

Sample Lease Agreement

Preamble and Statement of Purpose

THIS AGREEMENT ("Agreement") is made this ____ day of ____, 200__, effective as of ____, ____, 200__, between [Landowner], with a business address of ____ and [Farmer], with a business address of ____, to lease certain parcels of agricultural land for the purpose of farming activity as described more fully in this lease.

NOW, THEREFORE for good and valuable consideration stated herein, the sufficiency of which is hereby acknowledged, the parties agree as follows:

I. Agreement to Lease.

[Landowner] agrees to lease to [Farmer] , and [Farmer] agrees to rent from [Landowner] the Premises (as defined in Section 2) on the terms and conditions stated in this Agreement and the attached Exhibits.

II. Description of Premises.

Certain real and personal property in [Town, State] commonly known as ____, consisting of the following:

III. Lease Term, Renewal, and Termination.

The term of this lease shall run for a period of ____ years beginning on ____, 200__, and ending on ____, 200__.

Optional Renewal provision:

The parties shall have the option of renewing the lease for an additional ____-year period. Renewal shall occur only upon [Farmer's] delivery to [Landowner] by ____, 200__ of a written request to renew the lease for the additional period. Upon said delivery, Landlord shall have until ____, 200__ to provide written notice of its acceptance or rejection of [Farmer's] renewal offer. If [Farmer] fails to deliver such renewal notice, the lease shall terminate at the end of the initial term; conversely, if [Landowner] fails to notify [Farmer] in writing of its decision, the lease shall automatically renew for the additional ____-year period.

IV. Permitted Uses.

A. [Landowner] permits, authorizes, and consents to [Farmer's] undertaking all activities incident to agricultural uses of the Premises, including:

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____

B. [Farmer] agrees to comply with [State's] "Accepted Agricultural Practices," which are incorporated herein by reference. [Farmer] and [Landowner] shall work cooperatively with the Natural Resources Conservation Service to develop a conservation plan for the farm. [Farmer] agrees to adopt all best management practices recommended by NRCS within a reasonable time frame identified in the conservation plan. The conservation plan shall be periodically reviewed by [Landowner] and [Farmer] to ensure compliance.

C. [Farmer] agrees to comply with all federal, state, and local laws, regulations, ordinances, decrees, and rulings in connection with the use of the premises and any agricultural or other activities conducted thereon, including but not limited to any and all regulations, directives, and procedures necessary to ensure that [Landowner] continues to qualify for Current Use status under the State's tax code.

D. [Farmer] may use the Farmhouse as a primary residence so long as this lease is in force. The rental of the dwelling shall be governed by a separate residential lease and both [Farmer] and [Landowner] agree that state law regarding residential rental agreements shall govern. Use of the residence is subject to the following conditions: [to be completed by parties]

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____

V. Prohibited Uses.

A. [Farmer] shall not, without the prior written consent of [Landowner] engage in any of the following activities on said parcels: [to be completed by parties]

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____

B. Consent to engage in prohibited uses, or to engage in uses not clearly permitted shall be obtained by submitting a written description of the proposed use including the location and scope of the proposed use. [Landowner] may approve, disapprove, require more information, or require certain modifications to the proposed improvement. [Farmer's] final written proposal including a clear indication of [Landowner's] assent and signed by [Landowner] shall constitute written consent of [Landowner].

VI. Rent and Taxes.

A. [Farmer] shall pay to [Landowner] without demand, rent in the amount of _____ per month (the "Rent"). [Farmer] shall deliver the rent by the first day of each month at the address specified in the Preamble. A late penalty of ____ [e.g., 5%] per month will be assessed on all late payments. [Farmer] agrees and acknowledges that the late penalty is necessary to compensate [Landowner] for lost interest, the opportunity cost of renting the property, and any legal fees or expenses incurred in enforcing its rights pursuant to this Agreement.

B. Prior to taking possession of the property, [Farmer] shall deliver to [Landowner] a security deposit of \$ ____.

Alternative Provisions

Crop share:

A. All costs and returns shall be divided between [Landowner] and [Farmer] as provided below.

(a) The [Farmer] shall pay as rent the shares or quantities of crops as indicated below:

Crop	Acres	Share paid as rent	Place of Sale or Delivery
1.	____/____/____	/____/____	_____
2.	____/____/____	/____/____	_____
3.	____/____/____	/____/____	_____
4.	____/____/____	/____/____	_____

(b) [Farmer] shall consult with [Landowner] regarding the time, price, and other manner of sale of crops prior to any sale.

(c) [Landowner] shall pay the following share or quantities of expenses as indicated below:

Expense	Share or Amount Paid to [Farmer]	Date of Payment
---------	-------------------------------------	-----------------

- | | | |
|----------|---------|---------|
| 1. _____ | / _____ | / _____ |
| 2. _____ | / _____ | / _____ |
| 3. _____ | / _____ | / _____ |
| 4. _____ | / _____ | / _____ |

(d) [Farmer] shall consult with [Landowner] regarding any shared expenditure which exceeds \$ ____.

C. [Landowner] shall pay for all taxes and assessments on the Premises, with the exception of those taxes that are directly attributable to agricultural or other production- and sales-based activities being conducted by [Farmer] on the Premises.

D. If [Landowner] accepts an offer for a renewal term, the annual rent for the renewal term shall be adjusted using the CPI for the New England region in [year of renewal] as an index and the [first year of lease] as a base year (as set forth by the Government of the United States, Base Year = 1982-1984). The rent shall not decrease during the renewal term.

VII. Utilities

[Farmer] agrees to pay in a timely manner any and all utilities for use of the Premises, including, without limitation, electricity, fuel oil, gas services, telephone, trash collection, snow plowing, lawn mowing, water, sewer service, cable or satellite television reception, internet connection fees, and any other such services associated with the [Farmer's] use of the Premises and the Farmhouse.

VIII. Repairs, Maintenance, and Replacement

A. [Landowner] shall be responsible for major rehabilitation, repair, or replacement of the structural components and operating systems upon the premises which are pre-existing assets of [Landowner] and which are not short-term or cyclical consumables. [Landowner] shall not be responsible for minor or routine repairs or replacements. [Landowner's] responsibilities shall be understood to include, but are not limited to, the following:

- (a) Structural component – Repair/replacement of all structural systems – foundations, floors, walls, and roof systems.
- (b) Exterior fabric – General replacement of siding, trim, porches, and steps.
- (c) Roofing – General replacement of shingles, flashing, gutters, downspouts.
- (d) Water supply systems (household) – Replacement or major repair to wells or cisterns, replacement of non-repairable pumps.
- (e) Waste treatment – Replacement or major repairs to toilets, holding tanks, leach fields.
- (f) Heating, ventilating, and air conditioning – Replacement of major system components.

B. [Farmer] shall be responsible for all general maintenance and minor repairs of the buildings and their operating systems. Should [Farmer] and [Farmer's] agents or repair persons determine that a component or system is no longer able to be repaired and should [Landowner] concur in that judgment, [Landowner] will fulfill its responsibility to replace such a component or system. Short of the need for such replacement, [Farmer's] repair and maintenance responsibilities include, but are not limited to:

- (a) Structural components – Diligent prevention or removal of any and all deteriorating conditions or factors.
- (b) Exterior fabric – Minor or localized repairs, such as window glazing, glass replacement, or periodic repainting/staining.
- (c) Roofing – Localized minor repairs/replacement of shingles, flashing, or gutters.
- (d) Water systems (household) – All servicing and repair of pumps, water lines, fixtures, and the repair of water tanks and water heaters.
- (e) Waste treatment – Unblocking/repair of toilets or sewage lines, cyclical and emergency septic pumping.
- (f) Heating, ventilating, air conditioning – All filters, servicing, adjustments or repair.

C. Residential Grounds Maintenance – [Farmer] shall be responsible for maintaining residential grounds in an aesthetically pleasing manner at [Farmer's] sole expense. Aesthetically pleasing is understood to include, but is not limited to, regularly mowed and managed lawns and ornamental plantings and avoidance or removal of unsightly storage or parking of materials, equipment, and vehicles. [Farmer] is responsible for all aesthetic/utilitarian snow removal.

D. On or before January 31 of each year, [Landowner] and [Farmer] shall complete and sign a “repairs, maintenance, and replacement worksheet” indicating the repair and replacement work to be completed for that year; the estimated cost of each project; the share of the cost to be contributed by each; any labor to be contributed to the work by [Farmer]; and the date by which the work is to be completed. The total cost for repairs and maintenance, including the value of [Farmer’s] labor in any given year, shall not exceed _____. The total cost of replacements in any given year shall not exceed_____.

IX. Improvements

A. [Farmer] shall not make alterations or improvements to the Premises without the written consent of [Landowner]. Consent shall be obtained by submitting a written description to [Landowner] of the proposed improvement, including its location, size, proposed use, and whether the improvement is to be severed from the property at the termination of the lease or is to be left on the property, and any other information that may be required by the landowner. [Landowner] may approve, disapprove, require more information, or require certain modifications to the proposed improvement. [Farmer’s] final written proposal including a clear indication of [Landowner’s] assent and signed by [Landowner] shall constitute written consent of [Landowner]. [Unless otherwise agreed by both parties, approved improvements shall be at the sole expense of [Farmer].

B. Maintenance and repair of [Farmer’s] improvements – [Farmer] shall be responsible for all major and minor maintenance, repairs, or replacement of any and all alterations or improvements to the premises made under paragraph 9.1.

C. Improvements made under paragraph 9.2 that are capable of severance may be removed by [Farmer] at any time or within 30 days after termination of the lease even though they may be fixtures, provided that [Farmer] leaves in good condition that part of the farm from which such improvements are removed.

D. Improvements not capable of severance shall become the property of [Landowner] at termination of the lease without compensation to the farmer

Alternative to D: [Landowner] shall pay [Farmer] the depreciated value of any non-removable improvements at the termination of this lease, provided the initial cost of such improvement exceeds _____. Depreciation will be determined on the basis of the useful life of the improvement.

X. Successors and Assigns

This Agreement is binding on all persons who may succeed to the rights of [Landowner] including but not limited to heirs, executors, assigns, and purchasers, as applicable, and in accordance with this Agreement.

[Farmer] may not assign this Lease Agreement and the lease interest in the Premises represented herein, sublet all or any part of the Premises, or allow any person to occupy the Premises for an extended period without, in each instance, [Landowner’s] express written permission.

XI. No Partnership Created

This lease shall not be deemed to give rise to a partnership relationship and neither party shall have authority to obligate the other without written consent, except as specifically provided in this lease.

XII. Insurance

A. [Farmer] will maintain general liability insurance policy with coverage of_____ and naming [Landowner] as an additional insured during the period of the lease. [Landowner] will maintain fire and extended casualty insurance coverage on the Premises in a sum of not less than _____. Evidence of insurance shall be provided to the other party.

B. [Landowner] agrees to maintain fire and extended insurance coverage adequate to replace or repair the dwelling or any other farm building or equipment regularly used by [Farmer] that may be destroyed by fire, flood, or other casualty loss and to replace or repair such structures in the event of loss as soon as practicable.

XIII. Default

A. The following events shall constitute default under this Agreement (for example): [to be completed by parties]

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____

B. A default under any of the provisions of this Agreement by either party may be cured by the defaulting party within 30 days of receipt of a notice of default. Failure to cure shall constitute grounds for termination of the lease or withholding of rent at the election of the non-defaulting party.

C. In the event the Lease is terminated due to the default of [Farmer]:

- (i) All obligations of [Landowner] under this Agreement shall cease. [Landowner] shall take reasonable measures to lease the Premises to another tenant for a comparable term and rent.
- (ii) Until [Landowner] enters into a new lease [Farmer] shall continue to pay the applicable rent until the end of the Lease Term. [Landowner] may retain a portion of the security deposit to cover his costs of re-letting the premises.
- (iii) Rental payments received by [Landowner] from a new tenant will reduce the amount for which [Farmer] is liable to [Landowner].
- (iv) Upon termination, [Farmer] agrees to yield possession of the premises within 90 days of the date of notice of default, reserving the right to re-enter the premises solely to harvest any crops that are the personal property of [Farmer] and are growing at the time of default.

D. In the event the Lease is terminated due to the default of [Landowner].

- (i) All obligations undertaken by [Farmer] under this Agreement including the obligation to pay rent shall cease.
- (ii) Upon termination, [Farmer] shall yield possession of the premises in a timely manner, reserving the right to re-enter the premises solely to harvest any crops that are the personal property of [Farmer] and are growing at the time of default. [Landowner] shall remit an amount equal to two times the [Farmer's] security deposit as liquidated damages and here agrees that such an amount is a reasonable approximation of the costs incident to moving a farming operation.

XIV. Dispute Resolution

A. Prior to taking any action in a court of law, the parties to this agreement agree to endeavor in good faith to appoint a dispute resolution committee to evaluate the dispute and make recommendations for its resolution. The Dispute Resolution Committee shall consist of the following three persons: (1) One adult person appointed by [Farmer] who is not a member, partner, director, or employee of [Farmer] nor an immediate family member; (2) One adult person appointed by [Landowner] who is not a director, officer, employee, or shareholder of [Landowner] or its directors; and (3) a neutral individual with expertise in farm-related matters, to be agreed upon by both parties after a good faith evaluation. The Dispute Resolution Committee shall, within 90 days of its formation and after reviewing written submissions and any supporting evidence submitted by both parties, make findings of fact and suggestions for resolving the dispute to be delivered to the parties in writing. The parties may accept the resolution recommended by the committee or propose an alternative resolution. The parties, however, hereto agree and acknowledge that the Dispute Resolution Committee's findings of fact shall be presumptively valid with the burden resting on the complainant in any legal proceeding to demonstrate otherwise. [Farmer] and [Landowner] each agree to assume 50% of the costs of the Evaluation Committee in the event such Dispute Resolution Committee is resorted to.

XV. Right of Entry

[Landowner] may enter the Premises at reasonable times in order to examine the Premises, inspect repairs or alterations, and replace mechanical or other systems. [Landowner] will give [Farmer] 48 hours prior notice of such entry. In the event of an actual or apparent emergency, [Landowner] may enter the Premises at any time without notice. [Farmer] will not change any lock or install additional locks without [Landowner's] prior written consent and without providing [Landowner] a copy of all keys. Keys must be provided on the date the lock(s) are added or/and changed.

XVI. Severability

If any part of this Agreement is invalid or unenforceable, the balance of this Agreement shall remain effective, absent such provision.

XVII. Merger

This Agreement represents the entire agreement between the parties. [Landowner] has made no representations other than what is contained in this Agreement.

No change in this Agreement shall be effective unless it is in writing and is signed by both [Landowner] and [Farmer].

[Landowner]

[Farmer]

STATE OF VERMONT
COUNTY, SS.

Before me, _____
Notary Public

STATE OF VERMONT
_____ COUNTY, SS.

Before me, _____
Notary Public

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Memorandum of Lease

(To be filed in the town land records)

KNOW ALL PERSONS BY THESE PRESENTS that Landowner and Lessee identified below are parties to a certain lease agreement dated _____, 200__ containing the following terms and conditions:

Lessor:

Lessor address:

Lessee:

Lessee address:

Leased property:

Date of execution: _____, 20__.

Lease term:

Commencement date:

Expiration/termination:

Rights to extend or renew:

Rights to purchase:

Right of first refusal:

Assignment and Sublease:

This memorandum of lease will be recorded in the town of [Town] to provide notice of the lease pursuant to 27 V.S. A. § 341(c). The lease contains terms and conditions in addition to those set out here. This Memorandum of Lease is not intended to amend or modify the terms and conditions of the lease. To the extent that the terms and conditions of this Memorandum of Lease differ from the terms and conditions of the lease, the terms and conditions of the Lease shall govern and prevail.