

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**

In the Matter of the Real Property Appraiser License of David Maynard Kloha.
License No. 4003138.

CONSENT ORDER

TO: David Maynard Kloha
Bemidji Appraisal Service
750 Paul Bunyan Drive NW, Suite 1
Bemidji, MN 55601

Commissioner of Commerce Grace Arnold (Commissioner) has determined as follows:

1. The Commissioner has advised David Maynard Kloha (Respondent) that she is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2020), and other applicable law, based on the following allegations in appraisal reports completed in Beltrami and Clearwater Counties:

- a. Respondents' appraisal reports were not credible because of significant errors that affected the results of the appraisals and a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate, affects the credibility of those results. Respondent is in violation of the Uniform Standards of Professional Appraisal Practice (USPAP) Standard Rule (SR) 1-1 (b)(c) (2020) and Minn. Stat. § 82B.195 subd. 3 (1)(i) and Minn. Stat. § 82B.20 subd. 2 (7)(13) (2020).
- b. Respondent failed to provide credible appraisal reports because he cloned previous appraisal reports and used boiler plate comments throughout his appraisal addendums without modifying them to relate to the property being appraised. Providing appraisal reports that are not credible because of cloned and boiler plate comments without making the necessary corrections to the subject of the appraisals is in violation of the USPAP Ethics Rule, SR 1-3 (a)(i)(v), SR 1-4 (a), SR 1-6 (a), SR 2-1

(a)(b), SR 2-2 (a)(x) (5) (2020) and Minn. Stat. § 82B.195 subd. 3 (1)(i)(vi) and Minn. Stat. § 82B.20 subd. 2 (6)(7)(13) (2020).

- c. Respondent failed to provide credible sales comparison approaches to value because the adjustments in the sales grids in these appraisals were not supported with market data. Failure to provide a credible sales comparison approach to value is in violation of USPAP SR 1-4 (a), 2-1 (a), 2-2 (a) (x)(1)(5) (2020) and Minn. Stat. § 82B.195 subd. 3 (1)(viii) (2020) and Minn. Stat § 82B.20 subd. 2 (7)(13) (2020).
- d. Respondent's work files did not support his opinions and conclusions in violation of USPAP Record Keeping Rule (2018) (2020) and Minn. Stat. § 82B.071 subd. 2 (2020).

2. Respondent acknowledges that they have been advised of the right to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing. Respondent hereby expressly waives those rights. Respondent further acknowledges that they have been represented by legal counsel throughout these proceedings or has waived that right.

3. Respondent has agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2020) and Minn. R. 1400.5900 (2019).

4. For purposes of Minn. Stat. § 16D.17 (2020), Respondent expressly waives the right to any notice or opportunity for a hearing on any civil penalty imposed by the Commissioner. Further, Minn. Stat. § 16D.17 (2020) allows the Commissioner to file and enforce the civil penalty imposed by this Order as a judgment against Respondent in district court without further notice or additional proceedings.

5. The civil penalty and/or any resulting judgment arising from this Order will be non-dischargeable in any bankruptcy proceeding. See 11 U.S.C. 523 (a)(7) (2018) ("A discharge under section 727, 1141, 1228(a), 1228(b) or 1328(b) of this title does not discharge an individual debtor from any

debt... to the extent such debt is for a fine, penalty, or forfeiture payable to and for the benefit of a governmental unit, and is not compensation for actual pecuniary loss, other than a tax penalty...”).

6. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Minn. Stat. Ch. 45 (2020) that:

A. Respondent voluntarily surrenders his Minnesota Real Property Appraiser license on Monday, January 31, 2022;

B. Respondent shall pay investigative costs in the amount of \$787.50 at the time the Consent to Entry of Order is signed pursuant to Minn. Stat. § 45.027, subd. 1(8) (2020); and

C. Respondent shall cease and desist from violating any laws, rules, or orders related to the duties and responsibilities entrusted to the Commissioner under Minnesota Statute Chapters 45 and 82B.

This Order shall be effective upon signature by or on behalf of the Commissioner.

Date: 01/21/2022

GRACE ARNOLD
Commissioner



MATTHEW VATTER
Assistant Commissioner of Enforcement
Minnesota Department of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

CONSENT TO ENTRY OF ORDER

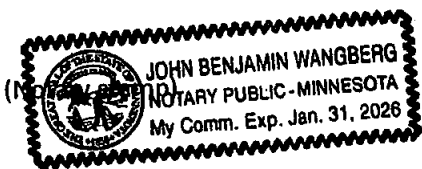
The undersigned states that they have read this Consent Order; that the undersigned knows and fully understands its contents and effect; that the undersigned has been advised of the right to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing and expressly waives those rights. Respondent further acknowledges that Respondent has been represented by legal counsel throughout these proceedings or has been advised of the right to be represented by legal counsel, which right Respondent hereby expressly waives; and that Respondent consents to entry of this Order by the Commissioner. It is further understood that this Consent Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either express or implied.

Date: 1/14/22

By: David Maynard Kloha
Signature

STATE OF MINNESOTA
COUNTY OF BELTRAMI

Signed or attested before me on JAN. 14, 2022 (Date).



[Signature]
(Signature of Notary)

My Commission expires:

JAN. 31, 2026