

Legal Aspects of Farm Leases under Missouri Law



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Legal Subtleties: Not All Farm Leases Are The Same



- Oral vs. Written
- Fixed Term vs. Periodic
- Sharecropper



Oral vs. Written Farm Leases

- Oral leases are more likely to result in disagreements, as “selective recall” sets in when a dispute arises
- If the lease agreement had been in writing and signed by all parties, the written document can be examined specifically as to what was agreed.
- Written leases are required by the “statute of frauds” if the lease duration is for more than one year

Are “verbal” farm leases valid and enforceable in court?



- Yes, IF for one year or less at a time
- Written lease required by the Statute of Frauds if the lease period is for longer than one year

Fixed Term vs. Periodic Farm Leases



- “Fixed Term” leases are for a specified time period
 - There is a specified end-of-lease date
- Fixed Term leases end automatically
 - No need to give notice of termination (unless specifically required in the lease provisions)
- Fixed Term lease examples:
 - Hunting lease for November 15-December 10, 2007
 - Three-year farm lease
 - One-year farm lease (with a specified ending date)
- Recommendation: The “fixed term lease” should explicitly state the lease is for a fixed duration, with no automatic renewals, and with no requirement of notice to terminate by either party at the end of the stated lease period.

Periodic Year-to-Year Leases: Automatically Renewal Unless Timely Written Notice to Quit



- A year-to-year periodic farm lease automatically renews for another year on the same terms
 - UNLESS either the landlord or the tenant gives at least 60 days written notice (Missouri's statute) to quit prior to the end of the "lease" year

Sharecropper “Lease”



- “Sharecropper” defined: A type of farm tenancy where the sharecropper provides the labor in exchange for a crop share.
- Historically in the U.S., the sharecropper farm tenancy arose at the end of the Civil War out of the plantation system. Plantation owners had land and little money to hire labor. Rural laborers had no land to farm.

Sharecropper Rights

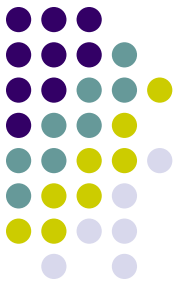


- Does Missouri law require a minimum legal notice to terminate a sharecropper's rights?
 - No. Once the crop is harvested, the sharecropper has no rights in the land. No notice to terminate is required.
- The law does not regard a sharecropping arrangement to be a “lease”
 - Sharecroppers have no rights in the land
 - Sharecroppers are providing labor and being paid in a crop share

Smith v. McNew

381 S.W.2d 369

(Missouri, 1964)



- An oral agreement between plaintiff and defendant that plaintiff would get one-third of crops and pay one-third of combining and fertilizing, where no fixed rental was agreed upon and defendant did not even pay rent in cash, no discussion was had as to length of term, defendant furnished his own seed and decided what crops to plant and used his own equipment, **did not constitute a tenancy from year to year.**
- Therefore, defendant was not entitled to sixty days' written notice under Chapter 441.050

Reasons for a Written Lease Signed by Landlord(s) & Tenant(s)



1. To allow for less than 60 days written notice to terminate (or to require more than 60 days)
2. To have a lease lasting longer than one year, such as two years or three years or ninety-nine years
3. To require stated conservation practices

Reasons for a Written Lease Signed by Landlord(s) & Tenant(s)



4. To provide for duties towards and cost-sharing of specified repairs, both ordinary and major
5. To reserve hunting, fishing, trapping rights for the landlord or anyone else the landlord chooses to allow to hunt, fish, or trap on the property
6. To allow the tenant a "right of first refusal" to match any purchase offer or raising of the rent

Do States Differ on Farm Lease Laws?



- Each state makes its own farm lease laws, whether under case law or by statutes
- Obtain legal advice from attorneys licensed to practice law in your state
 - Be cautious when reading internet articles about farm leases written by authors from other states
- States define by statute the “minimum written notice to terminate” a year-to-year farm lease
 - There is considerable variation among the state “recipes” for what constitutes sufficient legal notice to terminate

What is the Missouri statute on how to terminate a periodic year-to-year lease?



- Either party may terminate a tenancy from year to year by giving notice, in writing, of his intention to terminate the same, not less than sixty days next before the end of the year.
 - [Chapter 441.050](#)
- **Problem:** Does this mean before the end of the "lease year," or the "calendar year?"

What are the “notice requirements” in other states?



- **Iowa** (Iowa Code section 562.6 (1997)) requires on or before September 1st to terminate on the following March 1st
- **Kansas** (KSA 58-2506) requires 30 days prior to March 1st
- **Illinois** (735 ILCS 5/9-213, 206, 211) requires on or before October 31st to terminate the end of February (28th or 29th)

What happens to a farm lease when the tenant or landlord dies?



- Death of the tenant: Lease continues.
 - The tenant's estate is liable for the rent, and can continue the lease until its lawful termination
- Death of the landlord: Lease continues.
 - The landlord's estate (heirs) must abide by the lease provisions
- These are “default” provisions
 - A written lease can provide otherwise (than above)



Who is responsible for repairs?

- Unless otherwise agreed to in the lease, the tenant is responsible for "ordinary repairs" such as to fences.
 - Landlord is not obligated to repair or to pay for ordinary repairs.
- Exception: For dwellings, the landlord impliedly warrants the dwelling as "habitable and fit for living."



If the tenant makes improvements to the land, will he get reimbursed at the end of the lease?

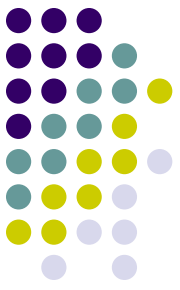
- Improvements belong to the landlord at the end of the lease, unless the lease provides otherwise (such as an appraisal and payment method).
- Example: Tenant spreading lime reasonably expected to benefit the land for multiple years.

Can the landlord enter on his land, to inspect or to hunt?



- Landlords do not have the legal right to enter onto their land unless that right is reserved in the lease (verbal or written).
- Nor can landlords give a right to come onto the land (such as to hunters or fishermen), unless the landlords themselves have this right.
- Another way of saying this is that tenants have the exclusive right to possession during the lease, unless the landlord has reserved the right of entry (co-possession).

What if the tenant has already planted a crop (wheat) when the landlord gives him the legal 60-days written notice?



- Doctrine of Emblements: Allows the tenant to come back onto the farmland to care for and to harvest such crop, but the tenant must pay rent during this "holdover" period
- One way for landlords to avoid this predicament would be to serve written termination notice on the tenant well before any new crops can be planted and well before the legal minimum of 60 days from the end of the agricultural lease year.

Mortgage Default by the Landlord: Is the Tenant's Lease Still Valid?



- No, not if the mortgage was first-in-time.
 - Solution for Would-Be Tenant: Get an agreement of “subordination” from the mortgage holder (allows the lease to continue even after foreclosure)
- Yes, IF the lease was first-in-time
 - The lease must have been recorded against the land title in the local county recorder's office where the land is located
 - Most farm leases are oral (not written)
 - Only written leases can be recorded in the Recorder's Office

Landlord's Liability

(optional lease clause)



- The Tenant takes possession of the leased premises subject to the hazards of operating a farm, and assumes all risk of accidents personally as well as for family, employees, or agents in pursuance of farming operations, or in performing repairs on buildings, fences, tile, and other improvements.

Termination upon default

(optional lease clause)



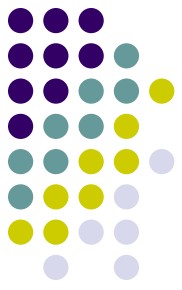
- If either party fails to carry out substantially the terms of this lease in due and proper time, the lease may be terminated by the other party by serving a written notice citing the instance(s) of default and specifying a termination date of _____ days from the date of such notice.

Changes to Lease: Written

(optional lease clause)



- **Amendments, alterations, and extensions** to this lease may be made in writing at any time by mutual agreement
- **Changes must be signed by both Tenant and Lessor**

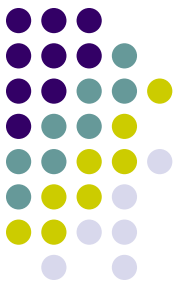


Activities Restricted: Unless the Written Consent of the Lessor has been Obtained

1. Not to assign this lease to any person or persons or sublet any part of the premises herein leased.
2. Not to erect or permit to be erected any structure or building or to incur any expense to the Lessor for such purposes.
3. Not to add electrical wiring, plumbing, or heating to any building.
4. Not to plow permanent pasture or meadowland.
5. Not to allow any stock on any tillable land except by annual agreement.
6. Not to burn or remove cornstalks, straw, or other crop residues grown upon the farm.
7. Not to cut live trees for sale purposes or personal uses.
8. Not to erect or permit to be erected any commercial advertising signs on the farm, other than seed variety signs.
9. Not to enter into any agreement, contract, or other farming or business arrangement that alters rights in the Lessor's security interest, right of entry, default or possession.

Duration of the Farm Lease

(fixed term)



- The term of this lease shall be from _____, 20___, to _____, 20___, and the Lessee shall surrender possession at the end of this term or at the end of any extension thereof.
- Extensions must be in writing and attached to this lease.
- Failure to execute an extension at least _____ months before the end of the current term shall be constructive notice of intent to allow the lease to expire.

The Landlord agrees to furnish the property and to pay the items of expense listed below:



1. The above-described farm, including fixed improvements.
2. Materials for necessary repairs and improvements to buildings and permanent fences.
3. Skilled labor employed in making and repairing improvements and all labor for painting buildings.
4. Taxes on land, improvements, and personal property owned by the Lessor.
5. Fire and wind insurance, at a fair replacement value, on the residence and all buildings owned by the Lessor and used by the Lessee in storing or housing grain, feed, livestock and equipment.
6. Ground limestone: Lessor is to furnish _____percent or share of total cost, including hauling and spreading.
7. A water supply adequate for household use and _____ animal units of livestock.

The Lessee agrees to furnish the property and to pay the items of expense listed below:



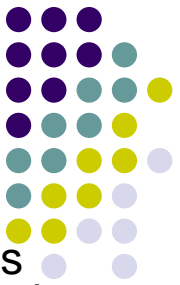
1. All the machinery, equipment, labor, fuel, and power necessary to farm the premises properly.
2. The hauling to the farm, except when otherwise agreed, of all material which the Lessor furnishes for making repairs and minor improvements, and the performing of labor, except skilled, required for such repairing and improving.
3. All seed, inoculation, disease-treatment materials, and fertilizers, except that which the Lessor agrees to furnish above.

Tenant's Duties: Required Activities



1. To cultivate the farm faithfully and in a timely, thorough, and businesslike manner.
2. To prevent noxious weeds from going to seed on said premises and to destroy the same and keep the weeds and grass cut.
3. To haul and spread all manure on appropriate fields at times and in quantities consistent with environmental protection requirements.
4. To keep open ditches, tile drains, tile outlets, grass waterways, and terraces in good repair.
5. To preserve established watercourses or ditches, and to refrain from any operation that will injure them.
6. To keep the building, fences (including hedges), and other improvements in good repair and condition as they are when the Tenant takes possession or in as good repair and condition as they may be put by the Lessor during the term of the lease – ordinary wear, loss by fire, or unavoidable destruction excepted.
7. To take proper care of all trees, vines, and shrubs, and to prevent injury to the same.
8. To keep the farmstead neat and orderly.
9. To prevent all unnecessary waste, or loss, or damage to the property of the Lessor.

Tenant's Duties: Required Activities



10. To comply with pollution control and environmental protection requirements as required by local, state, and federal agencies, as well as to implement soil erosion control practices to comply with the soil loss standards mandated by local, state, and federal agencies.
11. To use prudence and care in transporting, storing, handling, and applying all fertilizers, pesticides, herbicides, and other chemicals and similar substances; to read and follow label instructions for the use of such materials in order to avoid injury or damages to persons or property or both on the leased premises and adjoining areas; and to comply with state pesticide training, licensing, storing, and usage.
12. Any chemicals for weed or insect control or other use, when used, should be applied at levels not to exceed the manufacturer's recommendation for the soil types involved. The Tenant agrees to provide to the Lessor, annually, a written report indicating the product name, amount, date of application and location of application of all pesticides, fertilizers, and seed used on the farm.
13. No chemicals will be stored on the property for more than one year. When chemicals or petroleum products are stored on the farm, they will be only those planned to be used on the farm and they will be in closed, tight containers above ground and clearly marked. No chemicals or chemical containers will be disposed of on the property.
14. To generally follow Natural Resource Conservation Service and Farm Service Agency recommendations and to maintain all other requirements necessary to qualify current and future farm operators to participate in federal farm programs.

Additional References



1. Gerald A. Harrison, [Legal Aspects of Indiana Farmland Leases and Federal Tax Considerations.](#) Purdue Extension publication EC-713. Rev 6/04.
2. Stephen F. Matthews and Myron Bennett, [Verbal Farm Rental Agreements Under Missouri Law.](#) Missouri Extension publication G-520. Rev 6/99.
3. Lease Termination for Periodic Year-to-Year Farm Leases in Missouri: [Chapter 441.050](#)
4. Luis Cantor, [A Prologue to the Protest Movement: The Missouri Sharecropper Roadside Demonstration of 1939.](#) The Journal of American History (1969): pp. 804-822.

Where can I get a sample or model for a farm lease?



- Tennessee extension farm lease agreement
 - <http://economics.ag.utk.edu/pubs/farm/lease.pdf>
- Iowa farm lease agreement
 - <http://www.extension.iastate.edu/Publications/FM1538.pdf>
- Illinois Cash Farm Lease
 - <http://www.urbanext.uiuc.edu/farmleases/cashfarm.pdf>
- Kansas Farm Leases
 - <http://www.agmanager.info/farmmgt/land/lease/default.asp>