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Fixed & Flexible Cash Rent Agreements

At last week's *Rental Rate Roundtable*, we discussed factors affecting rental rates. If current conditions have you taking a look at your rental rate agreement, there's a *North Central Farm Management Extension Committee* reference deserving a second look. Entitled *Fixed and Flexible Cash Rent Lease Agreements for Your Farm*, it takes a hard look at many of the factors affecting these leases and things to consider as you are putting one together.

From the fixed rent lease perspective, it provides an overview of advantages and disadvantages of cash renting for both landowner and tenant. It also includes a look at how to come up with rates. The obvious is survey data via the National Ag Statistics Service, but it looks at other calculated lease rates as well, including net share rent leases, or leases adjusted based on the operator's return to the land, percent of land value, and even percent of gross revenue. It includes best management practices for navigating the bargaining process and a look into what leases might look like from USDA's perspective.

If you're thinking a little more flexibility in the rental arrangement might be a good thing, there's plenty of information on that topic as well. Like the fixed rent section, it includes sections on advantages and disadvantages and multiple flexing rent options.

Any good agreement will be put in writing, and this publication helps with this process as well. There are sections on topics like what terms should be in an agreement as well as the use of an attorney to help you get started. The reference ends with an in-depth example lease which, while at first a little overwhelming, can at the very least provide suggestions for what you might want to consider as you draft your own.

It won't be a brief read, but it will be a helpful one if an evaluation of your lease arrangements is on the agenda. Check it out at <https://www.agmanager.info/farm-management/land-rental-rates/forms/fixed-and-flexible-cash-rental-arrangements-your-farm> . You can also request a copy from any of our District Offices.