Missouri Ag Law Brief

Terminating Land Leases

A lease of land between two parties should be in writing. The Statute of Frauds in Missouri requires that, under certain conditions, a lease must be in writing if the parties wish to have the courts enforce the agreement should a disagreement between the parties over the terms of the lease require the court to settle the dispute. However, the courts may still allow the case to be heard when the issue leading to the dispute pertains to the termination of the land lease even if the original lease was not in writing.

Missouri courts separate the issue of termination of oral agreements to farm and whether the terms of those agreements are otherwise enforceable under the Statute of Frauds. Where a lessee enters into the possession of agricultural lands under an oral lease and pays rent to the landowner, a "Tenancy at Will" is created. If the lessee remains in possession, Missouri statutes reclassify this relationship as a "Tenancy from Year to Year". The one year reference in the Statute of Frauds commences from the date of the lease signing and not from the date the parties anticipated performance to begin.

The important difference between the two designations is that a lease classified as a tenancy from year to year can be terminated by either party only by giving written notice to vacate at least 60 days before the end of the year unless the date for termination is fixed by the lease or notice was otherwise dispensed with by agreement.

In cases where the lease period is for less than one year, the lessee may be evicted with one month's notice. Of course, an evicted lessee may have other legal options against the land owner to recover losses, for example if forced off the land mid-season. A lease which is not expressly to run for a period longer than a year is not required to be in writing, even if it turns out the relationship, in fact, extends for more than a year.

This rule applies in reference to the enforceability of the lease terms when a dispute arises. However, termination of that verbal lease, which ultimately lasted for more than one year, now requires 60 days notice before the end of the year. Therefore, even where a verbal lease may have been declared as invalid by the courts if asked to settle a dispute between the parties, any date which was specified in the lease for termination of that lease is still valid.

When the oral lease becomes a tenancy from year to year and must terminate at the end of some yearly period, it follows that such a year to year tenancy is good for at least one year. If the term, as fixed by the invalid lease, is one year, it terminates at that time without any notice required. If the term is for several years, then either party may terminate it by proper notice at the end of any yearly period; but if it is held until the end of the time fixed in the lease, it terminates without notice required.

No notice is required from or to a tenant when the term expires on a date specified in the lease. Agricultural years customarily begin on March 1. Therefore, written notice must be given by December 30 of the preceding year for year to year leases measured by the customary agricultural year. These rules apply

where the renter has the legal designation as a tenant.

There is some difference in the rules regarding the termination of an agreement to farm the property of another person if the renter is designated a sharecropper rather than that of a tenant. In general, sharecroppers enjoy less protection than Tenants from year to year. Most notably, a sharecropper is not entitled to any statutory notice of intention to terminate the sharecropping arrangement. Therefore, it is important to understand the difference between a Sharecropper and a Tenant.

If there is a breach and the matter ends up in court, it may not matter whether the parties labeled the agreement a "Sharecropping Agreement" or a "Tenancy Agreement" in the lease as the legal designation of a sharecropper versus a tenant has little to do with which words are written at the top of the agreement. The court may determine the lease was actually a sharecropping lease even if one or more of the parties did not believe that was the type of arrangement.

In determining the status of the lessee, the courts will look at the actions of how the lease was carried out by the parties more than whether the word "sharecropper" or "tenant" appears in the agreement. The most notable impact of the determination of the lessee as a sharecropper versus a tenant is that the lessor need not give 60 days notice before the end of the year to a sharecropper to terminate the lease. Missouri Statutes provide a measure of protection for tenants, requiring that if the tenancy is to be terminated for the forthcoming crop year, the tenant must be provided 60 days notice before the end of the year.

Typically, when faced with the issue of whether a tenancy in the land was created, the courts look to the question of whether the lessee had the right to the possession and control of the tillable land in question.

The most important criterion in arriving at the intention of the parties and the consequential designation of whether the lease is a sharecropping lease or tenancy is which party was entitled to the "legal possession" of the land. If it was the intention that the landowner should part with, and the lessee have, the exclusive possession of the land for the purpose of cultivation, then as a general rule the transaction will be considered a lease and the relation between the parties that of land owner and tenant.

Possession is a legal term which is determined by more than whether or not one party is even physically present during the entire year. A party may have legal possession even though they live in another state and the lessee is on the property working the ground every week.

To determine which party had legal possession of the land under the lease and ultimately whether the lessee is a sharecropper or a tenant, the courts will look at the intention of the parties and the circumstances on a case by case basis.

Facts which tend to indicate a tenancy:

1. Leases to farm on shares are common, but a lease to farm on shares does not necessarily create a tenancy; it may simply be considered a form of payment.

2. The mere fact that the parties share expenses and crop proceeds does

not dictate a conclusion one way or another. There is much more to be examined in determining the nature of the relationship.

3. The form of payment which may "look" like sharecropping is not an important factor in determining legal possession. For example, a landlord-tenant relationship exists under a written lease which provides for a 'lease' of one year for one-half of the crop as 'rent'.

4. Examples where courts found tenancy, when lessee:
   a. effectively possessed and controlled the tillable land by their maintenance of the property;
   b. dealt exclusively with the government on government programs that affected landowner's income;
   c. made application for government programs and dealt directly with conservation agents;
   d. maintained the land and carried out repairs to the property beyond those dealing just with the cropping enterprise;
   e. made all crop decisions;
   f. supplied their own equipment;
   g. made all the decisions with regard to the farming operations;
   h. performed unpaid maintenance not related to farming and on both tilled and untilled land (including maintenance of fences on both tilled and untilled land).

Facts which tend to indicate a sharecropping agreement:

1. A sharecropper has been granted the right to only go upon the land for the purpose of planting, cultivating and harvesting the crops.

2. He has no possessory interest and may not exclude the owner from possession.

3. Sharecropping arrangements can be similar to a tenancy in that it may also involve a division of the crop produced or the proceeds of the crop produced.

4. The parties might share in the cost of production and the division of the crop.

5. In a sharecropping relationship, there is generally no obligation for the lessee to maintain and repair the property.

6. Sometimes the sharecropper will harvest only his designated portion of the crop, leaving the owner's portion of the crop in the field for the owner to harvest.

7. A sharecropper's right to cultivate the land and produce a crop is perhaps more likely limited to a portion of the tillable land, with the owner tilling the balance of the land or leasing it with another lessee.

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8. Examples where courts found sharecropper lease, when lessee:
   a. cultivated only a part of the whole acreage;
   b. used only a part of plaintiff's barn;
   c. did not reside on the farm while the owner continued to reside on the farm;
   d. asked landowner for permission to do other things besides plant the crop; (i.e. can they fish, hunt, camp, or put up a housetrailer, etc. on the property?) These acts implied the lessee did not "perceive" that she had possession in the legal sense of the word or there would be no need to ask for permission.

A sharecropping lease may or may not terminate after harvest. The relationship between the parties may be inferred from the terms of the agreement, and hence an agreement that the land was to be used to raise crops which would provide the rent would entail a year round endeavor. But if the agreement was merely for pasture, the lease may be a month to month tenancy arrangement if not clearly specified in the agreement. A month to month tenancy can be terminated with 30 days notice before the end of the year.

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