SUPREME COURT OF NORTH DAKOTA

Shadow Industries, LLP v. Hoffman

2020 ND 83 (2020) · No. 20190231 · Decided May 7, 2020

SUMMARY

The North Dakota Supreme Court considered whether a farmland lease was ambiguous regarding when its initial term ended and whether the tenants timely exercised an option to extend the lease. The court held the lease terminated at the end of the 2018 crop year, making the tenants' January 2019 exercise of the option untimely. The court reversed the district court's judgment and remanded for further proceedings consistent with termination of the lease.

CASE DETAILS

COURT	Supreme Court of North Dakota
WRITING FOR THE COURT	Jon J. Jensen, Chief Justice; Daniel J. Crothers; Gerald W. VandeWalle; Dale V. Sandstrom, Surrogate Judge; Jerod E. Tufte
JURISDICTION	North Dakota
DECIDED	May 7, 2020
DOCKET	20190231
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Shadow Industries appealed from a district court judgment dismissing its eviction action and holding that David and Christopher Hoffman timely exercised their option to extend a farmland lease.
STANDARD OF REVIEW	Contract interpretation is a question of law reviewed independently and de novo. The Supreme Court independently examines and construes the lease to determine whether the district court erred.
PRECEDENTIAL VALUE	Published North Dakota Supreme Court opinion
PARTIES	Shadow Industries, LLP v. David Hoffman, Christopher Hoffman, Any other occupants

TOPICS

landlord tenant · eviction · contract interpretation · real estate · appellate procedure

PRACTICE AREAS

landlord-tenant law | contract law | real estate law | appellate law

QUESTIONS PRESENTED

1. Whether the phrase "through the 2018 crop year" made the lease ambiguous as to when its initial term ended.
2. Whether the Hoffmans timely exercised the option to extend the lease after the 2018 crop year had ended.

HOLDINGS

1. The lease was not ambiguous; the initial lease term ended at the end of the 2018 crop year.
2. The Hoffmans did not timely exercise the option because the lease had terminated at the end of the 2018 crop year, before their January 2019 exercise.

KEY QUOTATIONS

> *"While determining when the end of the 2018 crop year occurred may be a question of fact, the term is not ambiguous simply because it requires a future event or contingency."* (¶ 6)

> *"Because the facts of this case compel a finding the 2018 crop year ended in 2018 and the lease terminated at the end of the 2018 crop year, the exercise of the option in January 2019 was not timely and the lease terminated."* (¶ 8)

FACTUAL BACKGROUND

In December 2008, the Hoffmans leased farmland for ten crop years through the 2018 crop year, with an option for an additional ten years covering crop years 2019 through 2028. After harvesting their 2018 crop, the Hoffmans prepared the land for the 2019 crop year. Shadow filed and served notices terminating the lease in January 2019, after which the Hoffmans attempted to exercise the renewal option and tendered one-half of the 2019 rent on January 29, 2019.

PROCEDURAL HISTORY

The district court determined that the lease was ambiguous concerning when its initial term ended, construed the ambiguity against Shadow, and held that the Hoffmans could exercise the renewal option by tendering the first 2019 rental payment by February 1, 2019. The Hoffmans exercised the option on January 29, 2019, after Shadow had filed and served notices terminating the lease. The North Dakota Supreme Court reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for further proceedings consistent with termination of the lease before the Hoffmans exercised the option.

CASES CITED

- Langer v. Bartholomay, 2008 ND 40, ¶ 12, 745 N.W.2d 649
- Bearce v. Yellowstone Energy Dev., LLC, 2019 ND 89, ¶ 14, 924 N.W.2d 791