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Ann M. Johanns

Iowa State University, aholste@iastate.edu

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Updating your cropland cash rental rate

by Ann M. Johanns, extension program specialist, 641-732-5574, aholste@iastate.edu

Cash rent lease agreements are popular because they are supposed to be simple, relieving the owner of making decisions throughout the year and giving the tenant the freedom to make their own decisions for raising a crop. With a fluctuating market, the risk and returns from changing prices, yields and costs are all borne by the tenant, but how does a landowner decide a fair price for the land?

Ag Decision Maker’s leasing page is a portal to all Iowa State resources on improving your lease contract. The Decision Tool, **Cash Rental Rate Estimation**, is a user friendly spreadsheet to compare different methods for computing a cropland cash rent. It includes inputs for current prices, typical farm yields and estimated production costs to provide answers based on the land, not what the neighbor is charging. Users can find rents based on a share of gross income, yield potential, CSR, land value, tenant’s residual or a crop share equivalent. Detailed information on each method is available in the coordinating Information File, **Computing a Cropland Cash Rental Rate**.

According to ISU Extension and Outreach specialist Tim Eggers, many lease rates are being negotiated through the winter months.

“There is a common misperception. The lease termination deadline is Sept. 1. So landlords or tenants who want to make a change in their existing lease, whether it is oral or written, need to provide a notice of lease termination to the other party prior to Sept. 1. However, the leasing year doesn’t begin until March 1. Many lease rates and conditions are negotiated after harvest and even in the winter.”

The leasing page (www.extension.iastate.edu/agdm/wdleasing.html) links to rental surveys, lease forms and more on how to improve your lease contract. The Decision Tool (www.extension.iastate.edu/agdm/wholefarm/xls/c2-20croplandcashrent.xls) and Information File (www.extension.iastate.edu/agdm/wholefarm/html/c2-20.html) are available online, in your county ISU Extension office, or by contacting Ag Decision Maker at: agdm@iastate.edu.

Updates, continued from page 1

Internet Updates

The following information files and tools have been added or updated on www.extension.iastate.edu/agdm.

July Corn Basis -- A2-43 (12 pages)

July Soybean Basis -- A2-44 (12 pages)

Current Profitability

The following tools have been updated on www.extension.iastate.edu/agdm/info/outlook.html.

Corn Profitability -- A1-85

Soybean Profitability -- A1-86

Season Average Price Calculator -- A2-15

Ethanol Profitability -- D1-10

Biodiesel Profitability -- D1-15

Returns for Farrow-to-Finish -- B1-30

Returns for Weaned Pigs -- B1-33

Returns for Steer Calves -- B1-35

Returns for Yearling Steers -- B1-35

... and justice for all

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