
Agricultural and Mechanical College of Texas

GENERAL FARM LEASE FORM
with Suggestions for its Use

College Station, Texas

July, 1946

Cooperative Extension Work in Agriculture and Home Economics
Agricultural and Mechanical College of Texas and United
State Department of Agriculture Cooperating

AGRICULTURAL AND MECHANICAL COLLEGE OF TEXAS
COLLEGE STATION, TEXAS

GENERAL FARM LEASE FORM
WITH SUGGESTIONS FOR ITS USE

J. Wheeler Barger
Head, Department of Agricultural Economics
School of Agriculture

Joe L. Matthews
Assistant in Agricultural Planning
Extension Service

and
L. P. Gabbard
Chief, Division of Farm and Ranch Economics
Agricultural Experiment Station

FOREWORD

The preparation of a General Farm Lease Form, together with suggestions for its use, was undertaken at the request of numerous landlords, tenants and agricultural workers of the state.

The objectives of the undertaking are:

1. To produce a simplified lease form which would not require redrafting or copying.
2. To develop a form usable in all rental arrangements for all types of crop and livestock enterprises.
3. To foster stability and security by providing a lease form covering major questions which arise in the landlord-tenant relationship, so that agreement may be reached on these when the lease is made.
4. To provide for definite attention to conservation and other sound agricultural practices.
5. To give information on some of the more important current arrangements as regards contributions and divisions of income between landlords and tenants in principal livestock and crop enterprises.

This material was prepared by a committee representing the School of Agriculture, the Extension Service and the Agricultural Experiment Station of the College. In its work the committee had the benefit of the suggestions and criticisms of an advisory group representing landlords and tenants and various private and governmental agencies in the state.

This material will be revised as needed changes are indicated through its use in the field. The assistance of all interested parties is solicited in making improvements.

SUGGESTIONS FOR USE OF THE
GENERAL FARM LEASE FORM

GENERAL SUGGESTIONS

First: Read these suggestions through carefully before undertaking to fill out the lease form.

Second: The landlord and the tenant should then go through the lease form carefully, signing their initials in all the blank spaces opposite the options or provisions that they select; filling in any blank spaces in options or provisions selected; and writing in and initialing any additional clauses they desire, which do not appear in the form.

Third: Upon completing and signing, the landlord and the tenant should each take and keep a copy of the lease.

EXPLANATIONS OF SPECIFIC PROVISIONS IN THE FORM

For convenience the following suggestions are numbered and entitled the same as are the divisions in the lease form.

I. NAMES OF PARTIES AND DESCRIPTION OF FARM

The names of the parties as filled in should be exactly the same as used in their signatures at the end of the form.

The legal description should be given if possible; otherwise the farm should be described with sufficient exactness as to make its identity certain.

II. TERM OF LEASE

A. Option One: If the lease is to begin and to terminate on fixed dates, this option should be used.

B. Option Two: If the lease is to run for one year certain but is automatically to renew annually thereafter unless either party notifies the other to the contrary, this option should be selected. The period of advance notice should be inserted. Four months generally is considered to be the shortest period of proper notice with six months as more desirable.

III. RENTAL RATES AND ARRANGEMENTS

A. Option One: Cash rent.

1. Portion of Farm

a. Option One: This will apply when the entire farm is leased for cash.

b. Option Two: This option is used when only a part of the farm is leased on a cash basis. This frequently occurs when the crop land is covered under a crop share arrangement and the pasture land is leased for cash.

2. Amount

a. Option One: This option applies when one lump sum payment is made.

b. Option Two: When more than one crop is grown and different cash rent per acre is charged for them, this option should be used.

B. Option Two: Crop Share Rent

Enter in the columns the proper information under the various headings.

1. The more common practices regarding various crops are noted below. It is not to be inferred that the list is complete nor that all arrangements are endorsed as equitable.

In all instances the landlord furnishes the land and facilities and the tenant furnishes all labor, equipment and operating costs.

a. Cotton: The landlord pays for one-fourth of the fertilizer and insecticides if applied and one-fourth of the ginning costs, bagging and ties, and the marketing expenses, if any, after the cotton is ginned. The tenant pays three-fourths of the cost of these items and all other production expenses. The landlord receives one-fourth of the lint and the seed, and the tenant three-fourths.

b. Corn: The landlord furnishes one-third of the fertilizer, if any is used, and receives one-third of the crop. The tenant pays for the other two-thirds of the fertilizer, if applied, and gets two-thirds.

c. Grains: For wheat, oats, rye and barley or other small grains the landlord may pay one-fourth to one-third of the cost of combining and hauling to market. He receives one-fourth to one-third. The tenant contributes all other costs and gets two-thirds to three-fourths of the crop.

d. Grain sorghum for grain: The landlord pays one-fourth to one-third of the costs of combining and delivering grain to market and receives one-fourth to one-third. The tenant bears all other production and marketing expenses and receives two-thirds to three-fourths.

e. Hay-native: The landlord pays one-third of the cost of baling and one-third of the expense of hauling to market. He receives one-third. The tenant contributes all other costs and gets two-thirds.

- f. Hay-tame or forage crops: The landlord pays for one-third of the fertilizer, baling and delivery to market, and receives one-third. The tenant bears all other expenses and receives two-thirds.
 - g. Peanuts: The landlord pays for one-fourth of the fertilizer, the threshing and the baling and gets one-fourth of the nuts and hay. The tenant pays all other costs and gets three-fourths.
 - h. Alfalfa: If the field is already in alfalfa the landlord contributes nothing more and receives one-half. The tenant furnishes equipment and wire, does the baling and receives one-half. If the field is to be put into alfalfa the landlord may buy the seed and allow the tenant at least three-fourths of the first crop.
 - i. Commercial orchards: Peaches: If the trees are bearing, the landlord pays for one-half of the fertilizer and one-half of the spraying materials and receives one-half of the crop. The tenant does all pruning, cultivating, spraying, harvesting, and hauling to market. He provides all the equipment and containers. He also pays for one-half of the fertilizer and spraying materials and receives one-half of the crop.
Citrus: Renting citrus orchards on a share basis is reported to have practically ceased during the war. Previously leases covering bearing trees frequently provided that the landlord would pay one-half of the production and marketing expenses and receive one-half of the crop. The tenant would pay the other half, furnish all equipment and receive one-half.
 - j. Vegetables: Practically all land leased for the production of vegetables currently appears to be on a cash basis, except:
 - Irish potatoes: The tenant pays all production costs including seed and gives the landlord one-sixth.
 - Onions: The landlord furnishes all plants and pays from one-third to one-half of the harvesting expense and receives one-third. The tenant contributes the remaining expenses and receives two-thirds.
 - Sweet potatoes: The landlord pays for one-fourth of the fertilizer, the seed or slips and the crates and gets one-fourth of the proceeds. The tenant provides all other costs and receives three-fourths.
 - Watermelons: The landlord pays for one-fourth of the fertilizer and the hauling expenses and gets one-fourth. The tenant receives three-fourths and contributes all other costs.
 - k. Timber: The landlord usually leases grazing rights only on timber land, and makes other agreements relative to the harvest of timber. Arrangements may be made, however, for the tenant to harvest timber under the following plan: The landlord designates the trees to be cut, and furnishes the power equipment. The tenant furnishes his own tools for cutting and banking timber products. For poles, piling and saw logs the landlord gets 60% and the tenant 40%; for hacked ties and pulpwood, the landlord 30% and the tenant 70%. If either party hauls the products to market, he usually receives 25% of the delivered price and the remainder is divided between them on above basis. If the foregoing plan is desired, it may be added under Section XIII. **Other provisions of the lease.**
 - l. Pecans: The landlord usually reserves the exclusive right to the pecan crop. Sometimes he allows the tenant a certain portion of the yield up to as much as half, for threshing and harvesting, or makes an agreement with the tenant to thresh and harvest the crop for a stated price per pound.
 - m. Rice: The landlord furnishes the seed and the water, pays one-half of the hauling and other marketing expenses and gets one-half of the crop. The tenant contributes all other production costs including harvesting and gets one-half.
2. Disposition to be made of Landlord's Share: The tenant may dispose of the landlord's share of the crop as follows:
 - a. Put it in good stacks or storage on the farm for the landlord to dispose of as he chooses, or
 - b. Deliver it to market to be subject to the disposal of the landlord, or
 - c. Market it along with his own and (1) turns over the landlord's share of the proceeds to him or (2) deposits the proceeds in a designated bank to his credit.

C. Option Three: Livestock Share Arrangements

1. Contributions and Division of Proceeds

This option should be used to cover operations of livestock enterprises in which the landlord and the tenant have an interest in common. Appropriate data should be entered in the columns under the various headings.

Livestock share arrangements are more common in the general farming areas of the state. In the cases known to be in operation under this form of leasing, the following are some of the arrangements used:

- a. Beef Cattle: The landlord provides all facilities; pays for one-half of all breeding stock, feed purchased, equipment, serum, veterinary fees, taxes and insurances and other operating expenses. The tenant pays for the other half of the breeding stock, equipment, and operating expenses. He also provides all labor in caring for the livestock, producing feed, and hauling. He receives one-half of all livestock or other products sold, and the landlord gets half. In the event the tenant is unable to contribute one-half of the cost or value of the breeding stock and equipment, the landlord may purchase or furnish everything and take a note from the tenant covering his half interest.
- b. Dairying: The landlord furnishes all facilities, equipment, and a half interest in the cows. He also pays one-half of all operating expenses except labor. The tenant holds one-half interest in the cows, giving the landlord a note for his share if he is unable to pay cash. He provides all labor for operating the dairy, including the raising of feed crops. All production is divided equally between landlord and tenant. This includes receipts from sale of milk, cows removed from herd, calves raised and any excess feed produced and sold.
- c. Poultry: The landlord provides all facilities and equipment and pays for one-half each of the stock, feed and other operating expenses except labor. The tenant furnishes all labor and one-half of the operating expenses. The income is divided equally.
- d. Sheep and goats: The landlord contributes all facilities and equipment, one-half of the value of the breeding stock and pays one-half of all operating expenses, including feeds purchased, medicines and shearing. The tenant contributes one-half the cost of the breeding animals, provides all labor in caring for the animals and growing feed, and pays one-half of the operating expenses. The landlord and tenant share equally in the income from wool or mohair and animals sold.
- e. Swine: The landlord may provide the breeding stock and half of the feed and receive one-half.

The landlord may instead furnish the breeding stock only and take as his share one 200 to 225 lb. marketable hog per litter and also be entitled to proceeds from the sale of old broodsows. The tenant furnishes all labor and feed and gets all hogs raised except one per litter.

Disposition of Landlord's share: The tenant usually sells the animals or the products and either deposits the proceeds in a common fund or turns over the landlord's share to him or to his bank for his credit.

2. Taxes and Insurance on the Livestock: It is usually agreed that while both parties hold an equitable interest in the livestock, the legal title vests in the landlord. The landlord then makes the renditions and pays the taxes, and is reimbursed by the tenant proportionate to his interest. Insurance, when carried, is likewise usually written in the landlord's name, but with the tenant reimbursing the landlord for his portion of the premium and entitled to receive from him his share of the claim in event of losses.

3. Division of Animals: Division of any animals to be removed from the herd or flock while the arrangement is in force, or of all the animals in case of termination, is handled variously as follows: (a) By agreement, (b) By the two parties drawing lots for first choice of an animal and the other party then choosing one, and continuing alternately until all are divided (c) By the tenant dividing the animals into two lots and giving the owner his choice, and (d) By selling the animals and dividing the proceeds.

D. RENT FREE

It is common practice to allow tenants use without compensation of small areas for production for strictly family consumption, as follows:

1. Pasturage for livestock and poultry: This usually includes one or more milk cows and calves, work animals, and a small flock of poultry.
2. Area for garden: One-fourth acre, or 3500 row feet is considered the minimum area needed for growing vegetables for home consumption for a family of five. On less fertile land, a larger area is needed.
3. Production from trees: While the area needed will vary greatly between regions, a half acre of fruit is considered the average needed for a family of five for fresh use and processing.
4. Timber for firewood: A common provision is that the tenant may use dead unmarketable wood for fuel, but may not cut live trees except with the consent of the landlord.

E. RESERVATIONS TO LANDLORD: Landlords usually reserve timber rights and production from pecan trees. They also often reserve partial or complete use of larger pastures in general farming area. Any rights that the landlord reserves should be entered in this space.

F. HUNTING AND FISHING RIGHTS: Various practices are found relative to hunting and fishing rights. Usually such rights are of little interest and no mention is made of them. In that case, the tenant exercises control. In some cases the landlord reserves all rights. If hunting and fishing rights are of value, arrangements concerning them should be agreed upon and entered in this space.

IV. CONSERVATION AND OTHER IMPROVED PRACTICES:

A. Approved PMA Practices:

Assistance in the form of cash payments or materials is available in 1946 from the Production and Marketing Administration for carrying out approved conservation practices. This program may be changed hereafter.

The landlord and the tenant should agree as to (1) the conservation practices to be undertaken, (2) the contribution to be made by each in doing so, and (3) the division of the government payments.

The general rule with respect to division of earned payments is that when a practice is carried out with materials or services furnished by the Production and Marketing Administration, the party receiving such materials or services shall be entitled to all payments earned. Payments earned in carrying out other practices, not involving the supplying of materials or services, shall be divided between the landlord and the tenant in the proportion that the County Agricultural Conservation Committee determines that they respectively contribute toward the cost of carrying out the practice. Details of payments earned for various conservation and soil building practices are found in annual PMA handbooks. Regardless of future changes landlords and tenants would do well to include some of these practices in their farm program.

B. Other Improved Practices: Any practices to be carried out that are not covered under "Approved PMA practices" above should be entered in these spaces. They include (a) limiting the number of animals in pastures and rotating livestock between pastures, (b) applying barnyard manure to land, (c) controlling noxious weeds and plants, (d) cutting weeds and brush along fence rows, (e) avoiding burning off pastures, fields and woodlands, (f) controlling rodents, (g) using improved planting seed, (h) treating planting seed for disease prevention, (i) controlling plant insects, (j) controlling external and internal parasites, (k) using better sires, (l) participating in an artificial insemination program, (m) landscaping the farm home, (n) planting an orchard or vineyard, and (o) mowing pastures.

Frequently landlords pay part of the cost of such improved farm practices. Any desirable practice that the tenant would not be expected normally to follow and the contribution, if any, that the landlord will make should be named.

C. Maintenance of Conservation Structures

When conservation structures, such as terraces, diversions, farm ponds, and drainage and irrigation facilities are found on farms, definite arrangements should be made for their maintenance and repair. The following arrangements with respect to such structures are as follows:

1. Terraces: At least one maintenance plowing should be done each year in addition to regular plowing or breaking the land. Definite arrangement should be made as to the contribution of the landlord and tenant.
2. Diversion: Maintenance of vegetative cover ordinarily requires only seasonal mowing. This is usually the responsibility of the tenant.
3. Farm Ponds: Proper grazing is usually adequate for maintenance of the watershed area. Providing fencing and watering troughs at the pond is the responsibility of the landlord.
4. Drainage and irrigation structures: Maintenance of permanent structures is a joint responsibility of the landlord and tenant. Definite arrangements should be made as to the contribution of each.

D. Soil Conservation District Plans for Farms: Since much of the farm land in the state is within State Soil Conservation Districts, the landlord, or the landlord and tenant may make contracts with the District for the use of the land in accordance with its capabilities and its conservation needs.

When such a plan has been prepared for the farm and the tenant agrees to follow it, this section should be initialed.

V. IMPROVEMENTS AND REPAIRS

A. Major Improvements and Repairs:

Erecting new buildings and making additions or major repairs to existing buildings which become a permanent part of the property, is the responsibility of the landowner. A suitable dwelling house for the tenant family should be provided. It also includes construction of terraces, wells, ponds and fences along with such outbuildings and facilities as are required normally for carrying on farm enterprises.

Frequently tenants do some of the work on major improvements and repairs, especially items desired for their own family housing needs or for distinct enterprises they wish to conduct. This is especially the case under long term leases. In other instances the landlord furnishes all materials and pays the tenant for the labor.

All major improvements and repairs to be done should be listed, the date of completion indicated, and the contribution, if any, by the tenant specified.

B. Minor Repairs: It is the custom for the tenant to make normal minor repairs. This includes keeping fences in repair, maintaining terraces and making minor repairs of buildings.

When more extensive repairs resulting from floods, windstorms, and fires or age and delapidation of the facilities are needed, the question frequently arises whether the repair is normal or major. Disputes can be avoided by indicating the maximum cost of material and hours of labor the tenant shall contribute on any one repair job.

In some instances the landlord may authorize the tenant to make or have made major repairs costing up to a specified amount, but requiring the landlord's approval before incurring obligations in excess of that amount. In case such an arrangement is desired, it may be written in under Section XIII. **Other Provisions.**

- C. **Construction and Removal of Fixtures by Tenants:** Many tenants are willing to construct facilities such as minor buildings, sheds and fences, provided they may remove them or receive compensation for them if not removed when the lease is terminated. This is especially true under cash leases when the tenant desires to do livestock farming. Landlords usually agree that if such facilities are constructed wholly at the tenants' expense, they may be removed. The consent of the landlord may be required so that he can prevent unfavorable locations, unsightly structures or other objectionable features.
- D. **Compensation to tenant for Unexhausted Value of Improvements:** One principal reason for the poor condition of tenant-operated farms is the unwillingness of tenants to contribute toward improvements from which they may not gain the full benefit. This objection may be removed by assurance that the tenant shall have the right to fair compensation for the unexhausted value of his contribution in labor, cash or materials. This would cover such matters as planting and caring for a young orchard, adding fertilizer of a type from which the total benefits would not be realized in one year, spreading manure on fields, seeding alfalfa and other perennial legumes, and clearing land. An increasing number of landlords are finding that the use of this provision encourages longer tenure and results in improvement of their property.
- VI. **RECORDS:** Complete and accurate records of farm operations are desirable. The Texas Farm Record book published by the A. & M. College of Texas is finding wide acceptance for this purpose. Complete records are essential under livestock share arrangements. Although desirable, it is not a reasonable requirement for tenants under crop-share arrangements. The landlord is entitled, however, to evidence that shows he is receiving his share of the production—such as statements, invoices, sales slips and weight tickets.
- VII. **NO PARTNERSHIP:** This is a standard provision for the protection of landlord and tenant.
- VIII. **NO ASSIGNMENT:** Acceptance of this standard provision will avoid any misunderstanding relative to assignment or subletting by tenant.
- IX. **RIGHT OF ENTRY:** This provision is recognized universally as fair and protects the landlord or a succeeding tenant against an unreasonable attitude by an outgoing tenant.
- X. **BREACH:** This section may make it easier for either the landlord or the tenant to get relief in case of material breach or non-performance by the other.
- XI. **ARBITRATION:** This section affords a means for obtaining a fair adjustment of any differences that might arise between the landlord and the tenant.
- XII. **MODIFICATIONS IN WRITING:** This will prevent misunderstanding as to any changes subsequently agreed upon.
- XIII. **OTHER PROVISIONS:** The spaces under this section are provided for the addition of terms not otherwise covered, that may be desired by the parties to the lease.

[] [] C. Option Three: Livestock Share Arrangement

1. Contributions and Division of Proceeds: Arrangements for livestock enterprises shall be as follows:

Livestock Enterprise	Approximate numbers	Landlord contributes other than land	Tenant contributes other than labor	Landlord's share	Tenant's share	Disposition to be made of Landlord's share
a. _____	_____	_____	_____	_____	_____	_____
b. _____	_____	_____	_____	_____	_____	_____
c. _____	_____	_____	_____	_____	_____	_____
d. _____	_____	_____	_____	_____	_____	_____
e. _____	_____	_____	_____	_____	_____	_____

[] [] 2. Taxes and Insurance: The taxes and the insurance, if any, shall be shared by the landlord and the tenant in proportion to their interests in the livestock.

[] [] 3. Division of Animals: When animals are to be divided, and an agreement concerning their division otherwise can not be reached, the following procedure shall be followed: _____

[] [] D. Rent Free: The tenant shall have the use without charge of the following:

1. Pasturage for livestock and poultry as follows: _____
2. Area for garden for family use only as follows: _____
3. Production from trees as follows: _____
4. Timber for firewood only as follows: _____

[] [] E. Reservations to Landlord: The following rights are reserved to the landlord:

[] [] F. Hunting and Fishing Rights: Hunting and fishing rights on the farm shall be governed as follows:

IV. CONSERVATION AND IMPROVED FARMING PRACTICES

[] [] A. Approved Practices under Government Programs: Conservation and other practices for which contributions will be made by the government shall be carried out as follows:

Practice	Extent to be carried out	Landlord's contribution	Landlord's share of Government payment	Tenant's contribution	Tenant's share of government payment
1. _____	_____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____	_____

[] [] B. Other Improved Farming Practices: Other improved farming practices that shall be carried out are as follows:

Practice

Contribution, if any, by the landlord

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____

[] [] C. **Maintenances of Conservation Structures:** Conservation Structures shall be maintained as follows:

Kind of structure	Work to be done	Landlord's contribution	Tenant's contribution
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____

[] [] D. **Soil Conservation District Plan for Farm:** The farm is covered in a cooperative agreement between the landlord and the _____ State Soil Conservation District, and the tenant agrees to operate the farm in accordance with the complete soil conservation and land use plan prepared under said cooperative agreement.

V. IMPROVEMENTS AND REPAIRS

[] [] A. **Major Improvements and Repairs:** The landlord agrees to make such major repairs and new construction as are required to put and keep the farm in good and usable conditions. He agrees specifically to do the following:

Major improvement or repair	Date to be completed	Contribution, if any, by tenant
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____

[] [] B. **Minor Repairs:** The tenant agrees to make all normal minor repairs of buildings, fences, and other facilities required to keep them in good condition. It is agreed that a "minor repair" shall be considered as one requiring materials costing not over \$_____ and labor not exceeding _____ hours of work on any one job.

[] [] C. **Construction and Removal of Fixtures by Tenant:** With the consent of the landlord, the tenant may add improvements or facilities at his own expense. He shall have the right to remove them even though they are legally fixtures, but shall have no right to compensation for them except as mutually agreed.

[] [] D. **Compensation to Tenant for Unexhausted Value of Improvements:** If this lease is terminated, the tenant shall be entitled to payment for the unexhausted value of his contribution to the cost of any improvement made under any agreement with the landlord.

VI. RECORDS: The tenant agrees to keep records on all matters of joint interest and to make them [] [] available to the landlord upon request. It is agreed that such records among others shall cover specifically the following items:

- A. _____, C. _____, E. _____
- B. _____, D. _____, F. _____

VII. NO PARTNERSHIP: This lease does not give rise to a partnership. Neither party shall have authority [] [] to bind the other without his written consent.

VIII. NO ASSIGNMENT: The tenant shall not have the right to assign this lease nor sublet any portion of [] [] the farm without the written consent of the landlord.

IX. RIGHT OF ENTRY: The landlord shall have the right, in person or by agent, to enter upon the farm [] [] to make inspections, repairs, or improvements. In case this lease is not to be renewed, the landlord or the incoming tenant shall have the right before it expires to do plowing or other work on the farm when doing so will cause no damage or interference to the present tenant.

X. BREACH: If either party wilfully neglects or refuses to carry out any material provision, the other [] [] party shall have the right, in addition to compensation for damages, to terminate the lease. He may do so by serving written notice on the party at fault, specifying the violations of the agreement. If such violations are not corrected within 30 days, the lease shall be terminated.

XI. ARBITRATION: If parties to this lease can not reach an agreement on any matter, the difference [] [] shall be submitted to an Arbitration Committee. The Committee shall be composed of three disinterested persons, one selected by each party hereto and the third by the two others thus selected. The findings shall be binding on both parties.

XII. MODIFICATIONS IN WRITING: Modifications in this agreement shall be in writing. [] []

XIII. OTHER PROVISIONS: _____
[] [] A. _____
B. _____
C. _____
D. _____

In testimony whereof witness our hands at _____, Texas
on this the _____ day of _____, 19_____ A. D.

Witnesses as to both signatures:

(landlord) (seal)

(tenant) (seal)