

SOLAR LEASES: PROPERTY OWNERS BEWARE

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In the last several weeks, we have received and reviewed a flurry of solar leases and solar options to lease for numerous property owners. It appears that multiple solar companies are aggressively scouting and romancing property owners throughout the state with their promises to lease a few dozen acres and up to hundreds of acres of land with high rental rates per acre. The initial reaction is that this is a great opportunity for landowners to utilize their land and receive rental income that is significantly higher than agricultural market value rents particularly if the land is marginal farm land to begin with. However, BEWARE, because it is important to remember that the leasing documents that you are receiving were prepared by an attorney hired by the solar company so the documents tend to be prepared in a manner that is in the best interest of the solar company. The land owner's interests are not necessarily aligned with the solar company's interests!

The following items are typically missing from the solar company leases that we have been asked to review:

1. The exact amount of acreage to be rented by the solar company;
2. Location of easements to access the project if the field is not accessible from a public road;
3. Insurance coverage for the solar company and its agents;
4. Potential property tax increases and who absorbs those increases;
5. Potential loss of Agricultural Exemptions and Repayment of the Agriculture Exemption, plus penalties, if property is reclassified;
6. Removal (decommissioning) plan for the project upon expiration of the lease term;
7. Impact on landowners mortgage and future mortgaging of the property;
8. Future use of the property; and
9. Potential disruption of farming activities and tile lines when constructing the solar farm.

It is important to remember that just because the initial proposal might be for a 30 acre parcel, there is no guarantee, the way that the vast majority of these leases are written, that the solar company is going to lease the entire 30 acres. The solar company may only end up leasing a portion of the property and then, as a land owner, you could be left with two small fields with a solar farm in the middle. Depending on field access, one of those smaller fields may no longer be accessible if a solar project is constructed in the middle of the existing "large" field.

Property owners should be cautious and always seek legal advice to review the lease on your behalf when approached by a solar company to sign a lease before signing. Once signed by you, the lease becomes a binding obligation that will likely be difficult, if not nearly impossible (and expensive), to break. Please [contact me](#) or any member of our [Agricultural Services Team](#) if you would like us to review a solar lease that you received.