

11/15/2016

Nebraska Real Estate Commission
P. O. Box 94667
Lincoln, Nebraska 68509-4667
(402)471-2004 Phone (402)471-4492 Fax

EXHIBIT

12a

Scheduled Settlement Hearings

From 10/28/2016 Through 12/31/2016

Nov 17, 2016

2015 - 012 Tyler Zach vs. Cyrus M. Khorram

10:00 Khorram, Cyrus M
Staybridge Room of the Staybridge Suites
2701 Fletcher Ave
Lincoln NE 68504-
(402)438-7829

BEFORE THE REAL ESTATE COMMISSION
OF THE STATE OF NEBRASKA

STATE OF NEBRASKA, ex rel.,)
)
 Complainant,)
)
 vs.) COMPLAINT
)
)
 CYRUS KHORRAM,)
 and BERKSHIRE HATHAWAY)
 HOME SERVICES, AMBASSADOR,)
 REAL ESTATE)
 Respondents.)

This Complaint is filed under the authority of Title 305 N.A.C. Chapter 4-008.

1. The name, address, and telephone number of each person filing this Complaint is as follows:

Tyler Zach, 622 South 126th Street, Omaha, NE 68154. Telephone (402) 319-3483

2. The name, address, and telephone number of each person against whom this Complaint is filed is as follows:

Cyrus Khorram, 19529 Marcy Street, Omaha, NE 68022. Telephone (402) 490-2571

Berkshire Hathaway Home Services, Ambassador Real Estate, 13340 California, Suite 101, Omaha, NE 68154. Telephone (402) 493-4663

3. The facts upon which this Complaint is based, and the section or sections of statute and/or Nebraska Real Estate Commission rule, regulation, or order which have been violated are as follows:

Tyler Zach purchased the residence at 622 South 126th Street, Omaha, NE 68154, on or about December 2, 2013. Cyrus Khorram, an agent for Berkshire Hathaway Home Services, Ambassador Real Estate, was both the agent and seller/owner of the property, as evidenced by information on the Berkshire Hathaway Home Services website. The above residence is listed under Mr. Khorram's tab on the agency website under a section entitled "My Solds."

Shortly after purchasing and taking possession of the property, the Mr. Zach noticed moisture in the basement of the home. The carpet and baseboards were soaked, and upon further inspection, standing water and what appeared to be mold were discovered in the basement. On February 23, 2014, Mr. Zach sent an email to his real estate agent and advised him that a four-foot by six-foot section of the carpet in the basement was soaked. This happened a few days after some warm weather caused the snow on the ground around the house to melt. Some of the carpet was pulled up and some cracks were found in the concrete floor of the foundation.

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**NEBRASKA REAL ESTATE
COMMISSION**

On April 12, 2014, Mr. Zach contacted Thrasher Basement Systems in Omaha, Nebraska, to get an estimate to determine the extent of the leak problem and to get an estimate as to what it would cost to have the problem repaired. Mr. Zach was informed that Thrasher had been called out to the address above to provide an estimate to repair a problem with leaks in the basement floor. The inspection was performed and an estimate was provided on July 11, 2013. According to information on the estimate, it was ordered by, and provided to the property owner, Cyrus Khorram. The estimate was prepared almost four months prior to the sale of the property to Tyler Zach. A copy of the Thrasher estimate is enclosed.

Also enclosed is a copy of the Seller Property Condition Disclosure Statement. It was signed by Mr. Khorram and dated September 23, 2013. The first paragraph of the Disclosure states that Mr. Khorram, had owned and occupied the home for 18 years. I have highlighted questions on the disclosure form in which the answers provided seem to be inconsistent with facts which were determined after the sale of the property, and which Mr. Khorram had a duty to disclose prior to any such sale. Despite the fact that he contacted Thrasher Basement Systems in July 2013 and obtained an estimate to repair water intrusion in the basement of the home, Mr. Khorram checked a box marked "No" on Part II Section A question 5, which specifically asked, "Has there been water intrusion in the basement or crawl space?" Likewise, Mr. Khorram answered "No" to question 7 in the same part and section of the disclosure form, in response to the question "Are there any structural problems with the structures on the real property?" He admitted to damage to the structures "due to the following occurrences including, but not limited to wind, hail, fire, flood, wood-destroying insects, or rodents?" However, in Section III in the portion of the disclosure form in which the seller provides details for answers provided in previous sections, Mr. Khorram only indicated roof damage from a hail storm in April 2013 which was reported to have been repaired in August 2013. No mention was made of any problems related to water intrusion in the basement, despite the fact that he sought an estimate for intrusion. Mr. Khorram also indicated in response to question 11 of Part II section A of the Seller's Disclosure that he did not know if "the property experienced any moving or settling of the foundation or floor."

In Part II Section B question 8, Mr. Khorram indicated that he did not know of the existence of any "Hazardous substances, materials or products" in the home. He gave this answer despite the fact that the estimate provided to him by Thrasher states "counceled (sic) customer to address the mold issue inside the cabinet but decided it wasn't something he wanted to fix at this time." Finally, Mr. Khorram also answered "No" to the question in Part II Section D question 14 which asked if "there are any flooding, drainage or grading problems in connection with the real property."

As a seller of real estate, and especially as a licensed realtor, Mr. Khorram was unquestionably aware of the requirement to fully and truthfully disclose all known defects or damage to any property sold. The statement on the first page of the disclosure plainly states that "the purchaser may rely on the information contained herein in deciding whether and on what terms to purchase the real property." This disclosure provides protection to the purchaser and prevents an unfair advantage to the seller in reaching an agreement as to the price and terms of the sale. In this case, the Mr. Zach detrimentally relied on the answers Mr. Khorram provided on the Seller Property Condition Disclosure and were denied the opportunity to negotiate in good faith with Mr. Khorram as the seller. Given the fact that the leak in the basement was a condition that he obtained an estimate to repair, Mr. Khorram's failure to

disclose these known defects does not appear to be anything but an intentional act on his part, for the purpose of securing a higher price for the property than he would be able to obtain had these defects been fully disclosed. This failure is magnified by the fact Mr. Khorram also would profit by earning a greater commission for selling the home for higher price, in addition to obtaining a greater benefit of the bargain.

The Nebraska Real Estate License Act, 81-885.24 provides that "the commission...shall, upon the sworn complaint in writing of any person, investigate the actions of any broker, associate broker, salesperson, or subdivider, may censure the licensee or certificate holder, revoke or suspend any license or certificate issued under the Nebraska Real Estate License Act, or enter into consent orders, and, alone or in combination with such disciplinary actions, may impose a civil fine on a licensee pursuant to section 81-885.10, whenever the license or certificate has been obtained by false or fraudulent representation or **the licensee or certificate holder has been found guilty of any of the following unfair trade practices:...**(22) Making any substantial misrepresentations;...(29) Demonstrating negligence, incompetency, or unworthiness to act as a broker, associate broker, or salesperson, whether of the same or of a different character as otherwise specified in this section." By failing to disclose the substantial and known defect, which Mr. Khorram sought an estimate to remedy, and when expressly advised of the nature of the problem, the cost of necessary repairs, and the presence of a secondary and previously unknown issue regarding mold in the property that he was selling, Mr. Khorram not only elected to take no action to repair the defect, but knowingly made a false statement about the condition of the property. As a seller of real estate Mr. Khorram fraudulently made a substantial misrepresentation and as a licensed agent, by this same misrepresentation, demonstrated unworthiness to act as a salesperson.

Mr. Khorram's actions are also a violation of the National Association of Realtors Code of Conduct. Article 2 provides "Realtors® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. Realtors® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law." Mr. Khorram both concealed and misrepresented facts relating to the property and such concealment and/or misrepresentation is not subject to any of the exceptions referred to in Article 2.

The Zachs have contacted another waterproofing company and a structural engineer to determine the true scope of the problem and the best options to remedy the situation. There is no doubt that the Zachs will incur significant costs which could have been offset or allowed for had the defects been fully disclosed as required by law. Simply put, Mr. Khorram had a duty, as a seller of real estate, and more particularly as a licensed real estate agent, to fully disclose all known defects in the property in question. It is clear that he knowingly and intentionally failed to fulfill this duty. This failure on the part of a real estate agent, goes beyond simple deception and rises to the level fraud. Because the condition of the property was unquestionably known to Mr. Khorram, it is only right, as a matter of fair business dealings that he bears the costs of the needed repairs.

Efforts to resolve this matter amicably, without resorting to litigation have been, as of this writing, fruitless. Mr. Khorram has continued to deny any liability, without actually contesting any of the material facts presented. We are asking that the Nebraska Real Estate Commission conduct an investigation into the conduct and actions of both Mr. Khorram and the listing real estate agency, related to this transaction.

STATE OF NEBRASKA)

COUNTY OF DOUGLAS)

) ss.



Tyler Zach, being first duly sworn, states that he or she is the person making this complaint; that he or she has read this complaint, and that the facts alleged are true, as he or she verily believes.

Tyler Zach
Signature of Person Making Complaint

SUBSCRIBED AND SWORN to before me this 22nd day of May, 2015.

Scott I. Polski
Notary Public

CONTRACT

Thrasher Basement Systems, Inc.
 Basement & Foundation Specialists
 www.thrasherbasement.com
 (800) 827-0702 (402) 393-8803
 12130 Cary Circle,
 Omaha, NE 68128
 FAX: (402) 393-4802
 CJ Fair - System Design Specialist

Thrasher Basement
 SINCE 1975
 Basement & Foundation Specialists

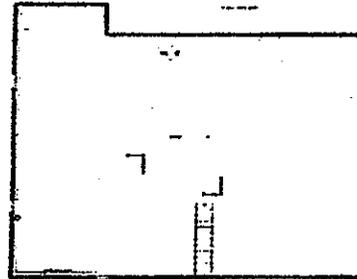
PROPOSAL DATE: 07/11/2013
 SUBMITTED TO:
 ADDRESS: 622 S 126th street Omaha NE 68154
 JOB LOCATION: 622 S 126th street Omaha NE 68154

EMAIL:
 HOME:
 WORK: --
 CELL: --
 FAX: --

System Features

WaterGuard	42	McCreek - Mahogany
WaterGuard Port		Floor Melting
TrenchDrain		RainChute
TripleSafe		LawnScope Ext
SuperSump	1	RainChute EZ
UltraSump		Basement Windows
IceGuard		EverLast Window Insert
LawnScope Outlet		Sunhouse Enclosures
FloodCheck		WallDuct Window Drain
FloodRing		RockWell
ZenWall		SemiDry Upright
BrightWall		SemiDry CX Air System
ThermoDry Wall System		SemiDry Ducts
CleanSpace Wall System		DryTrak
Wall Restoration		FloodSpan Full Wall
Basement to Beautiful Panels		WaterGuard TFS
EverLast Wall Panels		SilverGlo Rim Joist Insulation
Ceiling Prestige		Geo-Lock Wall Anchor
Ceiling Linen		Hide-Away Wall Anchor Cover
Carpet Charcoal		Street Creep Stopper
Tile Belgie		E-Gress Window
Tile Sandstone		
Carpet Mocha	Custom 8	
Tile Parquet	Custom 9	
McCreek - Natural Oak		

APPROX. INSTALLATION DATE:
 APPROX. COMPLETION DATE:



DETAILED DRAWING ATTACHED

We Propose

To finish material & labor - complete in accordance with above specifications, for the sum of

MyBasement Price	\$	3434.00
MyCrawlspace Price	\$	0.00
Total Contract Price	\$	3434.00
Deposit Required 20 %	\$	686.80
Deposit Paid	\$	0.00
Due Upon Installation	\$	3434.00

Signoff 1	X
Signoff 2	X
Signoff 3	X
Signoff 4	X

Type of wall: Block
 Existing wall finish: Over Fining
 Existing floor finish: Concrete
 Discharge line length away from house: 0
 Approximate wall eqft.:
 Wall height ft.: 8

I and we are aware of and agree to the contents of this Proposal, the attached Job Detail sheet(s), and the attached Limited Warranty, (together, the "Contract"). I/we understand that deposits paid are non-refundable. (Initial Here) X _____

Seller's Signature: [Signature] Date 7/11/13

Acceptance of Proposal--The above prices, specifications, conditions and separate warranty are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

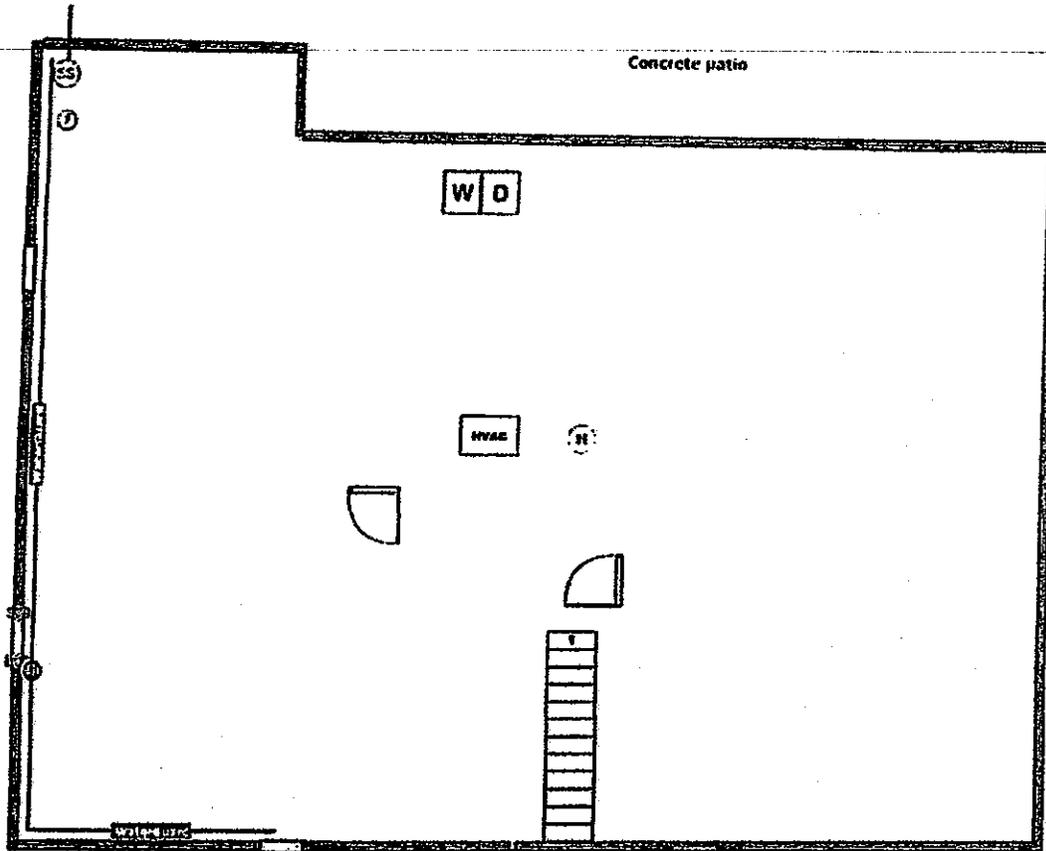
Buyer's Signature: _____ Date _____

Buyer's Signature: _____ Date _____

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JOB LOCATION: 622 S 126th street Omaha, NE 68154

JOB DETAIL



LABELS:

SPECIFICATIONS:

1. Install SuperSump pump system with cast iron pump, liner, airtight lid with airtight floor drain, CleanPump Stand, and WaterWatch alarm system.
2. Install WaterGuard sub-floor drainage system as indicated in job drawing. Customer only wants waterguard on the affected area. Understand that the warranty only includes the area we are doing. Bring a little bit of Flangeless waterguard with you to get around cabinet in the corner as pictured
3. Discharge Line run discharges outside. Customer to have another company tie into the buried gutter line.

CONTRACTOR WILL:

CUSTOMER WILL:

1. Provide proper dedicated electrical outlets for all pumps, and other electrical devices to be installed.
2. Move items 4 feet away from perimeter.
3. Remove carpet.
4. Agrees that baseboard may be sacrificed and wall may get marked with installation.

NOTES:

JOB DETAIL

1. Customer understands warranty is only on the wall and half wall we are installing. Understands if water makes it past our system it is not warranted.
2. Counciled the customer to address the mold issue inside the cabinet but decided that it wasnt something he wanted to fix at this time.
3. Bring a small amount about 5 feet of flangeless watertard to get around the cabinet.

Signature X: _____ Date _____

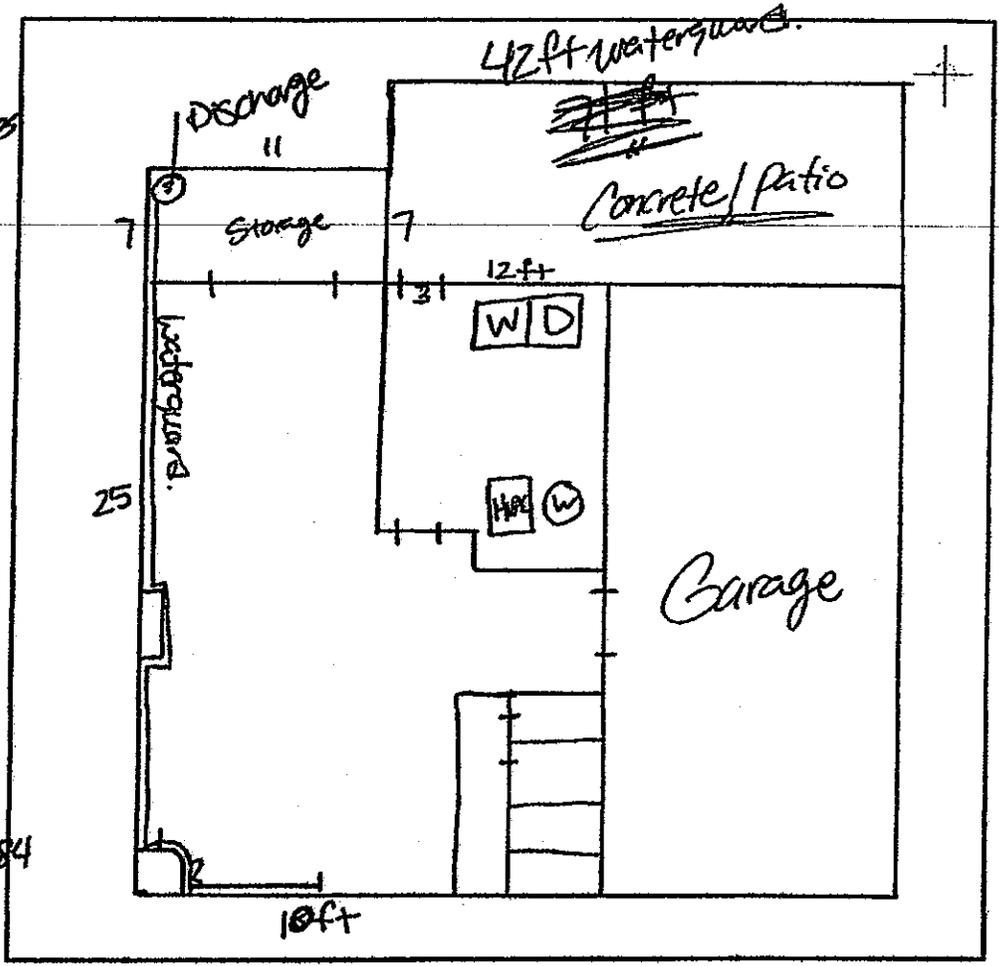
9

Customer Name:

- 1. Inside Inspection**
- Relative Humidity 63%
 - Physical Evidence yes
 - Floor Thickness 4-sircons
 - Measure/Sketch X
 - Sump Info
 - Discharge (P)
 - Low Spot (P)
 - Electrical (P)
 - Wall Furring 2x4
 - Wall Height
 - Floor Finish Carpet
 - Wall Finish Drywall
 - Photos X

- 2. Outside Inspection**
- Grading
 - Gutters
 - Downspouts
 - Discharge Location
 - Photos
 - Measure/Sketch

- 3. System Features**
- | Product | Quantity |
|---------------------|--------------|
| WaterGuard | 42 ft @ 2184 |
| FlowGuard | |
| DryTrak | |
| Lateral Drain | |
| TrenchDrain | |
| TripleSafe | |
| SuperSump | 1 @ 1250 |
| UltraSump | |
| IceGuard | |
| LawnScape | |
| Buried Discharge | |
| ThermalDry Wall | |
| BrightWall | |
| CleanSpace Wall | |
| ZenWall | |
| WellDuct | |
| SunHouse | |
| ThermalDry Flooring | |
| FlexiSpan | |
| SaniDry | |
| Other | |
| Other | |



Customer Accomplish List:

- (1) Keep Basement Dry.
- (2) Keep Dry all the time.
- (3)
- (4)
- (5)
- (6)
- (7)
- (8)
- (9)
- (10)

Cyrus Khorram.

<p>INSPECTOR COMMENTS:</p> <p>Customer only wanted to do partial wall & SuperSump.</p>	<p>INSTALLATION NOTES:</p> <p>Cabinet in corner.</p>
--------------------------------------------------------------------------------------------	------------------------------------------------------

OPTIONS QUOTED:

WARRANTY

Thrasher Basement Systems, Inc.

TERMS AND CONDITIONS

Standard Exclusions Permitted By State Law - This Waterproofing Limited Warranty (the "Warranty") is made in lieu of and excludes all other warranties, express or implied, and of all other obligations on the part of Thrasher Basement Systems, Inc. ("Contractor") to the customer ("Customer"), there are no other verbal or written warranties, and there are no warranties which extend beyond the description on the face hereof, including **NO WARRANTIES OF EXPRESS OR IMPLIED MERCHANTABILITY AND NO WARRANTIES OF EXPRESS OR IMPLIED FITNESS FOR A PARTICULAR PURPOSE.** ("ThrasherCare Club's "Lifetime" warranty may modify this Warranty to extend years of warranty coverage listed below for any system/equipment enrolled in the Club at the time the warranty claim is made.)

General Terms - For the applicable time periods indicated below, this Warranty is transferable at no charge to future owners of the structure on which the work specified in this Contract is completed. This Warranty is in effect if the job specified in this Contract is completed and paid in full and, alternatively, is null and void if full payment is not received. Contractor does not warrant products not mentioned below, but some of such products may be covered by a manufacturer's warranty. All material used is warranted to be as specified in this Contract. All work will be completed in a workmanlike manner according to the standard practices of the industry. Contractor's workers are fully covered by Workers' Compensation insurance.

Drainage Systems - For areas where Contractor has installed WaterGuard, FlowGuard, DryTrak, and/or a drainable system (a "Drainage System"), Contractor warrants that, if water from the floor wall joint passes through the perimeter of the Drainage System and onto the basement floor, Contractor will provide the labor and materials to fix the leak(s) at no additional charge to Customer for twenty-five (25) years from the date of installation. If the entire basement perimeter was not treated by the Drainage System, the Warranty does not cover the untreated areas and additional work at an additional charge could be necessary to extend the Drainage System or treat other areas or problems not addressed by this Contract. Because pump or power failure is possible, this Warranty is not a guarantee of a dry basement as Contractor cannot guarantee that in all circumstances.

Sump Pumps - Primary AC operated sump pumps and DC operated back-up pumps are warranted by Contractor to work for one (1) year from the date of installation. Battery-run back-up pumps can fail if they are not maintained or are called on to run beyond the current life of the battery. These systems are recommended, but cannot be relied upon to work in every situation. A TripleSafe pumping system is always recommended, but in rare circumstances even this system may not keep up with the amount of water. In these cases, additional pumps may be required at an additional charge. Annual maintenance by Contractor is recommended to ensure optimum performance of the sump pump.

CleanSpace - A CleanSpace crawl space encapsulation system will isolate the home from the earth, lowering the air's humidity level and reducing moisture. However, it does not claim to be a mold mitigation system. Wet crawl spaces require a drainage system and a sump system (together, the "Crawl Space Drainage System") to remedy the problem with water below the CleanSpace liner. Contractor warrants that, for twenty-five (25) years from its installation date, the CleanSpace liner: 1) will be free from holes and tears; and, 2) when installed with a Crawl Space Drainage System, will be free from ground water on top of the liner. If that is not the case, Contractor will provide labor and materials to fix the problem at no additional charge to Customer. This Warranty does not include damage to the liner caused by abuse or moisture from condensation. Annual maintenance by Contractor is recommended to ensure optimum performance of the Crawl Space Drainage System.

FlexiSpan - For cracks repaired with FlexiSpan, Contractor warrants that water will not penetrate the crack or the FlexiSpan material applied to the crack for one (1) year from its installation date. If it does, Contractor will provide the labor and materials to fix the FlexiSpan material at no additional charge to Customer. This Warranty does not cover further wall movement.

Exclusions From The Warranty - This Warranty does not cover and Contractor specifically disclaims liability for: 1) exterior waterproofing; 2) Drainage System or Crawl Space Drainage System (hereinafter, the "System") clogging or malfunctioning from mineral accumulations, iron bacteria, tree roots, mud, or sand, etc.; 3) condensation, any System that has been altered, water vapor transmission, concrete discoloration from capillary action, water leaking out of the wall over the System, efflorescence (white powder) on concrete, window well flooding, shrinkage cracks in new concrete, peeling paint, water once pumped from the structure, dust incidental to System installation, damage to utility lines, leaks from chimneys or garages, plumbing, and frozen discharge lines; 4) water damage to property including, but not limited to, floor coverings, furniture, all personal property, stored items, finished walls, and other objects inside the foundation of the structure on which work was completed; 5) any damages caused by mold including, but not limited to, property damage, personal injury, loss of income, loss of use, loss of value, emotional distress, adverse health effects, death, or any other effects; and 6) any failure or delay in performance or damages caused by acts of God (flood, fire, storm, etc.), acts of civil or military authority, or any other cause outside of its control.

Items For Which Customer is Responsible - Customer is responsible for: 1) making full payment to the crew leader upon completion of the work; 2) preparing the work area for installation; 3) any finish carpentry, painting, paneling, landscaping, etc. that may be necessary after Contractor's work is finished; 4) marking any private lines such as satellite cables, propane lines, sprinkler system lines, etc.; 5) maintaining positive drainage away from the repaired wall(s); 6) keeping gutters clean and in good working order; 7) directing downspouts a sufficient distance away from the repaired wall(s); and 8) any items mentioned in this Contract under "Customer Will" or "Additional Notes."

Signature X: _____

Date _____

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**NEBRASKA REAL ESTATE COMMISSION
SELLER PROPERTY CONDITION DISCLOSURE STATEMENT
Residential Real Property**

THIS DISCLOSURE STATEMENT IS BEING COMPLETED AND DELIVERED IN ACCORDANCE WITH NEBRASKA LAW. NEBRASKA LAW REQUIRES THE SELLER TO COMPLETE THIS STATEMENT (NEB. REV. STAT. §76-2,120).

How long has the seller owned the property? 18 year(s)
 Is seller currently occupying the property? (Circle one) YES | NO If yes, how long has the seller occupied the property? 18 year(s)
 If no, has the seller ever occupied the property? (Circle one) YES | NO If yes, when? From _____ (year) to _____ (year)

This disclosure statement concerns the real property located at 622 S. 126th St.
 in the city of Omaha, County of Douglas, State of Nebraska and legally described as:
Deer Ridge Lot 25, Omaha, Douglas County

This statement is a disclosure of the condition of the real property known by the seller on the date on which this statement is signed. This statement is **NOT** a warranty of any kind by the seller or any agent representing a principal in the transaction, and should NOT be accepted as a substitute for any inspection or warranty that the purchaser may wish to obtain. Even though the information provided in this statement is NOT a warranty, the purchaser may rely on the information contained herein in deciding whether and on what terms to purchase the real property. Any agent representing a principal in the transaction may provide a copy of this statement to any other person in connection with any actual or possible sale of the real property. The information provided in this statement is the representation of the seller and NOT the representation of any agent, and is NOT intended to be part of any contract between the seller and purchaser.

Seller please note: you are required to complete this disclosure statement IN FULL. If any particular item or matter does not apply and there is no provision or space for indicating, insert "N/A" in the appropriate box. If age of items is unknown, write "UNK" on the blank provided. If the property has more than one item as listed below please put the numbered in the appropriate box. For example - if the home has three room air conditioners, one working, one not working, and one not included, put a "1" in each of the "Working", "Not Working", and "None/Not Included" boxes for that item, and a "3" on the line provided next to the item description to indicate total number of item. You may also provide additional explanation of any item in the comments section in PART III.

SELLER STATES THAT, TO THE BEST OF THE SELLER'S KNOWLEDGE AS OF THE DATE THIS DISCLOSURE STATEMENT IS COMPLETED AND SIGNED BY THE SELLER, THE CONDITION OF THE REAL PROPERTY IS:

PART I - If there is more than one of any item in this Part, the statement made applies to each and all of such items unless otherwise noted in the Comments section in PART III of this disclosure statement, or number separately as provided in the instructions above. If an item in this Part is not on the property, or will not be included in the sale, check only the "None/Not included" column for that item.

<u>Section A - Appliances</u>	Working	Not Working	Do Not Know If Working	None / Not Included
1. Refrigerator				1
2. Clothes Dryer				1
3. Clothes Washer				1
4. Dishwasher	1			
5. Garbage Disposal	1			
6. Freezer				1
7. Oven	1			
8. Range				1
9. Cooktop	1			
10. Microwave oven	1			
11. Built-in vacuum system and equipment				1
12. Range ventilation systems				1
13. Gas grill				1
14. Room air conditioner (<u>1</u> number)	1			
15. TV antenna / Satellite dish				1
16. Trash compactor				1

<u>Section B - Electrical Systems</u>	Working	Not Working	Do Not Know If Working	None / Not Included
1. Electrical service panel capacity ____ AMP Capacity (if known) ____ fuse _____ circuit breakers	1			
2. Ceiling fan(s) (<u> </u> number)				1
3. Garage door opener(s) (<u>2</u> number)	1			
4. Garage door remote(s) (<u>4</u> number)	1			
5. Garage door keypad(s) (<u>1</u> number)	1			
6. Telephone wiring and jacks	1			
7. Cable TV wiring and jacks	1			
8. Intercom or sound system wiring				1
9. Built-in speakers				1
10. Smoke detectors (<u>3</u> number)	1			
11. Fire alarm				1
12. Room ventilation/exhaust fan (<u>1</u> number)	1			
13. 220 volt service				1
14. Security System ____ Owned ____ Leased ____ Central station monitoring				1
15. Have you experienced any problems with the electrical system or its components? ____ YES <input checked="" type="checkbox"/> NO				If YES, explain the condition in the comments section in PART III of this disclosure statement.

Seller's Initials CMK RP Property Address 622 S. 126th St. Buyer's Initials TE 12

Section C - Heating and Cooling Systems	Working	Not Working	Do Not Know If Working	None / Not Included
1. Air purifier	<input checked="" type="checkbox"/>			
2. Attic fan	<input checked="" type="checkbox"/>			
3. Whole house fan				<input checked="" type="checkbox"/>
4. Central air conditioning _____ year installed (if known)	<input checked="" type="checkbox"/>			
5. Heating system _____ year installed (if known) <input checked="" type="checkbox"/> Gas _____ Electric _____ Other (specify _____)	<input checked="" type="checkbox"/>			
6. Fireplace / Fireplace Insert	<input checked="" type="checkbox"/>			
7. Gas log (fireplace)	<input checked="" type="checkbox"/>			
8. Gas starter (fireplace)	<input checked="" type="checkbox"/>			
9. Heat pump _____ year installed (if known)				<input checked="" type="checkbox"/>
10. Humidifier	<input checked="" type="checkbox"/>			
11. Propane Tank _____ year installed (if known) _____ Rent _____ Own				<input checked="" type="checkbox"/>
12. Wood-burning stove _____ year installed (if known)				<input checked="" type="checkbox"/>

Section D - Water Systems	Working	Not Working	Do Not Know If Working	None / Not Included
1. Hot tub / whirlpool				<input checked="" type="checkbox"/>
2. Plumbing (water supply)	<input checked="" type="checkbox"/>			
3. Swimming pool				<input checked="" type="checkbox"/>
4. a. Underground sprinkler system				<input checked="" type="checkbox"/>
b. Back-flow prevention system				<input checked="" type="checkbox"/>
5. Water heater _____ year installed (if known)	<input checked="" type="checkbox"/>			
6. Water purifier _____ year installed (if known)				<input checked="" type="checkbox"/>
7. Water softener _____ Rent _____ Own				<input checked="" type="checkbox"/>
8. Well system				<input checked="" type="checkbox"/>
Section E - Sewer Systems	Working	Not Working	Do Not Know If Working	None / Not Included
1. Plumbing (water drainage)	<input checked="" type="checkbox"/>			
2. Sump pump (discharges to _____)				<input checked="" type="checkbox"/>
3. Septic System				<input checked="" type="checkbox"/>

PART II - In Sections A, B, C, and D if the answer to any item is "YES", explain the condition in the comments Section in PART III of this disclosure statement.

Section A. Structural Conditions - If there is more than one of any item listed in this Section, the statement made applies to each and all of such items unless otherwise noted in the comment section in PART III of this disclosure statement.

Section A - Structural Conditions	YES	NO	Do Not Know
1. Age of roof (if known) <u>0</u> year(s)	N/A	N/A	
2. Does the roof leak?		<input checked="" type="checkbox"/>	
3. Has the roof leaked?		<input checked="" type="checkbox"/>	
4. Is there presently damage to the roof?		<input checked="" type="checkbox"/>	
5. Has there been water intrusion in the basement or crawl space?		<input checked="" type="checkbox"/>	
6. Has there been any damage to the real property or any of the structures thereon due to the following occurrences including, but not limited to, wind, hail, fire, flood, wood-destroying insects, or rodents?	<input checked="" type="checkbox"/>		
7. Are there any structural problems with the structures on the real property?		<input checked="" type="checkbox"/>	
8. Is there presently damage to the chimney?		<input checked="" type="checkbox"/>	
9. Are there any windows which presently leak, or do any insulated windows have any broken seals?		<input checked="" type="checkbox"/>	

Section A - Structural Conditions	YES	NO	Do Not Know
10. Year property was built <u>1972</u> (if known)	N/A	N/A	
11. Has the property experienced any moving or settling of the following:			
- Foundation			<input checked="" type="checkbox"/>
- Floor			<input checked="" type="checkbox"/>
- Wall			<input checked="" type="checkbox"/>
- Sidewalk			<input checked="" type="checkbox"/>
- Patio			<input checked="" type="checkbox"/>
- Driveway			<input checked="" type="checkbox"/>
- Retaining wall			<input checked="" type="checkbox"/>
12. Any room additions or structural changes?			<input checked="" type="checkbox"/>

Section B. Environmental Conditions - Have any of the following substances, materials, or products been on the real property? If tests have been conducted for any of the following, provide a copy of all test results, if available.

Section B - Environmental Conditions	YES	NO	Do Not Know
1. Asbestos			<input checked="" type="checkbox"/>
2. Contaminated soil or water (including drinking water)			<input checked="" type="checkbox"/>
3. Landfill or buried materials			<input checked="" type="checkbox"/>
4. Lead-based paint			<input checked="" type="checkbox"/>

Section B - Environmental Conditions	YES	NO	Do Not Know
5. Radon gas			<input checked="" type="checkbox"/>
6. Toxic materials			<input checked="" type="checkbox"/>
7. Underground fuel, chemical or other type of storage tank?			<input checked="" type="checkbox"/>
8. Hazardous substances, materials or products identified by the Environmental Protection Agency or its authorized Nebraska Designee (excluding ordinary household cleaners)			<input checked="" type="checkbox"/>

Seller's Initials CMR/RD Property Address 622 S. 126th St.

Buyer's Initials DS TE 13

Section C. Title Conditions - Do any of the following conditions exist with regard to the real property?

Section C - Title Conditions	YES	NO	Do Not Know
1. Any features, such as walls, fences and driveways which are shared?		<input checked="" type="checkbox"/>	
2. Any easements, other than normal utility easements?		<input checked="" type="checkbox"/>	
3. Any encroachments?		<input checked="" type="checkbox"/>	
4. Any zoning violations, non-conforming uses, or violations of "setback" requirements?		<input checked="" type="checkbox"/>	
5. Any lot-line disputes?		<input checked="" type="checkbox"/>	
6. Have you been notified, or are you aware of, any work planned or to be performed by a utility or municipality close to the real property including, but not limited to sidewalks, streets, sewers, water, power, or gas lines?		<input checked="" type="checkbox"/>	
7. Any planned road or street expansions, improvements, or widening adjacent to the real property?		<input checked="" type="checkbox"/>	
8. Any condominium, homeowners', or other type of association which has any authority over the real property?		<input checked="" type="checkbox"/>	
9. Any private transfer fee obligation upon sale?		<input checked="" type="checkbox"/>	

Section C - Title Conditions	YES	NO	Do Not Know
10. Does ownership of the property entitle the owner to use any "common area" facilities such as pools, tennis courts, walkways, or other common use areas?		<input checked="" type="checkbox"/>	
11. Is there a common wall or walls? b. Is there a party wall agreement?		<input checked="" type="checkbox"/>	
12. Any lawsuits regarding this property during the ownership of the seller?		<input checked="" type="checkbox"/>	
13. Any notices from any governmental or quasi-governmental agency affecting the real property?		<input checked="" type="checkbox"/>	
14. Any unpaid bills or claims of others for labor and/or materials furnished to or for the real property?		<input checked="" type="checkbox"/>	
15. Any deed restrictions or other restrictions of record affecting the real property?		<input checked="" type="checkbox"/>	
16. Any unsatisfied judgments against the seller?		<input checked="" type="checkbox"/>	
17. Any dispute regarding a right of access to the real property?		<input checked="" type="checkbox"/>	
18. Any other title conditions which might affect the real property?		<input checked="" type="checkbox"/>	

Section D. Other Conditions - Do any of the following conditions exist with regard to the real property?

Section D - Other Conditions	YES	NO	Do Not Know
1. a. Are the dwelling(s) and the improvements connected to a public water system? b. Is the system operational?	<input checked="" type="checkbox"/>		
2. a. Are the dwelling(s) and the improvements connected to a private, community (non-public), or Sanitary Improvement District (SID) water system? b. Is the system operational?		<input checked="" type="checkbox"/>	
3. If the dwelling(s) and the improvements are connected to a private, community (non-public) or SID water system is there adequate water supply for regular household use (i.e. showers, laundry, etc.)?	N/A	N/A	<input checked="" type="checkbox"/>
4. a. Are the dwelling(s) and the improvements connected to a public sewer system? b. Is the system operational?	<input checked="" type="checkbox"/>		
5. a. Are the dwelling(s) and the improvements connected to a community (non-public) or SID sewer system? b. Is the system operational?		<input checked="" type="checkbox"/>	
6. a. Are the dwelling(s) and the improvements connected to a septic system? b. Is the system operational?		<input checked="" type="checkbox"/>	
7. Has the main sewer line from the house ever backed up or exhibited slow drainage?		<input checked="" type="checkbox"/>	

Section D - Other Conditions	YES	NO	Do Not Know
8. a. Is the real property in a flood plain? b. Is the real property in a floodway?		<input checked="" type="checkbox"/>	
9. Is trash removal service provided to the real property? If so, are the trash services <u>public</u> private?	<input checked="" type="checkbox"/>		
10. Have the structures been mitigated for radon? If yes, when? <u>1/1/11</u>			<input checked="" type="checkbox"/>
11. Is the property connected to a natural gas system?	<input checked="" type="checkbox"/>		
12. Has a pet lived on the property? Type(s) <u>Dog</u>	<input checked="" type="checkbox"/>		
13. Are there any diseased or dead trees; or shrubs on the real property?		<input checked="" type="checkbox"/>	
14. Are there any flooding, drainage, or grading problems in connection to the real property?		<input checked="" type="checkbox"/>	
15. a. Have you made any insurance or manufacturer claims with regard to the real property? b. Were all repairs related to the above claims completed?	<input checked="" type="checkbox"/>		
16. Are you aware of any problem with the exterior wall-covering of the structure including, but not limited to, siding, synthetic stucco, masonry, or other materials?		<input checked="" type="checkbox"/>	

Section E. Cleaning / Servicing Conditions - Have you ever performed or had performed the following? (State most recent year performed)

Section E - Cleaning / Servicing Conditions	YEAR	YES	NO	Do Not Know	None / Not Included
1. Servicing of air conditioner	2013	<input checked="" type="checkbox"/>			
2. Cleaning of fireplace, including chimney	2001	<input checked="" type="checkbox"/>			
3. Servicing of furnace	2012	<input checked="" type="checkbox"/>			
4. Professional inspection of furnace A/C (HVAC) System	2013	<input checked="" type="checkbox"/>			
5. Servicing of septic system					<input checked="" type="checkbox"/>

Section E - Cleaning / Servicing Conditions	YEAR	YES	NO	Do Not Know	None / Not Included
6. Cleaning of wood-burning stove, including chimney	2001	<input checked="" type="checkbox"/>			
7. Treatment for wood-destroying insects or rodents				<input checked="" type="checkbox"/>	
8. Tested well water					<input checked="" type="checkbox"/>
9. Serviced / treated well water					<input checked="" type="checkbox"/>

Seller's Initials CMK/RP

Property Address 627 S. 126th St.

Buyer's Initials TE

PART III - Comments. Please reference comments on items responded to above in PART I or II, with Section letter and item number.
Note: Use additional pages if necessary.

Part II Section A6:
Hail damage to the roof in April 2013. New roof was installed in August 2013

If checked here _____ PART III is continued on a separate page(s)

SELLER'S CERTIFICATION

Seller hereby certifies that this disclosure statement, which consists of _____ pages (including additional comment pages), has been completed by Seller; that Seller has completed this disclosure statement to the best of Seller's belief and knowledge as the date hereof, which is the date this disclosure statement is completed and signed by the Seller.

Seller's Signature Cym Khosravi Date 9/23/13
Seller's Signature R. J. [Signature] Date 9-23-13

ACKNOWLEDGEMENT OF RECEIPT OF DISCLOSURE STATEMENT, UNDERSTANDING AND CERTIFICATION

I/We acknowledge receipt of a photocopy of the above Seller Property Condition Disclosure Statement; understand that such disclosure statement is NOT a warranty of any kind by the seller or any agent representing any principal in the transaction; understand that such disclosure statement should not be accepted as a substitute for any inspection or warranty that I/we may wish to obtain; understand the information provided in this disclosure statement is the representation of the seller and not the representation of any agent, and is not intended to be part of any contract between the seller and purchaser; and certify that disclosure statement was delivered to me/us or my/our agent on or before the effective date of any contract entered into by me/us relating to the real property described in such disclosure statement.

Purchaser's Signature Tyler Each Date 10/7/2013
Purchaser's Signature _____ Date _____

Seller's Initials CMK/RD Property Address 622 S. 126th St. Buyer's Initials [Signature] **15**

Address: 627 S. 176th St. Omaha NE 68154

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

(ii) CMK Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

(ii) CMK Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

(c) Purchaser has received copies of all information listed above.

(d) Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.

(e) Purchaser has (check (i) or (ii) below):

(i) received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

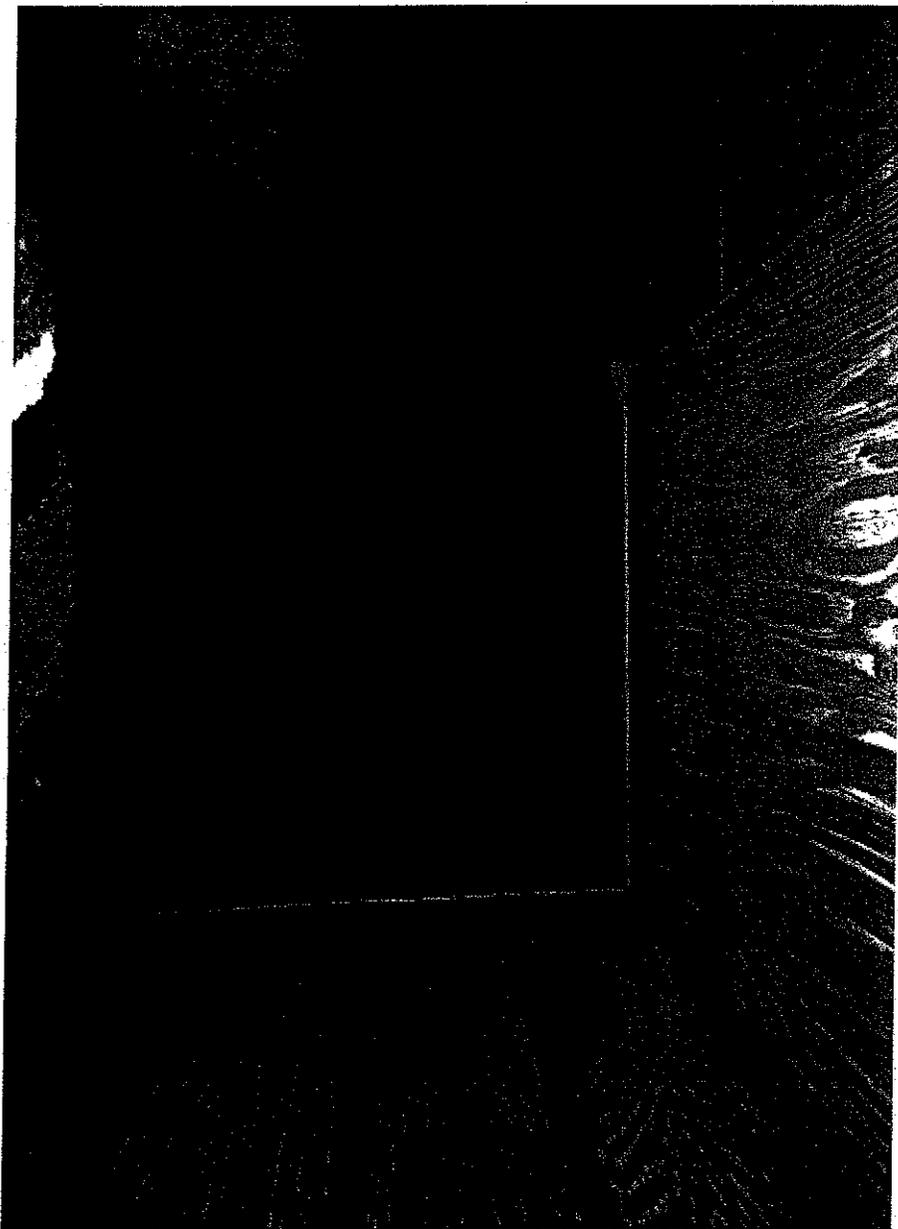
(f) CMK Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

<u>Guy Khonam</u>	<u>9/23/13</u>	<u>R. J. Danning</u>	<u>9-23-13</u>
Seller	Date	Seller Represented by:	Date
		<u>Tyler Bach</u>	10/7/2013
<u>Guy Khonam</u>	<u>9/23/13</u>	<u>Abu Farrington</u>	<u>10/7/2013</u>
Purchaser	Date	Purchaser Represented by:	Date
Agent	Date	<u>Abu Farrington</u>	10/7/2013
		Agent	Date



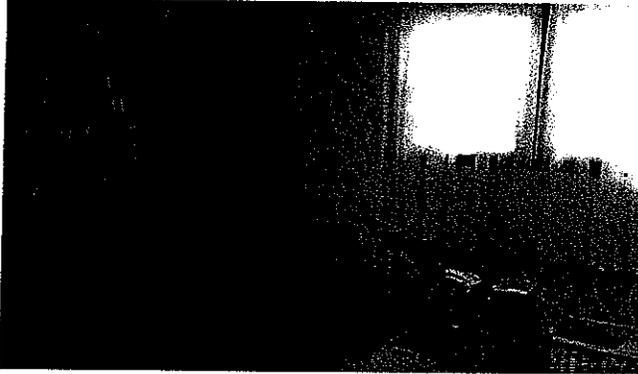


INSPECTION PHOTOS

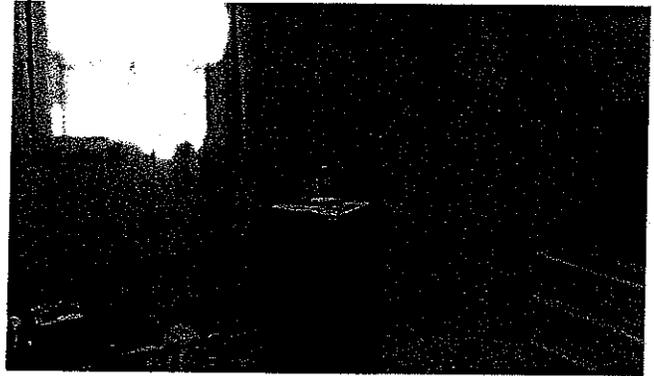
ADDRESS: 622 S 126th street Omaha Ne 68154

DATE OF PHOTOS: 7-11-13

Customer wants waterguard installed down half this wall



Continue waterguard around corner cabinet



Thrasher Basement[®]
SINCE 1975 **Systems, Inc.**
Basement & Foundation Specialists

Cabinet will be here. Either we may be able to get inside



Use waterguard down the whole wall



Or use Flangeless Waterguard

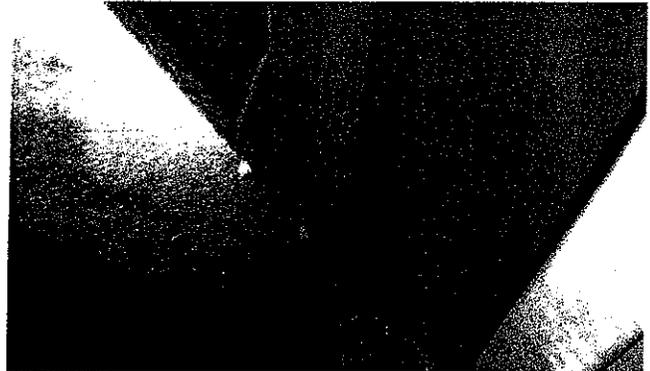
www.thrasherbasement.com | 12330 Cary Circle | Omaha, NE 68128 | (800) 827-0702 | (402) 393-8803

INSPECTION PHOTOS

Will have to go under separating wall into the storage area



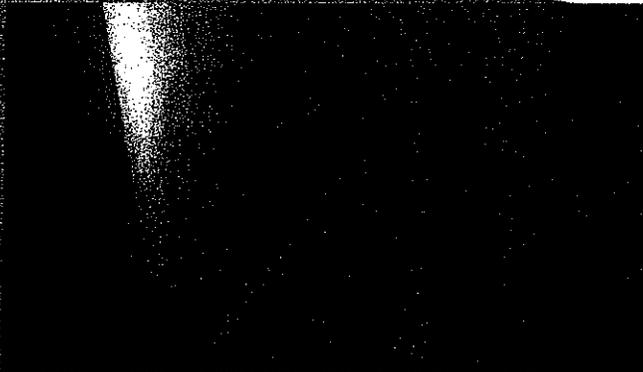
Mold that I addressed with the customer. Even with my



Recommendations he didnt want to address it.

Thrasher Basement[®]
SINCE 1975 **Systems, Inc.**
Basement & Foundation Specialists

Mold not present from outside, but there is mold on inside



Install pump in the corner



BEFORE THE STATE REAL ESTATE COMMISSION
OF THE STATE OF NEBRASKA

Field Code Changed

STATE OF NEBRASKA, ex. rel.,)
)
)
Complainant,)
)
vs.)
)
CYRUS KHORRAM,)
and BERKSHIRE HATHAWAY)
HOMESERVICES, AMBASSADOR)
REAL ESTATE)

Case No. 2015-012

ANSWER

Respondent.

This Answer is filed under the authority of Title 305 N.A.C. Chapter 4-008.

1. CYRUS KHORRAM IS THE Respondent in the above-described matter.
2. Response to the material allegations of the Complaint and the defenses on which I intend to rely, if any, are as follows:

Respondent denies Complainant's allegations and denies that he has done anything which would constitute a violation of license law.

3. Respondent states the facts surrounding the allegations of Complainant and responds as follows:

Cyrus and his family lived on 622 S. 126th Street (the "Property") for over 18 years and never once experienced water intrusion from the outside or from the floor. During much of his 18 years of ownership, Cyrus spent a great deal of time in the family's finished basement because his office was located there. Additionally, his family regularly occupied the basement in the evenings because the family's only television was located in the basement. The Property's finished basement was a central living space for the Khorrams. Pictures of the finished basement at the time Cyrus listed the home for sale are attached hereto as Exhibit 1.

Cyrus Khorram firmly believes that there was no water intrusion from the outside of the home at any time during his ownership. Cyrus Khorram prides himself on being a meticulous homeowner and as a result, the Property was impeccably maintained during the time the Khorrams lived in it. Cyrus scheduled all the usual regular maintenance for the Property and as a course of habit, he tried to be present any time a home maintenance professional entered his home. Cyrus would always inquire about

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the work being done so he could learn to be a more hands on homeowner and so he could understand what was being done to his home and why. Cyrus regularly inspected the Property and when appropriate, he conducted routine maintenance himself. When Cyrus began studying to be a real estate licensee, his interest in learning from repair professionals took on new vigor, as he believed that understanding home systems at a deeper level would allow him to be more effective as a real estate licensee. When problems arose in his home, he would attempt to repair the problem himself, but was always careful to involve a professional when he was not certain of the scope of the job.

One such instance occurred in the early months of 2013 when Cyrus noticed dampness on about two feet of carpeting in the South East corner of the basement. Upon further investigation, Cyrus found a slow drip coming from the water main valve inside of a wood cabinet in the South East corner of the basement. He pulled back the damp carpet and ran fans and a dehumidifier to dry the carpeting. He saw nothing of concern under the carpeting and noticed no cracks in the concrete. Cyrus tightened the water valve without any issues, thereby stopping the slow drip. The carpeting dried fully within a day. Cyrus checked the water main valve for leaks and pulled back the South East carpeting regularly for weeks until he felt relatively sure that the moisture that had come from the water main valve was completely resolved.

Shortly, thereafter, Cyrus wanted to be certain that water intrusion was not a contributing factor to that singular and brief incident of moist carpeting, so he called Thrasher to inspect the foundation and flooring to be certain the water main valve was the true source of the moisture in the carpet. As a new real estate licensee, Cyrus also viewed the inspection as an opportunity to learn about structural issues, water proofing, drain tile systems, and his various options for upgrading the Property. At the time Cyrus called Thrasher, his basement was dry and had been for several weeks. He simply was being pro-active to ensure that there were no foundation issues around the main water valve that could have contributed to the valve dripping or that would create conditions for future water intrusion through the foundation.

Thrasher Basement System Design Specialist, C.J. Fritz, inspected the Property's basement with Cyrus present. They spoke extensively about Cyrus's concern that a larger foundation issue may have contributed to the valve drip or allowed moisture in that Cyrus attributed to the valve drip. Cyrus explained to him that he had tightened the valve and showed him the area where the moisture had occurred. Mr. Fritz inspected the inside the cabinet. Mr. Fritz indicated to Cyrus that he saw a small spot of mold the size of a penny on the vertical wood inside the water main cabinet. He did not see any mold anywhere under the carpet or baseboard or in any part of Property. Mr. Fritz pulled up the carpeting and pad in the corner to inspect the floor. He found no cracks and no evidence of mold. He went outside the house and inspected the foundation from outside. Again, he found no cracks and no indications that moisture was infiltrating the Property. That same day, Cyrus purchased a commercial mold removal solution and completely removed the tiny spot that Mr. Fritz had found inside the cabinet.

Thrasher found no evidence of water intrusion from outside or from the under-floor. However, because Cyrus was inquisitive and interested, Mr. Fritz gave Cyrus extensive information about water proofing systems Thrasher was selling that would ensure a dry basement if cracks ever did occur in the future. Being a pro-active homeowner and also driven by curiosity as a real estate professional, Cyrus asked for details and cost quotes on the various waterproofing systems.

Cyrus's personal statement is as follows:

"In my 18 years of living in that house, we never experienced any water intrusion from the outside of the home. The basement was always dry and had absolutely no smell of moisture or humidity. However, in early 2013, I noticed that an approximately two foot area of the carpet on the SE corner of the basement felt moist under my feet. I discovered on my own that the source of the moisture was the main water valve inside a small cabinet on the SE corner of the basement. The water valve had over time become loose and as a result, the valve started dripping water inside the cabinet. Luckily, I caught the problem before it did any damage to the home, therefore the only repair that was necessary was the tightening of the valve, clean up, and drying of the carpeting. Within one day of tightening the valve, the carpet was completely dry and remained that way for the duration of our ownership of the home.

Wanting to be completely certain the main water valve was the source of the moisture, I called Thrasher to look at the basement and to identify any cracks where water might be coming into the Property. Thrasher found no leaks or cracks, yet recommended an expensive water-proofing system, for which they sent me an estimate. Thrasher had not found any evidence of water intrusion from the outside or from the floor, and therefore we determined that the expensive water proofing options offered by Thrasher, while interesting and educational, were simply not necessary for our home. I repeat, we never once had an instance of water intrusion from the outside of the home. After the water main valve was repaired and after we learned from Thrasher that the basement had no leaks, neither my wife nor I thought twice about it.

The only thing that C.J. Fritz, of Trasher, was able to find was a small mold dot the size of a small coin on the vertical wood inside the small cabinet next to that main valve that had leaking problem. I want to repeat again that it was only a coin size spot on the vertical wood next to the main valve inside the small cabinet. On that same day, I treated the tiny mold with brush and commercial mold removal solution and completely removed it.

Because of my job as a new real estate agent, I was curious about the Trasher's basement water proofing solutions and costs. Therefore C.J. Fritz discussed and presented four different basement water proofing options: over \$20,000 solution, a \$12,000 solution, a \$6,000 solution, and finally a \$3,434 solution! A complete copy of the Trasher's \$3,434 solution is enclosed. Note that none of the split entry houses in the over 40 years old Deer Ridge neighborhood has sump pump installed."

CONCLUSION

IN CONCLUSION, we ask the Commission to dismiss this Complaint as it fails to set forth facts supporting a violation of Nebraska law, Rules, or Regulations of the Nebraska Real Estate Commission.

RESPONDENT,

Cyrus Khorram
Cyrus Khorram

STATE OF NEBRASKA)
) ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged personally before me before me on this 22 day of September, 2015.

Notary Public

