

Pasture Lease Agreement

Foreword

This publication outlines some of the important considerations of leasing privately owned land. **It should not be considered as either an interpretation or complete coverage of all the laws affecting land rental arrangements, nor the implications of the *Income Tax Act*. The Government of Saskatchewan assumes no responsibility towards persons using it as such.**

All land rental arrangements should be discussed with an agrologist, accountant, tax consultant and your lawyer before they are signed. Revenue Canada will also provide information on tax implications.

This publication provides management information and guidelines for the landlord and tenant when negotiating a rental agreement. The landlord and tenant should study the material carefully and prepare a written agreement that suits their individual situation. The draft lease agreement in this publication is for use only as a guide. A lawyer should review any lease agreement before it is finalized.

Warning: Landowners who rent land to anyone other than a spouse or child may not qualify for the capital gain rollover, under the *Income Tax Act*, when the land is transferred to a child at a future date. Consult a lawyer, accountant or agrologist for specific information.

For more information on this publication, contact the Agriculture Knowledge Centre, toll free 1-866-457-2377.

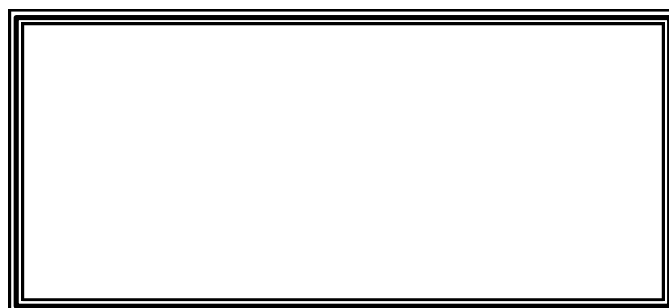


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Introduction

Leasing private pasture land is a common arrangement in Saskatchewan. A lease agreement is a legal document that sets out the terms of an agreement between a landlord and tenant. There are many items and conditions that need to be included as terms of an agreement. The landlord and tenant must carefully examine the terms and conditions to ensure that they are acceptable to both parties. This publication provides sample clauses for a pasture lease agreement. Also included are samples of various forms which may be needed as part of a lease agreement.

In most pasture lease arrangements, the landlord supplies the pasture land and the tenant supplies the livestock. The most common agreement is cash rental, where the tenant pays the landlord a fixed sum each year, and the tenant in turn receives all the income produced from the pasture (income from weight gain or offspring). The major contributions to this arrangement are the land and the cattle, but there are usually other costs such as fencing and taxes, and there may be other revenues such as government payments. A proper lease will determine in advance how all costs and income are to be treated.

Carrying Capacity

This publication is not intended to provide recommendations on rating carrying capacity or stocking rates. The tables in Appendix I, II and III are to be used as a guideline only. For more in-depth information on correct stocking rates and pasture carrying capacity, please refer to Saskatchewan Agriculture and Food publications dedicated to range assessment or contact your agrologist.

The standard of measurement for carrying capacity is the animal unit month. An animal unit month

(AUM) is the amount of feed consumed by one animal unit in one month. One animal is considered to be one mature cow which consumes about 27 pounds of forage per day. One animal unit is equal to one of the following:

- 1 mature cow (1000 lb.) with or without unweaned calf at side
- 2 weaned calves
- 1.25 yearling heifers or steers
- 0.75 bulls over 2 years old
- 0.7 horses (1000 lb.)
- 0.45 horses (1500 lb.)
- 8 weaned lambs, kids under 1 year old
- 5 ewes or does
- 4 rams or bucks
- 4 white-tail deer (160 lb.)
- 5 antelope (120 lb.)

Source: Managing Saskatchewan Rangeland, 1995 (Appendix I)

Two terms used with pasture leases are carrying capacity and stocking rate. Carrying capacity is the average number of grazing animals that can graze the forage year after year without damaging the vegetation or soil. Stocking rate is the actual number of animals or animal units on a specific range area or field for a specific period of time, usually a grazing season. Carrying capacity does not fluctuate yearly while stocking rate does fluctuate yearly in response to the amount of forage production based on climatic conditions.

Pasture productivity varies greatly depending upon range condition, type of vegetation, soil type and climatic conditions. Other important issues which directly relate to carrying capacity is herd distribution and what can be done to improve the distribution, water (both quality and distribution), fencing, salt and minerals. The landlord and tenant can also look at the option of fertilizing forages to increase productivity or improve herd distribution. The landlord and tenant also need to determine how they will deal with drought, if it arises.

Most pastures are rented for the entire season, but in some cases, short-season pasture may be available. For these arrangements, the use of rents based on animal unit months are recommended.

Calculating Rental Rates

There are several methods which landlords and tenants can use to determine pasture rental rates. First, tenants and landlords need to determine the property's carrying capacity. Complete Appendix II to determine the costs of both parties. Then rents can be based on one of the following:

1. per acre of pasture,
2. per head of livestock,
3. per AUM (per head per month of grazing),
4. income sharing based on predetermined shares,
or
5. market approach.

1. Per Acre

This type of lease is based on landlord costs. It takes into consideration the landlord's investment and costs. Landlords want to ensure that the pasture is not over-grazed while a tenant wants to get the maximum use from the available grass. These trade-offs are complicated by the fact that pasture capacities and the length of season vary greatly from year to year. It is suggested that leases of this type stipulate the maximum number of head of livestock and the dates when the stock are to be added or removed from the pasture. A longer term lease provides greater incentive for the tenant to practice responsible range management.

The downside with this type of lease is that, if drought affects production, the rent remains the same and forces the tenant to make a tough decision.

Example 1.1 - Per Acre

(Land cost + fence cost + water cost) x interest rate
divided by acres = owner's cost = rent
(See Appendix I on how to calculate landlord's cost)

\$1,731.00/160 ac. = \$10.82/acre

2. Per Head

This type of lease has the advantage of compensating the pasture owner, based on the number of livestock brought to the pasture. The lease should stipulate the dates under which the livestock should be added or removed from the pasture. As a benefit over the per acre based rental, if drought reduces forage production, the rent can be adjusted because fewer animals grazed the land. This type of lease can be made to be more flexible from year to year. As such, it can provide a direct incentive to manage the resource properly.

Example 2.1 - Per Head

Landlord's cost divided by carrying capacity = rent
per head

$\frac{\$10.82 \times 160 \text{ ac.}}{25 \text{ head/quarter}} = \$69.25/\text{head}$

3. Per AUM (per Head per Month)

This lease bases rents on the amount of grazing which is available annually, and because of this is very similar to a per head calculation. The advantage is that the AUM is a common measuring tool in stocking rates and easily converts between bulls, or 1500 lb. cows or 1000 lb. cows with calves. A per head calculation is not as flexible in that way. The number of AUMs is stipulated in the lease and the date of stocking and removal can be set by the

landlord each year. This can have the advantage to the owner of protecting the pasture condition by controlling the length of season. The rent can be based on the actual length and thus actual AUM utilized or can be pre-determined and fixed at five or six months. This means the rent can vary from year to year or can be fixed.

Example 3.1 - Per AUM

$\frac{\text{Owner's cost/ac}}{\text{AUMs/ac}} = \text{rent/AUM}$

$$\frac{\$10.82}{0.94 \text{ AUM/ac}} = \$11.51/\text{AUM}$$

4. Income Sharing Based on Contributions

This methodology looks at the potential production that is generated off the land with the rent, then based on the value of the meat (pounds of gain) or animals produced (calf-share or steer-share). This type of lease is more complex to calculate, but is often viewed as a fair approach. There may also be situations where the pasture owner is interested in income-sharing for tax management reasons or wants to build up his own herd. It is also an arrangement where the landlord accepts some of the production risk.

In the following example, the annual pasture rent would be 13.6% of the value of the calves or animals produced. Rents can be based on forecasted projections of price and pounds of gain or can be based on actual production figures. In this case, rents would vary according to the pasture conditions and market returns which has distinct advantages for a tenant over some other options.

Example 4.1 – Based on estimated production

See the contributions worksheet in Appendix I. The number of calves is estimated, growth in pounds is estimated and valued (price per pound). The rent is paid as a percentage of the production (the percentage contributed by the landlord. In this case the landlord receives 13.6% of the production or:

$$24 \text{ calves} \times 375 \text{ lb.} \times \$1.10 \times 13.6\% = \$1,346.40$$

Example 4.2 – Based on actual production

(Value of livestock at the end of the season – value of livestock at the start of the season) x per cent share = rent (can be cash or share of live animals)

$$\text{Sept. 15: } 24 \text{ feeders} \times 900 \text{ lb.} \times \$0.95 = \$20,520$$

$$\text{May 1: } \text{Minus } 25 \text{ feeders} \times 600 \text{ lb.} \times \$1.00 = \$15,000$$

$$\text{Rent} = (\$20,520 - \$15,000) \times 13.6\%$$

$$\text{Rent} = \$5,520 \times 13.6\% = \$750.72$$

5. Market Approach

The market approach is based on what other pasture rental agreements are in the local community. Talking to neighbours and others who rent land can provide valuable information to determine what is happening locally. Both parties need to work through the calculations to determine if the community standards are acceptable.

Another way to find out about the local market is to advertise and call for tenders where the interested people, in writing, tell what they would offer. This call for tenders method is more common among landlords who no longer live in the area and do not have a good sense of what local rents are.

Completing a Lease Agreement

1. Read this publication and study the sample clauses carefully to determine the impacts of each clause. Consult with your lawyer and agrologist.
2. Calculate what you think is an equitable rent arrangement. Examples and worksheets are included to serve as guidelines in calculating the contributions of each party to the arrangement. Working through these worksheets with the tenant or landlord will help to ensure that an equitable rent arrangement is established.
3. The landlord or tenant should meet, if possible, to discuss the terms of a prospective lease, deciding which clauses are needed and deleting the ones which are not needed. Make changes where desired and have one party draft the prospective agreement.
4. Each party should then consult their own lawyer to determine final wording to meet the needs of both parties. Both parties sign the final copy in duplicate.
5. The landlord and lawyer should ensure that the requirements of *The Homesteads Act* are fulfilled. This Act requires that the landlord's non-owning spouse give written consent. A sample form, *Consent of Non-Owning Spouse*, is provided. A homestead is any land(s) upon which the spouses have lived since their marriage in which the owning spouse has an equity interest. A person may have several homesteads.

The Act also requires that the non-owning spouse appear before a solicitor, notary public, Justice of the Peace, Registrar of Land Titles, local registrar of the Court of Queen's Bench or district court judge to have the *Certificate of Acknowledgement* completed. This is to ensure

that the non-owning spouse understands his/her rights in the homestead and that he/she signs the lease agreement and *Consent of Non-Owning Spouse* of his/her own free will and consent and without any compulsion on the part of the owning spouse.

Complete the *Affidavit of Landlord* form if the landlord has no spouse, or if the land in the agreement has never been part of a homestead, or if the homestead rights of the landlord's spouse were relinquished by an interspousal agreement or Court Order pursuant to *The Matrimonial Property Act*.

6. It is good practice to have the witness complete an *Affidavit of Execution* that confirms both parties completed the agreement.
7. If required now, or when needed in the future, the tenant and landlord can complete a *Consent to Make Major Improvements* form prior to making any major improvements. It should be clearly outlined what buildings or improvements are to be made, who will pay the cost of materials and how the tenant will be compensated for his labour or any costs which he may incur. Attach one copy of the form to each copy of the lease agreement.
8. A tenant may wish to ensure the agreement remains in effect if the land is sold to another party. To do this, the tenant can file a caveat with the appropriate Registrar of Land Titles. Land Titles offices are located at Battleford, Humboldt, Moose Jaw, Prince Albert, Regina, Saskatoon, Swift Current and Yorkton. The Land Titles Office can help with submitting the correct documentation to file the caveat.
9. If the lease contains a renewal clause, the landlord and tenant can utilize the *Lease Renewal* form, the *Consent of Non-Owning Spouse* form or *Affidavit of Landlord* form, and the *Affidavit of Execution* form to renew the lease agreement. All clauses in the lease

agreement should be reviewed and adjusted as required. A caveat would have to be re-filed for the new lease.

10. The *Withdrawal and Discharge of Caveat* form is used to remove a caveat from the certificate of title.

Other Issues

Liability protection for both the landlord and tenant is becoming an important issue. Failure by a tenant to adhere to some environmental law could impact both parties. A landlord should address these issues in the lease. An example of this is the issue of manure management. In the agreement, a clause

dealing with manure management should refer to soil test recommendations as the measuring tool as well as protecting against nutrient loading. In all cases, the amount of manure, fertilizer or soil amendments should be restricted so that overloading does not occur.

Another issue is smoke from burning of grass or forages. If this smoke causes an accident on a roadway, those responsible for the fire may be held liable, including a landlord. The issue is to try to take steps to protect against legal actions caused by one of the parties. As stated many times in this publication, consultation with a lawyer is recommended.

Coping with drought and/or overgrazing is another area over which a landlord may wish to have the flexibility to exercise some control. Overgrazing can result in permanent damage to the forage stand and in turn reduce future rentals or sale value.

Sample Pasture Lease Agreement

This lease made in duplicate the _____ day of _____ AD 20_____

Between

_____ of _____
(Landlord's Name) (Address)

in the Province of Saskatchewan hereinafter called the "landlord" being the registered owner or the purchaser under an Agreement for Sale of Land described below.

- and -

_____ of _____
(Tenant's Name) (Address)

in the Province of Saskatchewan hereinafter called the "tenant."

1. **Witness that in consideration of the rents, covenants, promises and agreements** contained in this lease on the part of the tenant to be paid, observed and performed, the landlord does hereby lease to the tenant the following farm lands and premises situated in the Province of Saskatchewan, that is to say:

Land (legal description):

hereinafter called "the land."

Together with the following portable buildings, namely:

Portable Buildings:

Excepting and reserving unto the landlord the following lands and buildings, namely:

Lands Reserved:

Buildings Reserved:

2. Term

This lease shall continue in force on the said land and premises for and during the term of _____ years from the _____ day of _____ AD 20____ to the _____ day of _____ AD 20_____.

Any overholding by the tenant shall be considered a trespass.

3. Rental

Cash rental of \$ _____ for use of the said land during the term of this lease, to be paid on or before _____ each year.
(Date)

- or -

4. Saskatchewan Laws Apply

The contents of this agreement shall for all purposes be construed according to the laws of the Province of Saskatchewan and any cause of action arising hereunder shall be entered and tried in the judicial centre serving the area of Saskatchewan in which the land of this agreement is located.

5. Landlord and Tenant Definitions

The terms "landlord" and "tenant" shall include their heirs, executors, administrators, successors and assigns in the singular or plural number and feminine or masculine gender when the context or the parties so require and all the covenants shall be construed as being joint and several.

6. Resource Protection

The tenant shall:

- a) raise livestock and control weeds and insects on the land in a sustainable manner;
- b) use pesticides in accordance with labelled directions.

The tenant shall not:

- a) allow overgrazing of any of the land that is in grass or forages;
- b) overload nutrient levels on the land or adjacent water bodies;
- c) allow pesticide to drift on to non target lands, including adjacent lands and waterways;
- d) accumulate, permit or allow the accumulation of any waste material, debris, refuse or garbage; and allow any site contamination such as, but not limited to, chemicals, oil spills, hydro carbons or any other waste materials on the land or adjacent water bodies.

7. Use of the Land

The tenant will use the lands and premises for the purpose of pasturing of livestock or forage production, and the tenant shall not, without the written consent of the landlord:

- a) sublet, or assign this lease, or any part thereof, or any interest therein without obtaining the written consent of the landlord to the sublease or assignment;
- b) change the natural course of any waterways on the said land;
- c) cut down trees growing upon the land, nor will he permit any other person to do so;
- d) allow the entry of any persons for the purpose of outfitting, eco-tourism, picking of berries or flowers or any such plant materials;
- e) remove any sand, gravel, clay, stone or other such substances existing on, or under the surface of said land;
- f) bring into cultivation any new lands.

8. Insurance

Insurance on all leased buildings in this agreement shall be the responsibility of the landlord.

9. Compensation for Oil and Gas, Utilities, Roads, and Rights-of-Way

Compensation for reasons such as, but not limited to, property damage and inconvenience from oil and gas exploration, pipeline development, power and telephone line installations, or road construction, shall accrue to the party that has suffered the loss. The landlord will have the final say on who has suffered the loss except as follows:

- a) where the compensation is for damage to the forage production, where the carrying capacity is reduced, compensation will be paid to the tenant.
- b) where the compensation is for work completed by the tenant such as, but not limited to, fence re-construction, grass reseeding or top soil levelling, the compensation will be paid to the tenant.
- c) where the compensation is for the creation of a nuisance situation such as, but not limited to, gates being left open, dust or noise, the compensation will be paid to the tenant.
- d) where the compensation is for a decrease in the land's value such as, but not limited to, loss of acres from the development, severing a parcel of land or top soil disturbance, the payment shall be made to the landlord.

- or -

Compensation for reasons such as, but not limited to, property damage and inconvenience from oil and gas exploration, pipeline development, power and telephone line installations, or road construction, shall accrue to the landlord.

- or -

Compensation for reasons such as, but not limited to, property damage and inconvenience from oil and gas exploration, pipeline development, power and telephone line installations or road construction, the landlord and tenant shall, by mutual agreement, determine which party is to receive the compensation. If mutual agreement cannot be reached, it shall be submitted to arbitration in accordance with *The Arbitration Act*.

10. Taxes

The cost of all municipal and school taxes on the land included in this lease shall be paid by the landlord.

11. Improvements

The tenant shall not make major improvements, other than what is considered normal repair and maintenance, to the leased land or any other assets identified in this agreement without written permission of the landlord. Major improvements, which without restricting the generality of the term, shall include water development, erosion control, fencing and building construction, clearing, breaking, and seeding to pasture and hayland. Such consent shall be attached to and form part of the lease agreement. The amount of compensation shall be an amount agreed upon by the landlord and tenant.

Title to all improvements shall vest in the landlord and no improvements shall be sold, removed, disposed of or encumbered without the written consent of the landlord.

12. Repair of Buildings, Fences and Improvements

Responsibility for normal maintenance and repair to buildings, fences and improvements shall be as follows:

Tenant's Responsibility (list items):

Landlord's Responsibility (list items):

13. The tenant shall protect the said land and indemnify the landlord in regard to any and all liens and charges by reason of or in any way accruing from the construction of any building or the making of any improvements thereon done by or on behalf of the tenant.

14. The tenant shall indemnify and save harmless the landlord against all claims, liabilities, demands, damages or rights or causes of action whatever made or asserted by anyone arising out of or incidental to this indenture or use or occupancy of the said lands and premises.

15. That if the term hereby granted or any of the goods and chattels of the tenant or his assigns shall be at any time seized or taken in execution or in attachment by any creditors of the tenant or his assigns, or if the tenant or his assigns shall make any assignment for the benefit of creditors, or becoming bankrupt or insolvent, shall take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or if any writ of execution shall issue against the goods and chattels of the tenant or his assigns, the then

current year's rent shall immediately become due and payable, and the said term shall immediately become forfeited and void at the option of the landlord.

16. That if the rent reserved or any part thereof be in arrears whether such rent has been demanded or not, or if there be default, breach or non-observance by the tenant at any time or times of any covenant, proviso, condition or reservation herein contained, which on the part of the tenant ought to be observed or performed, whether such covenant be positive or negative, or if there be any seizure or forfeiture of the said term for any of the causes herein specified, then the landlord or his agents may enter upon the said lands and premises and thereafter have, possess and enjoy them as if his indenture had not been made, and no acceptance of rent subsequent to any breach or default other than non-payment of rent nor any condoning, excusing or overlooking by the landlord on previous occasions of breach or defaults similar to that for which re-entry is made shall be taken to operate as a waiver of this condition, nor in any way defeat or affect the rights of the landlord herein.

17. The tenant shall at the expiration of the said term or other sooner determination of this lease peaceably and quietly leave, surrender and yield up onto the landlord the said lands and premises in good and sufficient repair, reasonable wear and tear and damage by fire, lightning and tempest only excepted.

18. If the tenant fulfils the terms and conditions of this agreement, the tenant shall and may peaceably possess and enjoy the said land for the said term, without any interruption or disturbance from the landlord or any representative of the landlord.

19. The landlord or a representative of the landlord has the right at all reasonable times to attend and inspect the said property. The landlord reserves the right of entry and exit over and upon the land in this agreement to use any land and buildings expressly excluded from this agreement.

20. If either party shall fail in any respect to carry out any of the provisions of this lease agreement, the other may have the same done, and the costs shall be paid by the party failing to carry out the said provisions.

21. **Renewal**

The term of this lease may be extended by mutual agreement between the landlord and tenant for a further period upon the same terms and conditions as contained herein, except as otherwise agreed in writing by the parties executing a renewal statement.

22. **Arbitration**

The landlord and tenant may by mutual agreement submit any disagreement, which may arise with respect to the terms and conditions of this lease, to arbitration in accordance with *The Arbitration Act*.

23. Termination

The landlord and tenant may mutually agree to terminate this lease at any time.

I, _____ do hereby accept this lease of the above
(Tenant's Name)

described land to be held by me as tenant, and subject to the conditions, restrictions and covenants above set forth.

In Witness whereof the parties have set their hands and seals this _____ day of
_____ AD 20_____.

SIGNED, SEALED AND DELIVERED IN THE)
PRESENCE OF:)

As to the execution by landlord

(Signature of Landlord)

AND IN THE PRESENCE OF:)

As to the execution by tenant

(Signature of Tenant)

Sample Forms

Consent of Non-Owning Spouse

I, _____, non-owning spouse of _____,
(Landlord's Spouse) (Landlord's Name)
consent to the attached disposition. I declare that I have signed this consent for the purpose of
relinquishing all my homestead rights in the property described in the above/attached disposition in
favour of _____ to the extent necessary to give effect to this lease.
(Tenant's Name)

Signature of Non-Owning Spouse

Certificate of Acknowledgement

I, _____, _____,
(indicate capacity)
certify that I have examined _____, non-owning spouse of
(Landlord's Spouse)
_____, the owning spouse, in the above/attached lease
(Landlord's Name)
separate and apart from the owning spouse. The non-owning spouse acknowledged to me that he or
she:
(a) signed the consent to the disposition of his or her own free will and consent and without any
compulsion on the part of the owning spouse; and
(b) understands his or her rights in the homestead.

I further certify that I have not, nor has my employer, partner or clerk, prepared the above/attached
lease and that I am not, nor is my employer, partner or clerk, otherwise interested in the transaction
involved.

Signature

(Lawyer, Notary Public, Justice of the
Peace, Registrar of Land Titles Office,
Local Registrar of the Court of Queen's Bench

Affidavit of Execution

To Wit:

I, _____ of _____,

in the Province of Saskatchewan, make oath and say:

1. That I was personally present and did see _____ and
(Landlord's Name)
_____ named in the within instrument who are personally known
(Tenant's Name)
to me to be the persons named therein, duly sign and execute the same for the purposes named therein.
2. That the same was executed at the _____ of _____,
in the Province of Saskatchewan, and I am the subscribing witness thereto.
3. That I know the said landlord and tenant and they are in my belief of the full age of eighteen years.

Sworn before me at _____)
in the Province of _____)
this _____ day of _____, 20____.)

(A Commissioner for Oaths in and for the)
Province of Saskatchewan. My Commission)
expires _____, 20____.))

(Signature of Witness)

Consent to Make Major Improvements

Re: Land Lease Agreement between _____ and

(Landlord's Name)
_____ on the following farm land and premises:
(Tenant's Name)

from _____ day of _____ AD 20__ to _____ day of _____ AD 20__.

I, _____ do hereby authorize
(Landlord's Name)
_____ to make the following
(Tenant's Name)
major improvements on the said land which shall become part thereof and vest in the landlord at the
expiry or termination of the lease:

In so doing, the landlord will pay the tenant the following compensation for the improvements made:

(Date)

(Witness)

(Witness)

(Signature of Landlord)

(Signature of Tenant)

Lease Renewal

We, _____ of _____ and
(Landlord's Name) (Address)

_____ of _____,
(Tenant's Name) (Address)

being parties to a land lease agreement for the term of _____ years from _____ day of _____ AD 20 _____ to the _____ day of _____ AD 20 _____

on the following farm land and premises:

do hereby extend the term of the said agreement for the space of _____ years from _____ day of _____ AD 20 _____ to the _____ day of _____ AD 20 _____

according to the terms and conditions outlined in the said agreement unless specified differently, that is to say:

I, _____, of _____,
(Tenant's Name) (Address)

do hereby accept this lease of the above described land, to be held by me as tenant, and subject to the conditions, restrictions and covenants set forth above.

In witness whereof the parties have set their hands and seals this _____ day of _____ AD 20 _____.

SIGNED, SEALED AND DELIVERED IN THE)
PRESENCE OF:)

As to the execution by landlord

(Signature of Landlord)

AND IN THE PRESENCE OF:)

As to the execution by tenant

(Signature of Tenant)

Withdrawal and Discharge of Caveat

To the Registrar of the _____ Land Registration District.

I, _____ of _____,
(Tenant's Name) (Address)

do acknowledge that _____ have no further interest under
(Tenant's Name)

the Caveat made by _____ claiming a leasehold interest as
tenant in (land description):

which Caveat bears the date of the _____ day of _____ AD 20__

and was registered in the Land Titles Office for the _____

Land Registration District on the _____ day of _____ AD20__.

Caveat Number _____, and that such Caveat is hereby withdrawn and discharged. In

witness whereof I have hereunto set my hand and seal this _____ day of

_____ AD 20__.

Signed by the above named in the presence of)

)

)

)

)

)

)

(Witness)

)

(Signature of Tenant)

Appendix I: Contributions Worksheet (EXAMPLE ONLY)

Tenant's Costs per Animal:				
	Sample Farm		Your Farm	
	For 25 Cows		Total	Per Cow
Operating Costs	Total	Per Cow		
Feed	\$2851.00	\$114.04	_____	_____
Bedding	250.00	10.00	_____	_____
Veterinary & Medicine	611.25	24.45	_____	_____
Breeding	703.50	28.14	_____	_____
Herd Replacement	1500.00	60.00	_____	_____
Death Loss	275.00	11.00	_____	_____
Marketing	584.25	23.37	_____	_____
Fuel, Lube & Repairs	300.00	12.00	_____	_____
Manure Removal	375.00	15.00	_____	_____
Facility & Fence	246.25	9.85	_____	_____
Miscellaneous	<u>125.00</u>	<u>5.00</u>	_____	_____
Subtotal Operating	7821.25	312.85	_____	_____
Operating Interest	<u>391.06</u>	<u>15.64</u>	_____	_____
Total Operating	8212.31	328.49	_____	_____
Fixed Costs				
Depreciation				
Facilities	392.25	15.69	_____	_____
Equipment	359.25	14.37	_____	_____
Interest on Investment				
Facilities	274.50	10.98	_____	_____
Equipment	177.75	7.11	_____	_____
Breeding Herd	<u>1575.00</u>	<u>63.00</u>	_____	_____
Total Fixed Costs	2778.75	111.15	_____	_____
Total Costs	\$10991.00	\$439.64	_____	_____

The above figures were developed for a 160 acre parcel, carrying capacity is assumed to be 25 head for six months (total 150 AUM or 0.94 AUM/ac.).

Landlord's Costs per Animal				
	Benchmark Farm		Your Farm	
	Total	Per Cow	Total	Per Cow
Fence	\$660.00	\$26.40	_____	_____
Water	330.00	13.20	_____	_____
Land				
Interest on Investment	1500.00	60.00	_____	_____
Taxes	300.00	12.00	_____	_____
Total Landlord's Costs	\$2790.00	\$11.60	_____	_____

The above figures were developed for a 160 acre parcel, fenced on all four sides with one dugout. The land was valued at \$20,000 with taxes set at \$1.25/acre.

Fence Costs

 Depreciation

Original cost	\$3500/mile
Salvage value	500/mile
Years of use	20
Total	\$150/mile

 Interest on Investment

Original cost	\$3500/mile
Salvage value	500/mile
Interest rate	6%
Total	\$180/mile

Total fence costs = 2 miles at \$330/mile = \$660

Water Development Costs

 Depreciation

Original cost	\$3500
Salvage value	500
Years of use	20
Total	\$150/dugout

 Interest on Investment

Original cost	\$3500
Salvage value	500
Interest rate	6%
Total	\$180/dugout

Total water costs = \$330/dugout

Land

Value of land	\$30,000.00
Investment rate	5%
Investment cost	1500.00
Taxes	300.00
Total land costs	1800.00

By the contributions approach, the final outcome of this example is that the tenant contributes \$439.64/cow or 80%; the landlord contributes \$111.60/cow or 20%.

APPENDIX II: Stocking Rate Guide for Native Pastures

**Table 1. Recommended Stocking Rates (AUM/acre)
for the Dry Areas in the Brown Soil Zone**

Range Sites	Range Condition			
	Excellent	Good	Fair	Poor
Clayey	0.25	0.20	0.16	0.13
Loamy	0.26	0.20	0.16	0.13
Sandy	0.20	0.16	0.13	0.10
Sand	0.20	0.16	0.13	0.10
Dune Sand	0.15	0.12	0.10	0.08
Saline Upland	0.15	0.12	0.10	0.08
Gravelly	0.15	0.12	0.10	0.08
Saline Lowland	0.25	0.20	0.16	0.13
Wetland	0.60	0.48	0.38	0.30

**Table 2. Recommended Stocking Rates (AUM/acre)
for the Moist Areas in the Brown Soil Zone**

Range Sites	Range Condition			
	Excellent	Good	Fair	Poor
Clayey	0.35	0.28	0.22	0.17
Loamy	0.35	0.28	0.22	0.17
Sandy	0.30	0.24	0.19	0.15
Sand	0.30	0.24	0.19	0.15
Dune Sand	0.20	0.16	0.13	0.10
Saline Upland	0.20	0.16	0.13	0.10
Gravelly	0.20	0.16	0.13	0.10
Saline Lowland	0.36	0.28	0.22	0.17
Wetland	0.70	0.56	0.45	0.36

**Table 3. Recommended Stocking Rates (AUM/acre)
for the Nonwooded Areas in the Dark Brown Soil Zone**

Range Sites	Range Condition			
	Excellent	Good	Fair	Poor
Clayey	0.45	0.36	0.29	0.23
Loamy	0.45	0.36	0.29	0.23
Sandy	0.40	0.32	0.26	0.21
Sand	0.40	0.32	0.26	0.21
Dune Sand	0.30	0.24	0.19	0.15
Saline Upland	0.25	0.20	0.16	0.13
Gravelly	0.25	0.20	0.16	0.13
Saline Lowland	0.45	0.36	0.29	0.23
Wetland	0.80	0.64	0.51	0.41

**Table 4. Recommended Stocking Rates (AUM/acre)
for the Nonwooded Areas in the Black Soil Zone.**

Range Sites	Range Condition			
	Excellent	Good	Fair	Poor
Clayey	0.55	0.44	0.35	0.28
Loamy	0.55	0.44	0.35	0.28
Sandy	0.45	0.36	0.29	0.23
Sand	0.45	0.36	0.29	0.23
Dune Sand	0.30	0.24	0.19	0.15
Saline Upland	0.30	0.24	0.19	0.15
Gravelly	0.30	0.24	0.19	0.15
Saline lowland	0.55	0.44	0.35	0.28
Wetland	0.90	0.72	0.58	0.46

**Table 5. Recommended Stocking Rates* (AUM/acre)
for Wooded Areas**

Vegetation or Site	Soil Zone			
	Dark Brown	Black	Dark Gray	Gray
ASPEN				
Normal Upland	0.10	0.10	0.15	0.15
Dune Sand	0.10	0.20	0.15	0.15
Closed Depression	0.10	0.20	0.15	0.15
Thin	N/A	0.10	0.10	0.10
CLEARED				
Nonseeded	N/A	-----	0.40	0.40
OTHERS				
Wetland	N/A	N/A	0.40	0.40

*Rates are for stands in satisfactory conditions.
N/A: Not applicable, see the previous two tables.
---- No data or sites are not common

Table 6. Suggested Reduction in Cattle Carrying Capacity According to Percentage Slope

% Slope	% Reduction in Carrying Capacity
0 - 10	No Reduction
11 -30	30
31- 60	60
over 60	100 (Ungrazable)

Table 7. Suggested Reduction in Carrying Capacity According to Distance From Water

Distance from Water (km)	% Reduction in Carrying Capacity
0 - 1,5	None
1,5 - 3	50
> 3	100 (Ungrazable)

Source : Zoheir Abouguendia, Range Plan Development, New Pastures and Grazing Technologies Project, 1990

APPENDIX III: Stocking Rate Guide for Seeded Pastures

SEEDED PASTURE CONDITION CLASSES		
CONDITION	STOCKING RATE	CRITERIA
Excellent	133% of good pasture	1. 95% of the production coming from desirable species. 2. Less than 5% of the total production coming from weeds or undesirable plants. 3. Less than 1% exposed soil and more than 95% litter cover.
Good	100% of good pasture	1. 75-94% of the production coming from desirable species. 2. Less than 10% of the production coming from weeds or undesirable plants. 3. Less than 5% exposed soil and over 95% litter cover.
Fair	67% of good pasture	1. 51-74% of the production coming from desirable species. 2. 25% or more of the total production coming from weeds or undesirable plants. 3. Less than 5% exposed soil and greater than 75% litter cover.
Poor	33% of good pasture	1. Less than 50% of the production coming from desirable species. 2. 50% or more of the total production coming from weeds or undesirable plants. 3. Exposed soil and a lack of litter is a management concern. 4. Should be cultivated and reseeded to desirable grasses and legumes.

Above table was adapted from G. Ehlert, *Alberta Agriculture*, 1990.

Initial Stocking Rates (AUM/acre) for Crested Wheat Grass in Good Condition						
Soil Zone	Soil Texture					
	Medium and Heavy			Light		
	Stand Age in Years					
	1-3	4-6	7+	1-3	4-6	7+
Brown	0.9	0.7	0.4	0.6	0.5	0.4
Dark Brown	1.4	1.1	0.7	1.2	0.9	0.6
Black & Grey	1.8	1.4	0.9	1.6	1.2	0.8

Initial Stocking Rates (AUM/acre) for Altai Wildrye Grass in Good Condition						
Soil Zone	Soil Texture					
	Medium and Heavy			Light		
	Stand Age in Years					
	1-3	4-6	7+	1-3	4-6	7+
Brown	0.7	0.5	0.3	0.6	0.4	0.3
Dark Brown	1.4	1.1	0.7	1.2	0.9	0.6
Black & Grey	1.0	0.8	0.5	0.9	0.7	0.5

Initial Stocking Rates (AUM/acre) for Smooth-Brome Grass in Good Condition						
Soil Zone	Soil Texture					
	Medium and Heavy			Light		
	Stand Age in Years					
	1-3	4-6	7+	1-3	4-6	7+
Brown	0.6	0.5	0.3	0.5	0.4	0.3
Dark Brown	1.4	1.0	0.7	1.2	0.9	0.6
Black & Grey	1.6	1.2	0.8	1.5	1.1	0.7

Initial Stocking Rates (AUM/acre) for Russian Wild Rye Grass in Good Condition						
Soil Zone	Soil Texture					
	Medium and Heavy			Light		
	Stand Age in Years					
	1-3	4-6	7+	1-3	4-6	7+
Brown	0.8	0.6	0.5	0.7	0.5	0.3
Dark Brown	1.0	0.7	0.5	0.9	0.6	0.4
Black & Grey	0.8	0.6	0.4	0.7	0.6	0.4

Source for Above tables: Saskatchewan Agriculture and Food