, OSU Agricultural  
& Resource Law Program



Robert Moore

Attorney, OSU Agricultural  
& Resource Law Program

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- Ohio's New Statutory Termination Law for Farmland Leases
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- Economic Outlook for Ohio Field Crops
- Rental Market Outlook
- Using a Memorandum of Lease and Other Practice Tips



Jeff Lewis, Attorney  
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# Webinar Resources

- ✓ Webinar slides are available for download at:  
<https://farmoffice.osu.edu/farmlandleasingupdate>.
- ✓ A recording of this webinar will be available at  
<https://farmoffice.osu.edu/farmlandleasingupdate>.

# Questions??

- ✓ Feel free to submit questions at any time using the Q/A feature at the bottom of your screen.
- ✓ We will try to answer as many questions as we can at the end of the presentation.

## Section 5301.71 | Termination of agricultural leases.

[Ohio Revised Code](#) / [Title 53 Real Property](#) / [Chapter 5301 Conveyances; Encumbrances](#)

[Previous](#) [Next](#)

*Effective: July 21, 2022 Latest Legislation: House Bill 397 - 134th General Assembly PDF: Download Authenticated PDF*

(A) As used in this section:

(1) "Agricultural lease agreement" means an agreement or lease, written or oral, that establishes or modifies the terms, conditions, rules, or any other provisions between a landlord and tenant concerning the use and occupancy of real property by one of the parties for agricultural purposes.

(2) "Agricultural purposes" means the use and occupancy of real property for the planting, growing, and harvesting of crops and all practices necessary for that planting, growing, and harvesting. It does not mean the use and occupancy of real property for pasture, timber, farm buildings, horticultural buildings, or leases solely for equipment.

(3) "Landlord" means the owner or lessor of real property used for agricultural purposes that is authorized to receive remuneration from a tenant under an agricultural lease agreement, and has entered into, or has actual or constructive knowledge of, an agricultural lease agreement.

(4) "Tenant" means the person entitled under an agricultural lease agreement to use real property for agricultural purposes to the exclusion of all others.

(B)(1) Notwithstanding anything in Chapter 1335. of the Revised Code, if an agricultural lease agreement does not provide for a termination date or method for notice of termination of the agricultural lease agreement, the landlord shall provide the tenant with written notice of termination. The written notice shall be delivered on or before the first day of September, in the year the termination is to be effective, by personal delivery, facsimile, or electronic mail.

(2) If notice of termination of an agricultural lease agreement is given pursuant to division (B)(1) of this section, the termination date for the agricultural lease agreement shall be the earlier of the following, unless otherwise agreed to, in writing, by the landlord and tenant:

(a) The date harvesting or removal of crops is complete;

(b) The thirty-first day of December in the year in which the notice was given.

(C) This section does not affect the requirements of section [5301.01](#) of the Revised Code.

*Last updated April 29, 2022 at 4:12 PM*

### Available Versions of this Section

■ July 21, 2022 – Enacted by House Bill 397 - 134th General Assembly [ [View July 21, 2022 Version](#) ]

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# Ohio's new statutory termination date for farm crop leases

Ohio Revised Code 5301.71  
Effective July 21, 2022  
House Bill 397



# Ohio's new statutory termination date

If a farm crop lease does not establish a date or method for terminating the lease, a landlord who wants to terminate the lease must do so in writing by September 1.

The termination date shall be either the date harvest is complete or December 31, whichever is earlier.



# Why the new law?



# A few important points . . .

**1**

**ONLY APPLIES TO  
CROP LEASES**

Not to pasture, timber,  
farm or horticultural  
buildings, or  
equipment leases.

**2**

**ONLY APPLIES IF  
TERMINATION IS NOT  
ADDRESSED**

When a lease has not  
provided a termination  
date or method of giving  
notice of termination.

**3**

**DOESN'T VOID EXISTING  
TERMINATION DATES**

Existing terms addressing  
termination date and  
method of notice are  
unchanged.

# A few more important points . . .

4

**APPLIES TO VERBAL  
AND WRITTEN LEASES**

Both types can fail to  
address termination.

5

**ONLY APPLIES TO  
LANDLORDS**

Does not apply to tenant  
operator who wants to  
terminate a lease.

6

**THE PARTIES MAY  
AGREE OTHERWISE**

But should do so in  
writing.

# Giving effective notice of termination

- The written notice shall be delivered on or before the first day of September, in the year the termination is to be effective, by personal delivery, facsimile, or electronic mail.

## *Recommended terms to include:*

- Date of notice
- Identification of property
- Statement that the lease will terminate the earlier of the end of harvest or December 31, 20\_\_ (or a different date if tenant agrees)



# Does the new law apply?

## SCENARIO 1

A written farmland lease states that it begins on March 1, 2022 and ends on December 31, 2022.

## SCENARIO 2

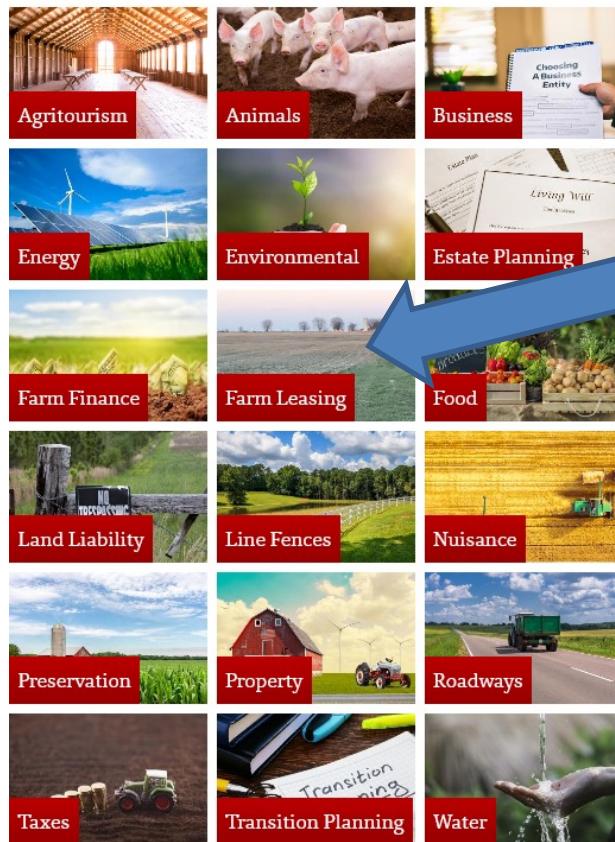
A written farmland lease states that it begins on January 1, 2022 and continues year-to-year unless either party terminates the lease.

## SCENARIO 3

A landlord and a tenant agree to rent identified farmland for \$200/acre.

# Our law bulletin on farmoffice.osu.edu

## Ag Law Library



## Law Bulletin



Law you need to know from OSU Extension's Farm Office

July 2022

### Ohio's New Statutory Termination Date for Farm Crop Leases

Peggy Kirk Hall, Associate Professor  
OSU Extension Agricultural & Resource Law Program

A new Ohio law effective on July 21, 2022, impacts some landlords who want to terminate their farm crop leases. If the farm lease does not establish a date or method for terminating the lease, the law requires a landlord who wants to terminate the lease to do so in writing by September 1. The law's goal is to prevent "late" terminations that can harm tenant operators who have made investments for the next crop season.

#### What farm leases are subject to the new law?

The law applies to both written and verbal "agricultural lease agreements" that address the planting, growing, and harvesting of agricultural crops. The law does not apply to leases for pasture, timber, farm buildings, horticultural buildings, or equipment.

#### What if a lease already addresses termination?

The new law only applies when a leasing arrangement has not provided for a termination date or a method for giving notice of termination. If the landlord and tenant operator have addressed these provisions in their leasing situation, the provisions are unchanged by the law and continue to be effective.

#### When is the termination effective?

If a landlord gives notice of termination in writing by September 1, the lease is terminated either upon the date harvest is complete or December 31, whichever is earlier. The law allows the parties to establish a different termination date if agreed to in writing.

#### How must a landlord give notice of termination?

The landlord must give the notice in writing and deliver it to the tenant operator by hand, mail,

facsimile, or email by September 1. The law does not require using specific language for the notice, but we recommend including the date of the notice, an identification of the lease property, and a statement that the lease will terminate at the end of harvest or December 31, 20\_\_ unless the parties agree in writing to a different date.

#### What if a landlord terminates after September 1?

Unless the leasing arrangement provides otherwise, a termination delivered by the landlord after September is not effective and the lease would continue for another period. However, the tenant operator could agree to accept the late termination. If so, the parties should both sign a termination date agreement.

#### Can a tenant terminate a lease after September 1?

A tenant operator is not subject to the new law and can terminate a lease after September 1 unless the leasing arrangement provides otherwise.

#### The value of a written farm lease

The new law arose because many farm leases aren't in writing, creating uncertainty over termination rights. A written lease is invaluable for agreeing to important farm lease terms like termination. If you need legal assistance getting your lease in writing, check out our farm lease resources and contact us for a referral to an agricultural attorney. It's money well spent.

#### Where to find the law

The new farm crop lease statutory termination law is in [Ohio Revised Code Section 5301.71](#).

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

- Visit our website at <http://farmoffice.osu.edu>.
- Sign up at <http://farmoffice.osu.edu/blog> to receive the Ohio Ag Law Blog by e-mail.
- Contact us at [aglaw@osu.edu](mailto:aglaw@osu.edu).

# **Economic Outlook for Ohio Row Crops**

## **New Ohio Cropland Values and Cash Rents Survey 2021-22 Results**

### **Rental Market Outlook**

# Ohio Crop Enterprise Budgets 2023

- ✓ Budget Figures Crop Budgets:

- ✓ Seed Cost: +5%

- ✓ Diesel Price \$5 / gallon

- ✓ Fertilizer Prices:

- ✓ NH<sub>3</sub>        \$1,300/T

- ✓ 28%        \$585/T

- ✓ MAP        \$1,000/T

- ✓ Potash     \$885/T



## CORN BUDGET - 2023

		Yield in bushels/acre	
Receipts		184	220
Corn Price	\$5.65 /bushel	\$1,037.91	\$1,245.49
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$114.00	\$121.13
Fertilizer+Soil Amendment		\$258.95	\$289.20
Chemicals (Crop Protection)		\$51.03	\$51.03
Fuel		\$27.50	\$27.50
Repairs		\$28.12	\$28.12
Crop Insurance		\$30.00	\$40.00
All Other		\$120.61	\$136.88
Total Variable Costs / Acre		\$630.22	\$694.26
Fixed Costs			
Labor and Management		\$92.40	\$102.77
Machinery Cost		\$77.67	\$77.67
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$1,049.45	\$1,178.88
Returns			
Return Above Total Costs		-\$11.55	\$66.61
Return Above Variable Costs		\$407.69	\$551.22
Return to Land		\$216.45	\$349.61

## SOYBEAN BUDGET - 2023

		Yield in bushels/acre	
Receipts		57	68
Soybean Price	\$13.10 /bushel	\$740.15	\$888.18
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$69.60	\$69.60
Fertilizer+Soil Amendment		\$97.63	\$115.91
Chemicals (Crop Protection)		\$78.07	\$78.07
Fuel		\$23.16	\$23.16
Repairs		\$23.98	\$23.98
Crop Insurance		\$24.00	\$29.00
All Other		\$29.38	\$32.41
Total Variable Costs / Acre		\$345.82	\$371.63
Fixed Costs			
Labor and Management		\$56.81	\$64.21
Machinery Cost		\$62.16	\$62.16
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$706.85	\$800.55
Returns			
Return to Total Costs		\$33.30	\$93.12
Return to Variable Costs		\$394.33	\$516.55
Return to Land		\$261.30	\$376.12

WHEAT BUDGET - 2023			
		Yield in bushels/acre	
Receipts		74	89
Wheat Price	<b>\$8.15</b> /bushel	\$603.10	\$723.72
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$47.88	\$47.88
Fertilizer+Soil Amendment		\$144.70	\$175.11
Chemicals (Crop Protection)		\$13.18	\$13.18
Fuel		\$16.67	\$16.67
Repairs		\$15.47	\$15.47
Crop Insurance		\$15.00	\$18.00
All Other		\$43.35	\$47.34
Total Variable Costs / Acre		\$296.24	\$333.64
Fixed Costs			
Labor and Management		\$54.46	\$60.49
Machinery Cost		\$35.97	\$35.97
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$627.66	\$726.09
Returns			
Return Above Total Costs		-\$24.56	-\$2.37
Return Above Variable Costs		\$306.86	\$390.08
Return to Land		\$203.44	\$280.63

# Western Ohio Cropland Values and Cash Rents 2021-22

- ✓ According to the Western Ohio Cropland Values and Cash Rents Survey, cropland values in western Ohio are expected to increase in 2022 by 8.0 to 11.3 percent depending on the region and land class. This is on top of increases from 2020 to 2021 of 7.2 to 26.6 percent depending on region and productivity class.
- ✓ Cash rents are expected to increase from 5.8 to 6.8 percent depending on the region and land class. This is on top of rental increases of 1.5 to 7.7 percent from 2020 to 2021.



# Western Ohio Cropland Values and Cash Rents 2021-22

## Survey Report



Table 1: Ohio Cropland Values and Cash Rents  
Western Ohio Results

Land Class		Average	Std	Range*	
Average	Avg Corn Yield (b/a)	181.8	14.8	196.5	167.0
	Avg Soybean Yield (b/a)	56.4	5.5	61.8	50.9
Market Value per Acre	2021	\$8,953	\$2,063	\$11,016	\$6,890
	2022	<b>\$9,756</b>	\$2,365	\$12,121	\$7,391
Rent per Acre	2021	\$214	\$42	\$256	\$173
	2022	<b>\$228</b>	\$45	\$273	\$183
Top	Avg Corn Yield (b/a)	222.2	19.8	242.0	202.4
	Avg Soybean Yield (b/a)	68.0	6.0	74.0	62.0
Market Value per Acre	2021	\$11,000	\$2,517	\$13,517	\$8,483
	2022	<b>\$12,122</b>	\$2,846	\$14,968	\$9,276
Rent per Acre	2021	\$267	\$57	\$324	\$210
	2022	<b>\$283</b>	\$57	\$341	\$226
Bottom	Avg Corn Yield (b/a)	149.0	20.6	169.7	128.4
	Avg Soybean Yield (b/a)	44.2	8.5	52.8	35.7
Market Value per Acre	2021	\$7,065	\$1,902	\$8,967	\$5,163
	2022	<b>\$7,756</b>	\$2,148	\$9,904	\$5,608
Rent per Acre	2021	\$165	\$37	\$202	\$127
	2022	<b>\$175</b>	\$42	\$217	\$133

# Western Ohio Cropland Values and Cash Rents 2020-21 Survey Report



Table 2: Ohio Cropland Values and Cash Rents  
Northwest Ohio Results

Land Class		Average	Std	Range*	
Average	Avg Corn Yield (b/a)	176.1	13.5	189.5	162.6
	Avg Soybean Yield (b/a)	54.6	6.1	60.7	48.5
Market Value per Acre	2021	\$8,193	\$1,207	\$9,400	\$6,986
	2022	<b>\$8,850</b>	\$1,278	\$10,128	\$7,572
Rent per Acre	2021	\$198	\$27	\$224	\$171
	2022	<b>\$210</b>	\$25	\$235	\$184
Top	Avg Corn Yield (b/a)	218.9	17.1	236.0	201.8
	Avg Soybean Yield (b/a)	66.6	6.0	72.7	60.6
Market Value per Acre	2021	\$10,162	\$1,842	\$12,004	\$8,320
	2022	<b>\$11,067</b>	\$2,126	\$13,192	\$8,941
Rent per Acre	2021	\$247	\$46	\$293	\$201
	2022	<b>\$262</b>	\$44	\$307	\$218
Bottom	Avg Corn Yield (b/a)	140.5	20.7	161.2	119.8
	Avg Soybean Yield (b/a)	41.3	9.4	50.7	31.9
Market Value per Acre	2021	\$6,253	\$815	\$7,068	\$5,438
	2022	<b>\$6,782</b>	\$966	\$7,748	\$5,816
Rent per Acre	2021	\$148	\$22	\$170	\$125
	2022	<b>\$157</b>	\$24	\$181	\$134

# Western Ohio Cropland Values and Cash Rents 2021-22

## Survey Report



Table 3: Ohio Cropland Values and Cash Rents  
Southwest Ohio Results

Land Class		Average	Std	Range*	
Average	Avg Corn Yield (bu/a)	188.7	13.2	201.9	175.5
	Avg Soybean Yield (bu/a)	58.5	3.6	62.1	54.9
Market Value per Acre	2021	\$9,871	\$2,469	\$12,339	\$7,402
	2022	<b>\$10,931</b>	\$2,778	\$13,709	\$8,153
Rent per Acre	2021	\$238	\$47	\$285	\$190
	2022	<b>\$254</b>	\$53	\$306	\$201
Top	Avg Corn Yield (bu/a)	226.1	21.9	248.0	204.2
	Avg Soybean Yield (bu/a)	69.7	5.4	75.1	64.2
Market Value per Acre	2021	\$12,096	\$2,839	\$14,935	\$9,257
	2022	<b>\$13,462</b>	\$3,073	\$16,534	\$10,389
Rent per Acre	2021	\$293	\$59	\$352	\$234
	2022	<b>\$310</b>	\$61	\$371	\$249
Bottom	Avg Corn Yield (bu/a)	159.1	15.3	174.5	143.8
	Avg Soybean Yield (bu/a)	47.7	5.7	53.4	42.0
Market Value per Acre	2021	\$8,127	\$2,343	\$10,470	\$5,784
	2022	<b>\$8,992</b>	\$2,560	\$11,552	\$6,433
Rent per Acre	2021	\$187	\$41	\$228	\$145
	2022	<b>\$198</b>	\$49	\$247	\$149

# Western Ohio Cropland Values and Cash Rents 2021-22

## Survey Report

Table 4. Average estimated Ohio land value per acre (tillable, bare land), per bu. corn and soybean yields, by geographical area and land class  
Ohio Cropland Values and Cash Rents Survey 2021-22

Area	Land Class	Corn bu/A	Soy bu/A	Land Value		
				Dollars Per Acre		
				2021 \$/A	2022 \$/A	% Change '21 to '22
Western	Average	181.8	56.4	\$8,953	\$9,756	9.0%
	Top	222.2	68.0	\$11,000	\$12,122	10.2%
	Bottom	149.0	44.2	\$7,065	\$7,756	9.8%
Northwest	Average	176.1	54.6	\$8,193	\$8,850	8.0%
	Top	218.9	66.6	\$10,162	\$11,067	8.9%
	Bottom	140.5	41.3	\$6,253	\$6,782	8.5%
Southwest	Average	188.7	58.5	\$9,871	\$10,931	10.7%
	Top	226.1	69.7	\$12,096	\$13,462	11.3%
	Bottom	159.1	47.7	\$8,127	\$8,992	10.6%

\* Projected Land Value



# Western Ohio Cropland Values and Cash Rents 2021-22 Survey Report

Table 5. Average estimated Ohio cash rent per acre (tillable, bare land), per bushel corn and soybean yields, by geographical area and land class  
Ohio Cropland Values and Cash Rents Survey 2021-22

Area	Land Class	Corn bu/A	Soy bu/A	Rent Per Acre			Rent per Bushel Corn	Rent per Bushel Corn	Rent as % of Land Value	Rent as % of Land Value
				2021 \$/A	2022* \$/A	% Change 21 to '22	2021 \$/Bu	2022* \$/Bu	2021 %	2022* %
Western	Average	181.8	56.4	\$214	\$228	6.5%	\$1.18	\$1.25	2.4%	2.3%
	Top	222.2	68.0	\$267	\$283	6.0%	\$1.20	\$1.27	2.4%	2.3%
	Bottom	149.0	44.2	\$165	\$175	6.1%	\$1.11	\$1.17	2.3%	2.3%
Northwest	Average	176.1	54.6	\$198	\$210	6.1%	\$1.12	\$1.19	2.4%	2.4%
	Top	218.9	66.6	\$247	\$262	6.1%	\$1.13	\$1.20	2.4%	2.4%
	Bottom	140.5	41.3	\$148	\$157	6.1%	\$1.05	\$1.12	2.4%	2.3%
Southwest	Average	188.7	58.5	\$238	\$254	6.7%	\$1.26	\$1.35	2.4%	2.3%
	Top	226.1	69.7	\$293	\$310	5.8%	\$1.30	\$1.37	2.4%	2.3%
	Bottom	159.1	47.7	\$187	\$198	5.9%	\$1.18	\$1.24	2.3%	2.2%

\* Projected Rental Rate

# Rental Rates: Outlook

## Supportive Fundamentals:

- ✓ Price/margin outlook positive to mixed for 2023
- ✓ Farmer equity positions remain healthy
  - ✓ Positive income in '21 and '22
  - ✓ Ad-hoc governments payments MFP and CFAP, PPP Forgivable Loans

## Non-Supportive Fundamentals:

- ✓ Higher input costs will impact 2023 margins
- ✓ Lower/No ARC/PLC payments likely

# LEASE MEMORANDUMS AND PRACTICAL TIPS

# Recording

- Long-Term leases should be recorded
- By recording a lease, the tenant is protected from having the lease terminate upon the sale of the leased land by the owner
- A recorded lease puts potential buyers on actual notice or constructive notice that the land is leased
- You can record a memorandum instead of the lease

# Memorandum of Lease

- A memorandum must include the following:
  - Name of landowner
  - Name of tenant
  - Description of property being leased
  - Term of lease
- A memorandum does not need to include the amount of rent or other terms
- A memorandum allows the landowner and tenant to keep the terms of their lease mostly private

# Example Memorandum

## MEMORANDUM OF LEASE

This Memorandum of Lease is entered into this \_\_\_\_ day of \_\_\_\_\_, 2022, by and between **LANDOWNER**, \_\_\_\_\_, Ohio and **TENANT** of \_\_\_\_\_, Ohio \_\_\_\_\_.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landowner has leased to Tenant the approximately \_\_\_\_\_ acres of property (the "Leased Premises") described in the attached Exhibit A.

The rent and other conditions of the Lease are more fully set forth in a certain Cash Farm Lease dated \_\_\_\_\_, 2022.

The term of the lease is **10 years**, commencing January 1, 2023 and terminating December 31, 2032.

Signed:



## Practical Tips

- Almost anything can be included in the lease as long as both parties agree
- Be as inclusive as possible with terms, limit the opportunities for disputes or misunderstandings

## Tip #1 - Know the Identity of the Parties

- The lease should correctly identify the parties
- Landowner
  - Is the land owned by an entity or trust?
  - Is the land owned by multiple people?
- Tenant
  - Is the tenant an entity?
  - Who has signing authority?

## Tip #2 – Identify Improvements That Are Included

- Clearly identify what, if any, improvements are included in the lease
  - Grain bins
  - Buildings
  - Houses

## Tip #3 – Identify Activities Not Included

- Clearly identify what activities are not included:
  - Hunting
  - Fishing
  - Recreation
  - Organic
  - Non-GMO
  - Certain types of tillage

## Tip #4 – Soil Fertility

- For Landowners, require soil fertility to be the same or better at end of lease
- For Tenants, if lease is terminated early, receive compensation for fertilizer applied but not used

## Tip #5 – Enforcement and Notarizing

- Verbal leases are not enforceable unless the parties have started to perform in reliance on the verbal lease
- Leases for 3 years or less do not need to be notarized
- Leases for more than 3 years must be notarized
  - Long-term leases that are not notarized become a year-to-year lease



# **Thanks for joining us!**

Check the Farm Office for more information

**[farmoffice.osu.edu](http://farmoffice.osu.edu)**