

# Example Farm Lease

## The Parties

This Lease Agreement is entered into on this 1<sup>st</sup> day of October, 2018 by and between Joe and Sue Smith ("Lessor"), and My Dream Farm, LLC ("Lessee") (collectively, the "Parties"), for the lease of certain land(s) for the purpose of establishing and developing an agricultural enterprise.

## Preamble

Whereas the Parties hereto are committed to working together toward agricultural uses of the property described herein; and

Whereas: the Lessor wishes to offer a secure and affordable farming opportunity to the Lessee, the Parties agree as follows:

## Section 1. The Premises

The Premises shall consist of land, roads and structures located at Parcel ID 1234 on Rural Road, Farmville, VT and consisting of 10.4 acres of land as more particularly described in *Attachment A. The Premises*.

## Section 2. Term of Lease and Extension or Renewal

a) The term of this Lease shall be for a five-years, commencing October 1, 2018 and ending October 1, 2023.

b) The Lessee shall have the option to renew this Lease according to the following provisions: The term shall be automatically extended an additional five (5) years on the anniversary of the term; provided that neither Party has given written notice of termination to the other ninety (90) days prior to the annual extension pursuant to any provision herein.

## Section 3. Rent

a) Lessee agrees to pay Lessor \$2,080 annually. The rent shall be paid in cash or by check not later than October 10 of each year of the term. A late fee of 2%/month shall be charged thereafter.

b) The rent may be renegotiated for any Lease extension or renewal.

## Section 4. Permitted, Prohibited and Restricted Uses

a) Lessee is hereby permitted all normal activities associated with agricultural purposes including but not limited to: planting and harvesting of crops; application of soil amendments; erection of temporary fencing; pest and weed management; removal and burning of brush from field edges.

b) The tenant shall not, unless by mutual agreement to the contrary, engage in any of the following activities on the Premises: cutting trees, erecting structures, parking more than two

vehicles, pick-your-own operations, storage of equipment on the premises after the farming season.

c) Lessee agrees to abide by agricultural/stewardship standards and practices as specified in Attachment B.

d) Lessor and Lessee shall conduct joint inspections of the Premises annually.

e) Lessee agrees to abide by all local, state and federal laws and regulations.

f) Necessary permit application and fees shall be obtained by the Lessee at the Lessee's sole expense unless otherwise agreed in writing.

#### **Section 5. Reserved Rights**

a) Lessor and his/her assigns reserve the right to access the property for the purposes of inspection, with prior notification of the Lessee.

#### **Section 6. Liability and insurance**

a) The Lessee will maintain general liability insurance with coverage of \$1,000,000 per incident and name the Lessor as additional insured. Lessor will maintain fire and extended casualty insurance coverage on the premises of not less than \$500,000. The Parties shall provide each other with evidence of the above insurance coverages at the commencement of the Lease term and annually thereafter on the renewal date of such policies. The Parties will provide notification to the other of renewal or cancellation.

#### **Section 7. Transfer, Sale, Assignment and Sublease**

a) In the event that ownership of all or part of the Premises is conveyed or transferred, whether voluntarily or involuntarily, by the Lessor to any other person or entity, this Lease shall not cease, but shall remain binding and unaffected.

b) Lessee may not sublease or assign this Lease without written permission from the Lessor.

#### **Section 8. Taxes, Utilities and Fees**

a) The Lessee shall be responsible for utilities and/or permit and other fees unless otherwise agreed.

b) The Lessor shall be responsible for property taxes and assessments.

#### **Section 9. Maintenance, Repairs and Improvements**

a) Lessee is responsible for normal maintenance and repairs of the Premises including existing permanent perimeter fencing, well pump, and shed siding, roof and interior.

b) Lessee may make alterations and improvements to the Premises with prior written consent of the Lessor. Lessee shall submit requests for such alterations and improvements in writing, detailing the location, materials and uses. The costs for such alterations and improvements,

including labor and materials, shall be borne by either or both parties, per mutual agreement, and reflected in writing.

c) Lessor agrees to execute major (capital) repairs as needed on the barn and to maintain all access and interior farm roadways throughout the year.

#### **Section 10. Termination and Default**

a) Either party may terminate this Lease upon default by the other as specified herein. The following shall constitute events of default: failure to comply with any term of this Lease, provided notice of default has been delivered to the defaulting party and a reasonable time has been allowed for the defaulting party to remedy the default.

b) The Lessee may terminate this lease with a three month notice and without penalty.

c) Upon termination at the end of the Lease term or for any other reason, Lessee shall vacate the premises and remove all Lessee's possessions. The premises shall be left in good condition. Lessee retains the right to harvest standing annual crops after termination, or be compensated by the Lessor for their value as if harvested and sold.

d) 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.

#### **Section 11. Communication, Permissions and Dispute Resolution**

a) Parties agree to engage in timely communication regarding the terms and execution of this Lease. The parties agree to resolve any disputes regarding the interpretation and performance of this Lease through mutual good faith effort.

b) All disputes that cannot be resolved through such efforts shall be determined and settled as follows: prior to any court action, the Parties agree in good faith to select and engage a dispute resolution professional (facilitator, mediator) and to mutually abide by the process and outcome directed by the professional. The Parties agree to divide the costs of retaining a professional.

c) Requests and consents between Parties shall be in writing via email or hard copy.

#### **Section 12. Standard Contract Provisions**

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

b) Changes in Writing: No change in this Lease shall be effective unless it is in writing and is signed by both Landowner and Farmer.

c) No Partnership Created: This Lease shall not be deemed to give rise to a partnership relationship and neither Party shall have authority to obligate the other without written consent, except as specifically provided in this Lease.

Signatures of both parties and date

Attachment A: Premises

Attachment B: Stewardship Standards and Practices

- Notarized (If required)
- Lease or Notice of Lease filed at Registry of Deeds (May be required)