

Annotated Multi-Year Farm Lease Template

Instructions: This lease template is designed for you to fill in the blanks. Suggested language is provided in italics in some sections. Delete any sections or phrases that do not apply to your situation. Amend the wording and add clauses to customize your lease draft. Always obtain guidance from legal counsel.

This Lease Agreement is entered into on this ___ day of _____, _____, by and between _____ as Lessor (“Lessor”), and _____, as lessee (“Lessee”), for the Lease of certain land bounded by _____ in _____, for the purpose of establishing and developing an agricultural enterprise.

I. Prologue and Statement of Purpose

Whereas...

[Broad statement of shared vision and goals. For example...Whereas both parties share a mutual interest in the long-term health and productivity of the agricultural lands and related features described below; and whereas the Lessor wishes to offer a secure and affordable farming opportunity to the Lessee; and whereas the Lessor wishes the property to be maintained according to high standards of stewardship]

the parties agree as follows:

II. Description of Leased Premises

- a) The Premises shall consist of cropland and other land, roads and/or structures as more particularly described in Attachment A.

Attachment A should include:

- a) *Metes and bounds if available and appropriate, or adequate written description of leasehold boundaries*
- b) *Written description of all structures and other improvements [defined as anything installed upon the property such as fencing, well, pond, wind turbine, etc. Include present (baseline or “as is”) condition, attaching photos if appropriate. Include roads, gates, culverts... anything subject to maintenance.]*

c) *A farm plan showing intended uses of fields, built areas, conservation installations (e.g., windbreaks, drainage, etc.)*

- b) *[If applicable]* So that the Lessee can reside in close proximity to the land and provide for its care and supervision, Lessor and Lessee shall also be parties to a separate residential lease agreement for a term beginning on _____ and ending on _____ for the farmhouse property located at _____ (the "Residential Lease"). If the parties agree to an extension or renewal of this Lease, Lessor shall also offer Lessee an extension of the Residential Lease for a similar term, with the rental amount and other terms of such extension to be mutually agreeable to both parties.

III. Lease Term and Renewal

- a) The term of this Lease shall be for a period commencing _____ and ending _____.
- b) The parties have the option to renew this lease. No later than [*three*] months prior to the termination of this Lease, Lessee shall notify Lessor in writing of Lessee's intention to renew. Lessor shall provide written notice of acceptance of renewal request within _____ days of receipt of Lessee's intention.

IV. Lease Fees and utilities

- a) Lessee, on or before the first day of the Lease term, shall pay Lessor an annual Lease fee of \$ _____. This fee shall be payable by _____. A late fee of ____%/month will be charged to the Lessee.
- b) The lease fee shall be increased by ____% over the prior year's Lease fee, according to the following agreed upon formula: _____.
- c) *[If applicable]* Notwithstanding the foregoing, Lessor recognizes that Lessee may incur startup costs at the beginning of the Lease term related to improving the agricultural soils on the Premises or making other improvements to the Premises. Toward that end, the first annual Lease fee will be reduced by \$_____.
- d) The Lease fee may be renegotiated for any Lease renewal.
- e) Farm utilities are not included and such costs are to be borne by the Lessee.
- f) Lessee/Lessor is responsible for the following additional fees:

V. Permitted Uses and Use Restrictions

- a) Lessee is hereby permitted all normal activities associated with agricultural purposes including but not limited to:

[FOR EXAMPLE: planting, cultivating and harvesting of crops, including perennial crops; application of soil amendments; pest and weed management, erection and management of temporary structures such as greenhouses, hoop houses, temporary fencing, irrigation systems, livestock sheds etc.; use, routine maintenance and storage of tools and equipment; post-harvest washing, cooling, sorting, and packing; keeping of bees for farm pollination; management of brush, field edges and roads; conversion of necessary and related land to agricultural production including but not limited to row crops and perennial plantings; and on-site sales of goods produced on the Premises as permitted by local regulations. Lessee may conduct educational and other public programming on the Premises related to, and in furtherance of, farm stewardship.]

- b) Other permitted uses include:

- c) Lessee agrees to prepare and comply with a Conservation Plan under the guidance of the USDA Natural Resources Conservation Service or comparable agricultural technical service provider. Such plan shall include applicable conservation practices including but not limited to crop rotation, drainage management, soil fertility, waste management, etc. The plan shall be periodically reviewed and updated by the provider, Lessee and Lessor. Lessee shall complete annual soil tests and amend the soil as indicated at Lessee's expense. In addition, Lessee shall provide Lessor with a copy of Lessee's annual crop plan for informational purposes only.
- d) Lessee agrees to abide by stewardship standards and practices specified in Attachment C.
- e) Lessor and Lessee shall conduct joint inspections of the Premises on an annual basis at minimum. In the interests of fostering frequent communication and a positive working relationship between the parties, Lessor may, at any time and from time to time, designate one or more individuals to act as Lessor's representative to the Lessee on all issues related to this Lease, including, without limitation, property management, stewardship standards and planning issues.
- f) The Lessee shall not, unless by mutual agreement and prior approval to the contrary, engage in any of the following activities on the Premises:

[FOR EXAMPLE: cutting trees; erecting permanent fencing or structures; removing minerals or topsoil, storing vehicles or farm equipment not essential to the farm operation; retail operations, except as provided herein; public events.]

- g) Lessor reserves the right to approve plans as to design, location and materials of approved activities and structures. Such plans shall be submitted by Lessee at least _____ months in advance of anticipated commencement. Lessor shall not unreasonably withhold approval.
- h) Lessee agrees to abide by all local, state and federal laws and regulations.
- i) Lessee agrees to apply for all applicable permits at Lessee's expense, subject to any advance agreement between the parties to share such expenses.
- j) Lessor reserves the right to enter the property for the purposes of inspection with 24 hours prior notification to the Lessee.
- k) Lessor reserves these additional rights:
[For example, walk the trails within the Premises, store equipment in leased building, hold family party on leased Premises.]

VI. Maintenance, Repairs and Improvements

- a) Lessee is responsible for normal maintenance of the Premises including, without limitation, performing all minor repairs and _____. The Lessee will also keep the Premises free of trash to the greatest extent feasible.

[Optional: Normal maintenance and repairs are more particularly described in Attachment E.]
- b) At the commencement of this Lease and annually (in January of each calendar year or in such other month as may be mutually agreed to by the parties) or upon extension, Lessor and Lessee shall agree on major repairs, additions, alterations, replacements and improvements. Such specifications shall be in written form and signed by both parties. (See Attachment E.)
- c) With prior written approval from the Lessor (pursuant to the process described in Section VI (b), above, or at such other times mutually agreed to by the parties), the Lessee may place and maintain improvements including but not limited to any structures, wells, fencing, and perennial plantings upon the Premises.
- d) In each case, both parties shall agree in writing as to how the costs of such major repairs, additions, alterations, replacements and improvements shall be allocated and whether the Lessee will own and/or have the right to remove such improvement at the conclusion of the Lease term in accordance with Section VI (f), below.
- e) The Lessee shall be responsible for maintenance of all improvements constructed or installed after the date of this Lease.

- f) Subject to the provisions of any specific agreements between the parties made in accordance with the provisions of Section VI (d), above, at the termination of the Lease,

[FOR EXAMPLE... the Lessee may have the right to remove certain improvements constructed or installed after the date of this Lease, or may be required by the Lessor to do so, and return the property to its prior condition. Alternatively, the improvement may remain and become the property of the Lessor. The Lessor shall not be obligated to compensate the Lessee for the remaining improvements; however, the Lessor and the Lessee may establish alternative agreements set forth in writing and signed by both parties.]

VII. Insurance

- a) Lessee is responsible for maintaining general liability insurance with coverage of *[for example: \$2 million aggregate/\$1 million per occurrence]* and naming Lessor as additional insured during the period of the Lease.
- b) Lessor shall maintain fire and extended casualty insurance coverage on the premises; such coverage shall be adequate to replace or repair farm buildings, if any, or equipment regularly used by the Lessee that may be destroyed by fire, flood or other casualty loss and to replace or repair such structure as soon as practicable.
- c) Lessee shall provide Lessor with evidence of the above insurance coverage at the commencement of the Lease term and annually thereafter on the renewal date of such policies.

VIII. Transfer, Sale, Assignment and Sublease

- a) Lessee may not sublease or assign the Lease without written permission from the Lessor. Lessor may, in Lessor's sole discretion, refuse to grant such permission or may stipulate conditions for such assignment or sublease.
- b) The terms of this Lease shall remain with the land; sale of the Premises or portions thereof shall not invalidate lease terms.
- c) *[If applicable]* Lessee agrees to abide by the terms of any conservation or agricultural easement placed upon the Premises or portions thereof. Such terms shall not unduly restrict normal agricultural activities.

IX. Termination and Default

- a) Either party may terminate this Lease only upon default by the other as specified in (b) below. Upon termination at the end of the Lease term or for any other reason, Lessee must vacate the property and remove all personal possessions and any improvements that Lessee is required or permitted to remove per Section VI above. Premises must be left in the same condition as at the commencement of this Lease, or better, normal wear and tear notwithstanding. If either party shall default in the performance of any of its obligations, covenants or agreements under this Lease and such default shall not be cured within sixty (60) days after written notice to the defaulting party, then the non-defaulting party may declare the Lease terminated.
- b) Events of default by Lessee shall include, without limitation, the failure to: (i) pay the Lease fee when due, (ii) comply with the stewardship standards described in Attachment C, (iii) comply with repair and maintenance standards under Section VI, and (iv) maintain the insurance coverage required under Section VII. c) Events of default by Lessor shall include, without limitation, (i) failure to make the Premises fully available to Lessee for the establishment and development of an agricultural enterprise, and _____.
- c) The parties recognize that weather, “acts of God” or similar unforeseen events may, in extreme circumstances, interfere with the Lessee’s farming practices and could prevent the Lessee’s timely compliance with the terms of the Lease. The Lessor shall take such circumstances into account before declaring an event of default. If the Lessor fails to remedy any default within the above-described 60-day period, the Lessee has the right to withhold rent and to pursue other remedies. A default under the Residential Lease entered into between the parties shall constitute a default under this Lease, and vice versa.

XI. Communications and Dispute Resolution

- a) Both parties agree that open communications are key to a successful Lessor-Lessee agreement. To that end, they agree to communicate their questions and concerns in a timely and appropriate manner, and in writing if deemed necessary by either party.
- b) The parties agree to the best of their abilities to resolve any disputes regarding the interpretation and performance of this Lease through mutual good faith effort. All disputes that cannot be resolved through such efforts shall be determined and settled by arbitration in Boston, Massachusetts in accordance with the rules and procedures of the American Arbitration Association then in effect, and judgment upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expenses of the arbitration shall be borne equally by the parties to the arbitration, except that each party shall pay for the cost of its own experts, evidence, and legal counsel.

XII. Severability

If any part of this Lease is invalid or unenforceable, the balance of this Lease shall remain effective, absent such provision.

XIII. Amendments

No change in this Lease shall be effective unless it is in writing and signed by both parties.

XIV. Joint and Several Liability

All persons comprising the Lessee shall be jointly and severally liable for the Lessee’s obligations hereunder.

IN WITNESS THEREOF, the parties have executed this Lease to be effective as of the date first set forth above.

LESSOR:

LESSEE:

Attachments *(All listed here may not be needed or appropriate.)*

Attachment A. Description of Leased Premises

Attachment B. Lease fee schedule

Attachment C. Stewardship Standards (see example, following page)

Attachment D. NRCS Farm Conservation Plan or equivalent

Attachment E. New Improvements

Attachment C. Stewardship Standards *[Example]*

The purpose of these stewardship standards is to embody Lessor's and Lessee's mutual commitment to protecting and enhancing the natural resources of the Premises. Both parties prioritize the long-term health and sustainability of the natural resources of the site.

1. Lessee will prepare within 9 months of the Commencement Date, and comply with a conservation plan prepared by a qualified consultant or agency (Attachment D to this Lease). The plan may use a Holistic Management framework. Such plan will address, at minimum, the following:

- a) Agricultural soils management and enhancement
- b) Non-productive land, including field edges, wetland, scrub and shrub areas, land under and around structures, access roads
- c) Weed and pest management
- d) Water resources including irrigation water management, drainage management and improvement
- e) Wildlife habitat
- f) Cultural resources, including stone walls, historic and archeological features
- g) Crop placement and rotation

2. Comply with all current and future woodlot management plans. Lessee may be granted permission, in consultation with Lessor and Lessor's forester, to harvest firewood for use by Lessee in Lessee's farming enterprise or for heating the house on the farm.

3. Both parties agree to review and discuss these standards annually, with the understanding that their observance is a condition of this Lease.

4. With exceptions for fruit tree cultivation, Lessee shall use Lessee's best efforts to bring and maintain the property to be certifiable under any organic certification program.

5. The Lessee agrees to manage the Premises to maintain a visually pleasing environment, free of debris, junk and trash.

6. The Lessee is permitted to create and maintain new cropland by clearing brush and saplings; removal of trees greater than 6 inches in diameter shall require prior consent of Lessor and shall be in accordance with any woodlot management plans. The Lessee is permitted to manage field edges to prevent encroachment, improve air circulation and manage pests.

7. In recognition of the parties' shared interest in fostering bird populations, Lessee shall, to the greatest extent practicable, protect and enhance bird habitat, in balance with normal agricultural activities permitted in this Lease and Lessor's woodlot management plan (e.g., clearing field edges, removing brush and trees).