

# Leasing Can Be Pleasing!

Basics of Lease Agreements for Renting Ag  
Lands

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**But Renting Might be a**

*Nightmare*

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**FULL DISCLOSURE -**

I AM NOT AN ATTORNEY!

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- Oral agreements
- Poorly written agreements



# **“Nightmare” Leases**

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- Is written down
- Defines limits
- Clarifies expectations
- Forces you to think about & talk things out BEFOREHAND
- Good reference when our memories fail
- Win-Win for both parties

# **A “pleasing” lease**

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- Wisconsin Statute 704
- 704.01 (1)"Lease" means an agreement, whether oral or written, for transfer of possession of real property, or both real and personal property, for a definite period of time. A lease is for a definite period of time if it has a fixed commencement date and a fixed expiration date or if the commencement and expiration can be ascertained by reference to some event, such as completion of a building.

# Leases in Wisconsin

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- 704.07 (3)(a) If the premises are damaged by the negligence or improper use of the premises by the tenant, the tenant must repair the damage.
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- Who's the lease between
- General Terms
- Termination
- Operation and Maintenance
- Landlord Rights & Government Payments
- Arbitration
- Crop Share Provisions

## **Farm Rental Agreement Checklist**

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- Date of the lease goes into affect
- Names and addresses
- Legal description
- Signatures

# Parties to Lease

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- Time/Period
- Rental Amount
- When & how rent will be paid and any penalties
- Insurance on property
- Not a partnership
- Subletting

# General Terms

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- When & how the lease may be terminated and notification requirements
- Reimbursement provisions
- Acts of the tenant that would constitute default
- Tenant's rights if property is transferred

# Termination

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- Desired (or prohibited) farming practices
- Process for measuring/maintaining fertility
- Control of noxious weeds
- Maintaining fences
- Right to make improvements and compensation
- Soil conservation practices
- Use of non crop areas not covered in the lease

# **Operation and Maintenance**

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- Landlord right to enter the property
- Landlord right to a security interest in crop
- Participation in federal farm programs, eligibility.

# **Landlord Rights and Government Payments**

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- Changes must be in writing and signed
- Procedure for resolving disputes

# **Arbitration of differences**

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- Your selling grass, more grass = more value
- How many animals are allowed
- You're renting a pasture, but I'm leasing a feedlot



# Pasture Lease Agreements

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- “value” of Pasture affected by:
  - Productivity of the pasture (carrying capacity)
  - Quality of fencing
  - Water
  - Facilities
  - Size
  - Location, location, location
- 12323

# Pasture Lease Agreement

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- 1000 lb. cow with calf = 1 A.U.
- AUM = 810 pounds (DM) of forage/month
- a 1400 lb. cow = 1.4 AU
- If our pasture acre produces 4500 lbs. forage =  $4500/810$  or 5.5 AUM
  - 1 cow for 5.5 months
  - 5.5 cows for 1 month
- A pasture that would support 30 AUM = 30,000 lbs. If a farmer has 1650 lb. cows =  $30/1.65 = 18$  cows.

# Animal Unit Month

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- <http://www.aglease101.org/>

# Ag Leases 101

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