

**Disclaimer:** This Agreement has been prepared for general information purposes only and is intended to provide a starting point for farmers as they develop Agreements for use in their business. Persons relying on such information do so entirely at their own risk, and this template should serve as a platform for discussion between farmer and landowner and reviewed by counsel serving both.

NORTH CAROLINA

COUNTY OF \_\_\_\_\_

### FARM LEASE

THIS LEASE is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (name(s) of Landlord(s)), and \_\_\_\_\_ (name(s) of Tenant(s)). [If Tenant is a business entity, insert name followed by a North Carolina Limited Liability Company (or corp) as appropriate

**1. Demise and Property.** The Landlord leases to the Tenant, to occupy and use for agricultural, \_\_\_\_\_ (any other specific purpose: i.e., equestrian, timber, etc..) and related purposes, certain real property (the "Property"), including buildings and improvements, located in \_\_\_\_\_ County, North Carolina, and more particularly described as:

1.1 Description. Approximately \_\_\_\_\_ acres adjoining \_\_\_\_\_ (road) in \_\_\_\_\_ County, North Carolina and given the parcel identification number of \_\_\_\_\_. A more detailed description is recorded in the \_\_\_\_\_ County Register of Deeds at Book \_\_\_\_\_, Page \_\_\_\_\_. The Property will include fixtures and features described in Exhibit A.

1.2 Exceptions. Excepted from the leased premises are 1) an approximately \_\_\_\_ square-foot residence and 2) a one-half acre un-surveyed parcel upon which the residence stands at its center. There is reserved unlimited ingress and egress for Landlord and their invitees across the demised premises from \_\_\_\_\_ (name of access road) via the front drive to this excepted tract.

**2. Term.** The initial term of this Lease shall run for a period of \_\_\_\_ years, to commence on January 1, \_\_\_\_\_ and terminate on December 31, \_\_\_\_\_. Tenant may record a Memorandum of Lease with \_\_\_\_\_ County Register of Deeds if desired; Landlord shall record a Memorandum of Lease with the \_\_\_\_\_ County Register of Deeds if the Term is three or more years.

2.1 Renewal Term. This lease shall automatically renew \_\_\_\_\_ (each year, at the end of the term) for a one-year term so long as Tenant continues to pursue \_\_\_\_\_ (stated

*purposes*) on the premises and unless terminated by written notice of Landlord or Tenant before \_\_\_\_\_(*preferred termination date/window*). [*Alternative Language*]This lease will automatically renew for the same term unless terminated in writing by either party before October 31 of the relevant year.

3. **Rent. Rate.** Tenant agrees and covenants to pay to Landlord or to such other persons or entities as Landlord may from time to time designate in writing, the \_\_\_\_\_(*monthly/annual*) fixed rent of \$\_\_\_\_\_ for the entire premises.

3.1 **Payment Date.** The annual payment identified in §3 above is due **on the first of each month (or annually)** and continuing on the first day of each month thereafter.

3.2 **Late Charges.** In the event Tenant fails to pay any rent within five days of when due, the Tenant shall pay to Landlord a late charge equal to 5% of the amount due to compensate Landlord for the extra costs incurred as a result of such late payment.

3.3 **Rent Increases.** Rent shall be reviewed on an annual basis, and shall remain the same unless agreed in writing by Landlord and Tenant by \_\_\_\_\_(*choose same date for renewal and rent increases for ease of process*)

4. **Purpose.** The Property is to be used by Tenant for agriculture, equestrian, or related purposes. *This section can be left very general (as above) or be more specific by adding in Permitted and Prohibited Use Sections (see below).*

4.1 **Use of Land.** Landowner permits, authorizes, and consents to Tenant Farmer's undertaking all activities incident to agricultural uses of the Premises, including:

All farming practices shall demonstrate respect for sustainability;  
Growing vegetables, herbs, berries and flowers;  
Field crops and cover crops;  
Hemp if license is obtained;  
Nut trees;  
Chickens for eggs and meat; and/or  
Livestock.

4.2 **Prohibited Uses.** Tenant Farmer may not, without the prior written consent of Landowner, engage in any of the following activities on said parcels:

Add fencing, hoop houses, chicken coops or other structures or fencing. The specific location of any proposed structure must be approved by Landowner. Exhibit "B" lists the structures and locations that are approved by Landowner at the time of this Agreement.

Any prohibited use can be permitted with the written consent of the Landowner. Landowner may approve, disapprove, require more information, or require certain modifications to the proposed improvement. Farmer's final written proposal including a

clear indication of Landowner's consent and signed by Landowner constitutes written consent of Landowner.

## **5. Covenants.**

### **5.1 Landowner Covenants.** The Landowner covenants with the Tenant Farmer:

To allow the Tenant Farmer full use of the Lands that comprise the Leased Premises beginning on the Commencement Date and ending on the Termination Date;

### **5.2 Farmer Covenants.** The Farmer covenants with the Landowner:

To pay all amounts payable by the Farmer to the Landowner under this Lease (collectively the "Rent");

To use the Leased Premises only for the permitted purposes listed above or any permitted purpose that Landowner later gives written permission to do;

To comply with present and future laws, regulations and orders relating to the occupation and use of the Leased Premises;

To permit the Landowner to enter the Leased Premises at any time outside normal business hours in case of an emergency and otherwise during normal business hours where such will not unreasonably disturb or interfere with the Farmer's use of the Leased Premises or operation of its business, to examine or inspect the Lands;

To be respectful of the Landowner's property and business that take place on the surrounding property, to include but not limited to, people, buildings, equipment, livestock, and fixtures;

To not limit in any way, access to the Water Source by other parties to include the Landowner and guests;

## **6. Best Management Practices.** Tenant Farmer agrees to employ standard best management practices.

Tenant Farmer agrees to comply with all federal, state, and local laws, regulations, ordinances, decrees, and rulings in connection with the use of the premises and any agricultural or other activities conducted thereon, including but not limited to any and all regulations, directives, and procedures necessary to ensure that Landowner continues to qualify for Current Use status under the State's tax code.

## **7. Improvement of the Premises.**

7.1 Landlord Improvements. Landlord may build improvements, as the need arises, with the consent of the Tenant.

7.2 Tenant Improvements. The Tenant may at its expense make improvements, additions or alterations to the Property throughout the term of this Lease with the written consent of the Landlord.

7.3 [Alternative Language] The Tenant Farmer may from time to time at its own expense make changes, additions and improvements to the Leased Premises to better adapt the same to its business, provided that any change, addition or improvement shall be carried out in a good and workmanlike manner and the Tenant Farmer shall not incur any debt during the course of work or for materials that could result in a lien or encumbrance on the Landowner's interest in the property. Such Alterations must be approved in writing by Landowner.

7.4 {Alternative} Tenant Improvements. Tenant may make improvements to the property. Tenant will have the right to remove all or any part of Tenant's additions from the Property during the term of this Lease or at its expiration, or within thirty (30) days thereafter; provided, however, that Tenant, in removal, does not cause any irreparable damage to the Property or the improvements that will remain the property of Landlord. Tenant shall pay or reimburse Landlord for the reasonable expense of repairing the damage caused by such removal.

7.5 Removal of Improvements by Tenant Farmer. Improvements made under this \_\_\_\_\_ (*applicable sections*) that are capable of severance may be removed by Tenant Farmer at any time or within 30 days after termination of the lease even though they may be fixtures, provided that Tenant Farmer leaves in good condition that part of the farm from which such improvements are removed. Improvements not capable of severance shall become the property of Landowner at termination of the lease without compensation to the Tenant Farmer. For alterations requiring approval from Landowner, Landowner and Tenant Farmer may agree whether such alteration is removable by Tenant Farmer.

**8. Taxes.** Landlord shall be responsible for real estate taxes on the Property.

**9. Utilities.** Tenant will pay all charges for electricity and any other utility service allocated to agricultural or equestrian use by agreement with the Landlord.

9.1 Utilities contracts. Tenant has the option to place utility contracts in its name, and if so will have the right to any surplus power income.

9.2 Energy Tax Credits. Landlord specifically reserves the right to claim any tax credits related to installation of energy facilities on the premises.

9.3 Equipment, fixtures, and signs. All furnishings, fixtures, equipment, and signs used on the Property, which have been supplied to or installed by the Landlord, shall be the property

of Landlord. A partial list of fixtures retained by the Landlord is attached as Attachment A. Installed items belonging to Tenant are included as Attachment B.

**10. Care and surrender of the Premises.** Tenant shall commit no waste on the Premises. Upon any termination of this Lease, Tenant shall surrender possession of the Premises, without notice, in as good condition as at the commencement of the term, reasonable wear and tear and casualty beyond the Tenant's control being excepted. Tenant shall be responsible for any environmental clean-up required by the proper authorities, which contamination resulted from Tenant's activities.

**11. Entry by Landlord.** Landlord, Landlord's agents and representatives may, at any reasonable time and at least once each year, enter the Property for the purpose of inspecting and repairing building and grounds; provided, however, that, in so doing, Landlord, Landlord's agents or representatives will endeavor to avoid interfering with the use and occupancy of the Property by Tenant.

**12. Indemnity.** Tenant shall indemnify Landlord against, and hold Landlord harmless from, all claims, demands, and/or causes of action, including all reasonable expenses of Landlord incident to such proceedings, for injury to, or death of any person, or loss of, or damage to, any property, where such claims, demands, and/or causes of action are not caused by the negligence, omission, intentional act or breach of contractual duty of or by Landlord or anyone for whom Landlord is responsible. Tenant's agreement to indemnify Landlord must include, but not be limited to, all claims, demands, and/or causes of action, including all reasonable expenses of Landlord, arising from any hazardous waste generated by Tenant.

**13. Insurance.** Tenant shall obtain and keep in effect general liability insurance against any and all claims for personal injury or property damage occurring in or upon the Premises during the term of the Lease and any extensions.

**14. Fire and Casualty.**

14.1 Restoration. In the event the Property is damaged or rendered totally or partially untenable by fire or casualty, Landlord may repair or restore the Property to the condition of the Property prior to such fire or casualty within a reasonable time, not exceeding six (6) months after the date of such fire or casualty, in which event the Lease term shall not terminate.

14.2 If Untenable and Near End of Term. Should the Property be so damaged or destroyed as to render the building(s) and/or the house totally or partially untenable and the fire or casualty occurs within a six (6) month period prior to the termination of the initial term of this Lease or any extension, Tenant has the right and option to declare the Lease terminated.

**15. Assignment or subletting.** Tenant does not have the right to assign or sublet this Lease without Landlord's written consent.

**16. Minerals.** Nothing in this Lease confers upon the Tenant the right to minerals underlying the Property.

**17. Default.**

17.1 Tenant Default. In the event Tenant fails to pay when due any of the rentals provided for in Section 4 or fails to promptly keep and perform any other covenant in this Lease, Landlord, prior to taking any other action, shall give Tenant written notice specifying the default(s). Tenant shall have thirty (30) days after receipt of said notice to correct any rental default and thirty (30) days to correct any other default(s). If Tenant fails to correct the default(s) within the specified time periods, the Landlord may: (a) terminate this Lease and re-enter the Property, with or without process of law, and take possession by reasonable force; or (b) relet the Property at the best rental obtainable, Tenant to remain liable for the deficiency, if any, between the rental received by Landlord on any reletting and the rental provided for in this Lease.

17.2 Landlord Default. Should there be any default or breach of this Lease on the part of Landlord, Tenant shall give Landlord notice, and should Landlord fail to correct such breach or default within thirty (30) days after such notice, the Tenant may remedy such breach or default and deduct the reasonable cost, including interest on same, from rentals due or to become due Landlord, or pursue any other legal or equitable remedy to which it is entitled. If Tenant has not been reimbursed for its reasonable cost in remedying Landlord's breach or default at the expiration of the last term of this Lease, or if Landlord is indebted to Tenant because of a breach or default of this Lease at the expiration of the last term, Tenant may, at its option, extend this Lease on the same terms and conditions as provided until such costs and indebtedness are fully paid by application to rent.

17.3 Diligence to Cure. If any default occurs, other than in the payment of money, which cannot with due diligence be cured within a period of thirty (30) days, and if the defaulting party commences to eliminate the causes of such default within said thirty (30) day period and proceeds diligently and with reasonable dispatch to take all steps and do all work required to cure such default and does cure the default(s), then the non-defaulting party does not have the right to declare the Lease terminated by reason of such default.

**18. Waiver.** The failure of Landlord or Tenant to insist upon prompt and strict performance of any of the terms, conditions or undertakings of this Lease, or to exercise any option conferred, in any one or more instances, except as to the option to extend or renew the term, shall not be construed as a waiver of the same or any other term, condition, undertaking or option.

**19. Parties Bound.** The terms, covenants, agreements, conditions and undertakings contained in this Lease shall be binding upon and shall inure to the benefit of the heirs, successors in interest and assigns of the parties. Where more than one party shall be the landlord in this Lease, the word "Landlord", whenever used in the Lease, includes all Landlords jointly and severally.

- 20. Entire Agreement, Modification, Severability.** This Lease, its Exhibits and any Addenda contain the entire agreement between the parties, and no representations, inducements, promises or agreements, oral or otherwise, entered into prior to the execution of this Lease will alter the covenants, agreements and undertakings set forth. This Lease shall not be modified in any manner, except by an instrument in writing executed by the parties. If any term or provision of this Lease or its application to any person or circumstance is invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, is not affected and each term and provision of this Lease is valid and be enforceable to the fullest extent permitted by law.
- 21. Liens.** Tenant must keep the Property free from any liens arising from any labor performed by or on behalf of, or materials furnished to Tenant, or other obligations incident to its use or occupancy. If any lien attaches, and the same is not released by payment, bond or otherwise, within twenty (20) days after Landlord notifies Tenant, Landlord has the option to discharge the same and Tenant shall reimburse Landlord promptly. Nothing contained in this Lease is deemed to deny Tenant the right to contest the validity of any such lien. Nothing in this Lease shall be construed as consent by Landlord to Tenant to make any alteration, improvement or installation or addition so as to give rise to any right to any laborer or material-person to file any mechanic's lien or any notice, or any other lien purporting to affect Landlord's property.
- 22. No Partnership Intended.** It is particularly understood and agreed that this Lease is not deemed to be nor intended to give rise to a partnership relationship.
- 23. Transfer of Property.** All transfers of the Property are subject to the provisions of this Lease.
- 24. Binding on Heirs.** The provisions of this Lease shall be binding upon the heirs, executors, administrators, and successors of both Landlord and Tenant in like manner as upon the original parties, except as provided by mutual written agreement.
- 25. Mediation.** Any differences between the parties as to their several rights or obligations under this Agreement not settled by mutual agreement after thorough discussion must be submitted for mediation. The mediator must be knowledgeable of the subject matter of the dispute and shall be agreed upon by the parties. The disputing parties shall share equally the cost of the mediator. If the parties cannot agree upon a mediator or if the dispute cannot be resolved by mediation, the parties may then pursue their claims in a court of law in the State of North Carolina.

IN WITNESS WHEREOF, the parties have caused this Lease to be duly executed as of the day and year first above written.

Signed and acknowledged in our presence:

LANDLORDS:

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TENANT:

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