The Value of A Written Farm Lease

It’s that time of year – wintry weather is hitting head on, lambing and kidding season is in full swing, and some farmers are beginning to renew or develop new leasing agreements. It is expected that nearly 40% of Missouri farmland acres is rented and half of those leases will be verbal rental agreements. However, verbal rental agreements can potentially lead to misunderstandings. Farmers and landowners can avoid these potential misunderstandings and disputes by developing a written farm lease.

Written farm leases are a way to hedge against uncertainty by either party. Does this mean we replacing trust and good faith with paperwork and documents that will uphold in a courtroom? Potentially, but developing a written farm lease doesn’t have to erode a personal relationship between a landowner and tenant, it just holds each party accountable.

Written leases help landowners and tenants think about and agree upon essential considerations involved in leasing a farm. Having a written contract adds clarity to the lease agreement and helps to ensure accountability between the landowner and farmer.

When developing a written farm lease, five main elements should be considered:

1. A description of the land and the names of the parties involved in the agreement.
2. The length of time the lease is to be in effect.
3. The rental rate and calculation method. There are five common types of rent: crop-share rent; livestock-share rent; cash rent; flexible cash rent; and farm machinery, equipment and buildings rent.
4. A “Right of Entry” statement. This statement should describe the landowner’s legal right to enter the property. Without this kind of statement, the tenant has the right to treat any person who enters the property as a trespasser—even the landowner.
5. Signatures. Signing the agreement makes it a formal legal contract. All co-owners of the property, including husband and wife, should sign the lease agreement when property is held in joint tenancy or tenancy by entireties (in which spouses own a property as a single legal entity).

Other items that may be appropriate to include in a lease include a description of operating expenses and their allocations; explanations of the conservation practices to be implemented during the contract term; fertility of the land at the beginning of the lease and how to maintain that fertility; and who is responsible for repairs or improvements to the property.

A handshake and a man or woman’s word is still valuable today, but considering what is at stake — money, peace of mind and reputation — taking the time to develop a well-defined written farm lease may be well worth the effort of both the tenant and the landlord.

To learn more about what other provisions to include in a written farm lease look up the University of Missouri Extension Guide G426, “Farm Lease Agreement.” For more information about farm leases or lease templates contact Nathanial Cahill, Agricultural Business Specialist, at 660-747-3193 or cahilln@missouri.edu.