

Farm Machinery, Building Or Equipment Lease

North Central Regional
Publication No. 215

This form can provide the owner and renter with a guide for developing an agreement to fit their individual situation. This form is not intended to 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 is entered into this _____ day of _____, 19____, between

_____ owner, of _____

_____ (address)

_____ spouse, of _____

_____ (address)

hereafter known as "the owner," and hereafter known as "the renter."

_____ renter, of _____

_____ (address)

_____ spouse, of _____

_____ (address)

I. PROPERTY DESCRIPTION

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

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

II. GENERAL TERMS OF LEASE

A. Time period covered. The provisions of this agreement shall be in effect for ____ year(s), commencing on the ____ day of _____, 19____.

This lease shall continue in effect from year to year thereafter unless written notice of termination is given by either party to the other at least ____ days prior to expiration of this lease or the end of any year of continuation.

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 renter.

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 renter; 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 renter in carrying out regular farm operations.

G. No right to sublease. The owner does not convey to the renter 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 renter in like manner as upon the original parties, except as provided by mutual written agreement.

I. If the renter 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 renter hereunder.

J. Additional provisions.

III. CASH RENT

Table I -Amount and Payment of Cash Rent
(complete at beginning of lease)

A. The renter 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 _____ (month)
- \$_____ on or before the _____ day of _____ (month)
- \$_____ on or before the _____ day of _____ (month)
- \$_____ on or before the _____ day of _____ (month)

B. The renter 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 will be determined as follows: _____

IV. OPERATION AND MAINTENANCE OF PROPERTY

A. The renter agrees:

1. **General maintenance.** To provide the unskilled labor necessary to maintain the property during the lease period in as good condition as it was at the beginning. Normal wear and depreciation and damage from causes beyond the renter's control are excepted.

2. **Insurance.** Not to violate restrictions in the owner's insurance policies without written consent from the owner. Restrictions to be observed are as follows:

3. **Costs of operation.** To pay the following utility and operating costs. Charge or usage will be calculated as follows:

4. **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:

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

6. **Repairs.** Not to purchase materials for maintenance and repairs in excess of \$_____ within a single year without written consent of the owner.

B. The owner agrees:

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

2. **Materials for repairs** To furnish all materials needed for normal maintenance and repairs.

3. **Skilled labor.** To furnish any skilled labor which the renter is unable to perform satisfactorily with respect to upkeep of the property being rented. Additional agreements regarding materials and labor are:

4. **Reimbursement.** To pay for materials purchased by the renter for purposes of repair and maintenance on 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 renter submits an itemized bill.

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

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 the damages caused by the other party.

2. **Capital improvements.** Costs of capital repairs or new structures and improvements shall be divided between landlord and tenant as follows:

_____ (1) The tenant will be reimbursed by the land-lord when the improvement is completed.

_____ (2) The tenant will be compensated for the share of the depreciated cost of the tenant's contribution when the lease is terminated based on the value of the tenant's contribution and depreciation rate shown in the following table.

(Check option which applies.)

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

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.

Compensation for Improvements Table

Proportion to be Contributed by Renter

Type of Improvement	Date to be Completed	Estimated Total Cost (dollars)	Proportion to be Contributed by Renter			Total Value of Renter's Contrib. (dollars)*	Rate of Annual Depreciation
			Material	Unskilled Labor	Mach.		
		\$	%	%	%	\$	%
		\$				\$	
		\$				\$	
		\$				\$	
		\$				\$	
		\$				\$	

*To be recorded when improvement is completed.

Executed in duplicate on the date first above written:

(renter)

(renter's spouse)

(owner)

(owner's spouse)

STATE OF _____

SS:

COUNTY OF _____

On this _____ day of _____ A.D., 19____ 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 _____

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