

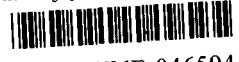
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# CALIFORNIA FARM TENANCY AND METHODS OF LEASING

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## INTRODUCTION

Tenanting of farm lands is a firmly established practice in California agriculture. Extensive areas of the state are in possession of owners who do not care to sell at prices they can obtain or are either unable or unwilling to attempt to personally operate their holdings. Owners so situated find in tenancy a means of obtaining some income, a relief from farm labor difficulties, a possibility for larger returns, and a chance to move to other localities to provide better educational facilities for their children or more acceptable living conditions for themselves.

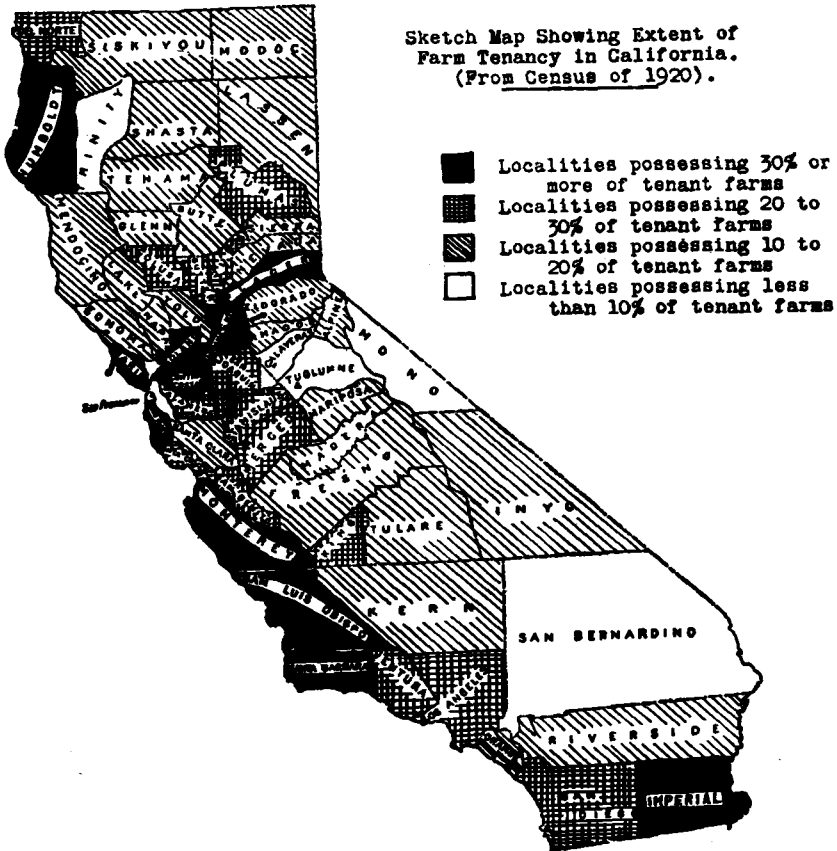
Tenancy relieves owners who are engaged primarily in other businesses and who are disinclined to give the time and attention required to direct farming operations. It provides a means of utilizing lands while being held for higher prices or until the time is opportune for subdividing and selling, or which are being retained for ultimate uses other than farming, such as power sites, mineral claims, or forest plantings. Tenancy is commonly utilized in connection with lands included in estates pending final court decrees permitting distribution, and lands inherited by women and children. Tenancy provides a way to greater freedom for men who desire to farm for themselves but who do not possess sufficient capital to purchase. It is a means, also, by which beginners in agriculture and new-comers to California may test their abilities prior to actual purchase. Yet it is possible that tenancy may increase to such an extent as to become a social and economic menace.

It is the purpose of this publication to set forth: (1) something of the tenant situation as it affects the social and economic welfare of California, (2) a description of leasing methods in use in various agricultural sections of the state, (3) a suggestion concerning ways of determining proper division of income between landlord and tenant, and (4) items to be considered in drawing up leases.

## STATUS OF FARM TENANCY IN CALIFORNIA

### EXTENT OF TENANCY

Federal census data covering the past forty years show that the practice of renting agricultural lands by owners to others for farming purposes is firmly entrenched in California. Figures collected in 1919 indicate that 21.4 per cent of the 117,670 farmers of the state farm



nothing but rented lands, while 9.9 per cent lease lands in addition to their own holdings. The trend in numbers of tenants during this period has kept pace with the increase in numbers of farms. The proportion of farmers operating rented lands only in 1880 was 19.8 per cent; in 1890, 17.6 per cent; in 1900, 23.1 per cent; in 1910, 20.6 per cent; and in 1920, 21.4 per cent. Data showing the proportion of

land area operated under some form of rental are not available prior to 1900. For the twenty years beginning in 1900 and ending with the 1920 census, the proportion has increased somewhat. In 1900, 14.3 per cent of the land area was in the hands of tenants; in 1910 the figure stood at 22.2 per cent; and in 1920 at 22.7 per cent.

#### MANY VIEWPOINTS REGARDING TENANCY

The complexity of the problem of tenancy gives rise to many viewpoints and to various opinions as to the effect which the practice may have upon the social and economic welfare of the state. The chief views and opinions may be classified as follows:

1. That leases give preferential privileges to members of more or less unassimilable races.

2. That concentration of foreigners in limited areas is encouraged by leasing, creating a condition contrary to the best interests of the state.

3. That the crop producing power of the land is more rapidly reduced under tenancy because less attention is paid to (a) proper methods for maintaining soil quality—a process which necessarily involves years of effort, (b) seed selection, (c) preventing infestation or subsequent control of weeds, rodents, insect, bacterial, and fungous pests, (d) proper use of irrigation water, (e) the practice of good farming in general.

4. That farm investments depreciate under tenancy, especially buildings, fences, implements and machinery, since costs of maintenance and improvements are of only remote or temporary interest to tenants.

5. That the prevailing method of leasing farm lands is a product of earlier conditions which are now so changed that a revision is in order.

6. That community progress is retarded where tenancy predominates, especially where team work is required for large reclamation plans or extensive improvements.

7. That there is a point beyond which the bad features of tenancy will more than offset any advantages. Just where this point may be is still a matter of conjecture, but if it is possible to set such a line of demarcation, its immediate determination is certainly vital and desirable.

It is manifestly impossible to discuss fully all angles of farm tenancy in a single experiment station publication. The outstanding, immediate need is for information concerning leasing practices now

followed in California. Studies of the extent and methods of renting are necessary as a preliminary to the forming of conclusions concerning what improvement, if any, is needed in the tenancy situation and how such improvement can be brought about.

A recent coöperative study\* of tenancy conditions in this state deals at length with the general economic and social conditions surrounding the renting or leasing of California farm lands. The findings show that, though economically tenancy has a place in present-day agriculture, the feeling is general that the future development of California agriculture should, whenever possible, exclude much of tenancy, particularly if the tenant class is composed of undesirable, unassimilable peoples who do not farm intelligently and are wasteful of California's agricultural assets.

#### ECONOMIC ADVANTAGES AND OBJECTIONS

The more outstanding economic advantages of tenancy are set forth as follows:

1. Opportunity to engage in farming with limited capital.
2. Part solution of the problem of obtaining suitable and sufficient farm laborers.
3. Utilization and hastened development of lands otherwise not likely to be farmed, such as ranges and hill lands, large estates awaiting subdivision, and lands poorly situated as to soils, water conditions, climate, towns, and markets.
4. Augmenting of land values through tenant activities.
5. Increased financial prosperity to community and to land owners.

The main economic objections to tenancy are:

1. Tendency toward soil deterioration.
2. Poor farming methods.
3. Neglect of land, buildings and equipment, partly traceable to the failure to give the tenant security in his right to unexhausted improvements.
4. Sending earnings out of the community.
5. Postponement of the subdivision and sale of large holdings.
6. Retardation of coöperative movements.

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\* *Land Tenancy in California*, Transactions of the Commonwealth Club, San Francisco, November, 1922, Vol. XVII, No. 10. Results from a coöperative study made jointly by the Commonwealth Club and the Division of Farm Management, College of Agriculture. Extracts used in this section dealing with the "Status of Farm Tenancy in California."

The bulk of evidence is to the effect that tenancy is a good thing economically for the locality where it occurs and in its total effect upon the state as a whole, provided that it is an adjunct to and not a substitute for ownership.

Socially, tenancy is bad in so far as it represents an influx of undesirable, unassimilable peoples, for sooner or later such invasion is reflected in a lowering of community standards and ideals, a loss of interest in community progress, and a decadence of farming in the locality so affected; it is good in so far as it represents the entrance into agriculture of worth-while peoples—worth-while from standards not only of social value but of a permanent agriculture—who will build up the country and furnish the brawn and brain so necessary to American progress.

#### TENANCY OF THE FUTURE

According to the general feeling of well informed men throughout the state, there is no outlook for either the elimination of or a material reduction in tenancy in the near future. The concensus of opinion is that in future tenancy should be excluded in cases where it is possible to subdivide and sell fairly to bona fide purchasers. It appears strongly that tenancy, at least for the present, must be accepted as a necessary institution.

Whether the future shall include or exclude tenancy is closely linked with the question whether lands can be divided and sold or must continue in the hands of tenants. Sentiment or business acumen may result in the owner's wish to retain his property; but the feeling in most communities is that subdivision and sale is preferable to tenancy in that ownership by operator makes for stability of interest, permanency of agriculture, and marked improvement in agricultural practices.

#### TENANCY WELL INTRENCHED

Tenancy in California is well entrenched in the growing of such field crops as grain, hay, beans, potatoes, rice, peas, maize, sugar beets, cotton, melons, cantaloupes, sweet potatoes, flower and vegetable seeds, artichokes, and asparagus.

Much tenancy occurs in the truck-growing, market-garden regions. Tenancy is usually the exception rather than the rule in deciduous fruit growing and in grape production, although berry growing, especially strawberries, is fairly well represented by tenant farms. There are many rented dairy farms, and some renting of livestock ranches.

Very little, in fact almost no tenancy occurs in the poultry industry, in citrus and walnut growing, and in many fruit belts.

### TENANCY NOT A STEPPING STONE TO OWNERSHIP

An important outcome of the recent studies is the finding that tenancy is not a stepping stone to ownership. Of twenty-seven counties studied, only six indicated conditions favoring the acquisition of farms by tenants. In twenty-one counties the outlook was negative. Counties reporting tenancy as a general means to ultimate ownership were: Alameda, Fresno, Kings, Marin, Sonoma, and Stanislaus.

There are, of course, many individual tenants scattered over the state who by means of exceptional ability or favorable situation will ultimately become owners.

Reasons why tenancy is not a stepping stone to ownership were set forth as follows:

1. The relatively low prices for agricultural products.
2. High prices asked for suitable or desirable farm lands.
3. Difficulty of borrowing money except upon tangible assets, in other words, insufficient command of capital to make the first payments—often substantially heavy.
4. High costs of production when labor must be hired or materials purchased.
5. Operation of the federal income tax which causes owners to postpone selling.

From five to twelve years is the time ordinarily necessary before the step from tenant to owner can be taken, individual cases varying within rather wide extremes. Even this length of time does not mean full ownership, since ownership is commonly considered as being established when sufficient accumulation of earnings has occurred to make the initial payment possible.

### SUGGESTED CHANGES

The findings suggest certain recommendations for improvement as follows:

1. Use of the share rental method instead of the cash basis.
2. Insistence by owners upon better farming methods.
3. Farm units of a size which will insure use of the best possible farming practice, including greater intensity and diversification.
4. Guarantee of possession so that tenants may make improvements.
5. More binding and enforceable contracts.
6. More interest by owners in maintaining, if possible, the crop producing power of the land.

7. Education of the landlord concerning the real condition of his tenant.

8. Supplying by tenant of sufficient working equipment, particularly livestock, to insure his interest and to increase his responsibility.

## CALIFORNIA FARM LEASING PRACTICES

### METHOD OF STUDY

Bringing together data concerning methods employed in leasing California's agricultural lands has been accomplished by (1) detailed, intensive studies made in selected districts; (2) collection of farm leases in actual use, obtained from tenants, owners, county records, a total of 407 being secured; (3) studies of the more recent findings concerning farm tenancy as shown by investigations in other states; (4) field survey in twenty-seven counties, conducted by means of questionnaires, conferences, and discussions with local people so situated as to be in touch with the tenancy situation in their sections.

### GENERAL OBSERVATIONS

In setting forth current practices in leasing California's agricultural lands, attention is confined to leases covering an entire farm or ranch as the unit. No attempt is made in this presentation to discuss agreements or contracts covering some special phase of the farm business, or providing for some specified activity. There are in force a great variety of such agreements, varying in degree of complexity and scope of work to be performed or obligations to be assumed, such as contracts providing for the harvesting of a fruit crop, supplying of hand work for sugar beet fields, baling of hay, gathering and threshing of grain, cutting of wood, digging of drains, building of farm structures, and marketing of products.

The renting and leasing of many California farm lands follow certain general rules, based on long time custom or local practice. It is possible to set forth the general terms governing different types of farming, yet a perusal of many individual leases and a study of renting practices in the counties where tenancy is most common show that there are many minor differences included in the leases as drawn and the practices as followed. At best, a general survey is valuable for its informative worth rather than as a guide to the drawing up of a lease to cover a specific property in a way that will best safeguard all interests.



Leases are the result of bargaining between prospective tenants and owners. They, therefore, reflect the bargaining ability of the respective parties. Lack of uniformity in size, productive capacity, equipment, location, and operating costs of farms and ranches, coupled with the personal characteristics of landlord and of tenant require that each lease be largely treated as an individual case. The terms of payment for property vary through wide extremes because of the great differences existing in soil types, topography, crop producing power of lands, distance to market, and amount and condition of improvements. Terms cover not only rentals in cash or crops but improvements asked of the tenant, such as planting of alfalfa, care of orchards, leveling of land, clearing of underbrush and trees, putting in of drains, and construction of buildings. Provisions governing rights, requirements, and reservations by both parties depend on the type of agriculture involved. Fruit leases, for instance, define with care the way that trees and vines shall be handled; rice leases specify removal of weeds; tomato leases call for proper disposal of the vines. The integrity of both parties is a factor in the drawing up of leases. The more valuable the investment the more carefully are provisions included to insure the upkeep and care of buildings or equipment.

Even when generalizing concerning common practices a statement of exceptions must often be included. For instance, in the case of grain lands there are large numbers of leases which give the landlord one-third the crop; others where, because of low yields or high costs of production, the landlord receives one-fourth. Occasionally, there are instances where a one-sixth share goes to the landlord, while again other rates are agreed upon which give the landlord 40 or 45 or even 50 per cent.

Annual leases are in the majority, leases for two, three or more years being relatively few in number. The tendency appears to be to rent large holdings for long-term periods, small holdings under an annual lease.

Few farm leases are recorded, possibly not exceeding one in twenty, or 5 per cent.

Time of payment when cash rentals are involved follows no very definite rule. In localities where the property has an important residential value, monthly payments are often insisted upon. For farm properties used primarily or exclusively for farming purposes, quarterly or semi-annual payments are the rule, with less frequently a single annual payment. Cash rents are usually collectable in advance of the period that they are to cover.

Provisions which do not pertain primarily to farming are also found in many leases. These have been omitted whenever they occur as being of only passing interest and of no particular agricultural significance. Examples are (a) reservation of mineral rights, (b) right to start operations to bore for oil, (c) retention of hunting rights, and of (d) rights of way.

Many southern California leases carry special paragraphs reserving to the landlord all rights to prospect or drill for oil, gas, asphaltum, naphtha, and all other minerals, reserve rights for pipe lines, telephone and telegraph poles and lines, and space for derricks, machinery and tanks.

In sections where irrigation water is costly, particularly if the landlord pays for it, limitations are carefully set forth concerning its use. This is a common provision in parts of southern California when water is expensive and at a premium, and where leased agricultural lands are combined with oil drilling operations.

#### LEASING OF ORCHARDS AND VINEYARDS

Outright renting or leasing of orchards and vineyards is the exception rather than the rule. No county, even among those containing extensive acreages of fruits, possesses a large proportion of leased orchards or vineyards. This statement is particularly applicable to the large citrus belts of southern California, and to the deciduous areas in Santa Clara, Solano, Fresno, Kings, Tulare, San Joaquin, Sacramento, Butte, and other counties recognized as containing important centers of fruit production.

Fruit properties when leased are usually more closely supervised than are leased lands farmed to livestock, or to grain, hay and other field crops. In some sections the orchards are operated under a labor contract rather than under a lease, the contract providing for the sale of the crop under an agreement by which the purchaser is to furnish all the labor for pruning, cultivating, harvesting, and marketing at his own expense. This method tends to relieve the owner of labor worries, as does the practice of selling the fruit on the tree, the buyer thereafter taking over all details of picking, preparing, packing, hauling, shipping, and selling.

Orchard and vineyard leases follow a fairly uniform type, no marked differences occurring as between one kind of fruit and another. Thus, while the wording of various leases is very different, the requirements show a marked similarity whether the leased orchard be one of prunes, peaches, almonds, walnuts, pears, or other deciduous fruits,

or a raisin, table or wine grape vineyard. So few citrus holdings are under lease that these may be ignored.

In general, the size of leased holdings ranges from 20 to 40 acres, with both larger and smaller holdings represented fairly extensively. Some local variation occurs. In Alameda County, for instance, the average is reported as being from 40 to 80 acres; in Fresno, Kings, San Luis Obispo, and Stanislaus counties the 20 to 40 acre holding apparently predominates; in Santa Cruz County, the average is placed at 20 acres; in Sonoma County at from 10 to 30 acres. When the larger acreages are leased, a portion may be land not in orchard or vineyard.

The annual lease is overwhelmingly favored, such leases being in the great majority. Many contain renewal provisions. Some two- and three-year leases are occasionally executed, and a few in excess of three years, although such leases are usually to corporations having exceptional financial backing and are carefully worded to insure proper care of the demised orchard and vineyard.

From the evidence, it would appear that the majority of the longer term leases are operated on the cash basis.

The use of the share basis in paying for leased property is the rule, although there is some cash renting. Apparently the share method is preferred by the landlord in that he can thereby better retain supervision over the handling of the property and the disposal of its product.

Cash rental rates, when in force, are extremely variable as between orchard and orchard, vineyard and vineyard, and locality and locality. The causes are the same as in all leasing, e.g., producing capacity of the property; extent, nature and condition of the equipment; bargaining power of the parties to the agreement; age of the trees; demand for leases; and degree of economy possible in conducting cultural operations and in marketing the product. The range (in 1922) varied from \$25 to \$200 per acre for bearing orchards, with the majority of cash leases indicating a closer range—\$40 to \$75 per acre. Vineyard land rental rates ranged from \$50 to \$250 per acre, with a general range of from \$100 to \$150. However, as already stated, cash leasing of orchards and vineyards is far in the minority, the fruit belt in the middle San Joaquin Valley having, perhaps, more cash leases in proportion to total leases than is to be found elsewhere. Under the cash method, the landlord supplies orchard, buildings, and usually equipment—work stock, harness, lug boxes, and drying trays—while the tenant meets all operating expenses of labor, fuel, feed, and materials—spray, dip, and packing. Usually, the tenant pays for the irrigation water,

although there are exceptions where the landlord meets this charge, either wholly or to the extent of one-half the cost. If water stock has to be purchased, the landlord usually attends to this and personally carries the cost. Arrangements usually provide for payment of rent in installments, the tri-annual method being popular, so timed that a part of the sum shall be paid at the time of taking over the lease, and the remainder when receipts are coming in from the sale of fruit.

The 50-50 basis of sharing gross receipts is so general that it may be considered the rule. There are occasionally some variations but the common practice is to attempt an equalization of what each party furnishes so that the division of receipts can be on the 50-50 basis, that is, one-half to the landlord and one-half to the tenant. Exceptions are found in some of the less productive sections when 60, 66 $\frac{2}{3}$ , or 65 per cent and in unusual cases 70 per cent, goes to the tenant; and, conversely when the orchard or vineyard is especially desirable, the equipment particularly good, or the landlord meets some of the operating expenses, his share may be 55, 60, or 65 per cent. Then, too, if the landlord does not furnish the equipment commonly provided, the tenant may receive an increased percentage of the gross receipts.

The items entering into the operation of mature orchards and vineyards are land, trees or vines, buildings, improvements, machinery, lug boxes, trays, spray materials, dips, sulfur, labor, feed, water, packing boxes, wrapping paper, fuel for house and pumping plant. These are met in various ways, the landlord of course supplying the land and trees or vines, piping and pumping plant, while the tenant usually supplies all labor, although some of the harvesting costs may occasionally be met by the landlord. The practice in regard to the equipment is more variable, although the more common method is for the landlord to supply this. The tenant may meet the cost of all or a part of the spray material, feed and packing items, but it is unusual although occasionally true that the landlord pays for all these items. Division of expense when it occurs usually concerns such items as water, feed, spray and packing house costs.

Under the more common share system, the landlord furnishes orchard or vineyard, buildings, improvements, work stock, harness, implements, lug boxes, trays, dipping apparatus, and spraying machinery; while the tenant provides the labor, feed, and materials such as sprays, dip, horse feed, paper, and nails and boxes for packing. Yet, as pointed out above, if it is necessary for the landlord to do so he supplies a part of the materials, and occasionally some of the labor. For all practical purposes, operators under the share method have in mind an agreement by which the tenant takes a contract to furnish

all the labor for cultivation and harvesting, for which he receives one-half the gross returns. If the tenant provides some equipment, he is reimbursed accordingly, the landlord being likewise reimbursed for any part of the operating costs which he may meet. Some vineyard leases, for example, provide that 50 per cent of the receipts from the first crop and 60 per cent from the second crop of grapes shall go to the tenant. Another form of lease gives the landlord 55 to 60 per cent of the receipts when he furnishes all equipment, tools, water, and pays for the spray materials. In one locality, if the landlord furnishes only land and trees he receives one-third for his share, but if he also supplies buildings, equipment such as work stock, implements, tools, trays and lug boxes, pays for one-half of the spray materials, and possibly for one-half the cost of the irrigating water and the feed, he then receives 50 per cent and sometimes as much as 60 per cent. The higher rates hold in leases of especially desirable orchards and vineyards. Some leases vary the percentage which the landlord is to obtain, depending upon the method of harvesting. In a lease of this type, if the fruit is dried the landlord receives 50 per cent, but if sold green the landlord is entitled to 60 per cent of the receipts. In other instances, the tenant receives 60 per cent if he has to go to the trouble and expense of drying the fruit. In some cases the landlord pays one-half the labor cost of harvesting prunes. One type of lease provides that the landlord shall pay one-half the harvest cost of drying apricots but more of the cost of harvesting and drying prunes. In Santa Clara County, the general plan provides for a 50-50 basis if the landlord supplies land, trees, buildings, equipment, and sometimes spray materials, but if in addition he furnishes horses and feed, he receives  $66\frac{2}{3}$  per cent.

Instances of variation in lease provisions are common. In San Luis Obispo a five-year lease on a 50-50 basis provides that the landlord shall pay one-half the cost of harvest and one-half the cost of paper, packing boxes, and nails during the first year of the lease, and one-half the cost of packing materials and hauling only, during the final four years. A Solano County type of lease gives the landlord 45 per cent, he to furnish livestock and one-half the boxes and nails for the shipping packages. A Sutter County lease provides for the 50-50 division if the tenant supplies all labor and materials. A Contra Costa County lease is on the 50-50 basis but the landlord agrees to do a total of not to exceed \$100 worth of cultivation, to furnish equipment, and to pay one-half the cost of sprays, dip and sulfur. A Fresno County lease, also on the 50-50 basis, provides that the tenant shall supply a spraying machine and two horses; another lease in the

same county, on the 50-50 basis, provides that the landlord shall furnish all equipment; while still a third on the 50-50 basis provides that the landlord shall supply the equipment and pay for half the water. A fourth lease, likewise in Fresno County, sets forth that the landlord is to pay for feed, sulfur and twine, as well as to furnish all equipment, but his share is thereby increased to 55 per cent. Some leases provide that the landlord shall meet part of the cost of fuel, as, for example, "\$10" in one lease, "100 barrels of distillate" in a second, "one-half the fuel cost" in a third, and "water up to \$600" in a fourth. These instances indicate the wide variation in terms and the bargaining involved in working out a mutually satisfactory lease.

When commercial fertilizers are to be used, the landlord usually supplies the material and the tenant the labor of applying.

In some of the foothill orchard sections, the leases state the amount of water that the tenant must purchase and use, the monthly water bill receipts being turned over to the landlord as evidence that the tenant has fulfilled this obligation.

When new lug boxes and trays are needed the common practice is for the landlord to furnish the material and the tenant the labor of putting them together.

In setting new orchards, it is customary for the landlord to furnish trees and blasting powder, to pay for clearing land, and to furnish stakes, twine, and wire. Interplanting of young orchards is usually permitted, the tenant receiving all that he produces as repayment for taking care of the young trees or vines. When intercropping is permitted, the landlord usually designates the kinds of crops which may be raised, the number per season, and the permissible nearness of planting to the trees and vines. Intercrops are ordinarily chosen which in their cultural requirements or manner of growth are least likely to damage the young orchard or vineyard.

Occasionally the tenant is called upon to furnish fruit trees or vines and to replant losses due to any cause whatsoever, but such conditions constitute an exception rather than a rule.

#### LEASING LANDS FOR FIELD CROPS

Crops discussed under this heading are grain, including barley, wheat, oats, and grain hay, alfalfa, beans, sugar beets, corn, rice, cotton and hops.

In this group are a goodly number of leases under various cash rates with no crops specified, although the agriculture in the community is known to be largely field crops.

Many cash leases made for field crops cannot be analyzed from the contents of the contracts, since the individual conditions entering into the bargaining are not indicated.

Some leases do not differentiate between different crops. Thus, a Ventura County lease provides for one-third share to the landlord for any oats, barley, beans, beets, corn or baled hay produced on the premises. A Yolo County cash lease at rates of about \$26 per acre the first year, and \$29 per acre annually the second and third years, permits the growing of tobacco, truck, or seed crops. A Merced County lease claims one-fourth as the landlord's share of any crops of corn, barley, oats, or alfalfa grown on irrigated land under a five-year lease, with one-third of the land to be in crops annually. A three-year Stanislaus County lease provides for one-third of all grain crops, one-fourth of all cultivated crops, and 60 per cent of rent of stubble, to landlord. A two-year Santa Clara County lease of land for tomatoes, sugar beets, grain, seeds, or similar crops is placed at a cash rental of about \$21 per acre per year.

The size of holdings in the field crops group is extremely variable, so much so that an average figure is of no significance.

The length of lease is usually for one year, although two-year, three-year, and sometimes longer leases are to be found.

Interesting provisions are to be found in occasional leases. In one lease, the tenant is enjoined from renting a threshing machine which may have been previously used on land infested with morning glory. Another clause cautions the tenant to preserve all survey posts and monuments of lines and corners, requiring him to pay a surveyor selected by the landlord to re-locate and reset these if removed by reason of the tenant's fault or neglect. In Imperial County the owner as a rule pays the water assessments, the tenant paying for the cost of water used. Occasionally, if hay or grain is on hand when the property is taken over, the lease provides for its replacement in equal quantity and quality at the termination of the lease. Specific instructions regarding the keeping down of weeds, as the pulling and burning of radish, or the pulling of mustard, are often included.

Some leases require the spreading of all manure, the area to be treated being occasionally specified. In connection with terms of payment, a Santa Cruz bean lease provides for a \$25 cash rent unless the net profits amounts to more than \$75; in that event, the landlord receives in addition one-third of the net profits over the \$75 limit. A three-year sugar beet lease is designed to provide payment to the landlord of one-fourth of the beets grown, but the minimum rent to be paid per acre shall be not less than \$15 the first year and \$20,

annually, the second and third years. A Yuba County rice lease gives the landlord option to one-fourth the crop or \$15 per acre on all lands planted to rice. Many Butte County rice leases combine the share and cash rentals, as, for example, one-third the crop and a cash rent in addition of \$5, \$10, or \$15.

*Alfalfa.*—The range in acreage is extremely variable, being from 30 acres or less to 100 acres or more. Long term leases are general, five- and ten-year contracts being rather common, although there are many one-, two-, and three-year leases. Since alfalfa is commonly leased in connection with livestock, the longer term makes possible profitable use of the crop in connection with dairy cows, hogs, beef, sheep and horses.

In general, while share leases are to be found, cash leasing of alfalfa appears to be favored, rental rates ranging from \$8 to \$50, depending upon the acreage, local demand, use, condition, yields, cost of water, cost of labor, available markets, and character of buildings, ditches and other improvements. Generally, rents range higher in southern California and the San Francisco Bay region, lower in remote mountainous sections, and about intermediate in the Sacramento and San Joaquin valleys. Prices average, with of course exceptions either way, from \$25 to \$40 per acre per year for the higher, \$18 to \$25 for the intermediate, and \$12 to \$20 for the lower ranges.

The share rent usually runs one-fourth to one-third to landlord if he furnishes land, buildings, pumping plant, or sometimes water, or a portion of the electricity or fuel, while the amount to the landlord is increased to one-half if he also supplies work stock, implements, and occasionally one-half the feed.

*Beans.*—The average bean acreage under lease apparently runs from 40 acres or less to 160 acres or more.

The length of lease is generally for a single year, although leases of two, three, four and five years are to be found.

The cash lease is the exception rather than the rule. Rates mostly vary from \$10 to \$25 per acre per year for the poorer lands, and from \$30 to \$40 for the best lands.

The share leases, these being in the majority, usually divide the product one-fourth or one-third to the landlord when the landlord supplies land and buildings. If the landlord also supplies work stock, implements, seed, all or part of the irrigation water (when used), and possibly one-half of the threshing expense and sacks, his share then becomes one-half. Occasionally, the basis is 40 per cent to the landlord.

When straw is of value as feed, the landlord reserves either all or his pro rata; if it finds a ready sale, a pro rata proportion similar to the sharing of threshed beans is maintained.



*Corn.*—The term “corn” in leases is used both for Indian corn and for non-saccharine grain sorghums. The locality determines which is involved in any given lease.

Cash leases for corn land follow the rates set forth in the introductory paragraphs under “Field Crops.” Share rents range from 25 to 33 $\frac{1}{3}$  per cent to the landlord, with 33 $\frac{1}{3}$  per cent more common on the better yielding lands or when operating costs are low, the 25 per cent holding when the reverse is true.

The terms are quite similar to those appearing in grain leases and for most localities little difference occurs between grain and corn leases. A possible exception is an occasional clause which sets forth that the tenant is to clear the land of corn stalks prior to the termination of his lease.

*Cotton.*—Standardization of cotton leases has not as yet progressed very far because of the newness of commercial cotton production in this state. Outside of the Imperial Valley, not enough acreage has yet been planted under tenant conditions to test out various contracts.

In the Imperial Valley cotton land is leased for cash or share. Cash rents are similar to those applying to field crops in general and range around \$20 to \$35. Share rents are commonly one-fourth, one-third, or one-half of the cotton and seed delivered at the gin, the lower rates prevailing for poorer land and when the landlord furnishes land, buildings, and sometimes water. The higher rates prevail when the landlord also supplies seed, stock, implements, and water. Occasionally, the landlord pays a part (commonly in accordance with his share of the crop) of the ginning expense.

The annual lease is the rule. The size of holdings is extremely variable, from forty acres or less to several hundred acres, the former applying to family-sized holdings, the latter to acreages handled by groups of farmers working in companies.

*Grain and Grain Hay.*—Grain and grain-hay leases providing for the raising of barley, wheat and oats are comparatively simple. Provisions are neither numerous nor exhaustive.

The size of holdings utilized for grain are rather large, ordinarily 80 to 320 acres if irrigated, or 160 to 1280 acres if dry farmed, with both larger and smaller farms quite common in both groups. Lands used solely for grain are often handled under dry farming methods, although there is a good deal of grain produced from leased irrigated lands. Grain-hay clauses are usually inserted to cover the substituting of hay for grain during seasons unfavorable for grain filling, to take care of growing grain cut for harvester lanes and headlands, or for lands not easily handled for grain harvesting.

The length of lease is usually a single year, being frequently renewed from year to year, although grain leases of from three to five years are in force. Frequently, no written contract is used, verbal agreements serving instead.

The share rent appears to be more common than cash renting, the great majority of share leases providing that the landlord shall receive one-fourth of the crop, or, in the case of excellent producing lands, one-third, or for poor producing lands one-fifth and even occasionally as low as one-sixth. A 40 per cent share to the landlord is sometimes agreed upon.

The landlord ordinarily furnishes land and buildings on the one-fourth or one-third basis; on the one-half basis he supplies seed, all or in part, some or all the work stock and implements, sometimes one-half the sacks, and occasionally will pay one-fourth, one-half, or two-thirds of the threshing or baling expense. Squirrel poison, if specified, is furnished sometimes by tenant, sometimes by landlord, and sometimes half by each.

The general tendency is to work out an arrangement under which the landlord supplies work stock, implements, seed, sacks, or shares in the harvest expense, so that the one-third, one-fourth or one-fifth share will prevail, with one-fourth the favorite division for dry-land farms and one-third for lands supplied naturally or artificially with ample moisture.

Cash rents depend on whether the land can be irrigated or not, the productive capacity of the land, the quality of the grain produced, and location with reference to shipping points and markets. Cash rents range mostly from \$1 to \$2 per acre for dry-land farms, and mostly from \$2 to \$15 for irrigated lands, with a mode of \$4 to \$7.50.

Cash rents are payable in advance, annually, semi-annually, or quarterly, according to local custom and prearranged agreement.

Share rents are payable immediately following harvest.

The stubble is frequently reserved by the landlord, particularly if he is running livestock of his own. Less frequently the stubble is shared, in accordance with the division of crops, and in exceptional instances is given to the tenant. Straw, if of value, is shared in the same proportion as the grain, or may, in some cases, be reserved by the landlord. Infrequently, the straw is given to the tenant.

In almost all leases the tenant agrees to deliver the landlord's share, properly determined as to amount and quality, to some designated point, in new, merchantable sacks.

Various provisions, sometimes pertinent only to a single lease, are occasionally inserted. Selection of the sack sewer by the landlord is a

safeguarding measure sometimes resorted to. Depths of plowing, use of drill in seeding, no disc plows to be used (commonly inserted in leases of Orange, Riverside, and San Diego counties), and insurance to be carried by tenant are samples of such provisions. In irrigated districts, the landlord almost invariably pays the assessments, with the tenant paying for actual water used. In other instances, the landlord agrees to furnish the necessary irrigating water.

Some summer fallowing is occasionally specified, especially if the land is inclined to be weedy or if the locality has a deficient rainfall.

*Hops.*—The number of leases of hop fields is small. Acreages of leased hop lands range mostly from fifteen to forty acres, the lease being made out for from two to five years, with a tendency toward the longer period and the inclusion of a clause providing privileges for renewing.

Under the share rent method, the landlord receives one-fourth the crop in the bale, he supplying land, established hop plants, pumping plant, kiln, drier, storeroom, drying shed, poles and wires, the tenant furnishing labor, string, water, work stock, implements, feed and fuel.

Cash rents vary from \$10 to \$30 per acre per year for leases running for five to ten years, the landlord furnishing items as in share renting.

*Rice.*—Leased rice lands vary from 40 to 320 acres, with occasionally acreages under lease above 320 acres.

At present, share leasing predominates, cash leases of former years giving way to share leases in the belief that share leasing is more equitable and rentals easier to collect.

Share leases mostly provide for one-fourth or one-third to the landlord, with one-third perhaps more common. Sometimes, 40 per cent is set as the landlord's share. Cash leases range from \$7.50 to \$15 per acre per year for poorer types of land, and from \$25 to \$30 for more desirable lands.

Since rice lands are expensive to prepare and productivity under present cultural practices tends to decrease, graduated schedules are sometimes followed, as \$25 cash rent per acre for the first year, \$35 for the second, and \$15 for the third season, or \$30 annually per acre for the first and second years, and \$35 for the third and fourth years.

The tenant usually puts in the contours and builds the field ditches for irrigation. Material for ditch boxes is usually furnished by the landlord, the tenant doing the carpenter work and placing in the ditch banks. The stubble and straw are usually reserved in the same proportions as the threshed grain or else are retained by the landlord.

Leases are made for one, two, and three years, the landlord commonly supplying only land, buildings and possibly a part of the water. The tenant commonly supplies work stock, implements, seed, labor, and sacks. Occasionally, the landlord agrees to pay part of the harvesting expenses (e.g., one-half).

Since a large amount of water is required in the raising of rice, this becomes an important item. It is met in various ways. In some leases, the tenant pays for all the water; in others, the landlord shares this charge, for example, meeting the cost above a stated amount, as \$4, \$7, or \$10 per acre, or paying one-third or one-tenth the power bill.

Disclaimers of damage by landlord in the event of non-delivery of water when supplied from a community ditch is a common clause.

When the landlord has an interest in the crop, that is when payment is on the share basis, the tenant is more likely to be required to keep up ditches, pull water grass, protect from birds, and follow specified cultural directions, including planting of clean seed.

*Sugar Beets.*—Sugar beets are grown almost invariably under a prearranged contract of sale to some sugar beet mill. Marketing responsibility is thus reduced to a minimum.

Size of holdings leased for sugar beets range, as a rule, from forty to several hundred acres, the former figure prevailing for the family unit, the latter for leases to sugar beet companies or other corporations.

Lease periods to corporations are commonly for ten or fifteen years, while annual leases are the rule for the smaller holdings, though there are leases of two to five years in fairly frequent use.

Cash rents range from \$10 to \$20 for the larger holdings, and from \$10 to \$40 for the smaller holdings, the rate depending on the quality of the land leased and the nature of the improvements, payable annually or semi-annually in advance, or else at time of harvest.

Cash rents for sugar beet lands are partly determined by the possible use of such lands for other crops, as beans, grain, corn, and seed.

Share rents usually allot to the landlord one-fourth or one-third of the crop with sometimes one-fifth on poorer lands, and occasionally two-fifths on the best lands if the landlord furnishes land, buildings, and usually irrigation water, with the tenant supplying work stock, implements, other equipment, seed and labor. If the landlord supplies work stock, implements and equipment, he usually receives one-half the crop. The tenant in all cases delivers the landlord's share to a designated receiving station.

Two items commonly appearing in sugar beet leases are (1) provision for rotating crops in the event of leases made for periods longer than three years, (2) retention by landlord of beet tops or reimbursement of tenant for these at a nominal rate. In nearly all cases, beet tops must either be fed on the land or plowed under.

#### LEASING OF DAIRIES

Leasing of dairies or of land for dairying purposes is widespread, being especially common in the counties of Alameda, Contra Costa, Fresno, Humboldt, Imperial, Kings, Marin, Merced, Monterey, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Sonoma, and Stanislaus.

The size of the dairies under lease is variable, this study disclosing a range of from 30 to 150 cows, with most dairies possessing from about 30 to 90 cows.

Rental rates are variable, both the cash and share methods being followed. In certain localities, a stated cash sum is agreed upon to be paid monthly, quarterly, semi-annually, or annually in advance. In other sections, the share basis is favored, the rate paid varying in accordance with what the landlord furnishes. A third method ignores the dairy as such, rental rates being determined upon the crops produced, the tenant having the right to feed his share to dairy cattle as he may elect.

Cash rates are fixed as a lump sum for the entire plant—land, buildings, fences, water supply, and so on, or at so much per acre. Specific rates can at best be only illustrative. In Alameda County in 1922, dairy alfalfa land rented at from \$10 to \$30 per acre, the higher rate holding if the landlord supplies some, usually one-half, of the cows, the lower rate if the tenant furnished all the cows. In Humboldt County, the rate ran from \$15 to \$25 per acre, with the higher figure the more common. Here the landlord furnishes only land, buildings, and improvements, the tenant everything else—cows, work stock, implements, and dairy utensils. Most of these rents are payable monthly, or else every three or six months, invariably in advance. In Kings County, cash rents ranged from \$6 to \$20 an acre, depending upon the character of the leased lands. In Marin and Sonoma counties, where dairying is largely confined to rolling, natural grass pastures, the rent was from \$2 to \$4 an acre, payable quarterly or semi-annually in advance. In Merced County, rental for dairies on alfalfa land varied from \$20 to \$25 an acre, the landlord paying for the ditch water. Semi-annual or annual payments are here the rule. In

Monterey County the rate for alfalfa lands ran from \$20 to \$35, with a provision common in one type of lease that the tenant pay county and state taxes, amounting to about \$4 more. Rents in this county are usually payable monthly, semi-annually, or annually. In San Joaquin County rents of alfalfa land were from \$20 to \$35, the higher figure if the landlord supplied one-half the cows. In San Luis Obispo County the pasturage is largely natural grass rolling hills. Coast lands used for dairying rented for from \$3 to \$6 an acre; lands in the interior for from \$1.50 to \$4 an acre. In San Mateo County the range is also natural grass and the rates ran from \$2.50 to \$12, with a common figure of \$3 to \$3.50, payable semi-annually. Stanislaus County rates, based on alfalfa land, ran from \$25 to \$35, with summer pasture along the rivers set at from 50 cents to \$2 an acre. Cash rates tend to fluctuate with the financial situation, so that leases made when high prices are being paid for milk and butter-fat command larger rental rates than can be obtained during periods of financial depression. If the tenant is to plant alfalfa or do unusual labor for the landlord, he is given a reduced rate or else paid directly by the landlord.

Two instances were noted where cows were rented for cash. In San Luis Obispo County, an annual charge of from \$5 to \$7 cash per cow was reported in addition to the land rent. In Marin County, an extensive dairying section involving 1000 cows operates on a total cash payment by the tenant of \$20 per cow per year, payable quarterly. In addition, the tenant raises heifer calves to the extent of 15 per cent of the number of cows in his herd, and an extra heifer for every cow that dies, all other calves being vealed at six weeks of age. The tenant furnishes work stock, implements, machinery and equipment. Hogs belong to the tenant. The landlord furnishes pure-bred bulls.

Share rent follows a rather definite plan, varying according to the number of cows and equipment furnished by the landlord. In general, if the landlord furnishes land, buildings, and improvements only, he shares to the extent of from  $33\frac{1}{3}$  to 40 per cent of the output of all dairy products—wholemilk, cream, skim milk, and herd increase. If the landlord furnishes a part, usually one-half of the cows, his share is increased to from 40 to 50 per cent. If, as is sometimes the case, the landlord supplies all the cows, he claims 50 to 60 per cent of the gross income.

In Kings County, if the landlord supplies one-half the cows and other equipment to a varying extent, he receives 50 to 60 per cent of the cash sales and one-half of the herd increase. In San Joaquin County, the share rent, commonly 50-50, is increased to 60 per cent to the party furnishing all the irrigation water. Share renting, some-

what uncommon in Sonoma and Marin counties, is on a 50-50 basis, each furnishing one-half the cows. One Sacramento County lease provides that the landlord shall furnish land, buildings, hay, silage, cows, one-half the hogs, and pay for one-half of any purchased feed, the tenant furnishing work stock, implements and labor, on an agreed division of dairy product sales, 60 per cent to landlord and 40 per cent to tenant, while hog receipts are to be divided 50-50. In a Santa Clara County lease, the landlord furnishes land, buildings, work stock, cows and hogs, one-half the cost of seed and pumping plant fuel, one-half the cost of purchased feed, one-half the cost of shoeing and one-half the veterinary bills incurred in connection with horses. The landlord's share is 50 per cent of milk, calves, and pigs, while he reserves all receipts from sale of cows, brood sows, work stock, and colts from work stock.

Apparently, the 50-50 lease is the favorite, and an attempt is commonly made to adjust the items that each is to supply so that each shall be entitled to one-half the gross income from sales or increase of stock. Thus, while most landlords look to the tenant to meet operating expenses, if it is necessary to make concessions in order to equalize each party's contribution, the landlord occasionally agrees to pay for one-half of all purchased feed or one-half the pumping plant operating costs, or make some similar adjustment of costs.

A Stanislaus County lease provides that the tenant shall furnish all cows, raising for himself such heifer calves as he may desire to retain. The landlord pays 45 per cent of the cost of hay purchased. He then receives 45 per cent of receipts from the sale of dairy products and calves other than those reserved. A Sacramento County lease provides that the tenant shall raise one heifer each year for every five cows in the milking herd, the landlord furnishing all cows, division to be 50-50 for all cream, hogs, and calves over and above those reserved. Protection of the landlord's investment in cows and horses is covered in a Fresno County lease by setting a stated sum, in this case \$62.50, that the tenant is to pay in the event of any cow dying because of the tenant's neglect, and \$87.50 for each mare so dying.

The tenant commonly furnishes all labor in connection with the running of the dairy and the production of feed crops and generally all seed other than for reseeding or planting alfalfa. If repairs of improvements, e.g., buildings, fences, troughs, and water pipe are made, the landlord commonly supplies the material, the tenant the labor. Whitewashing materials and squirrel poison are also often furnished by the landlord, the tenant doing the necessary work.

When hay or other harvested or purchased feed is on hand at the time a tenant takes possession, he is called upon either to buy the feed on hand, or, in the event that the landlord prefers to have a supply of feed for the use of the next succeeding tenant, the lease provides that an amount equal in quality and quantity shall be left on the place at the expiration of the lease period. Occasionally, provision is inserted in the lease to help in enforcing this demand should the tenant fail to live up to the agreement. In some instances, the landlord and tenant share equally the cost of testing the cows.

When alfalfa land is an important adjunct to the dairy, the agreement stipulates the manner of handling the alfalfa land. Reseeding of existing alfalfa acreages or putting in of new alfalfa plantings is a common provision. For this purpose, many landlords furnish the seed, while the tenant does the work of preparing the land and caring for the crop until it reaches maturity, receiving in return free rent for the first year as compensation for the work.

The pasturing of alfalfa is often defined, permission to pasture being limited to certain fields or to certain stages. Denying the tenant the privilege of running livestock on alfalfa during the rainy season or when the fields are wet from irrigation is a common provision. Sometimes an exception is made when corrals are muddy. Length of the lease varies from one to fifteen years, with the more common length of tenure placed at from three to five years. The practice varies in different communities, however. Humboldt County leases are mostly for five years, while some are for ten years, and a few for three years. In Imperial County one-, two-, and three-year leases are used. In Kings, Marin, Merced, Monterey, San Luis Obispo, San Mateo, Sonoma, and Stanislaus counties, leases of from three to five years are commonly used. The tendency is in the direction of providing the tenant with longer periods in sections and on ranches where the one- and two-year leases are being followed. Leases of seven, ten, or more years are found only in rare instances.

In Contra Costa and San Mateo counties leasing of cultivated lands is usually on a crop basis. The landlord furnishes land and the usual improvements, receiving for the use thereof a share of the crop produced, as, for example, one-fourth of all hay or grain produced, while the tenant is permitted the privilege of keeping dairy cows to consume his share of all crops grown.



## LEASING LANDS FOR TRUCK CROPS

Two types of truck growing cause variation in leasing practices, yet the ground-plan is sufficiently standardized to permit certain generalizations.

Vegetable lands near cities are rented for the purpose of raising a variety of crops for the more or less continuous retail supplying of local markets, including such crops as carrots, beets, lettuce, green onions, cauliflower, cabbage, peas, celery, spinach, turnips, and early potatoes. Areas leased for such purposes are small, usually five to fifteen acres, and are upon a cash basis, mostly of from \$40 to \$50 per acre per year, with leases commonly for from three to five years.

Lands leased for field culture of such crops as potatoes, onions, cantaloupes, sweet potatoes, artichokes, cucumbers, tomatoes, cabbage, cauliflower, and Brussels sprouts may, under California conditions, properly be classed as field crops. Acreages usually range from 20 to 100 acres or more, with the tenant concentrating on production of but one, two, or at most a very limited number of crops, raised and handled in a wholesale way.

The length of lease is variable, custom in some communities favoring the annual lease while, in other sections, leases from three to five years are common. Both cash and share methods are generally followed. Cash rents range from about \$15 to \$75 per acre per year, with \$30 to \$40 being the more common range. The higher rates hold for specially desirable lands, the lower figure for the poorer producing or more remote holdings. One interesting lease of cantaloupe land calls for \$30 cash rent per acre, to be increased to \$35 if the acre yield runs to 175 full crates or more. Cash rents are collectable either annually or semi-annually in advance, although some leases provide for a stated amount, one-third for example, when the contract is signed, and the remainder out of the first proceeds from the sale of crops. Monthly payments are occasionally exacted. Occasionally a graduated scale is provided, as for example, a three-year lease which requires \$18 an acre the first year and \$30 an acre for each of the second and third years. When the share method is used, the landlord usually receives one-fourth to one-third when furnishing land and buildings or other similar improvements. If, in addition, the landlord supplies work stock, implements, seeds, or plants, and water, his share is increased to from 50 to 60 per cent. Other provisions occasionally found provide that the landlord will furnish only a part, as one-half, of the plants, sets, or seeds, or that he will furnish one-half the feed for the

work stock, or pay a part, as one-third or one-half, of the cost of market packages. It would appear that most landlords and tenants consider the land and buildings as constituting about 30 per cent, labor 40 per cent, and water, work stock, implements, seed, feed and market packages as 30 per cent of the total contribution.

#### LEASING STRAWBERRY LANDS

The renting of strawberry lands is upon both cash and share basis. The cash paid varies from \$30 an acre to as high as \$100 for extra choice fields, with \$50 a common figure. Strawberry leases are usually made to cover the life of the beds, that is, three or four years. The acreages vary from 2 or 2½ acres, cared for by a family (almost invariably Japanese), to areas as high as 20 acres, farmed by a company. Share rentals are commonly split 50-50, although there is some variation, as, for instance, 45 per cent to landlord and 55 per cent to tenant. The landlord usually supplies land, buildings, work stock, implements and plants for setting out, and sometimes agrees to meet a part or all of the cost of the irrigation water. The tenant agrees to supply the necessary labor for preparing, planting, and caring for beds, picking, packing, and shipping of berries, and maintaining of ditches. Occasionally, the tenant is also called upon to remove the plants at the expiration of lease.

The form of contract follows the usual plan of most leases designed to cover the demising of deciduous orchards, under terms of either cash or share rent, according to the plan to be followed.

#### LEASING POULTRY PLANTS

It appears that very little leasing of poultry farms is practiced, owners preferring either to handle them in person or through a paid manager, or else to sell out in the event that they are unable to provide the necessary personal supervision and rather close attention to details required by the business. Our field investigations brought to light very few leased poultry plants.

A lease in Santa Cruz County appearing on the books in the County Recorder's office specifies the coöperative handling of poultry on a five-acre place, leased for sixteen months, under terms by which the landlord furnishes land, poultry, chicken houses, water, team work, and delivery of eggs, while the lessee furnishes the labor. The plant provides for an equal division every three months of any money in the treasury above five hundred dollars.

In the Petaluma district Sonoma County, estimates of tenancy place the percentage at from 1 to 5 per cent. The reason given for tenancy in poultry is usually that the owners are called away so suddenly that they do not have an opportunity to sell. In general, poultry leasing requires but small acreages, 2 to 10 acres being the usual size of the leased properties, with 5 acres being the more common. The longer leases are more common, running to from 3 to 5 years, although some annual leases are to be found. Cash renting is usual, averaging (1922) about \$200 to \$240 for a five-acre piece which amounts to from \$40 to \$50 per acre. The landlord usually furnishes land, buildings, improvements, and sometimes tools and implements. The tenant supplies hens, labor, feed, power, tools, and implements when these are not a part of the landlord's contribution.

A turkey lease in San Luis Obispo County provides for a five-year agreement with the option of an additional five years, under terms that provide for a division of one-third to the landlord and two-thirds to the tenant. The division is on the basis of weight figured upon a representative lot of turkeys to be weighed each year about March 15 and again November 1, the difference in weight to be the basis of division. The landlord grants the use of 3000 acres of range, furnishes a 36-inch field fence to enclose the place, and 2200 feet of wire fencing for the turkey yards. The tenant is to furnish all labor, is held responsible for all operations, agrees to keep no turkeys between March 15 and November 15 without written consent from the landlord, and will incubate a minimum of 3700 turkey eggs yearly. Cash reimbursement to the tenant is provided in the event that the property is sold or the tenant deprived of the range.

A Sacramento Valley lease provides for the raising of turkeys in connection with grain growing on a 240-acre ranch. The plan provides that the landlord shall furnish a given number of turkeys, as he may elect, to be cared for by the tenant for one year, and fed at the expense of both parties share and share alike. At the conclusion of the year, after making good any loss of the original breeding stock from the young birds, the increase is to be computed and divided 50-50.

#### LEASING LIVESTOCK RANGES AND RANCHES

The majority of ranges and livestock ranches are leased for cash, the landlord furnishing land, sometimes buildings, fences, and stock water. There is much variation in character of the land—from swamp or over-flow to sparsely covered rolling hills or rocky, precipitous mountain lands, in leasing rates, in length of leasing and in size of

holdings. Carrying capacity varies widely in different parts of the range country, as do the extent, nature, and value of the improvements. Holdings vary in size from 160 acres to several thousand acres. Cash rates run from an occasional figure of 5 cents to as high as \$5 an acre a year. Many leases run from 50 cents to \$1 an acre a year, others are as low as 20 to 25 cents, while still others command from \$1.25 to \$1.50 an acre. Length of leases is from 1 to 15 years, with a goodly number of 2-, 3-, and 5-year leases. Annual leases are not particularly suited to most phases of livestock handling and hence are not favorably considered unless the range is in addition and secondary to farming land. Rents are usually payable annually or semi-annually in advance.

A rough rule used by some stockmen is to figure annual value of pasturage per head and then determine the rate per acre by estimating carrying capacity of range. For example, if pasturage for beef cattle is considered worth \$12 per year and it requires 40 acres to run an animal, the rate per acre is 30 cents; if only 15 acres are needed, the rate is figured to be 80 cents. Under present day conditions, pasturage per head is commonly placed at \$1 to \$1.50 per head per month for beef or dairy cattle, or \$1.50 to \$2.50 per head per month for horses or mules. From eight to ten sheep are considered equivalent to one cow or steer in estimating pasture needs.

A few cattle ranches, equipped and stocked, were reported as under lease on the share basis, under terms by which the landlord furnishes the land, improvements, stock, and equipment, the tenant supplying labor in caring for the stock, in maintaining the plant, and in putting up feed for use during times of shortage of feed or to finish for market, each to share equally (50-50) in the increase. Sometimes provision is made for replacing a stated number or percentage of breeding stock, or for culling, to insure the return to the landlord of his original stock in undiminished number and value. In some sections, e.g., Riverside County, some contracts are apparently based on the belief that the tenant's labor offsets the landlord's land, so that each party agrees to supply one-half the livestock, sharing 50-50 in the output.

The contract covering the leasing of livestock ranges tends to be simply-worded, short, and concise.

#### LEASING METHODS IN THE SACRAMENTO AND SAN JOAQUIN DELTAS

The Sacramento and San Joaquin deltas, two groups of islands situated at the mouths of the rivers of the same names, in varying stages of reclamation and development, follow local practices somewhat different from those usually used on neighboring mainlands.

There are two distinct deltas, each having its own soil types, crops, and, to a minor extent, local leasing methods.

In the Sacramento delta, the more generally grown field and truck crops of barley, alfalfa, corn, potatoes, onions, celery, beans, and seed are supplemented with asparagus, berries, orchards of pears, plums, and occasionally apples, peaches, and other deciduous crops. In the San Joaquin delta, little asparagus and fruit are grown, the plantings running more to barley, corn, onions, potatoes, and alfalfa.

*The Sacramento Delta.*—In the Sacramento delta, the size of leased tracts runs relatively large, being mostly from 160 to 800 acres, with a few holdings either smaller or larger. Since an island must be handled to a considerable extent as a unit, especially as to irrigating and draining, the tendency is toward similar types of farming and to as few individual leases as practical.

Both share and cash leases are in use, each being well represented. Leases run for one, two, and three years, with some for five years, a few for ten years, and occasionally a twelve-year lease, the longer leases being usually for asparagus plantings. In general, cash leases usually cover shorter periods of time than do leases drawn upon the share basis. Annual leases are most commonly used.

Rates fluctuate materially from year to year, depending on expected prices for the product, and operating costs.

Leases now in force are fairly uniform. Cash rents (1922) for land to be used for beans, barley, alfalfa, potatoes, seed, or grain hay range from \$20 to \$40 an acre, with \$25 to \$30 an acre constituting the basis of the majority of leases.

Cash rents for asparagus are from \$25 to \$40 an acre, or an average of about \$30 (1923).

The share of the crop paid for lands utilized for beans, barley, alfalfa, seed, and grain hay is usually one-third, although occasionally 35 to 40 per cent. At these rates, the landlord furnishes land, buildings, and pumping plant, pays taxes, and keeps up levees. The tenant supplies all working equipment, seed, and sacks, and meets all labor and harvest costs. Should the landlord supply work stock, one-half the seed, one-half the feed, one-half the sacks or packing boxes, and sometimes one-half the threshing charge, his share is placed at 50 per cent of the gross output. Sugar beets, limited in acreage, are shared one-fourth to landlord, balance to the tenant. Thirty-five per cent of barley to the landlord is also about as common as the one-third rate.

Share leases of potato lands ordinarily provide that the landlord shall receive one-fourth the crop. Celery and onions are shared one-fifth to the landlord, remainder to the tenant.

Asparagus leases on a share basis give 40 to 60 per cent to the landlord if he furnishes land, buildings, teams, all equipment, and one-half the packing boxes, and advances some money to the tenant to pay operating expenses. Asparagus leases usually run from three to ten years, with an occasional twelve-year lease. Intercrops planted for three years between the rows of new asparagus settings are commonly shared one-fourth for the first two years, and two-fifths the third year to landlord.

Occasionally a clause is inserted setting a cash rate (e.g., \$15 per acre) to be paid for lands not put in crops even though the main contract is drawn upon a share basis.

Graduated schedules are also in force, particularly when new land is to be broken and subdued, or when asparagus is to be planted. An example of such a lease is one based on cash rent providing for increasing rates, starting at \$10 an acre the first year, then \$12.50 the second, \$17.50 the third, \$22.50 the fourth, and \$25 the fifth year. These rentals were based on the rates of \$30 to \$40 for fully producing land which prevailed when the contract was drawn up. A share basis, similarly determined, provides that the landlord shall receive 15 per cent of the crop the first year, 25 per cent the second, and 35 the next three years, with barley the crop to be grown. A sample asparagus lease calls for \$10 an acre the first year, \$14 for each the second and third years, \$18 the fourth, \$22.50 the fifth, and \$27.50 annually for the next seven years. Another, a cash lease of asparagus land, provides for payments of \$25 rent per acre annually for the first six years and \$30 per acre annually for the last six years. Another lease calls for 27 per cent of the asparagus, if already planted when the tenant takes hold, or 25 per cent if the tenant plants the crop. In one lease, a provision is made that should the land be double cropped, although on a cash lease basis, the landlord is to receive 35 per cent of the second crop.

A unique bean lease takes into account the respective amounts of landlord's and tenant's investments and the market price for the crop. Thus, if beans bring four cents, the landlord's share is set at 45 per cent, if five cents, at 50 per cent, if six cents, at 55 per cent, with proportionate percentages for other prices. Under this agreement, the tenant furnishes feed, seed, work stock, implements, and labor, and pays for one-half the electricity used in pumping.

*The San Joaquin Delta.*—In the San Joaquin delta, the size of tracts is also relatively large. Cash rents are less common than share rents. When rented for cash, land to be planted to corn, beans, or barley commands annual rents of from \$12 to \$40 an acre, with \$18 to \$20 the usual rate.

Share rents in the San Joaquin delta range around one-fourth to one-third to the landlord for corn, one-fourth to one-third for beans (30 per cent being a common figure, while 35 per cent is occasionally required), one-third to two-fifths for barley, and one-fifth to one-fourth for hemp, the tenant to furnish everything except land, buildings, and pumping plant. If the landlord furnishes work stock and a part or all of the seed and feed, the share to the landlord is one-half. Potatoes and celery are shared one-fourth to the owner (in one type of lease 23 per cent). In certain leases, onions are shared 40 per cent and potatoes 45 per cent to the landlord, the landlord meeting a part of the operating expenditures, such as furnishing seed or one-half the feed or one-half the sacks. One potato lease provides that the landlord shall furnish seed potatoes to the extent of eight sacks per acre and 45 per cent of the cost of sacks (but not twine), receiving 45 per cent of the potato crop, or \$30 per acre cash for any lands not planted.

Two sugar beet leases under which the landlord furnishes land, buildings, implements, and one-half the feed give the landlord 30 and 35 per cent of the crop, respectively.

Length of leases corresponds closely with those of the Sacramento delta, although it appears that two- and three-year leases are common, including both cash and share leases.

*General Provisions in Delta Land Leases.*—Because of danger from peat fires, the necessity of maintaining levees, the need for proper handling of irrigation and drainage water, and heavy weed growths, provisions are common in leases of both the Sacramento and San Joaquin deltas dealing with these matters. Provisions imposing caution in controlling fires by tenant or prohibiting setting, and fixing the responsibility of tenant for damages resulting from fires, are commonly inserted. So, too, are reservations permitting landlord's use of soil from fields for repairing or enlarging levees. Waivers by landlords of responsibility for damage from overflow or seepage are common. Details, sometimes very complete, governing the method of preparing the land, time of planting, care of growing crops, building of field ditches, clearing of main supply ditches, time and manner of harvesting are ordinarily fully set forth. An interesting provision of one lease rules that no vehicle having tires less than four inches in width shall be used for hauling purposes. Pasturing of work stock is occasionally prohibited, and if permitted the extent to which cows and hogs may be kept is often clearly defined. The right to commandeer help from the tenant during high water in protecting levees is made a part of some leases.

Terms and manner of paying rents are explicit. Ownership of crops grown under share leases is commonly retained by the landlord who sometimes further reserves the right to sell and reimburse the tenant for his share. Cash rents are usually payable either annually or semi-annually, in advance, or one-half at time of signing the lease and the remainder when the first crops are sold. As a guarantee that the tenant will carry out the terms of the lease, some contracts provide for the reserving of a stated sum from the proceeds of all crops sold pending the tenant's completion of his various obligations, as, in one case, \$3 an acre until ditches are cleared and put in order. Some landlords protect themselves by having their tenants execute crop mortgages in favor of the landlords.

To protect the tenant in the event that his crops (celery, for instance), cannot be harvested within the time limits of the lease, an extension of time, commonly 60 or 90 days, is sometimes provided for.

#### GENERAL PROVISIONS COMMON TO FARM LEASES

Certain provisions are common to all leases.

Outstanding in careful wording and frequent appearance is the provision for insuring payment of rents in full and complete accordance with the stipulations of the lease. The lease sets forth the amount of rent, and when, where, and how payable. Cash rents are usually specified as stated amounts, usually payable either annually, semi-annually, quarterly, or monthly as agreed upon, the amounts being proportioned equally or else based upon a sliding scale of payments. Payment in advance is usually exacted from cash renters. Share leases designate the proportion of product which is to be paid to the landlord, stipulate how this share shall be selected and prepared (as hay to be baled, grain to be sacked), and stipulate the place of delivering the owner's share. Reservation of the privilege of selling the total output by the landlord is sometimes a part of the contract.

Second only to rental rates and methods of payments in importance are provisions by which the landlord retains full control of the property at all times. These provisions vary in phraseology but are designed to permit the taking over of the property in the event of apprehension concerning prompt and full payment of rents, or if the tenant fails to live up to his agreement.

Similar provisions are those designed to prevent assigning or subletting of the lease.

Of little legal importance but of considerable significance are stipulations to the effect that the property is to be handled in a farmer-like manner, after the custom of the community.



A clause common to many leases specifically exempts the landlord from liability for any injury or damage to lessee's share of livestock or crops from fires, droughts, insufficiency of irrigation water, floods or similar catastrophes.

Occasionally leases under which the landlord furnishes work stock and farm implements contain a clause setting forth that the equipment furnished is to be used solely in farming the demised property and in delivering to market the crops or products produced thereon.

A rather common provision sets forth that the tenant to the best of his ability is to keep the premises free and clear of weeds, squirrels, gophers, and similar pests. The extent to which the tenant must go in clearing land of noxious weeds is sometimes settled by inserting a clause providing that the work shall be done to the satisfaction of the county officials having charge of such work.

Some leases carry an option granting permission to the tenant to renew the lease for an additional period—usually one to two years—at the same rate, provided written notice is given of the desire to renew within a specific time prior to the expiration date of the lease. The notification period may be as short as fifteen days, or as long as three months, the shorter period obtaining for annual leases of field crops, land, or orchards, the longer period for dairies, ranches, and livestock ranges.

A provision set forth in communities having strong farmers' market organizations provides that crops grown and produced upon the leased lands are subject to sale under contract made with a specified association, such as the sale of raisins to the Sunmaid Raisin Association, peaches and figs to the Associated Fig and Peach Growers' Association, or pears to the California Pear Growers' Association.

On ranches possessing private pumping plants, the more common practice is for the tenant to pay the operating expenses—fuel or power, although the rule is subject to quite a number of exceptions under which the lessor may meet a part of the fuel or power bills and in some instances pay the entire power bill.

Objection to running hogs at large is general and many leases specifically prohibit the practice.

When irrigation ditches constitute a part of the rented properties many leases provide that the tenant shall properly work the banks and keep them in good condition and repair.

The cutting of firewood is a factor in leases in both timber sections and where wood is scarce. Some leases prohibit the cutting of any wood, others specify that fallen or dead trees only are to be used. Landlords often reserve rights to themselves for cutting timber or fuel.

Clauses protecting portions of the property which are not the primary causes of leasing, such as family orchards and vineyards, landscape planting, shade trees, and small streams, are common.

In sections where there is much buying and selling, it is a common practice, in the event of a bona fide sale of leased lands, to provide for reimbursing a tenant for work done up to the time of cancelling the lease. In some grain leases, for instance, the landlord agrees to pay a tenant in the event of a sale at the rate of \$2 to \$2.50 an acre for all summer fallowed land which has had a single plowing, and \$3 to \$3.50 an acre for all lands plowed twice.

Many leases stipulate that the premises are to be kept in good condition, fences and buildings to be maintained in good repair, equipment to be kept in good shape with any lost, broken, or wornout parts to be replaced. In the case of buildings and fences, the usual plan is for the landlord to furnish the necessary materials and the tenant to do the work, the same plan commonly being followed in repairing ditch gates and boxes.

Many leases contain a clause giving the tenant the option to purchase the property, or in the event that the landlord ultimately decides to sell, to allow the tenant to have the first chance of purchasing.

Some leases allow for an extension of time to permit the harvesting of crops grown under the lease but which could not be removed during the leasing period because of reasons beyond control of the tenant.

To provide redress in the event that the tenant does not perform his work in a good and farmer-like manner, neglects any of his duties in connection with the handling of the ranch, or fails to live up to the terms of the lease, almost all contracts provide for the landlord's completing the work for cost plus an added percentage (e.g., 10 per cent) or even retaking possession with the tenant agreeing to peaceable surrender.

When movable equipment is furnished by the landlord, it is customary to list in itemized form the implements, machinery, livestock, harness, etc., even to such articles as lead bars, eveners, scythes, tools, wire stretchers, and post-hole diggers. The right to sell such items is sometimes reserved, with use granted the tenant until sale is made.

When the landlord furnishes work stock, the lease often states a sum (e.g., \$87.50) which the tenant must pay to the landlord if a work animal dies as a result of the tenant's carelessness or neglect.

## PREPARING THE LEASE

### LEGAL REQUIREMENTS

According to the California statutes a lease to be legal must (*a*) be written if granted for more than one year, (*b*) not exceed a period of fifteen years if for farm property, (*c*) be acknowledged and recorded in the local county courthouse if granted for more than one year (a certified copy of the lease thus recorded in the courthouse of the county where the property is located possesses the same force and effect as the original instrument), and (*d*) be actually delivered to the grantee (tenant) by the grantor (landlord).

### FRAMEWORK OF THE LEASE

An agreement or indenture which shall fairly protect landlord, tenant, and property should be a written instrument setting forth all the details which constitute the working agreement. It should be worded as simply as is consistent with a clear statement of what is agreed upon and must conform to the legal requirements of such documents. The legal framework is built upon the following premises:

1. There must be something conveyed.
2. There must be agreements to deliver and to accept.
3. There must be a definite statement of the extent and bounds of the property.
4. There must be set forth the term covered by the lease.
5. There must be a financial or other good and valuable consideration involved.

Items common to every farm lease are :

1. Date lease is drawn.
2. Names, designations, and addresses of contracting parties.
3. Statement that property is being leased by landlord and lease accepted by tenant.
4. Description of property being leased.
5. Date when possession is to begin.
6. Length of time that lease is to run.
7. Types of farming to be followed.
8. Rental rate, amount and division of income; method of making payments—how, when, and where.
9. Farming methods to be used.
10. What is to be furnished by each party.

11. How operating funds are to be provided; contribution of each party.
12. Tenant's assurances and guarantees.
13. Landlord's assurances and guarantees.
14. Provisions for renewing or terminating lease.
15. Safeguards to insure proper fulfillment of contract.
16. Signatures.
17. Witnesses.
18. Sealing and recording.

#### ITEMS TO BE CONSIDERED

There are certain general provisions which are pertinent to all leases. These are listed below for the suggestive value that they possess. Items such as these should be given careful consideration when framing a lease and either accepted and incorporated in the lease or else rejected as neither vital nor necessary.

In addition to the general provisions, there are special considerations which should be weighed in making leases for certain types of agriculture. Provisions pertaining especially to the leasing of orchard and vineyard properties, lands for field crop production or for dairying, and livestock ranges are also given.

No attempt is here made to set forth just what practice should be followed. The ethics of business and the formulae of good farming are being constantly set forth in various publications. What constitutes the best procedure is not difficult of determination by any enterprising landlord or tenant. The purpose here is to call attention to the desirability of giving thought to what is best from the standpoint not only of landlord and tenant but as well of the land and its appurtenances.

#### GENERAL PROVISIONS

Items of a general nature which should be considered in drawing up a farm lease are listed below. These supplement the items set forth under "Legal Requirements" (page 35).

1. Disavowal of partnership, if joint responsibility is not contemplated in order to avoid partnership liability for debt or other obligations.
2. Reservation by landlord of certain buildings, fields or other property.
3. Extent of supervision by landlord.
4. Extent of landlord's activities in directing farming operations or in disposing of farm products.

5. Permissible use by tenant of pasture, wood, timber, gravel, game and farm products for personal or family use.

6. Permissible sale of manure, gravel, leaf mold, peat, rock, timber, and wood.

7. Provision for reimbursing tenant in the event that the property is sold prior to the termination of the lease.

8. Designation of bank where undivided funds are to be deposited.

9. Authorization for use of undivided funds; handling receipts and expenditures.

10. Restricting activities of tenant to property covered by lease.

11. Prohibitions regarding renting or loaning landlord's property.

12. Right of ingress or egress by landlord or his agent; right to inspect property.

13. Subletting or assigning lease by tenant.

14. Living on property during lease.

15. Committing or permitting waste or damage.

16. Submitting inventories at stated intervals.

17. Changes in conditions of lease in the event of fire, floods, accidents, death, or other conditions beyond the tenant's control.

18. Protection of tenant if litigation or seizure of landlord's title occurs.

19. Terms governing money advances by landlord—when and how obtainable, when and how repayable, interest rate.

20. Adjusting differences by arbitration in case of disputes.

21. Upkeep of buildings and fences; supplying materials and labor.

22. Repair of implements and machinery.

23. Control of weeds, rodents and other pests in accordance with federal, state, and county laws and mutual agreement between parties to the lease.

24. Care of lawns, shrubbery, and other landscape plantings.

25. Payment of taxes.

26. Carrying insurance on growing and harvested crops, livestock, feed, or carrying employer's liability insurance.

27. Purchase and maintenance of water stock.

28. Payment of fuel, power and water bills.

29. Erection of temporary or permanent irrigation structures.

30. Liability for damages resulting from flooding neighboring lands or public roads.

31. Sales of products through specified agency.

32. Delivering of landlord's share to designated place.

33. Reservation of ditch and drainage rights of way.

34. Keeping premises and buildings clean, sanitary, and in repair.

35. Keeping account of receipts, expenditures, and inventory changes.

36. Provision in event of death of one or all of the lessees when two or more tenants are involved in the contract.

37. Keeping livestock confined or under fence.

38. Erection of new farm buildings and fences.

39. No alterations or improvements of structures to be made without landlord's permission.

40. Reserving, maintaining, and protecting rights of way and ranch roads; restrictions as to the opening of new roads.

41. Precautions to be taken against fire by having harvesters equipped with good smoke screens, grass cleared away for stated distance from buildings, fire lanes plowed around fields and pastures, sacks and water kept handy during dry season, and men trained in the use of fire extinguishers.

42. Care of work stock, including the hiring of competent help, particularly drivers, milkers, and herders.

43. Provisions for the raising of feed for, and the keeping of any animal strictly for the benefit of the tenant, e.g., family cow, horse, goats, or chickens; raising of vegetables for tenant's use.

44. Privilege of landlord hiring work done if tenant fails to conform to requirements of lease and deducting the cost from receipts before turning tenant's share over to him.

45. Keeping articles deemed extra hazardous by insurance companies which may increase rate of fire insurance; premises not to be used in violation of any law, ordinance, or regulation.

46. Preparing farm products for sale, as clearing, treating, baling, boxing, etc.

47. Reimbursing tenant for unexhausted fertilizers applied by him, and for improvements made by him.

#### SPECIAL PROVISIONS FOR FIELD CROP LEASES

In making up leases of lands to be utilized for the production of field crops certain special items should be considered. These are:

1. Depth, number, and time of plowings, together with other land preparation.

2. Time and manner of seeding.

3. Variety, quality, amount, and preparation of seed.

4. Extent, kind, and time of crop cultivation to be given.

5. Time and method of harvesting.

6. Plowing of fire lanes to keep down fire hazard.

7. Insuring crops while growing, during harvest, and after warehousing.

8. Reservation or utilization of crop by-products, as straw and stubble, and regulation of pasturing.

9. Kind and number of livestock to be kept.

10. Pasturing when land is wet.

11. Payment of tenant, in event of terminating lease, for labor expended for plowing and cultivating land to be cropped, or for summer fallow.

12. Method of determining share of each, as field piling in proper proportion.

13. Removal of crop residues, as sorghum stubble, and cotton stalks.

14. Burning stubble or refuse.

#### SPECIAL PROVISIONS FOR FRUIT LEASES

Items which should be weighed in making up leases that are to convey orchard and vineyard properties are:

1. Depth, kind, number, and time of cultivations; subsoiling.

2. Time and number of applications and amount of irrigation water to be used.

3. Method and time of pruning; disposal of prunings; protection of large wounds.

4. Hand thinning of fruit.

5. Grafting to other varieties.

6. Intercropping—extent, permissible crops, and proximity to trees.

7. Green manuring or cover cropping; method of growing or turning under.

8. Fertilizing.

9. Propping and bracing of trees; when and how.

10. Pest control, as spraying, killing rabbits and rodents, weed control, cutting into diseased tissue, sulfuring, and fumigating.

11. Whitewashing of trees.

12. Replacement of dying trees.

13. Responsibility for determining how products are to be handled if there is a choice, e.g., dried, shipped to retail markets or to canneries, or otherwise disposed of.

14. Selection of selling agency, market, and method of transportation.

15. Protection of orchard brands, trade-marks, or labels.

## SPECIAL PROVISIONS FOR DAIRY LEASES

Dairy leases, in common with all livestock leases, should take into account the proper handling of the animals in addition to the care of the land and its appurtenances. Special items to be considered in framing a dairy lease are:

1. Replacement of or payment by tenant for cows or bulls dying because of neglect.
2. Employment of competent veterinarian in event of occurrence of disease or accident to cows or horses.
3. Ownership of hogs.
4. Payment for new alfalfa plantings.
5. Membership in cow-testing association.
6. Keeping pure-bred bulls.
7. Whitewashing dairy buildings, both inside and outside.
8. Removal of cobwebs, dust, and mud from buildings.
9. Keeping manure removed from inside and outside of dairy buildings.
10. Removal of manure, dust, and mud from corrals.
11. Preservation and disposal of manure.
12. Screening of windows and doors by landlord.
13. Reporting by tenant to landlord any cow showing signs of tuberculosis, abortion, or any disease or injury, or falling off in milk production.
14. Reporting by tenant to landlord of any hogs showing signs of disease.
15. Keeping cows in separate strings and in regular order to insure regular milking.
16. Milking and feeding to be done at regular and uniform times.
17. Bringing in cows and heifers for proper care prior to calving.
18. Heifer calves selected for raising to be removed from cows after first few days and then fed milk properly pasteurized.
19. Keeping watering troughs, feed troughs, and mangers scrupulously clean.
20. Provision for dividing increase in young stock; selection of heifers to be raised.
21. Ample feeding to be practiced on basis of clean and wholesome ration.
22. Keeping dry stock and young stock in good condition.
23. Fences to be maintained so that all animals can be kept under control.



24. Keeping breeding record: Bulls to be kept separate from herd.
25. Pasturing of alfalfa when ground is wet.
26. Method of branding or marking increase.
27. Compliance with state or county regulations governing conduct of dairies.
28. Ringing of hogs.
29. Overcrowding of land during last year of lease.
30. Reseeding of thin stands of alfalfa; renovation of alfalfa.
31. Care of milk house equipment.
32. Care of empty silos.
33. Regular sterilization of milk utensils and cooling of milk.
34. Disposition of reactors to tuberculin test; maintenance of tuberculosis-free dairy.

#### SPECIAL PROVISIONS FOR LEASES OF LIVESTOCK RANGES

In addition to a consideration of the general provisions discussed above there are certain special items which should be weighed when drawing up leases of livestock ranges. The following are indicative:

1. Kind of livestock to be kept.
2. Amount of stock permitted.
3. Amount of outside livestock, other than tenant's, permitted.
4. Maintenance of fences—boundary, cross, and corral.
5. Maintenance of stock watering equipment, tanks, windmills, engines, troughs, pipe lines.
6. Keeping water holes open.
7. Killing squirrels, coyotes, and other pests.
8. Keeping off livestock known to be diseased.
9. Segregating of livestock showing symptoms of diseases, preventing so far as is possible contamination of range and corrals.
10. Keeping gates closed.
11. Details of feeding, whether feed is to be sold (e.g., any hay put up), and method of feeding on range.
12. Reseeding of range.
13. Bringing weedy hay on place.
14. If landlord furnishes livestock, details of handling, such as branding, altering, breeding, feeding, and selling.
15. Replacement of stock lost by reason of disease, accident or aging.
16. Care of sires, of saddle horses, and of equipment.
17. Registering of brands.
18. Disposal of dead animals.

## SAMPLE LEASE FORM

So much variation occurs in California agriculture that no single lease form is applicable to all conditions. Differences are so widely encountered in quality of demised properties, in personal traits of contracting parties, and in aims and ideals of the landlords and tenants that any set form is valuable chiefly in its suggestive capacity rather than as an all-inclusive, ever-applicable document.

Because of the steady demand for something of a definite form a sample lease is here inserted. It provides a skeleton outline in which all agreed details can be inserted.

1. This agreement, made and entered into this.....day of  
.....19....., by and between.....  
party of the first part, of the town of....., county of.....,  
State of California, and....., party of the second part, of  
the town of....., County of....., State  
of.....

2. Witnesseth:

That for and in consideration of the mutual covenants and agreements of the parties hereto, as hereinafter set forth, the party of the first part does hereby lease, let and demise unto the party of the second part, and the party of the second part does hereby lease and accept from said party of the first part, all that certain real property lying and being situate in the county of  
....., State of California, particularly known, designated, and described as follows to-wit:

3. (Insert description of property.)

4. To have and to hold the same for a term of..... years, from  
..... (beginning date) to.....  
(ending date) inclusive for the purpose of:

5. (Insert here statement of crops to be grown or enterprises to be conducted, as for instance, conducting a dairy thereon; plowing, cultivating, and otherwise taking care of the orchard thereon including harvesting and selling of crops; raising a crop of barley for either grain or hay as the season may determine.)

6. SECTION I. The party of the first part is to furnish to the party of the second part the above described farm and premises in good and sufficient condition to permit the carrying on of the business for which it is leased, and also (insert additional equipment, livestock, or property to be supplied by party of the first part).

7. SEC. II. The party of the second part is to furnish (list all items of equipment to be furnished by the party of the second part).

8. SEC. III. The party of the first part agrees to (insert here all items that the party of the first part agrees to do, such as bearing a share of operating expenses, assuming responsibility of selling products, insuring peaceable possession and other items, suggestions for which can be found in the list given above of provisions entering into the construction of farm leases.)

9. SEC. IV. The party of the second part agrees to (insert here full statement of what tenant is to do) such as:

To occupy the farm continuously throughout the lease period.

Not to attempt to operate outside land in addition; not to thresh for outsiders; not to give preference to any other work over the operation of the farm.

Not to rent out workstock, implements, or other equipment owned by the landlord.

The party of the second part, the tenant, agrees that he will not commit or suffer to be committed any waste, damage, or strip of said premises, such, for instance as cutting fence wires, removing sections of fence, failing to oil pumps and windmills, or tearing down fences for purposes not required in the ordinary course of farming.

The party of the second part agrees to keep the buildings, fences, and other improvements on said premises in as good repair and condition as they are when he takes possession, or as good as they may be put in by the lessor during the term of the lease, ordinary wear, loss by fire, or unavoidable destruction excepted.

10. SEC. V. It is understood and mutually agreed that the property is to be leased for.....(cash or share) under the following conditions:

(Insert here all matter pertaining to amount of rent, method and time of payment, and protection and determination of landlord's share when the share method is used.)

11. SEC. VI. It is understood and mutually agreed that:

In the event that the tenant shall fail in any manner to keep and perform any of the terms, covenants, or provisions of this lease, the lessor may immediately enter upon said real property and take possession thereof and of all property jointly owned, care for same and charge the expense to the tenant until settlement can be made, which action shall be taken as nearly as possible according to the terms of this lease.

In the event of the death of the tenant, during said tenant's rightful enjoyment of this lease, said lease and all rights thereunder shall immediately cease and terminate and the lessor may immediately enter and take possession of said real property and any and all personal property situated thereon, including any products thereof, and care for same until settlement can be made, which action shall be taken as nearly as possible according to the terms of this lease.

In the event of the death of the lessor, said lease shall be incumbent upon the administrators of the estate of said lessor.

If dispute shall arise over any of the settlements provided for in this lease the matter shall be left to a board of three arbiters, one chosen by the lessor, another by the tenant, and the third by the two first chosen and the decision of this board shall be binding on both lessor and tenant (state who shall pay arbiters).

Said parties to this lease shall be in no sense partners. Neither shall bind the other to any obligations nor incur debts for the payment of which the other party might be liable without the written consent of that party.

Said lessor hereby reserves the right of entrance upon said premises at all reasonable hours in order to make inspections and to make improvements as he shall deem expedient.

Said tenant agrees not to sublet nor assign this lease, by power of attorney or otherwise, without the written consent of the lessor, and this provision shall apply as well to any involuntary assignment, and it is understood and agreed in that connection that, should the lessee become bankrupt, this lease shall immediately terminate and end at the option of the lessor, and this agreement shall not pass into the hands of any trustee in bankruptcy or assignee for the benefit of the creditors of said tenant.

At the expiration of the term of this lease, the tenant agrees that he will quit and surrender said premises in as good state and condition as reasonable wear and use thereof will permit. Should tenant hold over the term herein created, such tenancy shall be from month to month only, and be on the same terms and conditions as herein stated.

In case of sale of said premises during the tenancy of said second party, and in case the purchaser should desire possession, said second party hereby agrees to give to the said purchaser said premises at once on payment to the said second party of a fair and reasonable compensation for such surrender. (State method of determining amount and terms of payment.)

At the expiration of this lease, by limitation or otherwise, the second party will yield possession of said premises in as good condition as they were at the beginning of this lease, natural wear and damage excepted, expressly waiving any and all notice to terminate, except as herein specifically provided.

12. SEC. VII. (Insert here any items not provided for above.)

13. *In witness whereof*, the parties hereto have hereunto set their hands and seals this day and year first above written.

..... (Date) .....

Party of the First Part.

..... (Place) .....

Party of the Second Part.

.....  
 Witness

.....  
 Witness

**EMPIRICAL METHOD FOR DETERMINING RENTAL RATES**

The empirical method is an aid in determining the pro rata of income that tenant and landlord are entitled to. This method takes into account the various items of investment and operating expenses furnished by each party to the lease, and allows sums to cover interest, depreciation, and reimbursement for moneys spent for labor, seed, supplies, and similar items.

The first step is to make two lists, one showing what the owner is to furnish, the other, what the tenant is to supply. These lists should cover all items—investment, operating and overhead, with values affixed. The following lists are suggestive:

*Investment Items:*

Land (use productive value, or usual rental rate in community if this is more desirable).....acres at \$.....

Buildings and structures (to cover dwellings, bunkhouses, barns, water tanks and towers, poultry houses, hog houses, milking barns, implements, sheds, etc.).

Work stock

Livestock

Dairy cows

Brood sows

Breeding sheep

Beef cattle

Implements and machinery

Special equipment

Dairy house

Farrowing sheds

Veterinary supplies

Fruit trays and boxes

Grain cleaning machinery

Shop equipment

Blacksmith

Carpenter

Bunkhouse furnishings

Kitchen (for hired men)

Office equipment

Pumping plants

*Operating Items:*

Labor (both hired or supplied in person)

Feed

Seed

Supplies

Repairs, parts and shop material

Taxes

Insurance

Veterinary supplies

Commissary supplies

Office supplies (telephone, stamps, stationery)

Fuel

Gasoline, oil, distillate

*Overhead Items:*

Management

Sinking fund

Depreciation

Since neither capital nor labor can produce profits without guidance and direction, a charge for management is a just one. A workable and usually satisfactory determination of what to charge can be obtained by using the prevailing salaries paid for similar duties, where the supervision is hired done, and where the superintendent or manager does no manual work. The business should then bear its pro rata based on its size as compared with the usual size handled by paid men. For example, if the going wage is \$250 cash and \$50 perquisites per month for superintending on diversified farms averaging 640 acres, then the annual acreage charge amounts to approximately \$5.50. An 80-acre place may justly be called upon to meet its proper pro rata, in this case, \$440, for management.

The sinking fund is a sum set aside during prosperous years to tide the business over dull times of crop failure, accident, disease, and market slumps, and is obtained by dividing the actual sum

required during the off year by the number of prosperous years which can contribute. For example, if in a given deciduous fruit district a partial crop failure occurs about once in five years and the average farm needs \$2000 to carry about over the lull, the \$2000 represents the necessary sinking fund and is made up by charging the business with \$500 per year for each of the four prosperous years.

Depreciation covers the wear and tear of implements and machinery, the decay of buildings and fences, and the ageing of work horses and other livestock; in other words, it is that sum which should be regularly set aside to maintain original values of the business which are subject to shrinking, and the neglect of which would eventually mean the running down of the business to a point where new investment of capital must be made.

Once the lists of what each party is to furnish are completed, the second step consists in determining what each is entitled to. In general, these items consist of:

(1) Interest at the going rate on all moneys invested, both for investment items or set aside to meet operating expenses.

(2) A sum to cover depreciation. This is determined by dividing the original cost by the probable life of the item.

(If, as in the case of certain livestock, there is a final meat value, the amount of this value is deducted from the maximum value and this difference divided by the number of years to obtain the depreciation figure.)

(3) Repayment for moneys expended for operating expenses, such as labor, feed, seed, marketing costs, taxes, and insurance.

(4) Payment for labor furnished by tenant.

(5) Payment of a sum for management work.

(6) Sum to cover sinking fund.

The sum is to be determined separately for both tenant and owner. The relation of the sum of each to the total gives the proportion that each is entitled to. An example will illustrate the application of this method.

Assume available a 40-acre farm having a 10-cow dairy herd, 10 brood sows, 35 acres of alfalfa, and full equipment to carry on the business. The farm is to be leased under terms as follows:

The owner agrees to furnish forty acres of land worth \$9020, buildings (\$1270), fences (\$347), 35 acres of good alfalfa, 10 cows, 1 bull, 10 brood sows, 1 boar, \$530 worth of farm implements, and \$328 of miscellaneous equipment necessary to the carrying on of the business.

The tenant to supply work stock, labor, all purchased feed, seed, and operating expenses.

Owner will pay taxes (\$125) and insurance (\$15).

Proper division of income is sought.

*Items Involved:*

From Owner—

Land—35 acres good alfalfa; 5 acres farmstead .....	\$9,020.00
Buildings .....	1,270.00
Fences .....	347.00
Cows (10) .....	850.00
Bull .....	100.00
Sows (10) .....	200.00
Boar .....	30.00
Implements .....	530.00
Miscellaneous equipment .....	328.00
Taxes .....	125.00
Insurance .....	15.00

From Tenant—

Work stock .....	300.00
Labor .....	108.00
Feed—horses .....	12.00
Dairy .....	180.00
Hogs .....	474.00
Seed .....	21.00
Water .....	80.00
Other material .....	10.00
Rent, silo cutter .....	6.00
Contract work .....	142.00
Management .....	720.00
Office expenses .....	50.00
Incidentals .....	50.00

Assuming that these figures are satisfactory and that each party is entitled to (a) return of money spent outright, (b) six per cent interest on investment, and (c) depreciation, we should have:

For Owner—

Outlay—taxes and insurance .....	\$140.00
Interest on investment—\$12,675 at six per cent .....	760.50
Depreciation:	
5 per cent on buildings and fences .....	80.85
6 per cent on cows and bulls .....	57.00
17 per cent on sows and boar .....	39.10
10 per cent on implements .....	53.00
25 per cent on \$116 special equipment .....	29.00
10 per cent on \$105 special equipment .....	10.50
10 per cent on \$109 tools .....	10.90
Total interest of owner in output .....	\$1,180.85

## For Tenant—

## Outlay:

Labor .....	\$108.00
Feed .....	666.00
Seed .....	21.00
Water .....	80.00
Materials .....	10.00
Rent, silo cutter .....	6.00
Contract work .....	142.00
Tenant's time .....	720.00
Office expenses .....	50.00
Incidentals .....	50.00
	<hr/>
	\$1,853.00
Interest on investment—\$1,000 (estimated) operating capital at four per cent .....	\$40.00
6 per cent on horses—\$300 .....	18.50
Depreciation of horses at 12 per cent .....	36.00
	<hr/>
Total interest of tenant in output .....	\$1,947.00
Combined interest .....	\$3,127.85
Percentage interest of each in income—	
Owner, 38 per cent.	
Tenant, 62 per cent.	

## CONCLUSION

A state-wide policy looking to permanency in California agriculture requires that the place of tenancy be more accurately measured in the future than it has in the immediate past, that conditions be improved for deserving tenants so that men may be drawn to the land who shall become social as well as economic assets, and, finally, that the *land* and all that it implies shall be given that consideration which will protect it from ruinous practices and short-sighted exploitation. Upon the welfare of its agriculture does much of California's prosperity depend.

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