



# Leasing Farm Land in Minnesota

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# What is a farm land lease?

- A lease is a particular type of contract—an agreement between a land owner and a tenant to rent farm land



# What is a contract?



- Two common types of contracts you are likely to see are:
- Farmers' Market Applications/Contracts, and
- Farm land leases



# What is a contract?

- An **agreement** entered into voluntarily and intentionally by two or more parties—a legally enforceable promise
- Can be made orally or in writing—verbal agreements **CAN** be valid contracts



# Does a lease have to be in writing?

- Real estate (land) leases for more than one year ***must*** be in writing
- If the rental term for land is less than one year, a verbal lease is as valid as a written lease if you agree on the basic terms



# Does a lease have to be in writing?



- A “year” means 12 months
- If a lease is required to be in writing but it is not, it generally is not enforceable

# Does a lease have to be in writing?

- If a dispute arises about a verbal lease, a land owner or tenant who wants to enforce the agreement will likely have to go to court
- Courts try to determine what was agreed on, but verbal leases can be difficult to prove



# What is required to create a legally enforceable written lease?



- If a lease is required to be in writing, a formal document is not always required
- If the writing contains the basic terms, a simple letter or receipt can be enforceable as a formal lease agreement



# What is required to create a legally enforceable written lease?

- Basic terms required:
  - 1) names of the land owner and the tenant;
  - 2) a description that identifies the land to be rented;
  - 3) a description of what is being paid for the land; and
  - 4) usually, signatures of both the land owner and the tenant



# What is required to create a legally enforceable written lease?



- Once there is a written lease, this document governs the relationship between the land owner and the tenant
- Any changes should also be in writing—verbal changes to the terms will usually not be enforced

# Negotiating a lease

- Tenants do not have to accept the standard language in these agreements—any of the terms are negotiable
- Some land owners may be more willing than others to negotiate



# What should I pay to rent farm land?



- Rent for a farm lease can be paid in any number of ways
- The most common is a cash lease—the tenant pays a set amount of money in exchange for the use of the land



# Payments/Price

- Factors for negotiating price: the amount of land you are renting, the amount that is tillable, the quality of the land, and whether irrigation is available
- Talk to other farmers in your area



# How long can I rent my land?



- How long you can rent the land depends on your agreement with the land owner and whether it is in writing or you have a verbal agreement

# Can I rent the land next year?

- It depends on what your lease says—it may explicitly address renewal, or it may be silent on that issue
- If the oral or written lease does not talk about renewal, then the answer depends on the type of lease you have



# What happens if the tenant remains on the land after the lease has ended?

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- Sometimes a tenant remains on rented land after the lease has ended—tenants should not do this without first communicating with the land owner



# What if the tenant can't harvest the crop?



- If tenants are prevented from harvesting crops before the lease ends for reasons outside of their control (for example, due to bad weather) there are a few options:

# What if the tenant can't harvest the crop?

- The lease may be renewed or extended—speak with the land owner
- The land owner may allow the tenant to harvest the crop and pay market value rent for the use of the property until finished
- If the land owner does not allow the tenant to harvest the crop, must pay the tenant the net value of the crop



# Obligations of tenant

- The tenant must pay rent—if a tenant fails to pay rent due, the land owner has the right to end the lease after giving the tenant 14 days' written notice



# Obligations of tenant

- If the lease does not specify anything about farming practices, generally the tenant is free to farm in ways that are “commonly accepted” in the community





# Obligations of tenant

- A tenant can not commit “waste,” whether or not it is mentioned in the lease—waste is when the tenant’s activities cause the farm land to be permanently or severely damaged
- A tenant cannot dispose of solid waste on rented land (garbage, sludge, any liquid or solid discarded materials from the operation)



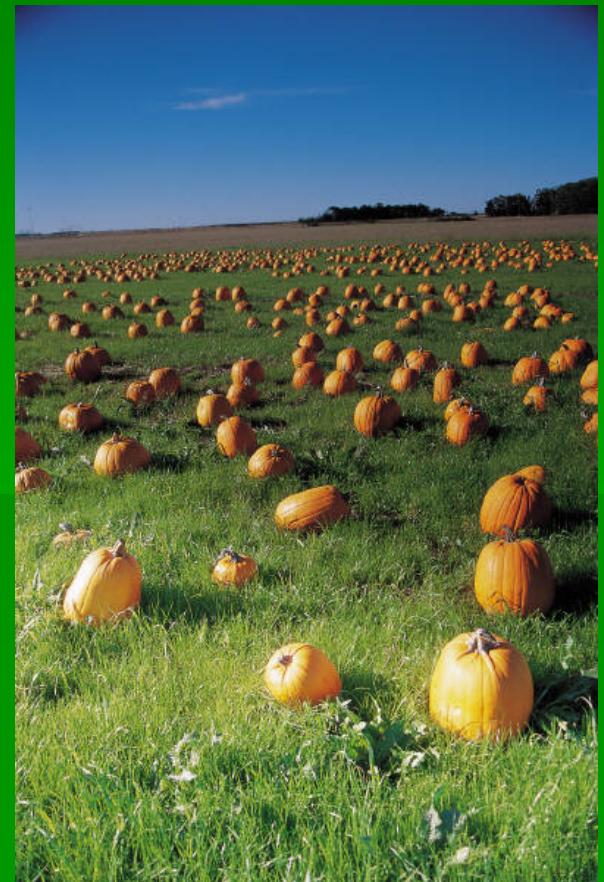
# Obligations of tenant



- Minnesota law prohibits burning of tires or plastics and burning or burying of household hazardous waste, appliances, air conditioners, household batteries, used motor oil, and car batteries

# Obligations of tenant

- Assigning the lease or subletting the land—in general, tenants should not allow others to farm the land they are renting unless the written lease allows it or the landlord has agreed in writing



# Obligations of land owner

- The obligations of the land owner are generally set forth in the lease—must allow the tenant access to the land during the lease and cannot interfere with allowed uses of the land





# Potential problems

- Make sure you talk with the actual owner of the land—if subleasing, you need to make sure the person you are dealing with has authority (permission) to rent the land
- Have a clear understanding of what the land owner's expectations are for farming practices, especially regarding the use of pesticides or other chemicals



# Potential problems

- Staying overnight on your land—if the lease does not forbid it, it probably is legal to stay overnight on the land (talk to the land owner)
- What is allowed on the land—such as setting up a tent or other structure



# Potential Problems

- Make sure to speak with the land owner about who you plan to invite onto the land
- It is your right to have guests, but it is a good idea to let the land owner know your plans
- You will be responsible for any damage caused by your guests







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