

Illinois Fixed Cash Farm Lease (Short Form for One Year)

To use this lease form: Complete two identical copies – one for the Lessor (Landowner) and one for the Lessee (Tenant). Cross out or delete any provisions that are not to become a part of the contract and add any additional provisions that are desired. This lease form is available on the farmdoc website at www.farmdoc.illinois.edu/legal/CashLeaseShortFormDLU14-1201.pdf and www.farmdoc.illinois.edu/legal/CashLeaseShortFormDLU14-1201.doc. A discussion of this form can be found On-Line at <http://farmdocdaily.illinois.edu/2014/11/discussion-of-fixed-cash-lease.html>. Additional leasing information can be found in the Management Section of the farmdoc Website (<http://www.farmdoc.illinois.edu/manage/>). **Note: A lease creates and alters legal rights; thus, Landowners and Tenants should strongly consider discussing lease provisions with their respective legal advisors.**

Date and names of parties. This lease, bearing the date of _____, 20____, is between:

Lessor(s) (Insert Landowner's exact name): _____,
whose mailing address is _____,

and

Lessee(s) (Insert Tenant's exact name): _____,
whose mailing address is _____,
and whose Social Security Number or Employer Identification Number (if Tenant is an entity other than an individual) is _____.

The parties to this lease agree to the following lease for the land and length of tenure described in Section 1.

SECTION 1. DESCRIPTION OF RENTED LAND AND LENGTH OF TENURE

A. Description of Land. The Landowner (Lessor) rents and leases to the Tenant (Lessee), to occupy and to use for agricultural purposes only, the following real estate located in the County of _____ and the State of _____, and described as follows: _____

commonly know as the _____ farm and consisting of approximately _____ acres, together with all buildings and improvements thereon belonging to the Lessor, except _____.

B. Length of tenure. The term of this lease shall be for the _____ Crop Year, specifically from _____, 20____, to _____, 20____. Lessee shall surrender possession at the end of this term or of any extension. Extensions must be in writing and attached to, and refer to, this lease.

SECTION 2. FIXED CASH RENT

Fixed Cash Rent. Tenant agrees to pay Landowner an annual fixed cash rent in the following amount: \$ _____.

Cash Rent Installments. The cash rent shall be paid each year in the following amounts on the following dates (identify whether the amount is in Dollars (\$) or a percent (%) of the total):

_____ on _____; _____ on _____; _____ on _____;

SECTION 3. INVESTMENT AND EXPENSES OF LESSOR-OWNER AND LESSEE-TENANT

A. The Lessor-Owner agrees to pay

- (1) Real Estate Taxes on the land and improvements and
- (2) Reasonable costs of soil tests used to monitor the fertility and pH levels of the farmland.

B. The Lessee-Tenant agrees to furnish (1) All the machinery, equipment, labor, fuel, and power necessary to farm the premises, and

- (2) All other annual inputs to the farming operation, including seed, pest and disease treatments, and fertilizers and limestone.

Farmdoc Form: CL-LF 14-1201. Form edited by D. L. Uchtmann, Prof. Emeritus of Agricultural Law, and Gary Schnitkey, Prof. of Farm Management. The editors express appreciation to other colleagues at the University of Illinois and members of the Agricultural Law Section Council of the Illinois State Bar Association for their assistance with this form.

SECTION 4. LESSEE-TENANT'S DUTIES IN OPERATING FARM

A. The Lessee-Tenant agrees:

1. To cultivate the farm in a timely, thorough, and businesslike manner, including (a) Preventing, so far as reasonably possible, noxious weeds (defined by Illinois) and other weeds from going to seed and (b) Preventing unnecessary waste, loss, or damage.
2. To maintain the soil pH at 6.0 or higher (not to exceed a pH of 6.8) and to maintain soil fertility levels. Lessee-Tenant will apply limestone as appropriate to maintain this minimum pH level and will apply N, P, and K fertilizers at rates that, at a minimum, will replace the net N, P, and K expected to be used by the crops to be grown. (See Section 5, Clause A, for provisions regarding reimbursement of Lessee-Tenant for limestone.)
3. To implement soil erosion control practices and other conservation measures as may be necessary to comply with any soil loss standards mandated by the local, state and federal agencies and other conservation compliance requirements of federal farm programs.
4. Insurance: For the term of the lease, Lessee-Tenant shall maintain insurance with a carrier acceptable to the Lessor-Owner, insuring Lessee-Tenant while performing on the premises hereunder for the following types and in stated minimum amounts:

Liability Insurance: \$ _____ per person/\$ _____ per occurrence

Property Damage: \$ _____ per occurrence

Workers Compensation: Full Statutory Limits, if applicable

5. To fulfill all other requirements necessary to qualify current and future farm operators to participate in federal farm programs.

B. The Lessee-Tenant further agrees, unless written consent of the Lessor-Owner is obtained:

1. Not to Assign this lease to any person or sublet any part of the premises herein leased nor to Permit, encourage, or invite other persons to use any part or all of this property for any purpose or activity not directly related to its use for agricultural production, and
2. Not to burn or bury any materials on the farm nor store or dispose of chemicals or empty chemical containers on the property nor enter into any contract, or other business arrangement that alters rights in the Lessor-Owner's security interest, right of entry, default or possession.

C. Other Duties: _____

SECTION 5. MANAGEMENT AND BUSINESS PROCEDURES

- A. Owner Reimbursement to Tenant for Limestone.** At the end of this lease term, if the Lessee-Tenant does not remain in possession of the farmland under a new lease or extension, Owner agrees to reimburse the Lessee-Tenant for Lessee-Tenant's "remaining cost" for each application of limestone within the past _____ lease years, this year included. The Lessee-Tenant's "remaining cost" for each application shall be calculated by depreciating the Lessee-Tenant's net cost of each application at the rate of ____% for each growing season that followed the application. After _____ growing seasons, there is no "remaining cost" to be reimbursed.
- B. Failure to Make Lease Payment.** Failure to make a lease payment by a due date described in Appendix A, or failure to make a payment required by a previous lease between the parties, is a "substantial breach" of this lease (See Section 6.A – Termination and Default).
- C. Data.** Lessee-Tenant shall provide to Lessor-Owner annually (1) All crop production data from this farm, including records substantiating this production, and (2) The product name, amount, date of application and location of application of all pesticides and fertilizers used on the farm. Invoices/Receipts must be specific to the farm unit identified in this lease.
- D. Hunting.** Lessor retains/ the hunting rights to the leased premises (Strike Out if Tennant is to have the hunting rights).
- E. Other Management Provisions:** _____

SECTION 6. DEFAULT, POSSESSION, ATTORNEY FEES, OTHER MATTERS

- A. Termination upon default.** If either party fails to carry out substantially the terms of this lease, the lease may be terminated by the other party by serving a written notice citing the instance(s) of default and specifying a termination date of 3 days from the date of such notice. Settlement shall then be made in accordance with the provisions of Clause B of this section, the reimbursement agreements of Section 5, and any amendments to this lease.
- B. Yielding possession.** The Lessee-Tenant agrees at the expiration or termination of this lease to yield possession of the premises to the Lessor-Owner without further demand or notice, in as good order and condition as when they were entered upon by the Lessee-Tenant, loss by fire, flood, or tornado, and ordinary wear excepted. If the Lessee-Tenant fails to yield possession, the Lessee-Tenant shall pay to the Lessor-Owner a penalty of \$_____ per day for each day he/she remains in possession thereafter, in addition to any damages caused by the Lessee-Tenant to the Lessor-Owner's land or improvements. These payments shall not entitle the Lessee-Tenant to any interest of any kind in or on the premises.
- C. Attorney Fees.** All costs and attorney fees of the Lessor-Owner in enforcing collection or performance shall be added to the obligations payable by the Lessee-Tenant.
- D. Lessor-Owner's right of entry.** The Lessor-Owner reserves the right personally or by agents, employees, or assigns to enter upon the premises at any reasonable time to view them, work or make repairs or improvements thereon, hunt or shoot firearms, take soil tests, develop mineral resources, and, if the lease term has not been extended and following severance of crops, to conduct fall tillage, make seedings, glean corn, apply fertilizers, and perform any other operation necessary to good farming by the succeeding Lessee-Tenant.
- E. Lessor-Owner liability.** The Lessee-Tenant acknowledges the hazards of operating a farm, and assumes all risk of accidents personally as well as for family, employees, or agents in pursuance of farming operations, or in performing repairs on improvements.

SECTION 7. ADDITIONAL LEASE PROVISIONS

Signatures of parties to lease:

	<i>Landowner</i>	<i>Date</i>
	<i>Landowner</i>	<i>Date</i>
By _____	<i>Agent</i>	<i>Date</i>
	<i>Tenant</i>	<i>Date</i>
	<i>Tenant</i>	<i>Date</i>

Amendments and Extensions to the Lease

(To be completed manually/cannot be completed on-line)

Amendments, alterations, and extensions to this lease may be made in writing in the space below at any time by mutual agreement. The written amendments should be noted on both the Landlord's and Tenant's copies of the lease (complete and sign two identical copies). If the parties fail to agree on a proposed alteration, the existing provisions of the lease shall control operations.

A. Improvements made by the Tenant at the Tenant's own expense. When the Lessor and Tenant agree that the Tenant may make all or part of an improvement (such as buildings, additions to buildings, major repairs, fences, tiling, grain storage, bathrooms, etc.) to the farm at the Tenant's own expense and that the Tenant is to be reimbursed for any costs remaining at the end of the lease or any extensions of the lease, the necessary information shall be recorded in one of the following blanks and, after being duly signed by both parties, it shall become a part of the lease above, and any extensions of the lease, and obligate the Lessor and his or her heirs and assigns to make such reimbursement. Such improvements become the Lessor's property upon completion of the form below. The Lessor thereby assumes the responsibility for property taxes, insurance coverage, and risk of loss. **Note: Permanent improvements made by a tenant with an understanding that the owner will reimburse the Tenant if the Tenant leaves the property before the improvement has been fully depreciated is a complicating feature in a lease; both parties should strongly consider discussing such an arrangement with his or her respective attorney before agreeing to such an arrangement.**

Description & location of improvement	Tenant's net cost	Annual rate of depreciation (%)	Date depreciation begins	Signatures and Date Signed
1.				Lessor:
				Tenant:
2.				Lessor:
				Tenant:
3.				Lessor:
				Tenant:

B. Other amendments: To be dated, signed and attached to both Landowner's and Tenant's copies of lease (legal counsel may be helpful).

C. Lease Extensions (you can affirm the original Cash Rent, or modify the Cash Rent, in each 1 Year Extension)

<p style="text-align: center;">Lease Extension # 1</p> <p>This lease, originally dated _____, 20____, shall be extended . . .</p> <p>From _____, 20____,</p> <p>To _____, 20____.</p> <p>At an annual cash rent of \$ _____</p> <p>Signed (insert date): _____, 20____</p> <p>_____ Lessor</p> <p>_____ Tenant</p>	<p style="text-align: center;">Lease Extension # 2</p> <p>This lease, originally dated _____, 20____, shall be extended . . .</p> <p>From _____, 20____,</p> <p>To _____, 20____.</p> <p>At an annual cash rent of \$ _____</p> <p>Signed (insert date): _____, 20____</p> <p>_____ Lessor</p> <p>_____ Tenant</p>	<p style="text-align: center;">Lease Extension # 3</p> <p>This lease, originally dated _____, 20____, shall be extended . . .</p> <p>From _____, 20____,</p> <p>To _____, 20____.</p> <p>At an annual cash rent of \$ _____</p> <p>Signed: _____, 20____</p> <p>_____ Lessor</p> <p>_____ Tenant</p>
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<p style="text-align: center;">Lease Extension # 4</p> <p>This lease, originally dated _____, 20____, shall be extended . . .</p> <p>From _____, 20____,</p> <p>To _____, 20____.</p> <p>At an annual cash rent of \$ _____</p> <p>Signed (insert date): _____, 20____</p> <p>_____ Lessor</p> <p>_____ Tenant</p>	<p style="text-align: center;">Lease Extension # 5</p> <p>This lease, originally dated _____, 20____, shall be extended . . .</p> <p>From _____, 20____,</p> <p>To _____, 20____.</p> <p>At an annual cash rent of \$ _____</p> <p>Signed (insert date): _____, 20____</p> <p>_____ Lessor</p> <p>_____ Tenant</p>	<p style="text-align: center;">Lease Extension # 6</p> <p>This lease, originally dated _____, 20____, shall be extended . . .</p> <p>From _____, 20____,</p> <p>To _____, 20____.</p> <p>At an annual cash rent of \$ _____</p> <p>Signed: _____, 20____</p> <p>_____ Lessor</p> <p>_____ Tenant</p>
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