



KENNEWICK IRRIGATION DISTRICT POLICY 9.4 Sale or Lease of Surplus Real Property

1. Purpose:
 - 1.1 To sell or lease Kennewick Irrigation District (KID) surplus real property in accordance with the requirements of RCW 87.03.136, in addition to any applicable federal laws and regulations.

2. General Guiding Principles:
 - 2.1 KID-owned real property shall only be sold or leased for identifiable, pre-defined development and not for speculative purposes. To serve this goal, most sales will include a repurchase option in favor of the KID in the event identified development does not occur in a timely manner.
 - 2.2 Long term options, rights of first refusal and onerous contingencies shall be discouraged and accepted only in exceptional circumstances.
 - 2.3 No property shall be sold or leased until a valid written offer to purchase/lease or letter of intent has been submitted to the KID, the Realty Committee recommends the sale or lease, and the Board has accepted the offer. Until accepted, all property for sale or lease shall remain for sale or lease.
 - 2.3.1 All written offers or letters of intent shall contain the following information in order to be presented to the Realty Committee for review:
 - a. The full legal name of the purchasing party and full names, titles and contact information of individuals authorized to execute purchase and sale agreement or lease;
 - b. Identify the party to use and occupy the property if different from the offering party;
 - c. Legally describe the property that is the subject of the offer;
 - d. Indicate the per sq ft price offered and total offering price;
 - e. Indicate any terms for payment of the purchase price;
 - f. Identify any proposed contingencies;
 - g. Identify a proposed feasibility period;
 - h. Identify a proposed closing date; and
 - i. Identify the proposed use of the property and timing for construction and development;
 - 2.3.2 All prospective purchasers or lessees shall be encouraged to meet with City or County staff in the appropriate jurisdiction to review the proposed site conditions such as zoning, servicing, topography, grading, history of the property, etc.
 - 2.4 No property shall be reserved except through a binding purchase and sale agreement or lease approved by the Board.
 - 2.5 Unless otherwise stated in writing, all KID property shall be sold "AS IS."

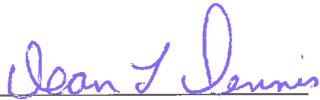
- 2.6 KID staff may offer reasonable assistance to prospective purchasers and lessees which may include providing basic property information such as parcel size and a proposed parcel value. Staff assistance shall not be deemed to reserve any parcel of real property for any party nor shall staff assistance be deemed a commitment in any way whatsoever with respect to any KID real property.
 - 2.7 Staff shall present the, offer to purchase, lease, or letter of intent at the next scheduled Realty Committee meeting (usually within 30 days of the submission of the offer to staff). The Committee shall accept the offer, reject the offer, present a counteroffer, table the offer or recommend presentation to the Board for final approval.
 - 2.8 The Realty Committee shall respond to offers through the District Manager or designee, who shall communicate the response to the offer as soon as practicable.
 - 2.9 All offers accepted by the Board shall be accepted by motion in an open public meeting.
3. Transactions:
- 3.1 It shall be the responsibility of the District Manager or designee to prepare documents and administer all sales or lease transactions to closing, whether a cash sale or a KID-financed transaction.
 - 3.2 The KID will close all transactions not requiring new financing by the Buyer, except when negotiations or contractual agreements are to the contrary. Closing of transactions shall be cost effective to the District. The District Manager or designee has the option to determine the closing organization.
 - 3.3 The KID, because of its status as a municipality, may administer, collect funds, and disperse payments. It shall be the responsibility of the Treasurer to assist the District Manager or designee in the collection of any receivables created by a sale or lease of property.
 - 3.4 Fees and/or deposits in real estate sales transactions shall be as follows:
 - 3.4.1 Earnest money deposits on sales transactions shall be a minimum of 5% of the gross sales price unless financed by KID, and Security deposits on lease transactions shall be a minimum of 5% of the gross lease price over the term of each lease as negotiated; and
 - 3.4.2 On a KID-financed sales transaction, the down payment shall be a minimum of 3% of the gross sales price, depending on negotiations, or as determined by the Board; and
 - 3.4.3 Late payment penalties on KID-financed transactions shall be 20% of the scheduled payment but not less than \$150, whichever is greater, and shall be assessed on each month, or portion thereof, the payment is past due.
 - 3.4.4 KID will pay a negotiated percentage of the gross sales price on sales transactions, not to exceed three percent (3%) as a sales commission to a Washington State licensed real estate agent/broker representing a buyer in the purchase of KID real property. The commission shall be included in the settlement statement and will be paid at the time of closing. If the purchase transaction fails to close within 120 days, unless extended by agreement, said commission shall be cancelled.

3.4.5 KID will pay a one-time fee not to exceed three percent (3%) of the base gross lease price over the term of each lease as negotiated, on lease agreements to a Washington State licensed real estate agent/broker representing a lessee in the lease of KID real property. The one-time fee shall be outlined in the lease agreement and will be paid by KID within 30 days after execution of lease agreement. There will be no additional sales commission after the one-time fee payment, including renewal or escalators.

3.5 In exchange for a potential commission or fee from the sale or lease of a KID property, the agent recognizes and acknowledges they are obligated to fulfill certain responsibilities to the Real Estate Division of KID. These obligations are stated on the attached Policy Form 9.4.1, and must be read and signed by the Real Estate Agent representing the purchaser or lessee.

4. Forms

4.1 Policy Form 9.4.1 Obligations

Date	Rev. #	Action	Signature
May 19, 1998	1	Approval as Policy & Procedure #71 Closing and Policy & Procedure #72 Collection Accounts	John C. Pringle Board President
Sept. 6, 2011	0	Initial approval as Policy and Procedure 9.4 Sale or Lease of Surplus Real Property	David McKenzie Board President
Mar 6, 2018	1	Revision and format change.	 Dean Dennis Board President