

For additional information see NCFMEC-04 (Rental Agreements For Farm Buildings and Livestock Facilities).

This form can provide the owner and operator with a guide for developing an agreement to fit their individual situation. This form is not intended to be a legal document nor take the place of legal advice pertaining to contractual relationships between the two parties. Because of the possibility that a lease agreement may be legally considered a partnership under certain conditions, seeking proper legal advice is recommended when developing such an agreement.

This lease entered into this _____ day of _____, 20____, between

_____, owner of _____

Address

_____, spouse of _____

Address

hereafter known as “the owner”, and

_____, operator of _____

Address

_____, spouse of _____

Address

hereafter known as “the operator.”

I. Property Description

The owner hereby leases to the operator, to use for agricultural and related purposes, the following described property:

situated in Section _____ of _____ Township in _____ County, _____(State), with all improvements thereon except as follows:

The property is agreed to be of the following size and condition:

Size or capacity _____

Condition (list defects): _____

II. General Terms of Lease

A. Time period covered. The provisions of this agreement shall be in effect for _____ year(s) and/or _____ months commencing on the _____ day of _____, 20____.

B. Review of lease. A written request is required for a general review of the lease or for consideration of proposed changes by either party, at least _____ days prior to the final date for giving notice to terminate the lease as specified in II.A.

C. Amendments and alterations. Amendments and alterations to this lease shall be in writing and shall be signed by both the owner and operator.

D. No partnership intended. It is particularly understood and agreed that this lease shall not be deemed to be nor intended to give rise to a partnership relation.

E. Transfer of property. If the owner should sell or otherwise transfer title to the property, he/she will do so subject to the provisions of this lease.

F. Right of entry. The owner reserves the right to inspect the property at any reasonable time to: (a) consult with the operator; (b) make repairs, improvements, and inspections; and (c) after notice of termination of the lease is given, do any customary seasonal work, none of which is to interfere with the operator in carrying out regular farm operations.

G. No right to sublease. The owner does not convey to the operator the right to lease or sublet any part of the property or to assign the lease to any person or persons whomsoever.

H. Binding on heirs. The provisions of this lease shall be binding upon the heirs, executors, administrators, and successors of both owner and operator in like manner as upon the original parties, except as provided by mutual written agreement.

I. Failure to pay. If the operator fails to pay the rent due or fails to keep the agreements of this lease, all costs and attorney fees of the owner in enforcing collection or performance shall be added to and become a part of the obligations payable by the operator thereunder.

J. Additional provisions:

III. Amount and Payment of Cash Rent

A. The operator agrees to pay a total cash rent of \$ _____ during the time period covered by this lease (see Section II.A.). The cash rent will be payable as follows:

\$ _____ on or before the _____ day of each month

Or, \$ _____ on or before the _____ day of the following months:

at the following location or address: _____

B. Or, the operator agrees to pay a total cash rent of \$ _____ per _____ (specify unit) during the time period covered by this lease (see Section II.A.). The rent will be payable on or before _____

The number of units for computing the rent will be determined as follows:

IV. Operation and Maintenance of Property

A. The operator agrees:

1. Use. To use the property only for the following purposes:

The rate of use or capacity shall not exceed _____ units at any given time, or a total of _____ (units) per _____ (time period).

2. General maintenance. To perform ordinary maintenance during the lease period necessary to maintain the property in as good condition as it was at the beginning. Normal wear and depreciation and damage from causes beyond the operator's control are excepted. To pay for and replace the following items:

3. Repairs. If the owner is responsible for payment for repairs and maintenance, not to purchase materials for maintenance and repairs in excess of \$ _____ within a single year without written consent of the owner.

4. Insurance. To fully insure livestock, crops, feed, equipment and other assets owned by the operator that are located on the property against theft, casualty, or other loss, or to not hold the owner responsible. Not to violate restrictions in the owner's insurance policies without written consent from the owner. Restrictions to be observed are as follows:

5. Costs of operation. To pay the following utility and operating costs, with charge or usage to be calculated as follows:

6. Addition of improvements. Not to: (a) add electrical wiring, plumbing or heating to any building without written consent of the owner; (b) incur any expense to the owner except as follows:

7. Damages. When the operator leaves the property, to pay the owner reasonable compensation for any damages to the property for which the operator is responsible. Any decrease in value due to ordinary wear and depreciation or damages outside the control of the operator is excepted.

8. Livestock manure. To remove livestock manure at the following approximate times:

and dispose of it according to the following manner and location:

(Strike this provision if owner is responsible for manure removal.)

B. The owner agrees:

1. Loss replacement. To replace or repair as promptly as possible any building or equipment regularly rented by the operator from the owner that may be destroyed or damaged by fire, flood, or other cause beyond the control of the operator or to make rental adjustments in lieu of replacements.

2. Insurance. To fully insure the property against casualty, theft or other loss, and against personal liability, up to the following amounts:

3. Materials for repairs. To furnish all materials needed for normal maintenance and repairs, except for:

4. Additional agreements regarding materials and labor are:

5. Reimbursement. To pay for materials purchased by the operator for purposes of repair and maintenance on the property being rented in an amount not to exceed \$ _____ in any one year, except as otherwise agreed upon. Reimbursement shall be made within _____ days after the operator submits an itemized bill.

6. Removable improvements. To let the operator make minor improvements of a temporary or removable nature, that do not mar the condition of appearance of the property at the operator's expense. The owner further agrees to let the operator remove such improvements even though they are legally fixtures at any time this lease is in effect or within _____ days thereafter, provided the operator leaves in good condition that property from which such improvements are removed. The operator shall have no right to compensation for improvements that are not removed except as mutually agreed in writing prior to their installation.

7. Water. To furnish an adequate supply of clean water for the quantity of livestock specified above. Repairs to wells, pumps and water systems shall be paid for as follows:

In the event that it becomes necessary to purchase and/or transport additional water, the cost of such purchase and/or transport shall be paid as follows:

8. Livestock manure. To remove livestock manure at the following approximate times:

and dispose of it according to the following manner and location:

(Strike this provision if operator is responsible for manure removal.)

C. Both agree:

1. Not to obligate the other party. Neither party shall pledge the credit of the other party for any purpose whatsoever without the consent of the other party. Neither party shall be responsible for debts or liabilities incurred or for damages caused by the other party.

2. Capital improvements. The operator shall be reimbursed for the costs of any new permanent structures and improvements paid for or constructed by the operator as follows (check option which applies):

_____(1) The operator will be reimbursed by the owner when the improvement is completed.

_____(2) The operator will be compensated by the share of the undepreciated amount of the operator's contribution when the lease is terminated based on the value of the operator's contribution and depreciation rate shown in the following table.

Rates for labor, power, and machinery contributed by the operator for the construction of permanent improvements shall be agreed upon before repairs are made or construction is started.

3. Environmental issues. The operator shall conduct all operations on the property in a manner consistent with all applicable local, state, and federal environmental codes, regulations, and statutes and shall bear sole responsibility for any violations thereof. The operator shall be solely responsible for securing any permits or approvals necessary for their activities on the property. In the event of any legally-prohibited release of materials to the environment, the operator will indemnify the owner for any costs of environmental cleanup and restoration as well as any penalties, fines, judgments or other amounts incurred by the owner as a result of such release.

Compensation for Improvements

Type of improvement	Date completed	Value contributed by operator			Total value of operator's contribution	Rate of annual depreciation
		Material	Labor	Machinery		
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____ %

V. Arbitration of Differences

Any differences between the parties as to their rights or obligations under this lease that are not settled by mutual agreement after thorough discussion, shall be submitted for arbitration to a committee of three disinterested persons, one selected by each party and the third by the two thus selected. The committee's decision shall be accepted by both parties.

VI. Signatures

Executed in duplicate on the date first above written:

_____		_____	
Operator		Owner	
_____		_____	
Operator's Spouse	Date	Owner's Spouse	Date

County of _____ State of _____

On this _____ day of _____, 20____, before me, the undersigned, a Notary Public in said State, personally appeared _____, _____, _____, and _____ to me known to be the identical persons names in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

Notary Public