

Cash vs Shares

This is Ag Outlook on 1420 KJCK, I'm Chuck Otte, Geary County, K-State Research and Extension Ag & Natural Resources Agent. One of the things that we discussed at the ag lease meeting last week was crop share leases versus cash leases. I am frequently asked which is better, cash or shares leases. The fact of the matter is that one is not superior to the other. They are two different ways to accomplish the same thing and which one you go with all depends on what your needs are. Shares leases require the landlord to share in some of the crop production expenses in exchange for receiving a share of the crop. For younger tenants who may not have as many financial resources, this may be the only way that they can afford a lease. For the landlord that still has an active interest in farming, this is a good way to kind of keep involved and they have the opportunity to share in the really good crop years, but it can also hurt the pocketbook in those not so good years. Cash leases are simpler to understand for landlords not as heavily involved or interested. The landlord gets an annual cash payment and the tenant bears all the expense, all the risk and receives all the crop. No more splitting of some bills and no confusing farm program splits to worry about. There are also ways to create variable cash leases so landlords can still benefit from the really good years, while still locking in a guaranteed annual payment. A cash lease does require more cash input by the tenant but most tenants that have switched to cash leases really appreciate the simplicity of it. Which one is for you? You have to make that decision! This has been Ag Outlook on the Talk of JC, 1420 KJCK, I'm Chuck Otte.

Farm Management Association

This is Ag Outlook on 1420 KJCK, I'm Chuck Otte, Geary County, K-State Research and Extension Ag & Natural Resources Agent. If you've been listening to these programs for very long, you have heard me talk about farm production costs as determined from the Kansas Farm Management Association. The farm management association is a division of K-State Research and Extension and is comprised of over 3,000 members all across the state. Members pay an annual membership fee and then receive personalized, one on one assistance from farm management fieldmen. Think of them as highly specialized county agents who only work with record keeping and farm management issues. They'll help you do a better job of keeping your farm books, creating year end analysis which will then lead to easier tax preparation. The fieldmen visit with you several times a year help you work through decision making on purchases and leasing as well as helping you understand production costs so you can better determine marketing targets beyond, "hit the high of the year". Geary County has about 25 farm management association members and that number has stayed fairly stable. An existing waiting list of people who wanted to join took care of any openings that may have come along. Well, for the first time in a couple of decades, our farm management association is expanding and they are actively looking for new members. As an incentive they are offering ½ price first year memberships. If you are interested and want to talk more about it, including costs, give me a call. I can answer some questions, then get you in touch with the fieldmen or other existing members for more details. This has been Ag Outlook on the Talk of JC, 1420 KJCK, I'm Chuck Otte.

Why a Written Lease

This is Ag Outlook on 1420 KJCK, I'm Chuck Otte, Geary County, K-State Research and Extension Ag & Natural Resources Agent. At our ag lease meeting last week we had a very open and frank discussion about written leases versus oral leases. 30 years ago, written leases were virtually unheard of except for pasture leases. Crop leases were virtually all oral agreements. Oral leases are binding in Kansas but they are also highly subject to restrictions of Kansas statutes. In other words, on a handshake you turn over control of said land to the tenant and regardless of what conversations may have taken place, if the deal winds up in court, you are at the mercy of the courts and statutes. What surprised me at the meeting was the tone taken by several of the tenants. Virtually all of them, while still having some oral agreements, would prefer to have a written lease. Oral leases, by law, can only be one year in length, but they also automatically renew each year unless proper termination is given. Written leases can be for any length of time can be set to automatically renew or NOT renew and can end on any date of the year. In the state's view, an oral lease turns absolute control over to the tenant. In a written lease, you can be very specific about what the tenant, or landlord for that matter, can do. Here's the part that I think is most critical. A written lease doesn't mean you don't trust the other party. It simply means that anything can happen to any of us at anytime and if it does, the survivors know what the terms of the lease are. I've had many spouses or kids that have taken over as landlord after Dad has passed away that has no idea what was agreed to. Don't leave things to chance, take a few minutes and have a written lease. This has been Ag Outlook on the Talk of JC, 1420

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