

AGRICULTURAL EXPERIMENT STATION

KANSAS STATE AGRICULTURAL COLLEGE
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DEPARTMENT OF AGRICULTURAL ECONOMICS

THE STOCK-SHARE LEASE¹

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STOCK-SHARE LEASING A METHOD OF CORRECTING THE EVILS OF TENANCY

Stock-share leasing is well adapted to many rented farms in Kansas, particularly where live stock constitutes an important part of the farm business. It is sometimes contended that there should be no rented farms and that tenancy is an evil which should be abolished. Farms should be available to rent. If farms are not available to rent, farm boys who desire to become farmers do not have this valuable and desirable method of progressing toward ultimate farm ownership. With the present organization of American agriculture, a shortage of farms to rent would be a serious problem. However, this does not mean that tenancy brings only benefits and no problems. Many of the rented farms in Kansas present serious problems. The solution of these problems is not the abolition of tenancy but correction of the evils that exist in it. The stock-share lease offers an excellent opportunity to correct these evils for many Kansas farms.

The stock-share lease provides for joint ownership of live stock by the landlord and the tenant and both share in

1. Contribution No. 49 from the Department of Agricultural Economics.

the farm receipts and expenses. The landlord's interest in the live stock insures that live stock will be an important part of the farm business on the stock-share rented farm. The detailed provisions of the lease are discussed later.

ADVANTAGES OF STOCK-SHARE LEASING

Permanency of Agriculture.—One of the most serious indictments of crop-share and cash renting of farms in Kansas is their failure to maintain soil fertility. The landlord is interested in the crops grown if the crop-share lease is used and has little immediate interest in the keeping of live stock. The tenant is handicapped in the keeping of live stock because few feed crops are grown and the acreage of pasture is usually restricted. Under the cash lease the tenant usually finds few buildings and little other equipment suited for the keeping of live stock. Consequently, there are usually few live stock kept on crop-share and cash rented farms.

The stock-share lease provides for the keeping of live stock. This insures that the basis for the maintenance of fertility is available and the usual stock-share leased farm will be maintained in soil fertility fully as well as, if not better than, the usual owned farm. This characteristic of the stock-share lease makes its contribution to a permanent agriculture an important one and increases the desirability of adopting the stock-share lease on many more Kansas farms.

Permanency of Tenure.—The shifting of tenants from farm to farm is an undesirable feature of tenancy. The tenants shift about, either because of inability to agree with the landlord, or in the hope of finding better conditions on another farm. Conditions on the rented farm rarely change for the better while the tenant is there. As a consequence, some tenants are moving nearly every year and do not become a constructive part of any of the communities in which they happen to live. They may accumulate little property and do not feel justified in taking part in community activities and enterprises. Institutions such as schools, churches, and farm organizations suffer because of their failure to support them.

The tenant on the stock-share leased farm, on the other hand, is engaged primarily in live stock production. Live stock production is a long-time enterprise. The landlord and tenant cannot start in it and quit to advantage in a year or two. It is to the mutual interest of both landlord and tenant to build up a herd. This frequently takes the better part of a lifetime. As a consequence, both landlord and tenant are interested in maintaining their relationships as long as possible. The usual stock-share lease continues for many years.

This gives permanency of tenure and the tenant feels justified in taking a part in community activities.

Permanency of tenure should not be confused with the term of the lease. Most stock-share leases are written for terms of three to five years with a provision that they can be terminated at the end of any year if written notice is given 30 to 60 days in advance of the end of the farm year. Most other leases are for a year at a time. However, the term of the lease is not the important thing but the question of whether or not it is continued year after year so that long-time tenure is secured. A stock-share lease encourages the continuation of the lease for term after term and in this way gives long-time tenure with its many advantages.

Maintains Interest of Landlord in Community.—Many of the landlords of Kansas farms are retired farmers or residents of nearby towns. The retired farmer was at one time a definite part of the community in which his farm is located. The rural business man who is a landlord, usually has had and should continue to have an interest in this community. The stock-share lease encourages the landlord to maintain his interest in the community since its development has a direct effect upon the returns he gets from his farm and also may determine whether he can retain a desirable tenant. The products of the farm which are owned jointly by the landlord and tenant may be sold through cooperative enterprises. This gives the landlord a direct interest in the development of such enterprise.

The landlord of the usual stock-share leased farm visits the farm frequently. This takes him into the community and keeps him in touch with things that are going on. This is more certain to insure his continued interest in community affairs and will also insure that he will encourage the tenant to take part in such affairs.

The retired farmer who moves out of the community too frequently loses contact with its affairs. He has just reached the point where he can devote time to community enterprises and he really owes it to the community to do this. The stock-share lease keeps his interest in the community and makes it more certain that the community can depend upon him to aid in furthering community enterprises which demand more time than can be given by farmers who are actively engaged in the business of farming.

Profits to Landlord and Tenant—The stock-share leased farm in common with all farming which has live stock as a principal part, is more profitable in the long run than farming that is without live stock. Almost invariably the stock-share leased farm returns greater profits to both landlord

and tenant than they would secure under other methods of leasing. This factor alone commends this method of leasing to many Kansas landlords and tenants.

The greatest profits usually secured by the landlord and the tenant on the stock-share leased farm, as compared with the profits from other methods of leasing, are the result of the more desirable business conditions on the stock-share leased farms. These desirable conditions include, (1) more productive land and higher crop yields as a result of keeping live stock and maintaining soil fertility; (2) a larger farm business because of the live stock; (3) better distribution and utilization of labor because of the keeping of live stock; (4) the growing of both feed and cash crops and the marketing, through the live stock, of by-products such as stover, straw, and damaged hay that would otherwise be unutilized; (5) the keeping of good live stock and the gradual improvement of the breeding stock as a consequence of the mutual interests of the landlord and tenant in so doing; and (6) other conditions that, in general, are more favorable for the development of the business and the adoption of good business practices as their adaptability to the farm becomes apparent.²

CONDITIONS FAVORABLE TO STOCK-SHARE LEASING

Live-stock Farming. —The stock-share lease assumes that live stock both can and will be an important part of the farm business. The agriculture of most sections of Kansas is favorable to this. Those sections of the state in which live-stock farming is not practiced to any considerable extent at present would do well to consider increasing the importance of live stock in the farm business.

Acquaintanceship of Landlord and Tenant. —The stock-share lease is advisable only when the landlord and tenant have confidence in each other. A good landlord under a stock-share lease advises with the tenant concerning farm practices. This can be done with the fullest understanding when they are well acquainted with each other. The farm business under a stock-share lease, while actually not a partnership, has many of the characteristics of a partnership. Strangers hesitate to engage in a business where the relations are so intimate and the contacts so frequent. The landlord seeking a tenant on a stock-share lease or the tenant looking for a farm to lease on this basis had best seek this opportunity within the community and among the people with whom he is acquainted.

2. See Bulletin 221 of the Agricultural Experiment Station on "Farm Leases in Kansas," issued in 1919, for a more complete comparison of various methods of leasing.

Landlord's Knowledge and Experience. —The stock-share lease assumes that the landlord and tenant will work together in planning the farm business. This can be done to the best advantage when the landlord is familiar with farming and is well acquainted with conditions on the farm. This leads to a sympathetic understanding of the problems involved and the difficulties encountered. Under the stock-share lease the landlord is contributing much more toward the handling of the business than he would contribute under either a crop-share or a cash lease. This contribution can be worth while only when the landlord has a good knowledge of farming conditions and a satisfactory acquaintance with the conditions on the farm. Again, the retired farmer who is leasing the farm that he formerly operated is one of the best landlords under a stock-share lease. His suggestions often prove of great value to the tenant.

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Relationship of Landlords and Tenants. —From one-fourth to one-third of the rented farms of Kansas are rented by relatives. The tenant is a son, a son-in-law, or has some other relationship to the landlord. Such conditions are favorable for the adoption of the stock-share lease. This is particularly true where a farmer retires and turns his farm over to his son. The stock-share lease is especially well adapted to these conditions and, as will be pointed out later, it prevents sacrifices of the farm business which frequently result in such cases to the disadvantage of both father and son. Stock-share leases are now in use on many Kansas farms. The number has increased materially in the last 10 to 15 years and their adoption has been most frequent in instances where landlords and tenants are related.

Experiences of Older Regions. —The stock-share lease is most common in the older sections of the United States, particularly where live-stock farming is the usual type. There are two things that encourage this. One is the stability of the agriculture which comes with the keeping of live stock. The other is the increasing number of farms that are being transferred from one generation of owners to the succeeding generation. Many sections of Kansas are just beginning to lose the first generation of farmers. As the second generation comes on and takes up the farms of its fathers the stock-share lease can be expected to become more important and to be much more frequently used. Conditions within Kansas at the present time are particularly favorable for the more widespread adoption of the stock-share lease.

LIMITATIONS OF STOCK-SHARE LEASES

Experience of Landlord.—A stock-share lease is usually inadvisable where the landlord is not familiar with farming in the community. The business relations are so intimate that a landlord's lack of knowledge of farming conditions too frequently leads to misunderstanding and to difficulties. If stock-share leasing is attempted between landlords and tenants where the landlord is not familiar with farming in the community it should be clearly understood at the outset that the chances for success are not so favorable as they would be if the landlord were familiar with the conditions.

Residence of Landlord.—The stock-share lease calls upon the landlord for certain definite contributions in the way of advice, plans, and suggestions for the farm business. A landlord living a considerable distance from the farm is not in a position to carry out his part of the contract. The conditions most favorable for the success of a stock-share lease are found where the landlord resides near enough to the farm to see it at least once a week. In this way he is familiar with conditions on the farm and thoroughly understands why certain business procedure may be necessary, also he is available for consultation on any matters of policy affecting the business. This is of material importance in cases where the landlord is familiar with farming conditions and has had years of experience in conducting a farm. The tenant, who is usually a younger man, will do well to avail himself of the advice which the landlord can give as a result of his years of experience.

In some instances the disadvantage of non-residence may be overcome by the landlord if he can secure a capable agent who will look after his interests. This has been done in some cases but it presents real difficulties.

Kind of Farming.—The stock-share lease is not intended for farming where the chief enterprises are crops. The stock-share lease does not contemplate the production of wheat alone. Neither does it contemplate truck farming or fruit growing where live stock are not included. The stock-share lease contemplates live-stock farming and should not be expected to satisfy conditions where live stock is not an important part of the farm business.

DRAWING UP THE STOCK-SHARE LEASE

Form and Characteristics of a Farm Lease.—A farm lease should always be written. There are many legal reasons for written leases. No attempt will be made to enumerate these legal reasons here. The written lease has the advantage of preventing misunderstanding through lapse of memory or

through failure to understand verbal statements. A lease should give the date when it is made, the term of the lease, and the specific date on which it is to terminate. The other items should be specifically stated. The land leased should be properly described and the lease should specify what each party is to do, the things each one is to furnish, the division of receipts and expenses, and other important points. Both landlord and tenant should be protected with provisions for termination of the lease in the event that either party fails to carry out his part of the contract. The lease should be made in duplicate so that each party may have a copy. The important points to be included are discussed in a later section.

Basic Assumption of a Stockshare Lease.—Under a stockshare lease the landlord furnishes the land and buildings; the tenant furnishes the labor, machinery, and power; and other things necessary to the farm business are furnished equally. All returns are shared equally. This assumes that the cost of labor, machinery, and power required to operate the farm is approximately the same as the value of the use of the land. This is merely an approximation and is not true under all conditions. Where particularly fertile land is available its value may be greater than the cost of the labor, machinery, and power. Where less fertile land is farmed the cost of the labor, machinery, and power may be much greater than the value of the use of the land and buildings. These variations are taken into account in the stock-share lease by varying the things furnished by the landlord or by the tenant. Where the cost of the labor, machinery, and power is greater than the value of the use of the land and buildings the landlord may join with the tenant in furnishing the work horses. Where power farming is followed the landlord sometimes joins with the tenant in the purchase of the power equipment and in paying the expense involved in operating it. Where particularly fertile land is available and the value of the use of the land and buildings is greater than the cost of the labor and power, the tenant may make a greater contribution by agreeing to deliver the products at a particular market or by agreeing to pay all of certain farm expenses such as threshing, silo filling, or other items. The landlord frequently pays for grass, alfalfa, and clover seed for permanent pastures and meadows. He may also furnish a manure spreader and in some instances tenants have received additional compensation for each load of manure hauled onto the fields.

These variations in the lease are the means used to adapt it to varying conditions. Each farm presents differing prob-

lems and these variations are usually agreed upon by the landlord and tenant after considering the conditions under which they expect to operate.

PROVISIONS OF THE LEASE

Termination of Lease.—The usual stock-share lease is written for a term of three to five years with the understanding that it is to be continued if satisfactory to both parties. In general, the shorter term of years is usually desirable since it offers an opportunity for more frequent adjustment of the terms of the lease to take into account changing conditions and to correct provisions that may be unfair to either party.

Land and Buildings.—The landlord furnishes the land and buildings. All repairs and improvements are paid for by him excepting that the tenant is expected to furnish the labor required for minor repairs and in some cases where improvements are made the tenant hauls the materials.

Labor.—The tenant furnishes all labor required to operate the farm. This labor is boarded by the tenant.

Machinery and Tools.—All machinery and tools are usually furnished by the tenant. Sometimes when a landlord who is retiring as a farmer is turning his farm over to an incoming tenant he retains ownership of the machinery and tools but the tenant must purchase any new machines needed and must pay for all repairs and upkeep on the machinery on the farm. Another variation which occurs where the landlord's contribution is being increased, is for the landlord to share in the ownership of the machinery and the cost of its maintenance.

Power Machinery.—Where power machinery such as tractors, combines, threshing machines, ensilage cutters, and other similar equipment is used the tenant may own all of the equipment and pay all of the expense of maintenance and operation. However, in those sections of the state where this type of equipment is most frequently used the landlord should usually contribute part of the expense of operation, or of operation and maintenance of these machines. Sometimes the landlord pays for one-half the fuel and oil required to operate the tractor. In other instances, he may share in the purchase of the machine. This is particularly true where ensilage cutters and threshing machines are owned on the farm.

Work Horses.—The tenant usually furnishes all work horses. They are fed from the undivided feed produced on the farm and if feed must be purchased for them the landlord shares in this expense. If colts are raised the landlord usually pays the breeding fees and receives a half interest in the colt. If many colts are raised the horses are usually owned jointly and any expenses in connection with them are shared jointly.

Live Mock.—The live stock on the farm other than work horses are always owned jointly, the landlord and the tenant contributing equally in the investment. There is no division in the numbers owned by each, Ownership of each animal is joint. The welfare of that animal thus becomes of mutual interest to the landlord and the tenant. In many stock-share leases a definite provision concerning the number and kind of live stock to be kept is included. Such a provision is desirable since it may prevent misunderstanding and disagreement at a later date.

Taxes and Insurance.—Each party to the contract pays the taxes on his share of the property. For example, the landlord pays the taxes on

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the land and buildings and on any machinery owned by him and one-half the taxes on the live stock owned jointly. The tenant in turn pays the taxes on his share of the live stock and on machinery and equipment which he owns. Taxes on grain, feed, or other materials on hand that are owned jointly are shared equally. The same provisions apply to insurance. Each pays the insurance on his share of the property or on property owned solely by him. Hail insurance on crops is usually shared jointly.

Expenses.—The necessary farm expenses not specifically mentioned in the preceding provisions of the lease are shared jointly, each paying one-half. This includes such things as purchased feed, twine, and threshing bills.

Receipts.—The returns from all farm products are divided equally between the landlord and the tenant. It is inadvisable to make any departure from this since to do so is to depart from complete mutuality of interests in the products produced.

Farm Products Used by Tenant.—The tenant usually receives, free of charge, the garden products, truck, milk, poultry and eggs, and other farm products used for the living of himself and his family. If poultry is not made an enterprise of the farm business the tenant may be permitted to keep a limited number and if there is any surplus to sell he receives all of the income. However, it is usually best to own the poultry jointly and to share equally in the poultry expenses and in the income from them.

Limitations on Obligations of Each Party.—The stock-share lease contract should contain a provision stating that neither party shall obligate the other for debts or in other business ways without the consent of the other. It is usually provided that neither shall bind the other to obligations or for debts without the written consent of the other. This prevents the contract from forming a partnership. A partnership sometimes has disadvantages which the landlord and tenant will do well to avoid.

Records and Accounts.—The contract usually contains provision for the keeping of records and accounts by the tenant. If all transactions go through the bank the bank account may be sufficient. It is usually well to provide that a division of expenses and of income shall be made every week or in some cases every two weeks. This insures that the details of each transaction will be kept in mind until settlement is made.

The tenant should be required to keep a satisfactory account book, such as the one prepared by the extension service of the Kansas State Agricultural College and distributed through the Kansas School Book Commission. Copies of this book are used in teaching farm accounts in rural schools in Kansas and are usually for sale by dealers handling school supplies. This gives definite information concerning the conduct of the business and will be distinctly useful in making subsequent plans. Also it will be useful in determining income and expenses for the purpose of reporting incomes for taxation purposes.

Crops.—The contract may contain specific statements of the acreage of each crop to be grown. This is particularly true of the acreage to be kept in permanent pasture or in alfalfa and other relatively permanent crops.

Manure.—The contract usually contains provision that the tenant is to keep all the manure hauled out and spread upon the fields where most needed. This provision may also contain a statement concerning

the contribution of the landlord to the tenant for the hauling out of manure if the landlord is giving the tenant any special inducement to do so.

Provisions for Good Farming.—The usual lease contract stipulates that the tenant shall perform the various farm operations in accordance with the best approved practices for the region. Such a provision is desirable and should be stressed at the time the contract is entered into. Both landlord and tenant gain by good farming.

Termination of Lease.—Provision for the termination of the lease is usually made by providing that either party may terminate it at the end of any farm year by giving 30, 60, or 90 days written notice to the other party. Provision is also made to free either party from the contract if the other party fails to carry out his part of the contract.

Division of Property at Termination of Lease.—Provision for the division of property at the termination of the lease is usually included. Much of the property is owned jointly, particularly the live stock. The contract usually provides that any division satisfactory to both parties may be made but if they cannot agree then a definite plan for the division is to be followed.

Sale Option.—If the farm is offered for sale by the landlord, the tenant is frequently protected by being given first option on the purchase of the farm.

ADAPTATIONS OF STOCK-SHARE LEASES

Tenants with Little or No Capital.—Frequently the tenant does not have the capital required to make his share of the investment under a stock-share lease. This may occur when a father wishes to turn his farm over to his son. The son has little to contribute other than his labor. A stock-share lease is desirable but the son does not have the funds to invest in the live stock and equipment. Under such conditions landlords who are willing to take a chance on the tenant and by so doing maintain the farm business in a good condition, may start the tenant on the stock-share basis by taking the tenant's note for his share of the investment. The live stock and equipment of which the tenant thus acquires ownership may be given as security on the note. The note should run for the term of the lease and should bear a conservative rate of interest payable annually or semi-annually. Provision should be made whereby payments on the principal can be made at any interest paying date.

To determine the tenant's share in the investment the farm property must be valued, particularly the property which the tenant is to assume ownership of or to own jointly with the landlord. This may be valued by agreement between the two parties concerned or it may be appraised by disinterested parties. However, some definite plan should be agreed upon and the values assigned should be specific and clearly understood. Table I shows the usual division of investment, receipts and expenses under a stock-share

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lease. If a son, who was without capital, were to become a tenant on the stock-share basis as suggested, he would give his father, who would be the landlord, his note for \$7,254 which is the tenant's share of the investment.

TABLE I.—DIVISION OF INVESTMENT, RECEIPTS, AND EXPENSES BETWEEN LANDLORD AND TENANT UNDER A STOCK-SHARE LEASE.

	Tenant's share	Landlord's share	Total for farm
INVESTMENT			
Real estate.....	\$	\$32,000.00	\$32,000.00
Machinery and tools.....	3,564.00	.....	3,564.00
Work horses.....	740.00	.....	740.00
Other live stock.....	2,150.00	2,150.00	4,300.00
Feed and supplies.....	800.00	800.00	1,600.00
Totals.....	\$ 7,254.00	\$34,950.00	\$42,204.00
RECEIPTS			
Crops sold.....	\$ 1,240.00	\$ 1,240.00	\$ 2,480.00
Live stock sold.....	2,058.00	2,058.00	4,116.00
Live-stock products sold.....	816.00	816.00	1,632.00
Totals.....	\$ 4,114.00	\$ 4,114.00	\$ 8,228.00
EXPENSES			
Labor hired.....	\$ 680.00	\$	\$ 680.00
Machinery repairs.....	52.00	.....	52.00
Building repairs.....	.....	21.00	21.00
Live stock purchased.....	100.00	100.00	200.00
Feed purchased.....	466.00	466.00	932.00
Breeding fees.....	.....	15.00	15.00
Veterinary fees.....	22.00	22.00	44.00
Seed purchased.....	6.00	6.00	12.00
Twine purchased.....	14.00	14.00	28.00
Threshing bill.....	60.00	60.00	120.00
Fuel and oil for farm work.....	60.00	60.00	120.00
Insurance.....	20.00	65.00	85.00
Taxes on farm property.....	40.00	340.00	380.00
Totals.....	\$ 1,520.00	\$ 1,169.00	\$ 2,689.00
SUMMARY			
Investment.....	\$ 7,254.00	\$34,950.00	\$42,204.00
Receipts.....	\$ 4,114.00	\$ 4,114.00	\$ 8,228.00
Expenses.....	1,520.00	1,169.00	2,689.00
Net returns.....	\$ 2,594.00	\$ 2,945.00	\$ 5,539.00
Interest on tenant's investment computed at 5 per cent.....	383.00		
Return to tenant for labor and management.....	\$ 2,231.00		
Per cent earned on landlord's investment.....	.....	8.40	

This method has distinct advantages for both the landlord and the tenant, particularly where the arrangement is between a father and a son. The business goes on much as it had been conducted before the father planned to leave the farm. The landlord's risk is not increased beyond what it would be with the same tenant under some other method of leasing. The interests of the landlord and tenant should be kept as nearly mutual as possible. Under arrangements that

have sometimes been made, the tenant contributes his labor and little else and in return receives a share in the income. This usually includes a share in the increase in the live stock. For example, the tenant may receive a one-third interest in all of the increase in live stock. A particularly fine young animal may be raised and the question arises as to whether it is to be retained in the breeding herd or to be sold. If it is retained in the breeding herd to replace an older animal the tenant does not share directly in the value of this young animal. However, if the animal is sold he gets one-third of the returns. Such a situation presents too many opportunities for disagreement. It can be avoided by adopting the stock-share lease as outlined and then the tenant will gain by retaining the animal in the herd or by selling it. The landlord's interests would be along the same lines.

This method of adapting the stock-share lease to the needs of tenants who have little or no capital gives the young man an excellent opportunity to get started in business. Also, it preserves a farm business as a going concern which may have required years for the landlord to establish. This particular method commends itself for the use of fathers who are turning their farms over to their sons.

Farmer Taking Son into Business. — Many farmers wish to take their sons into the farm business but do not wish to relinquish active participation in it by themselves. They want to give the boy a share in the business and to work out an agreement that will be fair to both father and son. The conditions favorable for such an arrangement are found on farms that are large enough for two men. On smaller farms such an arrangement is not advisable as there would be reduced opportunity for both and the arrangement would not be profitable. The stock-share method of dividing the investment, the expenses, and the receipts may be used as a basis for a satisfactory agreement in such instances. Table II shows the division of the investment, the expenses, and the receipts on a farm where such an arrangement has been worked out. The son furnishes one-half the usual investment of a stock-share tenant, pays one-half the usual expenses of the tenant, and receives one-half the tenant's income. In actual practice the son has approximately a one-fourth interest in the business. This assumes that the father is going to remain active and take an active part in conducting the work of the farm.

Such an arrangement has many things to commend it. The young man going into the business can profit by the advice and experience of his father. He has an opportunity to get started in the business for himself at a much younger

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TABLE II.—DIVISION OF INVESTMENT, RECEIPTS, AND EXPENSES BETWEEN FATHER AND SON WITH SON AS A PARTNER IN THE BUSINESS ON THE STOCK-SHARE BASIS.

(Same data used as in Table I.)

	Son's share as tenant	Father's share as tenant	Father's share as landlord	Total of father's share	Total for farm
INVESTMENT					
Real estate	\$	\$	\$32,000.00	\$32,000.00	\$32,000.00
Machinery and tools.....	1,782.00	1,782.00	.....	1,782.00	3,564.00
Work horses	370.00	370.00	.....	370.00	740.00
Other live stock.....	1,075.00	1,075.00	2,150.00	3,225.00	4,300.00
Feed and supplies.....	400.00	400.00	800.00	1,200.00	1,600.00
Totals	\$ 3,627.00	\$ 3,627.00	\$34,950.00	\$38,577.00	\$42,204.00
RECEIPTS					
Crops sold	\$ 620.00	\$ 620.00	1,240.00	\$ 1,860.00	\$ 2,480.00
Live stock sold.....	1,029.00	1,029.00	2,058.00	3,087.00	4,116.00
Live-stock products sold	408.00	408.00	816.00	1,224.00	1,632.00
Totals	\$ 2,057.00	\$ 2,057.00	\$ 4,114.00	\$ 6,171.00	\$ 8,228.00
EXPENSES					
Labor hired	\$ 40.00	\$ 40.00	\$	\$ 40.00	\$ 80.00
Machinery repairs	26.00	26.00	.....	26.00	52.00
Building repairs .....	.....	.....	21.00	21.00	21.00
Live stock purchased....	50.00	50.00	100.00	150.00	200.00
Feed purchased.....	233.00	233.00	466.00	699.00	932.00
Breeding fees .....	.....	.....	15.00	15.00	15.00
Veterinary fees.....	11.00	11.00	22.00	33.00	44.00
Seed purchased.....	3.00	3.00	6.00	9.00	12.00
Twine purchased.....	7.00	7.00	14.00	21.00	28.00
Thrashing bill	30.00	30.00	60.00	90.00	120.00
Fuel and oil for farm work.....	30.00	30.00	60.00	90.00	120.00
Insurance	10.00	10.00	65.00	75.00	85.00
Taxes on farm property	20.00	20.00	340.00	360.00	380.00
Totals	\$ 460.00	\$ 460.00	\$ 1,169.00	\$ 1,629.00	\$ 2,089.00
SUMMARY					
Investment.....	\$ 3,627.00	\$ 3,627.00	\$34,950.00	\$38,577.00	\$42,204.00
Receipts	\$ 2,057.00	\$ 2,057.00	\$ 4,114.00	\$ 6,171.00	\$ 8,228.00
Expenses	460.00	460.00	1,169.00	1,629.00	2,089.00
Net returns	\$ 1,597.00	\$ 1,597.00	\$ 2,945.00	\$ 4,542.00	\$ 6,139.00
Interest on investment at 5 per cent.....	181.00	.....	.....	\$ 1,929.00	.....
Return to son and to father for labor and management	\$ 1,416.00	.....	.....	\$ 2,613.00	.....
Per cent earned on father's investment as landlord.....	.....	.....	8.4	.....	.....

age than would be possible if such an arrangement were not made. The father retains the boy's interest in the farm and in turn is in a position where he need not retire from farming to give the boy an opportunity. If he wishes to do so, he can retire at a later date without seriously affecting the conduct of the farm business.

A STOCK-SHARE LEASE

The following is a form of stock-share lease which has been found satisfactory by many Kansas landlords and tenants:

STOCK-SHARE LEASE

This agreement made and entered into this.....day of
.....19....., by and between..... of
.....party of the first part, landlord, and
..... of party of the
second part, tenant, witnesseth:

That the party of the first part, in consideration of the agreements and stipulations hereinafter mentioned, to be kept and performed by the second party, has leased and does by these presents rent and lease unto the second party the following described real estate situated in the county of..... and state of Kansas, to wit:

.....
containing.....acres, more or less, for the term commencing on the
.....day of.....19....., and ending on the.....
day of.....19....., being a term of.....years.

The landlord will furnish the above described farm, including the improvements thereon, and material for needed repairs and improvements and pay all taxes and insurance on his share of the farm property.

The tenant will furnish all machinery, tools, harness, and do all work and hire and pay all help necessary to properly care for the crops and live stock on the farm above described. He will make all repairs and improvements where skilled labor is not required, and will board extra help. He will deliver all produce at local market or shipping point free of cost to the landlord. He can have a reasonable amount of land for garden and potatoes, and milk, poultry and eggs for family use only. He will pay taxes and insurance on his share of the farm property, and also pay for all repairs on machinery, tools, and harness.

The landlord and tenant will each furnish one-half of all cattle, hogs, poultry, and
This live stock shall consist of not less than.....

Each will furnish one-half of all seeds needed for seeding field crops on said farm. Each will pay for one-half of all feed which must be bought, one-half of all expenses on live stock owned in common, one-half of all expenses for twine and threshing, and one-half of all other expenses not otherwise provided for in this agreement. All live stock shall be fed from the common produce of the farm and such feed as may be purchased from time to time by the parties. Neither party to this agreement shall bring live stock, which is not a part of the business as provided by the terms of this agreement, on the farm during the period of this lease.

Each party shall share equally in all proceeds from the sale of live stock, crops, or other farm products. The tenant shall keep an accurate account of all receipts and expenditures, and settlement according to the terms of this lease shall be made on the first and fifteenth days of each month during the duration of the agreement.

Neither party to this agreement shall make purchases or sales which are to be shared jointly without the consent of the other party, excepting that when these purchases or sales are of less than \$5 in amount the consent of the other party shall not be deemed necessary.

The tenant further agrees that he will farm said land in a good farm-like and workmanlike manner; that he will commit no waste nor permit injury to be done to the premises. He further agrees that he will haul out and scatter on the fields where most needed all manure made and produced on said farm during the term of this lease, excepting that produced during the three months prior to its termination. He further agrees to keep the buildings, fences, and other improvements on said farm in as good repair and condition as the same are when he goes into possession, reasonable wear and tear excepted, or as good as they may be put in during said term; that he will not assign his lease or sublet any part of the stock or crops from said farm without the consent of the landlord. Neither party shall have the right to enter into any contract or agreement affecting the farm business in any way without the consent of the other.

The landlord reserves the right to enter said land to make improvements thereon and to plow and seed stubble land during the fall preceding the termination of this lease.

In case the tenant shall fail to perform his agreements or any of them herein contained, then the landlord shall have a right to hire any person or persons he may see fit to perform the agreements of the tenant and all

THE STOCK-SHARE LEASE

expense incident hereto shall be charged up against the share of the tenant and paid out of the same, or the landlord, in case of violation of the terms of this agreement by the tenant, shall have a right to cancel this lease and agreement for the remaining year or years after such violation.

At the expiration of this lease all produce of said farm and all property owned in common by the parties shall be divided equally between them, or be sold and the proceeds divided or part divided as they may agree; but if they shall fail to agree at that time upon a sale or division of said property, then each shall select a referee or arbitrator, who if unable to agree, shall select another and they three shall make such division of said property as to them shall seem equitable, giving each party one-half of the same.

Signed.....
Party of the first part.

Signed.....
Party of the second part.

The following is an agreement based upon the stock-share lease plan providing for taking a son into a business where the father remains actively engaged in it:

AGREEMENT

This agreement made and entered into this.....day of.....19....., by and between..... of..... party of the first part, and..... of..... party of the second part, witnesseth:

That the party of the first part, in consideration of the agreements and stipulations hereinafter mentioned to be kept and performed by the second party, does hereby agree to furnish for the joint use of the two parties, hereunto, the following described real estate situated in the county of..... and state of Kansas, to wit:..... containing..... acres, more or less, for the term commencing on the..... day of..... 19..... and ending on the..... day of..... 19....., being a term of..... years.

The party of the first part will furnish the above described farm, including the improvements thereon, and material for needed repairs and improvements. He will further furnish one-half of all machinery, tools, and harness necessary to properly care for the crops and live stock on the farm above described, and three-fourths of all horses, mules, cattle, hogs, poultry, and other live stock.

The party of the second part will furnish one-half of all machinery, tools, and harness necessary to properly care for the crops and live stock on the farm above described and one-fourth of all horses, mules, cattle hogs, poultry, and other live stock.

Each party will pay one-half the cost of all repairs on machinery, tools, and harness, and one-half the cost of all hired labor necessary to properly care for the crops and live stock on the farm above described and unskilled labor for necessary repairs to farm improvements.

Each party will pay taxes and insurance on his share of the farm property.

The cost of seeds and feeds purchased, threshing, twine, live stock expense, and other necessary expenses not otherwise provided for in this agreement shall be borne in the following proportions: three-fourths by the party of the first part and one-fourth by the party of the second part.

The party of the first part further agrees that, if the party of the second part does not have sufficient funds to provide his share of the farm property as herein provided, the party of the first part will take the note of the party of the second part for the sum needed, said note to bear interest from date at the rate of..... per cent to be paid annually and to be for the same term of years as this agreement. The sum required by the party of the second part is to be determined by the purchase price of property bought and by appraised values for property furnished by the party of the first part. The party of the second part has the right to pay any or all of said note on any interest payment date.

Each party to this agreement shall have a reasonable amount of land for garden and potatoes, and milk, poultry and eggs for family use only.

Each party to this agreement agrees to devote his entire time to the farm business herein provided for.

All live stock shall be fed from the common produce of the farm and

such feed as may be purchased from time to time by the parties. Neither party to this agreement shall bring live stock, which is not a part of the business as provided by the terms of this agreement, on the farm during the period of this agreement.....

The party of the first part shall receive three-fourths and the party of the second part shall receive one-fourth of all proceeds from the sale of live stock, crops, or other farm products. An accurate account of all receipts and expenditures shall be kept and settlement according to the terms of this agreement shall be made on the first and fifteenth days of each month during the duration of the agreement.....

Neither party to this agreement shall make purchases or sales which are to be shared jointly without the consent of the other party, excepting that when these purchases or sales are of less than \$5 in amount the consent of the other party shall not be deemed necessary.

It is further agreed that both parties will aid in every possible way to farm said land in a good farmlike and workmanlike manner; that they will commit no waste nor permit injury to be done to the premises. They further agree that they will haul out and scatter on the fields where most needed all manure made and produced on said farm during the term of this agreement, excepting that produced during the three months prior to its termination. They further agree to keep the buildings, fences, and other improvements on said farm in as good repair and condition as the same are at the beginning of the agreement, reasonable wear and tear excepted, or as good as they may be put in during said term; that neither will assign his interest or sublet any part of the stock or crops from said farm without the consent of the other. Neither party shall have the right to enter into any contract or agreement affecting the farm business in any way without the consent of the other.

In case either party shall fail to perform his agreements or any of them herein contained, then the other party shall have a right to hire any person or persons he may see fit to perform the agreements of the other party and all expense incident thereto shall be charged up against the share of the other party and paid out of the same, or in case of violation of the terms of this agreement by either party, the other party shall have a right to cancel this agreement for the remaining year or years after such violation.

At the expiration of this agreement all produce of said farm and all other property owned in common by the parties shall be divided in accordance with the interest therein or ownership thereof, or be sold and the proceeds divided or part divided as they may agree; but if they shall fail to agree at that time upon a sale or division of said property, then each shall select a referee or arbitrator, who if unable to agree, shall select another and they three shall make such division of said property as to them shall seem equitable, giving each party his share in accordance with his interest in said property.

Signed.....
Party of the first part.

Signed.....
Party of the second part.

Blank forms similar to the above may be secured by requesting them of the Agricultural Experiment Station, Manhattan, Kan.