



**Kristine A. Tidgren, J.D.**

Assistant Director, Center for Agricultural Law & Taxation

ktidgren@iastate.edu

www.calt.iastate.edu

@CALT\_IowaState

## Learning Objectives

- Iowa farm lease law is unique.
- Today we'll address several common legal questions that arise regarding Iowa farm leases.

Does my farmland lease have to be in writing?



## Legal Contract

Farm leases are binding legal contracts, *whether they are in writing or not.*

- But, it is best to have all lease contracts in writing.
- Multi-year leases **must** be in writing to be enforceable beyond a one-year term.
- Good practice to have legal counsel review lease terms.

Does my lease expire when my contract says it expires?



IOWA STATE UNIVERSITY  
Extension and Outreach

## Automatic Renewal

- Iowa Code § 562.6 provides:
  - Iowa farm leases **automatically** continue beyond the agreed term for the next crop year
  - under the same terms and conditions as the original lease
    - **unless** statutory notice of termination is given on **or** before September 1 (depending on type)

IOWA STATE UNIVERSITY  
Extension and Outreach

## Automatic Renewal

- Automatic renewal occurs *even if*.
  - Lease provides for a specific end date.
  - Multi-year lease reaches its natural end.
  - Lease specifies that statutory notice is waived.

IOWA STATE UNIVERSITY  
Extension and Outreach

## Auto-Renewal Summary

- Lease says, "This lease terminates on March 1, 2018." If notice not sent before September 1, 2017, what happens?
  - Auto-renews for 2018 crop year.
- Lease states that parties "waive statutory notice provisions." Notice is not sent before September 1. What happens?
  - Auto-renews for another year.
- Five-year lease comes to its end on March 1, 2018. No notice given in 2017. What happens?
  - Auto-renews for 2018 crop year.
- Lease auto-renews for 2017. Holdover tenant is not given notice in 2017. What happens?
  - Auto-renews for 2018 crop year.

IOWA STATE UNIVERSITY  
Extension and Outreach

How do I give termination notice?



IOWA STATE UNIVERSITY  
Extension and Outreach

## Termination Notice

- Statutory termination notice must be given (Iowa Code § 562.7):
  - Delivery of notice on or before 9/1 with acceptance of service signed.
  - Delivery of notice on or before 9/1 in same manner as original notice for lawsuit.
  - Mailing notice **before** 9/1 by *certified mail*.

IOWA STATE UNIVERSITY  
Extension and Outreach

## Certified Mail Means Certified Mail

- Must be sent **certified** mail.
  - Even if recipient acknowledges reading notice.
- Sender must retain the receipt.



IOWA STATE UNIVERSITY  
Extension and Outreach

If my lease is for a small parcel of land do I still have to send termination notice?



IOWA STATE UNIVERSITY  
Extension and Outreach

## Exception to Notice

- No statutory notice required to terminate tenancy:
  - Where acreage is less than 40 acres **AND**
  - animal feeding operation is primary use.
- Example:
  - Martha leases a seven-acre parcel of crop ground to Sam. Under current law, statutory notice *must be sent* to terminate this lease, even though it is less than 40 acres.

Is termination notice only required for landlords?



## Termination Notice

- Requirements apply to both landlord **and** tenant.
- No notice, new lease is binding on **both** parties.
  - Tenant is bound to new one-year lease with old rental amount, unless landlord agrees to change.

## Termination Notice

- Sample Notice Form:  
<https://www.extension.iastate.edu/agdm/wholefarm/pdf/c2-19.pdf>

Termination notice seems adversarial. Are there other options to avoid auto-renewal?



IOWA STATE UNIVERSITY  
Extension and Outreach

## Agreement to Terminate

- May *agree* to terminate lease.
- Must be in writing (HF 2344).
- Must be separate from lease and signed *after* the lease.

IOWA STATE UNIVERSITY  
Extension and Outreach

IOWA STATE UNIVERSITY  
Center for Agricultural Law and Taxation

Search this Site

About Seminars Ag Docket Newsletters Resources TaxPlace

**Branch out in 2017...**  
Try a CALT Webinar

In 2017 we're partnering with others to bring you a full slate of educational seminars you can watch from the comfort of your home, office, or back deck.

[Register Now](#)

**Resources**

- Ag Decision Maker
- Farm Bookstore
- Iowa Ag Law Reviews**
- DMVV Litigation

**News**

- Landowner Faces Possible \$2.8 Million Clean Water Act Fine in Wisconsin Trial
- Federal Court of Appeals Vacates Registration Requirement for Model Aerial
- Iowa Supreme Court Upholds Class Certification in *Busaboo* Case

**Check out our May Newsletter**

Our May CALT Brief summarizes key agricultural law and taxation happenings this month. Topics include a CFA case where landowner faces a \$2.8 million fine, class certification in *Mustango* action, and a case showing need to regularly review estate plans.

**Upcoming Events**

- Jun 6, 2017 *Webinar: Ethics Part 1 and Part 2 (June 6)*
- Jun 7, 2017 *The Scope - Hot Issues (June 7)*
- Jun 7, 2017 *Problem Resolution Day - Iowa Taxpayer Advocate Service*

## IOWA FARM LEASES: A LEGAL REVIEW

By Kristine A. Tidgren<sup>1</sup>  
June 20, 2016



As of 2012, Iowa had 88,637 farms.<sup>2</sup> Of those, 40 percent were farmed under a cash rent lease, and 7.1 percent were farmed pursuant to a crop share lease.<sup>3</sup> Given these numbers, it is crucial that Iowa landowners and producers understand the legal implications and requirements of their farmland leases.

### ► Contract Considerations

A lease is a contract under which a right to use and occupy real property is conveyed. A farm lease is a binding legal contract, whether or not that lease is reduced to writing. To ward off disputes over agreed-upon terms, it is very important that those terms be put into writing, signed by both parties. The writing should be definite and certain and should include all of the terms the parties wish to enforce. The parties to the lease should not execute side agreements or additional promises separate and apart from the written lease. These agreements are difficult to prove and can lead to expensive litigation. Likewise, if parties choose to modify their lease, they should always record those modifications in writing.

IOWA STATE UNIVERSITY  
Extension and Outreach



**Thank you!**

Kristine Tidgren (ktidgren@iastate.edu)

**Additional Resources:** [www.calt.iastate.edu](http://www.calt.iastate.edu)

@CALT\_IowaState (timely updates)

IOWA STATE UNIVERSITY  
Extension and Outreach