STATE OF NEVADA

DEPARTMENT OF BUSINESS AND INDUSTRY

DIVISION OF MORTGAGE LENDING

In re: Graystone Commercial Funding, LLC Respondent.	**NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of mortgage brokers, mortgage bankers and escrow agencies in the State of Nevada is governed by Chapter 645B, Chapter 645E and Chapter 645A, respectively, of the Nevada Revised Statutes (hereinafter "NRS"), and Chapter 645B, Chapter 645E and Chapter 645A, respectively, of the Nevada Administrative Code (hereinafter "NAC"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (hereinafter "the Division") has the general duty to exercise supervision and control over mortgage brokers, mortgage bankers and escrow agencies pursuant to these chapters. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order, as follows:

FACTUAL ALLEGATIONS

1. Graystone Commercial Funding, LLC (hereinafter "Respondent") is a Limited Liability Corporation. Currently, Respondent's status with the Nevada Secretary of State is "active."

2. Pursuant to NRS Chapter 645B, Respondent was issued a mortgage broker license on November 29, 2007;

3. At all relevant times herein mentioned, Respondent was operating within the State of Nevada pursuant to the terms of its license.

4. Pursuant to NRS and the regulations promulgated thereunder, with limited exceptions, the Commissioner is charged with, among other things, conducting an annual examination of each mortgage broker, mortgage banker and escrow agency doing business in this State. *See*, NRS 645B.060(2)(d), NRS 645E.300(2)(d) and NRS 645A.050(2)(b).

5. Division examiner Lisa Koehler attempted to schedule an annual examination by the Commissioner of Respondent's books and affairs on October 15, 2009, November 10, 2009, November 12, 2009 and November 24, 2009.

6. Respondent failed to appear for the examination or refused or failed, within a reasonable time, to furnish information or make a report required by the Commissioner pursuant to the provisions of NRS 645B.060, NRS 645E.300 or NRS 645A.050.

7. Subsequent to November 24, 2009, Respondent filed a request for temporary inactivation of license with the Division.

8. Pursuant to NRS 645B.670(2)(i), for each violation committed by a mortgage broker, the Commissioner may impose upon the mortgage broker an administrative fine of not more than $25,000, may suspend, revoke or place conditions upon his license, or may do both, if the mortgage broker has refused to permit an examination by the Commissioner of his books and affairs or has refused or failed, within a reasonable time, to furnish any information or make any report that may be required by the Commissioner pursuant to the provisions of Chapter 645B or a regulation adopted pursuant to such chapter.

9. Pursuant to NRS 645E.670(2)(i), for each violation committed by a mortgage banker, the Commissioner may impose upon the mortgage banker an administrative fine of not more than $10,000, may suspend, revoke or place conditions upon his license, or may do both, if the mortgage banker has refused to permit an examination by the Commissioner of his books and affairs or has refused or failed, within a reasonable time, to furnish any information or make any report that may be required by the Commissioner pursuant to

Chapter 645E of NRS or a regulation adopted pursuant to such chapter.

10. Pursuant to NRS 645A.090(1)(i), for each violation committed by an escrow agency, the Commissioner may impose upon the escrow agency an administrative fine of not more than $10,000 and may suspend or revoke his license if upon a hearing it is determined that the escrow agency has refused to permit an examination by the Commissioner of his books and affairs or has refused or failed, within a reasonable time, to furnish any information or make any report that may be required by the Commissioner pursuant to the provisions of Chapter 645A of NRS or a regulation adopted pursuant to such chapter.

VIOLATIONS OF LAW

Respondent failed to permit an examination by the Commissioner of his books and affairs or has refused or failed, within a reasonable time, to furnish any information or make any report that may be required by the Commissioner pursuant to provisions of the applicable NRS chapter or a regulation adopted pursuant to such chapter, in violation of NRS 645B.670(2)(i), NRS 645E.670(2)(i) or NRS 645A.090(1)(i), as applicable.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that, pursuant to NRS 645B.750(2), NRS 645E.750(2), NRS 645A.100(2) or NRS 233B.121, as applicable, upon the timely filing of an application with the Division within **twenty (20) days** of the date of this Order, Respondent shall be entitled to a hearing with regard to the contents of this Order. At that hearing, the Division will seek:

a. The imposition of an administrative fine against Respondent if acting as either a mortgage broker, mortgage banker, or escrow agency in the amount of Two Thousand Five Hundred Dollars and No Cents ($2,500.00) payable to the Division for Respondent's violations of NRS Chapter 645B or 645E or 645A, respectively, as well as the Division's administrative

costs in the amount of Three Hundred and No Cents ($300.00) and attorney's fees, if any, incurred herein, each to be proven at the hearing; and

b. Respondent's payment, in full, of the administrative fine, costs and fees to the Division within **thirty (30) days** of entry of the Final Order.

Should Respondent request a hearing, Respondent is advised of the following: a) Respondent is entitled to represented by legal counsel at its own cost and expense; b) At any hearing Respondent shall be entitled to respond and to present evidence and argument on all issues involved; c) Requests may be made to the Commissioner for the issuance of subpoenas, however, the Commissioner may request the proposed testimony of any such person prior to the issuance of the subpoena; and d) Unless precluded by law, the parties may agree to an informal resolution or settlement prior to any hearing.

Should Respondent not request a hearing within **twenty (20) days** of the date of this Order, the Division will enter a Final Order in this matter against Respondent, as otherwise required by law.

Dated this 16th day of February, 2010.

State of Nevada
Department of Business and Industry
Division of Mortgage Lending

By: Joseph L. Waltuch
Joseph L. Waltuch, Commissioner

CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on , February 18, 2010, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, NOTICE OF INTENT TO IMPOSE FINE AND RIGHT TO REQUEST HEARING for GRAYSTONE COMMERCIAL FUNDING LLC , addressed as follows:

Duane Sanchez
Graystone Commercial Funding, LLC
300 Sunset Springs
Sparks, NV 89511

Certified Receipt Number: 7008 1830 0002 7959 5635

Duane Sanchez
Avatar Mortgage
140 W. Huffaker Lane, Ste. 506
Reno, NV ~~89511~~ 89449

Certified Receipt Number: 7008 1830 0002 7959 5642

DATED this 17th day of February, 2010

By:_____
Employee of the Division