

Options for Setting the Rent		
Rent-Setting Option	Benefits	Drawbacks
<i>Annual Cash Rent</i>	<ul style="list-style-type: none"> • Easy to understand and implement • Maximum \$ each year to landowner • Maximum flexibility for landowner 	<ul style="list-style-type: none"> • Discourages long-term land stewardship practices • May not be affordable for <i>some</i> conservation or alternative crop practices (on the other hand, it may be quite affordable for some practices) • Difficult for organic farmers to operate with annual cash rent • Prevents farmer's access to conservation programs that require minimum five-year contracts
<i>Long-term lease with rent tied to commodity prices</i>	<ul style="list-style-type: none"> • Maximum or near-maximum \$ each year to landowner • Security of multi-year land use for the farm operator; stands to benefit from practices that may take longer than one growing season to provide a return on investment. • Access to conservation programs that require long-term control of the land 	<ul style="list-style-type: none"> • May not be affordable for <i>some</i> conservation or alternative crop practices (on the other hand, it may be quite affordable for some practices) • Less year-to-year flexibility for landowner
<i>Long-term lease with rent tied to yield or total farm revenue</i>	<ul style="list-style-type: none"> • Accounts for year-to-year weather variations and possibility of resulting reduced yields and/or incomes • Landowner and farm operator share risk • Access to conservation programs that require long-term control of the land 	<ul style="list-style-type: none"> • More complicated to administer; careful recordkeeping required • Not maximum \$ each year to landowner • Less year-to-year flexibility for landowner

<i>Crop sharing</i>	<ul style="list-style-type: none"> • Accounts for year-to-year weather variations and possibility of resulting reduced yields and/or incomes • Landowner and farm operator share risk • Can facilitate sustainable and conservation practices through agreements on what to plant on which acres 	<ul style="list-style-type: none"> • More complicated to administer; careful record-keeping required • Not maximum \$ each year to landowner • May be affected by timing of crop sale
<i>Graduated or stepped rent</i>	<ul style="list-style-type: none"> • Can facilitate start-up for beginning farmers • Can facilitate the three-year organic conversion process • May be a tax credit for the landowner 	<ul style="list-style-type: none"> • Requires up-front work to set the terms, plus careful yearly recordkeeping • Not maximum \$ each year to the landowner
<i>Rent-to-Own</i>	<ul style="list-style-type: none"> • May qualify for Federal Beginning Farmers and Ranchers program dollars • Allows a beginning farmer to build equity 	<ul style="list-style-type: none"> • May not return maximum \$ each year to the landowner • Risk of default and loss of equity to the beginning farmer
<i>Hybrid system:</i> Use a combination of different options on different acres depending on crop yield potential and conservation practice potential.		