



Finding a Farm to Buy or Lease

Guide to Farming in New York State

#1

Revised
12/09/09

Leasing Land and Buildings for Farming

The cost of buying land and paying a mortgage can add to the cost of starting a farming operation. Leasing may be an option for enterprises that require less infrastructure or where the investment in infrastructure--such as irrigation pipes, a greenhouse, or fencing--is portable. If infrastructure involves improvements that are not easily removed, like digging a pond or constructing buildings, then it may not be wise to invest on land you do not own, unless the owner pays for these improvements. If the property that you want to lease has buildings suitable to your enterprise, then a rental agreement might also include use of buildings.

Finding good farmland to lease may be as challenging as finding good farmland to purchase. You may find that people will respond to ads placed in small community papers, farm papers or in county Extension or Soil and Water District newsletters. Contacting owners of a desirable property by personal letter and/or phone call can be effective too. Also, check with area realtors and farmers. Once you find some possible properties to lease, consider the soil type, drainage, if there is a water supply, and what it will take to bring the land into production. It is important to find a site that matches the production requirements of the enterprise you want to develop.

Written Leases

A written lease or agreement is a good idea whether you are paying rent, working on shares or permitted to use the land free of charge. A lease will specify the terms under which the renter and the owner will operate. The main goal of a lease is to develop a fair agreement understood by both parties. Landowner and tenant needs and goals should be identified.

A well-written lease should include:

- 1) Description of the land and buildings to be rented, and equipment if applicable. An accurate assessment of the conditions at time of rental is a good idea, including photos to document such.
- 2) Rights of each party: owner and tenant access and use. Spell out any restrictions.
- 3) Improvements that will be made and who pays for these. If buildings are involved, specify who pays for improvements like roofing, painting, etc. that are normal infrastructure, versus improvements made specific to the farm enterprise.
- 4) Agricultural practices to follow – outline organic or agronomically sound practices to be used, specify that fields be planted to a cover crop after use, list prohibited practices
- 5) Condition of land at end of lease - common practice calls for land to be left in the same condition as when first rented. However, land that was not been farmed for some years prior to the lease may actually be left in better condition. In this case consideration should be given to the cost of those improvements.
- 6) Payment terms under normal growing conditions and in the event of a crop failure. Payments should be based on the value of the property for farming purposes only (not for development).
- 7) Lease payment: leases can be paid in cash, in crop or livestock shares, or in some cases, landowners are willing to forgo fees if the tenant makes improvements.
- 8) Bringing land back into production - if land has not been actively farmed in many years, the cost of bringing land back into farming is considerable. Consideration needs to be given as to who should pay for these costs. The owner benefits in the long run from improvements that are made.

(over)



Cornell University
Cooperative Extension



Finding a Farm to Buy or Lease

Guide to Farming in New York State

#1

Revised
12/09/09

Written Leases (cont'd)

- 9) Length of the agreement and terms of renewal. A one-year renewable lease might be a good starting point for annual crops, or if planting perennial crops, a 3-5 year lease is preferable.
- 10) Early termination if initiated either by the owner or tenant and the consequences.
- 11) Insurance paid by owner (for land, buildings, equipment) and paid by tenant (for crops/livestock and production related improvements made by tenant).
- 12) Taxes are the responsibility of the owner.
- 13) Provisions for arbitration in the case of disagreements.

Determining Cash Rent

There are several approaches that can be taken when establishing a fair rental rate. These include: 1) the demand for land and going rate in a particular area; 2) the cost and return associated with a crop allowing for an acceptable profit and rental payment; 3) what the landowner needs to cover fixed costs or taxes. Generally a combination of these approaches may be needed to arrive at a fair rate.

Determining Share Rent

A shared rental agreement assumes that the landowner and tenant account for what each contributes to the production of a crop or livestock including fixed and variable costs; then calculate the percentage contributed by each party. This percentage can be used in setting return (crop or harvest returns) received by owner and tenant. Flexibility is needed in case of low harvest or prices. Owners may have to relinquish some shares if the tenant is dependant on sales for their livelihood.

Renting Farm Buildings

A key factor influencing building rental is whether the owner needs to obtain a minimum rent to cover fixed costs or not. Variable costs such as utilities can be assigned proportionate to use by the tenant. A key consideration for tenants is whether additional insurance is needed to cover losses of stored crops, livestock or equipment.





Finding a Farm to Buy or Lease

Guide to Farming in New York State

#1

Revised
12/09/09

Sample Lease Agreement

A simple lease follows as a starting point. Consult an attorney if a more detailed lease is desired.

This lease is entered in this ____ day of _____ between _____, landlord, and _____, tenant. The landlord leases to the tenant to use for agricultural purposes _____ acres of pasture and _____ acres of cropland, and the following building: (list or attach a list) located in the Town of _____ and County of _____ and commonly known as _____ Farm.

The tenant will pay the landlord \$ _____ per year (or other specified time period) with payment to be made as follows: _____. The tenant will also pay all the costs of planting, growing and harvesting crops grown on the land. The tenant will be required to maintain and repair fences, tile drains, and diversion ditches, and make ordinary repairs to maintain buildings and equipment used, and pay for utilities such as electricity and water (if relevant) during the period of the lease.

The landlord will pay the taxes, fire insurance on buildings, major repairs or improvements, such as new fence, ponds, drain tiles, diversion ditches, etc.

The tenant will follow recommended conservation and agronomic practices in working the land. No green or growing timber may be harvested from the property by the tenant. The landlord has the right to inspect or enter the property at any time.

This lease shall be for ____ years beginning (date) _____ with automatic renewal for (how long): _____ (years) unless either party gives written notice to the contrary at least 3 months (90 days) before the expiration of the current rental period. The rental rate may be adjusted annually to account for increases in taxes, insurance or other costs of ownership.

Any meadow land plowed for annual crops will be re-seeded to a perennial forage crop at the end of the lease period (unless the lease has been automatically renewed).

Any differences between the landlord and tenants as to their rights and obligations under this lease that are not settled by mutual agreement shall be submitted to an arbitrator or other such person who has authority to make a final decision.

It is agreed that the stipulations of this lease are to apply to and bind the heirs, executors, administrators, and assigns of the respective parties and is made and executed in duplicate.

In witness whereof the parties have signed this lease on this date of _____.

Landlord _____

Tenant _____

Witness _____

Witness _____

Materials adapted from: Pennsylvania Farm Link worksheet (out of print) and from Richard Eschler, former Cornell Farm Business Management Educator.

More Sample Lease Agreements can be found at:

<http://www.uslegalforms.com/us/US-801LT.htm> - Simple Farm Lease - you must pay a fee to get a copy.

(over)





Finding a Farm to Buy or Lease

Guide to Farming in New York State

#1

Revised
12/09/09

Helpful Contacts for Finding a Farm

NY FarmLink - www.newyorkfarmlink.org 1-800-547-3276

This is a program of NY FarmNet. FarmLink links retiring or exiting farmers with individuals interested in getting started in farming. They also offer counseling to guide the process, whether the farm is going to be sold from one party to another, leased, operated as a partnership, or organized as a management opportunity for the new farmer to gain experience and equity. Their website lists currently available farms.

Land for Good - www.landforgood.org

A service for farmers, landowners, and farm-seekers in New England, this group provides trainings, tools and counseling to keep land in agricultural production.

Cornell Cooperative Extension Agricultural Educators in county extension offices may also be able to direct you to farms for sale or farm realtors. To find the Beginning Farmer contact in your county Cornell Cooperative Extension office visit:

www.smallfarms.cornell.edu/pages/contact/localcontacts.cfm

Farm Newspapers with Listing Farm Properties for Sale

Grassroots – The Voice of New York Farm Bureau – www.nyfb.org; 800-342-4143

Country Folks – Lee Publications - www.countryfolks.com; 800-218-5586

Farm Real Estate Brokers*

While conventional real estate brokers list farms for sale, most active farms are considered commercial property and are listed by real estate agents specializing in farm transactions. The list below does not imply endorsement of any of the following businesses:

- **MLS Residential Search** - <http://realtor.com/>
The largest multiple listing service for residential real estate. Often contains small and medium farms.
- **Farm Credit** - <http://firstpioneer.com/> and www.farmcreditwny.com/
Agricultural lender with an appraisal services; they would know of farms for sale
- **Farm Service Agency Real Estate for Sale** - www.resales.usda.gov/
Listing of homes and farms for sale by the Farm Service Agency, many available with low interest financing
- **Landandfarm.com** - <http://landandfarm.com/lf/> - Rural property listing service
- **Landdirectory.com** - www.landdirectory.com/state/newyork.htm - Rural property listing service
- **United County Real Estate** - www.unitedcountry.com/ - Rural real estate brokerage
- **Come Farm with Us** – farm real estate listings in Jefferson County, NY – www.comefarmwithus.com

*This listing of realtors is not intended to be complete, and listing does not imply endorsement by Cornell Cooperative Extension. Check with folks located in the area near where you hope to farm to find realtors who specialize in farm property.

[\(return to contents\)](#)

