

Illinois Crop-Share Net Farm Lease

To use this lease form: Complete two identical copies -- one for the Lessor (Landowner) and one for the Lessee (Tenant). Cross out any provisions that are not to become a part of the contract and add any additional provisions that are desired. If preparing the lease manually, use ink or typewriter; however, the web-based lease form can be filled in on-line before printing. This lease form is available on the farmdoc website at http://www.farmdoc.uiuc.edu/legal/farm_lease_forms_abs.html. Additional leasing information can be found in the Leasing Fact Sheets prepared by University of Illinois Farm Business Management Educators located at http://www.farmdoc.uiuc.edu/manage/leasing_fact_sheets.html. Note: A lease creates and alters legal rights; thus, Landowners and Tenants may want to discuss specific lease provisions with their respective legal advisors.

Date and names of parties. This lease is entered into on December 1, 2019, between:

Lessor(s) (Insert Landowner's exact name): EBS Farm LLC, EIN 46-1959547.

whose mailing address is C/O Bryan Schmidt, 1671 St. Jude Court, Geneva, IL 60134,

and

Lessee(s) (Insert Tenant's exact name): Rod and Pam Conklen

whose mailing address is 408 2000th street New Holland, IL 62671

email address: rcyorks@speednet.com

The parties to this lease agree to the following provisions.

Section 1. Description of Rented Land and Length of Tenure

A. **Description of Land.** The Landowner (Lessor) rents and leases to the Tenant (Lessee), to occupy and to use for agricultural purposes only, the following real estate located in the County of Logan and the State of Illinois and described as follows:

#6653

S21 T21 NR1W 117.53

S2 T18 NR1W 155.42

S21 T21 NR1W 32.85

, commonly know as the Schmidt farm and consisting of approximately 305.8 acres, together with all buildings and improvements thereon belonging to the Lessor.

B. **Length of tenure.** The term of this lease shall be from December 1, 2019, to November 30, 2022, and the Lessee shall surrender possession at the end of this term or at the end of any extension thereof. Extensions must be in writing and attached to this lease, and both parties agree that failure to execute an extension at least 4 months before the end of the current term shall be constructive notice of intent to allow the lease to expire.

Section 2. Division of Crops, Storage, Cash Rent (if any) and Installments

A. **Share rent:** The Tenant agrees to pay the Lessor or the Lessor's agent as rent for the above-described farm the following shares of crops grown:

| Crop | Landlord's share of crop |
|------|--------------------------|
| Com | 50 |

| Crop | Landlord's share of crop |
|---------|--------------------------|
| Alfalfa | |

| Crop | Landlord's share of crop |
|-------|--------------------------|
| Other | |

| | |
|----------|-----|
| Soybeans | \$0 |
| Oats | |
| Wheat | |

| | |
|--------|--|
| hay | |
| Straw | |
| Silage | |

| | |
|--|--|
| | |
| | |
| | |

B. Storage. The Tenant agrees to store, at the Lessor's request, as much of the Lessor's share of the crops as possible, using not more than percent of the total space provided by the Lessor in cribs, grain bins, buildings, or barns on the farm.

Farmdoc Form: CSL 01-0911. Form edited by D. L. Uchmann, Professor of Agricultural Law, and Derrye Ehrnwald, Extension Educator. The editors express appreciation to other University of Illinois Extension Farm Business Management and Marketing Educators for their assistance with this form.

C. **Cash Rent and Installments:** The Tenant agrees to pay to the Landlord's Agent, in addition to the share of crops in Clause A, cash rent for each year of this lease in the amount determined by the following.

| | <u>Cash Rent</u> | | |
|---------------------------------|------------------|--------------|--------------|
| | <u>Per acre</u> | <u>Total</u> | |
| Rotation hay and pasture | | xxxxxxx | on or before |
| Permanent pasture | | | |
| Farmstead | xxxxxxx | | on or before |
| Buildings | xxxxxxx | | |
| Crop for silage | | | |
| Supplemental cash rent (if any) | | | on or before |
| Total Cash Rent | | | |

The Tenant agrees to pay any cash rent in installments as follows:

Section 3. Investments and Expenses

A. **Investments.** The Lessor and Tenant each agree to furnish the investment items and pay the shares of expenses listed below in such quantities and amounts as to permit the most efficient and profitable uses of resources of both parties. Any exceptions or alternatives to the stated shares for any items or categories of items are to be specified in Clause B.

| <u>Investment and expense items</u> | <u>Amount (\$) or share (%) to be paid or furnished by</u> | | <u>Investment and expense items</u> | <u>Amount (\$) or share (%) to be paid or furnished by</u> | |
|---|--|---------------|--|--|---------------|
| | <u>Tenant</u> | <u>Lessor</u> | | <u>Tenant</u> | <u>Lessor</u> |
| Land | | | Herbicide application | 100% | |
| acres of cropland | 0% | 100% | Operations and expenses, continued: | | |
| acres of other land | 0% | 100% | Crop pesticides | 50% | 50% |
| Improvements: | | | Crop pesticide application | 50% | 50% |
| House, farm buildings, tile, line fences, driveways, water supply, farm culverts, and bridges | 0% | 100% | Combining | 100% | |
| Major repairs on improvements | 0% | 100% | Grain drying fuel and electricity | | |
| Minor repairs on improvements: | | | Other electric power | | |
| Materials | <u>See Below 1</u> | | Tractor fuel | 100% | |
| Labor | | | Other fuel, oil, grease | 100% | |
| Machinery and equipment: | | | Machinery repairs | 100% | |
| Crop and field machinery | 100% | 0% | Hauling Lessor's grain to local elevator (distance) | 100% | |
| Livestock equipment | 100% | 0% | Hauling Lessor's grain to Local Elevator | 100% | |
| Crop drying equipment | N/A | | Fertilizers: | | |
| Grain elevators and augers | N/A | | Limestone, including hauling and spreading | 50% | 50% |
| Electric motors | N/A | | Anhydrous ammonia | | |
| Labor: | | | Material | 50% | 50% |
| Labor to operate the farm, make minor improvement repairs, and provide general farm maintenance | 100% | 0% | Application | 100% | |
| Itemized operations and expenses: | | | Bulk fertilizer | | |
| Grain crop seeds | 50% | 50% | Materials | 50% | 50% |
| Legume and grass seeds | 50% | 50% | Application | 50% | 50% |
| Herbicides (chemicals only) | 50% | 50% | Mixed and other fertilizer | | |

B. Exceptions, other arrangements, and explanations

1) Tile repairs greater than 500 per incidence to be covered by Lessor

2) Lessor will make an advance of \$250/tillable acre on September 1 of each year. Lessor will deposit all income from those acres and pay all the farm expenses on these acres except the Real Estate Taxes and Liability Insurance. All grain will be sold by December 15th. A division of the LLC share (Income minus Expense) will be made by December 20, minus any advance that was made for that year.

3) Any tariff or government rebates will be split 50/50 between tenant and lessor

Section 4. Tenant's Duties in Operating Farm

The Tenant further agrees to perform and carry out the stipulations below. (Strike out any not desired.)

A. Activities required:

1. To cultivate the farm faithfully and in a timely, thorough, and businesslike manner.
2. To prevent noxious weeds from going to seed on said premises and to destroy the same and keep the weeds and grass cut.
3. To haul and spread all manure on appropriate fields at times and in quantities consistent with environmental protection requirements.
4. To keep open ditches, tile drains, tile outlets, grass waterways, and terraces in good repair.
5. To preserve established watercourses or ditches, and to refrain from any operation that will injure them.
6. To keep the building, fences (including hedges), and other improvements in good repair and condition as they are when the Tenant takes possession or in as good repair and condition as they may be put by the Lessor during the term of the lease – ordinary wear, loss by fire, or unavoidable destruction excepted.
7. To take proper care of all trees, vines, and shrubs, and to prevent injury to the same.
8. To keep the farmstead neat and orderly.
9. To prevent all unnecessary waste, or loss, or damage to the property of the Lessor.
10. To comply with pollution control and environmental protection requirements as required by local, state, and federal agencies, as well as to implement soil erosion control practices to comply with the soil loss standards mandated by local, state, and federal agencies.
11. To use prudence and care in transporting, storing, handling, and applying all fertilizers, pesticides, herbicides, and other chemicals and similar substances; to read and follow instructions on the labels for the use of such materials in order to avoid injury or damages to persons or property or both on the leased premises and adjoining areas; and to comply with state pesticide training, licensing, storing, and usage.
12. Any chemicals for weed or insect control or other use, when used, should be applied at levels not to exceed the manufacturer's recommendation for the soil types involved. The Tenant agrees to provide to the Lessor, annually, a written report indicating the product name, amount, date of application and location of application of all pesticides, fertilizers, and seed used on the farm.

13. No chemicals will be stored on the property for more than one year. When chemicals or petroleum products are stored on the farm, they will be only those planned to be used on the farm and they will be in closed, tight containers above ground and clearly marked. No chemicals or chemical containers will be disposed of on the property.
14. To generally follow Natural Resource Conservation Service and Farm Service Agency recommendations and to maintain all other requirements necessary to qualify current and future farm operators to participate in federal farm programs.

B. Activities restricted. The Tenant further agrees, unless the written consent of the Lessor has been obtained:

1. Not to assign this lease to any person or persons or sublet any part of the premises herein leased.
2. Not to erect or permit to be erected any structure or building or to incur any expense to the Lessor for such purposes.
3. Not to add electrical wiring, plumbing, or heating to any building. (If consent is given such additions must meet standards and requirements of power and insurance companies.)
4. Not to permit, encourage, or invite other persons to use any part or all of this property for any purpose or activity not directly related to its use for agricultural production, except as specifically noted here:
 5. Not to plow permanent pasture or meadowland.
 6. Not to allow any stock on any tillable land except by annual agreement.
 7. Not to burn or remove cornstalks, straw, or other crop residues grown upon the farm.
 8. Not to cut live trees for sale purposes or personal uses.
 9. Not to erect or permit to be erected any commercial advertising signs on the farm, other than seed variety signs.
 10. Not to enter into any agreement, contract, or other farming or business arrangement that alters rights in the Lessor's security interest, right of entry, default or possession.

C. Additional agreements:

Section 5. Management and Business Procedures

The Lessor and Tenant agree that they will observe the following provisions (Strike out any not desired.)

A. General Cropping System. Except when mutually decided otherwise, the land use and cropping shall be approximately as follows:

acres for rotated crops
acres in permanent pasture
acres in non-grazed woodland
acres in building and lots
acres in other

B. Insurance. For the term of the lease, Tenant shall maintain insurance with a carrier acceptable to the Landlord, insuring Tenant while performing on these premises hereunder for the following types and in stated minimum amounts:

- | | |
|--------------------------|--|
| 1. Crop Insurance | \$0 per acre |
| 2. Liability Insurance: | \$500,000 per person \$500,000 per occurrence |
| 3. Property Damage: | \$100,000 per occurrence |
| 4. Workers Compensation: | As required by statute |

Tenant shall furnish Landlord with a Certificate of Insurance and give notice of termination of coverage.

Tenant agrees that all applicable insurance policies will name the Landlord as an additional insured.

C. Management participation. Within the general framework of the cost-sharing agreed to in Section 3, and the limits on land-use in Clause A above, Lessor and Tenant elect to share the general management and operating decisions as specified in Option below. All unspecified decision-making, including the day-to-day implementation and execution of mutually agreed upon operating and maintenance plans, shall be the Tenant's responsibility.

Option 1. The Lessor is hereby authorized to materially participate each year and at various times during the year in deciding what crops are to be grown, acres in each crop, varieties and sources of seed, planting rates, crop sequences, tillage operations and cultural practices to be employed, crop treatment and market disposition of the products, and other organizational and operating questions of mutual concern. To implement his authority the Lessor shall consult and counsel with the Tenant at regular and other appropriate times. Each year the Lessor shall propose a plan of operation for consideration by the Tenant, and for adoption through mutual decision-making. In selecting this option, the Lessor intends to materially participate in management for purposes of self-employment taxation.

Option 2. The Lessor specifically desires not to be materially participating in management of this property and the farm use of it. As evidence of this intent, all substantial final management decisions shall be made by the Tenant except as specifically noted in other clauses in this lease. The Tenant shall each year propose a plan of operation for the Lessor's information prior to the beginning of each lease year, and shall submit a report to the Lessor at the end of each year.

Option 3. The extent to which the Lessor will participate in management decisions shall be governed by provisions attached to this lease form and hereby incorporated as a part of this lease.

D. Business and accounting procedures. Although this agreement recognizes that in many instances it will be expeditious and appropriate for the Tenant to act as a spokesperson for the Lessor in dealing with suppliers and outside contractors, it is not intended that the Tenant is to have a general power of agency for the Lessor. The two parties agree that Option 2 below, as amplified or modified, shall be the intended basis of operation between them.

Option 1. The Lessor desires to remain separate and independent from the Tenant insofar as is prudent and practicable, and therefore the Tenant, in dealing with suppliers and contractors where the Lessor's account is involved, shall require direct and separate billing and accounting for the Lessor's share. The Lessor shall be solely responsible for contracting and financing the Lessor's own insurance of all kinds (*Note: Either this sentence or the last sentence under B, Insurance, should be struck since these two sentences are inconsistent with each other.*)
N/A

Option 2. For the most expeditious method of handling, the Lessor is willing to have the Tenant contract for the shared operating inputs, as noted in Section 3, and to have the Tenant render a summary account for reimbursement or other settlement by the Lessor at the end of each year, or periodically as follows:

The Tenant is willing to provide this service on behalf of the Lessor because of the greater freedom provided and the opportunity to obtain price concessions, quantity discounts, etc.

E. Financial and production records. The Tenant agrees to keep financial and production records of the farm business and to furnish an annual report to the Lessor, on such forms as the Lessor may provide, on or before December 20. The Lessor agrees to cooperate in such record-keeping by providing information on his or her side of the farm business and by contributing 0 (dollars or percent) to the cash costs of the service.

F. Annual review of tasks and materials to be provided. The Tenant and Lessor agree to review annually the items under Section 3, Part A, for the purpose of establishing priorities among tasks to be performed and materials to be provided.

G. Government programs. The Lessor and Tenant shall decide each year whether to enter into governmental programs designed to aid agriculture and low payments for doing so and the cost involved shall be shared between them.

H. End of lease reimbursements. At the end of this lease, the Lessor agrees to reimburse the Tenant:

1. For the Tenant's remaining cost in limestone. The Tenant's remaining cost shall be calculated by depreciating the Tenant's net cost at the rate of 25 percent annually.

2. For the Tenant's cost of soluble phosphate (P_2O_5) and potash (K_2O) fertilizers applied on crops harvested for grain in the last year of this lease minus the amount of these plant food elements, valued at the same rates, contained in the Tenant's share of these crops.

3.

I. Land use in last year of lease. If, during the last six months of the lease term, or after notice to terminate has been given if this leasing arrangement has become a year to year lease, the parties fail to agree on questions of land use, cropping system, fertilizer applications, or any deviations from the lease provisions, then the specific agreements in this lease shall prevail or, in the absence of agreements in the lease, the Lessor shall decide and the Tenant agrees to abide by the Lessor's decisions. The Lessor's decisions shall not contradict any provisions in this lease or violate good farming procedures.

J. Hay and straw in last year of lease. At the termination of this lease the Tenant shall have the right to remove up to (tons, bales) of hay and up to (tons, bales) of straw grown on this farm and belonging to the Tenant.

K. Conservation. Both Lessor and Tenant affirm the goals of minimizing soil erosion losses and preserving the productivity of the land in ways that are consonant with their needs and desires for acceptable current returns to their individual inputs on the leased premises. To these ends they agree to implement as far as possible the best management practices recommended by the Natural Resource Conservation Service and to cooperate with that agency's soil and water conservation programs.

L. Tenant responsible for hired labor. The Tenant shall be solely responsible for all employer obligations on hired labor with respect to safety requirements and social security and workers' compensation contributions, and the Lessor shall have no responsibilities therefore.

M. Other management agreements

Section 6. Default, Possession, Landlord's Lien, Right of Entry, Mineral Rights, Liability, Extent of Agreement

The Lessor and Tenant agree to the following provisions. (Strike out any not desired.)

A. Termination upon default. If either party fails to carry out substantially the terms of this lease in due and proper time, the lease may be terminated by the other party by serving a written notice citing the instance(s) of default and specifying a termination date of _____ days from the date of such notice. Settlement shall then be made in accordance with the provisions of Clause B of this section, the reimbursement agreements of Section 5, and any amendments to this lease.

B. Yielding possession. The Tenant agrees at the expiration or termination of this lease to yield possession of the premises to the Lessor without further demand or notice, in as good order and condition as when they were entered upon by the Tenant, loss by fire, flood, or tornado, and ordinary wear excepted. If the Tenant fails to yield possession, the Tenant shall pay to the Lessor a penalty of \$ _____ per day or the statutory double rent, whichever is less, for each day the Tenant remains in possession thereafter, in addition to any damages caused by the Tenant to the Lessor's land or improvements, and said payments shall not entitle the Tenant to any interest of any kind or character in or on the premises.

C. Landlord's lien. The Landlord's lien provided by statute on crops grown or growing, together with any other security agreement(s) created by Tenant in favor of Landlord, shall be the security for the rent herein specified and for the faithful performance of the terms of the lease. The Tenant shall provide the Lessor with the names of persons to whom the Tenant intends to sell crops grown on these premises at least 30 days prior to the sale of such crops. A lesser period may be allowed by mutual written agreement. Tenant consents to any filing required by law to perfect the statutory landlord's lien upon crops. If the Tenant fails to pay the rent due or fails to keep any of the agreements of this lease, all costs and attorney fees of the Lessor in enforcing collection or performance shall be added to and become a part of the obligations payable by the Tenant.

D. Landowner's right of entry. The Lessor reserves the right personally or by agents, employees, or assigns to enter upon the premises at any reasonable time to view them, to work or make repairs or improvements thereon, to care for and dispose of the Lessor's share of crops, to develop mineral resources as provided in Clause E below, or, after constructive notice has been given that the lease may not be extended, and following severance of crops, to plow and prepare a seed bed, apply fertilizers, and any other operation necessary to good farming by the succeeding operator, these operations not to interfere with the Tenant in carrying out the regular farming operations.

E. Mineral rights. Nothing in this lease shall confer upon the Tenant any right to minerals underlying the land. Such mineral rights are hereby reserved by the Lessor together with the full right to enter upon the premises and to bore, search, excavate, work, and remove the minerals, to deposit excavated rubbish, to pass over the premises with vehicles, and to lay down and work any railroad track or tracks, tank, pipelines, power lines, and structures as may be necessary or convenient for the above purpose. The Lessor agrees to reimburse the Tenant for any actual damage the Tenant may suffer for crops destroyed by these activities and to release the Tenant from obligation to continue farming this property when development of mineral resources interferes materially with the Tenant's opportunity to make a satisfactory return.

F. Landowner liability. The Tenant takes possession of the leased premises subject to the hazards of operating a farm, and assumes all risk of accidents personally as well as for family, employees, or agents in pursuance of farming operations, or in performing repairs on buildings, fences, tile, and other improvements.

G. Binding on heirs, etc. The terms of this lease shall be binding on the heirs, executors, administrators, and assigns of both Lessor and Tenant in like manner as upon the original parties.

Section 7. Additional Lease Provisions

Signatures of parties to lease:

Landowner
By By Anna Date 12-20-19

Landowner
By _____ Date _____
By _____ Agent _____ Date _____

Tenant W. Allen Date 12-20-19

Tenant Sam Conkles Date 12-20-19

Amendments and Extensions to the Lease

(Must be completed manually/cannot be completed on-line)

Amendments, alterations, and extensions to this lease may be made in writing in the space below at any time by mutual agreement. The written amendments should be noted on both the Landlord's and Tenant's copies of the lease (complete and sign two identical copies). If the parties fail to agree on a proposed alteration, the existing provisions of the lease shall control operations.

A. Improvements made by the Tenant at the Tenant's own expense. When the Lessor and Tenant agree that the Tenant may make all or part of an improvement (such as buildings, additions to buildings, major repairs, fences, bathrooms, water systems, etc.) to the farm at the Tenant's own expense and that the Tenant is to be reimbursed for any costs remaining at the end of the lease, the necessary information shall be recorded in one of the following blanks and, after being duly signed by both parties, it shall become a part of the lease above and obligate the Lessor and his or her heirs and assigns to make such reimbursement. Such improvements become the Lessor's property upon completion of the form below. The Lessor thereby assumes the responsibility for property taxes, insurance coverage, and risk of loss.

| Description and location of the improvement | Tenant's net cost | Annual rate of depreciation (percent) | Date depreciation begins | Signatures and Date Signed |
|--|----------------------|---|--------------------------------|----------------------------|
| 1 | | | | Lessor: Tenant: |
| 2 | | | | Lessor: Tenant: |
| 3 | | | | Lessor: Tenant: |

B. Lessor's written consent to Tenant's participation in items in Section 4, Clause B.

1. Item: Description and restrictions:

Date: Lessor's Signature

2. Item: Description and restrictions:

Date: Lessor's Signature

C. Other amendments: To be completed in duplicate, dated, signed and attached to both Landowner's and Tenant's copies of lease.

D. Lease Extensions

| Lease Extension # 1 | Lease Extension # 2 | Lease Extension # 3 |
|--|--|--|
| This lease, originally dated , 20 , shall be extended . . . | This lease, originally dated , 20 shall be extended . . . | This lease, originally dated , 20 shall be extended . . . |
| From , 20 | From , 20 | From , 20 |
| To , 20 | To , 20 | To , 20 |
| Signed: , 20 | Signed: , 20 | Signed: , 20 |
| Lessor | Lessor | Lessor |
| Tenant | Tenant | Tenant |