



## Wildcat Extension Ag Report

### Farm Lease Agreements

Renting and leasing is not an uncommon practice for those involved in agriculture. In fact, it is estimated that nearly 50 percent of Kansas farm and pasture land is rented. With that in mind, it is important to recognize the different types of leases developed to meet the needs of farmers and ranchers.

A lease is a contract and terms of the lease will be interpreted and enforced in light of the contract law. It is important that both parties to a farm or ranch lease understand the details of their lease agreement and the laws that affect their lease. The types of land rental agreements vary widely from one farming area to another and these differences are often based on long-standing traditions. For crop production, there are three primary types of lease agreements. These include: fixed cash, crop-share or flexible lease agreements. There are advantages and disadvantages to each, so it's best to find the one best suited for individual scenarios.

- **Fixed Cash Lease-** Under typical cash leases, the landowner would receive a predetermined cash fee from the tenant, regardless of the crop yield or commodity prices. The landowner would also be responsible for property and building taxes. The tenant receives all the crop income (including government program payments), pays all the crop expenses and makes all crop management decisions.
- **Crop-share Lease-** In most cases, the landowner furnishes the land and a share of the costs of expenses like fertilizer, seeds and pesticides. The tenant furnishes all the labor, fuel and equipment. Both parties receive a share of the crop and government payments.
- **Flexible Lease Agreements-** These variable lease agreements allow the lease payment or crop share to vary depending on yields and/or prices. In some cases, the actual rent is not determined until after the crop is harvested. Some examples of flexible lease agreements include: share of the gross income, adjustments for yield only, adjustments for price only and base rent plus a bonus.

In all lease agreements, it is important that both parties consider the advantages and disadvantages for each option. Good communication between the landowner and tenant is essential to ensure both parties' concerns and questions are answered. A written lease reduces confusion and misunderstanding by setting forth rights, duties and responsibilities for each party. It is advisable to consult with an attorney concerning lease laws, the terms of the lease and its potential problem areas before entering into any agreement.

If you have questions or would like more information, please call me at the office (620) 331-2690 or email me at [jlsigle@ksu.edu](mailto:jlsigle@ksu.edu). To view this or any past articles or radio recordings from the Wildcat District Ag Agents, please visit the Wildcat Extension District website at [www.wildcatdistrict.ksu.edu](http://www.wildcatdistrict.ksu.edu).

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