

ATTACHMENT 2 - TERM SHEET

Terms Agreed to between CADA and The of City of Seattle

This term sheet describes the substantive terms of the proposed settlement agreement between the Central Area Development Association (“CADA”), a Washington nonprofit corporation and the City of Seattle (“City”).

1. CADA is the owner of Harvey Apartments located at a 20-unit 1909-era apartment building located at 2615 East Cherry Street, Seattle, WA. The City previously loaned funds to CADA secured by the Harvey Apartments and the City loan has a current outstanding balance of \$1,210,350 (as of April 2026 inclusive of interest) (the “City Loan”).
2. In absence of CADA meeting the obligation to pay the City Loan has agreed to accept the transfer of the Harvey Apartments (“Parcel A”) to the City via a deed in lieu of foreclosure.
3. CADA also owns a vacant unencumbered parcel adjacent to Harvey Apartments (“Parcel B”, and together with Parcel A, the “Parcels”) and has agreed to transfer Parcel B to the City in exchange for a reduced purchase price of \$300,000 as part of the Settlement Agreement. CADA and the City will enter into a purchase and sale agreement that will govern the transfer of Parcel B. The transfer of both Parcels to the City (the “Harvey Transfers”) shall occur simultaneously and within ninety (90) days after execution of the Parcel B purchase and sale (“Closing”).
4. Additionally, the City has agreed to pay as part of the Harvey Transfers the following items on CADA’s behalf:
 - a. Property Taxes assessed on the Parcels through Closing
 - b. Insurance costs related to the Parcels through Closing
 - c. Excise Tax related to the Harvey Transfers

Any cost or expense not specifically set forth herein shall be paid by CADA, except as otherwise set forth in the purchase and sale agreement regarding closing costs and feasibility and due diligence expenses.

5. CADA has an outstanding loan with Department of Commerce Housing Trust Fund (“Commerce”) in the amount of (approximately \$378k) (the “HTF Loan”).

- a. Commerce has agreed to release CADA from the debt obligation and is considering full forgiveness/reconveyance of the HTF Loan. If Commerce releases CADA but requires that the HTF Loan remain in place, the City will take Parcel A subject to the Deed of Trust on record in connection with the HTF Loan. The City shall not assume the HTF Loan.
 - b. The City will take Parcel A subject to the HTF Regulatory Agreement that is currently on record.
 - c. In the event CADA is required to pay any portion of outstanding HTF loan or any other related cost to the HTF loan that cost shall be paid by CADA .
6. Transfer shall occur on or before January 1, 2027.
7. Failure of the City to comply with the terms set forth herein will result in the termination of all agreements set forth herein. CADA shall retain all rights and remedies available to them.

Failure of CADA to comply with the terms set forth herein will result in the City pursuing all rights and remedies available to them, which may include City's right to protect collateral, right to repayment of any expenditures, appointment of a receiver, and foreclosure. The City's rights and remedies as outlined in the City Loan Documents are cumulative and not mutually exclusive and not in any substitution for any rights remedies available in law or equity.