



Landlord/Tenant Cash Lease Education

Farmland prices and cash rents have more than doubled in the last five years. Volatility in commodity prices has made land leasing decision critical to the final cost of crop production for tenants. Land investors must also effectively manage their venture for optimum return. This requires good communications and sound financial decision-making from all parties involved. Landowners and tenants must find the best financial vehicle that optimizes return and risk exposure for them. In northeast Nebraska nearly 600 landowners and tenants were surveyed to determine the need for further education on this topic. Ninety-four percent of respondents requested more in-depth education, including the skills to deal with land leasing, landowner/tenant communications, and risk management.

In 2012, the NCERME Center awarded \$19,577 to project director Allan Vyhnalek, from the University of Nebraska Extension for *Landlord/Tenant Cash Lease*

Workshops to address these land asset management issues from the perspective of both the landowner and the tenant. The project was delivered through face-to-face workshops, including in-class assignment and evaluation materials as well as a DVD option for those unable to participate in the traditional workshop.

Producers learned how to evaluate their comfort level of risk exposure relative to renting agricultural land, and their “selling” risk to a landowner through flexible cash lease provisions that adjust automatically for market and yield variability. Instruction with landowners emphasized the evaluation of expected return on land, expectations, meeting a need with this valuable information. The project was delivered in 25 locations across the state of Nebraska.

Over 143,380 ac of corn, 74,034 ac of soybeans, and 51,200 ac of other crop were farmed by the producers in attendance. Participants indicated they would make changes in the following areas: 68% cash leases, 44% farmland leases, 30% crophare leases, 17% family relations, and 20% decision-making. Producers noted they would improve profitability and cost efficiency in: 66% cash leases, 60% flexible cash leases, 43% farmland leases, 20% decision-making and 14% risk management.

Participants noted: “This information will certainly help in our upcoming negotiations for cash rent,” and “This information made our discussions friendlier and we came to an agreement easily about how to proceed.”



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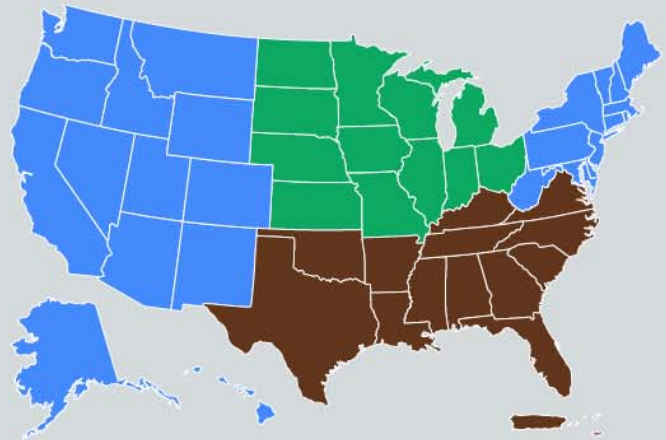
National Institute
of Food and
Agriculture

**“Educating America’s farmers and ranchers
to manage the unique risks of producing food
for the world’s table.”**

Extension Risk Management Education (ERME) is delivered through four regional centers that provide grant funding and leadership within their regions.

Projects are producer-focused, results-based and encourage public-private partnerships. Funded projects must identify targeted results that will help producers manage risk and then describe how the project will measure those results.

Extension Risk Management Education has funded innovative programs that have generated tangible results for producers in every state. ERME is committed to funding results, providing transparent accountability, and encouraging collaboration. View the accomplishments of all funded projects on our website. <http://ExtensionRME.org>



ERME Regional Centers



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