

## Important Considerations for Land Rental Agreements

Land rental agreements are becoming increasingly common in Alberta's agricultural industry. Whether your agreement will be a cash rental, production share or other arrangement, an agreement should be **in writing, reviewed by lawyers representing each party and signed by each party** before witnesses.

Although each individual rental situation may benefit from incorporating particular details, there are several integral terms that should be included in a rental agreement. The following terms will support a workable and equitable agreement for both landlords and tenants:

- ✓ **Tenant and landlord information**, including:
  - Names, addresses and contact information of both tenant and landlord
  - Statement that “landlord” and “tenant” shall include their heirs, executors, administrators, successors and assigns
- ✓ **Description of property**, including:
  - Legal land description and number of acres/hectares
  - Any areas or permanent buildings that are included or excluded
  - Land taxes and surface lease payments included or excluded
- ✓ **Length of agreement and renewal terms**, including:
  - Start and end dates
  - Conditions of renewal (e.g. required notice period and how it will be communicated)
- ✓ **Compensation**, including:
  - Rental amount, payment schedule and method of payment
  - Provision for review of compensation in a long-term agreement
  - Details of rental rates based on type of agreement (e.g. cash rental, crop or livestock share)
- ✓ **Use and maintenance of the lands and resource protection**, including statements describing:
  - Allowable use of land (e.g. crop, forage, or pasture)
  - Particulars on acceptable farming practices (e.g. erosion, nutrient, weed, insect or disease control, crop rotation, size of livestock herd, etc.)
  - Production or management decisions that the landlord wants to be involved in (e.g. clearing of trees, removal of chaff of other crop residues, restricted activities such as use of chemicals or activities that would void organic certification, etc.)
  - Requirements for material waste removal or restoration due to chemical or other contamination
  - Acceptable condition of the land when lease expires
  - Responsibility/compensation for improvements or repairs (e.g. for fences, outbuildings, etc.)
- ✓ **Governing law**:
  - Statement that the agreement is to be interpreted and enforced according to the laws of the Province of Alberta
- ✓ **Liability insurance** requirements

- ✓ **Notice of default and termination**, including terms for:
  - Conditions of termination (e.g. mutual agreement to terminate, termination due to breach of agreement without remedy within a definite period of time, required notice period, remedies that may be sought, etc.)
  - How notice of default or termination will be communicated (e.g. in writing, description of breach of terms, method of delivery, etc.)
- ✓ **Reassigning or subletting:**
  - Statement describing if the lessee is permitted to sublet land or reassign any part of the agreement
- ✓ **Sale of lease property:**
  - Statement describing terms and conditions if lease land is sold while agreement is in place
- ✓ **Severability:**
  - Statement that if any term or condition is deemed not enforceable, it can be severed from the agreement
- ✓ **Indemnity:**
  - Statement that provides exemption from legal liability for the owner where damage is caused by the tenant's actions/negligence
- ✓ **Access:**
  - Permissions/notice required for particular activities or allowable use of the land outside of cropping season (e.g. hunting, recreational, etc.)
- ✓ **Right of entry:**
  - Landlord's rights related to entry to inspect the rented property
  - Tenant's rights related to harvesting of crop or removal of stored grain, feed or other upon termination of the lease
- ✓ **Other:**
  - Details of grain, feed or equipment storage
  - How government support programs and/or subsidy payments will be allocated
  - Include arbitration or mediation by a third party as the desired method of dispute resolution and how a suitable third party will be chosen

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**This information is provided as a set of guidelines for drafting a land rental agreement. These considerations should strongly suggest you have a legal representative review any documentation prior to entering into a land rental or lease agreement.**

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Please contact the Farmers' Advocate Office at [farmers.advocate@gov.ab.ca](mailto:farmers.advocate@gov.ab.ca) if you have any questions, or the Ag Info Centre at 310-FARM (3276) for sample agreement clauses.