

FOR IMMEDIATE RELEASE

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## **A ‘Fair’ Land Lease**

K-State Research and Extension will be hosting The Power of Negotiation and Communication, a Land Leasing Series. This program will cover farm leases of every type and prepare attendees, both landlords and tenants, to create intelligent and fair leases. It will also cover communication skills and relationships. This four-part workshop will be held on January 18<sup>th</sup>, January 25<sup>th</sup>, February 1<sup>st</sup>, and February 8<sup>th</sup> and will be held in four different locations in Southeast Kansas including Cherokee, Edna, Erie, and Neodesha. The total registration fee cost for this event is \$50, to cover dinner. Call (620) 784-5337 or visit [www.agmanager.info/events](http://www.agmanager.info/events).

Nearly fifty percent of all crop and pasture land is leased. The vast majority are verbal leases and were agreed upon long ago. This can create a great number of problems, a big one being when it comes to estate planning. The following scenario happens entirely too often. A (mostly) retired farmer or land owner dies, the estate is settled, and then the surviving family has no idea what the leases of the farm ground are. More often than not, everyone has already moved away from what was once the family farm. In the end, the family wants to know what is fair to the leasing farmer, but still make the most rent or crop share profit. The only good solution is to get these leases in writing now, not only for the next generation, but also for the landlord to protect their assets and for the farmers and ranchers to protect their businesses.

### **What’s in a Good Lease?**

If at all possible, the first step in creating an agriculture lease is to know what lease is currently held. To get this information, you will have to ask the person who made the lease what the contract details are. If you are lucky, the details are already down in a written contract. If you are that person, then do your family a favor and write the contract details down. Whether writing down a verbal contract or starting over with a written contract, the following contract details are important.

- **Contracting parties:** This might seem simple but often farmers have shared operations and multiple family members can own land. A land contract is not automatically transferred when a farmer retires and the farming partner takes over.
- **Property Description:** The legal boundaries can be determined at the county deeds office and is required for a proper contract.
- **General Terms of the Lease:** Pretty cut and dry terms like dates on the contract, no subleasing, right of entry, etc. It is important to detail hunting rights, as well as road and fence repair obligations.
- **Payments and Due Date:** Payments of cash rent and the date in which payments are to be made by.
- **Land Use:** This is the meat and potatoes and by far the biggest part of the contract. This will be the hardest part for people not familiar with farming. Especially in crop share agreements as it

will contain the percentages; expenses and income. Sometimes a landlord will designate a specific practice such as cover crops, tillage, or conservation practices.

- Maintenance: Who is responsible for fencing, conservation, noxious weeds, repairs and general maintenance?
- Hunting: Who can hunt on the land and can the land be leased to hunters?

Examples of agricultural contracts can be found on [agmanger.info](http://agmanger.info) or other state extension websites. Even though many are fill in the blank, it is ideal to have a legal professional look them over.

### **What is a ‘Fair’ Lease?**

Determining ‘what is fair’ for cash rent or for a crop share can be difficult. Data is collected from yearly surveys to determine average cash rents, which can be a starting point. However, the data does not differentiate between land types; upland or bottomland, native or fescue, or state of condition. In addition, not many people submit completed surveys so rental rate averages are sparse and variable. For crop share, the question is who pays for what and in what percentages.

The majority of crop share contracts in Southeast Kansas are on a one-third: two-third ratio basis. Data from surveys about leasing agreements were collected last year. Seventy-five to one-hundred percent of the one-third: two-third contracts split fertilizer costs, depending on crop type. Splitting herbicide cost was more common in soybeans and wheat than it was in corn, and splitting insecticide cost was less common in each crop type. Looking at the arrangements from the rest of the state, splitting of fertilizer and herbicide costs is common in one-third: two-third agreements. For sixty-forty and fifty-fifty arrangements, nearly all split fertilizer, herbicide, and pesticide are split on that percentage. This makes sense because the landlord should cover more costs as they receive a higher percentage of the crop. The surveys do not ask about liming costs, which are often split fifty-fifty by the landlord and farmer, no matter the crop share percentages.

In the end, what is fair is subjective, and the data that we use to determine what is common or fair isn’t always statistically robust because so few turn in the land use surveys. Forming a well written lease and telling family members about the lease details will always be helpful later on. Statistics on rental rates, crop share agreements, and blank contracts can all be found on K-State Research and Extensions Economics Website, [agmanger.info](http://agmanger.info).

For more information about soil fertility or crops, please contact James Coover, Crop Production Agent, [jcoover@ksu.edu](mailto:jcoover@ksu.edu) or (620) 724-8233.

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