



LEASING

Elements of a Good Lease

The following is a partial list of important conditions to cover in a written agricultural lease. It is meant to guide the lease negotiation process, but it is not exhaustive and should not be used as a template for an actual lease.



Preamble.

Describes legal structures of landholder and tenant parties. May also describe lease intent.



Description of leased property.

Includes acreage, permanent structures, and address of property. Attach a map when possible. Use legal description from Preliminary Title Report.



Term.

How long does the lease last? Initial length, as well as terms of renewal.



Rent.

Lease payment amount, how and when it will be paid, installments, deposits.



Use.

Allowable uses, restrictions or requirements regarding production and other activities, production practices, etc.



Operating Costs.

Water district fees, electrical use, and other utilities. How these will be assessed, who pays, how they'll be billed. Usually tenant must pay all business-related costs.



Maintenance, repairs, alterations.

Who is responsible for maintenance of land and infrastructure? Allowable alterations, permanent and temporary structures, and whether permission is required.



Indemnification and liability insurance.

Holds landholder harmless (might also be written to also hold tenant harmless as well). Must tenant hold general liability policy? Other required insurance and identifies landholder as additionally insured. Specifies the amount of coverage.



Taxes and assessments.

Clarifies that landholder is responsible for property taxes and tenant is responsible for all personal/business-related taxes.

**Initial condition of premises.**

Property accepted as-is?
Improvements or repairs required before start of lease?

**Assignment or subletting.**

Allowable or not? If yes, include conditions.

**Compliance with law.**

Reiterates that tenant is responsible for all applicable laws re: hazardous materials, labor, environmental regulations, etc.

**Default by tenant or landholder.**

What constitutes breach of lease, how it can be remedied or terminated?

**Dispute resolution.**

To avoid potentially costly attorneys' fees/court fees, my specify mediation and/or binding arbitration.

**Signatures.**

Includes signatures of tenants and landholders in addition to address and contact information for each.

[Contact California FarmLink](#) for assistance with lease or contract negotiation and development.