Five Things You Probably Don’t Know about Handshake Farm Leases

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Five Things You Probably Don’t Know About
Handshake Farm Leases

Around half of Nebraska farmland is leased but there are some things you probably don’t know about leases that you probably should be aware of.

So, there some things that most folks probably don’t know about ag leases?

Yes. But I want to emphasize up front that smart tenants realize that if they push their legal rights to the limit, they probably will lose the lease in the end. That being said, landlords probably have narrower legal rights than they thought under handshake (i.e. unwritten) agricultural leases in Nebraska.

What is the first thing?

I bet most landlords think they can tell the tenant how to farm the land--but legally they can’t. During the period of the lease, the tenant is in charge of how things are done on the farm, not the landlord. Of course if the landlord isn’t happy with how things are going, the landlord can refuse to renew the lease. But from a legal perspective, the tenant calls the shots unless the parties both agree otherwise.

What is number 2?

I bet most landlords think that they can come onto their land any time they want because they own it. In fact, a landlord can be a trespasser on his/her own rented land if the landlord comes without the tenant’s permission. Without a written lease, the landlord legally has the right to come onto rented land only to collect the rent and make repairs. Otherwise, the landlord
can come onto the property only with the tenant’s permission. Of course, the tenant would be pretty short-sighted to push this too hard.

You’re right — a lot of folks probably don’t know these things. What is number 3?

I bet most landlords think that if they sell the land, the sale automatically terminates the lease. In fact, if the landlord sells rented land, the new buyer is subject to any existing lease. And if the lease has not been legally ended, the new buyer may be stuck with the tenant for at least another crop year.

These all seem like pretty significant issues. What is number 4? I bet most landlords think they can change the rent any time before the new crop year begins (March 1 in Nebraska). Actually in Nebraska, after September 1, the landlord cannot raise the rent for the following year without the tenant’s agreement. And if the tenant doesn’t agree, the landlord is stuck with last year’s rent unless the parties agree otherwise.

And number 5? This is a modification of Number 2. I bet most landlords think they can hunt on their rented land without their tenant’s permission. In fact, landlords can’t hunt on rented land unless the tenant agrees to let them do so.

So what does this all mean to landlords and tenants? Two take-away messages: First, I think most Nebraska landlords and tenants want to work things out and are usually able to do so -- but not always. So even though the tenant can tell the landlord to stay off the farm, the savvy tenant is probably going to let the landlord come and take a look around any time the landlord wants to. But if the landlord sells the land, the tenant is not likely to give up the lease without some money changing hands.

Second, All of these issues can be addressed in a well-drafted, written agricultural lease. You can learn a lot about written ag leases at the website aglease101.org.

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