

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**

In the Matter of the Appraiser License of Steven J. Hammerschmidt
License No.: 4000662

CONSENT ORDER

TO: Steven J. Hammerschmidt
Southwest Appraisal & Consultants, Inc.
P.O. Box 42
509 Northwood Drive
Redwood Falls, MN 56283

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

The Commissioner has advised Steven J. Hammerschmidt (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 of violations found in an appraisal dated May 15, 2019.

- a. Respondent failed to provide a credible appraisal report. Respondent committed substantial errors and committed a series of smaller errors that individually might not significantly affect the results of an appraisal, but in the aggregate affects the report's credibility in violation of the Uniform Standards of Professional Appraisal Practice (USPAP) Standard Rule (SR) 1-1 (b)(c) (2018), and Minn. Stat. § 82B.195 subd. 3 (1)(i) (2020), and Minn. Stat. § 82B.20 subd. 2 (7)(13) (2020).
- b. Respondent failed to analyze the purchase agreements in violation of the USPAP SR 1-5 (a), SR 2-2 (a)(viii) (2018) and Minn. Stat. § 82B.20 subd. 2 (13) (2020).

- c. Respondent failed to provide an analysis of his highest and best use development in violation of USPAP SR 1-3 (b) (2018), 2-2 (a)(xii) and Minn. Stat. § 82B.20 subd. 2 (7) (2020).
- d. Respondent failed to use comparable sales that were physically like the subject. In addition, he failed to adjust for basement amounts when the adjustments were obviously necessary in violation of the USPAP, SR 1-4 (a), SR 2-1 (a) (2018), Minn. Stat. § 82B.195 subd. 3 (iv)(vi) (2020), and Minn. Stat. § 82B.20 subd. 2 (7)(13) (2020).
- e. Respondent failed to provide a work file that supported his opinions and conclusions could not provide Fannie Mae with comments one year post effective date when asked by them to provide clarifying information. Respondent's lack of a proper work files is in violation of USPAP Record Keeping Rule (2018) and Minn. Stat. § 82B.071 subd. 2 (2020).

2. Respondent acknowledges that he 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. Respondent hereby expressly waives those rights. Respondent further acknowledges that he has 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 (2017).

4. For purposes of Minn. Stat. § 16D.17 (2020), Respondent expressly waives his 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 shall pay a civil penalty in the amount of \$5,000 to the State of Minnesota. The Commissioner has stayed \$2,500 of this penalty. Respondent must pay \$2,500 at the time the Consent to Entry of Order is signed. The stayed portion of the civil penalty may be lifted if Respondent commits further violations of any law, rule or order related to the duties and responsibilities entrusted to the Commissioner. If the Commissioner determines that Respondent has committed further violations of any law, rule, or order over which the Commissioner has authority, the stay shall be lifted and the stay portion of the penalty shall become effective in addition to any additional administrative action the Commissioner deems appropriate for the new violation(s). If the Commissioner seeks to lift the stay, Respondent may request a hearing to challenge the factual basis for lifting the stay but may not challenge the amount of the stayed penalty. If the stay has not been lifted by November 1, 2022, the stayed portion of the civil penalty will be vacated.

B. Respondent will maintain a log of his appraisals starting on October 1, 2021 for a period of six months. On April 1, 2022 Respondent must submit this appraisal log and the Department will select one (1) appraisal for examination of USPAP compliance;

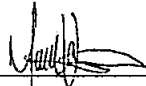
C. Respondent shall pay investigative costs in the amount of \$315.00 pursuant to Minn. Stat. § 45.027, subd. 1(8) (2020);

D. 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; and

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

Date: 10/05/2021

GRACE ARNOLD
Commissioner



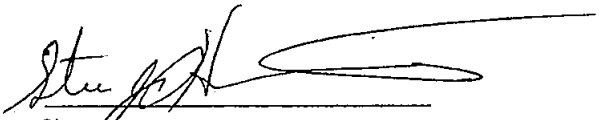
MATTHEW VATTER
Assistant Commissioner of Enforcement
Minnesota Department of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

CONSENT TO ENTRY OF ORDER

The undersigned states that he has 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.

Steven J. Hammerschmidt

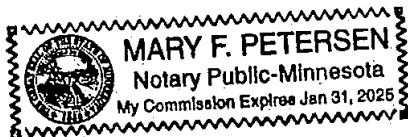
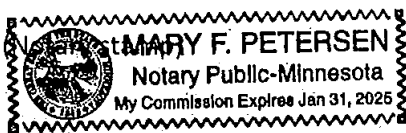
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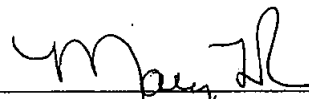
By: 
Signature

STATE OF Minnesota

COUNTY OF Redwood

Signed or attested before me on 9/27/21 (Date).




(Signature of Notary)

My Commission expires:

Jan 31, 2025