

August 12, 2016

LAND LEASE REMINDERS

August after Czech Days is that time of year to think about those verbal or hand shake lease agreements in farming. Al Vyhnalek, extension educator in Platte County, recently summarized some tips about these “handshake” agreements.

Because nothing is in writing, the parties may have different recollections of their agreement, making lease disputes more difficult to resolve. The most common legal issue associated with verbal farm leases is how a lease may legally be terminated. For both year-to-year leases and holdover leases, six months advance notice must be given to legally terminate the lease.

However, the lease date (the date from which the six months is counted) is different. In contrast, the termination of a written lease is determined by the terms of the written lease.

For year-to-year leases, the Nebraska Supreme Court has ruled that the lease year begins March 1. Notice to a tenant to vacate under an oral year-to-year lease (legally referred to as a "notice to quit") must be given six months in advance of the end of the lease or no later than August 31. For example, for the lease year beginning March 1, 2016, and ending February 28, 2017, notice from the landlord that the lease will be terminated would have to be given to (and received by) the tenant no later than August 31, 2016. The lease would then expire February 28, 2017, with the new tenant (or new buyer) able to take over the lease March 1, 2017. If, however, the notice to quit were given (or received) after August 31, 2016, the existing tenant would have the right for the lease until February 28, 2018.

It is recommended that the farmland lease be terminated by registered letter. This means that the person receiving the letter signs for it, therefore providing evidence that the termination notice was received.

Pasture lease terminations on verbal arrangements are different. The typical pasture lease is for the five-month grazing season. The lease is only in effect for that time, so the lease is terminated at the end of the grazing season. However, different arrangements can be made in a written lease and that would be followed if in effect.

Regardless of the type of lease (written, verbal, or even multiple year), it is best to have clear communication with the tenant. By sending a termination notice before August 31, even for written leases, you can avoid any miscommunication or pitfalls.

In today’s world, please consider written leases. They are preferred in all cases. We have sample written lease forms that you can get from the Extension office that have the ‘fill in the blank’ spaces and get both parties thinking about the appropriate lease conditions for their situation. If you’d like to print your own fill in the blank lease, they are available at the web site called aglease101.org Look for them in the ‘document library’ link at the top of the web page or the direct link is as follows: <http://aglease101.org/DocLib/default.aspx>

I personally prefer to work with a local attorney on a written farm lease and have both parties “tweak it” with the needs of the individual farm enterprise. For no more than the cost, it’s well worth it. Having things in writing helps both parties.



Dave Aiken at UNL wrote a checklist to go over with your attorney. To find the checklist go to:
<http://ow.ly/8cL13034oxW>

For questions or assistance, contact your local extension office.

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