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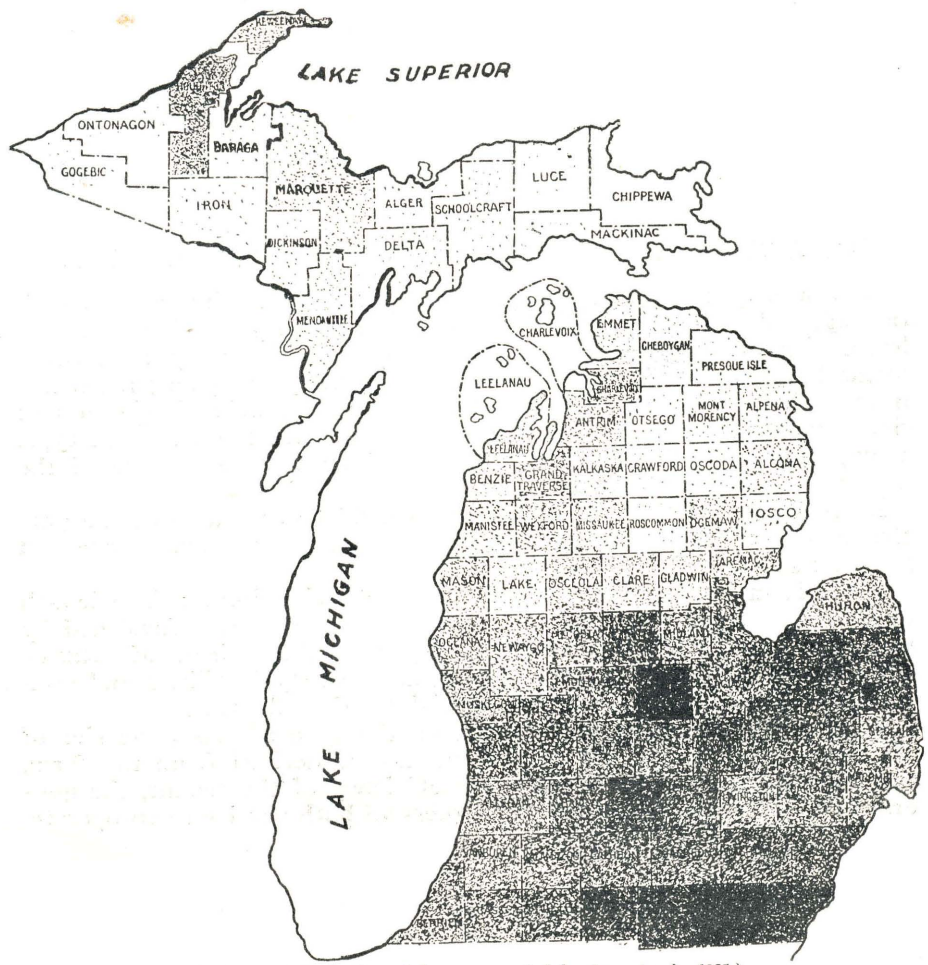
Farm Lease Systems in Michigan
Michigan State University Agricultural Experiment Station
Circular Bulletin Series
F.T. Riddell, Economics
Issued May 1927
16 pages

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Oakley Lardie

Farm Lease Systems in Michigan



(Relative distribution of farms operated by tenants, in 1925.)

AGRICULTURAL EXPERIMENT STATION
MICHIGAN STATE COLLEGE
Of Agriculture and Applied Science

ECONOMICS SECTION

East Lansing, Michigan

IMPORTANT FACTORS IN SUCCESSFUL FARM RENTING

1. Share renting is becoming more popular in Michigan than cash renting, and especially is this true of the fifty-fifty livestock form of lease. The fifty-fifty type of lease is more satisfactory than other forms because the farm can be more adequately equipped; a greater interest is taken by each party and a more equitable distribution of risk between the two parties is possible than with the cash rent type. Young tenants have the benefit of the advice and experience of the landlord.

2. A lease should be in writing and should be drawn to fit the particular conditions involving the transaction. Form leases are not always adequate.

3. A farm lease should comprise the following items: The length of the lease term, a definite description of the property furnished by each party, and the amount furnished jointly, the division of returns, the tenant's duties in operating the farm, the responsibilities and relationships of both parties and the provisions of settlement.

4. Successful renting will depend on the type of lease, the size of the farm business and the amount of income derived from the farm, the maintenance of soil fertility, the efficiency of the tenant, the general living conditions, and the willingness of both parties to co-operate.

FARM LEASE SYSTEMS IN MICHIGAN

By F. T. RIDDELL

The percentage of tenancy in Michigan is low when compared with the more centrally located areas in the United States. The 1925 census shows that 15.1 per cent of all Michigan farms, or 29,119, were operated by tenants. The degree of tenancy varies greatly within the state. In the northern portion of Michigan, tenancy ranges from five to 10 per cent of the total number of farms, in the central portion of the lower peninsula from 10 to 20 per cent, and in the southern and eastern counties from 20 to 30 per cent. Thus, it would seem that there is a direct relation between tenancy and the better type of soil and more thickly populated districts.

Over a period of ten years, from 1910 to 1920, the U. S. Census shows that share tenancy increased in Michigan from 20,378 in 1910 to 23,280 in 1920, making an increase of 2,902. All other forms of tenancy (mostly cash) decreased from 12,311 in 1910 to 11,442, a falling off of 869. This indicates that share tenancy is increasing over the other form very rapidly. The share tenancy form is usually preferred because it provides arrangements which give greater assurance of satisfaction and profit to both the landlord and tenant. However, tenancy as a whole has decreased 2.6 per cent during the past five years.

It is the purpose of this bulletin to help those interested in tenancy to better understand their problems and to point out some of the important factors in the rental contract.

It is not the writer's aim to bring out any new factors or try to set forth any advanced theories relative to farm leasing, but to relate the methods used in the better lease contracts found in Michigan. In the preparation of this material various sources were investigated and over fifty landlords and tenants were consulted personally in this state relative to their methods of rental and general tenancy problems. Through the co-operation of the county agricultural agents, answers to questionnaires on the subject were received from all parts of the state, thus adding to the information.

What is a Farm Lease?

A farm lease is a contract between two or more parties, which outlines and defines the rights and duties of both parties and states the liabilities of each party for expenses involved in the business and how the income shall be divided. A good lease is one which is drawn up in such a way that both parties receive a just and equitable compensation for the labor and capital contributed.

Types of Farm Tenancy

1. Cash Tenancy.
2. Share Cash Tenancy.
3. Share Tenancy.
 - a. Crop Share Tenancy.
 - b. Stock Share Tenancy.

(1) **Cash Tenancy.** Under cash tenancy the tenant pays a stipulated sum for the use of the land and improvements. This is one of the older types of farm rental and serves its functions best when landlords live a considerable distance from their property or do not wish to give the attention to the business that would be required in the case of share tenancy.

In the cash tenancy type of lease, the tenant is, no doubt more free from the dictates of the landlord, but he also assumes a greater risk through crop failures and price fluctuations. Since the tenant receives all the products raised on the farm, he is tempted to secure as large a yield as possible for a definite period of time regardless of the future condition of the land. The main objection, then, to this type of lease is the tendency to exhaust the land or leave it in poor shape for the future tenant. A proper lease contract helps to overcome some of these objections.

(2) **Share Cash Tenancy.** Share cash tenancy does not prevail in Michigan to a very large extent. In 1920 there were 422 farms which were being operated under this system.

The general practice under this system is for the tenant to pay cash for the pasture and hay land and share in the remainder of the crops.

(3) **Share Tenancy.** Share tenancy may be divided into two distinct classes as follows: (a) Crop Share, (b) Stock Share. These classes can be further divided into the following types: "One-third", "Fifty-fifty", and "Two-thirds" share.

Share tenancy is preferred by landlords and tenants in general wherever it can be practiced, and especially is this true of the "fifty-fifty" form of lease. The fact that most landlords who live close enough to the farm to participate in its supervision prefer this type of lease is due to the larger incomes received by them when this form of lease is used.

Many tenants prefer the share rental type because they can operate a larger farm, due to the fact that the landlord furnishes part or all of the working capital and bears his share of the risks. Many tenants also feel it is an advantage to be able to have the advice of the landlord in the management and operation of the farm.

(a) **Crop Share Lease.** The crop share lease provides for the division of the crops on some definite basis agreed upon. Small grains are generally divided at the machine and hay in the mow. Each party does as he sees fit with his share of the product. The tenant is usually required to market the landlord's share of the product. This type of lease may intermingle with the livestock share lease by dividing the small grain and cash crop and feeding the other products to the stock owned separately or in common.

(b) **Livestock Share Lease.** The stock share lease is quite common in Michigan. It provides for the keeping of livestock in common. All stock is fed out of the undivided feed. Only cash crops are divided. This type of lease provides for a larger investment of personal property by both parties than in case of the "fifty-fifty" share lease. It has a general tendency, however, to increase the income and maintain the fertility of the soil.

Both the livestock and crop share lease vary in respect to

1. The amount of property furnished by each party.
2. The portion of income received by each party.

The important types of livestock and crop share leases are

1. The "One-third" Share Lease.
2. The "One-half" Share Lease.
3. The "Two-thirds" Share Lease.

The following gives some of the common provisions found in each of these three types of farm leases.

Landlord's One-third Share Lease. This type of lease provides that the landlord furnish land only and the tenant furnish all equipment and labor and pay all operating expenses, except taxes and insurance on the property. The landlord often bears one-third of the expenses such as seed and feed, which are purchased, and twine and the threshing bill, and other items. The owner gets one-third of the farm income.

This type of lease works best when the landlord does not wish to participate to a very large degree in the management of the farm. It is a type of lease which is now falling into disuse and is being replaced by more satisfactory forms of rental.

Landlord's One-half Share Lease, or One-Half Crop and Stock Share Lease. Under this method of rental, each party receives one-half of the revenue from the products produced on the farm. When livestock is kept, the landlord furnishes the land and one-half of the productive livestock. The tenant furnishes the labor, horses, and tools, and one-half of the productive stock. Expenses such as feed, seed, twine, fertilizer, and machine hire are borne equally by both parties. When a complete crew goes with the threshing machine or other machine, it is becoming a common practice for the landlord to bear his share of such expense. The landlord should bear his share of the expense of boarding all laborers who operate power machinery on the farm.

Each party bears the taxes and insurance on his own property.

The Crop Share Lease. The Crop Share Lease is gradually being replaced by the "Crop and Stock Share Lease" in Michigan. The conditions under this lease differ with respect to keeping livestock and methods of dividing crops. Of course, when livestock is kept in common, there is no need of dividing the crops fed to them. However, in the crop share lease the corn is divided in the field, small grains at the machine and hay in the mow. In many cases, the tenant feeds his crops to his own stock kept on the farm.

Landlord's Two-thirds Share Lease. The two-thirds share lease varies with respect to the one-third share lease in that it is the reverse

in respect to income and personal property furnished. The landlord furnishes the land and all personal property and the tenant furnishes the labor. Expenses such as feed, seed, twine, fertilizer, and machine hire are often borne in the same proportion as the income, that is, the tenant bears one-third of such expense and the landlord two-thirds.

The important thing in renting is to see that the main factors of production, namely: land, labor, and equipment are combined in such a way that they will function efficiently, thereby tending toward greater returns. Too much poorly equipped or half worked land does not aid efficient production. For this reason, the landlord should choose a tenant who has sufficient property to fit in the combination he wishes to carry out. This is also true on the part of the tenant.

What Is The Most Satisfactory Type of Lease From the Tenant's Viewpoint?

1. **What Farm Should I Select?** It is well for the tenant to make a general survey of himself and his possessions before launching out on any type of agreement. A wise choice of farm, a well balanced amount of equipment, and an agreeable landlord will have much to do in either spelling success or failure in the venture. The first question he should ask himself is "To what type of agriculture am I best adapted?"

2. **Is the Farm Favorably Located?** The proximity of the farm to the schools, church, and market are important factors to consider. Oftentimes the denomination of the church in the particular locality will have much to do with the desirability of the location. Close proximity to a good market for the major products produced on the farm, one of which is milk, will be an important point to consider.

3. **How Big a Farm Can I Handle?** The size of farm chosen by the tenant will depend very largely on his own ability, his ease in securing help, and the amount of capital he has at his command. A would-be tenant of high ambitions but with limited means does not need to be discouraged for there are farms fully equipped for rent. However, if he is able to furnish all or part of the stock and other equipment he will participate in a larger share of the income than would be the case if this was taken care of entirely by the landlord.

The cash system is an extreme example for the tenant owns his own equipment and pays money rent for the use of the land. This system affords a greater degree of independence on his part as a manager, but it also involves a greater risk in that he stands all the losses, such as crop failures and fluctuations in prices.

4. **Is the Landlord Agreeable and in Sympathy With the Type of Farming I Wish to Follow?** In selecting a farm for rent, the tenant should consider not only whether the farm is suitable; but he should investigate carefully the type of landlord he will have to deal with. Is the landlord able to understand his point of view? Is he a progressive type of man and will he be fair in his dealings? In the case of a share lease, will he be of assistance in working out plans for the farm?

6. **Joint Expenses.** In the share lease system, there are a number of expenses which are shared jointly; such as seed, feed, fertilizer, twine, veterinary services, and machine hire. Much difficulty arises over these expenses if each man's share is not definitely stated and understood at the outset. Care should be taken that a definite understanding is reached concerning the distribution of these expenses.

7. **Income.** A fair lease is one that is built up in such a way that the income derived from the farm will be properly proportioned, so far as possible, in compensating each party for the labor and capital involved. The amount of income derived from the farm will depend on the size of the business, type of farming, productivity of the soil, the amount of working capital available, market demands for the products, and the efficiency of the operator.

8. **Tenant's Duties in Operating the Farm.** It is to be expected that the tenant will operate the farm throughout the period of the lease according to the best general practices in the vicinity. This is not only an advantage to him but to the landlord as well.

For the protection of the landlord, the lease should contain clauses that will guarantee to him that the farm will be kept in as good condition, wear and tear by the elements excepted, as it was when turned over to the tenant. While the tenant must depend upon the help of the landlord to a certain extent in the way of furnishing materials in order to keep the farm in a satisfactory condition, there are many things the tenant must accomplish according to his own judgment, due to the nature of his position.

The handling of material for repair work and the making of minor repairs on fences and buildings should be done by the tenant. He should also cut the noxious weeds at the proper time, keep the manure hauled out on fields at the time and in the manner agreed upon by both parties, and he should haul and spread lime and fertilizer on the farm. He should keep the stock off the meadows and fields when wet, and he should not pasture meadows that are to be used for future hay crops to the extent that the crops would be affected. He should also spray and trim trees at the proper time.

9. **Compensations and Reimbursements.** If large quantities of lime and fertilizer are to be hauled, the tenant should be compensated in some way. Lime is bulky and expensive to handle if it has to be hauled a long distance. Many of the better landlords are taking this point into consideration in view of the fact that the effects of lime may extend over a longer period of time than the period of the lease.

Where the tenant has hauled and spread great quantities of lime and commercial fertilizer, he should be reimbursed for his share of the cost and labor for the amount remaining in the soil from which he has not received benefit. There are different methods used in arriving at a fair figure depending on the number of crops harvested by the tenant and the amount of lime or fertilizer applied. The following paragraphs prepared by the Soils Section of the Michigan State College give a very good method of handling this problem.

"Recompense for Unused Fertilizer and Limestone Remaining in the Soil.

"In case readily available fertilizer other than nitrogen is applied at the rate of from 150 to 250 pounds per acre, the tenant shall be recompensed at the rate of 40 per cent of his share of the purchase price after the first crop year, 20 per cent after the second crop year and 10 per cent after the third crop year. In case larger applications are used, recompense should be made at the rate of 50 per cent, 25 per cent and 15 per cent, or more, of his share of the purchase price after the first, second, and third crop year respectively.

"Mixed fertilizers containing nitrogen in addition to other plant food elements shall have \$9.00 per ton deducted from the purchase price for each two units of ammonia. Recompense for the remaining plant food shall be based on the remainder of the purchase price at the rates specified in the preceding paragraph.

"If a nitrogen fertilizer alone, such as sulphate of ammonia or nitrate of soda is used no recompense shall be given after the first crop year.

"In case limestone, marl, or hydrated lime is applied in reasonable amount according to the needs of the soil, the tenant shall receive recompense for the unused portion as follows: After two crop years, 100 per cent of his share of the purchase price of the material. After three crop years 85 per cent of his share of the purchase price, and after four, five and six crop years 65, 40, and 15 per cent of his share of the purchase price respectively.

"Should the landlord purchase the lime and the tenant furnish the teams and labor for drawing and applying, the tenant shall receive 65 per cent of the cost of drawing and applying at the current price for labor, after the first crop year."

It is a common practice for the tenant who is leaving after he has sowed crops, such as wheat, to have the privilege of returning and harvesting the crops. An incoming tenant may cut and market the wheat and receive from one-third to one-fourth for his share.

Some landlords in southern Michigan are making extra compensation to their tenants for the preparation and sowing of alfalfa fields where it is necessary to lime the soil heavily. All leases should provide in some manner for crops left on the ground such as wheat sown the previous year and not harvested, and improvements made by the tenant.

10. **Disposition of Straw and Other Roughage.** It is a very good practice to provide a clause in the lease, preventing the removal from the farm of any coarse fodder, straw or similar material. Such roughage should be fed on the farm and not sold. If the tenant moves roughage to the farm at the outset, the landlord should offset it with a similar amount or purchase his share in the case of a share lease. At the termination of the lease, he will have the privilege of hauling his share of roughage off the farm, or better still, of selling it to the landlord.

11. **Outside Labor.** In the case of the share lease, no outside labor performed by the tenant or his teams should be allowed without the consent of the landlord. In case such work is agreed upon, the pro-

ceeds can be divided as they see fit. No attempt to operate other land or to conduct other business outside the farm should be carried on unless agreed upon by both parties.

12. **Farm Products for the Home.** It is only fair that the tenant should receive certain farm produce for the household use. Garden products, fire wood, milk, poultry and eggs, and potatoes are products which are generally furnished out of the undivided products for the household. Sometimes the tenant owns the poultry and gets all of their products. Where such is the case the flock is generally limited to fifty hens or less. However, it is more satisfactory for the landlord and tenant to own the flock in common as in the case of share rent, giving the tenant the privilege of using sufficient poultry products for the household out of the undivided portion and dividing the sales of such products between the two parties.

The tenant should always have sufficient milk out of the undivided product for household purposes. Sometimes he is allowed sufficient milk to make the butter for his use. Where wood is on the farm, the tenant is generally allowed part or all of the wood required for household purposes; this wood is to be obtained from down or dead timber. Sometimes the tenant is required to cut a certain number of cords of wood for the landlord to offset what he gets. Of course, some tenants even though they have the privilege of securing their fire wood, prefer to use coal.

13. **Marketing of Product.** In the case of a share rental, there should be some provision made for marketing the farm produce.

There are two common methods of dividing the crops. One is to divide the proceeds from the sale of products and the other is, to divide the products either at the machine or mow as the case may be. Where the crops are divided rather than the proceeds from sales, it gives the tenant an opportunity to dispose of his share as he sees fit. In either case, the common practice is for the tenant to haul all farm produce to market with the exception of milk or cream where there are routes for hauling same. In such cases, both parties bear their share of the expense.

The method of owning products in common and dividing the proceeds from the sale of such products seems to be gaining in favor and is very generally used on livestock farms. The time and place products are to be sold in the case where they are owned in common is often mutually agreed up. In some cases, the tenant is given full responsibility concerning the disposal of products.

14. **Guarantees and Liabilities of the Tenant to Live Up to the Conditions of the Contract.** Guarantee of payments is an important item in the case of the cash lease. In the case of deferred payment, a note properly indorsed or a chattel mortgage can be given as a guarantee of good faith in payment. Many leases do not have such a provision because the landlord has full confidence in the honesty of the tenant. In case of default of the tenant to live up to the terms of the contract, the lease should provide for the termination of the contract with proper allowance made for the satisfaction, from crops or personal property, of claims due the landlord.

Some landlords insert a clause in the contract stipulating a definite sum, which may be secured by a chattel mortgage, as a security of good faith in carrying out certain operations.

If the tenant fails or is unable to live up to the terms of the lease, there should be some provisions made such as those above in order to make secure the landlord's holdings.

15. **The Landlord's Guarantees.** The landlord agrees to give peaceable possession and to protect the tenant's interests whenever the security of the property as it would affect the tenant is involved. He also agrees to make concessions in case of cash rental where large losses are sustained by the tenant due to conditions over which he has no control.

16. **Provisions for Sub-lease and Termination of Lease.** A clause should be inserted in the lease that without the consent of the landlord no property or parcel of land can be sub-let.

A provision should also be made stating that the tenant will yield peaceable possession at the termination of the lease.

17. **Provisions for Division of Property at Termination of Lease.** Provisions should be made in the case of the share lease for dividing the personal property and especially that owned in common.

A common practice in dividing livestock is for the tenant to divide each kind of livestock into equal lots, as far as possible, permitting the landlord to choose from the various lots. In case the livestock cannot be equally divided, one method is to divide equally as far as possible; and the odd animal is sold or bid in by either party offering the highest sum. Another method followed and practiced where no agreement can be made is to sell the stock and divide the proceeds. Provision should be made in the lease for the disposition of crops growing and on hand as well as the livestock.

The amount of ground to be left in the various crops is important and should be agreed upon at the time the lease is made.

18. **Arbitration.** Some leases contain a clause providing for a board of arbitrators in case of disagreement. Each party chooses a member and the board the third. It is the duty of this board to make a thorough investigation of the difficulties and decide what is just, their decision to be final.

19. **Landlord's Right to Enter Property.** Nearly all lease contracts provide that the landlord shall have the right to enter the property for the purpose of viewing, making repairs, and putting in crops or preparing the land for future crops when the tenant leaves before the expiration of the lease.

20. **Business Relations.** The rules given above in reference to drawing up leases apply only to normal or typical situations. Oftentimes the landlord and tenant may be neighbors or very good friends. In such cases, some of the protective provisions are often disregarded.

TABLE SHOWING PORTIONS FURNISHED BY LANDLORD AND TENANT AND SHARE OF INCOME IN THE SHARE RENT TYPE OF LEASE.

Capital furnished. Income and Expenses.	One-third Share		One-half Share		Two-thirds Share	
	Landlord	Tenant	Landlord	Tenant	Landlord	Tenant
1. Income Share.....	1/3	2/3	1/2	1/2	2/3	1/3
2. Land & Buildings.....	All	.....	All	.....	All	.....
3. Machinery & Tools.....	.....	All	.....	All	All	.....
4. Work Horses.....	.....	All	.....	All	All	.....
5. Productive Livestock....	.....	All	1/2	1/2	All	.....
6. Labor including Board...	.....	All	.....	All	.....	All
7. Cash expenses as feed, seed, twine, spray material, machine hire such as threshing, etc.*	1/3	2/3	1/2	1/2	2/3	1/3
8. Taxes & Insurance.....	on own property	on own property	on own property	on own property	on own property	on own property
9. Veterinary services.....	.....	All	1/2	1/2	All	.....
10. Repairs-Building.....	Material	minor labor & hauling	Material	minor labor & hauling	Material	minor labor & hauling
Repairs-Fences.....	"	"	"	"	"	"
Repairs-Machinery.....	.....	All	.....	All	All	.....
Repairs-Horse-shoeing...	.....	All	.....	All	All	.....

*These expenses are not fixed and vary between the landlord and tenant depending on the conditions of the contract. The tenant should bear his share of such items as feed purchased, which are used in increasing the farm income.

Fifty-fifty Livestock Lease Contract*

..... Date.....

 Names of Parties Addresses

1. This agreement made and entered into this day
 of, 192....., by and between
 County of State of Party of the
 First Part, lessor, and County of,
 State of Party of the Second Part, lessee.
 Description of Land and Period of Tenure.

Witnesseth—That the First Party, in consideration of the agreement

*This fifty-fifty lease contract is designed to serve as a suggestive outline for those wishing to work out an agreement between the parties involved. It is so designed that paragraphs conflicting or those that do not fit the individual case can be struck out. For example, paragraph 6, section I should be eliminated if the dairy cattle are owned in common by the parties involved. Use paragraph 1, section III, clause A instead. Also if poultry are owned in common, paragraph 8, section II should be struck out. Gifford Patch, Jr., specialist in agricultural economics, assisted in preparing this contract form.

and stipulations hereinafter mentioned to be kept and performed by the Second Party, has leased and does by these presents rent and lease unto the Second Party the following described real and personal property, situated in the county of and State of to wit:

(Description of real and personal property)

The Second Party shall have and hold the above described property subject to the conditions and limitations hereinafter mentioned for a period of years, beginning 192...., and ending 192...., with the privilege of renewal, provided that if either party wishes to refuse to renew this lease, such party shall serve written notice upon the other party not less than six months preceding the date of termination of this lease.

The Party of the First Part agrees as follows:

Section I.

1. To pay all taxes and such insurance as he sees fit on property owned solely by him.

2. To furnish all posts and fencing material that may be needed upon said farm, either for repairing the fences now on said land or building new fences, rods of fence to be built each year. First party also agrees to furnish all necessary labor for the building of new fences.

3. To furnish all needed materials for repairs and improvements to said buildings on above described farm, as well as all skilled labor for major repairs and improvements.

4. To furnish the limestone necessary to properly lime the land, said limestone to be delivered at local station on board cars or at some convenient point within reasonable hauling distance from farm; limestone not to exceed tons per year.

5. To furnish the following amount of machinery for the operation of the farm(

6. To furnish the following described dairy cattle; said cattle to remain the property of First Party through the period of this lease.

7. To furnish one-half interest in all livestock other than mentioned above.

8. To make the following described improvements to be made on or before the following date:

Section II.

The Party of the Second Part agrees as follows:

1. To furnish all labor necessary to successfully operate the farm.
2. To furnish all work horses (the number of horses not to exceed).

3. To furnish all tools and machinery except as hereinbefore provided necessary to properly conduct farming operations, including horse equipment, such as harnesses, etc.

4. To haul all materials to the farm for making farm improvements and do all minor repair work where such repair work does not require skilled labor.

5. To keep buildings and fences in good repair and other improvements in as good repair as they were at the outset of this lease, loss by fire or destruction which is unavoidable, exempt.

6. To haul all lime and fertilizer and spread same according to best practices and methods used.

7. To haul all products grown on farm for market purposes to market. (If on milk route costs of hauling milk to be borne equally by both parties.)

*8. To have the privilege of keeping not over 50 hens, all purchased feeds for same to be paid for by the Second Party.

Section III.

It is mutually agreed that the following property and expenses shall be furnished or borne equally by both parties hereto:

Clause A. All livestock kept or held on the hereinbefore described farm, except horses and such poultry as hereinbefore mentioned shall be owned jointly, each party hereto having an equal interest in such livestock.

2. All grass seed, clover seed, alfalfa seed and all other seed sown as may be agreed upon during the term of this lease.

3. All purchased fertilizer, feeds, including hired pasture, if such becomes necessary.

4. All machine expenses, such as threshing, silo-filling, corn husking, baling, and clover hulling.

5. All veterinary services and breeding fees on livestock owned in common.

6. All taxes and insurance on livestock owned in common.

7. All livestock, including poultry to be fed out of undivided feed.

8. If colts are to be raised, First Party to own one-half interest in the brood mare or mares, to stand one-half of breeding fees and own one-half interest in all the colts; the raising of colts to be agreed upon by both parties.

Section IV.

Party of the Second Part—Duty in operating the farm.

1. To conduct the farming activities in accordance with generally approved and accepted practices.

2. To surrender farm and property in as good condition, allowance being made for ordinary wear and tear, at the expiration of this lease as said farm and property were in at the beginning of this lease.

3. To not sell any straw and fodder grown on the farm; such straw and fodder to be fed or converted into manure and spread upon the land and at the termination of this lease not to remove from farm straw or fodder in greater amounts than was brought on the farm at the outset.

*In case a large flock is kept or it is desired to own the poultry in common, strike out paragraph 8. See paragraph 1, Section III, also paragraph 2, Section V.

4. To cut all noxious weeds before going to seed and to cut all grass and weeds on highways adjoining farm at the proper time.
5. To keep manure hauled out on such fields as shall be agreed upon by both parties.
6. To not sublet or assign any portion of the before described farm or property during the life of this lease except upon the written consent of the Party of the First Part.
7. To keep the buildings and fences and other improvements in as good a state of repair as they were at the beginning of this lease; provided that ordinary wear, loss by fire or other unavoidable destruction shall be excepted; and to haul all materials used for the repairing of buildings, fences and the building of new fences.
8. To haul all feeds, seeds, fertilizers and other necessary supplies.
9. To haul and spread all lime; said lime not to exceed tons per year.
10. To not allow meadows which are to be used for hay crops to be pastured to the extent that injury will result to the meadow for future crops.
11. To keep stock off land when the fields are soft.

Section V.

Clause B. Division of Farm Income. It is further mutually agreed by and between the party of the First Part and the Party of the Second Part that the division of property and income shall be as specified in the following paragraphs.

1. That the proceeds from the sale of crops shall be divided equally between both parties to this lease.
- *2. That the proceeds from the sales of livestock and livestock products shall be divided equally between both parties.
3. That the second party shall have the use of sufficient land for a garden to supply the usual family requirements for garden products. The party of the Second Part shall also be allowed sufficient milk and fruit, if produced on the farm, for family use.
4. That the party of the Second Part shall be allowed pork for family use to an amount not exceeding pounds live weight.

Section VI.

Clause C. It is further mutually agreed between the parties hereto as follows:

1. That the time and place where the farm products shall be sold shall be mutually agreed upon.
2. That the kind, the amount and the time, whenever livestock shall be purchased, shall be mutually agreed upon.
3. That all business shall be transacted through the

*In case poultry is owned in common, the tenant should have the privilege of dividing eggs before sold, thus giving him the privilege of using whatever is required for table use out of his own share. A record should be kept of all fowls used for table. Another method is to give the tenant privilege to use a definite amount of poultry and eggs for the family table and divide the proceeds from the sale of the remainder.

..... bank or such other bank as may be mutually agreed upon during the period of this lease.

4. That complete records shall be kept and that settlements, as far as possible, shall be made on the first day of each month.

5. That a complete inventory shall be taken of all farm property, showing number, amount, and value at the beginning of this lease period and once a year thereafter, such an inventory to show the property owned by each party.

Section VII.

Clause D. It is further mutually agreed between the parties hereto as follows:

1. Second Party shall make such improvements as stipulated in the foregoing sections, but in case said Second Party wishes to make further improvements, he shall have the consent of the landlord and in such case said Second Party shall be reimbursed at the termination of this lease, provided said improvements are unexhausted at such time.

2. That should the Second Party sow clover seed or alfalfa under approved methods in proper fields and then vacate the hereinbefore described farm before deriving any benefit therefrom, Second Party shall be reimbursed for his share of the seed, commercial fertilizer and lime, if used, at the price which Second party paid for seed, fertilizer and lime, provided that the acreage of leguminous crops at the termination of this lease is in excess of that at the beginning of this lease.

3. That the Second Party shall be reimbursed for fertilizer and lime sown on any crop, where such crops are not harvested by him in the following manner.

*4. That reimbursements for wheat or rye left on the farm hereinbefore described in excess of that on the farm at the time the party of the Second Part took possession (providing Second Party harvests wheat or rye on the farm the first year and receives his full share of the income from such crop) said reimbursements shall be made at the rate of per acre to compensate the Second Party for the labor and seed expended, providing the crop has been properly sown at a seasonable time of the year and such seed was of a good quality.)

Provided further, the tenant will have the option of harvesting such crops the following season and dividing with the landlord on the following basis:

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Section VIII. Party of the First Part—right to enter property.

That the Party of the First Part, his heirs or assigns, reserves the right to enter said premises at any time to make improvements thereon

*For suggestions on recompense of fertilizer and lime, see page 10.

and for the purpose of viewing the farm or for any other legitimate purpose as long as the exercising of said rights does not interfere with the rights and privileges of the Party of the Second Part.

Section IX. Guarantees and Liabilities of the Tenant.

That for and in consideration of foregoing conditions, if the Second Party fails to carry out any of the provisions of this lease, the First Party shall take possession at once of said premises and all property jointly owned and such premises and property to be held until settlement can be made satisfactorily and in accordance with the terms of this lease.

The tenant further agrees to yield possession of said premises to the landlord or his assigns at the expiration of this lease without further notice, in as good order and condition as when same was entered, loss by fire and unavoidable accidents and ordinary wear exempt.

Section X. Division of property at end of lease.

(a) That at the expiration of this lease all property on said premises owned in common by both parties shall be equally divided between them. Said property shall be divided as follows: "Party of the Second Part shall divide livestock into two groups and the Party of the First Part shall take his choice of the groups. Provided, if division cannot be made equally in the case of an odd number of animals, the odd animal shall be appraised and the value agreed upon before any choice of lots is made.

(b) All hay, grain and other provisions owned in common shall be divided by measurement or through the proceeds from sales thereof; the Second Party having the right to remove his share from the farm. All material such as straw and corn fodder, manure, etc., shall remain on the farm; the Party of the Second Part only having the right to remove the same amount as he brought on the farm at the outset of this lease.

Section XI. Arbitration.

In case of dispute over any of the foregoing agreements in this lease, it is hereby agreed that the matter shall be left to a board of three men, one chosen by the party of the First Part, one by the Party of the Second Part, and the third by the first two parties chosen. Decisions made by this body shall be final and binding for both parties.

(Signed)
Landlord,

(Signed)
Tenant,

Witness—
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