

QUALITY CONTROL CONTRACT

This **QUALITY CONTROL CONTRACT** (this "Contract") is made and entered into to be effective as of the 22nd day of March 2019, by and between **RED DIAMOND HOME LOANS**, a Texas corporation ("Client"), and **SOVEREIGN MORTGAGE SERVICES, INC.**, a Texas corporation ("Sovereign"). Sovereign and Client are sometimes individually referred to as a "Party" or collectively as "Parties".

WITNESSETH:

WHEREAS, Client desires to engage Sovereign to perform certain quality control services pursuant to the terms and provisions hereof; and

WHEREAS, Sovereign desires to perform the quality control services for Client pursuant to the terms and provisions hereof.

NOW, THEREFORE, in consideration of the mutual covenants and premises herein expressed Client, and Sovereign, each intending to be legally bound, does hereby agree as follows:

1. Quality Control Services; Special Services. (a) Client hereby retains Sovereign to review and report on the Client loan files furnished by Client ("Mortgage Loans") in accordance with the applicable national audit standards of the Federal National Mortgage Association ("FNMA"), Federal Housing Administration ("FHA"), Department of Veterans Affairs ("VA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), United States Department of Agriculture ("USDA") and the Federal Home Loan Bank ("MPF Program"). The foregoing services set forth in this Paragraph 1(a) are hereinafter collectively referred to as the "QC Services".

(b) If requested by and with the cooperation of Client, Sovereign shall (i) develop and maintain a program for sampling other mortgage loans of Client at appropriate and timely intervals and on a statistical basis in accordance with the requirements of the appropriate agency, and (ii) expand its review of the Mortgage Loans based on Sovereign's findings after performing the QC Services (collectively, the "Special Services"). In this regard, if Client desires to engage Sovereign to perform the Special Services, then the Parties understand that the payment and other terms relating to the performance of such Special Services shall be mutually agreed upon between the Parties.

2. Term of Service. The initial term of this Contract is one (1) years; provided, however, either Party may terminate this Contract with or without cause by giving the other Party sixty (60) days prior written notice. During such sixty (60) day notice period, Sovereign may, at its sole option, continue to perform the QC Services and/or Special Services, and Client shall pay for such QC Services and/or Special Services pursuant to the terms and provisions of this Contract. The "Termination Date" shall be the date that is sixty (60) days after the date that such written notice is received by the non-terminating Party. If Client terminates this Contract, it shall have no further liability hereunder except to immediately pay for all (i) QC Services and/or Special Services provided prior to and on the Termination Date, and (ii) costs of materials or labor incurred by Sovereign to perform the QC Services and/or Special Services. If Sovereign terminates this Contract, Sovereign shall only be required to return the Mortgage Loans to Client and thereafter, Sovereign shall have no further obligations hereunder. The terms of this Paragraph 2 shall survive the termination of this Contract.

3. Terms of Payment. (a) In consideration for Sovereign's performance of the QC Services, Client shall pay to Sovereign the sum of ONE HUNDRED EIGHTY-FIVE AND NO/100 DOLLARS (\$185.00) for each Mortgage Loan reviewed by Sovereign. Sovereign shall deliver an invoice to Client for the QC Services performed during the previous month, and Client shall pay such invoiced amount immediately upon receipt.

(b) Client shall pay all costs associated with delivery of the Mortgage Loans to Sovereign and the return thereof by Sovereign. In addition, Sovereign shall have the right to instruct and cause its vendors to directly invoice Client for reasonable expenses incurred (i) for credit reports, appraisals and shipping associated with the Mortgage Loans, or (ii) in the performance of Special Services.

4. **No Legal Services.** Client acknowledges and agrees that Sovereign does not provide legal services of any kind or nature and that the reports generated by Sovereign during the performance of the QC Services are not to be construed or interpreted as legal advice or comment upon the legality of any Mortgage Loan. Sovereign does not guarantee or in any way warrant the marketability, enforceability or collectability of any Mortgage Loan. Any remedial or corrective actions taken or not taken with respect to any problems revealed or suspected on any Mortgage Loan are the sole discretion and responsibility of Client.

5. **Representations and Warranties.** Each of the Parties represents and warrants to the other Party that it has caused this Contract to be executed by its duly authorized officer or other representative, and this Contract constitutes a legal, valid, and binding obligation of each Party, enforceable in accordance with its terms hereof.

6. **Notices.** Any notice or communication required or permitted hereunder shall be in writing and (i) personally delivered, (ii) sent by United States registered or certified mail, postage prepaid, return receipt requested, (iii) sent by Federal Express or similar nationally recognized overnight courier service, or (iv) transmitted by facsimile with a hard copy sent within one (1) business day by any of the foregoing means. Such notice shall be deemed to have been given upon the date of actual receipt or delivery (or refusal to accept delivery), as evidenced by the notifying Party's receipt of written or electronic confirmation of such delivery or refusal, if received by the party to be notified between the hours of 8 a.m. and 5 p.m. Central time on any business day, with delivery made after such hours to be deemed received on the following business day. For the purposes of notice, the addresses of the Parties shall be as follows:

If to Sovereign: Sovereign Mortgage Services, Inc.
454 Houston Street
Coppell, Texas 75019

Attention: Sonja High
Telephone: (972) 393-1990
Facsimile: (972) 393-3668
Email: shigh@sovereignmortgage.com

If to Client: Red Diamond Home Loans
221 E Southlake Blvd
Southlake, TX 76092

Attention: Michael N Porter, President
Telephone: (817) 832-8452
Facsimile: (817) 393-5500
Email: mporter@rdhloans.com

7. **Dispute Resolution.** The Parties will first attempt to settle each and every dispute, controversy or claim, whether based in contract, tort, statute, fraud, misrepresentation or any other legal theory, arising out of or relating to this Contract ("Dispute(s)"), through good faith negotiations. Any Dispute not resolved within thirty (30) days shall be settled by final and binding arbitration conducted at a mutually agreed location by one neutral arbitrator agreed to by both Parties, in accordance with this Section and the then current Commercial Arbitration Rules of the American Arbitration Association ("AAA"). Each party shall bear its own expenses, and the Parties shall equally share the filing and other administrative fees of the AAA and the expenses of the arbitrator. The arbitrator shall not have the power to award any consequential or punitive damages.

8. **Entire Contract.** This Contract sets forth the entire understanding of the Parties with respect to the subject matter contained herein and supersedes all prior contracts, arrangements and understandings, whether oral or in writing, relating to the subject matter.

9. **Modification.** No provision of this Contract may be modified or amended without the prior written consent of both Parties.

10. **Counterparts.** This Contract may be executed in several counterparts, each of which shall be an original; but such counterparts shall together constitute one and the same Contract.

11. **Facsimile Signatures.** The Parties agree that if a duly authorized representative of one Party signs this Contract and transmits such Contract to the other Party via facsimile transmission, and a duly authorized representative of the other Party then signs such facsimile, this Contract shall have been validly executed by both Parties and such fully signed document, and the facsimile of such document bearing all signatures transmitted to the Party that originally signed such document, shall be deemed original documents. The Parties agree that they will promptly sign, execute and deliver original documents after the facsimile transmissions have been signed but the failure to do so shall not affect the validity thereof.

12. **Section Headings.** The section numbers or letters, headings and subsection numbers or letters used in this Contract are for reference and convenience purposes only and shall not in any way affect the meaning or interpretation of any provision of this Contract.

13. **No Waiver.** Neither the exercise of, nor the failure to exercise, any rights given to a Party under the terms of this Contract shall be considered as a waiver of the right to exercise the same, or any other right given herein.

14. **Attorney's Fees.** If either Party shall be required to employ an attorney to enforce or defend the rights of such Party hereunder, the prevailing Party shall be entitled to recover reasonable attorney's fees incurred in connection therewith.

15. **Binding Effect.** This Contract shall inure to the benefit of and shall be binding upon and enforceable by the Parties hereto and their respective heirs, representatives, parent companies, subsidiaries, successors and assigns. Venue for any proceeding related to this Contract shall be in Coppell, Dallas County, Texas. This Contract is subject to and to be construed in accordance with the laws of the State of Texas, except as federal law may otherwise apply.

16. **Forms.** In case of a dispute as to this form or any document required hereunder, this form shall be conclusively deemed reasonable and shall not be presumptively interpreted against either Party.

17. **Privacy.** From time to time Sovereign will have access to non-public personal information about the Client's customers. It agrees to keep the information confidential. Should Sovereign require a third-party vendor to provide services to the Client in the ordinary course of business; they will request that all non-public personal information be kept confidential. When Sovereign and any third-party vendor they may use, if any, no longer needs to retain any of the Client's non-public personal information, they agree to destroy all records promptly and in a manner that retains the confidentiality of the non-public personal information. If there should be a breach of confidentiality, Sovereign agrees to immediately notify the Client.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Contract to be executed on the date first written above.

CLIENT:

RED DIAMOND HOME LOANS
a Texas corporation

By: 

Name: Michael D. Porter

Title: President

SOVEREIGN:

SOVEREIGN MORTGAGE SERVICES, INC.,
a Texas corporation

By: 

Name: Cliff Long

Title: President