

THIS DRAFT IS PROVIDED SOLELY TO IDENTIFY THE EXPECTED TERMS OF SALE, AND IS NOT AN OFFER OF CONTRACT CAPABLE OF ACCEPTANCE. SUBJECT TO PUD BOARD APPROVAL.

REAL ESTATE PURCHASE AND SALE AGREEMENT

This Real Estate Purchase and Sale Agreement (“**Agreement**”) is made by and between PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY, a municipal corporation organized under the laws of the State of Washington (“**Seller**”), and [_____] (“**Buyer**”). Throughout this Agreement, Seller and Buyer are referred to individually as a “**Party**” and collectively as the “**Parties.**” This Agreement is effective as of the date last signed below (the “**Effective Date**”).

RECITALS

A. Seller represents that it is the owner of the real property (the “**Property**”) located in the County of Bonner, State of Idaho, having the following legal description and parcel identification number:

Legal Description: Lots 6, 7, and 8 in Block 18 of Newport, according to the plat thereof, recorded in Book 1 of Plats, page 6, records of Bonner County, Idaho.

Parcel Identification Number: RPN0287018006AA

B. At its February 21, 2024, regular meeting, Seller’s Board of Commissioners unanimously approved Resolution No. 1483, which declared the Property surplus and authorized Seller’s staff to conduct a sealed bid process for the sale of the Property, with a minimum bid amount of \$60,000, based upon the appraised fair market value.

C. Seller provided public notice of the bidding procedure for interested persons to bid on the Property through that certain Notice of Sale advertised in the Newport Miner, paper of record, on April 29, 2026, and May 6, 2026 (the “**Notice of Sale**”).

D. After reviewing the responsive bids, and following the process identified in the Notice of Sale, Seller determined that Buyer was the highest bidder for the Property, with a bid of \$[_____].

E. Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, the Property pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and provisions contained herein, the mutual benefits to be derived therefrom, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Purchase and Sale. Seller agrees to sell, and Buyer agrees to purchase, the Property identified in Recital A, subject to all rights, reservations, conditions, easements, and encroachments of record. If the legal description is determined to be inaccurate or flawed in any way, the Parties hereby authorize the Escrow Agent to insert the proper legal description into this Agreement. The inclusion and accuracy of the legal description are necessary elements of this Agreement.

2. Purchase Price and Method of Payment. Seller agrees to sell the Property to Buyer for [\$ _____] (the “**Purchase Price**”). Buyer shall pay to Seller the Purchase Price in U.S. Dollars. On or before the Closing Date (as defined below), Buyer will deposit into escrow the cash, a wire transfer of funds, a certified check, or a cashier’s check, in the amount of the remaining balance of the Purchase Price.

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Buyer deposited \$500 with Seller at the time of the Bid, which shall serve as the “**Earnest Money.**” The Earnest Money shall be credited to Buyer at Closing.

3. Escrow and Escrow Agent. The Parties agree that the following title insurance company shall act as escrow agent in this transaction (the “**Escrow Agent**”):

Frontier Title & Escrow
121 N. Washington, Newport, WA 99156
(509) 447-4454
frontiertitleandescrow@gmail.com

Seller shall deliver a fully executed copy of this Agreement to Escrow Agent prior to the Closing Date. Buyer and Seller hereby authorize their respective representatives or attorneys, if any, to execute and deliver into escrow any additional or supplemental instructions as may be necessary or convenient to implement the terms of this Agreement and to close this transaction. In the event of any conflict between such additional or supplemental instructions and the express terms of this Agreement, the terms of this Agreement shall control.

4. Closing. This transaction shall be closed on a date mutually agreed upon by Buyer and Seller, but in no event later than 60 days following the Effective Date of this Agreement (the “**Closing Date**” or “**Closing**”). Closing shall occur at the office of the Escrow Agent.
5. No Financing Contingency. This Agreement is not contingent upon the ability of the Buyer to secure financing.
6. Title. Unless otherwise specified in this Agreement, title to the Property shall be marketable at Closing. Rights, reservations, federal patents, covenants, conditions and restrictions, presently of record, and easements and encroachments not materially affecting the value or unduly interfering with Buyer’s intended use of the Property, shall not be deemed to render title unmarketable. Building, use, or zoning restrictions, regulations, and provisions shall not be deemed encumbrances or be deemed to render title unmarketable for purposes of this Agreement. Encumbrances to be discharged by Seller shall be paid by Seller on or before Closing.
7. Preliminary Title Report. If Buyer wishes to obtain a preliminary title report, Buyer shall do so at its cost within 10 days of the Effective Date of this Agreement. The preliminary title report shall show the condition of title to the Property, together with legible copies of all exceptions listed in the preliminary title report. Buyer shall provide a copy of the preliminary title report to Seller. Although Buyer may request Seller’s assistance or cooperation in removing any exception from the title report, Seller is under no obligation to remove, or cooperate in the removal of, any exception listed on the title report.
8. Buyer’s Due Diligence; Indemnity. Commencing with the Effective Date of this Agreement, and for a period of 14 days thereafter (the “**Due Diligence Period**”), Buyer or Buyer’s authorized agents shall have the right, at mutually agreeable and reasonable times, to enter upon the Property and make inspections or tests at Buyer’s sole expense and liability. Seller shall make all reasonable efforts to accommodate such access, provided that Buyer is not authorized to conduct any activities in connection with the Property which may result in any liens being filed against the Property, and provided further that Buyer agrees to indemnify, hold harmless, and defend Seller from all liability, including any liens, which arises from Buyer’s activities on the Property. Prior to performing any subsurface testing, drilling, or excavation of the Property, Buyer shall obtain Seller’s approval, which approval shall not be unreasonably delayed or withheld. All examinations, inspections, investigations, surveys, analyses, tests, work or other performance undertaken by Buyer shall be done at Buyer’s sole expense and solely

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for Buyer's benefit. Buyer shall not be considered the agent of Seller for such purposes. Should this Agreement terminate, Seller shall not be liable to Buyer for any expense incurred by Buyer as part of Buyer's due diligence. Buyer's right to inspect and investigate the Property and verify items and conditions shall be conclusively deemed satisfied unless, 5 days prior to expiration of the Due Diligence Period, buyer gives written notice to Seller of all material conditions and defects which Buyer determines are unsatisfactory. If Buyer gives notice of any unsatisfactory condition or defect, Seller may elect, in its sole discretion, to cooperate with Buyer to correct the condition or defect. Any agreement of the Parties in regard to correction must be in writing and signed by the Parties. The Seller may condition its agreement to cooperate on the payment of an additional, non-refundable deposit(s). If Seller does not agree to make any correction, Purchaser may either proceed to Closing or terminate this Agreement prior to expiration of the Due Diligence Period. Failure of the Buyer to terminate this Agreement prior to the expiration of the Due Diligence Period shall constitute Buyer's acceptance of the Property in its "as-is," "where-is," "with all faults" condition and the Earnest Money shall become non-refundable. This provision shall survive Closing.

9. Deed. At Closing, Seller shall execute and deliver to Buyer a special warranty deed, conveying the Property to Buyer.
10. Seller Representations and Disclosures. Because Buyer's Bid was subject to the Notice of Sale, which provided the Property would be sold AS-IS, Seller does not make any representations as to the condition of the Property and Buyer accepts full and complete responsibility to ensure that the Property is fit for Buyer's intended purpose, and without any defect, material or immaterial to Buyer. By signing below, Buyer acknowledges and agrees that the Property is to be conveyed by Seller to Buyer in "AS IS/WHERE IS" condition, with any and all faults. Moreover, as allowed by RCW 64.06.010(7), Buyer hereby expressly waives the right to receive the seller disclosure statement set out in RCW 64.06.010. However, if the answer to any of the questions in the section entitled "Environmental" would be "yes," then Buyer does not waive the receipt of the "Environmental" section of the seller disclosure statement. Seller represents that no answer to any of the questions in the section entitled "Environmental" would be "yes."

Buyer's Initials/Date

Seller's Initials/Date

11. Buyer Representations and Warranties. Buyer represents and warrants (a) that Buyer has accepted and executed this Agreement on the basis of Buyer's own examination and personal knowledge of the Property; (b) that Seller has made no representations, warranties, or other agreements, except as otherwise provided in this Agreement, concerning matters relating to the Property; and (c) that Seller has made no agreement or promise to alter, repair, or improve the Property.
12. Possession. Buyer shall be entitled to possession of the Property upon the Closing of this transaction.
13. Risk of Loss. Seller shall deliver the Property to Buyer at Closing in the same or substantially same condition existing as of the Effective Date of this Agreement. Risk of loss of damage to the Property shall be borne by Seller until Closing. Immediately upon Closing, Buyer shall bear the risk of loss. In the event of loss or damage to the Property, or a portion thereof, prior to Closing, Buyer may terminate this Agreement and the Earnest Money shall be refunded to Buyer.
14. Closing Costs; Proration. Buyer and Seller each agree to pay one-half (1/2) of the Escrow Agent's fees, including Closing costs. Real property taxes for the current tax year, insurance premiums, and other unusual items, if any, shall be shared by the Parties on a *pro rata* basis as of the Closing Date. Seller shall pay all utility bills accrued through the date of Closing. All taxes levied in any year(s) prior to Closing shall be the sole responsibility of Seller and are not subject to any proration. Any special

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farmland assessment tax, rezoning tax, development tax, or recapture tax, shall be the sole and exclusive responsibility of Buyer.

15. Buyer's Remedy Upon Seller's Default. In the event Seller defaults in its obligations under this Agreement, Buyer's sole and exclusive remedy is to rescind this Agreement and receive a refund of Buyer's Earnest Money.
16. Seller's Remedy Upon Buyer's Default. If Closing does not occur before the close of business on the Closing Date, through no fault of Seller, then Buyer shall automatically forfeit the Earnest Money to Seller as liquidated damages, and this Agreement shall be of no further effect.

Buyer's Initials/Date

Seller's Initials/Date

17. Indemnification. Except as otherwise provided for in this Agreement, and to the fullest extent allowed by law, Buyer shall indemnify, hold harmless, and defend Seller and Seller's officers, directors, employees, agents, affiliates, successors, and permitted assigns (collectively "**Seller's Personnel**") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees, that are incurred by Seller and Seller's Personnel (collectively, "**Losses**"), arising out of or related to any claim, including third-party claims, alleging:
 - a. breach or non-fulfillment of any provision of this Agreement by Buyer or Buyer's agents, employees, subcontractors, or representatives (collectively "**Buyer's Personnel**");
 - b. any negligent or more culpable act or omission of Buyer or Buyer's Personnel (including any reckless or willful misconduct) in connection with the exercise of its rights or performance of its obligations under this Agreement;
 - c. any bodily injury, death of any person, or damage to real or tangible personal property caused by the negligent or more culpable acts or omissions of Buyer or Buyer's Personnel (including any reckless or willful misconduct); or
 - d. any failure by Buyer or Buyer's Personnel to comply with any applicable federal, state or local laws, regulations, or codes in the performance of its obligations under this Agreement.

Buyer's obligations under this section shall (i) survive termination of this Agreement; (ii) extend to claims occurring after termination of this Agreement; and (iii) not be limited in any manner by Buyer's insurance coverage for its activities under this Agreement.

18. Notices. All notices required to be given under this Agreement shall be in writing and shall be deemed delivered: (a) on the date of delivery if delivered via electronic mail without notice of non-delivery or bounce-back; (b) on the next business day if delivered by a nationally recognized overnight courier service; or (c) on the second business day after mailing if mailed by first class U.S. mail, postage prepaid, return receipt requested, to the address of the other Party to be notified as listed below. Either Party may, by written notice to the other, designate a different address or e-mail address for purposes of this Agreement.

Buyer	Seller
	Pend Oreille PUD Attn: General Manager

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	P.O. Box 190 130 N. Washington Ave. Newport, WA 99156 <i>Via Email:</i> cjones@popud.org <i>With Copy To:</i> notices@popud.org
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19. Calculation of Time. If any time period specified herein expires on a Saturday, Sunday, or legal holiday, such time period shall be automatically extended through the close of business on the next regular business day.
20. Time of Essence. Time is of the essence as to all terms and conditions of this Agreement. Without limitation of the generality of this provision, time is of the essence particularly as to the Buyer's Due Diligence Period and as to Closing.
21. Binding Effect; Assignment Restricted. This Agreement is binding on and shall inure to the benefit of Seller, Buyer, and their respective heirs, legal representatives, successors, and assigns. Nevertheless, neither Buyer nor Seller may assign their respective rights under this Agreement without prior written consent by the other Party.
22. Dispute Resolution; Governing Law. In the event of any dispute between the Parties arising from this Agreement, the terms of this Agreement shall control. This Agreement shall be interpreted and enforced according to the laws of the State of Washington.

All disputes, claims, and controversies between the Parties arising out of or related to this Agreement, including, without limiting the generality of the foregoing, any claim of misrepresentation, breach, or non-performance, shall be resolved through arbitration by a single neutral arbitrator, in accordance with the Washington Uniform Arbitration Act (Chapter 7.04A RCW). Arbitration shall occur in Pend Oreille County, Washington. In any arbitration between the Parties arising from this Agreement, the prevailing Party shall be entitled to recover its reasonable fees and costs, including all arbitration costs, arbitrator fees, witness fees, collection expenses, attorneys' fees, and other related costs.
23. Headings. The headings of the sections of this Agreement are inserted solely for the convenience of the Parties, and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.
24. Entire Agreement. This Agreement constitutes the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter. This Agreement may not be modified or amended, nor may any term or provision hereof be waived or discharged, except in writing which is signed by the Party or Parties against whom such amendment, modification, waiver or discharge is sought to be enforced.
25. Survival. Buyer and Seller agree that all representations, warranties, and agreements made herein shall not merge into, but shall survive, the Closing of this transaction and the delivery of any deeds under this Agreement.
26. Severability. In the event any provision of this Agreement is held to be invalid and unenforceable by a court of competent jurisdiction, the remaining provisions shall be valid and binding upon the Parties.

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- 27. No Waiver. No waiver under this Agreement is effective unless it is in writing, identified as a waiver to this Agreement, and signed by the Party waiving its right. Any waiver authorized on one occasion is effective only in that instance and only for the purpose stated, and does not operate as a waiver on any future occasion. The failure or delay in exercising any right, remedy, power, or privilege or in enforcing any condition under this Agreement shall not constitute a waiver or estoppel of such right, remedy, power, or privilege.
- 28. No Brokers Or Agents. The Parties represent that neither Party has employed the services of a real estate broker or agent in connection with the Property, or that if such agents have been employed, that the Party employing said agent shall pay any and all expenses outside of Closing under this Agreement.
- 29. Counterparts. This Agreement may be signed in multiple counterparts with the same effect as if all Parties signed the same document. Delivery of a legible photocopy, telefax, carbon or carbonless copy of the signed original of this Agreement shall be treated the same as delivery of the original.

****NOTE**** Please read this entire Agreement before signing. Full and proper legal names of Buyer and Seller are required below. All names must match ownership documents for the Property. Buyer and Seller must show necessary personal identification to Escrow Agent prior to Closing.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date last signed below.

SELLER:

Public Utility District No. 1
of Pend Oreille County

Date

By: Chris Jones
Title: General Manager

BUYER:

[Buyer Name]

Date