



LEASING GUIDE



This guide is intended to assist landowners in making their land available for farming by others. Good farmland is increasingly difficult for farmers to access – especially new farmers. Unfortunately, substantial amounts of good farmland are sold to development and lost forever. Yet, farmers are eagerly looking for land to farm. By making your land available to them, you will be helping contribute to the local food and farm economy. This guide will help lay out farm leases, the different options to making your land available, and establish your goals and objectives. Addressing themes such as stewardship, financial needs, and easements will improve life for farmers and landowners, especially to avoid misconceptions in the lease process.

Types of Farm Operations

- **Animal Production** - Require a reliable source of water, adequate fencing, shelter such as open-sided sheds or closed barns, and an area of non-wetland pasture adequate to maintain the animals without soil deterioration
- **Dairy Farm** – Require climate-controlled milking parlors, suitable fenced pasture and paddock space, barn space, and water supply
- **Diverse Farm** – operations that grow plant crops and raise animals. With this integrated system, farmers can rotate animals and plant crops to take advantage of the way both can complement each other and the land
- **Greenhouse Production** – whether in the form of hoop house structure or temporary or permanent greenhouses, this allows farmers to extend their season or possibly grow vegetables or flowers year-round
- **Hay or Grain Production** – requires fields with good access to tractors and other equipment, and reasonably level terrain
- **Tree/Perennial Production** – requires a long-term commitment. Most fruit trees and shrubs require several years after planting before the first crop can be harvested
- **Vegetable & Flower Production** – Requires better soil than hay or pasture. Marketing vegetables and flowers can be done through an on or off site farmstand

Benefits to leasing land for farming:

- Land management that meets your stewardship goals
- Increased local food production
- Offering an opportunity to a new farmer or farm family
- Keeping your working landscape open and in production
- A potential revenue stream



**Community Food &
Agriculture Coalition**



Tenure Security

Tenure security basically means giving your tenant confidence that they will be able to farm the land long enough to receive the benefits from sustainable practices, such as soil conservation and nutrient management. This is primarily accomplished by providing a lease term of five years or more. The longer the lease term the greater the stake the tenant has in the sustainability of the farm.

Investment Protection

Typically, any non-removable improvements made on the land by a tenant become the property of the landowner. A tenant is, therefore, not likely to make sustainable investments unless they are assured that any unused portion of their investment will be reimbursed to them.

Conservation Plans

Mandatory provisions can be specific to practices that are helpful where the landowner has special concerns. Concerns could be damage to landscape, infrastructures, or natural resources.



TYPES OF AGRICULTURAL LEASES

1. Cash Lease

Tenant pays a flat fee for the use of the land for a specific period

- Simple, minimal financial risk, and maximum freedom for tenant
- May need to renegotiate cash rate yearly, and all production risk resides with the tenant

2. Flexible Cash Lease

Agreement is more in tune with prices and yields and can be drafted to vary with such prices and yields

3. Crop Share Lease

More complex than a cash lease. Risks resulting from low yields or market prices are shared between two parties, as are profits. Risks are shared with the landowner; therefore, the landowner and tenant must agree on how production expenses are shared and cropping plans

4. Lease with option to purchase

Gives the tenant the opportunity to buy the property after a special period. The two common forms of this option: a "straight" option and a "right of first refusal" option. When either option is exercised, the lease ends, and the parties enter a seller-buyer relationship

5. Long-term Lease

Long term leases of 5 to 99 years enable the tenant to justify investments to improve the property, although the lease itself may not require or reward such improvements

- Provides tenure security for the tenant, which can encourage the adoption of long-term conservation practices

6. Pasture Lease

Typical methods include rate per acre, fixed rate per animal per month, fixed rate per animal unit month per year or per season, partial year leases, or full year leases

7. Graduated Rent

Rent that is initially low but gradually increases. Reducing the rent, at least initially, is an obvious way to help a new farmer

Points to Consider Regarding Your Land

- Where do you and others involved in decision-making about the farm property stand on land ownership and the division of rights and responsibilities?
- What natural features and infrastructure does your land offer?
- Do you need to derive net income from the use of the property or just cover costs?
- What are your feelings about natural resource stewardship and responsibility to the community?

Infrastructures & Facilities



The availability of buildings, particularly housing, is critical for many farmers. This is often overlooked, but availability is just as crucial as affordability. The potential of your land is determined partly by infrastructures that already exist on site. Irrigation, storage facilities, livestock housing make certain types of agriculture more viable on a given piece of land. If infrastructures do not exist, it may be possible to allow permanent or temporary structures such as greenhouses.

LANDOWNER LEASING GOALS EXAMPLES

- Minimize conflict with tenants
- Contribute to better environmental conditions
- Help younger farmers and/ or family members get started in farming
- Reduce income, social security, and estate taxes
- Maintain financial risk at a level that is compatible with financial security and comfort level
- Maintain appearance and usefulness of building and improvements
- Maintain the productivity of the land and improvements

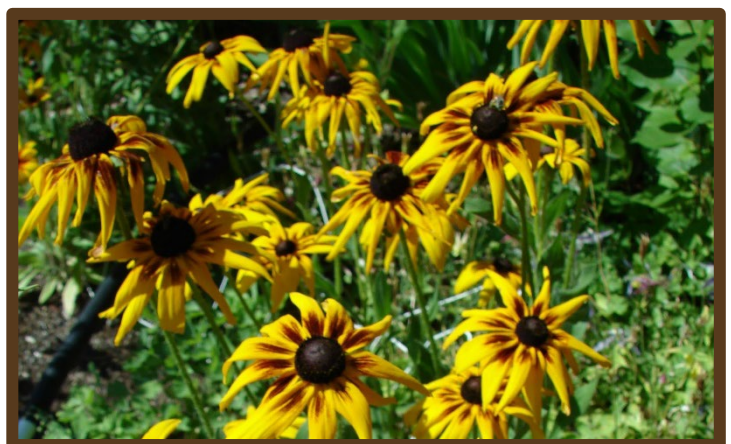
When considering your goals, consider what the farm tenant's goals could be such as:

- Reduce Financial Risk
- Enjoy Managerial Freedom
- Have access to land for farming without going into debt by purchasing
- Increase security of being able to operate the property in the future

CONSIDERATIONS:

- Are any farm equipment or resources available for the farmer? If yes, how will equipment maintenance be handled?
- Does your property offer buildings such as storage infrastructures, barns, sheds, and or potential processing space?
- Who pays for any utilities to the property such as electric, trash, and water? Is water available or provided in the lease?
- Is housing included or building a residence an option (such as tiny home, yurt, trailers)?
- What are the natural features of your land? Soil suitability, wetlands, ponds, wooded areas, or pasture?
- Identify who owns new structures and other improvements at the expiration of the lease or sooner termination

Notes



Yes, No, Maybe, and *Your* Goals

The time leading up to a meeting is when some of the most important work is accomplished. Reflecting on your goals, the operations you see on your land, the resources you bring to the lease, and understand the resources you may lack. Develop answers to each question as you work through this guide.

WHAT ARE YOUR GOALS

Start with four key goals for your land

- _____
- _____
- _____
- _____

What is your vision for your farm? What leasing option might agree with your vision, address your concerns.



When it comes to figuring out operations, conservation, and accessibility, both the landowner and the land seeker should consider what is needed from each other, and what each is willing to bring to the negotiation such as housing, animals, pesticide application use, risk burden, level of involvement, farming practices, and agrotourism potential.

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WHAT MAKES A GOOD LEASE?

Benefits of a Written Lease

- Receive Assistance from Natural Resource Conservation Service
- Apply for Farm Service Agency Programs
- Apply for Agricultural Grants
- Evidence of Lease Terms
- Added Protection to both Landlord and Tenant



Writing a good lease may require looking at different options beyond a standard agreement. Try to find which terms lengths, elements, payments, provisions, and uses fit you and your potential tenant's situation. Refer to the **NEXT PAGE** for an outline of this information.

Leasing can be as simple as an agreement on payment and a handshake, but a written agreement is a good idea whether you are paying rent, working on shares, or permitted to use the land free of charge. If something should go astray, you will be glad that you have it. The number one goal of a lease is to develop a fair agreement where both parties feel that their needs and goals are identified. This can only be attained through **GOOD COMMUNICATION!** A lease with specify terms, provisions, and stipulations under which the renter and the owner will operate.

Establishing a Good Tenant-Landlord Relationship

Potential tenants and landlords used to be familiar with each other through the community or family, but now more common, landowners are not all that familiar or have had no interactions. Therefore, it is understandable to find other ways to find a qualified candidate.

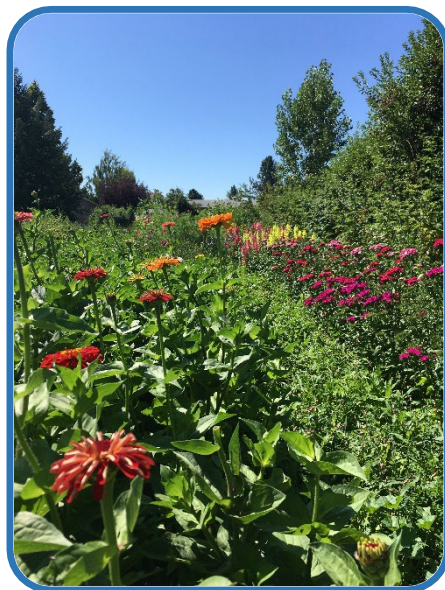
What's your criteria and qualifications for a tenant?

- Personal qualities
- Professional qualities
- Financial requirements
- Farm operation expectations
- Business plan
- References

A successful relationship strategy depends on effective communication. **Effective communication boosts the tenant's confidence in their landowners' commitments to the continuation of the lease agreement.** Communications with your tenant can be done informally or can be required through formal reports and monitoring in the lease agreement. Using both ways will probably be beneficial so long as communication maintains through the lease term.

When first meeting, whether it be over the phone or at the kitchen table, try to address all possible situations that could arise under the agreement. As the lease continues, it is important to remain flexible and open to re-negotiation on matters that were not addressed in the initial lease or as matters arise.

Lastly, building a strong relationship and healthy communication will be beneficial when mistakes are made. Allow for correction and resolution before terminating the lease and destroying the relationship. Addressing these items before the lease can be uncomfortable but can break those barriers that can feel restraining in a lease agreement.



What are YOUR Roles?

Whether you are renting to a vegetable farmer or rancher, establishing one's roles in this agreement is key. It would be beneficial to include good verbiage about who will monitor and do what on the lease: Irrigation, fence repair, weed management, forage monitoring, etc.

CREATING A LEASE

Basic Information included

- Names of Landlord and tenant
- Leasing terms
- Identification of Property
- Both parties' signature

Successful Landowner-Tenant Relationship

- Communication is KEY!!
- Maintain communication throughout term
- Open to modifications
- Best time/way for contact
- Dispute/disagreement clause

Identification of Property

- **Land** – include Map, address, size, location
- **Facilities** – bring up to Zoning code
- **Equipment** – repairs
- Describe initial conditions of premise

List of Uses

- **Allowed Uses** -CSA, on farm events, retail operations
- **Restrictions** – animal production
- **Requirements** – Sustainable operations

Provisions

- Conservation plans
- Improvements made and who pays for them
- Repairs/Maintenance
- Agricultural practices
- Termination Clause
- Pesticide Application

Payment (If Any)

- Cash Rent
- Sliding Pay Scale
- Share Leases
- Flexible Cash Lease
- In-Kind Rent - CSA or property improvements

Legal Elements

- Taxes
- Utilities – Water, Electricity
- Insurance and Liability
- Landowner Rights
- Tenants Right of Possessions

Lease Length

- **Short Term Lease** offers flexibility, trial period
- **Long Term Lease** are more secure and allow investment
- **Rolling Leases** – term rolled over each year

Farm Lease Builder

<https://farmlandaccess.org/farm-lease-builder/getting-started/>

PASTURE LEASE AGREEMENT EXAMPLE

THIS PASTURE RENTAL AGREEMENT (hereinafter "the Agreement") is entered into on April 1, 2022, between _____ (name) _____ (hereinafter "Lessee"), _____ (address) _____ and _____ (name) _____ (hereinafter "Lessor"), _____ (address) _____.

WITNESSETH:

1. **RENTAL:** Lessor does hereby rent to, and Lessee does hereby hire from Lessor, for the term and upon the conditions stated herein, that real property situated in the County of _____, State of Montana, as described and depicted in Exhibit "A" attached hereto and incorporated herein by this reference, and hereinafter referred to as the "Premises".
2. **BUSINESS PURPOSE:** The Premises are to be used non-exclusively by Lessee for the specific and sole purpose of cattle grazing.
3. **TERM:** The term of this Lease shall commence on _____ and shall end _____. Lessee shall promptly vacate the Premises upon the termination of the Lease. Such termination shall not affect Lessee's obligation to make all rental and or other payments due for the period for which the Lease was in effect, nor shall it affect Lessor's obligation to reimburse Lessee for certain capital improvements and alterations made while the Lease was in effect.
4. **RENT:** Lessee shall make a down payment of ___ (dollar amount if applicable) ___ due payable before ___ (date) ___. In addition, Lessee shall maintain and submit to Lessor an Actual Use Record (Exhibit "B") no later than _____. Once received, Lessor shall invoice Lessee the balance of rent due based on this Record at a rate of \$20 per Animal Unit Month. Rent shall be paid no later than 14 days from the date of the invoice and shall be paid in lawful money of the United States to Lessor at _____.
 - a. In the event payments become overdue, interest shall accrue on the balance at a rate of 12% per annum.
5. **GRAZING STANDARDS:**
 - a. Lessee may graze the ___ Acre, Upper and South Pastures. The Upper Pasture will be rested until after seed set in (certain year), at which time grazing can occur. Lessee shall ensure that the fence between Upper pasture and South pastures is adequate to contain livestock.
 - b. Lessee's cattle may graze no more than 50% (by weight) of the current year's production of rangeland grasses. In no event shall Lessee permit its cattle to overgraze the Premises. In the event Lessee overgrazes the Premises (beyond the 50% utilization by weight), Lessor at its discretion, shall be entitled to the following remedies: using temporary fence to exclude cattle from over-used areas, entirely at Lessee cost; or the removal of cattle from the Premises.
 - c. The Annual Operating Plan for grazing on the Premises is described in Exhibit "C". Lessee shall not deviate from this plan unless prior written approval is granted by the Lessor.
 - d. Lessee will contact Lessor prior to turnout of cattle onto the Premises.
 - e. Salt and mineral will be used on the Premises to properly distribute livestock. It will be placed no closer than 2500 feet from riparian areas or other water sources and shall be relocated on the Premises from time to time within a given grazing season.
 - f. All cattle must be removed from the Premises no later than September 1.
 - g. Lessor will not be liable for the loss, injury or change in the health of Lessee's livestock.
6. **LIVESTOCK CONTROL:** Lessee is responsible to prevent grazing animals from trespassing on land adjacent to the Premises including private, State and Federal land. Lessee agrees to be responsible for all damage and claims made against Lessee or Lessor as a result of said trespass.

_____ Lessor

_____ Lessee

7. **REPAIRS AND MAINTENANCE:** Lessee agrees to make all repairs and maintenance, as it pertains to livestock structures used specifically for management and containment of livestock, including, but not limited to fences, water tanks, and water pipelines. Said repairs and maintenance shall be at Lessee's sole cost and expense, including labor and materials, except in the case where the cost of any single repair project exceeds \$500. In such an event, Lessee will notify Lessor in writing when repairs related to a single repair project will exceed \$500, at which time, Lessor, at its sole discretion, may agree to compensate Lessee for the balance exceeding \$500. If Lessor exercises its option not to compensate Lessee for repair costs exceeding \$500, Lessee may elect to complete the project at their sole cost, or not exceed the \$500 in repairs. Where repairs are warranted resulting from negligence of Lessee, and in such case, Lessee agrees to make full repairs necessary so as to fulfill the terms of this Lease, at the sole cost and expense of Lessee. Lessee agrees that all such work will comply with all laws, ordinances, rules and regulations of the State of Montana, _____ County or any other authorized public authority. Lessee further agrees to hold and save Lessor free and harmless from damage, loss or expense arising out of said work. Lessee further agrees to turn over the all livestock structures under this lease to Lessor at the conclusion of the Lease in the same condition as when received, ordinary wear and tear excepted. All repairs and maintenance shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation or injury.
8. **ALTERATIONS:** Lessee shall not make any alterations, additions or improvements to the Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld, and all alterations, additions and improvements which shall be made, shall be at the sole cost and expense of Lessee and shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation or injury. If Lessee shall perform work with the consent of Lessor, as aforesaid, Lessee agrees to comply with all laws, ordinances, rules and regulations of the State of Montana, _____ County or any other authorized public authority. Lessee further agrees to hold and save Lessor free and harmless from damage, loss or expense arising out of said work.
9. **WEED CONTROL:** Lessor shall be responsible for management and control actions against Montana Category I noxious weeds, on the Premises.
10. **ACCESS:** Lessor shall continue to have unlimited access to the Premises at all times to inspect and verify compliance with the terms of this Agreement, to occupy and use the Premises reserved for Lessor, and for any other uses and purposes which do not unreasonably interfere with the Agreement purposes. Lessor may also grant access across the Premises to others (including their livestock) to reach lands not included in this Lease.
11. **INDEMNIFICATION:** Lessee promises to indemnify and hold Lessor, its members, managers, officers, employees, contractors and agents harmless from any claims, demands, losses, causes of actions or expenses in connection with this Agreement and any farming, ranching, construction, maintenance or operational activities on the Premises or equipment. Lessee assumes the duty to inspect for dangerous or potentially dangerous conditions on the Premises or access thereto, which are apparent, known, unknown, or which reasonably should be known by inspection and upon discovering any such condition to so warn and notify its own employees, contractors, subcontractors or agents and to notify Lessor in writing. The parties agree that Lessor shall have no duty to limit or prevent access to the Premises, and Lessor shall not be liable for any theft of, or vandalism or intentional or negligent damage to Lessee's equipment, property, or livestock kept or used on the Premises.
12. **INSURANCE:** Lessee must meet the following insurance requirements and shall obtain and keep in force during the term of this Lease and any extensions thereof the following policies of insurance:
- a. **Workers' Compensation Insurance.** For each of its employees at the Premises, Lessee shall keep and maintain workers' compensation insurance as required by law. Lessee will further ensure that any contractors or subcontractors employed by him shall have workers' compensation insurance or a certificate of exemption there from for each and every person working on the Premises.

_____ Lessor

_____ Lessee

- b. **Personal Injury and Property Damage Liability Insurance.** It is expressly understood and agreed that Lessor shall not be liable for damages or injury to Lessee or its property, or to Lessee's employees (or employees'

property), customers, agents, and invitees from whatever cause arising, and Lessee shall indemnify, defend, save and hold harmless Lessor, its trustees, employees and agents against all liability, claims, suits or action of whatsoever nature, loss or expense, including attorney fees and other expenses incident thereto, and against all claims, actions and judgments based upon or arising out of damage or injury or death to persons or property unless the direct result of Lessor's willful act. Lessee shall provide public liability insurance with a policy limit of not less than \$1,000,000 for each occurrence, \$2,000,000 aggregate. A certificate of insurance, naming Lessor as an additional insured, shall be provided to Lessor at each policy renewal

- c. **Lessor's Right to Pay Premiums on Behalf of Lessee.** All of the policies of insurance referred to in this section shall be written in form reasonably satisfactory to Lessor and by insurance companies reasonably satisfactory to Lessor. Lessee shall pay all of the premiums therefore and deliver such policies, or certificates thereof, to Lessor, and in the event of the failure of Lessee, either to effect such insurance in the names herein called for or to pay the premiums therefore or to deliver such policies, or certificates thereof, to Lessor, Lessor shall be entitled, but shall have no obligation, after fifteen (15) days' notice to Lessee to effect such insurance and pay the premiums therefore, which premiums shall be repayable to Lessor within 30 days of above said notice, and failure to repay the same shall carry with it the same consequence as failure to pay any installment of rent. Each insurer mentioned in this section shall agree, by endorsement on the policy or policies issued by it, or by independent instrument furnished to Lessor, that it will give to Lessor fifteen (15) days' written notice before the policy or policies in question shall be altered or canceled. Lessor agrees that it will not unreasonably withhold its approval as to the form or to the insurance companies selected by Lessee.
 - d. **Blanket Insurance Policies.** Notwithstanding anything to the contrary contained in this section, Lessee's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Lessee; provided, however, that the coverage afforded Lessor will not be reduced or diminished or otherwise be different from that which would exist under a separate policy meeting all other requirements of this Lease by reason of the use of such blanket policy of insurance.
13. **DAMAGE OR DESTRUCTION:** In the event the Premises are damaged to such an extent as to render the same unusable in whole or in a substantial part thereof (e.g. fire), Lessee shall give Lessor immediate notice thereof. Lessee shall have not more than 2 days after date of such notification to vacate the Premises in its entirety, and then this agreement shall be terminated unless otherwise determined by Lessor. Rents due to Lessor will be based on the AUMs utilized prior to the point the Premises were damaged.
14. **LIENS AND INSOLVENCY:** Lessee shall keep this Agreement free from any liens arising out of any work performed, materials furnished or obligations incurred by Lessee. In the event Lessee becomes bankrupt, or is judicially declared incompetent, or if a receiver, assignee or other liquidating officer is appointed for the business of Lessee, then Lessor may cancel this Agreement at Lessor's option.
15. **SUBROGATION WAIVER:** Lessor and Lessee, respectively, contract to waive and release any right of recovery against each other for any loss, which is fully insured against in a fire policy or similar self-insurance program.
16. **DEFAULT:** Should Lessor at any time terminate this Agreement for any breach by Lessee, in addition to any other remedy it may have, Lessor may recover from Lessee all damages incurred by reason of such breach, including the cost of recovering the Premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Agreement for the remainder of the stated term over the then reasonable rental value of the Premises for the remainder of the stated term, all of which amounts shall be immediately due and payable from Lessee to Lessor.
17. **NOTICE OF DEFAULT:** Lessee shall not be deemed to be in default or breach hereunder in the payment of rent, the payment of any other moneys as herein required, the furnishing of any insurance policy as required herein, or the keeping or performing of any other term, condition or covenant whatsoever of this Lease, and Lessor may not attempt to terminate this Lease, re-enter, re-take possession or maintain an action against Lessee, unless Lessor shall first give Lessee five (5) days written notice of such default or breach and Lessee shall fail to cure such default or breach within such five (5) days, *provided however*, that if such event of default or breach is of a nature which is not capable of cure (e.g. overgrazing), then this five-day cure period and notice of default requirement shall be inapplicable, and Lessor shall be entitled to terminate this Lease immediately upon written notice to Lessee
18. **NONWAIVER OF BREACH:** The failure of Lessor to insist upon strict performance of any of the covenants and Leases of this Lease, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a

waiver or relinquishment of any such, or any other, covenants or Leases, but the same shall be and remain in full force and effect.

19. **ASSIGNMENT:** Lessee shall not, without the prior written consent of Lessor in each instance first obtained, assign or permit the assignment of this Agreement, or any interest therein, whether voluntarily or involuntarily, or by operation of law or otherwise. No consent to such assignment shall operate to relieve Lessee or its successors in interest from the necessity of obtaining like consent for any subsequent assignment, and no assignment shall relieve Lessee of primary liability for all its obligations hereunder.
20. **HOLDOVER:** There shall be no holding over by Lessee upon expiration or termination of this Agreement without the written consent of Lessor, and Lessee further agrees to promptly vacate the Premises upon the termination of this Agreement.
21. **ACCIDENTS:** All personal property owned by Lessee on said Premises shall be at the risk of Lessee, except to the extent caused by the willful and wanton misconduct of Lessor, its contractors, agents and employees. Lessor or Lessor's agents shall not be liable for any damage, either to person or property, sustained by Lessee or others, caused by any defects now on said Premises or hereinafter occurring therein on the Premises or access thereto. Lessee agrees to defend and hold Lessor and Lessor's agents harmless from any and all claims for damages suffered or alleged to be suffered in or about the Premises by any person, firm or corporation, except to the extent caused by willful and wanton misconduct of Lessor, its contractors, agents and employees.
22. **USES PROHIBITED:** Lessee shall not use, or permit the Premises, or any part thereof, to be used for any purpose or purposes other than the purpose or purposes for which the Premises are described in this Lease; and no use shall be made or permitted to be made of the Premises, or acts done, which will cause a cancellation of any liability insurance policy on the Premises, or any part thereof, nor shall Lessee sell, or permit to be kept, used or sold, in or about the Premises, any article which may be prohibited by the standard form of liability insurance policies. Lessee shall not be entitled to exercise any hunting rights or other recreational uses on the Premises, said rights (including commercial hunting rights) being reserved unto Lessor.
23. **CONDEMNATION:** In the event public authority takes any part of the property in which the Lease Premises are contained, and the Premises become unusable, Lessor or Lessee may cancel this Lease upon ten (10) days written notice to the other party, and all damages shall belong to Lessor.
24. **CONDEMNATION:** In the event public authority takes any part of the property in which the Lease Premises are contained, and the Premises become unusable, Lessor or Lessee may cancel this Lease upon ten (10) days written notice to the other party, and all damages shall belong to Lessor.
25. **NOTICES:** All notices under this Lease shall be in writing and sent by U.S. mail, or may be personally delivered, to

Lessor:

Lessee:

ABC L.L.C

XYZ Ranch, Inc.

Any change in address shall be provided by each party to the other in writing. Notices shall be deemed given as of the date of personal delivery or deposit in U.S. mail.

26. **HEIRS AND SUCCESSORS:** Subject to the provisions hereof pertaining to assignment and subletting, the covenants and provisions of this Lease shall be binding upon the heirs, legal representatives, successors and assigns of any or all of the parties hereto.
27. **ATTORNEYS' FEES:** If any action at law or in equity shall be brought to recover any rent under this Agreement, or for or on account of any breach or default of, or to enforce or interpret any of the covenants, terms or conditions of this Agreement, or for the recovery of the possession of the demised Premises, the prevailing party shall be entitled to recover from the other party as part of the prevailing party's cost reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment or decree rendered.
28. **TIME OF THE ESSENCE:** Time is hereby declared to be of the essence of each and every provision hereof, and no waiver of any breach of any condition or covenant shall waive any such condition or covenant or future breach thereof, or this covenant as to time.

Grazing Plan

1	No. Head:	100+/-	Dates:	Spring
	Pasture(s):	100 Acre Pasture		
2	No. Head:	100 +/-	Dates:	Spring / Summer
	Pasture(s):	South Pasture		
3	No. Head	100 +/-		
	Pasture(s)	Upper pasture	Dates:	Summer

- The actual dates spent in any pasture depend on the number of cattle and growing conditions for the year. Grazing standards are the basis for moving cattle to another pasture
- Upper pasture is rested until after seed set in 2015
- The South Pasture can be used for holding cattle between moves. Standards stated in the lease remain in effect for this pasture.
- Once livestock leave the pasture, the regrowth will not be grazed again (With the exception of the 100 Acre Pasture).

AGRICULTURAL LEASE AGREEMENT EXAMPLE

THIS AGRICULTURAL LEASE (hereinafter "the Lease") made this 1st day of May 2022, by and between _____, of _____, Montana, (hereinafter "Lessor") and _____ of _____, Montana, (hereinafter "Lessee").

WITNESSETH:

1. The Lessor does hereby lease to Lessee, and Lessee does hereby hire from Lessor the real property, facilities, and appurtenant irrigation equipment situated in the County of Madison, State of Montana, more particularly depicted in **Exhibit "A"** attached hereto (referred to herein as "the Premises")

2. BUSINESS PURPOSE: The Premises are to be used by the Lessee for the specific purpose of conducting the business of crop and livestock production.

3. TERM: The term of this Lease shall commence on the ___(start date)_____ and end the ___(end date)___.

4. RENT: Lessee covenants and agrees to pay the Lessor the annual sum of ___(cash amount if applicable)___ as rent for the Premises as specified herein. The breakdown on this cash value is displayed in Table 4.1. The annual rent shall be paid in lawful money of the United States to the Lessor at ___(mailing address)___, or to such other place as Lessor may from time to time direct Lessee by written notification, according to the following schedule of installments:

a. The first installment is one-quarter of the lease value (\$6,640) to be made on or before June 1.

b. The last installment of the lease balance (\$19,920) will be made on or before November 1.

c. In the event installments become overdue, interest shall accrue on the balance at a rate of 12% per annum.

Table 4.1

IRRIGATED LAND			
	<i>Acres</i>	<i>Price/ac</i>	<i>Total</i>
Hand Line	35	\$36	\$1,260
Pivot	253	\$100	\$25,300
TOTAL			\$26,560

5. TERMS OF CROP LEASE:

- Lessor makes available to Lessee irrigated land (as identified in Exhibit A) for the purpose of producing commercial crops including grain and forage.
- Lessee provides labor and equipment necessary (minus irrigation equipment) to grow, maintain, and harvest marketable crops on the Premises.
- Lessee provides labor and equipment necessary to control weeds and maintain 27 acres of fallow/idle handline ground identified in Exhibit A.
- Lessee may stack harvested hay in existing stack yards on the Premises or in other areas agreed to in advance of harvest
- Lessee agrees to purchase and apply fertilizer necessary to produce a reasonable crop on the lands that are the subject of this lease

_____ Lessor

_____ Lessee

- f. Subject to the limits of its water rights and contracts, Lessor agrees to provide irrigation water (including water fees) necessary to irrigate crops on the lands that are the subject of this Lease.
- g. Lessee will pay all electricity bills related to its agricultural operations, including the irrigation systems on the Premises. The Lessee will contract directly for such utility services and will pay the utility companies directly upon its receipt of any such bills.

6. TERMS OF PASTURAGE:

- a. Lessor agrees to make crop aftermath available for grazing on all irrigated land.
- b. Areas adjacent to crops may also be grazed.
 - i. Lessor shall not place salt or mineral in non-crop areas.
 - ii. Areas adjacent to irrigated crops will not be grazed more than 50% (by weight) of the current year's production.
 - iii. Areas adjacent to crops may not be re-grazed in the same year.
- c. In no event shall Lessee permit its cattle to overgraze the premises. In the event the Lessee overgrazes the premises, Lessor, at its discretion, shall be entitled to the following remedies: using temporary fence to exclude cattle from over-used areas, entirely at Lessee's cost; or the removal of cattle from the premises.
- d. Lessee agrees to provide necessary labor and equipment for grazing management, including, but not limited to moving livestock, fence maintenance, waterline maintenance, water hauling, livestock sorting, and doctoring.
- e. Lessee agrees to pay all care and nutritional needs of livestock, including, but not limited to hay, veterinarian fees, medicines, and feed supplements.

7. **LIVESTOCK CONTROL:** Lessee is responsible to prevent grazing animals from trespassing on land adjacent to the Premises. Lessee assumes all responsibility for all damage and claims made against Lessee as a result of said trespass.

8. **WATER RIGHTS:** The lands are leased together with such water rights and irrigation ditches, conveyances and equipment as are appurtenant to them. Lessee is entitled to the use of all water rights appurtenant to the Premises for the purpose of irrigating farm crops.

Lessor agrees to pay all expenses incurred or occasioned by the appointment of a Water Commissioner or Ditch Rider during the term of this Lease. Lessor agrees to take any action reasonable and necessary to defend the water rights appurtenant to the Premises so as to protect Lessee's right to continued usage of said rights during the term of this Lease.

9. **PEST CONTROL AND WEEDS:** The Lessor will be responsible for management and control of Montana State Category 1 Noxious weeds as they occur in non-cropland environments (e.g. pastures). The Lessee shall be responsible for management and control of weeds, including Montana State Category 1 Noxious weeds, as they occur in cropland environments (e.g. irrigated fields). All applicable label instructions will be adhered to in the application of restricted-use herbicides. Additionally, applicators of restricted-use herbicides will be properly certified by the State of Montana for such work. The Lessee, at his discretion shall control animal pests on the leased property, including ground squirrels. Control methods for pests shall comply with label instructions and applicable state and federal regulations.

_____ Lessor

_____ Lessee

10. **CONSERVATION AND RECLAMATION REQUIREMENTS:** The Lessee agrees to utilize best management practices in the farming, irrigating and ranching operations to prevent soil erosion, pollution to ground and surface waters, impacts to riparian areas and wetlands, and overgrazing. No additional lands will be plowed for cropping without the prior approval of Lessor. The Lessee shall not commit waste on the leased property and agrees not to drive or ride on the property so as to cause damage to roads, fields and rangeland areas. Lessee further agrees to utilize and comply with the reclamation standards of the Lessor for all activities involving any excavation or disturbance to the ground, other than customary tillage and farming operations. These standards include stripping and setting topsoil aside prior to excavation, replacing topsoil after excavation, re-establishing vegetation, and controlling Montana State listed noxious weeds.
11. **TAXES:** During the term of this Lease, the Lessor agrees to pay all the real property taxes applicable to the Premises and all personal property taxes on its own personal property (including irrigation systems). The Lessee agrees to pay all personal property taxes on its personal property located on the Premises or attributable to the exercise of its rights and obligations under the terms of this Lease.
12. **REPAIRS AND MAINTENANCE:** Lessee agrees to provide labor and materials for repairs to the Premises and improvements to keep it in its present condition. Said repairs include but are not limited to repair and maintenance of irrigation equipment, pumps, meters, piping and associated apparatus, buildings, facilities, and corrals. Lessee will notify Lessor in writing when repair costs are expected to exceed \$1,000. Lessor agrees, at its option, to compensate Lessee the balance of repair costs when such costs on a single repair project exceeds \$1,000, except in cases where repairs are warranted resulting from negligence of the Lessee, and in such case, Lessee agrees to make full repairs necessary so as to fulfill the terms of this Lease. If Lessor exercises its option not to make repairs in excess of \$1,000, Lessor agrees to reduce the lease on a prorated basis subject to the Lease valuation described in paragraph 4. The Lessee further agrees to turn over the irrigation equipment to the Lessor at the conclusion of the Lease in the same condition as when received, ordinary wear and tear accepted.
Lessor and Lessee will cooperate on a semi-annual basis to inspect real property, facilities, and appurtenant irrigation equipment for the purpose of identifying maintenance and replacement priorities.
13. **CARE OF PREMISES:** Lessee will at all times keep the Premises neat, clean and in a sanitary condition with the prompt disposal of all waste materials, and other things not reasonably necessary to its ongoing operation or meeting the business purpose described in paragraph 2, above. The Premises shall at all times be kept and used in accordance with the laws, statutes, administrative rules and regulations of the U.S. Government and the State of Montana, and the ordinances of _____ County, or other applicable governmental entities, present or future, and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector or other proper officers having jurisdiction, at the sole cost and expense of the Lessee; and Lessee will neither permit nor suffer any waste, damage or injury to the Premises.
14. **OCCUPATION:** Lessee may occupy the property for the purposes of this Lease (Paragraph 2) upon the execution of this Lease.
15. **ACCESS:** The Lessor shall continue to have unlimited access to the Premises at all times to inspect and verify compliance with the terms of this Lease, to occupy and use the facilities, structures, fixtures and equipment on the Premises reserved for the Lessor, and for any other uses and purposes which do not unreasonably interfere with the Lease purposes. Access includes but is not limited to commercial and personal hunting and fishing activities.

_____ Lessor

_____ Lessee

16. **ALTERATIONS:** Lessee shall not make any alterations, additions, or improvements to said Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld, and all alterations, additions and improvements which shall be made, shall be at the sole cost and expense of Lessee and shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation, or injury. If the Lessee shall perform work with the consent of the Lessor, as aforesaid, Lessee agrees to comply with all laws, ordinances, rules and regulations of the State of Montana, _____ County, or any other authorized public authority. The Lessee further agrees to hold and save the Lessor free and harmless from damage, loss or expense arising out of said work. Upon the conclusion of this lease, Lessee shall be entitled to reimbursement of the prorated share of any capital improvement constructed and/or installed. All capital improvements will be amortized with the straight-line method and have a 7-year life, except alfalfa rotations which have a 4-year life. Lessee shall provide Lessor all invoices and valuations of said capital improvements at the time the improvement was made. In the event this lease is renewed with the Lessor, Lessee is not required to reimburse Lessee a prorated share of capital improvements.
17. **INSURANCE:** Lessee must meet the following insurance requirements and shall obtain and keep in force during the term of this Lease and any extensions thereof the following policies of insurance:
- a. **Workers' Compensation Insurance.** For each of its employees at the Premises, Lessee shall keep and maintain workers' compensation insurance as required by law. Lessee will further ensure that any contractors or subcontractors employed by him shall have workers' compensation insurance or a certificate of exemption there from for each person working on the Premises.
 - b. **Personal Injury and Property Damage Liability Insurance.** It is expressly understood and agreed that Lessor shall not be liable for damages or injury to Lessee or its property, or to Lessee's employees (or employees' property), customers, agents, and invitees from whatever cause arising, and Lessee shall indemnify, defend, save and hold harmless Lessor, its trustees, employees and agents against all liability, claims, suits or action of whatsoever nature, loss or expense, including attorney fees and other expenses incident thereto, and against all claims, actions and judgments based upon or arising out of damage or injury or death to persons or property unless the direct result of Lessor's willful act. Lessee shall provide public liability insurance with a policy limit of not less than \$1,000,000 for each occurrence, \$2,000,000 aggregate. A certificate of insurance, naming Lessor as an additional insured, shall be provided to Lessor at each policy renewal.
 - c. **Lessor's Right to Pay Premiums on Behalf of Lessee.** All of the policies of insurance referred to in this section shall be written in form reasonably satisfactory to Lessor and by insurance companies reasonably satisfactory to Lessor. Lessee shall pay all of the premiums therefore and deliver such policies, or certificates thereof, to Lessor, and in the event of the failure of Lessee, either to effect such insurance in the names herein called for or to pay the premiums therefore or to deliver such policies, or certificates thereof, to Lessor, Lessor shall be entitled, but shall have no obligation, after fifteen (15) days' notice to Lessee to effect such insurance and pay the premiums therefore, which premiums shall be repayable to Lessor with the next installment of rental, and failure to repay the same shall carry with it the same consequence as failure to pay any installment of rent. Each insurer mentioned in this section shall agree, by endorsement on the policy or policies issued by it, or by independent instrument furnished to Lessor, that Lessee will give Lessor fifteen (15) days' written notice before the policy or policies in question shall be altered or canceled. Lessor agrees that it will not unreasonably withhold its approval as to the form or to the insurance companies selected by Lessee.

_____ Lessor

_____ Lessee

- d. **Blanket Insurance Policies.** Notwithstanding anything to the contrary contained in this section, Lessee's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Lessee; provided, however, that the coverage afforded Lessor will not be reduced or diminished or otherwise be different from that which would exist under a separate policy meeting all other requirements of this Lease by reason of the use of such blanket policy of insurance.

18. **INDEMNIFICATION:** Lessee promises to indemnify and hold Lessor, its officers, employees, contractors, and agents harmless from any claims, demands, losses, causes of actions or expenses in connection with this Lease and any farming, ranching, construction, maintenance or operational activities on the Premises or equipment. Lessee assumes the duty to inspect for dangerous or potentially dangerous conditions on the Premises or access thereto and notify its own employees, contractors, subcontractors, or agents and to notify Lessor in writing of such conditions. The parties agree that Lessor shall have no duty to limit or prevent access to Lessee's leased Premises, and Lessor shall not be liable for any vandalism or intentional or negligent damage by third parties to Lessee's equipment and property.
19. **ACCIDENTS:** All personal property owned by Lessee on said leased Premises shall be at the risk of Lessee, except to the extent caused by the willful and wanton misconduct of Lessor, its contractors, agents, and employees. Lessor or Lessor's agents shall not be liable for any damage, either to person or property, sustained by Lessee or others, caused by any defects now on said Premises or hereinafter occurring therein on the leased Premises or access thereto. Lessee agrees to defend and hold Lessor and Lessor's agents harmless from any and all claims for damages suffered or alleged to be suffered in or about the leased Premises by any person, firm or corporation, except to the extent caused by willful and wanton misconduct of Lessor, its contractors, agents and employees.
20. **DAMAGE OR DESTRUCTION:** In the event the Premises and/or improvements are damaged to such an extent as to render the same unusable in whole or in a substantial part thereof, or is destroyed, it shall be the option of the Lessor to repair or rebuild the same, and after the happening of any such damage or destruction, the Lessee shall give Lessor immediate written notice thereof. Lessor shall have not more than sixty (60) days after date of such notification to notify the Lessee in writing of Lessor's intentions to repair or rebuild said Premises, or the part so damaged as aforesaid, and if Lessor elects to repair or rebuild, Lessor shall complete the work of such repairing or rebuilding without unnecessary delay. In the event Lessor elects not to repair or rebuild said destroyed premises, Lessor agrees to reduce the lease on a prorated basis subject to the lease valuation described in paragraph 4.
21. **USES PROHIBITED:** Lessee shall not use, or permit the Premises, or any part thereof, to be used for any purpose or purposes other than the purpose or purposes for which the Premises are hereby leased; and no use shall be made or permitted to be made of the Premises, or acts done, which will cause a cancellation of any liability insurance policy on the Premises (unless such policy is replaced within a reasonable period of time), or any part thereof, nor shall Lessee sell, or permit to be kept, used or sold, in or about the Premises, any article which may be prohibited by the standard form of liability insurance policies. Lessee shall not be entitled to exercise any hunting or fishing rights or other recreational uses on the Premises, said rights being reserved unto the Lessor.
22. **LIENS AND INSOLVENCY:** Lessee shall keep the leased premise free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee. In the event Lessee becomes bankrupt, or is judicially declared incompetent, or if a receiver, assignee, or other liquidating officer is appointed for the business of the Lessee, then the Lessor may cancel this Lease at Lessor's option.

_____ Lessor

_____ Lessee

23. **NOTICE OF DEFAULT:** Lessee shall not be deemed to be in default or breach hereunder in the payment of rent, the payment of any other moneys as herein required, the furnishing of any insurance policy as required herein, or the keeping or performing of any other term, condition or covenant whatsoever of this Lease, and Lessor may not attempt to terminate this Lease, re-enter, re-take possession or maintain an action against Lessee, unless Lessor shall first in a written Notice of Default, delivered via Certified Mail, and Lessee shall fail to provide cure for such default or breach within 10 days of the date the Notice of Default was received.
24. **DEFAULT:** In the event a cure of any breach, as described in paragraph 23 above, is not completed or satisfactory to the Lessor, the lessee shall vacate the Premises, including cattle, equipment, machinery, supplies, and employee housing in no less than 40 days following the date the Notice of Default was received by the Lessee. At the end of the forty day (40) day vacating period, any proprietary interest of Lessee in and to any of its property, buildings, equipment, or crops not removed from the Premises shall be automatically transferred to Lessor, and all right, title, interest and ownership therein shall vest in Lessor. In the event of any breach of this Lease by Lessee, and no less than 40 days following the date of Notice of Default, Lessor, in addition to the other rights or remedies it may have, shall have the right to enter and remove personal property of Lessee from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Lessee. Should Lessor at any time terminate this Lease for any breach, in addition to any other remedy it may have, Lessor may recover from Lessee all damages incurred by reason of such breach, including the cost of recovering the Premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the remainder of the current lease year, all of which amounts shall be immediately due and payable from Lessee to Lessor.
25. **NONWAIVER OF BREACH:** The failure of the Lessor to insist upon strict performance of any of the covenants and agreements of this Lease, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such, or any other, covenants or agreements, but the same shall be and remain in full force and effect.
26. **ASSIGNMENT:** The Lessee shall not, without the written consent of the Lessor in each instance first obtained, assign, sublet, or permit the assignment of this Lease, or any interest therein, whether voluntarily or involuntarily, or by operation of law or otherwise. No consent to such assignment shall operate to relieve the Lessee or its successor's interest from the necessity of obtaining like consent for any subsequent assignment.
27. **HOLDOVER:** There shall be no holding over by Lessee upon expiration or termination of this Lease without the written consent of the Lessor, and Lessee further agrees to vacate the Premises immediately upon expiration of this lease or within thirty (30) days upon termination of this lease, whichever may be the case.
28. **ATTORNEYS' FEES:** If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach or default of, or to enforce or interpret any of the covenants, terms or conditions of this Lease, or for the recovery of the possession of the demised Premises, the prevailing party shall be entitled to recover from the other party as part of the prevailing party's cost reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment or decree rendered.
29. **EFFECT OF SALE OR TRANSFER:** In the event of the sale or transfer of the demised Premises or any part thereof by the Lessor during the term hereof, such sale or transfer shall be subject to Lessee's leasehold interest and all of the terms and conditions of this Lease.

_____ Lessor

_____ Lessee

30. **TIME OF THE ESSENCE:** Time is hereby declared to be of the essence of each and every provision hereof, and no waiver of any breach of any condition or covenant shall waive any such condition or covenant or future breach thereof, or this covenant as to time.
31. **NOTICES:** All notices under this Lease shall be in writing and sent by U.S. mail, or may be personally delivered, to the Lessee at _____ and to the Lessor at _____. Any change in address shall be provided by each party to the other in writing. Notices shall be deemed given as of the date of personal delivery or deposit in U.S. mail.
32. **HEIRS AND SUCCESSORS:** Subject to the provisions hereof pertaining to assignment and subletting, the covenants and provisions of this Lease shall be binding upon the heirs, legal representatives, successors and assigns of any or all of the parties hereto.
33. **PRIOR AGREEMENTS:** This Agricultural Lease contains the whole agreement between the parties pertaining to the Premises, and there are no other terms, obligations, covenants, representations, statements, or conditions, or otherwise, of any kind whatsoever.
34. **NO MODIFICATIONS:** Both parties acknowledge that no representation or condition or agreement varying or adding to this Lease have been made either orally or in writing and further that no modification, addition, or change shall be made or shall be effective unless reduced to writing and executed by both parties hereto.
35. **OPERATORS:** For the purpose of this lease, Lessor recognizes that _____ are the operators and owners of _____.
36. **SEVERABILITY:** In the event any one or more of the provisions of this Lease is found and determined to be unenforceable by the court of competent jurisdiction, the remaining provisions of this Lease shall nevertheless continue in full force and effect and be binding on the parties hereto, their agents, representatives, and assigns as set forth herein.
37. **GOVERNING LAW:** As the parties acknowledge that the location of the Premises, which are the subject of this Lease, is within the State of Montana, they agree that this Lease is entered into and shall be governed by the laws of the State of Montana.
38. **RECORDING:** The parties agree that neither this Lease instrument nor any abstract thereof shall be filed of public record without the prior written consent of Lessor.

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the day and year first above written.

LESSEE:

XYZ CORPORATION.

A Montana Corporation

LESSOR:

ABC, LLC

A Montana Limited Liability Company

By: John Doe, President

By: Jane Smith, member

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