

## Ag Lease Termination Deadline Looming

### AGRI-VIEWS

by Chuck Otte, Geary County Extension Agent

In Kansas, the law recognizes oral agricultural leases as legal and binding. At one time, probably 90% of all ag leases were oral agreements. Nothing was written down, there was just a handshake and that was that. Likely well over half of all ag leases are still oral leases. I hate oral leases. It isn't because I don't trust people, in general I usually do trust them. But when you don't put anything in writing, and something goes wrong with the agreement, you are at the mercy of the statutes and the courts.

A written lease can be very simple. Expectations can be stated. Rental rates or shares and any exceptions regarding control of access, etc. can be written into the lease. Define the start and end date, a description of the location of the property and a place for each party to sign and you have a rental agreement. A written lease can start and end on any agreed upon date. A pasture lease can be specifically for May 1 to November 1. In the absence of a written lease, or even with a written lease if no dates are specified, all leases run March 1 to March 1. Even pasture leases run March 1 to March 1, in the eyes of the law, UNLESS there is a written agreement to the contrary.

Oral leases are annual leases that renew automatically until proper notice of termination is given. Proper notice is outlined in the statutes and contains three key factors. 1.) The notice must be in writing. 2.) The notice must be in the tenants hands at least 30 days prior to March 1. 3.) It must set the termination date of the lease as March 1. The exception to the March 1 date is on any acres that were planted to a fall seeded crop (winter wheat or winter barley) prior to the time of notice being served. The lease on those acres ends the day after the crop is harvested or August 1<sup>st</sup>, whichever comes first.

Keep in mind that there are probably a lot of leases that are terminated verbally. But to be enforceable it has to be in writing. Sometimes leases are terminated by mutual consent, but far too often when the lease is terminated someone isn't happy. If the termination notice wasn't given properly, the tenant can go to court and retain the lease for one more year.

While delivering the termination notice in person is recommended, it can sometimes be an uncomfortable situation. In those cases it is suggested that some form of certified mail, where the tenant has to sign for the letter, is preferred because that will provide legal proof of the date of delivery. It can also be left at the tenants residence or posted in a conspicuous place. There are options, but keep in mind that it has to be in the tenants hands, not just postmarked, by January 30<sup>th</sup>, which is 30 days prior to March 1<sup>st</sup> in non-leap years.

If you want to change the terms of your oral lease it needs to be done now so that if an agreement with the tenant can not be reached, you still have time to serve proper termination notice. If an agreement on new terms is not reached by January 30<sup>th</sup>, and notice to terminate was not delivered, the lease continues as it was last year. If you do terminate a tenant, however, you do not have to have a new tenant lined up by January 30<sup>th</sup>. That lease can start at anytime, even May 1<sup>st</sup>, but if it is also an oral lease, it will still end, next March 1<sup>st</sup>.

All of these conditions can be easily dealt with by just having a simple written lease that outlines the length of the lease. But if you want to stay with the handshake, you can do it, but it may have complicated your life! I hate oral leases.