

**STATE OF MINNESOTA  
DEPARTMENT OF COMMERCE**

In the Matter of the Real Property  
Appraisal License of John Robert Hraba,  
Certified General License No. 20176982

John Robert Hraba  
662 Lake Street South  
Forest Lake, MN 55025

**CONSENT ORDER**

State of Minnesota  
Dept. of Commerce

**DEC 11 2019**

Rec'd \$ 2000

The Commissioner of the Minnesota Department of Commerce has determined as follows:

1. On March 20, 2019, the Commissioner commenced a regulatory action against Respondent John Robert Hraba, by issuing and serving him with an order to show cause why he should not be subject to disciplinary action. Minn. Stat. § 45.027, subd. 7(b)(1). The Commissioner alleged, among other things, that Respondent:

a. Failed to disclose that he had used a pending sale as a comparable sale as of the effective date, in violation of USPAP SR 1-4(a) (2016) and Minn. Stat. § 82B.20, subd. 2(7);

b. Failed to provide a credible sales comparison approach to value because he only provided two closed sales as of the effective date in violation of USPAP Ethics Rules (2016); USPAP SR 1-1(b) (2016); USPAP Scope of Work Rule (2016); and Minn. Stat. §§ 82B.20, subd. 2(7), and 82B.20, subd. 2(13);

c. Did not maintain in his work papers or provide to the Department a true copy of the appraisal reports transmitted to his client. Under USPAP's record keeping rule, a true copy of the appraisal report is a replica of the reports Respondent transmitted to his client. Failure to keep and supply to the Department a true copy of the appraisal reports that were

transmitted to his client is a violation of USPAP Record Keeping Rule (2016); Minn. Stat. §§ 82B.071, subd. 2, and 82B.20, subd. 2(13); and

d. Was subject to disciplinary action pursuant to Minn. Stat. § 45.027, subd. 7(b)(1).

2. Respondent requested a hearing to contest the order, and the Department commenced this contested case proceeding at the Office of Administrative Hearings (“OAH”), OAH File No. 21-1002-36047.

3. Respondent and the Department have elected to settle the matter pursuant to the terms of this consent order.

4. Respondent acknowledges that he has been advised of his 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 he has had the opportunity to consult with legal counsel and has been represented by attorney Chad Lemmons, Kelly and Lemmons P.A., 2350 Wycliff Street, Suite 200, St. Paul, MN 55114.

5. Respondent has, after obtaining advice of counsel, consented to an informal disposition of this matter without a hearing, as provided under Minn. Stat. § 14.59 (2018), and Minn. R. 1400.5900 (2017).

6. Respondent admits that:

a. He failed to disclose that he had used a pending sale as a comparable closed sale as of the effective date, in violation of USPAP SR 1-4(a) (2016); and Minn. Stat. §§ 82B.20, subd. 2(7), and 82B.20, subd. 2(13);

b. He failed to provide a credible sales comparison approach to value because he only provided two closed sales as of the effective date in violation of USPAP Ethics Rules (2016); USPAP SR 1-1(b) (2016); USPAP Scope of Work Rule (2016); and Minn. Stat. §§ 82B.20, subd. 2(7), and 82B.20, subd. 2(13);

c. He did not maintain in his work papers or provide to the Department a true copy of the appraisal reports transmitted to his client. Under USPAP Record Keeping Rule (2016), a true copy of the appraisal report is a replica of the reports Respondent transmitted to his client. Failure to keep and supply to the Department a true copy of the appraisal reports that were transmitted to his client is a violation of USPAP Record Keeping Rule (2016); Minn. Stat. §§ 82B.071, subd. 2, and 82B.20, subd. 2(13); and

d. He is subject to disciplinary action pursuant to Minn. Stat. § 45.027.

7. Respondent admits that, for a sale to be considered “closed,” it must be “settled,” which means that a recordable deed has been conveyed to the buyer for recording and the buyer’s consideration released to the seller. If that has not happened on or before the effective date of an appraisal, that sale cannot be considered as one of three “closed” comparables that are required under the Fannie Mae Guidelines (see B.4-1.3-08, Comparable Sales (04/15/2014) Minimum Number of Comparable Sales). An appraiser could, of course, include the sale as an “under contract” sale as an additional comparable sale [Comp #4, #5, or #6 (or more)], but could not report it as a “settled” sale as of the effective date. An appraiser would still need three other sales that were settled on or before the effective date stated in the appraisal to comply with Fannie Mae Guidelines.

8. The Commissioner imposes the following sanctions:

a. Censure of Respondent pursuant to Minn. Stat. § 45.027, subd. 7;

- b. A \$4,000 civil penalty pursuant to Minn. Stat. § 45.027, subds. 6-7; and
- c. Assessing against Respondent the costs of the investigation in the sum of

\$607.50 pursuant to Minn. Stat. § 45.027, subd. 1(8).

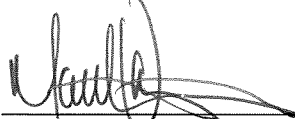
9. Respondent shall pay the civil penalty and costs of the investigation in two installments: (a) one half of the penalty (\$2,000) and all of the costs of the investigation (\$607.50) by good check in the sum of \$2,607.50 made payable to the Department and shall deliver the same to the Department with this signed order; and (b) the other one half of the penalty (\$2,000) by good check in the sum of \$2,000 made payable to the Department and shall deliver the same to the Department on or before January 31, 2020.

10. The proceeding before the Office of Administrative Hearings, OAH File No. 21-1002-36047, may be dismissed by notice to the Office of Administrative Hearings.

**This consent order shall be effective upon signature on behalf of the Commissioner.**

STEVE KELLEY  
Commissioner

Dated: 12/16/2019 \_\_\_\_\_

  
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MATTHEW VATTER  
Assistant Commissioner of Enforcement  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, MN 55101  
(651) 539-1600

**CONSENT TO ENTRY OF ORDER**

The undersigned, John Robert Hraba, states that he has read the foregoing consent order; that he knows and fully understands its contents and effect; that he is authorized to execute this consent to entry of order; that he has been advised of his right to a hearing and that he waives that right; that he has been represented by legal counsel throughout these proceedings; and that he 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.

Dated: 12/2/19

*John Robert Hraba*  
JOHN ROBERT HRABA

STATE OF Minnesota )  
COUNTY OF Anoka )

This instrument was acknowledged before me on the 2<sup>nd</sup> day of December, 2019 by

John Robert Hraba.

*Rhonda L. Mabry*  
(Signature of notary officer)

\_\_\_\_\_  
Title (and Rank)

My commission expires: January 31, 2023

