



FAIR Lease Monitoring System

US Farm Lease is now offering the option of a FAIR Lease to offer another lease opportunity for landowners and operators.

For landowners that want to retain their present operator, but yet adjust their lease to a farm revenue based rent that fluctuates with prices and yields. The FAIR Lease is a simplified, yet adjustable system that can be a win-win for both landowner and operator. It provides added revenue to the landowner when market prices and/or yields are good on their farm.

Many “flex leases” get complicated. US Farm Lease can assist landowners and operators in setting up a FAIR Lease that fits their individual farm. We will monitor yields, market prices and calculate the total cash rent determined by the FAIR Lease and invoice the operator per the terms of the lease.

ADVANTAGES of the FAIR Lease	
Landowner	Operator
<ul style="list-style-type: none"> • Potential to add to farm income. • Keep a good operator while adjusting rental rate. • Increased revenue to make land improvements. • More farm data provided by operator. 	<ul style="list-style-type: none"> • Lower “Base Rent”. • Shared risk with landowner. • Long-term relationship with landowner.
DISADVANTAGES of the FAIR Lease	
Landowner	Operator
<ul style="list-style-type: none"> • Farm rental income not guaranteed. • Flex payment subject to market/yields. • Not all rent is paid in advance of crop year. 	<ul style="list-style-type: none"> • Must provide more data to landowner— Yield data and crop insurance data. • Share improved income with landowner in years with good yields and/or prices.

Terms:

Base Rent..... Minimum cash rent for each crop. May be based on a percentage of average cash rent in the county or any other level.

Farm Gross Where Flex Rent Begins Base cash rent plus crop input costs (seed, fertilizer, chemicals, crop insurance premium, etc.)

Flex Percentages Percentage of gross farm income paid to landowner above base cash rent and crop input costs. Variable by commodity.

Market Rates Market values (cash or futures) agreed upon to establish average price per bushel of each crop.

Yield Verification “Certified” yield monitor results or third party consultant yield check within 30 days of harvest, verified by crop insurance records.

Crop Insurance..... Required – Operator must carry optional unit crop insurance on leased land and any indemnity payments will be added to calculated gross revenue.

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US FARM LEASE



USFL Clients

Story County, Iowa

<u>2012 Crop Year</u>	<u>Corn</u>	<u>Soybeans</u>	<u>Avg All Acres</u>
2011 Actual Cash Rent:	250.00	250.00	250.00
2011 County Average Cash Rent * :	235.00	235.00	235.00
Base Rent Adjustment Percentage:	148.94%	148.94%	
Proposed 2012 Base Rent:	\$350.00	\$350.00	\$350.00
Flex Pct. To Landowner after base rent and out of pocket costs:	20.00%	20.00%	
Average Cash Prices (\$/Bushel) * :	5.38	11.51	
Actual Crop Yields (Bushels/Acre) * :	180.0	50.0	
Base Rent:	\$350.00	\$350.00	\$350.00
Flex Rent:	\$56.57	\$7.90	\$32.24
Total Rent:	\$406.57	\$357.90	\$382.24
This Years vs. Last Years Rent-- Percent:	162.63%	143.16%	152.89%
Dollars/Acre:	+ \$ 156.57	+ \$ 107.90	+ \$ 132.24
This Year Total Rent vs. Base Rent:	116.16%	102.26%	109.21%
Total Rent As A Pct. Of Gross Income:	41.98%	62.19%	49.52%
<i>Tenant Calculations:</i>			
Gross Income (Including Crop Ins)	968.40	575.50	
Total Cash Rent Paid	406.57	357.90	
Variable Input Costs *	335.54	186.00	
Input Costs + Total Rent	742.11	543.90	
Operator Net Return After Spring Variable Expense & Cash Rent (per acre):	\$226.29	\$31.60	\$128.95

* 2011 County Average Cash Rent is based on ISU Extension Suvvey. Prices are current cash prices for Fall 2012 delivery. Crop Yields are current forward estimate. Variable Input Costs are based on ISU Extension projections.

This Report Was Run On: **12/28/11**

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Total Cash Rent -- FAIR Lease

2012 CORN

At Various Prices and Yields

CME Futures Prices	Yields																			
	70	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260
9.00	431.93	431.13	430.33	429.53	428.73	427.93	436.49	453.69	470.89	488.09	505.29	522.49	539.69	556.89	574.09	591.29	608.49	625.69	642.89	660.09
8.75	425.69	424.89	424.09	423.29	422.49	421.69	429.99	446.69	463.39	480.09	496.79	513.49	530.19	546.89	563.59	580.29	596.99	613.69	630.39	647.09
8.50	419.45	418.65	417.85	417.05	416.25	415.45	423.49	439.69	455.89	472.09	488.29	504.49	520.69	536.89	553.09	569.29	585.49	601.69	617.89	634.09
8.25	413.21	412.41	411.61	410.81	410.01	409.21	416.99	432.69	448.39	464.09	479.79	495.49	511.19	526.89	542.59	558.29	573.99	589.69	605.39	621.09
8.00	406.97	406.17	405.37	404.57	403.77	402.97	410.49	425.69	440.89	456.09	471.29	486.49	501.69	516.89	532.09	547.29	562.49	577.69	592.89	608.09
7.75	400.73	399.93	399.13	398.33	397.53	396.73	403.99	418.69	433.39	448.09	462.79	477.49	492.19	506.89	521.59	536.29	550.99	565.69	580.39	595.09
7.50	394.49	393.69	392.89	392.09	391.29	390.49	397.49	411.69	425.89	440.09	454.29	468.49	482.69	496.89	511.09	525.29	539.49	553.69	567.89	582.09
7.25	388.25	387.45	386.65	385.85	385.05	384.25	390.99	404.69	418.39	432.09	445.79	459.49	473.19	486.89	500.59	514.29	527.99	541.69	555.39	569.09
7.00	382.01	381.21	380.41	379.61	378.81	378.01	384.49	397.69	410.89	424.09	437.29	450.49	463.69	476.89	490.09	503.29	516.49	529.69	542.89	556.09
6.75	375.77	374.97	374.17	373.37	372.57	371.77	377.99	390.69	403.39	416.09	428.79	441.49	454.19	466.89	479.59	492.29	504.99	517.69	530.39	543.09
6.50	369.53	368.73	367.93	367.13	366.33	365.53	371.49	383.69	395.89	408.09	420.29	432.49	444.69	456.89	469.09	481.29	493.49	505.69	517.89	530.09
6.25	363.29	362.49	361.69	360.89	360.09	359.29	364.99	376.69	388.39	400.09	411.79	423.49	435.19	446.89	458.59	470.29	481.99	493.69	505.39	517.09
6.00	357.05	356.25	355.45	354.65	353.85	353.05	358.49	369.69	380.89	392.09	403.29	414.49	425.69	436.89	448.09	459.29	470.49	481.69	492.89	504.09
5.75	350.81	350.01	350.00	350.00	350.00	350.00	351.99	362.69	373.39	384.09	394.79	405.49	416.19	426.89	437.59	448.29	458.99	469.69	480.39	491.09
5.50	350.00	350.00	350.00	350.00	350.00	350.00	350.00	355.69	365.89	376.09	386.29	396.49	406.69	416.89	427.09	437.29	447.49	457.69	467.89	478.09
5.25	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	358.39	368.09	377.79	387.49	397.19	406.89	416.59	426.29	435.99	445.69	455.39	465.09
5.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.89	360.09	369.29	378.49	387.69	396.89	406.09	415.29	424.49	433.69	442.89	452.09
4.75	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	352.09	360.79	369.49	378.19	386.89	395.59	404.29	412.99	421.69	430.39	439.09
4.50	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	352.29	360.49	368.69	376.89	385.09	393.29	401.49	409.69	417.89	426.09

Cash Basis: -0.40

Base Rent: 350.00

Flex Percent: 20.00%

Total Cash Rent -- FAIR Lease

2012 SOYBEANS

At Various Prices and Yields

CME Futures Prices	Yields																
	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85
17.00	381.02	380.52	380.02	379.52	379.02	378.52	378.02	377.52	391.30	407.80	424.30	440.80	457.30	473.80	490.30	506.80	523.30
16.00	372.86	372.36	371.86	371.36	370.86	370.36	369.86	369.36	382.30	397.80	413.30	428.80	444.30	459.80	475.30	490.80	506.30
15.50	368.78	368.28	367.78	367.28	366.78	366.28	365.78	365.28	377.80	392.80	407.80	422.80	437.80	452.80	467.80	482.80	497.80
15.00	364.70	364.20	363.70	363.20	362.70	362.20	361.70	361.20	373.30	387.80	402.30	416.80	431.30	445.80	460.30	474.80	489.30
14.50	360.62	360.12	359.62	359.12	358.62	358.12	357.62	357.12	368.80	382.80	396.80	410.80	424.80	438.80	452.80	466.80	480.80
14.00	356.54	356.04	355.54	355.04	354.54	354.04	353.54	353.04	364.30	377.80	391.30	404.80	418.30	431.80	445.30	458.80	472.30
13.50	352.46	351.96	351.46	350.96	350.46	350.00	350.00	350.00	359.80	372.80	385.80	398.80	411.80	424.80	437.80	450.80	463.80
13.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	355.30	367.80	380.30	392.80	405.30	417.80	430.30	442.80	455.30
12.50	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.80	362.80	374.80	386.80	398.80	410.80	422.80	434.80	446.80
12.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	357.80	369.30	380.80	392.30	403.80	415.30	426.80	438.30
11.50	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	352.80	363.80	374.80	385.80	396.80	407.80	418.80	429.80
11.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	358.30	368.80	379.30	389.80	400.30	410.80	421.30
10.50	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	352.80	362.80	372.80	382.80	392.80	402.80	412.80
10.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	356.80	366.30	375.80	385.30	394.80	404.30
9.50	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	359.80	368.80	377.80	386.80	395.80
9.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	353.30	361.80	370.30	378.80	387.30
8.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	355.30	362.80	370.30
7.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	353.30
6.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00

Cash Basis: -0.50

Base Rent: 350.00

Flex Percent: 20.00%