

SELLER'S DISCLOSURE OF REAL PROPERTY CONDITION REPORT

Seller(s) Name Danny H Lugaro , Jeanne M Lugaro
 Property Address 207 Lakshman Trail, Dover, DE 19901
 Approximate Age of Building(s) 4 Date Purchased 09/02/2007

Please complete the following form in its entirety.

Delaware Law Chapter 25, Title 6, requires a Seller of residential property improved by dwelling units for 1-4 families to disclose in writing all material defects of the property that are known at the time the property is offered for sale or that are known prior to the time of final settlement. The disclosure must be made on this form approved by the Delaware Real Estate Commission and shall be updated as necessary for any material changes occurring in the property before final settlement. This report shall be given to all prospective Buyers prior to the time the Buyer makes an offer to purchase. This report signed by Buyer and Seller shall become a part of the purchase agreement. This report is a good faith effort by the Seller to make the disclosures required by Delaware law not a warranty of any kind by the Seller or any Agents or Sub-Agents representing Seller or Buyer in the transfer and is not a substitute for any inspections or warranties that the Seller or Buyer may wish to obtain. The Buyer cannot hold the Seller or Real Estate Agent responsible for defects in the property disclosed in this report; defects disclosed in an update of this report prior to settlement, provided Seller has complied with the Agreement of Sale; or defects which occur after settlement.

I. OCCUPANCY

- Yes No Unknown
- 1. Does Seller currently occupy this property? If not, how long has it been since Seller occupied the property? _____
 - 2. Is the property encumbered by a lease, option to purchase, or first right of refusal?
 - 3. If the property is leased, have all necessary permits/licenses been obtained?

II. DEED RESTRICTIONS, HOMEOWNERS ASSOCIATIONS/CONDOMINIUMS AND CO-OPS

- 4. Is the property subject to any Deed Restrictions?
- 5. Is the property subject to any private or public architectural review control other than building codes?
- 6. Is the property part of a condominium or other common ownership?
- 7. Is there a Homeowners Association, Civic Association, or Maintenance Corporation? (Circle all that apply)
- 8. If so, are there any fees, dues, assessments or bonds involved? If "Yes", how much? _____ mandatory voluntary
- 9. Are there any unpaid assessments?
- 10. Have you received notice of any new or proposed increases in fees, dues, assessments or bonds?
- 11. Is there any condition or claim which may result in an increase in assessments or fees?
- 12. Name of Association/Representative: _____ Phone# _____

III. TITLE/ZONING INFORMATION

- 13. Is your property owned in fee simple, _____ leasehold, _____ cooperative? (Check One)
- 14. Are there any right-of way, easements or similar matters that may affect the property?
- 15. Are there any shared maintenance agreements affecting this property?
- 16. Are there any zoning violations, non-conforming uses, or set-back violations?

IV. MISCELLANEOUS

- 17. Have you received notice from any local, state or federal agencies requiring repairs, alterations or corrections of any existing conditions?
- 18. Is there any existing or threatened legal action affecting this property?
- 19. Are there any violations of local, state or federal laws or regulations relating to this property?
- 20. Is there anything else you should disclose to a prospective buyer because it may materially and adversely affect the property, e.g., zoning changes, road changes, proposed utility changes, threat of condemnation, noise, bright lights, or other nuisance, etc.?
- 21. Are all the exterior door locks in the house in working condition?
- 22. Will keys be provided for each lock?
- 23. Have you had, or do you now have, any animals (pets) in the house?
- 24. Is there or has there ever been a swimming pool, hot tub, spa or whirlpool on the property? (Circle all that apply)
- 25. If "Yes", are there any defects in such systems?
- 26. If there is a pool, does it conform to all local ordinances?
- 27. What is the type of Trash Disposal? _____ Private _____ Municipal (Check One)

INITIAL DHL
JML

IV. MISCELLANEOUS (Continued)

- 28. The cost of repairing and paving the streets adjacent to the property is paid for by (check one)
 - the property owner(s), estimated fees: \$ _____
 - Delaware Department of Transportation or the State of Delaware.
 - Unknown

Note to Buyer: Repairing and repaving of the streets can be very costly. (6 Delaware Code § 2578)

- 29. Is off street parking available for this property? If "Yes," number of spaces available: 3

V. ENVIRONMENTAL HAZARDS

- 30. Are there now or have there been any underground storage tanks (UST) in the property? (e.g., heating fuel, propane, septic)
 - If "Yes" indicate location: Septic
- 31. Is urea-formaldehyde foam insulation present?
- 32. Are asbestos-containing materials present?
- 33. Are there any lead hazards? (e.g., lead paint, lead pipes, lead in soil)
- 34. Has the property been tested for radon gas or any other toxic or hazardous substances? (Attach copy of each test report, if available.)

VI. LAND (SOILS, DRAINAGE AND BOUNDARIES)

- 35. Is there any fill soil or other fill material on the property?
- 36. Are there any sliding, settling, earth movement, upheaval, earth stability, or methane gas release problems that have occurred on the property or in the immediate neighborhood?
- 37. Is the any part of the property located in a flood zone or considered a wetlands area?
- 38. Are there any drainage or flood problems affecting the property?
- 39. Do you currently carry flood insurance?
- 40. Does the property have standing water in front, rear or side yard more than 48 hours after a heavy rain?
- 41. Are there encroachments or boundary line disputes affecting the property?
- 42. Are there any tax ditches crossing or bordering the property?
- 43. Has the property ever been surveyed?
- 44. Are the boundaries of the property marked in any way?

VII. STRUCTURAL ITEMS

- 45. Have you made any additions or structural changes? put in shute opening to master bedroom
- 46. If "Yes" was all work done with all necessary permits and approvals in compliance with building codes?
- 47. Is there any movement, shifting, or other problem with walls or foundations?
- 48. Has the property or improvements thereo ever been damaged by fire, smoke, wind, or flood?
- 49. Was the structure moved to this site? Double Wide Modular Other: _____
- 50. Was fire retardant plywood used in the construction?
- 51. Is there any past or present water leakage in the house?
- 52. Are there any problems with driveways, walkways, patios, or retaining walls on the property?
- 53. Are there any repairs or other attempts to control the cause or effect of any problem described above?
- 54. Is there insulation in:
 - The ceiling/attic?
 - The exterior walls?
 - Other places? _____
 - What type(s) of insulation does your property have? Fiber Glass Blown IN

VIII. TERMITES, DRYROT, PESTS

- 55. Is there or has there been any infestation by termites or other wood destroying insects?
- 56. Is there or has there been any damage to the property caused by termites, other wood destroying insects, pests or dryrot?
- 57. Is your property currently under warranty or other coverage by a professional pest control company?
 - If "Yes" name of exterminating company: _____
- 58. Have there been any termite/pest control inspections or treatments for the property?

IX. BASEMENT AND CRAWL SPACES (Complete only if applicable)

- 59. Does the property have a sump pump? If "Yes" where does it drain? _____
- 60. Is there any water leakage, accumulation, or dampness within the basement or crawlspace?
- 61. Have there been any repairs or other attempts to control any water or dampness problem in the basement or crawlspace?
- 62. Are there any cracks or bulges in the floor or foundation walls?

X. ROOF

- 63. Date last surface installed, if known: _____
- 64. How many layers of roof material are there (e.g., new shingles over old shingles)? _____
- 65. Are there any problems with the roof, flashing, or rain gutters? If repaired under your ownership, please explain on last sheet.
- 66. If under warranty, is warranty transferable?
- 67. Where do your gutters drain? Surface Drywell Storm Sewers Unknown

Yes No Unknown

XI. PLUMBING-RELATED ITEMS

- 68. What is your drinking water source? Public water
69. What type of plumbing (copper, lead, cast iron, PVC polybutylene, galvanized) is in the building?
70. Have there been any additions/upgrades to the original service?
71. If any, was the work done by a licensed contractor?
72. If your drinking water is from a well, when was your water last tested and what were the results of the test?
73. When was well installed? Location of well? Depth of well?
74. Is there a water treatment system? If "Yes" Leased Owned (Check One)
75. What is the type of sewage system? Public Sewer Community Sewer Septic Tank Cesspool
76. If septic, type: Gravity Fed Capping Fill LPP Mound Holding Tank Other:
77. When was septic tank or cesspool last serviced?
78. Has a soil/site evaluation ever been done? If "Yes" when? Results?
79. Are there any leaks, backups, or other problems relating to any of the plumbing, water and sewage related items?
80. Are there any shut off, disconnected, or abandoned wells, underground water or sewer tanks on property?
81. Water Heater: Electric Fuel Oil Gas Other:

XII. HEATING AND AIR CONDITIONING

- 82. What is the type of heating system and fuel? (e.g., oil forced air, gas hot water or baseboard, etc.)
83. Age of furnace: 3 Date of last service:
84. Are there any contractual obligations affecting the fuel supply, tanks or systems?
85. What is the type of Air Conditioning System? (e.g. central, units)
86. Age of Air Conditioning System 3 Date of last service:
87. Have there been any additions/upgrades to the original services?
88. If "Yes" was work done by a licensed contractor?
89. Are there any problems with the heating or air conditioning systems? None That I have seen so NO

XIII. ELECTRICAL SYSTEM

- 90. What type of wiring (copper, aluminum, other, etc.) is in this building? Copper
91. What amp service does it have? 60 100 150 200 Other: Circuit Breakers Fuses
92. Does it have any 220 volt circuits?
93. Do fuses blow or circuit breakers trip when two or more appliances are being used at the same time?
94. Have there been any additions to the original service?
95. If "Yes", was work done by a licensed electrician?
96. Are there any wall switches, light fixtures or electrical outlets in need of repair?

XIV. WOODBURNING STOVE OR FIREPLACE

- 97. Do you have: woodburning stove, Gas fireplace, insert, Other:
98. Was it part of original house design?
99. Was it installed by a professional contractor or manufacturer's representative?
100. Are there any problems?
101. When were the flues/chimneys last cleaned, serviced or repaired? Explain nature of service or repair on Page 5.

XV. MAJOR APPLIANCES AND OTHER ITEMS

(A) Are the following items in working order? (The Sales Agreement will specify what is included or excluded)

- 1. Oven & Range YES NO N/A
2. Refrigerator YES NO N/A
3. Dishwasher YES NO N/A
4. Disposal YES NO N/A
5. Microwave YES NO N/A
6. Washer YES NO N/A
7. Dryer YES NO N/A
8. Bathroom/Vent Fans YES NO N/A
9. Trash Compactor YES NO N/A
10. Water Treatment System (If owned) YES NO N/A
11. Water Heater YES NO N/A
12. Sump Pump YES NO N/A
13. Storms (All Windows) YES NO N/A
14. Screens (All Windows) YES NO N/A
15. Humidifier YES NO N/A
16. Dehumidifier YES NO N/A
17. Window/Wall Air Conditioners YES NO N/A
18. Smoke Detectors YES NO N/A
19. Fireplace Equipment YES NO N/A
20. Electric Air Filters YES NO N/A
21. Attic Fan YES NO N/A
22. Whole House Fan YES NO N/A
23. Ceiling Fan(s) YES NO N/A
24. Security Systems (If Owned) YES NO N/A
25. Intercoms YES NO N/A
26. Solar Equipment YES NO N/A
27. Attached Antenna/Rotor YES NO N/A
28. Range Hood (Exhaust Fan) YES NO N/A
29. Garage Door Openers, Remotes YES NO N/A
30. Other: YES NO N/A
31. Other: YES NO N/A

Explain any problems with the above items: (Additional space is available on Page 5)

XV. MAJOR APPLIANCES AND OTHER ITEMS (Continued)

(B) Are you aware of any problems affecting these areas?

- (1) Ceilings YES NO N/A
- (2) Exterior and Interior Walls YES NO N/A
- (3) Floors YES NO N/A
- (4) Windows YES NO N/A
- (5) Patios/Decks/Porches YES NO N/A

If you have indicated there is a problem with any of the preceding items on pages 1 through 4, please provide a detailed explanation on Page 5.

Are any Additional Sheets Attached to This Form? No Yes: Number of Additional Sheets: _____

ACKNOWLEDGMENT OF SELLER

Seller has provided the information contained in this report. This information is to the best of Seller's knowledge and belief, complete, true and accurate.

Seller has no knowledge, information or other reason to believe that any defects or problems with the property have been disclosed to or discussed with any Real Estate Agent or Broker involved in the sale of this property other than those set forth in this report.

Seller does hereby indemnify and hold harmless any Real Estate Agents involved in the sale of this property from any liability incurred as a result of any third-party reliance on the disclosures contained herein or on any subsequent amendment hereto.

Seller's Broker and/or Cooperating Broker, if any, is/are hereby authorized to furnish this to any prospective Buyer. This is a legally binding document. If not understood, consult an Attorney.

SELLER  DATE 1-7-08 SELLER  DATE 1-7-08
Danny H. Lugaro Jeanne M. Lugaro

Date the Contents of this Document were last updated: _____

ACKNOWLEDGMENT OF BUYER

I am relying upon the above report and statements within the sales contract as representative of the condition of property, and not relying upon any other information about the property.

I have carefully inspected the property. I acknowledge that Agents are not experts at detecting or repairing physical defects in property.

I understand there may be areas of the property of which Seller has no knowledge and this disclosure statement does not encompass those areas.

Unless stated otherwise in my contract with Seller, the property is real estate being sold in its present condition, without warranties or guarantees of any kind by Seller or any Agent.

I have read and received a signed copy of this report.

I may negotiate in my agreement of sale for other professional advice and/or inspections of the property.

I understand there may be projects either planned or being undertaken by the State, County or Local Municipality which may affect this property of which the Seller has no knowledge. I further understand that it is my responsibility to contact the appropriate agencies to determine whether any such projects are planned or underway. If I do not understand the impact of such project(s) on the property I am purchasing, I should consult my Attorney.

I understand that before signing an Agreement of Sale, I may review the applicable Master Plan or Comprehensive Land Use Plan for the County and/or appropriate City or Town Plans showing planned land uses, zoning, roads, highways, locations and nature of current or proposed parks and other public facilities.

This is a legally binding document. If not understood, consult an Attorney.

BUYER _____ DATE _____ BUYER _____ DATE _____

