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# Pasture Rental Arrangements For Your Farm



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# Pasture Rental Arrangements For Your Farm<sup>1</sup>

Don D. Pretzer<sup>2</sup>

## Table of Contents

Introduction .....	3
Part I. Establishing Rates: Per Acre/Per Head .....	3
Landowners' Costs Basis .....	3
Livestock Owners' Returns Basis .....	4
Part II. Establishing Rates .....	6
Share of Gain/Variable Rates .....	6
Alternative Feeds Basis .....	7
Part III. Leasing Tame Grass .....	9
Part IV. Establishing Rates: Other Factors .....	10
Location, Water, and Landowners' Services .....	10
Part V. Drafting Your Lease .....	10
Regional Lease Form .....	11

A complete listing of the North Central Regional publications in this series is:

1. Crop Share or Crop Share Rental Arrangements For Your Farm, NCR-105.
2. Fixed and Flexible Cash Rental Arrangements For Your Farm, NCR-75.
3. Livestock Share Rental Arrangements For Your Farm, NCR-107.
4. Irrigation Crop-Share and Cash Rental Arrangements For Your Farm, NCR-148.
5. Pasture Rental Arrangements For Your Farm, NCR-149.

The following NCR lease forms are also available:

1. Crop Share or Crop-Share Cash Farm Lease, NCR-77.
2. Cash Farm Lease (With Flexible Provisions), NCR-76.
3. Livestock Share Farm Lease, NCR-108.
4. Irrigation Crop-Share or Crop-Share-Cash Farm Lease, NCR-106.
5. Pasture Lease, NCR-109.

<sup>1</sup>This publication was prepared to be used with the lease form: "Pasture Lease North Central Regional," NCR No. 109. Both are a result of efforts by an ad hoc committee appointed by the NCR Extension Farm Management Committee to review and revise lease materials originally published by USDA in 1961.

<sup>2</sup>Agricultural Economist in Farm Management, Kansas State University, Manhattan, Kansas. The author received valuable assistance from ad hoc committee members Myron Bennett, University of Missouri, and Ken Thomas, University of Minnesota.

## Introduction

This Pasture Lease publication is one in a series addressing farm and ranch leasing.

The first parts of this publication discuss establishing rates. Part III addresses leasing tame or introduced grass pastures. Part IV deals with the considerations when drafting your lease.

While beef cattle examples are used in the worksheets, the principles discussed and the worksheets apply equally to grazing dairy cattle, sheep, goats, horses, and other roughage consuming livestock.

Lastly, the figures in the examples and tables are to show the calculations only. Substitute your costs and prices.

## Part I Establishing Rates: Per Acre/Head

Landowners' cost, livestock owners' earnings, alternative feed are methods commonly used to determine a fair pasture rent per head or acre. Each will be discussed separately.

### Landowner Cost

Past land productivity is theoretically reflected by current land values expressed as price per acre. A percentage of the price indicates landowners return to the current value and also reflects the pasture productivity. A percentage rate of 2 to 4 percent is suggested because:

- Current value of the land is used rather than purchase price for the basis of returns.
- If the pasture were sold, the net dollars available to the seller would be lower than current value due to income taxes, sale expense, etc.
- Inflation rates of 4 to 7 percent (higher during 1970s) added to the suggested 2 to 4 percent rate result in an acceptable return on investment.

Other ownership costs include taxes, depreciation of

fences, buildings, ponds or wells, and handling facilities. The information in Table 1 illustrates ownership costs for 160 acres of grass.

In Table 1 the ownership costs of \$16.87 per acre establishes an asking price for one acre of pasture land.

No fertilizer was applied by landowner. Rent per head is determined by the acres per head (reflecting carrying capacity) for the type and size animal times \$16.87. For instance, a 650-pound yearling could require 4 acres (4 Acres  $\times$  \$16.87/ac.) = \$67.48/hd./season.

**Table 1. Landowner Ownership Costs/Acre and Head**

A. Price of Land: \$ <u>64,000</u>			
1. Interest	$\times \frac{3}{XXXX} \% =$		\$ <u>1,920</u>
2. Taxes			\$ <u>160</u>
B. Other investments:			
1. <u>Fence</u>	\$ <u>3,200</u>		
2. <u>Pens</u>	\$ <u>800</u>		
C. Total (Add Lns. B1&B2): \$ <u>4,000</u>			
1. Depreciation	$\div \frac{20}{XXXX} \text{ yrs.}$		\$ <u>200</u>
2. *Interest	$\times \frac{5}{XXXX} \%$		\$ <u>200</u>
3. Repairs	XXXX		\$ <u>200</u>
4. Taxes	XXXX		\$ <u>20</u>
5. Insurance	XXXX		\$ <u>-</u>
D. Total Ownership Cost/Pasture			\$ <u>2,700</u>
E. Number Acres			$\div \frac{160}{XXXX}$
F. Ownership Costs/Acre			\$ <u>16.87</u>
G. Stocking Rate (Acres/Head)			<u>4</u> $\times$
H. Ownership Costs/Head/Year			\$ <u>67.48</u>

\* 5% on \$4,000 is equal to 10% of the average investment of \$2,000.

**Table 1a. Your Farm**

A. Price of Land: \$ _____			
1. Interest	$\times \frac{\quad}{XXXX} \% =$		\$ _____
2. Taxes			\$ _____
B. Other investments:			
1. _____	\$ _____		
2. _____	\$ _____		
C. Total (Add Lns. B1&B2): \$ _____			
1. Depreciation	$\div \frac{\quad}{XXXX} \text{ yrs.}$		\$ _____
2. *Interest	$\times \frac{\quad}{XXXX} \%$		\$ _____
3. Repairs	XXXX		\$ _____
4. Taxes	XXXX		\$ _____
5. Insurance	XXXX		\$ _____
D. Total Ownership Cost/Pasture			\$ _____
E. Number Acres			$\div \frac{\quad}{XXXX}$
F. Ownership Costs/Acre			\$ _____
G. Stocking Rate (Acres/Head)			<u>      </u> $\times$
H. Ownership Costs/Head/Year			\$ _____

\* 5% on \$4,000 is equal to 10% of the average investment of \$2,000.

### Livestock Owner's Returns

The landowner calculates the least he is willing to receive as rent. The livestock owner should calculate the most he can pay. A budget format for the livestock owner's calculations are indicated in Table 2 for a 650-pound yearling.

In Table 2 the livestock owner can pay \$49.39 per head. If 4 acres are needed per head, the per acre rent the livestock owner can pay is \$12.35 per acre.

**Table 2. \*Livestock Owner Returns (6-month graze)**

A. Investment:	<u>650</u> lbs. × \$ <u>65.00</u> cwt.	= \$ <u>422.50</u>
B. Costs (As % of A):		
1. Interest:	\$ <u>422.50</u> × <u>9</u> Percent × <u>6/12</u> year	= \$ <u>19.01</u>
2. Taxes, vet, insurance	<u>1</u> %	= \$ <u>4.22</u>
3. Death Loss	<u>1</u> %	= \$ <u>4.22</u>
4. Purchasing, Selling, Hauling	<u>3</u> %	= \$ <u>12.66</u>
C. 1. Labor	<u>1</u> hours @ \$ <u>5.00</u>	= \$ <u>5.00</u>
2. Management		\$ <u>10.00</u>
D. For Cows (additional costs)		
1. Depreciation		= \$ _____
2. Bull Charge		= \$ _____
E. TOTAL COSTS		= \$ <u>477.61</u>
F. Sell:	<u>850</u> lbs. @ \$ <u>62.00</u> cwt.	= \$ <u>527.00</u>
G. Gain due to pasture/head		= \$ <u>49.39</u>
H. Stocking Rate (acres/head)	÷ <u>4</u>	
I. Livestock Owner Returns/acre		= \$ <u>12.35</u>

\* For more detailed budgets see "Farm Management Budgets" available at your local and State Extension Service.

**Table 2a. Your Farm**

A. Investment:	_____ lbs. × \$ _____ cwt.	= \$ _____
B. Costs (As % of A):		
1. Interest:	\$ _____ × _____ Percent × _____ year	= \$ _____
2. Taxes, vet, insurance	_____ %	= \$ _____
3. Death Loss	_____ %	= \$ _____
4. Purchasing, Selling, Hauling	_____ %	= \$ _____
C. 1. Labor	_____ hours @ \$ _____	= \$ _____
2. Management		\$ _____
D. For Cows (additional costs)		
1. Depreciation		= \$ _____
2. Bull Charge		= \$ _____
E. TOTAL COSTS		= \$ _____
F. Sell:	_____ lbs. @ \$ _____ cwt.	= \$ _____
G. Gain due to pasture/head		= \$ _____
H. Stocking Rate (acres/head)	÷ _____	
I. Livestock Owner Returns/acre		= \$ _____

\* For more detailed budgets see "Farm Management Budgets" available at your local and State Extension Service.

## Part II

### Establishing Rates: Share of Gain-Variable Rates

#### Share of Gain

Occasionally, pasture owners and cattle owners are interested in working out a share arrangement. Such an arrangement divides risk between the pasture owner and the livestock owner. Under this arrangement, the contributions of each party is used as a basis for dividing income.

Contributions of the pasture owner include land taxes, interest on the pasture investment, depreciation and repairs on windmills, pumps, and fences, as illustrated in Table 1 and any other contributions such as salt, labor, and mineral.

Contributions of the livestock owner include interest on the livestock investment and any other contributions such as grain, salt, minerals, labor, and risk of death loss, and management such as budgeted in Table 2.

The income to be divided is the value of the livestock gains produced from pasture. The value of livestock gains can be calculated on the basis of the net increase in value. The value of the gain does require a determination of the price and weight of animals being pastured at the beginning and end of the pasture season.

Table 3 illustrates one approach to calculating each party's share of the gain (loss). The example shows (Line D4 & D5) positive returns to each party. However, these returns should be compared with Line C total costs. Possibly the return shown in Table 1 or 2 would be more satisfactory to each party.

**Table 3. Share of Gain Per Animal**

	Landowner	Livestock Owner
<b>A. Landowner</b>		
1. Price Land/Acre \$ <u>400</u>		
2. Stocking Rate × <u>4</u>		
3. Landowner Investment/Animal \$ <u>1,600</u>		
4. Interest @ <u>3</u> % =	\$ <u>48.00</u>	
5. Taxes/Acre \$ <u>1</u> × <u>4</u> Acre =	\$ <u>4.00</u>	
6. Fences and Equipment Value \$ <u>15.50</u>		
7. *Charge D,I,R,T,I <u>15</u> % =	\$ <u>2.33</u>	
<b>B. Livestock Owner</b>		
1. <u>650</u> lbs × \$ <u>65</u> cwt. = \$ <u>422.50</u>		
2. Interest <u>9</u> % × <u>6/12</u> year		\$ <u>19.01</u>
3. Taxes, Net, Insurance <u>1</u> %		\$ <u>4.22</u>
4. Death Loss <u>1</u> %		\$ <u>4.22</u>
5. Purchasing, Selling, Holding <u>3</u> %		\$ <u>12.66</u>
6. Labor <u>1</u> hr. × \$ <u>5.00</u>		\$ <u>5.00</u>
<b>For Breeding Livestock</b>		
7. Depreciation		
8. Breeding Charge		
<b>C. Total</b>	\$ <u>99.44</u>	\$ <u>45.11</u>
1. % Landowner	<u>55</u> %	XXXX
2. % Livestock Owner	XXXX	<u>45</u> %
<b>D. Value Gain</b>		
1. Sell <u>850</u> lbs @ \$ <u>60</u> cwt. =	\$ <u>510.00</u>	
2. Less Purchase	\$ <u>422.50</u>	
3. Returns on cattle	\$ <u>42.61</u>	
4. <u>55</u> % to Landowner	\$ <u>23.44</u>	
5. <u>45</u> % to Livestock owner		\$ <u>19.17</u>
* D = Depreciation = 8.0%		
I = Interest = 4.0%		
R = Repairs = 2.0%		
T = Taxes = .5%		
I = Insurance = .5%		
Total = 15%		

**Table 3a. Your Farm**

	Landowner	Livestock Owner
<b>A. Landowner</b>		
1. Price Land/Acre \$ _____		
2. Stocking Rate × _____		
3. Landowner Investment/Animal \$ _____		
4. Interest @ _____ % =	\$ _____	
5. Taxes/Acre \$ _____ × _____ Acre =	\$ _____	
6. Fences and Equipment Value \$ _____		
7. *Charge D,I,R,T,I _____ % =	\$ _____	
<b>B. Livestock Owner</b>		
1. _____ lbs × \$ _____ cwt. = \$ _____		\$ _____
2. Interest _____ % × _____ year		\$ _____
3. Taxes, Net, Insurance _____ %		\$ _____
4. Death Loss _____ %		\$ _____
5. Purchasing, Selling, Holding _____ %		\$ _____
6. Labor _____ hr. × \$ _____		\$ _____
<b>For Breeding Livestock</b>		
7. Depreciation		_____
8. Breeding Charge		_____
<b>C. Total</b>	\$ _____	\$ _____
1. % Landowner		_____ %
2. % Livestock Owner	XXXX	XXXX %
<b>D. Value Gain</b>		
1. Sell _____ lbs @ \$ _____ cwt. =	\$ _____	
2. <u>Less Purchase</u>	\$ _____	
3. Returns on cattle	\$ _____	
4. _____ % to Landowner	\$ _____	
5. _____ % to Livestock owner		\$ _____
* D = Depreciation = _____%		
I = Interest = _____%		
R = Repairs = _____%		
T = Taxes = _____%		
I = Insurance = _____%		
Total _____%		

**Variable Rents**

Other leasing arrangements could be developed which would also serve to shift some of the risk and the chance for profit to the landowner. The risk due to weather could be effectively shifted by charging a fixed amount per pound of gain.

**Based on Gain**

To illustrate how this might work, assume a pasture charge for a yearling steer is \$7 per month. For a 6-month grazing season, this is \$7 × 6 or \$42. During the 180 days on pasture, a 200-pound gain is a reasonable expectation. The cost of gain is 21 cents a pound under these circumstances. (42 ÷ 200 lbs.)

Instead of charging \$7 per head per month, the owner of the pasture could charge 21 cents per pound of gain. If gain turned out to be unusually good, perhaps 250 pounds, then he would receive \$52.50 for the season

instead of \$42. On the other hand, if grass was short and gain was only 150 pounds, he would receive only \$31.50. Pasture owners might not be willing to assume this kind of risk unless they expected to receive a little higher rent on the average for doing so. How much higher rent is required cannot be accurately estimated. This can only be determined through a bargaining process.

**Based on Base Rent and Market Price Per Cwt.**

The risk due to market price changes can be shifted by means of a flexible rent formula. The following is a description of one method. The going (base) rental rate (per head per season) is tied to a long-term average price of good-choice steer calves during the months of October and November at a terminal market. Each year the rental rate goes up or down as the price of calves varies in



relation to the long-run average price. The formula follows:

$$\text{Base rate} \times \frac{\text{Current Oct. - Nov. price of steer calves}}{\text{Long term average Oct. - Nov. price of st. calves}} = \text{adjusted rent}$$

$$\text{Example: } \$50 \times \frac{\$60}{\$40} = \$75 \text{ adjusted rent}$$

The formula can also recognize weather by allowing for variations in productivity (amount of grass produced). This is done by multiplying by one additional factor, the current season's estimated county yield (of wild hay, alfalfa, or other comparable forage crop) divided by the long term average yield of the same crop. The formula considering price and weather represented by hay yield is:

$$\text{Base rent} = \frac{\text{Current Oct. - Nov. price of steer calves}}{\text{Long term average Oct. - Nov. price of st. calves}} \times \frac{\text{Current year average hay yield}}{\text{Long term year average hay yield}} = \text{Adjusted Rent}$$

$$\text{Example: } \$50 \times \frac{\$60}{\$40} \times \frac{.6 \text{ Ton}}{1.1 \text{ Ton}} = 41.25 \text{ Adjusted rent}$$

### Pricing Pasture Based On Alternative Feed-Hay

Pasture Quality Factors:

1. .22 = Lush, green, high protein pasture
2. .20 = Excellent tallgrass pasture
3. .15 = Fair to good native pasture
4. .12 = Poor shortgrass or considerable weed growth

Pasture Rental Rate Formula:

$$\begin{array}{ccccccc} \text{Average weight in} & & \text{Average Price} & & \text{Pasture} & & \text{Rate per} \\ \text{thousands of lbs.} & & \text{of good grass} & & \text{Quality} & & \text{head per} \\ \text{during pasture} & \times & \text{hay (per ton)} & \times & \text{factor} & = & \text{month} \\ \text{season} & & \text{during past} & & & & \\ & & \text{season} & & & & \end{array}$$

$$\text{Example: } 1.2 \times \$50 \times .20 = \$12.00 \text{ per head/month (6 months = } \$72.00 \text{ per head/season)}$$

$$\text{Example: } .75 \times \$45 \times .20 = \$6.75/\text{head/month (6 months = } \$40.50/\text{head/season)}$$

## Part III Leasing Tame Grass Pasture

Tame grass as used in this publication, refers to grass planted on land which has been previously tilled. Quality of land can range from class 1 highly productive soils to very low productive soils not suited for crops. Generally the management of tame grass includes the application of annual fertilizer and possibly clipping or spraying for weed control. Some of the grasses may be hayed rather than grazed.

### Tame Grass Lease Problems

Three major problems arise between the landowner and livestock owner when leasing tame grasses.

1. Fertilizer. The livestock owner usually wants to apply relatively heavy rates of fertilizer when leasing tame grass so as to obtain the maximum production per acre. The landowner will want to apply only enough fertilizer to maintain his 'stand of grass.'
2. The second problem arises concerning stocking rates. When pasture rent is on an acre basis, the livestock owner wants to stock heavily. The landowner may desire light stocking rates.
3. The third problem concerns the grazing seasons. What months can be grazed? Will the grass be harmed by year-round use?

### Overcoming the Problems:

By our definition, tame grasses are planted on tilled soil. Therefore, the land can be used for some crop other than forages. The most simple approach is to treat the land like **Cash Rented Cropland**. For a complete discussion of cash renting, obtain "*Fixed and Flexible Cash Rental Arrangements For Your Farm*," NCR-75. NCR-75 indicates how to establish fair cash rates for land. After the rate is established treat the problem areas (and enter in the agreement) as follows:

1. Fertilizer: Leave the amounts and payment to the tenant (livestock owner). If some minimum level is necessary for maintaining the grass, this amount should be specified in the lease.
2. Stocking Rate and Grazing Season: Leave the stocking rate to the tenant unless there are specific time periods where grazing would be harmful to the grass. Specify in the lease these time periods. If the grass species is such that stocking rates should be maintained, specify this in the lease.

### Other Methods for Establishing Tame Grass Lease Rates

**Forage substitution:** Short period grazing may be priced on the basis of drylot costs. For example, consider a cattle backgrounder who wants his feeders to gain 1.5 pounds per day. He notes he can lease a tame grass pasture which would provide his cattle feed for a 45-day period. He, also knows that his drylot feed cost is 35¢/lb

or 53¢/day (1.5 lbs × 35¢/lb gain). The cattle owner then determines he can pay \$23.85 per head for the tame pasture for 45 days. (53¢/day × 45 days) Breeding livestock and other species can be calculated similarly.

**Value of Gain:** Again we will use a backgrounding program as an example. The backgrounder finds grass which he can lease for 3 months. His cattle weigh 550 pounds and can be sold for 70¢/lb or \$385/head. He figures the cattle will gain 180 pounds for the 90 days. How much can he pay for the grass?

His best estimate for selling the 730-pound feeders at the end of the grazing period is \$66 cwt or \$482/head. His increase in value is \$97. From the \$97 he must deduct interest on the investment, death, loss, minerals and salt and marketing as well as any profit for his labor and management. If his estimate of these costs is \$50, then he could pay \$47 for the pasture for the 90-day period (\$90 - \$50 = \$47). Remember the figures are examples only to show how the method can be used.

### Market Rates

While each of the previous methods may be used to establish pasture rental rates—the market rate cannot be ignored. The market rate is the going price established by many landowners and livestock owners bargaining together. Previous year's rates are published by most State Crop and Livestock Reporting Services. Estimated livestock inventories, price, and weather conditions for the current year are used to estimate and bargain current years rates from previous years rentals.

## Part IV Establishing Rates: Other Factors

### Valuing Location, Water, and Landowner Services

Valuing these items is rather subjective. However, most have some value to the livestock owner.

**Location:** The pasture location is important if the livestock owner is taking care of his stock. The cost can be calculated by estimating the number of trips per season × miles × cost per mile. The number of trips should consider checking the cattle for count, health, salt and minerals, water supply as well as hauling or driving the cattle to and from the pasture.

**Water:** Good quality water location in proper locations improves gain. If water supplies go dry in mid-season, provisions must be made for hauling water or removing the animals. Who pays for these types of considerations must be spelled out in the lease agreement.

**Landowner Services:** Landowner services vary from no more than collecting the rent to taking complete care of the stock during the pasture season. Common charges for services (counting, checking health, and water, providing salt and minerals and maintaining fences) is 10 percent of gross rent for beef cattle.

Pasture rental rates per acre should reflect productivity. Past stocking rates, weed growth, moisture, etc., all affect productivity, i.e., stocking rates or carrying capacity. Poor pastures rent for less per acre than highly productive pastures. Conflicts may arise because the livestock owner wants to stock with the maximum number of head/acre and the landowner will desire a low stocking rate as his rent is a fixed rate per acre. Continuous heavy stocking rates lowers quality of pasture by reducing stand of grass and allowing weed growth.

Pastures rented per head establishes a rate which may not adequately recognize differences in stocking rates. Opposed to per acre rates the livestock owner desires low stocking rates (higher gain/head) and the landowner desires higher stocking rates to increase income. Size of animals is not always enumerated in the lease and may lead to disagreements when renting per head.

Whole tract rentals are often part of a farm containing cropland. The rental rate for whole tracts is established by (1) the rate per head times the number of head allowed per tract or (2) the per acre rate times the number of acres in pasture.

Specifying the stocking rate and cattle weight may be the most important points for the parties to agree upon and enumerate in the lease.

## Part V Drafting Your Lease

The lease for "Pasture Lease" NCR-109 is included in this publication. These lease forms are available from your local or state Extension service.

### Using the lease

**Names:** Include name of spouses as the land as well as the livestock may be titled in joint tenancy.

**Property description:** Include both legal and common description.

**General Terms:** The years may be changed to months or days for short term leases. The other terms are fairly standard but may be deleted by crossing out if not applicable to your particular situation.

**Stocking Rate:** This section may be the most important section of the lease form if disagreements are to be avoided between the parties and the grass stand and quality is to be maintained.

**Operation and Maintenance:** Most of the common practices are provided as to which party performs them. Additional agreements may include what happens in the event of water or grass failure. Will the landowner provide feed and water? Will the livestock owner remove the cattle? What adjustments in rent are needed if these events should occur? Each situation is different; however, one of the purposes of a written lease is to head off possible situations which could arise. Try to anticipate these major areas and include in the lease.

**Payment schedule:** The lease form provides space for three different methods of payment. Strike out the two methods not used.

Three ways to quote pasture rent predominate and Method I or II fit the three.

1. Per acre
2. Per head/month or season
3. Whole tract

Less often used are:

1. Share of gain
2. Variable rates

The details of these calculations can be shown in Method III of the lease form.

Happy Grazing!

# Pasture Lease

This PASTURE LEASE form can provide the landlord and tenant with a guide for developing an agreement to fit their individual situation. This form is not intended to take the place of legal advice pertaining to contractual relationships between the two parties. Because of the possibility that an operating agreement may be legally considered a partnership under certain conditions, seeking proper legal advice is recommended when developing such an agreement.

(North Central Regional Publication 109)

This lease is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, between \_\_\_\_\_, landlord, of \_\_\_\_\_ (pasture owner) \_\_\_\_\_ (address) \_\_\_\_\_, spouse, of \_\_\_\_\_ (address) hereafter known as "the landlord," and \_\_\_\_\_, tenant, of \_\_\_\_\_ (livestock owner) \_\_\_\_\_ (address) \_\_\_\_\_, spouse, of \_\_\_\_\_ (address) hereafter known as "the tenant."

## I. PROPERTY DESCRIPTION

The landlord hereby leases to the tenant, to occupy and use for pasture purposes, the following described property:

\_\_\_\_\_ consisting of approximately \_\_\_\_\_ acres situated in \_\_\_\_\_ County (Counties), \_\_\_\_\_ (State) and on any other land which the landlord may designate by mutual written agreement.

## II. GENERAL TERMS OF LEASE

A. Term.—[If a continuing lease is desired, use paragraph (1) and strike out (2).]

(1) Continuing Lease—The term of the lease shall be \_\_\_\_\_ year(s), commencing on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and shall continue in effect from year to year thereafter (as an annual lease) unless written notice of termination is given by either party to the other at least \_\_\_\_\_ days prior to expiration of this lease or the end of any year of continuation. If a definite term is desired, use paragraph (2) and strike out paragraph (1). No notice of termination is necessary if paragraph (2) is used.)

(2) Annual Lease—The term of this lease shall be \_\_\_\_\_ year(s), commencing on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

B. Review of lease.—A request for general review of the lease may be made, by either party at least \_\_\_\_\_ days prior to the final date for giving notice to terminate the lease.

C. Amendments.—Amendments and alterations to this lease shall be in writing and shall be signed by both the landlord and tenant.

D. No partnerships created.—This lease shall not be deemed to give rise to a partnership relation, and neither party shall have authority to obligate the other without written consent, except as specifically provided in this lease.

E. Binding on Heirs.—The terms of this lease shall be binding upon the heirs, executors, administrators, and successors of both landlord and tenant in like manner as upon the original parties, except as provided by mutual written agreement otherwise.

F. Transfer of property.—If the landlord should sell or otherwise transfer title to the farm, he will do so subject to the provisions of this lease.

G. Right of entry.—The landlord reserves the right of himself, his agents, his employees, or his assigns to enter the farm at any reasonable time for purposes (a) of consultation with the tenant; (b) of making repairs, improvements, and inspections; and (c) after notice of termination of the lease is given, of performing customary seasonal work, none of which is to interfere with the tenant in carrying out regular operations.

H. Additional agreements regarding term of lease:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I. Animal units (maximum allowable)—Not more than \_\_\_\_\_ animal units shall be kept in the pasture at any one time without the express written consent of the landlord. Deliberate violation of this provision shall constitute grounds for termination of this lease. (Each 1,000 pounds of average weight shall be one animal unit. If the pasture owner and the owner of the livestock prefer, they can use the following basis for calculating animal units: 1 bull, 1.25 animal units; one 1,000-pound cow, 1 animal unit; 1 yearling steer or heifer, .75 animal unit; calf, 6 months to 1 year, .5 animal unit; calf, 3 to 6 months, .3 animal unit; sheep, 5 per animal unit; horse, 1.25 animal units.)—

Stocking Rate	Number Head	Number Animal Units
Bulls .....	_____	_____
Cows .....	_____	_____
Yearling steers .....	_____	_____
Yearling heifers .....	_____	_____
Calves, 6 mos.-1 year .....	_____	_____
Calves, 3-6 mos. ....	_____	_____
Other .....	_____	_____

**III. OPERATION AND MAINTENANCE**

A. The livestock owner agrees:

- (1) Not to pasture livestock to be breachy. Should any animal be found outside the pasture on at least three occasions, the pasture owner may request its removal.
- (2) Not to assign his right and duties under this lease without the written consent of the pasture owner.
- (3) Not to put any cattle in pasture without getting specific approval from the pasture owner in advance regarding number, health, sex, breed, and age.
- (4) Agrees to furnish health certificate as follows:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

B. Both agree:

- (1) Not to obligate other party. Neither party hereto shall pledge the credit of the other party hereto for any purpose whatsoever without the consent of the other party. Neither party shall be responsible for debts or liabilities incurred, or for damages caused by the other party.
- (2) Responsibilities.—Additional responsibilities for each party shall be divided as follows:

	Landlord	Tenant
Inspect fences not less than once per _____	_____	_____
Furnish labor for repair of fences. ....	_____	_____
Furnish materials for repair of fences. ....	_____	_____
Supervise supply of water to livestock. ....	_____	_____
Furnish labor for repair of water system. ....	_____	_____
Materials for repair of water system. ....	_____	_____
Furnish salt and mineral. ....	_____	_____
Count livestock not less than once per _____	_____	_____
Return stray animals to pasture.	_____	_____
Call veterinarian in case of emergency. ....	_____	_____
Pay veterinary expenses. ....	_____	_____
Provide loading and unloading facilities. ....	_____	_____
Furnish supplementary feed, if needed. ....	_____	_____
Notify other party of shortage in count. ....	_____	_____
Provide facilities for fly control.	_____	_____
Keep fly control facilities in working order. ....	_____	_____
Liability Insurance. ....	_____	_____

(3) Additional agreements:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**IV. RENTAL CALCULATIONS AND PAYMENT SCHEDULE**

(Use Method I, II or III and Strike Out the Two Methods Not Used)

METHOD I—The tenant owner agrees to pay \$ \_\_\_\_\_ per acre for use of the property described in paragraph I. Total rent of \$ \_\_\_\_\_ shall be paid as follows.

- \$ \_\_\_\_\_ on or before \_\_\_\_\_ day of \_\_\_\_\_ (month),
- \$ \_\_\_\_\_ on or before \_\_\_\_\_ day of \_\_\_\_\_ (month),
- \$ \_\_\_\_\_ on or before \_\_\_\_\_ day of \_\_\_\_\_ (month),
- \$ \_\_\_\_\_ on or before \_\_\_\_\_ day of \_\_\_\_\_ (month),

If rent is not paid when due, the tenant agrees to pay interest on the amount of unpaid rent at the rate of

\_\_\_\_\_ percent per annum from the due date until paid. Rental adjustment—Additional agreements in regard to rental payment:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

METHOD II—The livestock owner agrees to pay the following rates: (The period may be by the month, pasture season or year.)

	Number	X	Rental Rate/Period	=	Total Rent/Period
Bulls .....	_____	X	\$ _____	=	\$ _____
Cows .....	_____	X	\$ _____	=	\$ _____
Yearling steers .....	_____	X	\$ _____	=	\$ _____
Yearling heifers .....	_____	X	\$ _____	=	\$ _____
Calves, 6 mos.-1 year .....	_____	X	\$ _____	=	\$ _____
Calves, 3-6 mos. ....	_____	X	\$ _____	=	\$ _____
Other .....	_____	X	\$ _____	=	\$ _____
Total Rent .....					\$ _____

The minimum rent shall be \$\_\_\_\_\_. Such rental shall be required regardless of whether or not livestock are actually being pastured. The Total Rent of \$\_\_\_\_\_ shall be paid as follows.

- \$\_\_\_\_\_ on or before \_\_\_\_\_ day of \_\_\_\_\_ (month),
- \$\_\_\_\_\_ on or before \_\_\_\_\_ day of \_\_\_\_\_ (month),
- \$\_\_\_\_\_ on or before \_\_\_\_\_ day of \_\_\_\_\_ (month),
- \$\_\_\_\_\_ on or before \_\_\_\_\_ day of \_\_\_\_\_ (month),

If rent is not paid when due, the tenant agrees to pay interest on the amount of unpaid rent at the rate of \_\_\_\_\_ percent per annum from the due date until paid.

Rental adjustment—Additional agreements in regard to rental payment:

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METHOD III—Other Rental Arrangements (Share of gain-etc.)

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**VI. ARBITRATION OF DIFFERENCES**

Any differences between the parties as to their several rights or obligations under this lease that are not settled

by mutual agreement after thorough discussion, shall be submitted for arbitration to a committee of three disinterested persons, one selected by each party hereto and the third by the two thus selected. The committee's decision shall be accepted by both parties.

Executed in duplicate on the date first above written:

\_\_\_\_\_  
tenant (Livestock owner)

\_\_\_\_\_  
landlord (Pasture owner)

\_\_\_\_\_  
(tenant spouse)

\_\_\_\_\_  
(landlord spouse)

COUNTY OF \_\_\_\_\_

STATE OF \_\_\_\_\_

} SS:

On this \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19\_\_\_\_, before  
me, the undersigned, a Notary Public in said State, personally appeared \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_,  
and \_\_\_\_\_, to me known to be the identical persons named in and who executed  
the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

\_\_\_\_\_  
Notary Public

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