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# ***FairRent***

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FairRent is a software tool that provides a sound financial foundation for land rental decisions. It evaluates both cash rental and share rental arrangements based on expected yields, prices, government program payments, and expenses. The results calculate a breakeven cash rental rate and help develop a realistic bidding range for cash rental negotiations. The share rent results show whether sharing production and expenses will result in a fair economic return for the operator.

Sensitivity tables show how breakeven bids change with varying yields and prices. All sensitivity levels interact with 2002 Farm Bill government payments to show the price protection provided by LDP and CCP payments. FairRent can also be used to calculate the yields and prices required to break even at a specific cash rental rate.

FairRent provides the information required to answer questions like:

- How much can I afford to pay per acre?
- What if yields are 10 percent below historical averages?
- Can cash costs be covered if prices go down?
- What yields will it take to break even at the asking price?
- Which is better, a 60/40, 50/50, or 45/55 share rental arrangement?

With FairRent, you can be confident that land rental decisions are based on sound financial plans.

**Price: \$95**

**For more information:**



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# FairRent: A Land Rental Analysis

## Sample Output

### Cash Rental Analysis:

<u>Crop Description</u>	<u>Corn</u>	<u>Soybeans</u>
Acres	40.00	40.00
Expected yield	150.90 bu.	44.80 bu.
Expected price	2.00	4.70
Crop product income	301.80	210.56
Estimated LDP payments	-	8.06
Direct govt payments	19.16	19.16
Est. CCP payments	15.40	15.40
Other income	7.55	7.72
Gross return	343.91	260.90
Direct expenses		
Seed	35.20	18.99
Fertilizer	45.90	3.77
Chemicals	27.15	21.84
Crop insurance	7.81	10.57
Drying	6.26	-
Custom hire	4.05	3.13
Direct crop labor	0.38	0.34
Fuel	9.66	7.76
Repairs	21.35	17.09
Other direct expense	4.05	3.09
Operating interest	10.06	8.33
Total direct expenses	171.87	94.91
Overhead expenses	51.91	41.27
Operator labor & mgt.	27.76	22.85
Total listed costs	251.54	159.03
<b>Remaining for rent</b>	<b>92.37</b>	<b>101.87</b>

***Breakeven cash rent across all crops 97.12***

### Yields and Prices Required to Breakeven at \$110.00 Asking Price

	<u>Original Yields &amp; Prices</u>	<u>Breakeven Yields at Original Prices</u>	<u>Breakeven Prices at Original Yields</u>	<u>Breakeven Yields &amp; Prices</u>
Corn				
Yield	150.90	158.65		157.24
Price	2.00		2.25	2.08
Soybeans				
Yield	44.80	47.10		46.68
Price	4.70		5.29	4.90
Breakeven cash rent	97.12	110.00	110.00	110.00
Change in yields/prices		5.1%	12.6%	4.2%