

SETTLEMENT AGREEMENT AND RELEASE

Josh Courtright and Courtright Homes, LLC (collectively “Courtright”) enter into this Settlement Agreement and Release in release and settlement of any and all claims against the North Carolina Department of Health and Human Services (“DHHS”), including the Division of Public Health (“DPH”), Union County (“Union”), including the Union County Health Department (“UCHD”).

The parties to this Settlement Agreement and Release agree and stipulate that:

1. Courtright Homes, LLC is the owner of the property located at 5305 Friendly Baptist Church Road in Union County, North Carolina (“Courtright Property”). Josh Courtright is the President and Owner of Courtright Homes, LLC.

2. DPH, as a division of DHHS, is responsible for the enforcement of rules and statutes regulating on-site wastewater systems. Registered Environmental Health Specialists (“REHS”) employed by Union, within its UCHD may act as agents of DHHS for enforcement of such rules and statutes.

3. Josh Courtright applied to UCHD for improvement and construction authorization permits for the installation of an on-site wastewater system to serve a 4-bedroom home on the Courtright Property. The Courtright Property was evaluated by a REHS at the time who worked for UCHD, and improvement and construction authorization permits were issued for the on-site wastewater system to serve the home on the property.

4. The subject REHS is no longer employed by UCHD.

5. Prior to the installation of the on-site wastewater system drain field, UCHD met with the septic system contractor at the Courtright Property for a pre-construction meeting. During this meeting, it was noted by UCHD that soil and site conditions in the proposed drain field were

not conducive to the installation of the on-site wastewater system. The septic contractor did not proceed with installing the on-site wastewater system's drain field.

6. Upon further investigation by UCHD and DHHS, UCHD and DHHS determined the soil and site conditions in the permitted drain field area did not meet the North Carolina Rules Governing Sewage Treatment and Disposal Systems and that a new location was needed for installation of the on-site wastewater system drain field. UCHD could not find a suitable location on the Courtright Property for the installation. UCHD and DHHS determined that an off-site solution was needed.

7. UCHD and DHHS evaluated the adjacent properties owned at the time by Ms. Emma Medlin ("Ms. Medlin"), identified as Union County Tax Parcel numbers 08231002B and 08231002C ("Medlin Properties"). UCHD and the Regional Soil Scientist with DHHS determined that portions of each of the Medlin Properties were provisionally suitable for the installation of the on-site wastewater system drain field serving the Courtright Property. The installation required extending across the Medlin Properties. A new improvement permit was issued for the installation of an on-site wastewater disposal system drain field located on the Medlin Properties. Once the necessary survey work is performed and land transfer is made, a construction authorization permit may be issued in accordance with applicable law.

8. UCHD issued a Notice of Intent to Revoke Josh Courtright's Improvement Permit on March 5, 2021, based upon the on-site wastewater system drain field issues set forth above. Josh Courtright filed a petition for contested case hearing in the Office of Administrative Hearings (OAH) contesting the intent to revoke, in case number 21 DHR 01645 (the "Action").

9. Union was able to reach an agreement with Ms. Medlin's heirs (Ms. Medlin passed away in 2021) to purchase the Medlin Properties. Union purchased the Medlin Properties, subject

to an agreement with DHHS to reimburse Union for half the costs of the Medlin Properties and related expenses (survey costs, and closing costs for Union), once the final settlement was reached with Courtright. Union currently owns title in fee simple to the Medlin Properties.

10. The Medlin Properties are neither suitable for an on-site wastewater system individually nor combined for a separate house with the expansion of the Courtright Property wastewater system onto the Medlin Properties.

11. Transfer of the Medlin Properties to Courtright Homes, LLC to settle Courtright's claims is in the best interests of Union and will prevent burdensome expenses of litigation or the possibility of damages. It is also in the best interests of DHHS to avoid such expenses and damages. Without the ability to permit an on-site wastewater system on the Medlin Properties, Union is highly unlikely to sell the properties to another buyer for a price that would be greater than the costs of transferring the property to Courtright Homes, LLC. Union is receiving full and fair consideration through this Settlement Agreement and Release from Courtright, including without limitation, the release from the personal property rights of any claims Courtright may have against Union, in exchange for the Medlin Properties it owns.

12. Courtright claims that UCHD improperly permitted the Courtright Property for an on-site wastewater disposal system and that Union, UCHD and DHHS are responsible for providing the additional costs for expansion of the wastewater to meet the requirements for the new permit for the Courtright Property, including purchase of the Medlin Properties and related expenses. Courtright claims damages related to loss of the sale of the house on the Courtright Property and inability to sell the house due to the revocation of the permit and the lack of a functioning on-site wastewater system for the Courtright Property. Courtright places the value of the Courtright Property at the time with the house and functioning wastewater system at \$450,000.

Union, UCHD and DHHS deny liability for Courtright's claims but are prepared to settle this matter under the terms below.

13. The expansion of the wastewater system for the Courtright Property on the Medlin Properties is the only system permissible for the home on the Courtright Property.

Based upon the foregoing stipulations, and in consideration of the compromise of any claims arising from the matters set out herein and the transaction set out herein, Courtright, Union and DHHS voluntarily and knowingly execute this Settlement Agreement and Release with the express intention of effecting the extinguishment of any and all rights, claims, demands or obligations which Courtright has or may have against DHHS, DPH, Union, and UCHD on account of, connected with, growing out of or in any way arising out of the Action or the matters referred to herein.

NOW, THEREFORE, in consideration of the agreements contained herein, the parties agree to the following terms:

1. Union will transfer full title to the Medlin Properties to Courtright Homes, LLC, within sixty (60) days of the date this Settlement Agreement and Release is fully executed by all parties and a copy of such executed document is received by Union. The Medlin Properties are being transferred in settlement of this matter and Courtright acknowledges that the transfer of the property is in full settlement of any and all claims involved in this matter.

2. DHHS will pay Union (i) Seventy Thousand Dollars (\$70,000), which represents half of the costs of purchase of the Medlin Properties; (ii) Seven Hundred Twenty Five and 10/100 Dollars (\$725.10), which represents half the cost of legal and other closing costs concerning Union's acquisition of the Medlin properties; and (iii) the actual survey and immediate costs of the closing for the transfer of the Medlin Properties to Courtright Homes, LLC, in an amount not

to exceed Three Thousand Five Hundred Dollars (\$3,500), within 60 days of the date of this Settlement Agreement and Release is fully executed by all parties.

3. Courtright will install the permitted on-site wastewater system, as designated by a new Construction Authorization permit, once issued by UCHD, to Courtright Homes, LLC in accordance with all state and local laws and rules, including all applicable permits, authorizations, and approvals from UCHD. Courtright will abandon the existing well and existing septic tank located on the Medlin Properties. Courtright agrees to properly operate and maintain the wastewater system in accordance with state and local laws and rules. The areas on the Medlin Properties designated on the permit shall be used for installation of the wastewater system and designated future on-site wastewater system repair area. Courtright shall be fully responsible for all costs for installation of the wastewater system. Union and DHHS shall bear no financial responsibility for the expansion of the wastewater system or any other costs related to the wastewater system on the Courtright Property or the Medlin Properties.

4. The parties agree Courtright Homes, LLC or his/its heirs, successors and assigns shall perform all required operation and maintenance of the wastewater system for so long as the wastewater system is in operation and all such costs are solely the responsibility of Courtright, his heirs, successors and assigns.

5. For the sole and only consideration of the transfer of the Medlin Properties, Courtright, for his/its heirs, executors, administrators, successors and assigns, does RELEASE AND FOREVER DISCHARGE DHHS, including DPH, Union, including UCHD, and their present or former officers, employees, agents and servants, both individually and in their official capacities, and otherwise, specifically including but not limited to David Finley, Traci Colley, and Kevin Neal, of and from any and all, known or unknown, claims, demands, damages, actions,

causes of action of whatever kind or nature, related to the evaluation, issuance, approval, denial, suspension, or revocation of any wastewater permits and authorizations, specifically including but not limited to any well permits, repairs or authorizations for repairs of systems, or for any evaluation, preparation, excavation, or installation related to any installation or expansion of the wastewater systems on the Courtright Property or on the Medlin Properties or any additional property in any way connected to, either directly or indirectly, the approval or operation of a well or wastewater system on such properties, or the expansion of the wastewater system, or any alleged breach of duty, neglect, violation of constitutional rights, financial losses, lost sales, construction loan costs, lost wages or income, interest or mortgage rates, recoupment of expenses, payments to third parties, emotional distress, pain and suffering, and any and all other damages on account of or arising from the matters set out herein.

6. Courtright acknowledges and agrees that the release and discharge set forth herein is a general release of all claims on their behalf. Courtright understands that this release is made as a compromise to avoid expense and to terminate all controversy and/or claims for damages or injuries, subrogation and third-party or otherwise, of whatever nature, known or unknown, including future developments thereof, in any way growing out of or connected to the matters set out herein. Courtright expressly waives and assumes the risk of any and all claims for damages, including any claims that he does not know or suspect to exist, whether through ignorance, oversight, error, negligence or otherwise, and that, if known, would materially affect his decision to enter into this Settlement Agreement and Release.

7. Courtright understands and agrees that the transfer of the Medlin Properties by Union and DHHS is solely by way of compromise of any claims and is not to be construed as an admission of wrongdoing or liability, and DHHS and Union specifically deny any wrongdoing or

liability.

8. Nothing in this Settlement Agreement and Release shall relieve Courtright of his/its responsibility to comply with applicable law, including state rules and statutes, for wastewater systems.

9. Within ten (10) days of final execution of this Settlement Agreement and Release, Josh Courtright shall dismiss with prejudice OAH case number 21 DHR 01645.

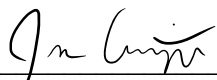
10. If any party fails to abide by the terms of this Settlement Agreement and Release, the other parties shall enjoy any applicable remedy at law to enforce the terms of this Settlement Agreement and Release.

11. The parties understand and agree that they have read and reviewed this instrument, and reviewed it with their respective counsel, and that this instrument contains the entire agreement between the parties hereto, that the terms of this Settlement Agreement and Release are in full settlement of all claims and are not mere recitals.

12. The parties understand and agree that the terms of this Settlement Agreement and Release are set out herein in their entirety and that no part of this Settlement Agreement and Release may be changed in any way unless the change is made in writing and mutually executed by all parties hereto.

13. This Settlement Agreement and Release becomes binding on the parties hereto only when signed by all named parties. The parties agree that the parties may sign facsimile or electronic copies of this Settlement Agreement and Release and it will have the same effect as an original signature, and signatures may be signed on separate pages and still have full force and effect.

In witness whereof, the parties hereto have executed this Settlement Agreement and Release on this the _____ day of _____, 2024, and have set forth their signatures and seals with the intention of executing this document under seal.

 (SEAL)
Josh Courtright

Date: 8/1/2024

_____(SEAL)
North Carolina Department of Health
And Human Services
By:
Its:

Date: _____

 (SEAL)
Courtright Homes, LLC
By: Josh Courtright
Its: Owner

Date: 8/1/2024

_____(SEAL)
Union County
By: Brian Matthews
Its: County Manager

Date: _____