

For additional information see NCFMEC-06 (Beef Cow Rental Arrangements For Your Farm).

This form can provide the landowner and operator 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.

This lease entered into this _____ day of _____, 20____, between

Address

Address

hereafter known as “the livestock owner”, and

Address

Address

hereafter known as “the operator.”

I. Property Description

The livestock owner hereby leases to the operator, to use for agricultural and related purposes, the following described property:

consisting of approximately _____ head.

II. General Terms of Lease

A. Time period covered. The provisions of this agreement shall be in effect commencing on the _____ day of _____, 20____.

B. Amendments and alterations. Amendments and alterations to this lease shall be in writing and shall be signed by both the livestock owner and the operator.

C. No partnership intended. It is understood and agreed that this lease shall not be deemed to be, nor intended to give rise to, a partnership relation between the livestock owner and the operator.

D. Transfer of property. If the livestock owner should sell or otherwise transfer title to the livestock, such action will be done subject to the provisions of this lease.

E. Rights. The livestock owner, as well as agents and employees of the livestock owner, reserve the right at any reasonable time to: a) consult with the operator; b) make repairs, improvements, and inspections of property as appropriate; and c) (after notice of termination of the lease is given) do any customary seasonal work, none of which is to interfere with the operator in carrying out regular operations.

F. No right to sublease. The livestock owner does not convey to the operator the right to lease or sublet any part of the farm or cow herd or to assign the lease to any person or persons whomsoever.

G. Binding on heirs. The provisions of this lease shall be binding upon the heirs, executors, administrators, and successors of both the livestock owner and the operator in like manner as upon the original parties, except as provided by mutual written agreement.

H. Livestock owner's lien for rent and performance. The livestock owner's lien provided by law on products grown or growing shall be the security for the rent herein specified and for the faithful performance of the terms of the lease. If the operator fails to pay the rent due or fails to keep the agreements of this lease, all costs and attorney fees of the livestock owner in enforcing collection or performance shall be added to and become a part of the obligations payable by the operator hereunder.

I. Restriction on livestock. Neither the owner nor the operator shall bring livestock that is not covered by this agreement on the farm during the period of the lease without express permission of the other party unless allowed as follows (e.g. horses may be used):

J. Home use. The operator and livestock owner may take for home use the following kinds and quantities of jointly owned livestock and/or livestock products:

K. Buying and selling. The operator shall consult with the livestock owner regarding time, price, sales agency and similar matters regarding the purchase and sale of livestock, feed and hay and/or other shared expenses whenever the transaction exceeds \$_____ in value. Additional agreements are as follows:

L. Division of property. At the termination of this lease, all jointly owned livestock or other property will be divided or disposed of as follows:

M. Review of lease. A request for general review of the lease may be made at least _____ days prior to the final date for giving notice to terminate this lease. Amendments and alterations to this lease shall be made in writing.

N. Debts and accidents. Each party agrees that the other party shall in no way be responsible for the debts, liabilities for accidents, or damages caused by the other party.

O. Willful neglect. Willful neglect, failure, or refusal by either party to carry out any substantial provision of this lease shall give the other party the benefits of any proceedings provided by law.

P. Farm records. The operator shall keep the following financial and production records:

Q. Location of cattle. The cattle will be located in Section _____ in _____ County, _____ (State) and commonly known as the _____ farm for this time period: _____. Other locations to which cattle may be moved without notice include: _____. The operator will notify the cattle owner of any planned movements of cattle that are not part of this lease agreement _____ (days/weeks/months) prior to their movement.

R. Termination notice. The owner or operator may terminate this lease by providing written notice to the other on or before _____ in any year during the term. Upon termination, the operator shall deliver to the owner _____ animals within _____ days. The operator is responsible for transporting the animals at no expense to the owner for the first ____ miles from the premises. The owner shall pay all costs of transportation of the animals over ____ miles.

S. Livestock ownership. The livestock owner and operator agree that throughout the term of this lease, title to the leased cattle will remain with the livestock owner. The operator will not brand, mark, or identify the leased cattle in any way that could cause them to be mistaken for the operator’s own cattle. The operator will take whatever steps are necessary to prevent the leased livestock from becoming collateral for any of operator’s debts or other obligations. In the event that the leased livestock are taken for payment of any of the operator’s debts or obligations, the operator will reimburse the livestock owner for the fair market value of such livestock.

III. Land Use

A. General provisions. The two parties will engage in the following production of livestock (include replacement females if applicable):

| Kind of livestock | Number of head | Breed, type | Share owned by livestock owner | Special health or feeding practices |
|-------------------|----------------|-------------|--------------------------------|-------------------------------------|
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

B. The operator will care for the livestock using good management practices for livestock maintenance, including but not limited to breeding, feeding and watering, and herd health. Standards for performance (calving percentage, weaning percentage, operating cost per exposed female, etc.) are:

Specific restrictions as to how the livestock are to be managed include the following:

Incentives for performance above average or penalties for performance below average include:

C. Extenuating circumstances (drought, blizzard, major health problems, etc.) that are not the fault of the operator will be dealt with by:

IV. Livestock Share-Related Provisions

A. Income will be shared according to the following:

| Livestock type | Share percent | Cash rent | Place of sale or delivery | Date of delivery | Other terms |
|--------------------------|---------------|-----------|---------------------------|------------------|-------------|
| Cull cows | | | | | |
| Cull bulls | | | | | |
| Bull calves | | | | | |
| Steer calves | | | | | |
| Heifer calves | | | | | |
| Cull replacement heifers | | | | | |
| Other | | | | | |

Exceptions or specific provisions related to sharing of livestock income (including pricing of calves if one party buys from the other) are the following:

B. Contribution of production expenses will be according to the following:

| Expense | % furnished by livestock owner | % furnished by operator |
|----------------------------------|--------------------------------|-------------------------|
| Pasture | | |
| Hay | | |
| Silage | | |
| Crop residue | | |
| Grain | | |
| Protein | | |
| Salt and mineral | | |
| Veterinary and drugs | | |
| Breeding costs (AI, exams) | | |
| Fuel and oil | | |
| Utilities | | |
| Repairs on machinery & equipment | | |

| | | |
|-------------------------------|--|--|
| Repairs on buildings & fences | | |
| Hauling | | |
| Marketing | | |
| Insurance | | |
| Taxes | | |
| Labor | | |
| Miscellaneous | | |
| Operating interest | | |
| Management | | |
| Other: _____ | | |
| Other: _____ | | |
| Other: _____ | | |
| Other: _____ | | |

C. If operator provides inputs that have a useful life beyond the term of the lease, how they will be compensated for any unused portion of the input at lease termination should be spelled out here.

V. Arbitration of Differences

Any differences between the parties as to their 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:

| | |
|------------|-------------------|
| _____ | _____ |
| Operator 1 | Livestock Owner 1 |
| _____ | _____ |
| Operator 2 | Livestock Owner 2 |

State of _____

County of _____

On this _____ day of _____, 20____, 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