

Lease Cancellation for Indebtedness Policy

Agricultural Crown Land

April, 2020

A. Purpose

This policy sets out the procedures leading to the cancellation of leases for indebtedness or bankruptcy, and the requirements for the maintenance of tenure on leases which have been cancelled.

B. Definitions

- **Active lease arrears:** is rent and any penalty on unpaid rent arising from an active lease agreement, which remains outstanding after the due date.
- **Inactive lease arrears:** is any unpaid amounts relating to an inactive lease agreement.
- **Inactive lease agreement:** is a lease, which is surrendered, cancelled, or expired.
- **Indebtedness:** occurs when a lessee is in contravention of their lease for non-payment of rent and/or taxes.
- **Over holding:** occurs when a person continues to occupy Crown land without legal authority after the surrender, cancellation or expiry of a lease or permit.
- **Penalty:** is the interest charged on the unpaid balance of rent.
- **Yard site area:** is the smallest land area allowable under local municipal planning authority, which may contain a residence and other farm buildings such as barns, machine sheds and granaries.

C. Payment requests

Billing notices on active lease agreements will be mailed to clients approximately 30 days before the due date and monthly statements will be sent thereafter until the account is paid.

D. Lease cancellation for non-payment of arrears

- Any active lease agreement may be subject to cancellation if it has active lease or tax arrears.
- A Notice of Cancellation, as required by subsection 2-15(3) of *The Provincial Lands Act, 2016*, may be sent to a lessee with active lease arrears stating that payment must be received within 21 business days from the date of the notice or the lease will be cancelled.
- The lease cancellation is effective as of the date indicated in the Notice of Cancellation.
- Inactive lease arrears remain a debt to the Crown and the former lessee may continue to be pursued for payment. Penalty will not be applied to inactive lease arrears.

- After cancellation, the former lessee may apply for a lease subject to successfully meeting the criteria of the current allocation policy.

E. Lease cancellation due to bankruptcy

- A Notice of Intention to Cancel will be issued when the Ministry is advised a lessee has been assigned into bankruptcy. All outstanding charges to the lease account and the municipal taxes outstanding on the date of assignment into bankruptcy must be paid within 21 business days of the date of the Notice of Intention to Cancel or the lease will be cancelled.
- A new lease may not be issued to the bankrupt former lessee unless the Trustee in Bankruptcy provides specific concurrence that all outstanding charges to the lease account and the municipal taxes outstanding may be paid from the assets of the bankrupt estate.

F. Issuance of new lease following cancellation

The former lessee may obtain a new lease for all or part of the land in the cancelled lease if a lease has been cancelled for rent, tax or water rate levy arrears. Lessee(s) requesting a new lease will have until March 31 of that year to meet all of the following conditions:

- All outstanding amounts owing in respect of the cancelled lease are paid in full;
- The fee for issuing a new lease found in Table 3 of *The Provincial Lands (Agriculture) Regulations* has been paid;
- Arrears owing under other active lease agreements have been paid;
- Arrears owing under inactive leases not affected by the issuance of the new lease, which remain the responsibility of the client, have been paid or satisfactorily resolved;
- All outstanding municipal taxes and water rate levies relating to the land under the cancelled lease have been paid;
- Any past due accounts or accounts subject to collection action with Saskatchewan Pastures Program, Ministry of Agriculture, Agricultural Credit Corporation of Saskatchewan or Saskatchewan Crop Insurance Corporation have been paid or have been satisfactorily resolved; and
- No alternate land disposition has been made.

G. Lease charges following cancellation

- Charges are suspended effective the date of service of a Notice of Cancellation.
- Full year's charges for rent, improvements, penalty, interest, and municipal taxes and water rate levies are due if cancelled after March 31.

H. Overholding

- An Order of Possession will be sought through the Ministry's solicitors if a former lessee does not provide quiet and vacant possession of the land subject to a surrendered, cancelled or expired lease.

- The Ministry, where practical, shall take legal action to recover specific damages associated with any overholding actions of the former lessee.

I. Lease surrender option

- The lessee is responsible for the full annual rental on any land that if a lease is surrendered after March 31. The lessee will be responsible for taxes, when a lease is surrendered after March 31st, in the event the land is not permitted.
- The Ministry may pay a grant in lieu to the Rural Municipality if the lessee fails to pay the taxes owing; the taxes owing will be added to the former lessees account.
- The retained land will continue to be leased under the original lease agreement where a partial surrender occurs. All arrears associated with the surrendered land remain payable under the original lease and may be cause for lease cancellation if they remain unpaid beyond the limits set in this Lease Collection Policy.
- Any amounts outstanding relating to lands surrendered remain the responsibility of the former lessee and will be subject to collection by the Ministry. Surrendering some or all lands subject to a lease in no way absolves the lessee from any charges arising while the lessee had possession of the land.

J. Yard site retention options

- Yard sites may be occupied by former leaseholders without benefit of a lease for a maximum of 180 days from the date of lease cancellation subject to the approval of the Ministry.
- Yard site areas may be purchased under the provisions of the Yard Site Sales to Lessees Policy.

For more information, visit saskatchewan.ca/crownlands or contact your local regional office at saskatchewan.ca/ag-regional-offices or listed below:

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| North Battleford 306-446-7962 | Regina 306-787-2150 | Saskatoon 306-933-6781 |
| Swift Current 306-778-8285 | Tisdale 306-878-8842 | Yorkton 306-786-1531 |