



## 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.*

1. **Preamble.** Describes lessor (landowner) and lessee (tenant). Includes mailing address for each. May also describe lease intent.
2. **Description of leased property.** Attach map if possible. Use legal description from Preliminary Title Report.
3. **Term.** How long does the lease last? Initial length, as well as terms of renewal.
4. **Rent.** Lease payment amount, how and when it'll be paid, installments, deposits.
5. **Use.** Allowable uses, restrictions or requirements regarding production and other activities, methods, etc.
6. **Operating Costs.** Water district fees, electrical use, etc. How these will be assessed, who pays, how they'll be billed. Usually tenant must pay all business-related costs.
7. **Maintenance, repairs, alterations.** Who is responsible for maintenance of land/infrastructure? Allowable alterations, and whether permission is required.
8. **Indemnification and liability insurance.** Holds owner harmless (might also be written to also hold tenant harmless as well). Must tenant hold general liability policy? If so, specifies amount of coverage.
9. **Taxes and assessments.** Clarifies that owner is responsible for property taxes and tenant is responsible for all personal/business- related taxes.
10. **Initial condition of premises.** Okay as-is? Improvements or upgrades required before start of lease?
11. **Assignment or subletting.** Allowable or not? If yes, include conditions.
12. **Compliance with law.** Reiterates that tenant is responsible for all applicable laws re: hazardous materials, labor, environmental regulations, etc.
13. **Default by tenant.** What constitutes breach of lease, how it can be remedied or terminated.
14. **Dispute resolution.** To avoid potentially costly attorneys' fees/court fees, specify mediation and then binding arbitration.

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