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STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Real Property Appraiser License of Kortney Marie Nesseth
License No. 40422888

CONSENT ORDER

TO: Kortney Marie Nesseth
309 Main Street
PO Box 369
Lakefield, MN 56150

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

1. The Commissioner has advised Kortney Marie Nesseth (Respondent) that she is prepared to commence formal action pursuant to Minn. Stat. § 45.027 (2022), and other applicable law, based on the following allegations pertaining to an appraisal report completed for a property in Windom, Minnesota:

- a. Respondent failed to identify the client or other intended users in the appraisal report.
Respondent did not include any statement that the identity of the client was withheld from the report, but maintained in the work file. Failure to identify the client or other intended users in the appraisal report and not indication that information was in the work file is a violation of the Uniform Standards of Professional Appraisal Practice (USPAP) Standards Rule (SR) 1-1 (a), SR 2-2 (a)(ii) (2020), Minn. Stat. §§ 82B.195 Subd. 1, 82B.195 Subd. 2 (1)(2), and 82B.20 Subd. 2 (5)(13) (2024).
- b. Respondent failed to accurately and consistently indicate the intended use of the appraisal report. The appraisal report was completed for private use, not a mortgage transaction. Three different statements of intended use were included in the appraisal report, "valuation", "The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance

transaction”, and “This appraisal’s purpose is only to establish an opinion of value for mortgage financing”. Inaccurately and inconsistently indicating the intended use is a violation of USPAP SR 1-2 (b), SR 2-2 (a)(iii) (2020), Minn. Stat. §§ 82B.195 Subd. 1, Subd. 2 (3), and 82B.20 Subd. 2 (5)(13) (2024).

- c. Respondent failed to include an extraordinary assumption relating to the interior and exterior condition of the subject property as of the effective date of the appraisal. The signature date of the report was nine (9) months after the effective date of the appraisal report. The condition of the property as of the inspection date was not indicated as being the same or different than the expected condition as of the effective date. Failure to include this is a violation of USPAP SR 1-2 (f), SR 1-2 (a)(xiii), SR 2-1 (c) (2020), Minn. Stat. §§ 82B.195 Subd. 1, and 82B.20 Subd. 2 (5)(13) (2024).

- d. Respondent completed the appraisal report on a Fannie Mae 1004C/Freddie Mac 70B form that is intended to be used for mortgage lending purposes. The 1004C/70B form has pre-printed scope of work, intended use, and intended users that were not consistent with the purpose of this appraisal report. This report was not intended to be used for mortgage lending purposes. Instead, it’s use was for a divorce proceeding. Use of this form created a misleading report, which is a violation of USPAP Scope of Work Rule, SR 1-1 (a)(c), SR 1-2 (h), SR 2-1 (a), SR 2-2 (a)(viii) (2020), Minn. Stat. §§ 82B.195 Subd. 1, and 82B.20 Subd. 2 (5)(6)(13) (2024).

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 (2022) and Minn. R. 1400.5900 (2021).

4. For purposes of Minn. Stat. § 16D.17 (2022), 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 (2022) 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) ("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 (2022) that:

A. Respondent shall pay a civil penalty in the amount of \$4,000 to the State of Minnesota. The Commissioner has stayed \$3,000 of this penalty. Respondent must pay \$1,000 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 stayed 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 January 1, 2027, the stayed portion of the civil penalty will be vacated;

B. Respondent shall complete the following corrective education course provided by the Appraisal Foundation. The course must be completed within 90 days of the effective date of this order:

a. Scope of Work: Appraisals and Inspections.

This course cannot be used toward Respondent's continuing education credits. Course completion certificate must be supplied to the Department within 30 days of completing and passing course requirements;


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 82B and 45.027; and

D. Respondent shall pay all investigative costs in the amount of \$540 at the time the Consent to Entry of Order is signed pursuant to Minn. Stat. § 45.027, subd. 1(8) (2022).

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

Date: January 9, 2025

GRACE ARNOLD
Commissioner



JACQUELINE OLSON
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.

Kortney Marie Nesseth

Date:

12-31-24

By:

Kortney Marie Nesseth
Signature

STATE OF

Minnesota

COUNTY OF

Johnson

Signed or attested before me on 12-31-24 (Date).

(Notary stamp)

Stanley E. Sievert
(Signature of Notary)

My Commission expires:

