

AGRI-FACTS

Practical Information for Alberta's Agriculture Industry

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Basic Design of a Lease Agreement for Cows

Drought impacts grass production and feed availability. This document addresses some of the issues you and your landlord will need to consider when renting pasture or “boarding” your cows.

The who, what and why

- Date of the Agreement?
- Who are the Parties in the Agreement?
- Prepare a statement that sets out the intent of the agreement that both parties agree to. For example: This agreement is entered into for the housing, feeding and caring of cattle as a result of a drought situation faced by the owner of the cattle.

Description of the cattle in the agreement

Describe the cattle being housed. This description may be outlined on a separate schedule detailing the number of animals, type of animals, tag numbers, brands, and condition score for each animal. You may also wish to photograph the animals.

What is the range on the number of animals that will be housed? This figure would set the minimum and the maximum number of animals in this agreement.

What is the requirement for branding, ear tagging and other forms of identification required in the location for the purposes of identifying the cattle in question? Since the cattle owner is looking just for “lodging,” then all appropriate forms of identification would be the responsibility of the owner unless otherwise agreed to.

Location of the cattle

The agreement should outline the location where the cattle will be housed. The agreement should also outline the right of the owner to inspect his cattle and their condition.

Breeding

- Will the females be bred while being housed?
- Who provides the bulls?
 - What will be the exposure period?
 - What warranties come with the bull if the landlord provides the bull?
 - Who will pay for the cost involved?

This section would not be needed if the cattle arrive after the breeding period. Should it be agreed that the landlord has the responsibility for this service, then the fee would take into account bull depreciation, labor and health costs directly associated with the bulls being used.

You and your landlord need to share a common set of expectations

Herd health

- What constitutes a herd health program?
- Who pays for the costs?

Agreement will need to be reached on what condition score the cattle will leave the agreement with. Within the agreement will be the associated feed costs to achieve that desired score.

Veterinarian services

- What latitude will the landlord be given to engage the services of a vet?
- Who then covers the cost of service?
- Who then pays for the treatment?

Unless otherwise agreed to, the landlord would be given the latitude to call the appropriate resources, and the owner will pay the costs.

Feed, water, pasture and care

Since feed, water, forage and pasture represent a good majority of the costs in this agreement, this agreement will need to determine the cost for the direct inputs into the cattle and a return to the landlord for the use of the facilities. Use the herd health section as a guide to build the feeding program.

Since the cattle owner is “lodging” the cattle, the cost of replacing feed, pasture, water and care is the landlords. Should the landlord not be able to provide these items, the cost to find suitable replacement will be the responsibility of the landlord.

Culls and replacements

There would not be a clause here unless management of the cattle was transferred to long term.

Death loss, strays and insurance

The owner of the animals assumes the death loss unless otherwise agreed to.

- Should the landlord carry insurance to cover his risks as a landlord?
- Should the landlord require the cattle owner to carry mortality insurance?
- Should an animal stray and be killed, damaged or put down by a vet or officer of the law, the owner assumes the loss unless otherwise is agreed to?

Disputes and arbitration

In the case of a dispute, disagreement or issue not addressed in the agreement, and the parties cannot agree on an outcome suitable to both parties, the agreement needs a mechanism to resolve the item.

- Should the landlord ask his neighbor to be involved?
- Should the cattle owner ask his neighbor to be involved?
- Should the two named neighbors chose a third person and then hear and decide the case?
- Does the loser pay all costs?
- Do the landlord and the cattle owner agree to live with the decision?
- Do the landlord and cattle owner agree not to go to the court to overturn the three-neighbor decision?

Terms, termination and assignment of this agreement

It is assumed that both parties trust each other, or the agreement would not be entered into in the first place.

Normally the “lodging” will be for a period of time.

- Under what conditions can the landlord leave the lease early? What about the cattle owner?
- Can the landlord put the cattle somewhere else and subcontract the care and feeding of the animals?
- Have the landlord and the cattle owner agreed on what happens if the agreement is extended?

Death of a party to the agreement

Does the death of the landlord or the cattle owner constitute an immediate termination of the “lodging”?

Payment and security

- How will the payment for the “lodging” be made? When? In what form?
- Should the owner of the cattle provide a non-revocable letter of credit to secure payment?
- Should the cattle owner not pay, what next? Do the cattle become collateral in the event of non-payment? What happens if a cheque is returned NSF?

Which law to use

Which provincial or state (unless both parties are residing in Alberta) laws govern this agreement?

Home stretch

These are just a few of the issues involved with setting up a custom boarding arrangement for your cattle. The issues range from covering basic production practices through to more complex business considerations. The key point is that you and your landlord need to share a common set of expectations.

Should the two parties move from just a lodging agreement into an agreement that has some degree of shared ownership, a new set of issues would need to be outlined and incorporated into the agreement.

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