IOWA STATE BAR ASSOCIATION
Official Form No. 135

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FARM LEASE—CASH OR CROP SHARES

THIS LEASE ("Lease") is made between Charlene Jacobson F/K/A CHARLENE KEHRLI ("Landlord"), whose address for the purpose of this Lease is _____, and Ken and Kathy Kehrli, ("Tenant"), whose address for the purpose of this Lease is _____.

THE PARTIES AGREE AS FOLLOWS:

1. **PREMISES AND TERM.** Landlord leases to Tenant the following real estate situated in Delaware County, Iowa (the "Real Estate"):

East one-half (E½) of the Southeast Quarter (SE¼) of the S.E. quarter (SE¼) of Section 25, Township 89 North, Range 6, West of the Fifth P.M.

and containing 79 acres, more or less, possession by Tenant to commence on March 1, 19 94, and end on February 28, 19 99

2. **RENT.** Tenant agrees to pay to Landlord as rent for the Real Estate (the "Rent"):

$90.00 per acre per year based upon 76 tillable acres payable monthly at the rate of $570.00 per month ending March 1, 1995

FAIR MARKET RENT DETERMINED ANNUALLY - RENEGOTIATED BASED ON ISU EXTENSION OR OTHER BROAD BASED NON BIASED DELAWARE CO. SURVEY BEGINNING MARCH 1 1995. YEARLY RENT WILL BE RECORDED UNDER ADDITIONAL PROVISION CLAUSE ON THIS LEASE AND INITIALED YEARLY.

All Rent is to be paid to Landlord at the address above or at such other place as Landlord may direct in writing.

3. **PLANTING OF CROPS.** Tenant shall prepare the Real Estate and plant such crops in a timely fashion as may be designated and directed by Landlord. Tenant shall only be entitled to pasture or plow those portions of the Real Estate designated by Landlord.

4. **PROPER HUSBANDRY.** Tenant agrees to farm the Real Estate in a good and husbandmanlike manner, and to seek to obtain the best crop production that the soil and crop season will permit. Tenant shall do what is reasonably necessary to control soil erosion including, but not limited to, the maintenance of existing watercourses, waterways, ditches, drainage areas, terraces and tile drains, and abstain from any practice which will cause damage to the Real Estate. Tenant will keep soil in good condition testing when necessary KK 12/6/14

5. **HARVESTING OF CROPS.** Tenant agrees to appropriately care for all growing crops in a good and husbandmanlike manner, and to harvest all crops in a timely fashion. In the event Tenant fails to do so, Landlord reserves the right, by himself or designated agents, to enter upon the Real Estate and properly care for and harvest all growing crops, charging the cost of the care and harvest to the Tenant, as part of the Rent.

6. **TERMINATION OF LEASE.** This Lease shall automatically renew upon expiration from year-to-year, upon the same terms and conditions unless either party gives due and timely written notice to the other of an election not to renew this Lease. If renewed, the tenancy shall terminate on March 1, of the year following provided that the tenancy shall not continue because of an absence of notice in the event there is a default in the performance of this Lease. All notices of termination of this Lease shall be as provided by law.

7. **POSSESSION AND CONDITION AT END OF TERM.** At the termination of this Lease, Tenant will relinquish possession of the Real Estate to to the Landlord. If Tenant fails to do so, Tenant agrees to pay Landlord $ 18.75 per day, as liquidated damages until possession is delivered to Landlord. At the time of delivery of the Real Estate to Landlord, Tenant shall assure that the Real Estate is in good order and condition, and substantially the same as it was received by Tenant at the commencement of this Lease, excusable or insurable loss by fire, unavoidable accidents and ordinary wear, excepted.

8. **CARE OF SOIL.** Tenant agrees to distribute upon the poorest tillable soil on the Real Estate, unless directed otherwise by Landlord, all of the manure and compost from the farming operation suitable to be used. Tenant further agrees not to remove from the Real Estate, nor burn, any straw, stalks, stubble, or similar plant materials, all of which are recognized as the property of Landlord. Tenant may use these materials, however, upon the Real Estate for the farming operations.

9. **FERTILIZER, LIME AND CHEMICALS.** The following materials, in the amounts required by good husbandry, shall be acquired by Tenant and paid for by the parties as follows:

	% Landlord	% Tenant
(1) Commercial Fertilizer		100
(2) Lime and Trace Minerals	PRORATED TO DATE IN EVENT OF lease termin. KK	100
(3) Weed Control Chemicals	12/6/14	100
(4) Pest Control Chemicals		100
(5) Weed Spraying, Weed or Pest		100
(6) Other		

Phosphate and potash on oats or beans shall be allocated _____% the first year and _____% the second year, and on all other crops allocated _____% the first year and _____% the second year. Lime and trace minerals shall be allocated over _____ years. If this Lease is not renewed, and Tenant does not therefore receive the full allocated benefits, Tenant shall be reimbursed by Landlord to the extent Tenant has not received the benefits. Unless specifically stated otherwise in writing by an addendum to this Lease, Tenant agrees to furnish, without cost, all labor, equipment and application for all fertilizer, lime, trace minerals and chemicals.

10. **COST OF COMBINING AND SHELLING OF CROPS.** The expense of combining and shelling of crops shall be borne as follows:
_____% Landlord 100 % Tenant.

11. **FARM MACHINERY AND EQUIPMENT.** All necessary machinery and equipment shall be furnished at the expense of Tenant.

12. **CARE OF TREES, SHRUBS AND GRASS.** Tenant agrees to preserve and keep from injury all trees, vines and shrubbery that are now or may be planted upon the Real Estate.

13. **WEED CONTROL.** All noxious weeds shall be sprayed or otherwise timely destroyed by Tenant, at Tenant's expense. Tenant shall timely cut or spray with herbicide weeds in fence rows.

14. **FURNISHING AND CLEANING SEED.** Cleaned seed shall be furnished as follows:
_____% Landlord 100 % Tenant.

15. **LANDLORD'S RIGHT OF ENTRY AND INSPECTION.** In the event notice of termination of this Lease has been properly served, Landlord reserves the right to enter upon and plow the Real Estate after Tenant has completed the harvesting of crops. Landlord may enter upon the Real Estate at any reasonable time for the purpose of viewing or seeding and making repairs, or for other reasonable purposes.

Recorded, Compared, Indexed
For Transcription, See Book 6
Page 70
3/26/96

FILE No. 299-148
RECORDING FEE $ 11.00
TRANSFER FEE $ _____

FILED FOR RECORD THE 7 DAY OF July, 1993 AT 10:58 O'CLOCK A. M. BOOK 4 PAGE 63

STATE OF IOWA, DELAWARE COUNTY
Deborah L. Peyton, Recorder
MISC. CM 31

16. **VIOLATION OF TERMS OF LEASE.** If Tenant or Landlord violates the terms of this Lease, the other shall have the right to pursue the legal and equitable remedies to which it is entitled. Tenant's failure to pay any Rent when due shall cause all unpaid Rent to become immediately due and payable, without any notice to or demand upon Tenant.

17. **DELIVERY OF GRAIN.** Tenant, without cost to Landlord, shall deliver Landlord's grain pursuant to request, at reasonable times, to the elevator at _____, or elsewhere at no further distant point.

18. **LANDLORD'S STORAGE SPACE.** Landlord reserves 0 % of all crib and granary space for storage of the rent share crops.

19. **LANDLORD'S LIEN AND SECURITY INTEREST.** Tenant agrees as an element of this Lease to waive and relinquish any rights of exemption to any of Tenant's personal property located on the Real Estate from sale or seizure under distress or execution on property that he holds at the time of the execution of this Lease or thereafter acquires as his exemption applies to any claim of Landlord against Tenant resulting from any violation of any term of this Lease. Tenant grants to Landlord, in addition to any statutory liens, a security interest as provided in the Iowa Uniform Commercial Code and a contractual lien on all Tenant's exempt and non-exempt personal property kept or used on the Real Estate including, but not limited to, all crops growing or grown on the Real Estate, as security for all sums due or which will become due from Tenant to Landlord. At Landlord's request, Tenant shall provide Landlord with a list of potential buyers of the crops grown on the Real Estate and shall sign financing statements prepared by Landlord to perfect Landlord's liens and security interests. If a list of potential buyers is requested by Landlord, Tenant shall not sell any crops grown on the Real Estate to a buyer who does not appear on the list.

20. **REPAIRS.** Tenant agrees to maintain the Real Estate, including hedges and fences, in good and proper repair. Landlord agrees to furnish necessary materials for repairs that Landlord deems necessary, and shall furnish the materials within a reasonable time after being notified of the need for repairs. Tenant agrees to haul the materials to the repair site without charge to Landlord.

21. **NEW IMPROVEMENTS.** All buildings, fences and improvements of every kind and nature that may be erected or established upon the Real Estate during the term of the Lease by the Tenant shall constitute additional rent and shall inure to the Real Estate, becoming the property of Landlord. KK

22. **EXPENSES INCURRED WITHOUT CONSENT OF LANDLORD.** No expense shall be incurred for or on account of the Landlord without first obtaining Landlord's written authorization. Tenant agrees that Tenant will take no actions that might cause a mechanic's lien to be imposed upon the Real Estate.

23. **PARTICIPATION IN GOVERNMENT PROGRAMS.** The participation of the Real Estate in any offered program by the United States Department of Agriculture for crop production control or soil conservation shall be Landlord's option. Payments from participation in these programs shall be divided _____% Landlord 100 % Tenant

24. **WELL, WINDMILL AND WATER SYSTEM.** Tenant agrees to maintain all well, windmill and water systems on the Real Estate in good repair at Tenant's expense except such damage caused by windstorm or weather. This Lease includes no guarantee, either expressed or implied, by Landlord relative to continuous or adequate supplies of water for the Real Estate. excluding wells, casing, pipes.

25. **ACCOUNTING.** The method used for dividing and accounting for the harvested grain shall be the customary and usual method used in the locale.

26. **ATTORNEY FEES AND COURT COSTS.** If either party files suit to enforce any of the terms of this Lease, the prevailing party shall be entitled to recover court costs and reasonable attorneys' fees.

27. **CHANGE IN LEASE TERMS.** The conduct of either party, by act or omission, shall not be construed as a material alteration of this Lease until such provision is reduced to writing and executed by both parties as addendum to this Lease.

28. **DELAY IN GIVING POSSESSION.** In the event that possession cannot be delivered within fifteen (15) days of commencement of this Lease, either Landlord or Tenant may terminate this Lease by giving the other party notice in writing.

29. **TELEVISION AND RADIO.** Tenant shall have the right to install and remove, without causing material injury to any structures or the Real Estate, television reception antennas, microwave dishes, and radio reception and transmission antennas placed upon the Real Estate by Tenant.

30. **CONSTRUCTION.** Words and phrases herein, including the acknowledgement, are construed as in the singular or plural and as the appropriate gender, according to the context.

31. **NOTICES.** The notices contemplated in this Lease shall be made in writing and shall either be delivered in person, or be mailed in the U.S. mail, registered mail, return receipt requested, to the recipient's last known mailing address. The notice provisions of this Section 31 shall not apply to the notice of termination set forth in Section 6. The notice of termination is specifically governed by the Code of Iowa.

32. **ADDITIONAL PROVISIONS.**

Option to purchase: Tenant shall have the option to purchase said property upon the termination of the lease on March 1, 1999, for its then appraised FMV.

1994 rent $90 /acre KK 6-10-93 CJ 6-10-93 KK 6-14-93

DATED: 6-10-93

TENANT:

Ken Kehrli

Ken Kehrli

Kathy Kehrli

Kathy Kehrli

LANDLORD:

Charlene Jacobson

Charlene Jacobson

STATE OF IOWA)
) ss:
COUNTY OF Delaware)

On this 10th day of JUne 19 93, before me, the undersigned, a Notary Public in and for said County and said State, personally appeared Charlene Jacobson, Ken Kehrli and Kathy Kehrli

to me known to be the identical persons named in and who executed the foregoing Lease and acknowledged that they executed the same as their voluntary act and deed.

J.L.Hoffm ann, my comm expires 3-22-96

J L Hoffmann
Notary Public in the State of Iowa

[ATTACH OTHER APPROPRIATE ACKNOWLEDGEMENT(S) HERE]

33. ALL bldgs and Improvements made By tenant remain property of tenant provided land is returned to original condition.

32. ADDITIONAL PROVISIONS CONTINUED.

IF FAIR MARKET VALUE IS BELOW $163,000 PURCHASE KK 6-14-93 TENANT WILL REMAIN AT $163,000 for ~~the~~ PROPERTY CJ 6-14-93 KK 6/14

OPTION TO PURCHASE Agreement is contingent upon purchase option exercisable thru March 1, 2004 for Wilbur Kehrli farm in Sec 36 Coffins Grove Twshp. If aforementioned option is voided this contract is renegotiable. KK 6-10-93 CJ 6-10-93 KK 6/14

JUFFMANN NOTARY PUBLIC IOWA