

DROA ADDENDA

DROA Reference Date:

Property Reference: 419A Atkinson Drive, Unit #703, Honolulu, HI 96814

Seller Name: Buyer Name:

ATKINSON TOWERS, INC. DISCLOSURE STATEMENT (Provided/Prepared by Walt Flood Realty)

1. It is understood that the Sales Contract (DROA) is for purchasing a share of stock in Atkinson Towers, Inc., which is represented by the assignment of the Proprietary Lease on Apartment #703, use of parking stall #4, use of the assigned space in the storage room and the co-use of the limited common elements.

2. **Buyer** understands that the project, Atkinson Towers, Inc., is a residential cooperative and the Buyer is to receive a stock certificate for one (1) share of stock when the sale is consummated as a "cash sale". If the sale is by way of "Seller Financing" (Agreement of Sale, or Purchase Money Mortgage), or "Bank Financing" (First Mortgage), the Buyer is to receive the stock certificate upon "pay-off" of the loan.

3. **Buyer** understands that the ground lease rent, for the 10,500 sq.ft. property owner by Mr. Lloyd Char has been set for the period January 1, 1997 to December 31, 2006 is \$60,000.00. The ground lease rent "pro ration" for Apartment #703 is: \$42/month – as of January 1, 1997.

Note: The Maintenance fee (including real property taxes) is \$285.79/month, plus parking ground lease rent of \$42.02 equals \$327.81 as of 01/01/2005.

The **Buyer** is encouraged to review the corporation's current financial statement and seek legal advice prior to purchasing stock or an interest in Atkinson Towers, Inc.

4. **Buyer** understands that at the end of this ten-year period (December 31, 2006), Atkinson Towers, Inc. will have to again re-negotiate the ground lease rent on the property owned by Mr. Lloyd Char (10,500 sq.ft.) for the next ten-year period.

5. **Buyer** understands that the master lease on the 10,500 sq.ft. parcel (parking lot) expires on December 31, 2016 and that if the Corporation is not successful in purchasing the leased fee interest in the parcel owned by Mr. Lloyd Char or in obtaining an extension of the lease, that particular portion of Buyer's vested interest in Atkinson Towers, Inc. will terminate with no residual value or recovery of investment.

This is known as the "surrender clause" in the master lease. To wit: The Lessee (Atkinson Towers, Inc.) will be required to turn over the Lloyd Char property, including the improvements (if any), to the Lessor at the termination of the lease.

Furthermore, it is understood that if the Corporation is not successful in purchasing the leased fee interest (fee simple), or in gaining an extension of the ground lease, the value of stock in Atkinson Towers, Inc. may diminish as the year of the expiration of the Master Lease approaches.

Note I: The Corporation is currently negotiating with the Lessor (Floyd Char) to purchase the fee simple interest in the property (10,500 sq.ft.). If/when their offer is accepted, the Corporation will have an opportunity to finance the purchase price for the Share Owners, or the Share Owner can pay his share of the assessment.

6. It is understood, by both the Buyer and the Seller, that the sale (assignment of the Proprietary Lease) and the Applicant are subject to approval of the Atkinson Towers, Inc. Board of Directors.

If the sale or the applicants are not approved, Buyer or Seller will have no recourse, and Atkinson Towers, Inc. the Seller, the Seller's agent cannot be liable for any expenses related to the proposed sale/purchase.

The above information is from sources deemed to be reliable, but is not guaranteed, and the Seller or the Seller's Agent, and/or the Buyer's Agent, are not liable or responsible for any inaccuracies, error or omissions.

Received: _____ Date: _____
Buyer

Acknowledged: _____ Date: _____
Buyer

Acknowledged: _____ Date: _____
Buyer's Agent

Acknowledged: _____ Date: _____
Seller

Acknowledged: _____ Date: _____
Seller's Agent