

Cash/Share Farm Lease

THIS CASH/SHARE FARM LEASE (this "Lease") is entered into this ____ day of October, 2012 by and between Mid-Delta Farms LLC ("Lessor"), and T & D Farms Partnership ("Lessee").

The parties agree as follows:

1. **LEASED PREMISES.** Lessor hereby leases to Lessee a farm consisting of approximately **1,193.9 tillable acres**, commonly referred to as the 1,193.9 acres in FSA Farm #4412, Tract 13272; fields 2 through 22; FSA Farm #4771, Tract 1918 & 1920, located North of Litton Road in parts of Sections 15, 21, 22, 23, and 24; Township 21 North; Range 6 West; Bolivar County, Mississippi, also referenced as fields 1 – 25 in Exhibit A, which farm shall hereinafter be referred to as the "Leased Premises".
2. **STATEMENT OF GOALS.** Lessor and Lessee shall work toward accomplishment of the following goals: To maximize corn, grain sorghum, soybean, rice and wheat production, maintain reasonably weed free crops, and to keep turn rows and non-farm areas attractively maintained. To operate the farm as efficiently as possible to generate the most profit, while at the same time improving the overall condition of the farm.
3. **DESIGNATION OF LESSOR'S AGENT.**
Lessor designates Land Management Group, LLC as its agent ("Agent") for dealing with Lessee as long as this Lease is in effect. Agent is acting solely as the agent of Lessor and is not Lessee's agent or representative.
4. **LEASE TERM.** The Lease Term shall start the **1st day of January, 2013**, and shall end on the following December 31, or when crops are harvested, whichever occurs first (the "Termination Date"), without further notice to Lessee, subject to Lessor's termination right as described below. Lessee specifically acknowledges that this Lease shall not be renewed or extended except by execution of a new Lease. **Lessor reserves the right to terminate this Lease at any time prior to January 1, 2013 by providing written notice to Lessee. If Lessor provides such notice of termination, the Lease Term shall not commence and this lease shall be of no further force and effect.**
5. **CROP OWNERSHIP/RENT/INPUT COSTS.**
 - A. Lessee shall pay to Lessor at Land Management Group **annual rent** for the entire Leased Premises, calculated as follows: the greater of \$125 cash rent per cropland acre (totaling \$149,237.50) or a 25% share of the actual crop production. If 25% of the actual crop production equals less than \$125 per cropland acre, Lessee shall pay the difference to Lessor in cash within 30 days after final delivery of the harvested crop to the purchasing elevator. The respective crop share percentages shall be 75% Lessee and 25% Lessor.
 - B. The annual rent shall be deemed paid when the harvested crop is delivered to the purchasing elevator and duplicates of all crop delivery tickets are submitted to Agent for proper accounting. The receiving elevator shall be notified by Lessee of Lessor's and Lessee's crop percentage shares, prior to any delivery of any crop grown on the the Leased Premises and shall be instructed by Lessee that payments shall be made directly to Lessor and Lessee separately by the elevator taking delivery, according to their respective crop share percentages. The elevator to which the entire crop shall be delivered is to be mutually agreed upon by Lessor and Lessee.
 - C. Notwithstanding whether annual rent is calculated on a per acre basis or on a percentage of actual crop production basis (as described above), the following provisions shall apply:
 - (i) Lessor and Lessee will each pay its commensurate share of all drying and handling charges.
 - (ii) Lessee is responsible for securing crop insurance, for 100% of the crops to be farmed, from a reputable and licensed crop insurance agent.
 - (iii) Lessee shall be responsible for the first hauling of the crop from the farm, whether to a commercial grain terminal or to on-farm storage, within a distance of 50 miles. Any additional hauling will be paid by Lessor and Lessee according to their respective shares of the crop. Lessee shall provide transportation, with Lessee's or contracted equipment, to transport the crops to the elevator. Hauling charges will be negotiated between Lessee and Lessor at that time.
6. **FARMING OF THE LEASED PREMISES.**
 - A. Lessee shall furnish all labor, machinery, motor power, tools, and equipment, and maintenance expenses on same, fuels, and utility bills, necessary to sow and plant all crops to be grown on said Leased Premises. Lessee shall tend, cultivate, and harvest all crops and shall bear all expense of every kind in connection with farming of said Leased Premises, except as otherwise herein provided.
 - B. No crops shall be planted or seeded without the prior consent of the Agent. The markets and normal crop rotation practices shall determine which crops shall be planted on the Leased Premises, subject to the mutual agreement of Lessor and Lessee.
 - C. The Leased Premises are to be cultivated as directed by Agent and agreed between the parties. Any major adjustment to the crop plan must be approved by Agent.
 - D. Lessor agrees to be responsible for the repair, maintenance and upkeep of all wells and gearheads on the Leased Premises. Lessee shall be responsible for day-to-day service, labor and management of the wells and gearheads and Lessee shall notify Lessor of any needed repairs or maintenance to the wells and gear heads as soon as such is recognized by Lessee. If any well or gearhead should break down, require repairs, or fail completely, Lessor agrees to repair or replace as quickly as can reasonably be expected after notification of the issue by Lessee. Both Lessee and Lessor will strive to avoid any damage to the crop due to lack of irrigation water.
 - E. Lessee shall maintain or improve current soil fertility levels. Soil fertility tests must be performed at least every three years on a grid of 2.5 acres. Phosphate and potash applications must meet or exceed soil test recommendations. Agent must receive a copy of all soil test data and/or as further agreed: The Lessor and Lessee will maintain the soil pH at a level not less than 6.0. The cost of the lime, trucking and application shall be shared equally between the Lessor and Lessee. Soil fertility test levels must be maintained by the Lessee.

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- F. Lessee shall pay all the expenses for seeds, fertilizer, and chemicals used on the Leased Premises (excepting any lime application which will be paid as described in section 6.E.) and the expenses for all harvesting including the transport of the harvested crop to either on-farm storage or to a local elevator located within 50 miles of the Leased Premises. Lessor will pay for any additional transportation after the original delivery for its share of the crop.
- G. Lessee shall follow the farming practices that are generally recommended for and that are best adapted to the Leased Premises. Lessee and Agent shall mutually agree upon the crops to be grown, the soil treatment, and the production and harvesting practices to be followed by Lessee on each field of the Leased Premises.
- H. Within ninety (90) days after completion of planting, Lessee shall furnish Agent with a map of the Leased Premises disclosing the location, by type and quantity, of all fertilizers, herbicides, and insecticides applied, and all seed varieties planted.
- I. Within 45 days of crops being delivered to the purchasing elevator, Lessee shall furnish Agent with copies (and confirm the accuracy) of all elevator records with regard to any grain produced on the Leased Premises and shall report to Agent, in writing, the production of the Leased Premises for the crop year just completed.
- J. Within 45 days of harvest, Lessee shall furnish Agent with copies (and confirm the accuracy) of harvest yield maps from Lessee's harvesting equipment. Lessee will strive to ensure the harvesting equipment is calibrated accurately.
- K. Lessee shall complete all required reporting to the appropriate government offices of all crop acreages on a timely basis and will make the necessary reports to the government agencies to maintain all crop bases and yields.
- L. Lessee shall participate in and comply with any program offered by the United States Department of Agriculture or any other government agency if such participation is elected by the Lessor and such participation does not interfere with the normal crop planting, crop production, or crop harvesting on the Leased Premises by Lessee. Upon termination of this Lease, Lessee gives up and releases all rights and interests in all programs offered by the United States Department of Agriculture, and will not claim any future rights or interests in the agricultural programs available to the Leased Premises. This provision shall not deny Lessee any payments earned by him, but not received, during the Lease Term.
- M. Lessee shall comply with all state and federal laws, rules, and regulations on the use, storage, and disposal of agricultural chemicals and pesticides. No dumping or abandonment of any trash, pesticide containers, or machinery, shall be allowed on the Leased Premises.
- N. Lessee shall not keep on the Leased Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Leased Premises, or might be considered hazardous, or extra hazardous by any insurance company. Hazardous or extra hazardous material shall not include those materials or chemicals used in the ordinary or regular course of business in farming operation. Lessee shall not commit or permit the commission of any hazardous acts on the premises that might be considered hazardous or extra hazardous by any insurance company. Lessee shall act to maintain water quality standards and to prevent pollution and/or contamination to surface and underground water sources and supplies.

7. PAYMENT OF BILLS / SETTLEMENT.

- A. Lessee shall incur no expenses for labor or materials for which it expects reimbursement from Lessor, without Lessor's or Agent's prior approval.
- B. For any expenses incurred by Lessee for which Lessee expects reimbursement from Lessor, Lessee shall furnish to Lessor receipted bills for all receipts and expenses at time of settlement. Settlement shall occur within twenty (20) days of submission of receipts to Lessor by Lessee.

8. NO PARTNERSHIP, AGENCY OR EMPLOYMENT. This agreement is one of lease and not of partnership, agency or employment. Lessee is an independent contractor. Neither Lessor nor Agent shall become responsible for any debts contracted by Lessee. Neither Lessor nor Agent shall become responsible for any debts contracted by Lessee, unless written authorization is given to Lessee to conduct business on behalf of Lessor or Agent. Lessee shall bear no responsibility for any debts contracted by Lessor or Agent.

9. ALTERATIONS AND MAINTENANCE OF LEASED PREMISES.

- A. Lessee shall not cause or permit any alterations, additions or changes, except for that resulting from normal farming practices, of or upon any part of the Leased Premises without first obtaining the written consent of Lessor. All alterations, additions or changes to the Leased Premises shall be made in accordance with all applicable laws, and shall become the property of the Lessor.
- B. Lessee accepts the Leased Premises in their present condition, with the exception of the following:
 - i. Lessor agrees to purchase, install, replace and maintain all drainage pipes required for normal farming operations on the Leased Premises and which are approved by Agent.
 - ii. Lessor agrees to complete all disking and dirt work needed to be done for any land leveling operations and agrees to pay the entire cost of all such disking and dirt work.
- C. Lessee shall, at his own expense, make any and all repairs to the Leased Premises for damages caused by the negligence of the Lessee, his agents, employees, and invitees. Lessee shall not be obligated under this provision to repair any damage to the buildings or improvements on the Leased Premises resulting from fire or other casualty, but this provision is not intended to limit, modify or release Lessee from any liability he may have for damage or destruction.
- D. Lessee shall regularly inspect all outlets and drainage systems, and shall promptly notify Lessor or Agent of all needed repairs or replacements. Repair and replacement of outlets and drainage structures shall be the obligation of Lessor.
- E. Lessee shall do all things reasonably necessary to prevent the introduction of any undesirable weed species including, but not limited to, care and attention to the cleaning of Lessee's combine and other equipment. Lessee shall perform all labor and spraying, spot or otherwise, necessary to keep the Leased Premises reasonably weed free.

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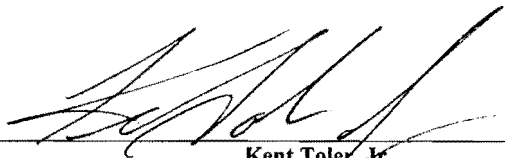
- F. Lessee shall keep the Leased Premises in a neat and tidy condition, and shall supply all labor and equipment for mowing and spraying of fence rows, ditch banks, and around buildings and improvements, to reasonably control all noxious weeds and scrub brush growth. Lessor shall pay for herbicides used for the weed and brush control description in this paragraph. Lessee shall spray and mow ditch banks and turn rows in a manner as to maintain or enhance the overall appearance of the Leased Premises.
10. **INSURANCE.** Lessee shall procure and maintain during the Lease Term public liability and property damage insurance with a responsible insurance company with limits of not less than \$500,000.00 for injury to one person, \$1,000,000.00 for injury to two or more persons in one occurrence, and \$100,000.00 for damage to property. Such insurance shall cover all risks arising directly or indirectly out of Lessee's activities on or any condition of the Leased Premises. Such insurance shall also protect Lessee against the claims of Lessor on account of any obligations assumed by Lessee in this Lease (see paragraph 14 of this Lease), and shall protect Lessor, Lessee and Agent against claims of third persons.
11. **JOINTLY OWNED PERSONAL PROPERTY.** Upon termination of this Lease, all jointly owned property with the exclusion of crops, and including, but not limited to, farm products, equipment, and machinery, shall be sold and the net proceeds shall be divided based on percentage of ownership. Crops are to be excluded from this provision in order to allow for the sale of grain after the December 31st termination date.
12. **ACCESS TO LEASED PREMISES.** Lessor, Agent, and Lessor's prospective lessees, purchasers, or mortgagees, shall be permitted to inspect and examine the Leased Premises at all reasonable times and Lessor shall have the right to make any repairs or improvements to the Leased Premises which Lessor deems necessary and which will not interfere with Lessee's normal cropping operations. In the event this Lease is not renewed or extended pursuant to paragraph 4 herein, a new lessee for the Leased Premises shall be entitled to fall plow, fertilize, seed wheat, or otherwise prepare the Leased Premises and plant in proper season for the following year's crop(s), so long as these activities by the new lessee do not interfere with the current year's crop harvest.
13. **INDEMNIFICATION / RELEASE / HOLD HARMLESS.**
- A. Lessee shall indemnify and defend Lessor and Agent from any claim, loss, or liability arising out of or related to any act or omission of Lessee on the Leased Premises or relating to Lessee's obligations under this Lease, including any failure by Lessee to comply with its obligations under this Lease. Lessee's duty to indemnify shall not apply to or prevent any claim by Lessee against Lessor for injury or damage to Lessee or Lessee's property for which Lessor may be liable.
- B. In no event and under no circumstances will Lessor or Agent, their employees, agents, officers, or directors, be liable to Lessee for any direct, indirect, incidental, or consequential damages suffered by Lessee arising out of his farming of the Leased Premises.
14. **DEFAULT.**
- A. In the event Lessee fails to make rent payments when due, Lessor, at his option, may immediately take possession of the Leased Premises and may terminate and cancel any rights that Lessee may have under this Lease, without further notice to Lessee.
- B. In the event Lessee fails to keep or perform any of the other terms and conditions of the Lease agreed to be kept and performed by Lessee, and such failure continues for thirty (30) days after written notice to Lessee, then and in that event, Lessor, at his option, may take possession of the Leased Premises and may terminate and cancel any rights that Lessee may have under this Lease. In the event Lessor elects not to take possession of the Leased Premises and terminate and cancel this Lease, Lessor may, without further notice, cure Lessee's failure at the expense of the Lessee and any sums so paid by Lessor, with interest at eighteen percent (18%) per annum, shall be deemed to be additional rent and shall be due from Lessee to Lessor within thirty (30) days after the rendition of a bill therefore by Lessor to Lessee. This excludes any default on behalf of Lessee that was directly caused by acts of God.
- C. Nothing contained in this paragraph shall be construed as Lessor's exclusive remedies, and Lessor specifically retains any other rights or remedies that it might otherwise have under state law.
15. **ATTORNEY FEES.** Each party agrees to pay the other party's reasonable legal costs and attorney fees incurred in enforcing any covenant, term, or condition of this Lease against the defaulting party.
16. **ASSIGNMENT AND SUBLETTING.** Lessee shall not assign, mortgage, encumber, or transfer this Lease in whole or in part, or sublet the Leased Premises or any part thereof, without the prior written consent of Lessor or Agent.
17. **DISCLAIMER OF WARRANTIES.**
- A. Lessee acknowledges that it has made its own examination of the condition of the Leased Premises and relies solely upon its own judgment and independent inquiry in entering into this Lease. Lessee releases the Lessor, Lessor's agents and brokers from any and all liability relating to any defect or deficiency affecting the Leased Premises, which waiver shall survive the closing. Lessee understands the Leased Premises are leased in their existing condition as of the date hereof, AS IS and where is with the exception of those items outlined in section 9.B., and Lessee acknowledges and warrants that Lessor, its agents, and brokers, have not made any representations or warranties, express or implied, as to the condition, state of repair, quality, fitness, fitness for a particular purpose, or merchantability of the premises and any improvements.
- B. Lessee acknowledges that it has not relied upon any statements or representations made by Lessor, Lessor's agents, or brokers in entering into this lease. Lessee warrants it has independently verified to its own satisfaction any facts upon which it relies in entering into this Lease and hereby releases Lessor, Lessor's agents and brokers from all liability concerning statements, facts, or representations, of any kind.
18. **GENERAL AGREEMENT OF THE PARTIES.**
- A. This Lease shall extend to and be binding upon the heirs, personal representatives, successors, and assigns of the parties. This provision, however, shall not be construed to permit the assignment of this Lease except as may be permitted hereby. When applicable, use of the singular form of any words shall mean or apply to the plural and the neuter form shall mean or apply to the feminine or masculine.

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- B. The captions and article numbers appearing in this Lease are inserted only as a matter of convenience and are not intended to define, limit, construe, or describe the scope or intent of such provisions. No waiver by either party of any default by the other party shall be effective unless in writing, nor operate as a waiver of any other default or of the same default on a future occasion. Lessor's acceptance of rent shall not be deemed a waiver as to any preceding default. Any notices to be given hereunder shall be deemed sufficiently given when in writing and (a) actually served on the party to be notified, or (b) placed in an envelope directed to the party to be notified at the following addresses and deposited in the United States mail by certified or registered mail, postage prepaid:
- (1) If to Lessor, at Land Management Group, c/o Steve Brunson, 1196 Poplar View Lane, Suite 1, Collierville, TN 38017
 - (2) If to Lessee, at T&D Farms Partnership, Kent Toler, Jr., General Partner, PO Box 42, Inverness, MS 38753
- or at such other place as the parties may direct in writing.
- C. This Lease shall be governed by and interpreted in accordance with the laws of the State in which the Leased Premises are located.
19. **ENTIRE AGREEMENT.** This Lease constitutes the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this Lease shall not be binding on either party except to the extent incorporated in this Lease. Any modification of this Lease or additional obligation assumed by either party in connection with this lease shall be binding only if in writing signed by each party or an authorized representative of each party.
20. **OTHER.**
- A. Lessor retains the right to take up to ten percent (10%) of the Leased Premises out of production by supplying the Lessee with notice prior to March 31, 2013. If any land is taken out of production prior to the planting of a crop the Lessor shall reimburse the Lessee for all related crop expenses, incurred to that date by Lessee, on those acres removed from production. If any land is taken out of production after planting then Lessor shall reimburse the Lessee the fair market value of the grain, less harvesting costs and drying expenses, that would have been harvested from the destroyed acres using average yields from adjacent fields on the Lessor's property and prices, from a local elevator, selected by the Lessee for grain delivered and sold prior to the Termination Date. Reimbursement of actual crop expenses shall be done within twenty (20) days following the destruction of the crop or removal of the crop acres. Reimbursement of the destroyed crop shall be done at the time the Lessee prices the grain from the crop destroyed. The seed, fertilizer and pesticide reimbursement shall be done using actual expenses for each item. The tillage and harvesting cost reimbursements will be made using the custom hire rates as shown in Exhibit B.
 - B. If Lessor exercises its right to terminate this Lease prior to January 1, 2013 pursuant to Section 4 above, Lessor shall reimburse Lessee for fall work (tillage, etc.) actually completed on the Leased Premises at the rates detailed in the attached Exhibit B. In addition, Lessor shall reimburse Lessee for all fertilizers and other materials applied to the Leased Premises for the purpose of 2013 cropping, provided Lessee furnish to Lessor receipted bills for all materials within twenty (20) days of notice of Lease termination.
 - C. Lessee shall plow down levees and disk any rice ground after harvest.

Mid Delta Farms LLC



Kent Toler, Jr

Address: T&D Farms Partnership
PO Box 42
Inverness, MS 38753
Telephone Number: (662) 207-6404 (cell)
(662) 830-1234 (office)

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EXHIBIT A

Mid-Delta Farms, LLC

Bolivar County, MS

Tillable: 3,323.83

Gross: 3,625.0

Fields: 66



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EXHIBIT B

<u>Custom Rates</u>	<u>Unit</u>	<u>Base Rate</u>
Disking	/acre	\$14.00
Field Cultivator	/acre	\$9.25
Corn Planting w/Fert	/acre	\$13.00
Drilling Soybeans	/acre	\$12.50
Drilling Soybeans No Till	/acre	\$13.00
Planting Beans on Row	/acre	\$12.50
Drilling Wheat	/acre	\$12.50
Drilling Rice	/acre	\$12.50
Corn Harvesting w/Cart	/acre	\$36.50
Bean/Wheat Harvesting w/Cart	/acre	\$33.50
Rice Harvesting w/Cart	/acre	\$66.50
Rice Harvesting/down rice w/Cart	/acre	\$90.00
Land Planing	/acre	\$13.00
Pulling Rice Levees	/acre	\$7.50
Plow Down Levees	/acre	\$5.50
Plow Rows to Clean Middles	/acre	\$13.00
Rolling / Rolling Beds	/acre	\$8.00
Harrow	/acre	\$9.50
Subsoiling	/acre	\$16.50
Rice Gates -installation	/acre	\$7.00
Poly Pipe - installation	/acre	\$6.50
Irrigation Labor - Rice	/acre	\$27.00
Irrigation Labor - Soybeans, Corn	/acre	\$18.00
Fertilizer Application	/acre	\$8.65
Chemical Application	/acre	\$7.00
Bedding	/acre	\$14.00
Spraying - J.D. 4730	/acre	\$7.00
Plowing Crops	/acre	\$13.00
Pto Ditcher	/hour	\$75.00
Mowing	/hour	\$75.00
Grading Roads	/hour	\$75.00
Setting Power Units	/hour	\$75.00
Power Unit Repair & Maintenance	/hour	\$75.00
Winterizing/Storing Power Units	/hour	\$75.00
Backhoe	/hour	\$75.00
Poly Pipe Removal	/hour	\$75.00
Flash Board Risers -Install	/man/hour	\$25.00
Rice Gates - Pulling	/man/hour	\$25.00
Rice Gates - Storing	/man/hour	\$25.00
Rice Gates - Cleaning	/man/hour	\$25.00
Farm Clean Up	/man/hour	\$25.00
Farm Monitoring	/man/hour	\$25.00

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