

CONTRIBUTIONS OF LABORER AND TENANT UNDER
THE STOCK-LEASE LEASE

by

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INTRODUCTION

Farm tenancy has been looked upon by many persons as an undesirable institution. Some have advocated the complete abolition of tenancy. They would make every farm operator an owner. They overlook the fact that tenancy is not inherently bad. Some undesirable features have arisen out of certain practices, but tenancy can and does serve a useful purpose. It provides a means whereby a young man with little capital can get a start in the farming business. If every farm youth had to work as a wage earner until he saved enough funds to purchase a farm, and the machinery and equipment necessary to operate it, it is doubtful if many would become owners. On the other hand, an industrious and thrifty young man can accumulate the necessary funds much sooner by operating for a time as a tenant. Tenancy provides a stepping stone for him and in this way is beneficial.

There are four common types of leasing arrangements under which tenants rent land in Kansas. These are defined as follows by Anderson (1):

Cash lease. Those leases where only a cash payment was given as rent.

Crop-share lease. Those leases where only a share of the crops was given as rent.

Share-cash lease. Those leases where cash and share of crops were given as rent, the cash payment being either for pasture land, for part of the cropland, for buildings, or for any combination of the three.

Stock-share lease. Those leases where the landlord owned part of the livestock and shared in the receipts from that livestock.

The stock-share lease is the least used of the four types. Only slightly more than four percent of the farm leases in Kansas are of this type. This type of lease is not adapted to all farms, but where it is adapted, it can do much to remedy many of the undesirable features of tenancy. One of the most serious indictments of crop-share, share-cash, and cash leaseings is the "mining of the soil". Under these leasing arrangements the landlord is interested primarily in an immediate return. The returns from livestock often are not realized for several years after the enterprise is established. On many tenant operated farms where the landlord is not directly interested in livestock production the tenant often is limited in keeping livestock because of lack of facilities, desire of the landlord to grow cash crops, lack of pasture, or insecurity of tenure. The stock-share lease contemplates the production of livestock. This necessitates a long-time plan. Security of tenure is enhanced. More or the less soil-depleting feed crops are raised. Manure from the livestock can be spread on the fields. All of these things aid in maintaining the fertility of the soil. This is an important factor in maintaining a permanent agriculture and a stable, wholesome community.

The purpose of this study was to determine the contributions of landlord and tenant to the farm business under the stock-share lease.

METHODS OF PROCEDURE

A budget analysis was used in determining the contributions of landlords and tenants. As defined by Hutson (6) "a budget is

usually a plan for future using and spending. A farm budget is a plan for future use of land, man labor, horse work, equipment, and other resources". It shows the estimated production, receipts, and expenses. Budgets were prepared for various types of farm organizations on different size farms. Two areas in the state were selected for the budget work (Fig. 1). These were Chase County in the bluestem belt and Nemaha County in northeastern Kansas. In preparing budgets it is necessary to determine "standards" of livestock production crop yields, feed requirements for livestock, man and horse labor requirements for producing crops and livestock, quantities of fuel, oil, and other supplies required in various farm operations, and other costs involved in the operation of the farm business. It is impossible to prepare one set of standards which will apply to all farms in an area unless that area is perfectly homogeneous. General standards were used in this study. Such standards are valuable for comparison of the effect of various factors on different farms, but if applied to an actual farm, they must be adjusted to the conditions existing on that farm. Most of the standards used in this study were adapted from those used by Pine in a Land Use Planning study in Nemaha (9) and Chase Counties (1).

The use of the budgets made possible the calculation of the contributions of landlord and tenant while holding such factors as acreage of farm, proportion of farm in cropland, and type of soil constant. After determining the contributions, the proportion of the total that each contributed was calculated. Under

(1) W. B. Pine, "Area Analysis and Agricultural Adjustments in Chase County, Kansas". Kans. Agr. Expt. Sta. 31 p., (Unpublished manuscript)

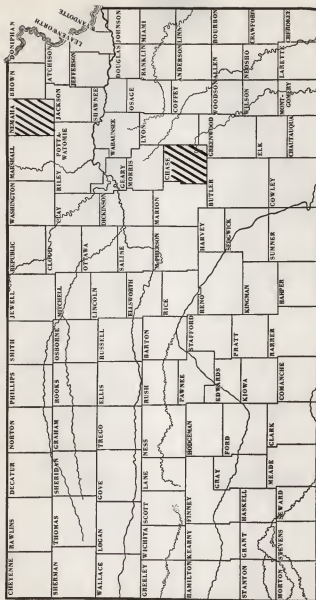


Fig. 1. Areas for which budgets were worked.

the customary stock-share lease the income is divided 50-50. It is assumed that each party contributes toward the expenses of the farm business in that same proportion. Therefore, it was not necessary to carry the budget calculations through to a determination of the income. The income should be divided in the same proportion that each party contributes toward the expenses involved in obtaining that income regardless of the amount of the income.

Data concerning the actual arrangements of stock-share leases on Kansas farms were obtained from a cooperative tenure study conducted by the Bureau of Agricultural Economics, United States Department of Agriculture and the Department of Agricultural Economics of the Kansas Agricultural Experiment Station. The study relied chiefly upon questionnaires mailed to tenants throughout the state and a minor number of personal interview schedules secured by two men working in Anderson, Ford, McPherson, and Smith Counties. Mailing lists of the tenants usually were obtained from the county agents in their respective counties. During 1939 and 1940, a total of 27,968 questionnaires were mailed to tenants. Replies were received from 4,001 of these farmers. After elimination of those questionnaires which, upon inspection, were found not to have been filled out completely enough or had been returned by someone other than a tenant, a total of 3,133 usable replies remained. In addition to the mailed questionnaires, approximately 200 personal interview tenant schedules were obtained. From these two sources combined, reports were secured on 170 stock-share leases. Their distribution is shown in Fig. 2.

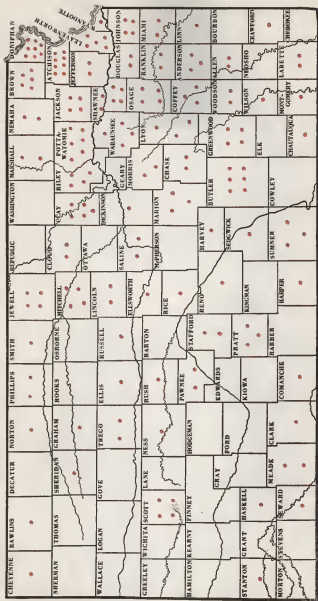


Fig. 2. Distribution of stock-share leases in Kansas, based on replies to mailed questionnaires and personal interviews in a tenure survey conducted by the Kansas Agricultural Experiment Station in cooperation with the United States Department of Agriculture, 1939 and 1940.

REVIEW OF LITERATURE

Much has been written about tenancy in general and about leasing arrangements. However, literature on the stock-share lease is comparatively limited.

Case and Ackerman (2) devised a method of determining the equitability of the stock-share lease and made suggestions for adjusting the contributions in case the lease was not equitable. They pointed out that the productivity of the farm and the intensity of the organization affect the contributions of landlord and tenant. A detailed description is given of the various contributions that ordinarily are made in the usual stock-share lease.

In a general description of stock-share leasing arrangements in Minnesota, McNulty (8) discussed the contributions of landlord and tenant and factors influencing the relative advantages of the landlord and tenant. He also pointed out the advantages and disadvantages of the stock-share lease compared with other standard types of leases and discussed some problems requiring special consideration.

Grimes (4), in writing of the adaptation of the stock-share lease to Kansas conditions, recognized it as a means of correcting some of the evils of farm tenancy. He gave the advantages and limitations of this type of lease. Information and suggestions for drawing up the lease and two recommended lease forms were included.

Hanson and Myers (5) listed the usual contributions of the landlord and tenant under the customary 50-50 stock-share lease

in South Dakota. They pointed out that the stock-share leases appear to be most successful with the less intensive types of livestock production. Their study showed that where the labor involved constitutes a high percentage of the total costs, the contributions become unequal, and the tenant is reluctant to embark upon such an enterprise. A simplified method of computing the landlord and tenant contributions was presented. They concluded that each farming unit offers differences that must be considered in the leasing arrangement; no general outline can cover all leasing arrangements; and no one standard lease form can fit all conditions.

Forster (3) discussed the equitability of leases and the budget approach in determining the contributions of landlord and tenant. He stated that while it is easy to question the equitability of conventional rental practices it is difficult to determine accurately the contributions of each party. He presented two prerequisites for the development of a sound rental contract. They were an agreement between the landlord and the tenant as to the value of their respective contributions, and an agreement on a reasonable return on their investments.

BASIC ASSUMPTIONS OF THE STOCK-SHARE LEASE

The basic assumption of the 50-50 stock-share lease is that the land and buildings, furnished by the landlord, are equal to the tenant's contribution of labor, machinery, and power. Other items necessary to the farm business are furnished equally. All returns are shared equally. This assumes that the cost of labor,

machinery, and power required to operate the farm is approximately equal to the value of the use of the land and buildings (4) (7).

FACTORS AFFECTING THE CONTRIBUTIONS OF LANDLORD AND TENANT

Technological Changes in Agriculture

The customary arrangements of the stock-share lease were developed in the days when most of the farm power was supplied by horses ². The investment in machinery was relatively low. Horse-drawn machinery was less expensive than the present power machinery. The feed for the horses often was taken from an undivided portion. In reality, the landlord was furnishing one-half the feed for the work stock. It was customary for the tenant to furnish the machinery and the expenses connected with it. In the shift from horse power to tractor power the tenant often continued to furnish the machinery and the accompanying expense for fuel, oil, and grease for the tractor. Where formerly the landlord furnished one-half of the feed for the horses, at present, he may not consider furnishing one-half of the fuel, oil, and grease for the tractor. The shift to tractor power also necessitated an increase in the tenant's investment in other machinery. Machinery investment per crop acre in Kansas is considerably higher now than it was when the customary arrangements of the stock-share lease were developed. This has tended to increase the tenant's contribution to the business (7).

² The customary arrangements of the stock-share lease are explained under the heading "Customary Arrangements of the 50-50 Stock-Share Lease", pages 20 to 32.

The proportion of the total contributions that the landlord and tenant would furnish for farms using horse power is shown in Table 1.

Table 1. Percentage contributions of landlord and tenant as calculated from budgets for farms using horse power for various types and sizes of farms.

Farm No.	Organization	Farm acreage	Percent contributed	
			Customary 50-50	
			Landlord	Tenant
1	Dairy and beef steers	160	48.0	52.0
2	Sheep	160	49.9	50.1
3	Dairy and beef steers	240	50.3	49.7
4	Sheep and beef steers	240	50.3	49.7
5	Sheep	240	50.4	49.6
6	Dairy	320	36.4	63.6
7	Beef cows and poultry	320	46.4	53.6
8	Sheep and beef steers	320	49.1	50.9
9	Dairy and beef steers	320	49.2	50.8
10	Beef steers	1280	53.3	46.7
11	Beef cows and steers	1280	54.6	45.4

Various types and acreages of farms are represented. These results have been calculated from budgets. On most of the farms the customary stock-share lease would be fairly equitable. Each party would be contributing approximately 50 percent of the expenses. A 50-50 division of the receipts would be approximately fair to both parties. One notable exception is farm No. 6 which

is a dairy organization with 35 cows. On this farm the landlord would furnish 36.4 percent and the tenant 63.6 percent of the total contributions. The relatively large labor and equipment requirements of a large dairy farm make the tenant's contributions greater than the landlord's contributions even though a tractor is not used in the organization. The other dairy organizations shown in Table 1 are considerably smaller. On farm No. 7 the landlord would furnish 46.4 percent and the tenant 53.6 percent of the total contributions. While the major livestock enterprise on this farm was a beef cow herd there also was a relatively large minor enterprise in poultry. The large labor requirements of poultry tended to increase the tenant's contribution. On farms No. 10 and No. 11 the landlord's contribution was greater than that of the tenant. This was the result of farms with a small proportion of the acreage in cropland and an organization of relatively less intensity, requiring less labor and machinery.

The effect of the use of tractor power instead of horses is shown in Table 2. In all cases except farms No. 13 and No. 14, the tenant's contribution was greater than that of the landlord.

There was some variation in the contributions of landlord and tenant among the various farms and among farms of the same acreage with the same major enterprises. This variation was due to differences in methods of handling the livestock and in some cases to the relative number of different classes of livestock on the farms. For example a farm with a large dairy and a small

number of beef steers would require a greater contribution from the tenant than the same farm with a small dairy and a large number of beef steers.

Table 2. Percentage contributions of landlord and tenant as calculated from budgets for farms using tractor power for various types and sizes of farms.

Farm: No.	Organization	Farm acreage	Percent contributed	
			Customary 50-50	
			Landlord	Tenant
1	Sheep	160	47.5	52.5
2	Dairy and beef steers	160	42.4	57.6
3	Dairy and beef steers	240	42.0	58.0
4	Dairy and beef steers	240	43.6	56.4
5	Dairy and beef steers	240	45.9	54.1
6	Sheep and beef steers	240	49.0	51.0
7	Sheep and beef steers	240	49.3	50.7
8	Beef cows	480	46.2	53.8
9	Dairy, beef steers and poultry	480	47.0	53.0
10	Beef cows	480	48.0	52.0
11	Beef steers and poultry	480	48.3	51.7
12	Beef cows	480	49.3	50.7
13	Sheep and beef steers	480	50.7	49.3
14	Beef cows	480	51.0	49.0

Fertility of the Soil

Where less fertile land is farmed, the cost of the labor, machinery, and power may be greater than the value of the use of the land and buildings. On the more fertile farms the opposite condition may be true. The fertility of the soil usually is reflected in the value of the land. The direct influence which the value of the land has on the landlord's contributions will be discussed later (7).

Intensity of the Farm Organization

The intensity of the major enterprises on the farm is a determining factor in the labor necessary to operate the farm. It is obvious that a dairy herd of 30 cows requires considerably more labor than a herd of 30 beef cows. Poultry raising is much more intensive than sheep raising. Likewise, certain crops require more labor and machinery than others. These facts must be considered. They materially affect the contributions of the landlord and tenant. It cannot be expected that a stock-share arrangement which may have been successful for one type of organization will be of equal success on a farm with a different organization (7).

Tables 3 and 4 indicate the effect of intensity of organization on the contributions of landlord and tenant. The greater labor requirements of dairying caused the tenant's contribution to be generally greater than the landlord's contribution except on the very small dairy farm. On the farms with a small beef cow herd and a comparatively large proportion of the farm in

Table 3. Percentage contributions of landlord and tenant as calculated from budgets for dairy farm by number of cows in herd.

Farm No.	Number of cows in herd	Percent contributed	
		Landlord	Tenant
1	10	50.3	49.7
2	15	48.0	52.0
3	18	42.4	57.6
4	23	43.6	56.4
5	23	42.0	58.0
6	33	36.4	63.6

Table 4. Percentage contributions of landlord and tenant as calculated from budgets for farms with beef cow herd by number of cows.

Farm No.	Number of cows in herd	Farm acreage	Percent of farm in cropland	Percent contributed	
				Landlord	Tenant
1	40	320	35.0	46.4	53.6
2	45	480	30.0	46.2	53.8
3	52	480	25.0	49.3	50.7
4	60	480	25.0	48.0	52.0
5	60	480	20.0	51.0	49.0
6	105	1280	5.0	54.6	45.4

cropland the tenant's contribution was greater than that of the landlord. This was due chiefly to the greater proportion of the acreage in cropland which necessitated more labor and machinery. On the farms of larger acreage with a smaller proportion in cropland and more cows the proportion of contributions furnished by the landlord exceeded that of the tenant.

Investment in Improvements

The investment in improvements which is a contribution of the landlord may include such items as buildings, drainage tile, terraces, and windmill, some of whose value, especially of drainage tile and terraces, is reflected in the value of the land. The extent of the improvements often determines the kind of farm organization which can be established. It is to the advantage of the tenant to have a well improved farm. If the farm is well improved, the tenant may make a better profit. If the farm is poorly improved, the possibility of profits may be limited. Consequently, the extent of the improvements is a factor which influences the landlord's contribution and should be considered in determining the terms of the lease (7).

Size of the Farm Business

The size of the farm business may be measured by the total acres in the farm, the productive area, units of livestock, the labor used, total income, net income, total expense, and by other methods. The purpose for which the measurement is to be used determines the method of measuring the size. If the ratio of cropland to pasture is held constant, as the total acreage is increased on land of similar quality and the same type of farm organization used, it may be said that one farm is larger than another.

When used in this sense, the size of the farm has an effect on the proportions of expense paid by the landlord and tenant (7).

The effect of size of farm on landlord and tenant contributions is given in Table 5, which shows that as the size of the farm increased the tenant would pay a proportionately larger part of the total contribution. The total expense increased with an increase in the size of farm, but this increase was not shared equally by the landlord and the tenant. The tenant would furnish a larger proportion than the landlord. An analysis of the expense items showed that the larger proportion furnished by the tenant was due chiefly to the items hired labor, fuel, oil, grease, and board for hired labor.

Table 5. Percentage contributions of landlord and tenant under the customary stock-share lease, calculated by budgets, for farms with a ewe flock as the most important enterprise by acreage of farm and number of ewes in flock with proportion of farm in cropland constant.

Farm No.	Number of ewes in flock	Farm acreage	Percent of farm in cropland	Percent contributed	
				Landlord	Tenant
1	50	80	60.0	48.5	51.5
2	50	160	60.0	48.3	51.7
3	100	240	60.0	46.7	53.3
4	150	400	60.0	45.8	54.2

The general budget method of calculating the contributions of the landlord and tenant is useful for comparative purposes and in determining the effect of various factors. However, difficulties are encountered when an attempt is made to apply the results of general budgets to actual, individual farms.

Under actual conditions the interaction of these factors may give decidedly different results from what one would expect from a general budget analysis.

It is probable that every farm in the state of Kansas differs from every other farm in some respect. It may be in the investment in buildings and improvements, the investment in working capital, labor requirements, fertility of the soil, size of the business, or some intangible factor such as nearness to a good road, town, or school. If a relatively large investment has been made in farm buildings and improvements, the landlord's contribution will be greater. On the other hand, the farm may have a relatively large proportion of cropland which would necessitate a larger investment in machinery and equipment for the tenant. The farm organization may be intensive and require more labor. In some instances these contributions by the landlord and tenant may offset each other; in others they will not.

Many of the stock-share leased farms do not follow the customary arrangements (Table 6). Less than one-half of the tenants furnished all of the work stock and only three of five furnished all of the machinery. Approximately one-fourth of the tenants furnished some share other than one-half of the cattle and hogs.

The survey showed also a considerable variation in the share of various expense items paid by tenants (Table 7). Under the customary stock-share lease the expenses listed in Table 7 were shared equally between landlord and tenant. However, only slightly more than two-thirds of the Kansas tenants paid one-

Table 6. Percentage of tenants, who reported, furnishing various shares of the investment in different classes of livestock and in machinery under stock-share leases.

Class of livestock and machinery	Share of investment furnished						Total
	None	1/4	1/3	1/2	All	Other shares and combinations	
Cattle	7.8	2.8	2.1	77.5	4.2	5.6	100.0
Hogs	5.2	2.8	0.0	73.9	9.0	9.7	100.0
Work stock	11.0	1.8	2.2	32.4	46.3	6.6	100.0
Other livestock	11.6	1.8	0.9	62.5	15.2	8.0	100.0
Machinery	10.1	0.7	0.7	20.9	60.4	7.2	100.0

Table 7. Percentage of tenants, who reported, furnishing various shares of different expense items under stock-share leases.

Expense item	Share of expense furnished										Total
	None	1/4	1/3	1/2	3/5	All	Other shares and combinations				
Livestock production	2.5	0.8	0.8	69.2	2.5	15.9	8.3			100.0	
Seed	2.6	1.3	1.3	84.3	2.6	1.3	6.6			100.0	
Veterinary fees	4.2	1.4	0.7	72.2	1.4	12.5	7.6			100.0	
Breeding fees	6.8	1.5	2.3	68.4	1.5	13.5	6.0			100.0	

half of the livestock production expense. The remainder paid some other share. About 18 percent paid all of this expense. The division of expense for seed followed the customary plan more closely than did any of the other expenses. Approximately 84 percent of the tenants furnished one-half of the seed expense. Slightly less than three of four tenants paid one-half of the veterinary fees and slightly more than two of three paid one-half of the breeding fees.

These results show that a large proportion of the stock-share leases do not follow the customary arrangements. The factors affecting equitability exert proportionately different influences on each farm. For these reasons any rules in regard to the equitability of the contributions of landlords and tenants, that might be derived from general budgets, are limited in their application to individual farms. It is necessary to calculate the contributions of both parties for each farm to make an accurate statement about the equitability of the stock-share lease for that farm.

CUSTOMARY ARRANGEMENTS OF THE 50-50 STOCK-SHARE LEASE

The customary 50-50 arrangement for the division of investments and expenses usually is taken as a general guide. If it appears, after the calculations have been made, that the customary arrangements do not make an equitable lease, adjustments may be made in the contributions of the landlord and the tenant.

A form, such as Table 8, is convenient for listing the contributions of the landlord and tenant. On this form are listed

Table 8. Form for listing contributions of landlord and tenant (7).

	Landlord's share	Tenant's share	Total
Interest on investments:			
Land			
Buildings			
Machinery and equipment			
Work stock			
Productive livestock			
Feeds and supplies			
Cash to operate farm			
Cash expenses:			
Livestock purchased			
Feed purchased			
Crop expenses			
Livestock expenses			
Fuel, oil, and grease			
Machinery expense			
Machine work hired			
Hired labor			
Building repairs			
Insurance on buildings			
Insurance on personal property:			
Taxes:			
Real estate			
Machinery and equipment			
Work stock			
Productive livestock			
Feeds and supplies			
Miscellaneous			
Non-cash expenses:			
Operator's labor			
Family labor			
Board for hired labor			
Depreciation:			
Buildings and improvements			
Machinery			
Work stock			
Home-grown feed for work stock:			
Products used in home			
Total cost			
Percent contributed by each			

the various items of investment and expense. There may be others which need to be added; possibly some of those listed may not be needed for every farm. It may be desirable to make some of the items more detailed (7).

The following is a list of the customary provisions of the stock-share lease, with an explanation of the method of calculating the contribution of the landlord and the tenant to the farm business.

Investments of the Farm Business

The investments in real estate and working capital are contributions to the farm business. The party furnishing each of them should be credited accordingly. This may be done by allowing an annual interest charge on the value of the investment (7).

Land and Buildings. The landlord usually furnishes the land and buildings. The valuation placed on the land should be based on the true agricultural value of that land. In some instances the purchase price or the potential selling price may depart considerably from the true agricultural value, especially if some speculative aspect is involved. This adds nothing to the productive power of the land as far as the tenant is concerned.

The value of the buildings may be determined by estimating the actual worth of the buildings to the farm. Alternative valuations are the actual cost minus depreciation or the cost of replacement.

The rate of interest allowed should be approximately the same as that which could be obtained from comparable investments.

Sometimes the rate used is that charged on first mortgages by loan agencies. The rate of interest on real estate used in this study was four percent a year. Both the value of the real estate and the rate of interest should be mutually agreed upon by the landlord and tenant.

Machinery and Work Stock. The machinery and work stock usually are furnished by the tenant. There are many variations in the ownership of these items. Many landlords who are retiring from the farming business retain ownership of the machinery and tools, but the tenant purchases any new machines. In those sections of the state where power machinery such as tractors, combines, threshing machines, ensilage cutters, and other similar equipment are used extensively the landlord frequently owns a share of the machinery, or contributes part of the expense of operation or of operation and maintenance of these machines.

The value of machinery and work stock may be determined by taking the purchase price minus depreciation, or market value, or the cost of replacement. The value used should be that which appears most reasonable and accurate to both parties.

Productive Livestock. Ownership of livestock other than work horses usually is shared equally by landlord and tenant. This is highly desirable. There should be no division in the numbers owned by each. Ownership of each animal should be joint. The welfare of each animal thus becomes of mutual interest to the landlord and the tenant. In cases where the tenant has limited financial backing and the landlord has sufficient reserves, the landlord may take a note for the tenant's share of

the livestock. This protects both parties from a possible disruption of the business by a temporary reverse in which the tenant might be forced to liquidate his share through default of the obligation. While it is undesirable, it is possible to have unequal ownership of the livestock. The tenant may gradually accumulate one-half interest by the replacement of the original stock with the increase in which there is joint and equal ownership. This complicates the determination of the equitability of the lease. The party having sole ownership of a part of the livestock is entitled to interest on this share of the investment as well as the share owned equally and should be credited with all expense such as taxes and insurance which he must furnish. The owner of such an undivided share should receive all of the proceeds from the sale of this original livestock.

Livestock should be valued at a fairly conservative price in line with the earning power of the particular class of livestock and long-time market price. These items should not fluctuate from year to year with the markets, as any profits or losses incurred from this type of investment are reflected through their production.

Feeds and Supplies. It usually is necessary to carry on hand throughout the year a certain quantity of feeds and supplies. It probably is not justifiable to allow interest on feed which is fed to livestock from which it is assumed a profit will be made through sale of the livestock or livestock products, and grains held for future sale from which it is assumed a profit will be made as a result of an increase in price. However,

interest is allowable on feed held for work stock and on other feed where it is customary to carry a reserve throughout the year. The investment in this other feed should be based on the average quantity customarily carried on hand as a reserve feed supply in the conduct of the business. Any other supplies which are ordinarily carried on hand should also be classed as an investment. The value of feed and supplies should be determined by the going market price.

Cash to Operate Farm. If it is necessary for either party to carry a cash reserve to meet current farm expenses, he should be credited with this contribution. The fact that these funds cannot be put in some form of investment with the possibility of drawing interest makes this a contribution to the farm business. But this usually is not an important item. The current income ordinarily is sufficient to meet current expenses.

Working capital (machinery and work stock, other livestock, feeds and supplies, and cash to operate the farm) is of a less permanent nature than real estate and the rate of interest usually is higher to compensate for this. Six percent a year was used for working capital in this study. The interest rate used by the landlord and the tenant should be mutually agreed upon by both parties before drawing up the lease.

Cash Expenses

A determination of the expenses is necessary for the test of fairness. The expense items are divided into cash and non-cash expenses. These expenses may be estimated or determined by past records, or from a budget of the farm business (7).

Livestock Purchased. The livestock purchased should be divided into two classifications: (a) Those that are purchased for a more or less permanent investment such as a breeding cow herd or a ewe flock, and (b) those purchased with the intention of a comparatively quick turnover with the expectation of a profit on these animals themselves. Steers to be wintered or fattened, lambs to be fed, and stock pigs to be fattened, are examples of livestock which would be in the second group.

Only the purchase of livestock in the second classification should be entered as livestock purchased. The purchase of livestock in the first classification should be added to the investment in livestock, and interest should be credited to the one making the investment.

Under the customary 50-50 stock-share lease the purchase of all productive livestock is shared equally. Work horses ordinarily are furnished by the tenant and are classed as an investment. However, in some instances horses are produced for sale or purchased for resale. In these cases they should be classed as productive livestock and handled in that manner. The amount entered for livestock purchased should be the actual amount paid for the livestock.

Feed Purchased. The cost of feed purchased ordinarily is shared equally between the landlord and the tenant. The cost of transporting the feed to the farm may be included in the cost of feed or entered as either livestock expense or trucking expense if it is hired.

Crop Expense. Crop expense should include such items as seed, seed treatment, twine, and threshing. In the usual stock-share lease crop expenses are shared equally.

Livestock Expense. Expenses incurred in connection with the productive livestock usually are shared equally. This includes veterinary expense, breeding fees, and the like. Expenses on the work stock usually are paid by the tenant if he owns them.

Fuel, Oil, and Grease. When horses were the most prevalent source of farm power it was customary to feed them from an undivided portion of feed. In reality, the landlord was furnishing one-half of the feed. However, as tractors replaced horse-drawn implements, fuel, oil, and grease were considered as machinery expense. The tenant ordinarily furnished all the machinery expense, so the entire burden of these items was shifted to him. Many landlords have recognized this and now furnish one-half the cost of fuel, oil, and grease for the tractor. Recent studies show that in many cases the sharing of this item of expense contributes to the fairness of the lease.

Machinery Expense. Under the usual arrangement where the tenant owns the machinery, he furnishes the repairs and upkeep for it. There are many variations in the ownership and expense of machinery. These variations can be accounted for in calculating the contributions, and credit should be given to each party for his contribution.

Machine Work Hired. The cost of machine work hired usually is shared equally between the landlord and the tenant. It usually is not necessary to record this as a separate item since

most of the machine work hired logically can be classed as either crop expense or livestock expense. However, it sometimes is convenient to record it as a separate item.

Hired Labor. The tenant ordinarily furnishes all hired labor required to operate the farm. The cost of hired labor varies considerably from farm to farm, depending upon the nature and extent of the organization. In cases where the lease is shown to be inequitable this is one of the items in which an adjustment can be made most easily. The cash cost of board for hired labor usually is furnished by the tenant. It may be included in the cost of hired labor or classed as a separate item.

Building and Improvement Repairs. It is customary for the landlord to furnish all repairs and improvements on the buildings and the cost of skilled labor required for making the repairs and improvements. The tenant is expected to furnish the labor for unskilled work. Fences and windmills should be included in the improvements.

Taxes and Insurance. Each party usually pays the taxes and insurance on the property he owns. On jointly owned property, the expense of these items is shared. Crop insurance usually is shared.

Non-Cash Expenses

There are a number of contributions which do not involve an actual cash payment. Nevertheless, they are definite contributions to the farm business and each party should be credited with his share. Since these items cannot be determined so

objectively as the cash expenses, the rates at which they are to be calculated should be mutually agreed upon by both parties (7).

Operator's Labor. The value of the operator's labor should be conservatively estimated. It should be based on the going farm labor wage and should be approximately the wage paid a married, hired man. It should not include wages for management. The return for management is realized from the profits of the business.

Family Labor. In many cases members of the tenant's family perform considerable labor on the farm. While this does not involve a cash payment, it is a contribution and often avoids the necessity of hired labor. The value of family labor should be based on going wages of labor of a similar nature.

Board for Hired Labor. The tenant usually boards the hired labor. In addition to the cash cost previously mentioned, board for the hired labor usually includes home-grown products which are as much a contribution as the cash cost since they take the place of cash items. Whichever party furnishes these products should be credited with the contribution. Products used in the home are discussed more fully in a later section.

Depreciation. Depreciation is classed as an item of expense. The party bearing this expense should be credited with it. There are several standard methods of calculating depreciation. The simplest method is "straight line" depreciation, in which the amount allowed each year is a fraction or percentage based on the expected life of the object. For example, if a building is expected to last 20 years, one-twentieth (five percent)

of the value of the building would be allowed as depreciation each year. Any one of the generally accepted methods of calculating depreciation may be used.

Home-Grown Feed Fed to Work Stock. In most stock-share leases work stock is fed from an undivided portion of feed. In reality, each party to the lease is furnishing an equal share of the feed. However, there are variations--either the tenant or landlord may furnish all of the feed or the shares may be unequally divided. The value of home-grown feed fed to work stock should be the going market price at the farm.

Products Used in Home. In many stock-share leases the tenant is allowed, free of charge, the garden products, truck, milk, poultry and eggs, and other farm products used for the living of himself and his family. If poultry production and dairying are not major enterprises of the farm business, the tenant often is permitted to keep a limited number of hens and several milk cows. If there is any surplus to sell, he usually receives all of the income. The poultry and dairy cows usually are fed from undivided feed. However, it usually is best to own the poultry and dairy stock jointly and to share equally in the expenses and in the income from them.

If the tenant receives produce from a jointly-owned enterprise and the landlord receives none, the landlord actually is furnishing one-half the produce and should be credited with this. If the tenant feeds his own stock from undivided feed, the landlord actually is furnishing one-half the feed and should be credited accordingly. The value of farm produce or feed should be based on the going market price at the farm.

TEST OF EQUITABILITY

One of the essentials of a good lease is that it should be fair to both parties. A lease is equitable when the landlord and the tenant share in the income in the same proportion that each shares in the expenses involved in obtaining that income. If the income is not divided in that proportion, there will be dissatisfaction and undesirable relationships. The tenant who is not getting his full share will be dissatisfied. When the opportunity presents itself, he will move to another farm on which he can get a better arrangement. The landlord who is not getting his full share usually can get another tenant. There is a tendency for the better landlords to attract the better tenants. That explains why some landlords contend that all tenants are irresponsible. They usually get only the undesirable tenants because they are undesirable landlords. The good tenant will hesitate to undertake the operation of a farm for such a landlord because he knows the arrangement is unfair and he can do better. The poor tenant may take it because he does not expect to live up to the terms of the lease (7).

While the customary arrangements, previously mentioned, may have been equitable at the time they were established and for farms in general, some adjustments usually are needed for individual farms. The interaction of the various factors affecting equitability makes it almost impossible to draw up a set of provisions for all of the possible combinations. Since farms differ, it is better to test the fairness of the lease on each farm. This can be done by calculating the contributions of the parties

to the lease. Before drawing up the lease, it is desirable that both parties be in agreement on any controversial points. It is difficult to tell in advance whether or not a lease will be equitable. If possible, it is more desirable to make provision in the lease for monthly or quarterly settlements with the final settlement at the end of the year. However, most landlords and tenants like to know in advance what each will be expected to contribute and what share of the income each will receive. To facilitate this a farm budget may be worked out for that particular farm.

An example of the test of fairness for a stock-share lease is shown in Table 9. The figures are taken from records on a 406-acre farm in south central Kansas for 1940. The major enterprises were a herd of 30 purebred beef cows and the feeding of 110 steers and 57 pigs. No building repairs were shown for this particular year's business so the average for 1935-1940 was used. The depreciation on work stock and the value of home-grown feed fed to work stock are estimates (7).

If this farm were operated under the customary stock-share lease with the income divided equally, it would be inequitable. The tenant would bear \$6,303 of the total expense, while the landlord would bear \$5,502. The labor of the operator is valued at a conservative rate. A higher rate would make a greater disparity in total contributions. The basis of the stock-share lease is that the expenses shall be shared equally if the income is to be divided that way. Adjustments can be made which will make the contributions approximately equal. If the cost of fuel,

Table 9. Contributions of landlord and tenant (7).

	Landlord's share	Tenant's share	Total
Interest on investments:			
Land	\$317		317
Buildings	205		205
Machinery and equipment		\$275	275
Work stock		5	5
Productive livestock	70	70	140
Feeds and supplies	39	39	79
Cash to operate farm			
Cash expenses:			
Livestock purchased	2,160	2,160	4,320
Feed purchased	538	538	1,076
Crop expenses	148	148	296
Livestock expenses	356	356	712
Fuel, oil, and grease		460	460
Machinery expense		268	268
Machine work hired	86	86	172
Hired labor		677	677
Building repairs	50		50 ³
Insurance on buildings	84		84
Insurance on personal property			
Taxes:			
Real estate	345		345
Machinery and equipment		33	33
Work stock		1	1
Productive livestock	28	28	56
Feeds and supplies	4	4	8
Miscellaneous	166	166	332
Non-cash expenses:			
Operator's labor		300	300
Family labor			
Board for hired labor		300	300
Depreciation:			
Buildings and improvements	91		91
Machinery		311	311
Work stock		8	8 ³
Home-grown feed for work stock			
Products used in home (1/2 of total)	165		165 ³
Total cost	\$5,502	\$6,303	\$11,805
Percent contributed by each	46.6	53.4	

³ These are estimates and were not given in the records.

oil, grease, machinery expense, and taxes on machinery were shared equally, the landlord's share of expenses would be \$5,892 compared to \$5,912 for the tenant. This would make the contributions sufficiently equal that the income could be divided on a 50-50 basis. The sharing of the expense of fuel, oil, and grease is becoming more common, and some investigators in this field are of the opinion that at least the major machinery repairs should be shared equally. This particular lease also could be adjusted by the landlord's sharing in the cost of hired labor.

DRAWING UP A STOCK-SHARE LEASE

The renting of a farm constitutes a contract. It is an agreement whereby each party agrees to furnish certain items of investment and expense in return for which he will receive a share of the income. It is a good business practice to put all such contracts in writing. A farm lease should be written. While it is not necessary to put a lease in writing to make it legal, there are many reasons why it should be written. No attempt will be made to enumerate all of these reasons. If the lease is not written, one must rely solely upon his memory for the provisions of the lease. This always leaves room for misunderstanding. A written lease will not, in itself, guarantee satisfactory relationships but it will reduce the chances for disputes and misunderstanding (7).

The provisions of the lease should be stated clearly, concisely, and simply. The lease should include the date upon which it is made, the term of the lease, and the specific date upon which it will terminate.

Stock-share leases usually are written for a term of three or five years. A clause is often included providing for continuation of the lease if it is satisfactory to both parties. Since it is possible that adjustments may have to be made to meet changing conditions, a shorter term--even a one year term--often is used. As was pointed out, the term of the lease should not be confused with the length of tenure. The term may be for a short period, but by renewals the length of tenure may be long. A stock-share lease should be planned on a long time basis.

In every legal contract the parties involved should be clearly designated. The landlord usually is referred to as "the party of the first part", the tenant as "the party of the second part".

A description of the farm is essential. The legal description should be given, together with any common descriptive terms.

It is well to have a provision stating the limit to which one party may obligate the other. In case of a violation this clause probably will not hold against the claims of a third party. However, it will act as a restraining influence with responsible parties and it may give either party grounds for charges against the other party if the provision is violated.

The share of each investment to be furnished and the share of all expenses to be paid by each party to the lease should be clearly stated. These shares can be determined best by using the customary arrangements as a general guide and testing the fairness of the lease before drawing it up. If the lease proves inequitable, adjustments can be made in the contributions to make it as fair as possible to both parties. It may seem

troublesome to consider the numerous contributions while drawing up the lease, but, they usually must be considered sooner or later during the term of the lease and it is better that an understanding be reached beforehand. This may prevent a serious breach of relationships later.

It is important to include a provision stating the division of income. In most stock-share leases the returns from all farm products are divided equally between the landlord and the tenant. It is inadvisable to make any departure from this unless it is impossible to make adjustments in the contributions so that it is definitely known that the contributions are not being shared equally. The goal should be an equal sharing of the contributions toward the expense of the business and equal sharing of the income.

There are other provisions pertaining to the operation of the farm and conduct of both parties that should be in the lease. It is well to state definitely the extent to which the tenant and/or landlord will be permitted to use farm products for personal use.

It is desirable that the lease provide for the keeping of records and accounts. This usually is done by the tenant.

The contract may contain specific statements of the acreage of each crop to be grown. This is particularly true of the acreage to be kept in permanent pasture or in alfalfa and other relatively permanent crops. If the term of the lease is for a number of years, changing conditions and circumstances probably will necessitate a change in the cropping plans. For this

reason, an annual supplement may be used, in which is set forth the plan for the crops each year.

The lease usually contains a provision whereby the tenant agrees to operate the farm in a good workman-like and farm-like manner. It should include a statement requiring the tenant to haul the manure out on the fields where it is most needed.

It is important that some provision be made for division of the property upon termination of the lease. It is well to include several alternative methods of division, and also a definite plan to be followed if the parties fail to agree.

One of the undesirable features of tenancy is the sale of the farm during the tenant's occupancy. If the tenant is unable to obtain another farm on which he can carry on the enterprises he has in operation, his business is seriously disturbed. To lessen this insecurity somewhat, many leases contain a provision giving the tenant first option on the purchase of the farm.

Two of the most perplexing problems of tenancy are compensation to the tenant for unexhausted improvements and unreasonable disturbance and compensation to the landlord for damages done by the tenant. The solution of these problems would probably do more than any other one thing to correct the evils of tenancy. Many tenants make no effort to maintain the fertility of the soil, keep up the buildings, or improve the farmstead. The carrying out of such practices is directly beneficial to the landlord as well as the tenant. They improve the productive power and appearance of the farm. In too many instances the result is the raising of the rental, because of bidding up by

other tenants, or the sale of the farm. The tenant too often does not benefit from the improvements he makes. Consequently, there is little incentive for him to make them. Long-term leases have been advocated as a solution to this problem. The long-term lease is helpful to a certain extent but entirely inadequate. Changing circumstances and conditions often make it necessary to change the lease arrangements. Even though the term may be for a long period, when the end approaches and there is doubt of renewal the tenant may exhaust all the improvements he has made.

This insecurity of tenure can be overcome largely by a fair compensation for unexhausted improvements and unreasonable disturbance. This would assure the tenant at least partial compensation for his labor and management and would encourage him to use desirable farm practices and to make it possible for him to operate much as if he were an owner-operator. Compensation to the landlord for damages caused by the tenant is of equal importance as compensation to the tenant for unexhausted improvements. Many leases now contain provisions which specify the items for which either party can claim compensation.

After the lease has been carefully drawn up it must be signed properly by both parties.

SUGGESTED LEASE FORMS

Two forms of stock-share leases are given in the appendix. Form-A is simplified to meet the requirements of a stock-share lease which follows the customary arrangement. It is recognized

that many leases vary from this arrangement. Form-B is a flexible lease which can be adapted to nearly any variation. There are blanks for filling in the share of investment and expense to be furnished by each party. These shares should be decided upon before the lease is drawn up. It is advisable to calculate the contributions of the landlord and tenant on a form such as Table 8. This should show whether or not any adjustments are necessary in the customary arrangements to make the lease equitable.

SUMMARY

Many persons look upon farm tenancy as an evil. However, tenancy in itself is not undesirable. It offers the young man with limited capital an opportunity to get started in the farming business at a much earlier age than would be otherwise possible. It provides a stepping stone whereby he can accumulate the funds necessary to become an owner. While tenancy is not inherently bad, some undesirable features have arisen in connection with it. Chief among these is the "mining of the soil". The reason for this can be traced directly to the insecurity of tenure of a great number of tenants. Many other undesirable features contribute directly or indirectly to the decrease in fertility of the soil (7).

The purpose of this study was to determine the contributions of landlord and tenant to the farm business under the stock-share lease. Of the various types of leasing arrangements the stock-share lease offers the greatest possibility of correcting the most outstanding evils of tenancy. It was hoped

that through this study a better understanding could be obtained of the landlord and tenant contributions, and thereby provide a basis for determining the equitability of stock-share leases.

The basic assumption of the stock-share lease is that the value of land and buildings furnished by the landlord is equal to the value of labor, power, and machinery furnished by the tenant. Other ordinary expenses of the farm business are shared equally.

General farm budgets were used to determine the contributions of landlord and tenant under the customary 50-50 stock-share lease for farms with various enterprises and different acreages. It was found that the principal factors affecting the contributions of landlord and tenant are technological changes in agricultural production, fertility of the soil, intensity of the farm organization, investments in the farm business, and size of the farm business.

The combinations of these factors which are found on farms are in such varying proportions that it is doubtful if any two farms are exactly the same. A considerable proportion of the stock-share leases in Kansas do not follow the customary 50-50 arrangement. Many of them make some variation in the investment in working capital or sharing of the expenses. Since it is probable that each farm is different from every other farm and since many leases vary from the customary arrangement, any rules regarding the equitability of stock-share leases that might be derived from general farm budgets would be limited in their application to individual farms.

It is necessary to determine the contributions of the landlord and tenant on each farm before an accurate statement can be made about the equitability of a stock-share lease for that farm. In testing the equitability of a stock-share lease the customary 50-50 arrangement usually is used as a guide. The contributions that each party makes may be determined by a farm budget for that specific farm, from past records of the farm business or from estimates. A farm lease is said to be equitable when the income is divided in the same proportion that each party contributes toward the expenses involved in obtaining that income. If it is desired to divide the income 50-50, each party should contribute 50 percent of the expenses.

If it is found, upon calculation of the contributions, that the parties are not contributing in the same proportion that the income is to be divided, adjustments may be made in the contributions or in the division of income. It is more desirable to divide the income 50-50 if possible and, if necessary, make adjustments in the contributions so that each party is contributing approximately 50 percent.

In drawing up a stock-share lease it is important that the proper legal procedure and form be used. The lease should be written. The provisions should be stated clearly, concisely, and simply.

The more widespread use of the stock-share lease on those farms where conditions are favorable would do much to correct the evils of tenancy. It necessitates a long-time plan. The tenure of the tenants is more secure. They take a greater interest in

community affairs and in the upkeep of the farm. As a result, the fertility of the soil is better maintained. All of these things help to develop a more permanent agriculture and a more stable, wholesome community (7).

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APPENDIX (7)

Form-A

Kansas Stock-Share Lease

Part I Date and Designation of Parties:

This agreement is made this _____ day of _____, 19____, by and between _____ of _____, landlord, and _____ of _____, tenant.

Part II Description of Farm:

In consideration of the agreements and stipulations hereinafter mentioned in this lease, the landlord hereby leases to the tenant the following described property: _____ acres more or less, located in _____ County, State of _____, known as the _____ farm, together with all buildings and improvements upon it. In addition, the following repairs and improvements shall be completed on or before _____, barring unavoidable delays: _____.

The farm is legally described as follows: _____.

Part III Term of Lease:

The term of this lease shall be _____ years, commencing on the _____ day of _____, 19____, and ending on the _____ day of _____, 19____, and shall continue in effect from year to year thereafter until written notice of termination is given by either party to the other on or before the _____ day of _____ before expiration of this lease or any renewal.

Part IV Limitation of Commitment:

Neither party shall have authority to obligate the other without written consent, excepting in cases of purchases or sales of less than \$_____.

Part V The Landlord Agrees:

1. To furnish the above described farm, including the improvements thereon.
2. To furnish material for needed repairs and improvements on above described farm.
3. To furnish skilled labor for making needed repairs and improvements on above described farm.
4. To pay all taxes and insurance on his share of the farm property.
5. To place the farm in a habitable and tenantable condition at the beginning of the lease.
6. To replace buildings destroyed by fire or accident as soon as practicable, or to make suitable adjustments in rental payments.

7. To warrant and defend the tenant's possession against any and all persons as long as this lease remains in effect.
8. Additional agreements: _____

Part VI The Tenant Agrees:

1. To furnish all work stock, machinery, tools, and harness necessary for proper care of the crops and livestock on the farm described above, except _____
2. To furnish all repairs on machinery, tools, and harness, except _____
3. To furnish all fuel, oil, and grease for the machinery and tools, except _____
4. To do all work and hire and pay all help necessary for proper care of the crops and livestock on the farm described above.
5. To make all repairs and improvements where skilled labor is not required.
6. To board all extra help.
7. To deliver all produce at local market or shipping point free of cost to the landlord.
8. To pay all taxes and insurance on his share of the farm property.
9. To keep an accurate account of all receipts and expenditures.
10. To farm said land in a good farm-like and workman-like manner.
11. To commit no waste nor injury to the premises.
12. To keep the buildings, fences, and other improvements on said farm in as good repair and condition as the same are when he goes into possession, reasonable wear and depreciation excepted, or as good as they may be put in during said term.
13. To haul out and scatter on the fields where most needed, at least once a year, all manure made and produced during the term of this lease excepting that produced during the three months prior to its termination.
14. To assign or sublet no part of the farm, stock, or crops without written consent of the landlord.
15. To allow no noxious weeds to go to seed on the farm or on roads adjoining it.
16. To cut no live trees except by permission of the landlord, but to use only dead or down timber not suitable for saw logs or posts.
17. To sell or burn no straw or cornstalks grown on the farm except by permission of the landlord.
18. To allow the landlord to enter the premises at any reasonable time to inspect the property, and to work and make improvements as he shall deem expedient, provided such entry and work on the part of the landlord does not interfere with the tenant's carrying out the regular farming operations.
19. To surrender peaceably possession and occupancy of the premises at the termination of the lease.
20. Additional agreements: _____

Part VII Mutual Agreements:

1. The landlord and tenant will each furnish one-half of the productive livestock, consisting of the following: _____

2. The landlord and tenant will each furnish one-half of all seeds needed for seeding field crops on said farm. Each will pay for one-half of all feed which must be purchased, one-half of all expenses on livestock owned in common, one-half of all expenses for twine and threshing and one-half of all other expenses not otherwise provided for in this agreement.
3. The landlord and tenant shall agree annually on whether or not the farm shall be operated to comply with the provisions of the Agricultural Conservation Program.
4. The landlord and tenant shall agree upon what livestock, crops, and other farm products are to be sold and the approximate time at which they shall be sold.
5. The landlord and tenant shall agree upon what livestock and other items shall be purchased and the approximate time of purchase.
6. Neither party shall bring livestock which is not a part of the farm business as provided by the terms of this agreement, on the farm during the period of the lease, nor enter into any contract or agreement affecting the farm business in any way without the consent of the other.
7. All livestock shall be fed from the common produce of the farm and such feed as may be purchased from time to time by the parties.

Part VIII Rent and Division of Farm Income:

1. Each party shall share equally in all proceeds from the sale of livestock, crops, or other farm products, except as provided for in section 3 below.
2. Settlement of the current accounts shall be made on _____ according to the terms of this lease.
3. The tenant may take a reasonable amount of land for garden and potatoes and, from the undivided product, milk, cream, poultry, and eggs for family use only. The tenant may have pork, beef, or mutton for family use not to exceed _____ pounds live weight. If meat is used in excess of these amounts one-half of the value shall be charged to the tenant and credited to the landlord, calculated at market price for live weight. If the poultry is not jointly owned, the tenant shall be permitted to keep up to _____ hens for his own use and disposal and they may be fed from the undivided crop. If the dairy cows are not owned jointly, the tenant shall be permitted to keep up to _____ cows for his own use and disposal and they may be fed from the undivided crop.

Part IX Non-fulfillment:

1. If either party shall fail in any respect to carry out any of the provisions of this lease, the other shall serve written notice demanding redress within _____ days, and if redress is not given may hire the same done or do it himself and the cost shall be paid by the party failing to

carry out said provisions; or if redress is not made in the period specified above, the other party shall have the power to terminate this lease in addition to compensation for damages caused by reason of such breach. Such termination shall become effective thirty (30) days after written notice of termination specifying the delinquency has been served on the delinquent party.

2. If the tenant fails to carry out his agreements and is unable or unwilling to redress the landlord, the landlord may take possession of the premises and all of the property owned jointly and care for same until settlement can be made. Such settlement shall be according to the terms of this lease.

Part X Final Settlement at Termination of Lease:

At the termination of this lease:

1. Property separately owned shall be taken or disposed of at will by the owner thereof.
2. All seed, feed, and supplies jointly owned shall be divided upon the basis of respective interests, and the tenant shall leave the landlord's share on the farm.
3. Livestock jointly owned shall be divided or disposed of in any of the following ways which may be agreed upon:
 - (a) Either party may sell his interest to the other at such a price and upon such terms as may be agreed, or
 - (b) The tenant shall divide each class of livestock, as cows, steers, calves, hogs, poultry, etc., into two groups and the landlord shall take his choice of the two groups of each. In case the two groups cannot be made of nearly equal value, the difference in value shall be decided upon before the choice is made, or
 - (c) The livestock shall be sold and the proceeds therefrom shall be divided or disposed of upon the basis of the respective interests of the two parties.
4. If in connection with any of the jointly-owned classes of property the parties prefer to set aside the plans given above, it is agreed that one party (to be determined by agreement or lot) shall place a value upon the entire amount of the respective jointly-owned classes of property and the other shall have the option of either selling his share or buying the share of the party who makes the valuation.

Part XI Compensation for Improvements, Removal of Fixtures, and Compensation for Damages to the Farm:

1. If the tenant, at his own expense and with authorization of the landlord, makes improvements upon buildings, fences, water supply or sewage systems, permanent household fixtures, ponds or lakes, drainage or terrace systems, or other improvements of this type, he shall receive a reasonable compensation for the unexhausted value of such improvements at the termination of the lease.
2. The tenant shall have the right to remove any buildings and fixtures which he has placed upon the farm at his own expense and with authorization of the landlord, at any time within sixty (60) days after the termination of the lease, provided he leaves the ground from which such improvements are removed in as good condition as before.

3. The landlord shall reimburse the tenant for plowing done in excess of the area plowed at the beginning of the lease (_____ acres) at \$_____ per acre; or the tenant shall pay the landlord at the same rate if plowing left is less in area than at the beginning of this lease.
4. The landlord shall reimburse the tenant for acres in grass and legumes in excess of amount found in similar condition at the beginning of the lease, (_____ acres) at \$_____ per acre; or the tenant shall pay the landlord at the same rate if such land is less in area than at the beginning of the lease.
5. Improvements totaling less than \$_____ in amount may be made without consent of the landlord, provided the tenant gives him written notice _____ days before the improvement is made, stating the improvement to be made, location, date when it is to be made, estimated cost, and the approximate rate of depreciation.
6. At the termination of the lease, the tenant shall pay to the landlord a reasonable compensation for any damages to the property for which the tenant is clearly responsible. Damage resulting from ordinary wear and depreciation or from causes beyond the tenant's control shall not be recoverable.
7. Each party shall present to the other all such claims in writing at the termination of the lease.

Part XII Arbitration:

Any difference between landlord and tenant shall, upon request of either party, be submitted to arbitration. The arbitrator shall be one disinterested person agreeable to both parties; or the landlord and tenant each shall select one disinterested person and these two so selected shall jointly select a third disinterested person. The decision of the arbitrator(s) shall be binding upon the parties except if a matter of law or a sum exceeding \$_____ is involved.

Part XIII Additional Agreements:

Part XIV Signatures:

Witnesses: _____ (Landlord)
 _____ (Tenant)

State of _____

ss.

County of _____

On this ____ day of _____, A.D., 19____, before me _____
a Notary Public in and for the County of _____,
State of _____, personally appeared _____
to me known to be the persons named in and who
executed the foregoing instrument, and acknowledged that they had executed
the same as their voluntary act and deed. My commission expires _____,
19____.

Notary Public in and for said county.

Form-B

Kansas Stock-Share Lease

Part I Date and Designation of Parties:

This agreement is made this _____ day of _____, 19____,
by and between _____ of _____,
landlord, and _____ of _____,
tenant.

Part II Description of Farm:

In consideration of the agreements and stipulations hereinafter mentioned in this lease, the landlord hereby leases to the tenant the following described property: _____ acres more or less, located in _____ County, State of _____, known as the _____ farm, together with all buildings and improvements upon it. In addition, the following repairs and improvements shall be completed on or before _____, barring unavoidable delays: _____

The farm is legally described as: _____

Part III Term of Lease:

The term of this lease shall be _____ years, commencing on the _____ day of _____, 19____, and ending on the _____ day of _____, 19____, and shall continue in effect from year to year thereafter until written notice of termination is given by either party to the other on or before the _____ day of _____ before expiration of this lease or any renewal.

Part IV Limitation of Commitment:

Neither party shall have authority to obligate the other without written consent, excepting in cases of purchases or sales of less than \$_____.

Part V Investments:

The following investments shall be furnished by the parties to this lease in the shares as designated in the columns at the right.

	Share to be furnished	
	Landlord	Tenant
1. All machinery, equipment, tools, and harness necessary for proper care of the crops and livestock on the farm described above except _____		
2. Work stock, the number not to exceed _____ head		
3. Productive livestock:		
(a) Cattle, consisting of not less than _____ nor more than _____ head		
(b) Hogs, consisting of not less than _____ nor more than _____ head		
(c) Sheep, consisting of not less than _____ nor more than _____ head		
(d) Poultry, consisting of not less than _____ nor more than _____ head		
4. Feed raised on the farm which is necessary for the livestock _____		

Part VI Expenses:

The following expenses shall be shared by the parties to this lease in the shares as designated in the columns at the right. It shall not be necessary for each party to pay his share of each item, but payment may be made by either party with settlement according to Section 2, Part VII.

	Share to be furnished	
	Landlord	Tenant
1. Purchase of additional livestock other than work stock _____		
2. Purchase of work stock _____		
3. Purchased feed _____		
4. Twine _____		
5. Seed:		
(a) Alfalfa _____		
(b) Other field crops _____		
(c) Temporary pasture _____		
(d) Permanent pasture _____		
6. Ground limestone delivered at _____ not in excess of _____ tons or less than _____ tons annually, as may be agreed upon by both parties _____		
7. Commercial fertilizer consisting of _____ to be delivered at _____ not in excess of _____ tons or less than _____ tons annually, as may be agreed upon by both parties _____		
8. Other crop expenses as follows: _____		

	Share to be furnished	
	Landlord	Tenant
9. Veterinary fees, serums, etc:		
(a) For work stock		
(b) For other livestock		
10. Breeding fees:		
(a) For work stock		
(b) For other livestock		
11. Other livestock expense as follows:		
12. Marketing expense		
13. Machine work hired		
14. Fuel, oil, and grease for farm work		
15. Machinery repairs		
16. Ordinary hired labor		
17. Board for hired labor		
18. Skilled labor necessary for repairing and making permanent improvements		
19. Materials necessary for repairs and improvements on above described farm		
20. Taxes:		
(a) Real estate		
(b) Machinery and equipment		
(c) Work stock		
(d) Other livestock		
(e) Feeds and supplies		
21. Insurance:		
(a) Real estate		
(b) Work stock		
(c) Other livestock		
(d) Crops		
22. Other expenses as follows:		

Part VII Rent and Division of Farm Income:

1. As rent for said farm and in consideration of the respective contributions of the two parties, as set forth in this lease, all income or re- ceipts from the sale of livestock, livestock pro- ducts, crops and other income from operation of the farm will be divided and distributed between the two parties as designated in the columns at the right:	Share of income and livestock increase	Landlord	Tenant
(a) Sale of livestock			
(b) Sale of livestock products			
(c) Sale of crops			
(d) Sale of			
(e) Ownership of livestock increase:			
(1) Work stock			
(2) Other livestock			

2. Settlement of the current accounts shall be made on _____ according to the terms of this lease.
3. The tenant may take a reasonable amount of land for garden and potatoes, and, from the undivided product, milk, cream, poultry and eggs for family use only. The tenant may have pork, beef, or mutton for family use not to exceed _____ pounds live weight. If meat is used in excess of these amounts, _____ of the value shall be charged to the tenant and credited to the landlord, calculated at market price for live weight. If the poultry is not jointly owned, the tenant shall be permitted to keep up to _____ hens for his own use and disposal and they may be fed from the undivided crop. If the dairy cows are not owned jointly, the tenant shall be permitted to keep up to _____ cows for his own use and disposal and they may be fed from the undivided crop.

Part VIII Landlord's Duties:

The landlord agrees:

1. To place the farm in a habitable and tenantable condition at the beginning of the lease.
2. To replace buildings destroyed by fire or accident as soon as practicable, or to make suitable adjustment in rental payments.
3. To warrant and defend the tenant's possession against any and all persons as long as this lease remains in effect.

Part IX Tenant's Duties:

The tenant agrees:

1. To keep an accurate account of all receipts and expenditures.
2. To farm said land in a good farm-like and workman-like manner.
3. To commit no waste nor permit injury to the premises.
4. To keep the buildings, fences, and other improvements on said farm in as good repair and condition as the same are when he goes into possession, reasonable wear and depreciation excepted, or as good as they may be put in during said term.
5. To haul out and scatter on the fields where most needed, at least once a year, all of the manure made and produced during the term of this lease excepting that produced during the three months prior to its termination.
6. To assign or sublet no part of the farm, stock, or crops without written consent of the landlord.
7. To allow no noxious weeds to go to seed on the farm or on roads adjoining it.
8. To cut no live trees except by permission of the landlord, but to use only dead or down timber not suitable for saw logs or posts.
9. To sell or burn no straw or cornstalks grown on the farm except by permission of the landlord.
10. To allow the landlord to enter the premises at any reasonable time to inspect the property, and to work and make improvements as he shall deem expedient, provided such entry and work on the part of the landlord does not interfere with the tenant's carrying out the regular farming operations.
11. To surrender peaceably possession and occupancy of the premises at the termination of the lease.

Part I Mutual Agreements:

1. The landlord and tenant shall agree annually on whether or not the farm shall be operated to comply with the provisions of the Agricultural Conservation Program.
2. The landlord and tenant shall agree upon what livestock, crops, and other farm products are to be sold and the approximate time at which they shall be sold.
3. The landlord and tenant shall agree upon what livestock and other items shall be purchased and the approximate time of purchase.
4. Neither party shall bring livestock which is not a part of the business as provided by the terms of this agreement, on the farm during the period of the lease nor enter into any contract or agreement affecting the farm business in any way without the consent of the other.
5. All livestock shall be fed from the common produce of the farm and such feed as may be purchased from time to time by the parties.

Part II Non-fulfillment:

1. If either party shall fail in any respect to carry out any of the provisions of this lease, the other shall serve written notice demanding redress within _____ days, and if redress is not given may hire the same done or do it himself and the cost shall be paid by the party failing to carry out said provisions; or if redress is not made in the period specified above, the other party shall have the power to terminate this lease in addition to compensation for damages caused by reason of such breach. Such termination shall become effective thirty (30) days after written notice of termination specifying the delinquency has been served on the delinquent party.
2. If the tenant fails to carry out his agreements and is unable or unwilling to redress the landlord, the landlord may take possession of the premises and all of the property owned jointly and care for same until settlement can be made. Such settlement shall be according to the terms of this lease.

Part III Final Settlement at Termination of Lease:

At the termination of this lease:

1. Property separately owned shall be taken or disposed of at will by the owner thereof.
2. All seed, feed, and supplies jointly owned shall be divided upon the basis of respective interests, and the tenant shall leave the landlord's share on the farm.
3. Livestock jointly owned shall be divided or disposed of in any of the following ways which may be agreed upon:
 - (a) Either party may sell his interest to the other at such a price and upon such terms as may be agreed, or
 - (b) The tenant shall divide each class of livestock, as cows, steers, calves, hogs, poultry, etc., into two groups and the landlord shall take his choice of the two groups of each. In case the two groups cannot be made of nearly equal value, the difference in value shall be decided upon before the choice is made, or
 - (c) The livestock shall be sold and the proceeds therefrom shall be divided or disposed of upon the basis of the respective interests of the two parties.

4. If in connection with any of the jointly-owned classes of property the parties prefer to set aside the plans given above, it is agreed that one party (to be determined by agreement or lot) shall place a value upon the entire amount of the respective jointly-owned classes of property and the other shall have the option of either selling his share or buying the share of the party who makes the valuation.

Part XIII Compensation for Improvements, Removal of Fixtures, and Compensation for Damages to the Farm:

1. If the tenant, at his own expense and with authorization of the landlord, makes improvements upon buildings, fences, water supply or sewage systems, permanent household fixtures, ponds or lakes, drainage or terrace systems, or other improvements of this type, he shall receive a reasonable compensation for the unexhausted value of such improvements at the termination of the lease.
2. The tenant shall have the right to remove any buildings and fixtures which he has placed upon the farm at his own expense and with authorization of the landlord, at any time within sixty (60) days after the termination of the lease, provided he leaves the ground from which such improvements are removed in as good condition as before.
3. The landlord shall reimburse the tenant for plowing done in excess of the area plowed at the beginning of the lease (_____ acres) at \$_____ per acre; or the tenant shall pay the landlord at the same rate if plowing left is less in area than at the beginning of this lease.
4. The landlord shall reimburse the tenant for acres in grass and legumes in excess of amount found in similar condition at the beginning of the lease, (_____ acres) at \$_____ per acre; or the tenant shall pay the landlord at the same rate if such land is less in area than at the beginning of the lease.
5. Improvements totaling less than \$_____ in amount may be made without consent of the landlord, provided the tenant gives him written notice _____ days before the improvement is made, stating the improvement to be made, location, date when it is to be made, estimated cost, and the approximate rate of depreciation.
6. At the termination of the lease, the tenant shall pay to the landlord a reasonable compensation for any damages to the property for which the tenant is clearly responsible. Damage resulting from ordinary wear and depreciation or from causes beyond the tenant's control shall not be recoverable.
7. Each party shall present to the other all such claims in writing at the termination of the lease.

Part XIV Arbitration:

Any difference between landlord and tenant shall, upon request of either party, be submitted to arbitration. The arbitrator shall be one disinterested person agreeable to both parties; or the landlord and tenant each shall select one disinterested person and these two so selected shall jointly select a third disinterested person. The decision of the arbitrator(s) shall be binding upon the parties except if a matter of law or a sum exceeding \$_____ is involved.

Part XV Additional Agreements:Part XVI Signatures:

Witnesses: _____ (Landlord)
 _____ (Tenant)

State of _____

County of _____ ss.

On this _____ day of _____, A.D., 19____, before me _____
 a Notary Public in and for the County of _____,
 State of _____, personally appeared _____
 to me known to be the persons named in and
 who executed the foregoing instrument, and acknowledged that they had executed
 the same as their voluntary act and deed. My commission expires _____
 _____, 19____.

 Notary Public in and for said county.