



May 19, 2017

FARMLAND LEASING CHECKLIST

This last week with a farm in Southeast Nebraska, I was reminded about our generational shift going on in agriculture. A ninety-five year old widower in Grand Rapids, South Dakota, that I was acquainted with, who was always proud to be a Nebraska farmer, 50-50 lease, passed away and now the farm is owned by three siblings. The new owners of the farm do not know anything about farming and questions are coming about simply going to cash rent where almost all the risk is transferred to the tenant.

I reminded the family when going to cash rent, that many cash leases do not address soil fertility concerns with phosphorous and liming which are important for the farm. Tenants may be reluctant to invest without some protection and soils can get “mined”. Many cash leases do not address soil conservation and structure maintenance which can be a major financial expense for the new owners if not maintained well. Certainly a new written cash lease is in order if they choose to settle that way.

A written contract is still an essential business practice when leasing farm property. It forces detailed consideration, communication, and understanding by both parties. It serves as a handy reference in case details are forgotten or there is a death of the tenant or landlord.

The contract should encourage the most profitable, long-term operation of the farm and be beneficial for both parties. Is the new owner the type that wants the most income no matter what happens or are they showing concern about the sustainability of the farm and conservation for the future?

Are the returns proportional to the contributions both tenant and landlord make to the business? Will the lease prevent or discourage a tenant from operating the farm in the same way a well-financed owner-operator would run it? Are the best farming methods, conservation practices, and/or environmental practices utilized? What is the plan for needed improvements? Every contract or lease agreement will one day terminate; how is termination to be handled? What method(s) will be used to settle accounts?

Extension Educator Al Vyhnalek has a check list posted to assist landlords and tenants to improve their leases. To see this list go to: <http://go.unl.edu/leasechecklist> It is advisable to have an attorney for one party prepare the lease, with a review by the attorney for the other party, it's worth the money.

Also, look at Al's frequently asked questions on farm leases. There is some good information in there that may be helpful to you.

SAVE THE DATE - Cover crops continue to make a lot of “buzz” in the agricultural community and I am on a planning committee for a special August event. Save Wednesday, August 9 at the Lancaster County Event Center, on your calendar. A fully sponsored meeting and meal will be included and more information to follow.

While cover crops are growing in popularity, they're nothing new to our forefathers. Farmers and scientists are still learning about the benefits of cover crops. Trials in Illinois have shown planting rye in a field before soybeans can cut down on a parasitic roundworm known as a cyst nematode.



This spring I observed several farmers grazing cover crops which is a new enterprise. Selling cereal rye seed off farm at \$6 to \$9 per bushel can be a new enterprise. Custom seeding cover crops can be a new enterprise. This conference will highlight the latest research findings in Nebraska and how to network with others. Can we increase organic matter in our soils after being stuck on a plateau in many of our long-term corn-soybean rotated no-till fields?

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