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4-5-2006

## Cattle Lease Checklist

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Aiken, J. David, "Cattle Lease Checklist" (2006). *Cornhusker Economics*. 260.

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# CORNHUSKER ECONOMICS

UNIVERSITY OF  
**Nebraska**  
Lincoln

April 5, 2006

University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources  
Department of Agricultural Economics  
<http://agecon.unl.edu/pub/cornhusker.htm>

## Cattle Lease Checklist

Market Report	Yr Ago	4 Wks Ago	3/31/06
<b><u>Livestock and Products,</u></b>			
<b><u>Weekly Average</u></b>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight . . . . .	\$94.74	\$88.19	\$83.53
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb . . . . .	142.03	137.51	130.26
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb . . . . .	113.11	110.08	103.72
Choice Boxed Beef, 600-750 lb. Carcass . . . . .	151.09	152.64	140.19
Western Corn Belt Base Hog Price Carcass, Negotiated . . . . .	66.90	60.48	54.10
Feeder Pigs, National Direct 45 lbs, FOB . . . . .	70.81	57.73	51.32
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean . . . . .	71.06	67.43	58.93
Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest . . . . .	107.00	79.50	68.00
National Carcass Lamb Cutout, FOB . . . . .	267.67	213.23	216.78
<b><u>Crops,</u></b>			
<b><u>Daily Spot Prices</u></b>			
Wheat, No. 1, H.W. Imperial, bu . . . . .	2.92	4.00	3.72
Corn, No. 2, Yellow Omaha, bu . . . . .	1.86	1.98	2.07
Soybeans, No. 1, Yellow Omaha, bu . . . . .	5.90	5.58	5.21
Grain Sorghum, No. 2, Yellow Columbus, cwt . . . . .	2.73	2.93	2.88
Oats, No. 2, Heavy Minneapolis, MN , bu . . . . .	1.78	2.03	1.97
<b><u>Hay</u></b>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton . . . . .	115.00	130.00	130.00
Alfalfa, Large Rounds, Good Platte Valley, ton . . . . .	62.50	65.00	65.00
Grass Hay, Large Rounds, Good Northeast Nebraska, ton . . . . .	57.50	55.00	55.00
* No market.			

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Some producers find it advantageous to lease their cattle to other producers either for cash or for a share of the calf crop. This may be in the course of ultimately transferring the herd — e.g., to a child or other new owner. It may also be used by a producer who has been forced to liquidate his/her herd and wishes to re-establish a new herd. This checklist has been adapted from Doye, Sahs & Coe, *Breeding Livestock Lease Agreements*, F-571 and Doye, Sahs & Coe, *Stocker Livestock Lease Agreements*, F-572 (Oklahoma Cooperative Extension Service).

**Lease Term.** When does the agreement start? How long will it run? Is it automatically renewable? What is the renewal process or procedure? State that the document is a lease and not a partnership.

**Lease Payment.** Cash rent or calf share? What is the calf share for each party? How will stockers be priced if one party buys stockers from the other? When and where will the calves be divided? When is rent paid?

**Land and Facilities.** Who provides the land and facilities? How many acres of land and what type of pastures and crops are included? (Include legal descriptions, if possible). Are facility improvements needed? If so, who will pay for them?

**Quantity of Animals.** How many animals will be provided? Will cows be bred? Does the owner warrant



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that the animals are disease free? That the animals have received all necessary vaccinations? Vaccination certificates? How will culls be disposed of, and when will it occur? How will replacements be handled? Who provides bulls, if bulls are to be provided? What type and quality of bulls (or semen) will be used? What is the agreement for growing replacement heifers?

**Animal Care.** Which party pays for feed, water, care, veterinary services and medicine, fencing, taxes, etc.? Which party provides the feed, water, care, veterinary services and medicine, fencing, etc.? Are there special agreements on feeding/handling of stockers, cows or calves? Will incentives be provided for doing a “good” job? Will disincentives be provided for doing a “poor” job? How?

**Production Records and Reporting.** What records will be kept? What is reported to owner? How often? How will animals be identified? Owner right of inspection.

**Death Losses.** What will determine the amount of death loss for each party? How is death loss proven? Reporting and owner notification procedures. How will extenuating circumstances (such as drought, hail or major health problems), that are not the fault of the caretaker be handled?

**Insurance.** Will stockers, cows or bulls be insured? Who will carry the insurance? How much?

**Default and Termination.** How will disagreements be settled? Arbitration? Mediation? Is there a way for both parties to get out of the agreement? When and how must notice of termination be given? What are grounds for termination? Will the tenant be compensated for production expenses up to the date that owner repossesses the cattle? How will this compensation be determined?

**Initiative 300 and Livestock Ownership.** Under Initiative 300 the livestock owner must own the cattle in his or her own name. If the cattle are owned by a corporation, limited partnership or limited liability company, they all must qualify as family farm entities. Initiative 300 has been declared unconstitutional in Federal District Court, but is still enforceable, pending legal appeals.

**Securing Cash Rent.** If the livestock rent is for cash, the owner could secure the rental payment with

the cash crop by filing the appropriate Nebraska Uniform Commercial Code documents and including a security agreement as part of the lease. If the tenant has an operating lender, that lender will probably have the first claim on the new calves. The owner could approach the tenant’s operating lender to see if the lender is willing to negotiate a subordination agreement that either gives the owner the first lien on the calves, or else agrees how the calves would be shared in the case of default.

**Internet Resources.** The Oklahoma State publications are available at [www.osuextra.com](http://www.osuextra.com). A sample cattle lease from beef.com is available at [images.beef-mag.com/files/13/beefcowlease.pdf](http://images.beef-mag.com/files/13/beefcowlease.pdf). An investor lease (cash and share options) offered by a Wyoming producer is available at <http://www.bilbrey.net/pdf%20files/Investor%20Cattle%20Agreement.pdf>. Recall that investors would have to own the cattle in their own name for this to be legal in Nebraska under I300.

A sample Canadian livestock lease is available at [www.gov.mb.ca/agriculture/financial/farm/caf22s01.html](http://www.gov.mb.ca/agriculture/financial/farm/caf22s01.html)

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