Farm Leasing: A Guide for Farmers and Landowners











ACKNOWLEDGEMENTS



This Guide was produced by Schwartzberg & Kenyon, PLLC, in collaboration with Orange County Land Trust, Inc., American Farmland Trust and other partners of the Hudson Valley Farmlink Network.

The Hudson Valley Farmlink Network is a partnership of organizations, coordinated by American Farmland Trust, dedicated to facilitating farm transfers and making farmland accessible to the next generation of farmers in the Hudson Valley.



The production of this Guide was made possible with funding from the NYS Conservation Partnership Program and New York's Environmental Protection Fund (EPF). The NYS Conservation Partnership Program is administered by the Land Trust Alliance, in coordination with the NYS Department of Environmental Conservation.



PHOTO CREDITS

Keith Stewart (pages 4 and 9)

Peconic Land Trust (page 5, photo 1 and page 16, photo 1) Lowland Farm (page 5, photo 2 and page 16, photo 2) Josh Clague (page 24)

All other photos are courtesy of Orange County Land Trust

This Guide is for informational purposes only and does not constitute legal advice. A qualified attorney should be consulted before entering into any real estate transaction or signing any contracts, leases or other documents related to real property or a real estate transaction.

TABLE OF CONTENTS

INTRODUCTION	4
BASIC LEASING OPTIONS	5
LANDOWNER'S CHECKLIST	6
FARMER'S CHECKLIST	8
LEASE CHECKLIST	10
LEASE OUTLINE	15
MEMORANDUM OF LEASE [AND PURCHASE OPTION]	17
LAND TRUST ALLIANCE FACT SHEET	19
REFERENCES	21
HUDSON VALLEY FARMLINK NETWORK	22
LAND TRUSTS, NON-PROFIT ORGANIZATIONS AND GOVERNMENT AGENCIES	23

INTRODUCTION

THIS GUIDE WAS PRODUCED AS AN INTRODUCTION FOR LANDOWNERS AND FARMERS TO THE BASICS OF FARMLAND LEASING. LAND ACCESS IS A CRUCIAL ISSUE FOR FARMERS IN THE HUDSON VALLEY AND SURROUNDING AREAS, ESPECIALLY THOSE LOOKING TO START A NEW FARM, BUT ALSO FOR THOSE ESTABLISHED FARMERS HOPING TO EXPAND THEIR PRODUCTION. LEASE ARRANGEMENTS BETWEEN OWNERS OF AGRICULTURAL LAND AND FARMERS CAN HAVE NUMEROUS BENEFITS FOR BOTH THE LANDOWNER AND THE FARMER.

LANDOWNER BENEFITS

A SUCCESSFUL LEASE TO A FARMER MAY LEAD TO:

- Lower taxes due to the Agricultural Property Tax Assessment
- FREE OR LOW COST UPKEEP OF LANDS
- IMPROVED SOIL QUALITY
- RENTAL INCOME
- A SHARE OF THE PRODUCE FROM THE LAND
- GOOD CARE OF THE LAND
- PUTTING THE LAND TO GOOD USE

FARMER BENEFITS

A SUCCESSFUL LEASE MAY ENABLE A FARMER TO:

- FIND AFFORDABLE LAND
- EXPAND OPERATIONS
- ESTABLISH OPERATIONS IN THE FARMING COMMUNITY
- LOWER CAPITAL INVESTMENT FOR STARTUP AND OPERATING EXPENSES.
- Share the risk and profit of farming with the landowner
- GAIN EXPERIENCE RUNNING A FARM BEFORE PURCHASING LAND

This guide can be used as a resource by both Landowners and Farmers to begin thinking about the issues related to leasing farmland. While it is not a comprehensive compendium of such issues, we hope that the checklists and other resources will provide the background for the beginning of successful landowner — farmer relationships.

TEXT COURTESY OF ORANGE COUNTY LAND TRUST AND COLUMBIA LAND CONSERVANCY.



BASIC LEASING OPTIONS

- 1. LEASE (TYPICALLY 9 YEARS OR LESS)
- 2. GROUND LEASE (TYPICALLY 10 YEARS OR MORE)
- 3. Hybrid Lease and Purchase (for example, lease of agricultural fields and purchase of a section of the land containing house and/or agricultural structures)

The term "Ground Lease" is not defined by statute in New York. In general, a Ground Lease is a long-term (10 years or more, typically 99 years) lease under which the tenant is allowed to make improvements to the property during the lease term. It is important to note that under the *typical* Ground Lease, the *landowner* owns the improvements at the termination or expiration of the lease and the *tenant* is responsible for payment of taxes. These typical Ground Lease provisions may be altered under a carefully drafted Ground Lease.

OTHER LEASE TERMS, INCLUDING PURCHASE OPTIONS, ARE ADDRESSED UNDER THE "LEASE CHECKLIST" AND "LEASE OUTLINE" SECTIONS OF THIS GUIDE.







LANDOWNER'S CHECKLIST

PRIOR TO ENTERING INTO A LEASE, A LANDOWNER SHOULD ENGAGE IN BASIC "DUE DILIGENCE" TO DETERMINE IF A LEASE IS A SUITABLE BUSINESS ARRANGEMENT FOR THE LANDOWNER, AND WHETHER THE PROSPECTIVE TENANT IS A GOOD RISK AND MATCH FOR THE LANDOWNER AND THE PROPERTY. THIS RESEARCH WILL ENABLE THE LANDOWNER TO DETERMINE IF THE PROSPECTIVE TENANT'S EXPERIENCE AND FINANCIAL SITUATION ARE SUITABLE FOR THE LEASE AND THE LANDOWNER'S GOALS.

INSURANCE. A LANDOWNER SHOULD INVESTIGATE THE TYPES AND COST OF INSURANCE NECESSARY TO PROTECT THE LANDOWNER UNDER THE LEASE ARRANGEMENT.
PROSPECTIVE TENANT. A LANDOWNER SHOULD KNOW AND UNDERSTAND THE "FORM" OF TENANT, E.G., INDIVIDUAL, LLC, CORPORATION, PARTNERSHIP, AND THE ASSETS AND RESOURCES OF THE TENANT, NOT ONLY TO CARRY OUT THE VENTURE BUT ALSO IN THE EVENT OF BREACHES, DAMAGES, LIENS, ETC. CAUSED BY THE TENANT. A LANDOWNER SHOULD CONFIRM THAT THE PROPER CORPORATE, PARTNERSHIP, ETC. APPROVALS AND AUTHORIZATIONS HAVE BEEN MADE BY THE TENANT TO ENTER INTO THE LEASE. FINALLY, A LANDOWNER SHOULD THOROUGHLY INVESTIGATE THE BACKGROUND AND EXPERIENCE OF THE TENANT, INCLUDING OBTAINING A CREDIT REPORT.
Unsuccessful Venture. A Landowner should plan for the contingency of tenant default or other undesirable outcome, including a plan and resources to manage the property in the absence of a tenant. In addition, a Landowner should understand the resources and commitment required to deal with an eviction proceeding, which in NY has many protections for tenants.
WARRANTY OF HABITABILITY. THIS STATUTORY OBLIGATION APPLIES IF A RESIDENCE WILL BE INCLUDED IN THE LEASE. UNDER NY LAW, A RESIDENTIAL LANDLORD IS DEEMED TO COVENANT AND WARRANT THAT THE RESIDENCE IS FIT FOR HUMAN HABITATION AND THAT THE TENANT WILL NOT BE EXPOSED TO CONDITIONS WHICH ARE DANGEROUS, HAZARDOUS OR DETRIMENTAL TO LIFE, HEALTH OR SAFETY. THE WARRANTY OF HABITABILITY CANNOT BE WAIVED BY THE TENANT. NY RPP ARTICLE 7, § 235-B. A LANDOWNER SHOULD BE PREPARED TO UNDERTAKE THE FINANCIAL AND MANAGEMENT COMMITMENT TO MAINTAIN A HABITABLE RESIDENCE.

FOR MORE INFORMATION AND CHECKLISTS VISIT:

LAND FOR GOOD

TOOLBOX FOR LANDOWNERS

HTTP://LANDFORGOOD.ORG/RESOURCES/TOOLBOX/TOOLBOX-LANDOWNERS/



FARMER'S CHECKLIST

PRIOR TO ENTERING INTO A LEASE, A FARMER SHOULD ENGAGE IN BASIC "DUE DILIGENCE" TO DETERMINE IF THE PROPERTY IS APPROPRIATE FOR THE FARMER'S INTENDED FARMING OPERATION AND RESIDENCY, AND TO DISCOVER ISSUES THAT COULD IMPACT THE FARMER'S LONG-TERM ABILITY TO FARM THE PROPERTY AND THE FARMER'S INVESTMENT IN THE PROPERTY. WAITING TO ENGAGE IN DUE DILIGENCE UNTIL YEARS INTO A LEASE OR ON THE EVE OF EXERCISING A PURCHASE OPTION MAY BE TOO LATE TO DISCOVER ISSUES THAT WILL IMPACT THE ABILITY TO OBTAIN A MORTGAGE, CONSTRUCT PLANNED IMPROVEMENTS OR IMPLEMENT OTHER PLANS.

THIS DUE DILIGENCE COULD INCLUDE ALL OF THE FOLLOWING; HOWEVER, THE COST NECESSARILY WILL BE BALANCED AGAINST THE LENGTH OF THE LEASE COMMITMENT AND WHETHER THERE IS A PURCHASE OPTION.

APPRAISAL. AN APPRAISAL WILL DETERMINE THE FAIR MARKET RENTAL VALUE OF THE PROPERTY, AS WELL AS THE FAIR MARKET VALUE OF THE PROPERTY. AN APPRAISAL IS PARTICULARLY IMPORTANT WHEN NEGOTIATING A PURCHASE PRICE UNDER A PURCHASE OPTION IN ORDER TO PLAN FOR OUTSIDE FINANCING OF THE PURCHASE. MUNICIPAL SEARCH. IN A MUNICIPAL SEARCH, BUILDING DEPARTMENT AND FIRE DEPARTMENT FILES AND RECORDS ARE EXAMINED FOR INFORMATION ABOUT THE PROPERTY AND THE ADJOINING STREET. A MUNICIPAL SEARCH WILL PROVIDE INFORMATION SUCH AS: (I) WHETHER THE BUILDINGS AND PREMISES COMPLY WITH BUILDING, FIRE AND ZONING CODES; (II) WHETHER BUILDING PERMITS WERE OBTAINED FOR IMPROVEMENTS; AND (III) WHETHER THERE ARE ANY OPEN PERMITS, PERMIT VIOLATIONS OF OR OTHER VIOLATIONS. A MUNICIPAL SEARCH CAN BE OBTAINED FROM A TITLE COMPANY, WITH OR WITHOUT AN ACCOMPANYING TITLE SEARCH. PHASE I ENVIRONMENTAL SITE ASSESSMENT. A PHASE I INVESTIGATION WILL DETERMINE WHETHER THERE IS EXISTING OR POTENTIAL ENVIRONMENTAL CONTAMINATION ON THE PROPERTY AND WITHIN A SPECIFIED RADIUS OF THE PROPERTY. STRUCTURAL INSPECTION. AN INSPECTION OF THE RESIDENCE AND AG STRUCTURES WILL REVEAL IF THERE ARE ANY DEFECTS OR DEFICIENCIES THAT SHOULD BE ADDRESSED IN THE LEASE OR THAT COULD IMPACT THE LONG-TERM VIABILITY OF THE FARMING OPERATION. A STRUCTURAL INSPECTION WILL PROVIDE INFORMATION SUCH AS: (I) THE SOUNDNESS AND SAFETY OF THE STRUCTURES; (II) WHETHER THE ELECTRICAL SYSTEM IS SAFE AND ADEQUATE FOR THE INTENDED USES; (III) WHETHER THE WATER QUALITY IS ACCEPTABLE; AND (IV) WHETHER THE WATER FLOW IS ADEQUATE FOR THE INTENDED USES. A THOROUGH STRUCTURAL INSPECTION BY A QUALIFIED

INSPECTOR WILL ENABLE THE FARMER TO KNOW AND UNDERSTAND THE CONDITION OF THE

PROPERTY, INCLUDING WHAT REPAIRS SHOULD BE UNDERTAKEN BY THE LANDOWNER PRIOR TO THE COMMENCEMENT OF THE LEASE AND WHAT REPAIRS MAY BE REQUIRED DURING THE LEASE TERM.

☐ SURVEY.

TITLE SEARCH. A TITLE SEARCH IS CONDUCTED TO DETERMINE WHAT RESTRICTIONS OR OTHER PROPERTY INTERESTS AFFECT THE PROPERTY, AS WELL AS IF THERE ARE LIENS ON THE PROPERTY.

THIS INFORMATION IS CRUCIAL FOR LONG-TERM LEASES AND PURCHASE OPTIONS AS RESTRICTIONS, LIENS, ETC. AFFECTING TITLE TO THE PROPERTY CAN IMPACT FINANCING, USES OF THE PROPERTY AND EVEN LONG-TERM USE AND OCCUPANCY.

ZONING AND AGRICULTURAL DISTRICTS. IT IS IMPERATIVE TO CONFIRM THAT THE TOWN'S ZONING CODE ALLOWS THE INTENDED USE OF THE PROPERTY, INCLUDING USES SUCH AS SELLING VALUE-ADDED PRODUCTS. THE BEST PLACE TO START IS BY CONTACTING THE TOWN'S BUILDING INSPECTOR. A FARMER SHOULD ALSO DETERMINE WHETHER THE PROPERTY IS WITHIN A AGRICULTURAL DISTRICT WHICH OFFERS BENEFITS TO FARMERS NOT AVAILABLE FOR LAND NOT WITHIN AN AGRICULTURAL DISTRICT.

FOR MORE INFORMATION AND CHECKLISTS VISIT:

LAND FOR GOOD

TOOLBOX FOR FARM SEEKERS

HTTP://LANDFORGOOD.ORG/RESOURCES/TOOLBOX/TOOLBOX-FARM-SEEKERS/







LEASE CHECKLIST

THIS CHECKLIST IS NOT A COMPREHENSIVE LIST OF EVERY TERM AND CONDITION THAT SHOULD BE INCLUDED IN AN AGRICULTURAL LEASE. INSTEAD, THIS CHECKLIST COVERS *SELECT* ISSUES TO BE ADDRESSED AND CUSTOMIZED TO EACH TRANSACTION. EXPERIENCED ATTORNEYS SHOULD BE RETAINED BY THE LANDOWNER AND THE FARMER TO INSURE THE PREPARATION OF A PROPERLY DRAFTED AND THOROUGH LEASE.

PREM	ISES
	PREMISES. DESCRIBE THE PROPERTY, INCLUDING, AS APPROPRIATE, RESIDENCE AND AG STRUCTURES, WITH REFERENCE TO A LEGAL DESCRIPTION AND MAP/SITE PLAN. USE THE MAP/SITE PLAN TO DELINEATE USE/ACCESS ZONES, TO SPECIFY WHERE CERTAIN PRACTICES CAN OR CAN'T BE PERFORMED, ETC.
	"As Is" Condition
TERM	AND RENT
	TERM. ADDRESS INITIAL TERM AND UNDER WHAT CONDITIONS, IF ANY, EXTENSIONS CAN BE MADE. IDENTIFY THE COMMENCEMENT AND EXPIRATIONS DATES, AND DATE OF EXERCISE OF RENEWAL IF THAT OPTION IS INCLUDED IN THE LEASE. ADDRESS HOW THE HARVEST AND BIRTHING SCHEDULES WILL BE ACCOMMODATED WITH EXPIRATION AND TERMINATION DATES.
	RENT. STATE AMOUNT OF RENT AND WHETHER MAINTENANCE, REPAIR, REHABILITATION AND ENHANCEMENT WORK (TO STRUCTURES AND LAND) WILL QUALIFY FOR A REBATE OR REDUCTION OF RENT. ADDRESS WHETHER CROPS OR OTHER FARM PRODUCTS WILL FORM ALL OR PART OF RENTAL PAYMENTS. ADDRESS TIMING OF PAYMENTS, LATE CHARGES AND ESCALATION. ADDRESS WHETHER RENT WILL BE APPLIED TO THE PURCHASE PRICE IF A PURCHASE OPTION IS INCLUDED. SPECIFY RENT, OR FORMULA FOR CALCULATING RENT, FOR EXTENSIONS AND RENEWALS.
	SECURITY (DOWN PAYMENT / SECURITY DEPOSIT / BOND). HOW WILL THE FARMER'S PERFORMANCE BE SECURED? IF FARMER WILL BE ALLOWED TO MAKE SIGNIFICANT ALTERATIONS, ADDRESS HOW THE LANDOWNER WILL BE PROTECTED FROM CONTRACTOR LIENS OR OTHER UNSATISFIED DEBTS IF FARMER DEFAULTS. SPECIFY THE CONDITIONS UNDER WHICH THE DOWN PAYMENT OR OTHER FORM OF SECURITY IS FORFEITED, RELEASED OR RETURNED.
	RENEWAL OPTION. IDENTIFY WHEN, AND UNDER WHAT CIRCUMSTANCES, FARMER CAN EXERCISE OPTION TO RENEW.

PERMITTED USES AND IMPROVEMENTS

USE. IDENTIFY PERMITTED AND PROHIBITED ACTIVITIES WITH SPECIFICITY, INCLUDING ACCEPTABLE AND UNACCEPTABLE FARMING PRACTICES, AND TYPE OF AGRICULTURAL ACTIVITY. ADDRESS ISSUES SUCH AS: (I) WHETHER FARMER IS REQUIRED TO MAINTAIN A SPECIFIC LEVEL OF FARMING ACTIVITY; (II) WHETHER THE FARMER CAN INVITE THE PUBLIC ONTO THE PROPERTY; AND (III) WHETHER FARM LABOR HOUSING IS ALLOWED. SPECIFY THE CIRCUMSTANCES UNDER WHICH USES NOT SPECIFIED IN THE LEASE ARE ALLOWED, E.G., WITH ADVANCED APPROVAL OF LANDOWNER.
REQUIREMENTS AND RESTRICTIONS. ADDRESS RESTRICTIONS OR REQUIREMENTS NOT INCLUDED ELSEWHERE. SOME ISSUES THAT THE PARTIES MAY WANT TO ADDRESS ARE: (I) SOIL CONSERVATION OR REHABILITATION; (II) WILDLIFE PROTECTION; (III) WETLAND PROTECTION; (IV) OCCUPANCY BY THE FARMER; (V) SOUND AGRICULTURAL PRACTICES; (VI) ORGANIC; (VII) CERTAIN CROPS AND TECHNIQUES PROHIBITED; (VIII) EROSION ISSUES; (IX) CROP AND GRAZING ROTATION; AND (X) USE OF CHEMICALS.
REPAIRS AND MAINTENANCE. ALLOCATE RESPONSIBILITY FOR COST OF REPAIRS AND MAINTENANCE EXPLICITLY (INCLUDE RESIDENCE, AG STRUCTURES, FENCES, ETC.) AND IDENTIFY STANDARDS. AVOID WORDS SUCH AS "MAJOR" OR "SIGNIFICANT" TO ALLOCATE RESPONSIBILITY BETWEEN THE LANDOWNER AND THE FARMER. INSTEAD, USE DOLLAR AMOUNTS OR ALLOCATE BY CATEGORY. FOR EXAMPLE, THE LANDOWNER MAY ACCEPT RESPONSIBILITY FOR ROOF REPAIRS AND MAINTENANCE, WHILE THE FARMER MAY BE RESPONSIBLE FOR APPLIANCES. BE AWARE OF LANDOWNER'S DUTY TO MAINTAIN A HABITABLE RESIDENCE.
IMPROVEMENTS AND OTHER ALTERATIONS TO THE LAND / RESIDENCE / AG STRUCTURES. FARMER CONSTRUCTION AND ALTERATIONS CAN RAISE SIGNIFICANT ISSUES FOR THE LANDOWNER IF NOT ADDRESSED CAREFULLY IN THE LEASE. FOR EXAMPLE, BUILDING OR OTHER PERMITS MAY BE REQUIRED. HOW MUCH TIME, EFFORT AND/OR MONEY IS THE LANDOWNER WILLING TO DEVOTE TO ALLOW ALTERATIONS AND/OR CONSTRUCTION BY THE FARMER? IF THE FARMER DEFAULTS IN PAYMENT TO CONTRACTORS, CAN LANDOWNER ADDRESS THE POTENTIAL LIENS THAT MAY BE PLACED ON THE PROPERTY? IDENTIFY STRUCTURES AND IMPROVEMENTS THAT THE FARMER CAN ALTER, CONSTRUCT AND INSTALL. IDENTIFY WHO OWNS NEW STRUCTURES AND OTHER IMPROVEMENTS AT THE EXPIRATION OF THE LEASE OR SOONER TERMINATION. INSERT LANGUAGE ABOUT THE LEVEL OF LANDOWNER INVOLVEMENT REQUIRED TO OBTAIN REQUIRED GOVERNMENTAL PERMITS OR APPROVALS.
STANDARDS. IDENTIFY ANY STANDARDS OR DOCUMENTS GOVERNING FARMING OR OTHER USE OF THE LAND, E.G., CERTIFIED ORGANIC, NRCS CONSERVATION PLAN, CONSERVATION EASEMENT.
CONSENTS. ARE THERE CONTEMPLATED ACTIVITIES WHICH REQUIRE THE ADVANCE APPROVAL OF THE LANDOWNER?

INSUF	RANCE, LOSS/DAMAGE AND INDEMNIFICATION
	Insurance. Specify the amounts and types of insurance that the Farmer <i>and</i> landowner will be required to maintain. Require that the Farmer and landowner provide certificates of insurance naming the other Party as an additional insured.
	DAMAGE, DESTRUCTION, FIRE OR OTHER CASUALTY. SPECIFY THE CONSEQUENCES IF THE RESIDENCE, AG STRUCTURES AND/OR AGRICULTURAL FIELDS ARE DAMAGED OR DESTROYED, E.G., RENT ABATEMENT, LEASE TERMINATION. IDENTIFY WHAT HAPPENS TO RENTAL PAYMENTS THAT WERE TO BE APPLIED TO THE PURCHASE PRICE UNDER A PURCHASE OPTION. ADDRESS THE SAME ISSUES FOR CROP / LIVESTOCK LOSS.
	INDEMNIFICATION. INCLUDE INDEMNIFICATION AND HOLD HARMLESS CLAUSES AS APPROPRIATE TO THE FARMING OPERATION AND USE OF THE PROPERTY.
BREA	CH, DEFAULT AND EXPIRATION/TERMINATION
	EXPIRATION AND TERMINATION. SPECIFY FARMER'S OBLIGATIONS AT THE EXPIRATION OF THE LEASE TERM OR EARLIER TERMINATION OF THE LEASE. ADDRESS HOW THE HARVEST AND BIRTHING SCHEDULES WILL BE ACCOMMODATED WITH EXPIRATION AND TERMINATION DATES.
	Breach / Default. Specify the conditions that will constitute a breach / default by the Farmer and Landowner, as well as the landowner's and Farmer's remedies. Identify the circumstances under which Farmer's breach / default will constitute grounds for termination.
	OPPORTUNITY TO CURE. ADDRESS CIRCUMSTANCES UNDER WHICH FARMER MAY CURE BREACHES AND DEFAULTS. CONSIDER <u>YELLOWSTONE</u> DECISION.
UTILIT	TIES AND TAXES
	UTILITIES, WATER AND SEWER/SEPTIC. ALLOCATE RESPONSIBILITY FOR PAYMENT, REPAIRS AND MAINTENANCE.
	REAL ESTATE TAXES AND ASSESSMENTS. DOES LANDOWNER OR FARMER PAY? THINK ABOUT AND ACCOUNT FOR POTENTIAL ESCALATIONS OR NEW ASSESSMENTS.
PURC	HASE OPTION
	PURCHASE OPTION. IDENTIFY WHEN FARMER CAN EXERCISE OPTION, WHAT THE PURCHASE PRICE WILL BE AND OTHER APPROPRIATE TERMS. INCLUDE THE PURCHASE OPTION AS AN EXHIBIT, AS WELL AS THE PURCHASE AND SALE AGREEMENT. DOES IT INCLUDE A RIGHT OF FIRST REFUSAL IF

ADD17	TIONAL PROVISIONS
	ASSIGNMENT AND SUBLETTING. UNDER WHAT CONDITIONS WILL ASSIGNMENT AND/OR SUBLETTING BE ALLOWED? IF ALLOWED, WHAT INFORMATION DOES THE LANDOWNER WANT
	PRIOR TO AGREEING? IF THE FARMER IS ALLOWED TO SUBLET, WHO BEARS THE COST OF DAMAGES CAUSES BY SUBTENANT? SPECIFICALLY ADDRESS WHETHER FARM LABOR HOUSING
	CONSTITUTES SUBLETTING, WHETHER IT IS PERMITTED AND UNDER WHAT CIRCUMSTANCES.
	LANDOWNER'S ACCESS. SPECIFY TERMS OF LANDOWNER'S ACCESS, NOT ONLY TO MAKE REPAIRS, BUT TO INSPECT THE PROPERTY TO ENSURE THAT THE FARMER IS COMPLYING WITH THE LEASE TERMS.
	QUIET ENJOYMENT. FARMER'S RIGHT TO PEACEFUL OCCUPANCY AND USE OF THE PROPERTY.
REQU LEASE	IRED LANDOWNER DISCLOSURES / FORMS (IF RESIDENCE IS INCLUDED IN THE
	LEAD PAINT DISCLOSURE
	Smoke and Carbon Monoxide Detectors
EXHIB	DITS
	LEGAL DESCRIPTION
	Map/Site Plan
	RIGHT OF FIRST REFUSAL
	Purchase and Sale Agreement
	Purchase Option
	DUE DILIGENCE DOCUMENTATION

An assortment of Lease Templates, Model Leases and other information can be found on the following websites. None of these documents should be used verbatim in a lease transaction; all leases must be customized to the transaction and should be drafted by an experienced attorney.

EQUITY TRUST

AGRICULTURAL GROUND LEASE

http://equitytrust.org/category/resources/farm-resources/

LAND FOR GOOD (LAND LEASING TUTORIAL)
http://www.landforgood.org/leasing/online2.html

LAND FOR GOOD (FREE ONLINE COURSE ON STRATEGIES RELATED TO ACCESS TO LAND) HTTP://NEWSITE.LANDFORGOOD.ORG/.

COLUMBIA LAND CONSERVANCY

HTTP://CLCTRUST.ORG/WORKING-FARMS/AG-RESOURCES/



LEASE OUTLINE

SAMPLE GROUND LEASE PROVISIONS

- 1. DEFINITIONS
- 2. TERM AND RENT
 - 2.A COMMENCEMENT AND EXPIRATION DATES
 - 2.B BASE RENT AND PAYMENTS
 - 2.C RENT ADJUSTMENTS
 - 2.D LATE CHARGE
- 3. USE
 - 3.A CONSTRUCTION, RESTORATION AND MAINTENANCE
 - 3.B Manner of Performance of Lessee's Work
- 4. UTILITIES AND TAXES
- 5. INSURANCE, LOSS AND INDEMNIFICATION
 - 5.A. LIMITS OF LIABILITY
- 6. INTERFERENCE AND QUIET ENJOYMENT
- 7. SUCCESSORS, ASSIGNMENT AND SUBLETTING
 - 7.A ASSIGNMENT
 - 7.B SUBLEASES
 - 7.C LEASE OF IMPROVEMENTS
 - 7.D LEASEHOLD MORTGAGES
 - 7.E PERMITTED TRANSFERS
 - 7.F Transfer of Interests in Lessee
 - 7.G CHANGE OF CONTROL OF LESSEE
- 8. Purchase Option and Right of First Refusal
- 9. DEFAULT

- 10. OWNERSHIP OF CROPS, LIVESTOCK, ETC., VESTING OF IMPROVEMENTS AND REMOVAL OF PERSONAL PROPERTY
- 11. ADDITIONAL PROVISIONS
 - 11.A MERGER
 - 11.B NOTICES
 - 11.C ESTOPPEL CERTIFICATES
 - 11.D ATTORNEYS' FEES
 - 11.E PUBLIC RELATIONS
 - 11.F Broker
 - 11.G ESCROW OF TAXES, SECURITY AND INSURANCE
 - 11.H WARRANTIES
 - 11.I LIENS
 - 11.J CONDEMNATION
 - 11.K OTHER OBLIGATIONS
 - 11.L HOLDING OVER
 - 11.M FURTHER DOCUMENTS
 - 11.N FORCE MAJEURE
 - 11.0 DISPUTE RESOLUTION
 - 11.P Branding, Ownership of Name

SIGNATURES ACKNOWLEDGEMENTS EXHIBITS







MEMORANDUM OF LEASE [AND PURCHASE OPTION]

RECORDING A MEMORANDUM OF LEASE [AND PURCHASE OPTION] CAN PROVIDE PROTECTION TO THE LANDOWNER AND THE FARMER. AN EXPERIENCED ATTORNEY SHOULD BE CONSULTED TO DISCUSS THE IMPLICATIONS OF RECORDING A MEMORANDUM AND BEFORE SIGNING. THE MEMORANDUM SHOULD BE SIGNED BY ALL PARTIES SIGNING THE LEASE [AND PURCHASE OPTION].

MEMORANDUM OF LEASE [AND PURCHASE OPTION] SAMPLE

[DO NOT SIGN THIS DOCUMENT WITHOUT CONSULTING A LAWYER]

This is Memorandum of Lease [and Option Agreement] is made and entered into

as of this day of	, 20, by and between	("Landlord"),
		("Tenant"), with an address of
	Memorandum of an unrecord	
Option] dated the day		-
1. Premises. The real proper	rty and improvements which a	re the subject of the Lease
[and Purchase Option] are lo	ocated at, Town of	, County, SBL
, and are more partic	cularly described in the Legal D	escription attached hereto as
Exhibit A and incorporated h	ierein.	
and is for an initial term of _	rchase Option] commenced on years terminating on the _ Purchase Option]. [Tenant sha	day of, 20, as
-		Lease [and Purchase Option]].
3. Purpose. The Parties und	erstand and acknowledge that	t the only purpose of this
Memorandum is to give reco	ord notice of the Lease [and Pu	ırchase Option], is for
informational purposes only	and nothing contained herein	may be deemed in any way
·	terms or conditions of the Lea	- · · · · · · · · · · · · · · · · · · ·
	nd and acknowledge that the	-
	duties and obligations not enu	
· · · · · · · · · · · · · · · · · · ·	greement between the Parties	
and is hereby incorporated by	by reference. In the event of a	iny inconsistency between the

terms of the Lease [and Purchase Option] and this Memorandum, the Lease [and Purchase Option] shall control.

IN WITNESS WHEREOF, this Memorandum has been duly executed by the Parties hereto.

LANDLORD:	TENANT
Ву:	Ву:
Name:	Name:
Title:	Title:
Date:	Date:

INSERT EXHIBITS AND ACKNOWLEDGEMENT BLOCK FOR EACH PARTY SIGNING THE MEMORANDUM



Land Trust Alliance Fact Sheet



What is a Land Trust?

A land trust is a private, nonprofit organization that actively works to conserve land by undertaking or assisting with direct land transactions – primarily the purchase or acceptance of donations of land or conservation easements. Land trusts vary greatly in scope and scale, but all of them share the common mission of working cooperatively with landowners to protect and conserve land for its natural, recreational, scenic, historic, or productive value.

Some land trusts focus on distinct areas, such as a single town, county or region, and support grassroots efforts to conserve lands important to local communities. Others operate throughout an entire state or even several states. As thousands of acres of open space are lost to development annually, the public is turning more and more frequently to land trusts, which are filling a national need to protect and steward open lands in perpetuity. Land trusts are also sometimes called conservancies, foundations and associations. The country's first land trusts were established in Massachusetts during the 1850s for the purpose of protecting small parcels of land for public use. They were often known as "village improvement societies." One hundred years later in 1950, there were 53 land trusts operating in 26 states. Since that time, the increase in numbers of land trusts and the acres they have protected has been dramatic.

Today, there are more than 1,500 local and regional land trusts across the nation protecting more than nine million acres of farmland, wetlands, ranches, forests, watersheds, river corridors, and other land types, as well as several national land trusts that have protected millions more acres. There are also a growing number of land trusts outside the U.S. in countries such as Canada, Costa Rica and Australia.

What Conservation Tools Do Land Trusts Use?

Land trusts use a variety of tools to help landowners protect their land. The most commonly used protection methods are purchasing or accepting donations of conservation easements and land.

Conservation Easements

A conservation easement (or "conservation restriction") is a voluntary legal agreement between a landowner and a land trust (or government entity) that permanently restricts certain aspects of land use in order to protect the conservation values of the property. Landowners may either donate or sell a conservation easement. When a landowner places a conservation easement on his or her land, he or she maintains ownership and use of the property and can sell it or pass it on to heirs. The land is subject to certain restrictions agreed upon by the landowner and the land trust. For example, a landowner might agree to limit development on his or her property to one residence of a particular size.

Future landowners are bound by these restrictions as well, and the land trust is responsible for monitoring the property and upholding the terms of the easement. Conservation easements have become one of the most commonly used land conservation tools in the country. Currently, local and regional land trusts hold more than 11,600 conservation easements, protecting more than five million acres of land.

Benefits of Conservation Easements

In addition to the satisfaction landowners get from knowing their land is protected in perpetuity, there are also three potential tax advantages to granting a conservation easement: an income tax deduction; an estate tax benefit; and, possibly, a reduction in property taxes. A conservation easement donation that meets certain federal tax code regulations – that is, one that is perpetual, is given to a qualified conservation organization and is given "exclusively for conservation purposes"

– can qualify as a tax-deductible charitable gift. (See Internal Revenue Code Section 170(h)(1)). By removing or decreasing a property's development potential, a conservation easement may also result in the reduction of property taxes in some states and estate tax benefits for the landowner and his or her heirs. (Landowners should consult a tax attorney or refer to the publications listed below for more information on the potential tax benefits of donating a conservation easement.)

Land Donations

Land can be given to a land trust as an outright donation, or it can be donated to a land trust in a number of other ways, such as through a remainder interest or a bequest (more properly called a "devise"). Most land is donated to land trusts for its important conservation values and is protected in perpetuity; however, commercial and residential property can also be donated to a land trust with the understanding that it will be sold to support the organization's conservation work.

Outright Donation

A donation of land to a land trust can be an effective conservation strategy for one who does not wish to pass land on to heirs; owns highly appreciated property; no longer uses the land they own; wishes to reduce estate tax burdens; or are no longer willing or able to manage and care for the land. By donating land to a land trust, an owner may realize substantial income and estate tax benefits while avoiding capital gains taxes that may have resulted from the sale of the property.

Remainder Interest

A gift of a remainder interest (also known as a reserved life estate) is granted when a landowner donates land to a trust during his or her lifetime, but reserves the right for him or herself, and any other named party, to continue to live on the land until their death(s) or voluntary release of the interest. Donors of remainder interests may be eligible for income tax deductions.

Land Donation by Will or by Devise

A landowner can continue to own and manage his or her land during his or her lifetime, but still ensure its ultimate protection after death by donating land to a land trust through his or her will. This is called a gift by devise. If a landowner is interested in donating an easement or land through his or her will, he or she should discuss his or her plans with the recipient organization to ensure that the organization is willing and able to accept the gift.

Land Sales

A landowner may want to protect his or her land permanently but be unable or unwilling to relinquish that land without receiving financial compensation. In this case, the landowner may choose to sell his or her land to a land trust. The property may be sold at fair market value or at a price below fair market value, which is referred to as a bargain sale. These are some of the more common conservation tools used by land trusts. There are many other strategies employed, as well.



Information Resources

About Land Trusts from the Land Trust Alliance - www.lta.org/conserve/about-land-trusts

About Land Trusts from The Trustees of Reservations - www.thetrustees.org/pages/45_glossary_of_terms. cfm

Publications

"Conservation Options: A Landowner's Guide"-(\$7.00 members / \$8.50 regular) - iweb.lta.org/Purchase/ProductDetail.aspx?Product_code=LOG

"Preserving Family Lands: Book I"
- (\$18.00 members / \$23.00 regular) - iweb.lta.org/
Purchase/ProductDetail.aspx?Product_code=PLF1

"Preserving Family Lands: Book III" - (\$20.00 members / \$25.00 regular) - iweb.lta.org/Purchase/Product-Detail.aspx?Product_code=PLF3



Copyright © 2008, Land Trust Alliance

This document is one of a series of fact sheets and reference materials produced by the Land Trust Alliance. This publication is designed to provide accurate, authoriative information on the subject matter covered. It is offered with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advise is required, the services of experienced professional advisors should be sought.

Revised May 2008.

REFERENCES

FARMERS ON THE EDGE, GROWNYC (2011)

FARMING ON THE EDGE, AMERICAN FARMLAND TRUST (1997)

FINDING LAND TO FARM: SIX WAYS TO SECURE FARMLAND, ATTRA — NATIONAL SUSTAINABLE AGRICULTURE INFORMATION SERVICE

GAINING GROUND: HOW CSAS CAN ACQUIRE, HOLD, AND PASS ON LAND, ADAPTED BY EQUITY TRUST FROM FARMS OF TOMORROW REVISITED (1997)

<u>Guide to Farming in NYS: What Every Ag Entrepreneur Needs to Know</u>, Northeast Beginning Farmers Project (2012)

LEGAL GUIDE TO ON-FARM EVENTS, FARM COMMONS (2013)

New York State Open Space Plan, NYS Department of Environmental Conservation (2009)

ORANGE COUNTY AGRICULTURAL & FARMLAND PROTECTION PLAN (1996, UPDATE IN PROGRESS)

ORANGE COUNTY COMPREHENSIVE PLAN (2003, UPDATED 2004 AND 2010)

ORANGE COUNTY OPEN SPACE PLAN (2004)

SECURING FRESH, LOCAL FOOD FOR NEW YORK CITY AND THE HUDSON VALLEY: A FOODSHED CONSERVATION PLAN FOR THE REGION, SCENIC HUDSON, INC. (2013)

ULSTER COUNTY LAND USE REFERRAL GUIDE (2008)

ULSTER COUNTY OPEN SPACE PLAN (2007)







HUDSON VALLEY FARMLINK NETWORK

THE HUDSON VALLEY FARMLINK NETWORK (HVFN) IS A PARTNERSHIP OF ORGANIZATIONS, COORDINATED BY AMERICAN FARMLAND TRUST, DEDICATED TO FACILITATING FARM TRANSFERS AND MAKING FARMLAND ACCESSIBLE TO THE NEXT GENERATION OF FARMERS IN THE HUDSON VALLEY.

THE FOLLOWING ORGANIZATIONS ARE HVFN FOUNDING MEMBERS:

AMERICAN FARMLAND TRUST:

AFT New York: http://newyork.farmland.org/

AGRICULTURAL STEWARDSHIP ASSOCIATION: HTTP://WWW.AGSTEWARDSHIP.ORG/

CATSKILL FARMLINK: <u>WWW.CATSKILLFARMLINK.ORG</u>

COLUMBIA LAND CONSERVANCY: http://clctrust.org/

CORNELL COOPERATIVE EXTENSION OF ORANGE COUNTY: http://counties.cce.cornell.edu/orange/orange.htm

CORNELL COOPERATIVE EXTENSION OF ULSTER COUNTY: http://www.cceulster.org/

DUTCHESS LAND CONSERVANCY: http://dutchessland.org/

GLYNWOOD CENTER: http://www.glynwood.org/

GROWNYC: HTTP://www.grownyc.org/

NORTHEAST ORGANIC FARMING ASSOCIATION OF NEW YORK: HTTP://www.nofany.org/

NY FARMLINK: http://www.newyorkfarmlink.org/

ORANGE COUNTY LAND TRUST: http://www.oclt.org/

SARATOGA PLAN: http://www.saratogaplan.org/

STONE BARNS CENTER: https://www.stonebarnscenter.org/

WESTCHESTER LAND TRUST: http://www.westchesterlandtrust.org/

WINNAKEE LAND TRUST: HTTP://WWW.WINNAKEELAND.ORG/



LAND TRUSTS, NON-PROFIT ORGANIZATIONS AND GOVERNMENT AGENCIES

AMERICAN FARMLAND TRUST FARMLAND INFORMATION CENTER 800.370.4879

WWW.FARMLANDINFO.ORG

AMERICAN FARMLAND TRUST New York State Office 518.581.0078

HTTP://NEWYORK.FARMLAND.ORG/

COLUMBIA LAND CONSERVANCY 518.392.5252 WWW.CLCTRUST.ORG

CORNELL COOPERATIVE EXTENSION
HTTP://www.cce.cornell.edu/Pages/Default.aspx

E.F. SCHUMAKER SOCIETY 413.528.1737

WWW.SMALLISBEAUTIFUL.ORG

EQUITY TRUST 413.256.6161 WWW.EQUITYTRUST.ORG

GLYNWOOD 845.265.3338

HTTP://WWW.GLYNWOOD.ORG/

NATIONAL SUSTAINABLE AGRICULTURE INFORMATION

SERVICE 800.346.9140 WWW.ATTRA.ORG Nelson Institute Land Tenure Center 608.262.6416

HTTP://WWW.NELSON.WISC.EDU/LTC/

NYS DEPARTMENT OF AGRICULTURE AND MARKETS 800.554.4501
HTTP://WWW.AGRICULTURE.NY.GOV/

OPEN SPACE INSTITUTE
NORTHERN PROGRAM OFFICE
518.427.1564
WWW.OSINY.ORG

ORANGE COUNTY LAND TRUST 845.469.0951 WWW.OCLT.ORG

ORANGE COUNTY AGRICULTURE AND FARMLAND
PROTECTION BOARD
845.291.4000
HTTP://WWW.ORANGECOUNTYGOV.COM/CONTENT/1

24/1362/1462/4632/9174/DEFAULT.ASPX

ORANGE COUNTY PLANNING DEPARTMENT
845.291.4000

http://www.orangecountygov.com/content/1
24/1362/default.aspx

ORANGE COUNTY SOIL AND WATER CONSERVATION
DISTRICT
845.343.1873
http://www.ocsoil.org/

PECONIC LAND TRUST
631.283.3195
http://www.peconiclandtrust.org/index.html

ROUNDOUT VALLEY GROWERS ASSOCIATION 845.626.1532

http://www.rondoutvalleygrowers.org/

Scenic Hudson, Inc. 845.473.4440 www.scenichudson.org

ULSTER COUNTY PLANNING DEPARTMENT 845.340.3340 HTTP://ULSTERCOUNTYNY.GOV/PLANNING

ULSTER COUNTY SOIL AND WATER CONSERVATION
DISTRICT
845.883.7162
HTTP://www.ucswcd.org/

U.S. DEPARTMENT OF AGRICULTURE

NATURAL RESOURCES CONSERVATION SERVICE

NEW YORK STATE PROGRAM

HTTP://www.nrcs.usda.gov/wps/portal/nrcs/site
/ny/home/



WALLKILL VALLEY LAND TRUST 845.255.3761
HTTP://WALLKILLVALLEYLT.ORG/

WOODSTOCK LAND CONSERVANCY
845.679.6480
HTTPS://WWW.WOODSTOCKLANDCONSERVANCY.ORG/

