

Ag Lease Termination Deadline Looms

AGRI-VIEWS

by Chuck Otte, Geary County Extension Agent

In Kansas, agricultural leases are governed by statutes that impact no less than ten areas of property and contract law. After all, an ag lease is nothing more than a contract between a landlord and an agricultural producer. The difference with many ag leases though is that probably still more than half of them are verbal agreements. In Kansas, oral agricultural leases are legal and binding, but they come with some very specific restrictions that both tenant and landlord need to be aware of.

First and foremost, an oral lease is only for one year, but it automatically renews annually unless proper notice of termination is given. By statute, an oral lease runs from March 1 to March 1. Any lease conveys to the tenant the right of possession UNLESS stated otherwise in a written lease. In essence, in the eyes of the law, a tenant has the right to do with the land as they please. This includes grazing of wheat pasture in the fall or crop residue after harvest or double cropping after wheat harvest. A pasture lease is treated the same as a crop land lease so an oral pasture lease would technically run from March 1 to March 1!

Although it's often more of an issue when a landlord terminates a tenant, it is equally important that a tenant follows through with notification to a landlord that they will no longer be renting a piece of property. But in all honesty, 99% of all terminations are landlords terminating tenants.

To be a legal termination of an oral lease three criteria must be met. 1.) It must be in writing. 2.) It must be in the other party's possession, not postmarked but in their hands, at least 30 days prior to March 1st. 3.) It must set the termination date as March 1st. Any notice to terminate that doesn't meet these three criteria is not a legal termination and the lease will continue for another year. If legal termination is given but there is wheat (or winter barley) planted on some of the acres, the lease on those acres terminates the last day of harvest. While all these criteria seem straight forward I will guarantee that there have been many questions raised about some little quirk here and there over the years. If you have a question, please call me first and ask. It may save you some frustration in the end.

What is crucial in the coming weeks is that landlords and tenants take the time to sit down and discuss their lease. If new terms, either crop share arrangements or cash rental rates, need to be developed, it needs to be done in time so that if either party wishes to terminate the lease they can still do so within the legal time line.

The biggest reason why leases fail is because of lack of communication. There isn't enough communication and it doesn't occur regularly enough. There are too many things assumed and then one party becomes upset about something and the other party doesn't have any idea that there's a problem. Little things that aren't talked about turn into big things and a lease blows up sometimes over those little things that should have been talked about when they first came up.

Many of the questions I am asked about regarding leases are items that are not in Kansas Statutes but dictated by tradition. I would encourage agricultural landowners and tenants to stop by the Extension Office and pick up a copy of our bulletin, "Kansas Agricultural Lease Law". If you have questions on your leases, call me, 785-238-4161, or visit with me at the Extension Office, 119 East 9th Street in Junction City.