



FREE LUNCH WEBINAR SERIES: FARMLAND LEASING

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Legal Considerations

Disclaimer

Any information provided is not intended to be legal advice, nor is it intended to be a substitute for legal services from a competent professional

Legal Overview of Farmland Leases

- What is real property?
 - Real Property
 - Land, and whatever is erected, growing upon, or affixed to it
 - Fixtures
 - Personal Property
 - Everything else

Legal Overview of Farmland Leases

- What does it mean to own real property?
 - Property ownership is a collection of individual rights
 - E.g., right to erect structures, reside, grow crops on the property, or exclude others
 - This collection of rights has often been compared to a bundle of sticks, with each stick representing a different right
 - Just as individual sticks can be removed from the bundle, so can individual rights be transferred to another

Legal Overview of Farmland Leases

- What is a farmland lease?
 - Transfer from property owner (landlord) to another (tenant) the right to use and possess real property
 - For a limited period of time
 - Contingent upon a specified set of conditions, including the payment of rent

Oral Agricultural Leases

- Oral agricultural leases in Tennessee are presumed to be one year leases with *automatic* one year renewals
 - To prevent renewal, either party must provide the other notice at least 6 months prior to the expiration of the lease term
 - *When does the term of an oral agricultural lease begin?*

Advantages of Written Leases

- Can help prevent or resolve disputes by
 - Limiting misunderstandings due to failure to consider and/or explicitly agree on lease terms
 - Preserving terms of agreement in case either party dies, becomes incapacitated, or forgetful
- Provide documentation for tax purposes
- Allow for a more “complete” agreement

Advantages of Written Leases

- What if lease is silent on a particular issue?
 - Apply existing law, if any
 - Two issues
 - May impose burden on landowner or tenant that they would not have willingly accepted
 - There may be little or no existing law and/or its application to the issue may be unclear

Lease Terms and Provisions

- I talk about the advantages of a written lease, so let's go over a form lease and let you judge for yourself

Resources

- Lease Forms and Guides
 - <https://aglease101.org/doclib/>
- Finding and Working with Professionals
 - <https://extension.tennessee.edu/publications/Documents/SP822F.pdf>



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