

December 6, 2019

PASTURE LEASING

This week I received a call on pasture leasing and typical pasture rent survey rates in the area. Changing the terms of cropland or pasture leases is easy as long as both parties agree on the changes and getting it in writing is a must. Use a good attorney or you can also use an Extension template. This caller asked for an Extension template and they are located at the Ag Lease 101 website at: www.aglease101.org/DocLib/default.aspx The templates are fill in the blank right on the web, and when signed by both parties and with a notary public signature, are legal and binding.

It is not hard to change a written lease if you think of something you missed. Just write up the new lease, change those items needing adjustment and sign the new lease. Attorneys for a relatively modest fee generally prepare written farm leases. Many of the lease provisions are routine business. When lease terms are not written down and people start thinking differently, then there is uncertainty,

If you are a cattle owner working off a verbal lease for pasture grazing, remember this story. A local farmer a couple of years ago, gets a call from his landlord in the spring and states his crop tenant is going to terminate and plant the pasture to corn or soybeans. It was a verbal pasture lease. There is no 6 month notice for pasture on a verbal lease like there is for cropland in Nebraska. The cattle owner had no prior warning and had to scramble to find feed resources for his cattle.

A written lease could have given the cattle owner a longer warning for lease termination. Dave Aiken, J.D., UNL Water and Ag Law Specialist, notes that the six-month notice policy does not apply to pasture leases in Nebraska. A 1955 Nebraska Supreme Court decision stated that pasture leases may be terminated without giving six months notice if the pasture lease is for less than 12 months. The pasture lease period in Nebraska generally runs from May through October. If the pasture lease were for 12 months, then a six month notice of termination would be required. Tenants should contact their landlords to make sure the pasture lease is going to be renewed. Otherwise, they may be surprised when their lease runs out and a new tenant takes over.

The Ag Statistics survey was published this past September. This is a small, statistically based sampling of cash rents being paid in the county for pasture and cropland. Average pasture rent for Saline County for 2019 was \$44.00 per acre for a typical 5 month grazing season. Jefferson was \$44.50 and Gage was \$41.00 per acre. Ranges in cash rents are not reported. If you think about it, this average number reported includes old pasture leases, new ones and if there are any family deal, plus if the people were being honest on the survey response! Another good source of information on pasture and cropland cash rents utilizing the UNL survey information is at: agecon.unl.edu/realestate/2019-farm-real-estate-report

With pasture rents there are also other factors that lead into a fair price. The property taxes, water access, fencing, fertilizing, weed control, pasture grass condition, upland vs wooded area, cedars, who is supplying salt and mineral, fencing supplies and fixing fence, who is checking the cattle and insurance are all factors when considering a fair cash rent on a pasture.



Allan Vyhnalek has a good reference for pasture lease considerations at: farm.unl.edu/articles/pasture-lease-considerations He says one of the most important parts of the lease is to make provisions for unexpected events such as the drought of 2012. The pastures ran out of grass early that year. What provision is there in the lease for such events as drought, hail, flooding, or fire? Both parties need to be protected in such cases. Or, what happens if the well goes bad, or the watering hole goes dry? Who will bear the expense of these events? These situations should be discussed and a procedure should be outlined and included in the written pasture lease provisions. What the landlord and tenant both agree to is always the best lease that you can have.

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