

SAMPLE MARYLAND FLEX CASH RENT FARM LEASE

DIRECTIONS:

1. Complete two copies of this lease, one for the landlord and one for the tenant.
2. Make sure both parties agree on base rent, base yield, and base price when necessary.
3. Cross out or delete any unnecessary clauses.
4. Have both parties sign both copies, or sign one lease and make a copy of the signed lease.
5. This lease is provided to aid landlords and tenants in preparing their own written farm leases.

Disclaimer: This lease sample is intended to provide general information and should not be construed as providing legal advice. Using any lease format creates or alters the legal rights between the two parties and both parties should each consider consulting their respective attorneys for clarification on how any clause in a lease affects their respective legal rights.

This lease is based off a fixed cash rent lease and flex-cash rent lease clause developed by the North Central Farm Management Extension Committee and found at <http://aglease101.org/DocLib/docs/NCFMEC-01A.pdf> modifications have been made to make the lease more Maryland specific.

Sample Maryland Flex Cash Lease

This lease is entered into on _____, 20____, between:

Landowner(s) (hereinafter Lessor):

_____ ,

whose mailing address is

_____ ,

and

Tenant (s) (hereinafter Lessee):

_____ ,

whose mailing address is

_____ .

Property Description

Lessor agrees to rent and lease to Lessee, to occupy and to use for agricultural purposes only, the following real estate located in the County of _____ and the State of _____, and described as follows:

_____ , commonly referred to as the

_____ Farm and consisting of approximately _____ acres, together with all

buildings and improvements thereon belonging to the Lessor, except

_____ .

Tenure of Lease

The term of this lease shall be from _____, 20____, to _____, 20____. This lease shall continue in effect from year to year thereafter 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.

No Partnership

It is agreed that this agreement is one of lease and not of partnership, and Lessor shall not be or become responsible for any debts contracted by Lessee.

Modification of Agreement

Any modification of this lease or additional obligation assumed by either party in connection with this lease shall be binding only if placed in writing and signed by each party or an authorized representative of each party.

Assignment and Sublease

This lease shall inure to the benefit and be binding upon the heirs, executors, successors, and assigns of the parties; provided, however, Lessee shall not sublease all or any part of the leased premises, or assign this lease, without the prior, express, and written consent of Lessor; and if Lessee does sublease the premises or part of the premises or assign this lease, such sublease or assignment shall be void unless Lessor has given their prior, express, and written consent.

Right to Entry

Lessor, as well as agents and employees of Lessor, reserve the right to enter the property at any reasonable time to: a) consult with the Lessee; b) make repairs, improvements, and inspections; c) after notice of termination of the lease is given do tillage, seeding, fertilizing, and any other customary seasonal work, including planting a cover crop; and d) hunt and fish wildlife during applicable seasons and according to the laws, rules, and regulations of the Maryland Department of Natural Resources, none of which is to interfere with the Lessee in carrying out Lessee's regular farm operations.

Mineral and Wind/Solar Development

Lessor retains the right to enter into agreements for the development of petroleum, other minerals, wind, solar, or other resources on the property, and may also authorize third parties to enter the property to survey, construct, and/or operate the facilities reasonably necessary to develop those resources. Lessor agrees to reimburse Lessee for any actual damage suffered to crops destroyed by these activities and to release Lessee from obligation to continue farming this property when and if development of such resources interferes materially with Lessee's opportunity to make a satisfactory return.

Cultivation

Lessee shall cultivate the demised premises according to generally accepted agricultural practices practiced in the County of _____, State of _____.

Noxious Weeds

Lessee agrees to use diligence to prevent noxious weeds from going to seed on the property.

Repairs

Lessor and Lessee agree to the following:

1. Lessee agrees to prevent waste, loss, or damage to the property of Lessor and keep property neat and orderly. Lessee further agrees to keep the building, fences (including hedges), and other improvements in good repair and condition as they are when Lessee takes possession or in as good repair and condition as they may be put by Lessor during the term of the lease – ordinary wear, loss by fire, or unavoidable destruction excepted.
2. Lessor agrees to replace or repair as promptly as possible the dwelling or any other building or equipment regularly used by the operator that may be destroyed or damaged by fire, flood, or other cause beyond the control of the Lessee or to make rental adjustments in lieu of replacements. Lessor further agrees to furnish materials for all normal maintenance and repairs.

Removal of Improvements

Lessor agrees to let Lessee make minor improvements of a temporary or removable nature, which do not alter the condition or appearance of the property, at the Lessee's expense. Lessor further agrees to let the operator remove such improvements even though they are legally fixtures at any time this lease is in effect or within _____ days thereafter, provided the operator leaves in good condition that part of the property from which such improvements are removed. Lessee shall have no right to compensation for improvements that are not removed except as mutually agreed.

Modification of Agreement

Any modification of this agreement or additional obligation assumed by either party in connection with this agreement shall be binding only if placed in writing and signed by each party or an authorized representative of each party.

Environmental Compliance

The Lessee shall conduct all operations on the property in a manner consistent with all applicable local, state, and federal environmental codes, regulations, and statutes and shall bear sole responsibility for any violations thereof. The Lessee shall be solely responsible for securing any permits or approvals necessary for his or her activities on the property. In the event of any legally prohibited release of materials to the environment, the Lessee will indemnify the Lessor for any costs of environmental cleanup and restoration as well as any penalties, fines, judgments or other amounts incurred by Lessor as a result of such release.

Conservation

Both Lessor and Lessee agree to implement as far as possible the best management practices recommended by the Natural Resource Conservation Service and their respective Soil Conservation District with those agencies' soil and water conservation programs.

Mediation

All claims and disputes arising under or relating to this Lease are to be first submitted for mediation through the Maryland Agricultural Conflict Resolution Service. Both parties shall equally share the mediator's costs and fees. This provision maybe enforced by any court of competent jurisdiction and the party seeking enforcement may seek all costs, fees, and expenses associated with enforcing this provision.

Insurance

Lessee agrees to carry at a minimum \$_____ in liability insurance on the property. Lessee also agrees to carry a minimum _____ coverage level of crop insurance on any crop produced on the property. Lessee agrees to supply Lessor with Certificates of Insurance and give notice of termination of coverage. Lessee will also name Lessor as an additional insured on any policy on the property.

Flex Cash Rent

Both parties agree to Option _____ as a method for calculating rent on the farm. Cash rent on pastureland shall be fixed at \$ _____ per acre for _____ acres, or \$ _____ total in pastureland rent.

Please mark the option chosen:

___ Option 1: Flexing Yield Only

Crop(s)	Base Rent	*(Current Yield ÷ Base Yield)	=	Rent per acre
_____	\$ _____	* (_____)	=	\$ _____
_____	\$ _____	* (_____)	=	\$ _____
_____	\$ _____	* (_____)	=	\$ _____
_____	\$ _____	* (_____)	=	\$ _____

___ Option 2: Flexing Price Only

Crop(s)	Base Rent	*(Current Price ÷ Base Price)	=	Rent per acre
_____	\$ _____	* (_____)	=	\$ _____

_____ \$ _____ *(_____) = \$ _____
 _____ \$ _____ *(_____) = \$ _____
 _____ \$ _____ *(_____) = \$ _____

___Option 3: Flexing Yield and Price

Crop(s)	Base Rent	*(Current Price ÷ Base Price)	*(Current Yield ÷ Base Yield)	=	Rent per acre
_____	\$ _____	*(_____)	*(_____)	=	\$ _____
_____	\$ _____	*(_____)	*(_____)	=	\$ _____
_____	\$ _____	*(_____)	*(_____)	=	\$ _____
_____	\$ _____	*(_____)	*(_____)	=	\$ _____

The fixed cash pasture rent payment and the flex cash rent payment will be due by _____ day of _____ of each year until this agreement is terminated.

Entire Agreement

This agreement shall constitute the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this agreement shall not be binding upon either party except to the extent incorporated in this agreement

Lessor

Date

Lessor

Date

Lessee

Date

Lessee

Date