

ILLINOIS CASH FARM LEASE

To use this lease form. Complete two identical copies - one for the Lessor (Landowner) and one for the Lessee (Tenant). Cross out any provisions that are not to become a part of the contract. Write any additional provisions that are desired. Use ink or typewriter. Suggestions for completing and using this lease form are available from your county Extension adviser and from Illinois Extension Circular 1199, *Farm Leases for Illinois*. The Landowner and Tenant may want to discuss lease provisions with their respective legal counsel since a lease creates and alters legal rights.

Date and names of parties. This lease is entered into on _____ 20____,
between _____ Lessor(s),
at (address) _____
and _____ Lessee(s),
at (address) _____

The parties to this lease agree to the following provisions.

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

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

Length of tenure. The term of this lease shall be from _____ 20____, to _____ 20____, and the Lessee shall surrender possession at the end of this term or at the end of any extension thereof. Extensions must be placed in writing on this lease, and both parties agree that failure to execute an extension at least _____ months before the end of the current term shall be constructive notice of intent to allow the lease to expire.

Amendments and alterations to this lease may be made in writing in the space provided at the end of this form at any time by mutual agreement. If the parties fail to agree on proposed alterations, the existing provisions of the lease shall control operations.

Prepared by the Department of Agricultural and Consumer Economics, Cooperative Extension Service, College of Agricultural, Consumer and Environmental Sciences, University of Illinois at Urbana-Champaign, issued in furtherance of Cooperative Extension Work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. DENNIS R. CAMPION, Interim Director, Cooperative Extension Service, University of Illinois at Urbana-Champaign. The Illinois Cooperative Extension Service provides equal opportunities in programs and employment.

Section 1. Amount of Rent

A. The Lessee agrees to pay the Lessor an annual cash rent for the above-described farm in the amount determined by one of the following methods:

Method 1. The annual cash rent shall be the sum of \$ _____. This represents _____ acres of cropland at \$ _____ per acre, plus _____ acres of _____ at \$ _____ per acre, plus _____ acres of _____ at \$ _____ per acre, plus _____.

Method 2. The cash rent shall be the amount stated in Method 1 above, but adjusted annually after the first year in proportion to changes in the USDA index of _____ for the month(s) of _____ from a base index of _____ for the first year of this lease.

Method 3. The cash rent shall be equal to the value of the standing amounts of commodities indicated below, such value to be calculated each year by using the prices for the time periods and from the sources specified. After the first year the standing amounts shall first be adjusted up or down for the year in the same proportion as county average yields changed that year from the indicated base yields.

<i>Commodity</i>	<i>Standing amount</i>	<i>Time periods and sources of the prices to be used</i>	<i>County average base yield</i>
Corn.....	_____ bu.	_____	_____ bu.
Soybeans.....	_____ bu.	_____	_____ bu.
Wheat.....	_____ bu.	_____	_____ bu.
Milk.....	_____ lb.	_____	XXXXXXXX
Hogs.....	_____ lb.	_____	XXXXXXXX
_____	_____	_____	_____

Section 2. Lessor's Investment and Expenses

The Lessor agrees to furnish the property and to pay the items of expense listed below:

- | | |
|---|---|
| <p>A. The above-described farm, including fixed improvements.</p> <p>B. Materials for necessary repairs and improvements to buildings and permanent fences except as agreed to in Sections 3D and amendments to this lease.</p> <p>C. Skilled labor employed in making and repairing improvements and all labor for painting buildings.</p> <p>D. Taxes on land, improvements, and personal property owned by the Lessor.</p> <p>E. Fire and wind insurance, at a fair replacement value, on the residence and all buildings owned by the Lessor and used by the Lessee in storing or housing grain, feed, livestock, and equipment.</p> | <p>F. Ground limestone: Lessor is to furnish ____ percent or share of total cost, including hauling and spreading.</p> <p>G. Seeds (state percent or share furnished by Lessor):
alfalfa, _____; red clover, _____; sweet clover, _____;
grass, _____; _____</p> <p>H. A water supply adequate for household use and ____ animal units of livestock.</p> <p>I. Other items: _____

_____</p> |
|---|---|

Section 3. Lessee's Investment and Expenses

The Lessee agrees to furnish the property and to pay the items of expense listed below:

- | | |
|---|---|
| <p>A. All the machinery, equipment, labor, fuel, and power necessary to farm the premises properly.</p> <p>B. The hauling to the farm, except when otherwise agreed, of all material which the Lessor furnishes for making repairs and minor improvements, and the performing of labor, except skilled, required for such repairing and improving.</p> <p>C. All seed, inoculation, disease—treatment materials, and fertilizers, except that which the Lessor agrees to furnish in Section 2 above.</p> | <p>D. The following described items and all other items of expense not furnished by the Lessor as provided in Section 2:

_____</p> |
|---|---|

Section 4. Lessee's Duties in Operating Farm

The Lessee further agrees to perform and carry out the stipulations below. (Strike out any not desired.)

A. Activities required:

1. To cultivate the farm faithfully and in a timely, thorough, and business-like manner.
2. To inoculate all alfalfa and soybean seed sown on land not known to be thoroughly inoculated for the crop planted.
3. To prevent noxious weeds from going to seed on said premises and to destroy the same and keep the weeds and grass cut.
4. To haul and spread all manure on appropriate fields at times and in quantities consistent with environmental protection requirements.
5. To keep open ditches, tile drains, tile outlets, grass waterways, and terraces in good repair.
6. To preserve established watercourses or ditches, and to refrain from any operation that will injure them.
7. To keep the buildings, fences (including hedges), and other improvements in as good repair and condition as they are when he or she takes possession or in as good repair and condition as they may be put by the Lessor during the term of the lease—ordinary wear, loss by fire, or unavoidable destruction excepted.
8. To take proper care of all trees, vines, and shrubs, and to prevent injury to the same.
9. To keep the farmstead neat and orderly.
10. To prevent all unnecessary waste, or loss, or damage to the property of the Lessor.
11. To comply with pollution control and environmental protection requirements, and to implement soil erosion control practices to comply with the soil loss standards mandated by the state.
12. Insurance: For the term of the lease, Lessee shall maintain insurance with a carrier acceptable to the Lessor, insuring Lessee while performing on these premises hereunder for the following types and in stated minimum amounts:

Crop Insurance	\$ _____	per acre
Liability Insurance:	\$ _____	per person
	\$ _____	per occurrence
Property Damage:	\$ _____	per occurrence
Workers Compensation:	Full Statutory Limits	

Lessee shall furnish a Certificate of Insurance and agrees that all applicable insurance policies name the Lessor as an additional insured and to receive notice of termination of coverage.

13. To use prudence and care in transporting, storing, handling, and applying all fertilizers, pesticides, herbicides, and other chemicals and similar substances, and to read and follow instructions on the labels for the use of such materials in order to avoid injury or damages to persons or property or both on the leased premises and adjoining areas.

14. Any chemicals for weed or insect control or other use, when used, should be applied at levels not to exceed the manufacturer's recommendation for the soil types involved. The Lessee agrees to provide to the Lessor, annually, a written report indicating the product name, amount, date of application and location of application of all pesticides and fertilizers used on the farm.

15. No chemicals will be stored on the property for more than one year. When chemicals or petroleum products are stored on the farm, they will be only those planned to be used on the farm and they will be in closed, tight containers above ground and clearly marked. No chemicals or chemical containers will be disposed of on the property.

B. Activities restricted.

The Lessee further agrees, unless the written consent of the Lessor has been obtained:

1. Not to assign this lease to any person or persons or sublet any part of the premises herein leased.
2. Not to erect or permit to be erected any structure or building or to incur any expense to the Lessor for such purposes.
3. Not to add electrical wiring, plumbing, or heating to any buildings. (If consent is given, such additions must meet standards and requirements of power and insurance companies.)
4. Not 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, except as specifically noted here:

5. Not to plow permanent pasture or meadowland.
6. Not to allow any stock on any tillable land except by annual agreement.
7. Not to burn or remove cornstalks, straw, or other crop residues grown upon the farm.
8. Not to cut live trees for sale purposes or personal uses.
9. Not to erect or permit to be erected any commercial advertising signs on the farm.

C. Additional agreements:

Section 5. Management and Business Procedures

The Lessor and Lessee agree that they will observe the following provisions. (Strike out any not desired.) The decision making by the Lessor implied in Clause A below, or in any other part of this lease, does not contemplate material participation by the Lessor or the Lessor's heirs.

A. Except when mutually decided otherwise, the land use and cropping system shall be approximately as follows:

- _____ acres for rotated crops
- _____ acres in permanent pasture
- _____ acres in nongrazed woodland
- _____ acres in building and lots
- _____ acres of tillable land seeded to legumes
- _____ acres of tillable land to be left as stand-over legumes

B. At the end of this lease, the Lessor agrees to reimburse the Lessee:

1. For the Lessee's remaining cost in limestone. The Lessee's remaining cost shall be calculated by first subtracting, from the Lessee's original cost, government payments received by the Lessee and then depreciating the Lessee's net cost at the rate of _____ percent annually.

2. For the Lessee's cost of legume and grass seed in seedings made on more than _____ acres in the last year of this lease. (Insert the acres in such seedings on the farm at the beginning of this lease.)

3. For the Lessee's cost of soluble phosphate (P_2O_5) and potash (K_2O) fertilizers applied on crops harvested for grain in the last year of this lease minus the amount of these plant food elements, valued at the same rates, contained in the Lessee's share of these crops.

4. _____

C. The cash rent shall be paid each year in the following installments:

<i>Dollars or percent of rent due</i>	<i>Date due</i>
_____	_____
_____	_____
_____	_____
_____	_____
Balance Due	_____

D. The Lessee shall be solely responsible for all employer obligations on hired labor with respect to safety requirements and social security and workers' compensation contributions, and the Lessor shall have no responsibilities therefore.

E. Both Lessor and Lessee affirm the goals of minimizing soil erosion losses and preserving the productivity of the land in ways that are consonant with their needs and desires for acceptable current returns to their individual inputs on the leased premises. To these ends they agree to implement as far as possible the best management practices recommended by the Soil Conservation Service and to cooperate with that agency's soil and water conservation programs.

Section 6. Default, Possession, Lessor's Lien, Right of Entry, Mineral Rights, Extent of Agreement, Liability

The Lessor and Lessee agree to the following provisions. (Strike out any not desired.)

A. Termination upon default. If either party fails to carry out substantially the terms of this lease in due and proper time, 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 ____ days from the date of such notice. Settlement shall then be made in accordance with the provisions of Clause C of this section, the reimbursement agreements of Section 5, and any amendments to this lease.

B. Yielding possession. The Lessee agrees at the expiration or termination of this lease to yield possession of the premises to the Lessor without further demand or notice, in as good order and condition as when they were entered upon by the Lessee, loss by fire, flood, or tornado, and ordinary wear excepted. If the Lessee fails to yield possession, the Lessee shall pay to the Lessor a penalty of \$_____ per day or the statutory double rent, whichever is less, for each day he or she remains in possession thereafter, in addition to any damages caused by the Lessee to the Lessor's land or improvements, and said payments shall not entitle the Lessee to any interest of any kind or character in or on the premises.

C. Lessor's lien. The Lessor's lien provided by law on crops grown or growing shall be the security for the rent herein specified and for the faithful performance of the terms of the lease. The Lessee shall provide the Lessor with the names of persons to whom the Lessee intends to sell crops grown on these demised premises at least 30 days prior to the sale of such crops. A lesser period may be allowed by mutual written agreement. If the Lessee fails to pay the rent due or fails to keep any of the agreements of this lease, all costs and attorney fees of the Lessor in enforcing collection or performance shall be added to and become a part of the obligations payable by the Lessee.

D. Lessor's right of entry. The Lessor reserves the right personally or by agents, employees, or assigns to enter upon the premises at any reasonable

time to view them, to work or make repairs or improvements thereon, to care for and dispose of the Lessor's share of crops, to develop mineral resources as provided in Clause E below, or, after constructive notice has been given that the lease may not be extended, and following severance of crops, to plow and prepare a seed bed, make seedings, glean corn, apply fertilizers, and any other operation necessary to good farming by the succeeding operator, these operations not to interfere with the Lessee in carrying out the regular farming operations.

E. Mineral rights. Nothing in this lease shall confer upon the Lessee any right to minerals underlying the land. Such mineral rights are hereby reserved by the Lessor together with the full right to enter upon the premises and to bore, search, excavate, work, and remove the minerals, to deposit excavated rubbish, to pass over the premises with vehicles, and to lay down and work any railroad track or tracks, tanks, pipelines, powerlines, and structures as may be necessary or convenient for the above purpose. The Lessor agrees to reimburse the Lessee for any actual damage the Lessee may suffer for crops destroyed by these activities and to release the Lessee from obligation to continue farming this property when development of mineral resources interferes materially with the Lessee's opportunity to make a satisfactory return.

F. Extent of agreement. The terms of this lease shall be binding on the heirs, executors, administrators, and assigns of both Lessor and Lessee in like manner as upon the original parties.

G. Lessor liability. The Lessee takes possession of the leased premises subject to 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 buildings, fences, tile, and other improvements.

Amendments to the Lease

A. Improvements made by the Lessee at the Lessee's own expense. When the Lessor and Lessee agree that the Lessee may make all or part of an improvement (such as buildings, additions to buildings, major repairs, fences, bathrooms, water systems, etc.) to the farm at the Lessee's own expense and that the Lessee is to be reimbursed for any costs remaining at the end of the lease (less any government payment received by the Lessee for the improvement), 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 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.

<i>Description and location of the improvement</i>	<i>Lessee's cost on completion less government payments</i>	<i>Annual rate of depreciation (percent)</i>	<i>Date depreciation begins</i>	<i>Date of signatures</i>	<i>Signatures</i>
1. _____	_____	_____	_____	_____	_____ Lessor
_____	_____	_____	_____	_____	_____ Lessee
2. _____	_____	_____	_____	_____	_____ Lessor
_____	_____	_____	_____	_____	_____ Lessee
3. _____	_____	_____	_____	_____	_____ Lessor
_____	_____	_____	_____	_____	_____ Lessee

B. Lessor's written consent to Lessee's participation in items in Section 4, Clause B.

1. Item: _____ Description and restrictions: _____

 _____ Date: _____ Lessor's Signature _____

1. Item: _____ Description and restrictions: _____

 _____ Date: _____ Lessor's Signature _____

C. Other amendments:

1. _____	_____ <i>Date</i>	_____ <i>Lessor</i>
_____	_____ <i>Date</i>	_____ <i>Lessee</i>
2. _____	_____ <i>Date</i>	_____ <i>Lessor</i>
_____	_____ <i>Date</i>	_____ <i>Lessee</i>
3. _____	_____ <i>Date</i>	_____ <i>Lessor</i>
_____	_____ <i>Date</i>	_____ <i>Lessee</i>

EXTENSION	EXTENSION	EXTENSION
This lease shall be extended from _____, 20____,	This lease shall be extended from _____, 20____,	This lease shall be extended from _____, 20____,
to _____, 20____	to _____, 20____	to _____, 20____
Signed: _____, 20____	Signed: _____, 20____	Signed: _____, 20____
_____ Lessor	_____ Lessor	_____ Lessor
_____ Lessee	_____ Lessee	_____ Lessee