



Termination and Renewal of Agricultural Leases in Tennessee

This publication provides management information and guidelines for agricultural landowners and tenants in Tennessee. It is designed to provide some basic information on terminating or renewing agricultural leases.

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A lease grants a tenant the right to physically possess property for a limited period of time. The lease term expires at the end of this period of time. However, under certain conditions, a lease may be terminated prior to the expiration of the lease term. In general, a lease can be terminated upon a default by one of the parties, voluntary surrender and acceptance (landowner or tenant offers to terminate the lease and the other party agrees), or upon the occurrence of some condition agreed upon by the landowner and tenant in the lease agreement, such as the sale of the property by the landowner or the decision of either party to terminate the lease.

When the day of termination of the tenancy is stated in a written lease agreement, a notice to vacate the premises at the end of the lease term is not necessary. Written lease agreements typically specify acceptable methods of terminating the lease at other times, such as upon the default of the tenant. When there is no written lease agreement or the agreement does not specify acceptable methods for terminating the lease, then using registered or certified mail to provide notice is generally the preferred method because the recipient must sign a receipt for the notice. It is important that the party providing notice of termination keep the return receipt for proof of notice of termination.

Right to Harvest Crops After Lease Expiration or Termination

In some situations a tenant may have the right to harvest crops after the lease term expires or is terminated if those crops were planted during the lease term. However, for a tenant to be granted this right, the crops must be a product of the tenant's efforts, the termination must not be the fault of the tenant, and the tenancy must have been for an uncertain term. A landowner exercising a right to terminate a lease upon some condition agreed to by the parties in the lease agreement, such as the sale of the land to a third party, is an example of a tenancy for an uncertain term.

Renewal of Lease Term

A lease for real property in Tennessee that lasts for a term exceeding one calendar year has to be in writing to be enforceable. As a result, oral agricultural leases in Tennessee are presumed to be one-year leases with automatic one-year renewals. Thus, the lease term of an oral lease does not naturally expire as the term for a written lease does. To prevent renewal, either party needs to provide the other notice prior to the expiration of the lease of their desire not to renew the lease. Unfortunately, it may be difficult to determine exactly when notice has to be given. Tennessee courts have held that in the case of a tenant holding over from one year to the next, notice must be given at least six months prior to the expiration of the lease term (i.e., June 30 for leases expiring on Dec. 31). While the law is somewhat unclear, it seems likely that courts would impose a similar requirement on oral agricultural leases that have continued for more than a year. The time for providing notice may be further complicated by difficulties establishing exactly when an oral agricultural lease begins or ends as there may be no reliable written records to indicate when the tenant took possession of the property. Thus, the safest way to prevent automatic renewal for an additional year is to give as much advance notice as possible. One suggestion might be to give notice of nonrenewal at least six months before any preparations for next season's crop occur or, if possible, before harvest of the current year's crop.

Written leases often specify how and under what conditions the lease term can be renewed or extended. Of course, the tenancy can also be extended during or at the end of the lease term with an amendment of an existing lease or a new written lease agreement signed by both parties.

Death of Landowner or Tenant

If either the landowner or tenant dies while a lease is in effect, the lease is not terminated and the deceased's estate executor or administrator is required to comply with the terms of the lease. If the landowner has only a life estate ownership interest in the land, the landowner can only grant a lease for as long as the landowner lives. A life estate is an ownership interest in real property that lasts only for the duration of the owner's life and ends upon the owner's death. Thus, any lease of land from a landowner whose ownership interest is limited to a life estate terminates upon the landowner's death. However, in such situations a tenant can typically enter the land to cultivate and harvest crops planted before the landowner's death.

Sale of Leased Premises

The sale of the leased premises by the landowner during the term of the lease does not automatically terminate the lease. However, the parties can specify in the lease agreement that

the lease is terminated upon the sale of the property by the landowner. Thus, absent a provision in the lease agreement, the sale of the leased premises by the landowner neither deprives the tenant of the tenancy nor provides the tenant the option to abandon the lease.

Conclusion

Unfortunately, the law in Tennessee on terminating or renewing oral agricultural leases is not as clear as it could be. Problems created by this lack of clarity can be avoided by entering into a written lease agreement that clearly provides the terms and conditions under which the lease is to be terminated or renewed.

This publication provides educational information and guidelines for landowners and tenants. *If legal advice or other professional assistance is required, the services of a competent professional should be sought.*