

JEFF JACKSON
ATTORNEY GENERAL



ERIC WILSON
CHIEF OF STAFF

April 14, 2025

North Carolina Senate President Pro Tempore Phil Berger
North Carolina House of Representatives Speaker Destin Hall
Co-Chairs, Joint Legislative Commission on Governmental Operations

Senator Danny Earl Britt, Jr.
Senator Warren Daniel
Senator Buck Newton
Representative Ted Davis, Jr.
Representative Dudley Greene
Representative Charles W. Miller
Representative Carson Smith
Co-Chairs, Appropriations Subcommittee on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: G.S. §114-2.5; Report on Settlement Agreement for Southeastern Behavioral
Healthcare Services, LLC

Dear Members:

Section 114-2.5 of the North Carolina General Statutes requires the Attorney General to report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety regarding all settlements and court orders which result in more than \$75,000.00 being paid to the State. Pursuant to that statute, I am writing regarding the settlement of claims for Medicaid reimbursement to the state and federal governments in the above-referenced matter. Pursuant to federal law (42 C.F.R. § 433.320) recoveries in these cases are shared on a pro rata basis by the state and federal governments.

A settlement has been executed between Southeastern Behavioral Healthcare Services, LLC and the State of North Carolina.

The settlement resolves allegations that from March 1, 2016 through July 14, 2020, Southeastern submitted false claims to the Medicaid program by billing for services not rendered, services that were not medically necessary, and for claims that were unsupported by documentation.

April 14, 2025

Page 2

Under the terms of North Carolina's settlement, the State of North Carolina will recover \$2,505,000.00. Of that amount the federal government will receive \$1,453,651.50 for North Carolina's federal portion of Medicaid recoveries. The North Carolina Medicaid Program will receive \$985,849.49 as restitution. Pursuant to G.S. § 1-608(c), the North Carolina Department of Justice will receive \$65,499.01 for investigative costs.

We will be happy to respond to any questions you may have regarding this report.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Eric Wilson', with a stylized flourish at the end.

Eric Wilson
Chief of Staff

SD:ng

cc: Morgan Weiss
Mark White
Meredith Randolph
NCGA Fiscal Research Division

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (“OIG-HHS”) (collectively, the “United States”), and the State of North Carolina, acting through the Medicaid Investigation Division of the North Carolina Department of Justice, Office of the Attorney General (“North Carolina”), and Southeastern Behavioral Healthcare Services, LLC (“Southeastern”), and Bertha Hutchinson and Virgil L. Hutchinson, Sr. (“the Hutchinsons”), hereafter collectively referred to as “the Parties” through their authorized representatives.

RECITALS

A. Southeastern operates a behavioral health business with its principal place of business in Lumberton, North Carolina, with a registered office in Maxton, North Carolina.

B. The Hutchinsons are spouses and residents of Maxton, North Carolina, who own, operate, and control Southeastern, and have done so at all times relevant to this Agreement.

C. The United States and the State of North Carolina contend that Southeastern and the Hutchinsons submitted or caused to be submitted false claims for payment to the North Carolina Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (“Medicaid”).

D. The United States and the State of North Carolina contend that they have certain civil claims against Southeastern and the Hutchinsons arising from the submission of false claims for behavioral health services to North Carolina Medicaid, by way of Southeastern and the Hutchinsons improperly submitting claims to North Carolina Medicaid for services that were not in fact rendered, evidenced by recipient interviews establishing that services were not necessary at all, were systematically not rendered as billed, that services were billed for patients who were incarcerated or deceased on the billed date of services, and by a pervasive lack of medical records

supporting either the provision of or necessity for the billed services, during the period from **March 1, 2016** through **July 14, 2020**.

That above-described conduct is referred to herein as the “Covered Conduct.” As a result of the Covered Conduct, the United States and the State of North Carolina contend that Southeastern and the Hutchinsons submitted or caused false claims to be submitted to the North Carolina Medicaid Program.

E. This Settlement Agreement is neither an admission of liability by Southeastern or the Hutchinsons, nor a concession by the United States or North Carolina that their claims are not well founded.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Southeastern and the Hutchinsons shall pay to the Governments a total amount of **Two Million, Five Hundred and Five Thousand Dollars (\$2,505,000.00)** (“Settlement Amount”), of which the entire amount of \$2,505,000.00 constitutes restitution to the Governments, by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the Eastern District of North Carolina. Interest shall accrue on the Settlement Amount at a rate of 4.0% as calculated in the amortization schedule made part of this Agreement and attached as **Exhibit A**, which interest shall be waived at the end of the 60 month payment period as detailed below, provided that Southeastern and the Hutchinsons comply with all requirements of this Agreement, including making all payments in full and on time as follows:

a. The Hutchinsons shall, within seven (7) days of this Agreement, list the following properties for sale, to be sold at fair market value with contracts to be negotiated and certified as being made by way of arm's length transactions:

(i) All certain lot and parcel of land situated in the Town of Lumberton, Robeson County, North Carolina, which is also known as Robeson County Parcel Reference Number 325104052 and located at 412 Oregon Street, Lumberton, North Carolina, as the particularly described tracts or parcel of land conveyed to Virgil L. Hutchinson by deed dated July 1, 1997, from Faceta W. Kindrick, unmarried, which is recorded in Book 958, Page 0339, Robeson County Registry, North Carolina.

(ii) All certain lot and parcel of land situated in the Town of Lumberton, Robeson County, North Carolina, which is also known as Robeson County Parcel Reference Number 324301001 and located at 617 S. Martin Luther King Dr., Lumberton, North Carolina, as the particularly described tracts or parcel of land conveyed to Virgil Hutchinson and wife, Bertha M. Hutchinson, by deed dated June 5, 2007, from Wachovia Bank, N.A., which deed is recorded in Book 1612, Page 475, Robeson County Registry, North Carolina.

(iii) All certain lot and parcel of land situated in Maxton Township, Robeson County, North Carolina, which is also known as Robeson County Parcel Reference Number 331101001 and located at E. Rockingham Road, as the particularly described tracts or parcel of land conveyed to Virgil L. Hutchinson, Sr. and wife, Bertha Hutchinson, by deed dated November 16, 2016, from Edna Jean Teeters, Widow, which deed is recorded in Book 2066, Page 295, Robeson County Registry, North Carolina.

The foregoing properties shall be collectively referred to as the "Properties."

b. Prior to the Hutchinsons executing any contract of sale for the Properties listed in subparagraph (a) above, the Hutchinsons shall first obtain from the Governments, in their

sole discretion, approval for each sale, with the Hutchinsons providing support sufficient to satisfy the Governments that each contract represents an arm's length transaction, and that each Property is being sold at fair market value. Specifically, the Hutchinsons shall provide, at minimum, a third-party appraisal from a certified appraiser as to the fair market value of each Property being sold, and a certification that the contract represents an arm's length transaction and that the Property is being sold at fair market value. The Governments reserve the right to request, and the Hutchinsons agree to provide, additional documentation and information. The Hutchinsons shall provide the Governments notice of the closing date and provide the Governments a copy of the HUD-1 at least 14 days in advance of closing, as it will be a requirement for the Governments to approve all figures and costs related to the closing as identified on the HUD-1 in advance of closing. The Governments have sole discretion to grant or withhold the approvals referenced in this paragraph. Any and all net proceeds from the closing of the Properties shall be directly paid by the purchaser, or the purchaser's closing agent, to the Attorney Trust Account of Poyner Spruill, LLP, c/o Steven Mansfield Shaber, Attorney for Southeastern and the Hutchinsons, and then paid to the Governments no later than January 1, 2025. The net proceeds shall be credited to the balance of the settlement amount due and owing to the Governments.

c. In the event the Properties listed in subparagraph (a) above are not sold by January 1, 2025, the Governments shall file liens on the properties, which are being executed by the Hutchinsons as part of this Agreement, are attached as **Exhibit B** and are incorporated herein by reference. The liens shall be subordinate to liens of record that were recorded before June 30, 2024. The Governments shall hold the liens pending the January 1, 2025, date, after which the Governments may file and record the liens in the county where each Property is situated, without notice to the Hutchinsons, to encumber the unsold Properties while there is a balance due to the Governments. At all times while there is a balance of the settlement amount due and owing to the

Governments, and until all Properties listed in subparagraph (a) are sold by way of arm's length transactions at fair market value, the Hutchinsons shall maintain the Properties in good and marketable condition. The Hutchinsons shall remain current on any payments relating to existing encumbrances, taxes, and insurance. The Hutchinsons shall not take any action to encumber, damage, or reduce the value of the Properties in any way.

d. Immediately following the execution of this Settlement Agreement, the Governments may file a lien associated with real property owned by the Hutchinsons known as 115 Harris Street, Maxton, North Carolina, consisting of an auto service garage, which is also known as Robeson County Parcel Reference Number 330301038, which is a parcel of property associated with a description found at Deed Book 2044, Page 793, in the Robeson County Registry. The lien is being executed by the Hutchinsons, attached hereto as **Exhibit C**, and incorporated herein by reference. The lien shall be subordinate to liens of record that were recorded before June 30, 2024.

e. If any of the properties listed in subparagraph (a) above earn income by way of rental income or otherwise, such income shall be paid to the Governments within seven (7) days of receipt and shall be applied to the principal balance of the Settlement Amount due and owing. In the event any such income received by Southeastern or the Hutchinsons is not paid to the Governments within seven (7) days of receipt, Southeastern and the Hutchinsons expressly agree that the Governments are entitled to receive income payments directly from the income source, which may take place by way of a receivership. Southeastern and the Hutchinsons agree not to contest any receivership action taken by the United States or the State of North Carolina, and Southeastern and the Hutchinsons shall pay to the United States and the State of North Carolina all reasonable costs of collection and enforcement under this paragraph.

f. If the property known as 115 Harris Street, Maxton, North Carolina, consisting of an auto service garage as referenced in subparagraph (d) above, earns income by way of rental income or otherwise, any “net income” related to the property shall be paid to the Governments on or before the seventh (7th) day of each month beginning on February 7, 2025 and continuing monthly thereafter, and shall be applied to the principal balance of the Settlement Amount due and owing. The term “net income” as used in this subparagraph shall be limited to gross income minus the ordinary and reasonable operating expenses of the auto service garage as claimed by the Hutchinsons on their 2022 federal tax return. In no event shall the Hutchinsons be paid any income, dividend, or any other distribution from the earnings of the garage, directly or indirectly by any third party, or otherwise.

g. Beginning on February 1, 2025, Southeastern and the Hutchinsons shall pay the balance of the Settlement Amount due and owing to the Governments over a 60 month period. Southeastern and the Hutchinsons shall make payments on the Settlement Amount in monthly installments at a rate of \$40,000 per month for 59 months. Payment shall be due on the first day of each month, provided that Southeastern and the Hutchinsons shall have seven (7) calendar days to cure a missed payment before they are considered to be in Default. The Governments are not required to provide notice of missed payment or of Default. There will be no penalty for pre-payments made in whole or in part. If a balance of the Settlement Amount exists following the 59th payment, Southeastern and the Hutchinsons shall make a balloon payment as the 60th payment in the amount of the balance of the Settlement Amount due at that time. Provided that Southeastern and the Hutchinsons complied with all requirements of this Agreement up to the time of the 60th payment, including making all payments in full and on time, all interest shall be waived by the Governments; however, if Southeastern and the Hutchinsons fail to comply with the

requirements of this Agreement, the 60th payment shall include all principal and interest due and owing to the Governments at that time.

h. If Southeastern or the Hutchinsons default on any of the payment terms or on any other term in this Agreement, the Settlement Amount, and all accrued interest (together, “Default Balance”) shall become immediately due and payable in full, and interest on the Default Balance shall continue to accrue at an annual rate of 8% per annum compounded daily. In the event of Default, the United States and the State of North Carolina may take any and all action permitted by law, including as set forth in Paragraphs 7 and 8 below, to collect the Default Balance and all accrued interest, and to otherwise enforce the terms of this Agreement.

2. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and upon the United States’ receipt of the Settlement Amount, plus any interest due, the United States releases Southeastern and the Hutchinsons, together with their current and former parent corporations, direct and indirect subsidiaries, divisions, current or former corporate owners, and the corporate successors and assigns of any of them, from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812;; or the common law theories of payment by mistake, unjust enrichment, and fraud.

3. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and upon the United States’ receipt of the Settlement Amount plus any interest due, the State of North Carolina releases Southeastern and the Hutchinsons, together with their current and former parent corporations, direct and indirect subsidiaries, divisions, current or former corporate owners, and the corporate successors and assigns of any of them, from any civil or administrative monetary claim the State of North Carolina has for the Covered Conduct under the North Carolina False

Claims Act, N.C.G.S. § 1-605 - § 1-618 or the common law theories of payment by mistake, unjust enrichment, and fraud.

4. In consideration of the obligations of Southeastern in this Agreement and the Integrity Agreement (IA), entered into between OIG-HHS and Southeastern, and upon the United States' receipt of full payment of the Settlement Amount plus any interest due, the OIG-HHS shall release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against Southeastern under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in this paragraph and in Paragraph 5 (concerning reserved claims), below. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude Southeastern from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this paragraph precludes the OIG-HHS from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 5, below.

5. Notwithstanding the release given in Paragraphs 2, 3, and 4 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States and the State of North Carolina are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including mandatory exclusion from Federal health care programs;

d. Any liability to the United States (or its agencies) and the State of North Carolina (or its agencies) for any conduct other than the Covered Conduct;

e. Any liability based upon obligations created by this Agreement;

f. Any liability of individuals;

g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

h. Any civil or administrative liability that any person or entity, including Southeastern or the Hutchinsons, has or may have to the Governments or to individual consumers or federal or state program payors under any statute, regulation, or rule not expressly covered by the release in Paragraphs 2, 3, and 4 above, including but not limited to, any and all of the following claims:

(i) State or federal antitrust violations;

(ii) Claims involving unfair and/or deceptive acts and practices and/or violations of consumer protection laws;

i. Any liability for failure to deliver goods or services due;

j. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

6. Southeastern and the Hutchinsons waive and shall not assert any defenses Southeastern and the Hutchinsons may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

7. If Southeastern or the Hutchinsons default on any of the obligations under this Agreement (“Default”), the Default Balance shall become due and payable in full immediately, interest shall accrue on the Default Balance at a rate of 8% per annum compounded daily, and the United States and the State of North Carolina may take whatever steps they are entitled to take pursuant to law to collect the Settlement Amount, the Default Balance, and all accrued interest and to enforce the obligations of this Agreement, including but not limited to (a) any and all collection actions, and (b) the filing of a civil action for breach of contract and/or the Covered Conduct. In the event a complaint is filed pursuant to subsection (b) of this paragraph, Southeastern and the Hutchinsons agree to waive service of the complaint and summons, and will not plead, argue, or otherwise raise any defenses under the theories of statutes of limitation, laches, and estoppel, or similar theories, to the allegations in the complaint, except to the extent such defenses were available to them on the Effective Date of this Agreement. Furthermore, in the event a complaint is filed pursuant to subsection (b) of this paragraph, Southeastern and the Hutchinsons have signed a consent order for entry of judgment in the amount of the unpaid balance of the Settlement Amount and all accrued interest (that is, the Default Balance), plus continuing interest at a rate of 8% per annum compounded daily, which is made part of and attached to this Agreement as **Exhibit D** and incorporated herein by reference, and the Parties agree to all of its terms. The Governments shall hold the consent order for entry of judgment in trust, and may file it only upon Southeastern’s and the Hutchinsons’ Default. The Parties expressly agree that the consent order for entry of judgment, by its terms, shall be immediately enforceable under Federal Rule of Civil Procedure 62(a), and that interest on the judgment shall accrue at a rate of 8% per annum compounded daily, rather than the rate provided by 28 U.S.C. § 1961. Southeastern and the Hutchinsons further agree not to contest any collection action taken by the United States or the State of North Carolina, including garnishment, execution, and offsets of federal and/or state benefits and payments

(including offsets by the Internal Revenue Service and any other federal or state agency). Southeastern and the Hutchinsons shall pay to the United States and the State of North Carolina all reasonable costs of collection and enforcement under this paragraph, including attorneys' fees and expenses. In addition, in the event of Default, OIG-HHS may exclude Southeastern and the Hutchinsons from participating in all Federal health care programs until Southeastern and the Hutchinsons pay the Default Balance, all accrued interest, and reasonable costs as set forth above. OIG-HHS will provide written notice of any such exclusion to Southeastern and the Hutchinsons. Southeastern and the Hutchinsons waive any further notice of the exclusion under 42 U.S.C. § 1320a-7(b)(7) and agree not to contest such exclusion either administratively or in any state or federal court. Reinstatement to program participation is not automatic. If at the end of the period of exclusion Southeastern and/or the Hutchinsons wish to apply for reinstatement to OIG-HHS in accordance with the provisions of 42 C.F.R. §§ 1001.3001-.3005, Southeastern and/or the Hutchinsons will not be reinstated unless and until OIG-HHS approves such request for reinstatement.

8. In the event the United States and the State of North Carolina take enforcement action as permitted in Paragraph 7, above, including filing a breach-of-contract action, Southeastern and the Hutchinsons hereby consent to personal jurisdiction in the Eastern District of North Carolina, and agree that the United States District Court for the Eastern District of North Carolina is the exclusive venue for such enforcement action, unless the enforcement action is taken directly by HHS at the administrative level. Southeastern and the Hutchinsons further agree not to contest any such enforcement action (including by way of appeal), and agree not to plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, except to the extent these defenses were available on the Effective Date of this Agreement. Furthermore, if Southeastern or the Hutchinsons default on any terms under this

Agreement, they agree to provide full, updated financial disclosures to the United States and to the State of North Carolina. The United States and the State of North Carolina may request, and Southeastern and the Hutchinsons shall provide, any and all documents relating to their financial condition, including but not limited to state and federal tax returns and the tax returns for any business they individually or collectively own, have an interest in, or participate in, including all schedules and attachments; all bank account statements (including copies of deposits and checks), for every bank account to which Southeastern and the Hutchinsons individually or collectively have access or an interest (including but not limited to personal accounts, joint accounts, and business accounts); and an updated financial affidavit for any business that Southeastern and the Hutchinsons individually or collectively own and/or have an interest in.

9. Southeastern and the Hutchinsons have provided sworn financial disclosures and supporting documents (together "Financial Disclosures") to the Governments, and the Governments have relied on the accuracy and completeness of those Financial Disclosures in reaching this Agreement. Southeastern and the Hutchinsons warrant that the Financial Disclosures were complete, accurate, and current at the time provided or updated, as applicable, as of the Effective Date of this Agreement. If the Governments learn of asset(s) in which Southeastern and/or the Hutchinsons had an interest of any kind as of the Effective Date of this Agreement (including, but not limited to, promises by insurers or other third parties to satisfy Southeastern's and the Hutchinsons' obligations under this Agreement) that were not disclosed in the Financial Disclosures, or if the Governments learn of any false statement or misrepresentation by Defendants on, or in connection with, the Financial Disclosures, and if such nondisclosure, false statement, or misrepresentation changes the estimated net worth set forth in the Financial Disclosures by \$25,000 or more, Southeastern and the Hutchinsons shall be in Default of this Agreement and the Governments may at their option: (a) rescind this Agreement and file suit based on the Covered

Conduct, (b) collect the full Settlement Amount, Default Balance, and all accrued interest in accordance with the Agreement plus one hundred percent (100%) of the net value of Defendants' previously undisclosed assets, and/or (c) take any other action permitted by law or the terms of this Agreement, including filing a breach of contract action. Southeastern and the Hutchinsons agree not to contest any collection action undertaken by the Governments pursuant to this provision, and agree that they will immediately pay the Governments the greater of (i) a ten-percent (10%) surcharge of the amount collected in the collection action, as allowed by 28 U.S.C. § 3011(a), or (ii) the Governments' reasonable attorneys' fees and expenses incurred in such an action. In the event that the Governments pursuant to this paragraph rescind this Agreement, Southeastern and the Hutchinsons waive and agree not to plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any civil or administrative claims that (a) are filed by the Governments within 120 calendar days of written notification to Southeastern and the Hutchinsons that this Agreement has been rescinded, and (b) relate to the Covered Conduct, except to the extent these defenses were available on February 11, 2022.

10. In exchange for valuable consideration provided in this Agreement, Southeastern and the Hutchinsons acknowledge the following:

a. Southeastern and the Hutchinsons have reviewed their financial situation and warrant that they are solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and shall remain solvent following payment to the United States and the State of North Carolina of the Settlement Amount.

b. In evaluating whether to execute this Agreement, the Parties intend that the mutual promises, covenants, and obligations set forth herein constitute a contemporaneous exchange for new value given to Southeastern and the Hutchinsons, within the meaning of 11

U.S.C. § 547(c)(1), and the Parties conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange.

c. The mutual promises, covenants, and obligations set forth herein are intended by the Parties to, and do in fact, constitute a reasonably equivalent exchange of value.

d. The Parties do not intend to hinder, delay, or defraud any entity to which Southeastern and the Hutchinsons was or became indebted to on or after the date of any transfer contemplated in this Agreement, within the meaning of 11 U.S.C. § 548(a)(1).

e. If any of Southeastern's and/or the Hutchinsons' payments or obligations under this Agreement are avoided for any reason (including but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code) or if, before the Settlement Amount is paid in full, Southeastern, the Hutchinsons, or a third party commences a case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors seeking any order for relief of Southeastern's or the Hutchinsons' debts, or to adjudicate Southeastern or the Hutchinsons as bankrupt or insolvent; or seeking appointment of a receiver, trustee, custodian, or other similar official for Southeastern or the Hutchinsons or for all or any substantial part of Southeastern's or the Hutchinsons' assets:

(i) the United States and the State of North Carolina may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against Southeastern and the Hutchinsons for the claims that would otherwise be covered by the releases provided in Paragraphs 2, 3, and 4 above;

(ii) the United States and the State of North Carolina have an undisputed, noncontingent, and liquidated allowed claim against Southeastern and the Hutchinsons in the amount of \$1,871,968,976.88, less any payments received pursuant to Paragraph 1 of this Agreement, provided, however, that such payments are not otherwise avoided and recovered from

the United States by Southeastern or the Hutchinsons, a receiver, trustee, custodian, or other similar official for Southeastern or the Hutchinsons;

f. Southeastern and the Hutchinsons agree that any civil and/or administrative claim, action, or proceeding brought by the United States and/or the State of North Carolina under Paragraph 8.e is not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) because it would be an exercise of the United States' and/or North Carolina's police and regulatory power. Southeastern and the Hutchinsons shall not argue or otherwise contend that the United States' or the State of North Carolina's claim, action, or proceeding is subject to an automatic stay and, to the extent necessary, consents to relief from the automatic stay for cause under 11 U.S.C. § 362(d)(1). Southeastern or the Hutchinsons waive and shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claim, action, or proceeding brought by the United States or the State of North Carolina within 120 days of written notification to Southeastern or the Hutchinsons that the releases have been rescinded pursuant to this paragraph, except to the extent such defenses were available on February 11, 2022.

11. Southeastern and the Hutchinsons fully and finally release the United States, its agencies, officers, agents, employees, and servants, and the State of North Carolina, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Southeastern and the Hutchinsons have asserted, could have asserted, or may assert in the future against the United States and/or the State of North Carolina, and their agencies, officers, agents, employees, and servants related to the Covered Conduct and the United States' and the State of North Carolina's investigation and prosecution thereof.

12. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and Southeastern and the Hutchinsons agree not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, agree not to appeal any such denials of claims, and agree to withdraw any such pending appeals.

13. Southeastern and the Hutchinsons agree to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395lll and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Southeastern and/or the Hutchinsons, present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) Southeastern's and the Hutchinsons' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement;
- (5) the payment Southeastern and the Hutchinsons make to the United States pursuant to this Agreement; and

- (6) the negotiation of, and obligations undertaken pursuant to the IA to: (i) retain an independent review organization to perform annual reviews as described in Section III of the IA; and (ii) prepare and submit reports to the OIG-HHS,

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP) (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Southeastern and the Hutchinsons, and they shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or payment request submitted by Southeastern and the Hutchinsons or any of their subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Southeastern and the Hutchinsons further agree that within 90 days of the Effective Date of this Agreement they shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any Unallowable Costs (as defined in this Paragraph) included in payments previously sought from the United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Southeastern and the Hutchinsons or any of their subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. Southeastern and the

Hutchinsons agree that the United States and the State of North Carolina, at a minimum, shall be entitled to recoup from Southeastern and the Hutchinsons any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States and/or the State of North Carolina pursuant to the direction of the Department of Justice and/or the affected agencies. The United States and the State of North Carolina reserve their rights to disagree with any calculations submitted by Southeastern and the Hutchinsons or any of their subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Southeastern and the Hutchinsons or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States or the State of North Carolina to audit, examine, or re-examine Southeastern's and the Hutchinsons' books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

14. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 15 (waiver for beneficiaries paragraph), below.

15. Southeastern and the Hutchinsons agree that they waive and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

16. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

17. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

18. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of North Carolina. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

19. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

20. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

21. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

22. This Agreement is binding on Southeastern's and the Hutchinsons' successors, transferees, heirs, and assigns.

23. All Parties consent to the United States' and the State of North Carolina's disclosure of this Agreement, and information about this Agreement, to the public.

24. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.


[Signatures Continue on Following Page]

THE UNITED STATES OF AMERICA

DATED: _____

BY: _____


Matthew R. Petracca
Special Assistant United States Attorney
Eastern District of North Carolina


Digitally signed by Matthew R. Petracca
DN: CN=Matthew R. Petracca, E=MPETRACCA@NCDOJ.GOV
Reason: I am approving this document
Location:
Date: 2024.12.02 09:17:25-05'00'
Foxit PDF Editor Version: 12.1.2

DATED: 11/22/24

BY: _____

SUSAN
GILLIN
Susan E. Gillin
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human Services


Digitally signed by
SUSAN GILLIN
Date: 2024.11.22
14:55:36 -05'00'

THE STATE OF NORTH CAROLINA

DATED: _____

BY: _____

F. Edward Kirby, Jr.
Director, Medicaid Investigations Division
Office of the Attorney General

NC DEPARTMENT OF HEALTH & HUMAN SERVICES,
DIVISION OF HEALTH BENEFITS

DATED: _____

BY: _____

Jay Ludlam
Deputy Secretary, NC Medicaid
NC Department of Health & Human Services,
Division of Health Benefits

THE UNITED STATES OF AMERICA

DATED: _____

BY: _____

Matthew R. Petracca
Special Assistant United States Attorney
Eastern District of North Carolina

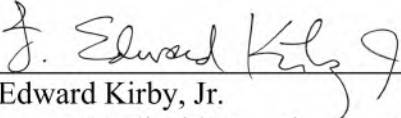
DATED: _____

BY: _____

Susan E. Gillin
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human Services

THE STATE OF NORTH CAROLINA

DATED: 11/20/2024

BY: 

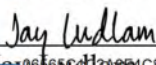
F. Edward Kirby, Jr.
Director, Medicaid Investigations Division
Office of the Attorney General

NC DEPARTMENT OF HEALTH & HUMAN SERVICES,

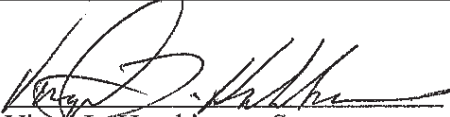
DIVISION OF HEALTH BENEFITS

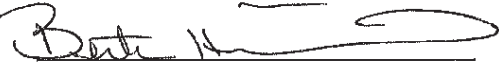
DATED: 11/20/24 | 4:59 PM EST

BY: _____

DocuSigned by:

Jay Luciani
Deputy Secretary, NC Medicaid
NC Department of Health & Human Services,
Division of Health Benefits

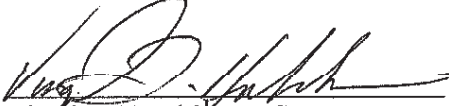
SOUTHEASTERN BEHAVIORAL HEALTHCARE SERVICES, LLC

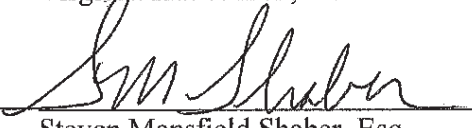
DATED: 11/18/2024 BY: 
Virgil L. Hutchinson, Sr.
Southeastern Behavioral Healthcare Services, LLC

DATED: 11/18/2024 BY: 
Bertha Hutchinson
Southeastern Behavioral Healthcare Services, LLC

DATED: 11/18/2024 BY: 
Steven Mansfield Shaber, Esq.
Counsel for Southeastern Behavioral Healthcare
Services, LLC

VIRGIL HUTCHINSON

DATED: 11/18/2024 BY: 
Virgil L. Hutchinson, Sr.

DATED: 11/18/2024 BY: 
Steven Mansfield Shaber, Esq.
Counsel for Virgil Hutchinson

BERTHA HUTCHINSON

DATED: 11/18/2024 BY: 
Bertha Hutchinson

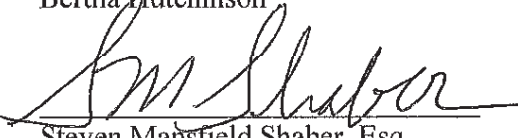
DATED: 11/18/2024 BY: 
Steven Mansfield Shaber, Esq.
Counsel for Bertha Hutchinson

EXHIBIT A

APPENDIX A

AMORTIZATION SCHEDULE

Terms

| | |
|--|----------------|
| Settlement amount | \$2,505,000.00 |
| Annual interest rate (compounded daily) | 4.08% |
| Repayment period in years | 5 |
| Payment start date | 2/1/2025 |

Loan summary

| | |
|---------------------------|--------------|
| Scheduled payment amount | \$40,000.00 |
| Scheduled no. of payments | 59 |
| Balloon payment | \$145,000.00 |
| Total interest | \$269,863.21 |

| Payment number | Payment date | Beginning balance | Scheduled payment | Principal | Interest | Ending balance | Cumulative interest |
|----------------|--------------|-------------------|-------------------|-------------|------------|----------------|---------------------|
| 1 | 2/1/2025 | \$2,505,000.00 | \$40,000.00 | \$40,000.00 | \$8,518.77 | \$2,465,000.00 | \$8,518.77 |
| 2 | 3/1/2025 | \$2,465,000.00 | \$40,000.00 | \$40,000.00 | \$8,382.75 | \$2,425,000.00 | \$16,901.52 |
| 3 | 4/1/2025 | \$2,425,000.00 | \$40,000.00 | \$40,000.00 | \$8,246.72 | \$2,385,000.00 | \$25,148.24 |
| 4 | 5/1/2025 | \$2,385,000.00 | \$40,000.00 | \$40,000.00 | \$8,110.69 | \$2,345,000.00 | \$33,258.93 |
| 5 | 6/1/2025 | \$2,345,000.00 | \$40,000.00 | \$40,000.00 | \$7,974.66 | \$2,305,000.00 | \$41,233.59 |
| 6 | 7/1/2025 | \$2,305,000.00 | \$40,000.00 | \$40,000.00 | \$7,838.63 | \$2,265,000.00 | \$49,072.22 |
| 7 | 8/1/2025 | \$2,265,000.00 | \$40,000.00 | \$40,000.00 | \$7,702.60 | \$2,225,000.00 | \$56,774.83 |
| 8 | 9/1/2025 | \$2,225,000.00 | \$40,000.00 | \$40,000.00 | \$7,566.58 | \$2,185,000.00 | \$64,341.40 |
| 9 | 10/1/2025 | \$2,185,000.00 | \$40,000.00 | \$40,000.00 | \$7,430.55 | \$2,145,000.00 | \$71,771.95 |
| 10 | 11/1/2025 | \$2,145,000.00 | \$40,000.00 | \$40,000.00 | \$7,294.52 | \$2,105,000.00 | \$79,066.47 |
| 11 | 12/1/2025 | \$2,105,000.00 | \$40,000.00 | \$40,000.00 | \$7,158.49 | \$2,065,000.00 | \$86,224.96 |
| 12 | 1/1/2026 | \$2,065,000.00 | \$40,000.00 | \$40,000.00 | \$7,022.46 | \$2,025,000.00 | \$93,247.42 |
| 13 | 2/1/2026 | \$2,025,000.00 | \$40,000.00 | \$40,000.00 | \$6,886.43 | \$1,985,000.00 | \$100,133.86 |
| 14 | 3/1/2026 | \$1,985,000.00 | \$40,000.00 | \$40,000.00 | \$6,750.41 | \$1,945,000.00 | \$106,884.26 |
| 15 | 4/1/2026 | \$1,945,000.00 | \$40,000.00 | \$40,000.00 | \$6,614.38 | \$1,905,000.00 | \$113,498.64 |
| 16 | 5/1/2026 | \$1,905,000.00 | \$40,000.00 | \$40,000.00 | \$6,478.35 | \$1,865,000.00 | \$119,976.99 |
| 17 | 6/1/2026 | \$1,865,000.00 | \$40,000.00 | \$40,000.00 | \$6,342.32 | \$1,825,000.00 | \$126,319.31 |
| 18 | 7/1/2026 | \$1,825,000.00 | \$40,000.00 | \$40,000.00 | \$6,206.29 | \$1,785,000.00 | \$132,525.60 |
| 19 | 8/1/2026 | \$1,785,000.00 | \$40,000.00 | \$40,000.00 | \$6,070.26 | \$1,745,000.00 | \$138,595.87 |
| 20 | 9/1/2026 | \$1,745,000.00 | \$40,000.00 | \$40,000.00 | \$5,934.24 | \$1,705,000.00 | \$144,530.10 |
| 21 | 10/1/2026 | \$1,705,000.00 | \$40,000.00 | \$40,000.00 | \$5,798.21 | \$1,665,000.00 | \$150,328.31 |
| 22 | 11/1/2026 | \$1,665,000.00 | \$40,000.00 | \$40,000.00 | \$5,662.18 | \$1,625,000.00 | \$155,990.49 |
| 23 | 12/1/2026 | \$1,625,000.00 | \$40,000.00 | \$40,000.00 | \$5,526.15 | \$1,585,000.00 | \$161,516.64 |
| 24 | 1/1/2027 | \$1,585,000.00 | \$40,000.00 | \$40,000.00 | \$5,390.12 | \$1,545,000.00 | \$166,906.77 |
| 25 | 2/1/2027 | \$1,545,000.00 | \$40,000.00 | \$40,000.00 | \$5,254.09 | \$1,505,000.00 | \$172,160.86 |
| 26 | 3/1/2027 | \$1,505,000.00 | \$40,000.00 | \$40,000.00 | \$5,118.07 | \$1,465,000.00 | \$177,278.93 |
| 27 | 4/1/2027 | \$1,465,000.00 | \$40,000.00 | \$40,000.00 | \$4,982.04 | \$1,425,000.00 | \$182,260.96 |
| 28 | 5/1/2027 | \$1,425,000.00 | \$40,000.00 | \$40,000.00 | \$4,846.01 | \$1,385,000.00 | \$187,106.97 |
| 29 | 6/1/2027 | \$1,385,000.00 | \$40,000.00 | \$40,000.00 | \$4,709.98 | \$1,345,000.00 | \$191,816.95 |
| 30 | 7/1/2027 | \$1,345,000.00 | \$40,000.00 | \$40,000.00 | \$4,573.95 | \$1,305,000.00 | \$196,390.91 |
| 31 | 8/1/2027 | \$1,305,000.00 | \$40,000.00 | \$40,000.00 | \$4,437.92 | \$1,265,000.00 | \$200,828.83 |

| Payment number | Payment date | Beginning balance | Scheduled payment | Principal | Interest | Ending balance | Cumulative interest |
|----------------|--------------|-------------------|-------------------|--------------|------------|----------------|---------------------|
| 32 | 9/1/2027 | \$1,265,000.00 | \$40,000.00 | \$40,000.00 | \$4,301.90 | \$1,225,000.00 | \$205,130.73 |
| 33 | 10/1/2027 | \$1,225,000.00 | \$40,000.00 | \$40,000.00 | \$4,165.87 | \$1,185,000.00 | \$209,296.59 |
| 34 | 11/1/2027 | \$1,185,000.00 | \$40,000.00 | \$40,000.00 | \$4,029.84 | \$1,145,000.00 | \$213,326.43 |
| 35 | 12/1/2027 | \$1,145,000.00 | \$40,000.00 | \$40,000.00 | \$3,893.81 | \$1,105,000.00 | \$217,220.24 |
| 36 | 1/1/2028 | \$1,105,000.00 | \$40,000.00 | \$40,000.00 | \$3,757.78 | \$1,065,000.00 | \$220,978.03 |
| 37 | 2/1/2028 | \$1,065,000.00 | \$40,000.00 | \$40,000.00 | \$3,621.75 | \$1,025,000.00 | \$224,599.78 |
| 38 | 3/1/2028 | \$1,025,000.00 | \$40,000.00 | \$40,000.00 | \$3,485.73 | \$985,000.00 | \$228,085.51 |
| 39 | 4/1/2028 | \$985,000.00 | \$40,000.00 | \$40,000.00 | \$3,349.70 | \$945,000.00 | \$231,435.21 |
| 40 | 5/1/2028 | \$945,000.00 | \$40,000.00 | \$40,000.00 | \$3,213.67 | \$905,000.00 | \$234,648.88 |
| 41 | 6/1/2028 | \$905,000.00 | \$40,000.00 | \$40,000.00 | \$3,077.64 | \$865,000.00 | \$237,726.52 |
| 42 | 7/1/2028 | \$865,000.00 | \$40,000.00 | \$40,000.00 | \$2,941.61 | \$825,000.00 | \$240,668.13 |
| 43 | 8/1/2028 | \$825,000.00 | \$40,000.00 | \$40,000.00 | \$2,805.58 | \$785,000.00 | \$243,473.71 |
| 44 | 9/1/2028 | \$785,000.00 | \$40,000.00 | \$40,000.00 | \$2,669.56 | \$745,000.00 | \$246,143.27 |
| 45 | 10/1/2028 | \$745,000.00 | \$40,000.00 | \$40,000.00 | \$2,533.53 | \$705,000.00 | \$248,676.80 |
| 46 | 11/1/2028 | \$705,000.00 | \$40,000.00 | \$40,000.00 | \$2,397.50 | \$665,000.00 | \$251,074.30 |
| 47 | 12/1/2028 | \$665,000.00 | \$40,000.00 | \$40,000.00 | \$2,261.47 | \$625,000.00 | \$253,335.77 |
| 48 | 1/1/2029 | \$625,000.00 | \$40,000.00 | \$40,000.00 | \$2,125.44 | \$585,000.00 | \$255,461.21 |
| 49 | 2/1/2029 | \$585,000.00 | \$40,000.00 | \$40,000.00 | \$1,989.41 | \$545,000.00 | \$257,450.62 |
| 50 | 3/1/2029 | \$545,000.00 | \$40,000.00 | \$40,000.00 | \$1,853.39 | \$505,000.00 | \$259,304.01 |
| 51 | 4/1/2029 | \$505,000.00 | \$40,000.00 | \$40,000.00 | \$1,717.36 | \$465,000.00 | \$261,021.37 |
| 52 | 5/1/2029 | \$465,000.00 | \$40,000.00 | \$40,000.00 | \$1,581.33 | \$425,000.00 | \$262,602.70 |
| 53 | 6/1/2029 | \$425,000.00 | \$40,000.00 | \$40,000.00 | \$1,445.30 | \$385,000.00 | \$264,048.00 |
| 54 | 7/1/2029 | \$385,000.00 | \$40,000.00 | \$40,000.00 | \$1,309.27 | \$345,000.00 | \$265,357.27 |
| 55 | 8/1/2029 | \$345,000.00 | \$40,000.00 | \$40,000.00 | \$1,173.24 | \$305,000.00 | \$266,530.52 |
| 56 | 9/1/2029 | \$305,000.00 | \$40,000.00 | \$40,000.00 | \$1,037.22 | \$265,000.00 | \$267,567.73 |
| 57 | 10/1/2029 | \$265,000.00 | \$40,000.00 | \$40,000.00 | \$901.19 | \$225,000.00 | \$268,468.92 |
| 58 | 11/1/2029 | \$225,000.00 | \$40,000.00 | \$40,000.00 | \$765.16 | \$185,000.00 | \$269,234.08 |
| 59 | 12/1/2029 | \$185,000.00 | \$40,000.00 | \$40,000.00 | \$629.13 | \$145,000.00 | \$269,863.21 |
| 60 | 1/1/2030 | \$145,000.00 | \$145,000.00 | \$145,000.00 | | \$0.00 | |

EXHIBIT B (i)

NORTH CAROLINA DEED OF TRUST

SATISFACTION: The debt secured by the within Deed of Trust together with the Debt(s) secured thereby has been satisfied in full.

This the _____ day of _____, 20____

Signed: _____

Parcel Identifier No. 325104052 Verified by _____ County on the _____ day of _____, 20____

By: _____

Mail/Box to: Michael Anderson, Civil Chief, U.S. Attorney's Office, 150 Fayetteville Street, Suite 2100, Raleigh, NC 27601

This instrument was prepared by: Matthew R. Petracca, Special Assistant United States Attorney

Brief description for the Index: 412 Oregon Street, Lumberton, North Carolina, 28358

THIS DEED of TRUST made this 18th day of November, 2024 by and between:

| GRANTOR | TRUSTEE | BENEFICIARY |
|---|---|---|
| VIRGIL L. HUTCHINSON and BERTHA HUTCHINSON, his wife | MATTHEW R. PETRACCA, Special Assistant United States Attorney and Special Deputy Attorney General, State of North Carolina | UNITED STATES OF AMERICA, By and through the United States Attorney for the Eastern District of North Carolina STATE OF NORTH CAROLINA, By and through the North Carolina Attorney General |

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor, Trustee, and Beneficiary as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that whereas the Grantor is indebted to the Beneficiary in the principal sum of **Two-Million-Five-Hundred-and-Five-Thousand Dollars (\$2,505,000.00)**, as evidenced by the Settlement Agreement of even date herewith and to which this Deed of Trust is attached as Exhibit B. The terms of that Settlement Agreement are incorporated herein by reference.

NOW, THEREFORE, as security for said indebtedness, and advancements and other sums expended by Beneficiary pursuant to this Deed of Trust, costs of collection (including attorneys' fees as provided in the Settlement Agreement and this Deed of Trust), and other valuable consideration, the receipt of which is hereby acknowledged, the Grantor has bargained, sold, given and conveyed and does by these presents bargain, sell, give, grant and convey to said Trustee, his heirs, successors, and assigns, all of that certain lot, parcel of land or home situated at 412 Oregon Street, Lumberton, North Carolina, 28358 (the "Premises") and more particularly described in the North Carolina General Warranty Deed recorded on July 7, 1997, in Book 958, Page 0339 of the Robeson County Registry as follows:

In the City of Lumberton, Lumberton Township, Robeson County, North Carolina in the southeast section of said city, on the South side of and adjacent to Oregon Street, and being all of Lot "O" as shown and designated on a map entitled, "Map of Extension No. 2 of Sandy Grove Subdivision, in the City of Lumberton, N.C.", prepared by W.E. Stone, Jr., Surveyor on November 11, 1966 and duly recorded in Book of Official Maps No. 16 at Page 56, Robeson County Registry, to which said map reference is hereby made for a more particular description and the same is incorporated as part hereof.

And being that same lot or parcel of land conveyed from Douglas P. Murray, Substitute Trustee to Burroughs Wellcome Employees Credit Union by deed dated June 30, 1993 and recorded in Book 798 at Page 279, Robeson County Registry.

Also being that same lot or parcel of land conveyed from Burroughs Wellcome Employees Credit Union to Faceta W. Kindrick by deed dated August 30, 1994 and recorded in Book 843 at Page 837, Robeson County Registry.

TO HAVE AND TO HOLD said Premises with all privileges and appurtenances thereunto belonging, to said Trustee, his heirs, successors, and assigns forever, upon the trusts, terms and conditions, and for the uses hereinafter set forth.

If the Grantor shall pay the debt secured hereby in accordance with the terms of the Settlement Agreement, together with any interest due thereon, any renewals or extensions thereof in whole or in part, and all other sums secured hereby, and shall comply with all of the covenants, terms and conditions of this Deed of Trust, then this conveyance shall be null and void and may be canceled of record at the request and the expense of the Grantor.

If, however, there shall be any default (a) in the payment of any sums due under the Settlement Agreement and this Deed of Trust or any other instrument securing the debt set forth in the Settlement Agreement, or (b) if there shall be default in any of the other covenants, terms or conditions of the Settlement Agreement secured hereby, or any failure or neglect to comply with the covenants, terms or conditions contained in this Deed of Trust or any other instrument securing the debt set forth in the Settlement Agreement, then and in any of such events, without further notice, it shall be lawful for and the duty of the Trustee, upon request of the Beneficiary, to sell the land herein conveyed at public auction for cash, after having first given such notice of hearing as to commencement of foreclosure proceedings and obtained such findings or leave of court as may then be required by law and giving such notice and advertising the time and place of such sale in such manner as may then be provided by law, and upon such and any resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as the Trustee is empowered. The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The Trustee, at the sole discretion and request of the Beneficiary, may move the appropriate court to modify the terms of sale set forth above, so long as any sale of the Premises is conducted in a commercially reasonable manner.

The proceeds of the Sale shall, after the Trustee retains his commission (if any) together with reasonable attorneys' fees incurred by the Trustee in such proceedings, be applied to the costs of sale, including, but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount due on the debt set forth in the Settlement Agreement hereby secured and advancements and other sums expended by the Beneficiary according to the provisions hereof and otherwise as required by the then existing law relating to foreclosures. The Trustee's commission (if any) shall be five percent (5%) of the gross proceeds of the sale or the minimum sum of \$1.00 whichever is greater, for a completed foreclosure. In the event foreclosure is commenced, but not completed, the Grantor shall pay all expenses incurred by Trustee, including reasonable attorneys' fees, and a partial commission (if any) computed on five per cent (5%) of the outstanding indebtedness or the above stated minimum sum, whichever is greater, in accordance with the following schedule, to-wit: one-fourth (¼) thereof before the Trustee issues a notice of hearing on the right to foreclosure; one-half (½) thereof after issuance of said notice; three-fourths (¾) thereof after such hearing; and the greater of the full commission or minimum sum after the initial sale.

And the said Grantor does hereby covenant and agree with the Trustee as follows:

1. INSURANCE. Grantor shall keep all improvements on said land, now or hereafter erected, constantly insured for the benefit of the Beneficiary against loss by fire, windstorm and other casualties and contingencies. Grantor shall purchase such insurance, pay all premiums therefor, and shall deliver to Beneficiary such policies along with evidence of premium payments as long as the debt set forth in the Settlement Agreement secured hereby remains unpaid. If Grantor fails to purchase such insurance, pay premiums

therefor or deliver said policies along with evidence of payment of premiums thereon, then Beneficiary, at its option, may purchase such insurance. Such amounts paid by Beneficiary shall be added to the principal of the debt set forth in the Settlement Agreement secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary. All proceeds from any insurance so maintained shall at the option of Beneficiary be applied to the debt secured hereby and if payable in installments, applied in the inverse order of maturity of such installments or to the repair or reconstruction of any improvements located upon the Property.

2. TAXES, ASSESSMENTS, CHARGES. Grantor shall pay all taxes, assessments and charges as may be lawfully levied against said Premises within thirty (30) days after the same shall become due. In the event that Grantor fails to so pay all taxes, assessments and charges as herein required, then Beneficiary, at his option, may pay the same and the amounts so paid shall be added to the principal of the debt set forth in the Settlement Agreement secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary.

3. ASSIGNMENTS OF RENTS AND PROFITS. Grantor assigns to Beneficiary, in the event of default, all rents and profits from the land and any improvements thereon, and authorizes Beneficiary to enter upon and take possession of such land and improvements, to rent same, at any reasonable rate of rent determined by Beneficiary, and after deducting from any such rents the cost of reletting and collection, to apply the remainder to the debt secured hereby.

4. PARTIAL RELEASE. Grantor shall not be entitled to the partial release of any of the above described property unless a specific provision providing therefor is included in this Deed of Trust. In the event a partial release provision is included in this Deed of Trust, Grantor must strictly comply with the terms thereof. Notwithstanding anything herein contained, Grantor shall not be entitled to any release of property unless Grantor is not in default and is in full compliance with all of the terms and provisions of the Settlement Agreement, this Deed of Trust, and any other instrument that may be securing said debt set forth in the Settlement Agreement.

5. WASTE. The Grantor covenants that he will keep the Premises herein conveyed in as good order, repair and condition as they are now, reasonable wear and tear excepted, and will comply with all governmental requirements respecting the Premises or their use, and that he will not commit or permit any waste.

6. CONDEMNATION. In the event that any or all of the Premises shall be condemned and taken under the power of eminent domain, Grantor shall give immediate written notice to Beneficiary and Beneficiary shall have the right to receive and collect all damages awarded by reason of such taking, and the right to such damages hereby is assigned to Beneficiary who shall have the discretion to apply the amount so received, or any part thereof, to the indebtedness due hereunder and if payable in installments, applied in the inverse order of maturity of such installments, or to any alteration, repair or restoration of the Premises by Grantor.

7. WARRANTIES. Grantor covenants with Trustee and Beneficiary that he is seized of the Premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, except any encumbrances of record, and that he will warrant and defend the title against the lawful claims of all persons whomsoever, except for the exceptions hereinafter stated.

8. SUBSTITUTION OF TRUSTEE. Grantor and Trustee covenant and agree to and with Beneficiary that in case the said Trustee, or any successor trustee, shall die, become incapable of acting, renounce his trust, or for any reason the holder of the Settlement Agreement desires to replace said Trustee, then the holder may appoint, in writing, a trustee to take the place of the Trustee; and upon the probate and registration of the same, the trustee thus appointed shall succeed to all rights, powers and duties of the Trustee.

X THE FOLLOWING PARAGRAPH, 9. SALE OF PREMISES, SHALL NOT APPLY UNLESS THE BLOCK TO THE LEFT MARGIN OF THIS SENTENCE IS MARKED AND/OR INITIALED.

9. SALE OF PREMISES. Grantor agrees that if the Premises or any part thereof or interest therein is sold, assigned, transferred, conveyed or otherwise alienated by Grantor, whether voluntarily or involuntarily or by operation of law [other than: (i) the creation of a lien or other encumbrance subordinate to this Deed of Trust which does not relate to a transfer of rights of occupancy in the Premises; (ii) the creation of a purchase money security interest for household appliances; (iii) a transfer by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety; (iv) the grant of a leasehold interest of three (3) years or less not containing an option to purchase; (v) a transfer to a relative resulting from the death of a Grantor; (vi) a transfer where the spouse or children of the Grantor become the owner of the Premises; (vii) a transfer resulting from a decree of a dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement, by which the spouse of the Grantor becomes an owner of the Premises; (viii) a transfer into an inter vivos trust in which the Grantor is and remains a beneficiary and which does not relate to a transfer of rights of occupancy in the Premises], without the prior written consent of Beneficiary, Beneficiary, at its own option, may declare the debt set forth in the Settlement Agreement secured hereby and all other obligations hereunder to be forthwith due and payable. Any change in the legal or equitable title of the Premises or in the beneficial ownership of the Premises, including the sale, conveyance or disposition of a majority interest in the Grantor if a corporation or partnership, whether or not of record and whether or not for consideration, shall be deemed to be the transfer of an interest in the Premises.

10. ADVANCEMENTS. If Grantor shall fail to perform any of the covenants or obligations contained herein or in any other instrument given as additional security for the debt set forth in the Settlement Agreement secured hereby, the Beneficiary may, but without obligation, make advances to perform such covenants or obligations, and all such sums so advanced shall be added to the principal sum, shall bear interest at the rate provided in the Settlement Agreement secured hereby for sums due after default and shall be due from Grantor on demand of the Beneficiary. No advancement or anything contained in this paragraph shall constitute a waiver by Beneficiary or prevent such failure to perform from constituting an event of default.

11. INDEMNITY. If any suit or proceeding be brought against the Trustee or Beneficiary or if any suit or proceeding be brought which may affect the value or title of the Premises, Grantor shall defend, indemnify and hold harmless and on demand reimburse Trustee or Beneficiary from any loss, cost, damage or expense and any sums expended by Trustee or Beneficiary shall bear interest as provided in the Settlement Agreement secured hereby for sums due after default and shall be due and payable on demand.

12. WAIVERS. Grantor waives all rights to require marshaling of assets by the Trustee or Beneficiary. No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy arising under the Settlement Agreement or this Deed of Trust shall be deemed a waiver of any default or acquiescence therein or shall impair or waive the exercise of such right, power or remedy by Trustee or Beneficiary at any other time.

13. CIVIL ACTION. In the event that the Trustee is named as a party to any civil action as Trustee in this Deed of Trust, the Trustee shall be entitled to employ an attorney at law, including himself if he is a licensed attorney, to represent him in said action and the reasonable attorneys' fee of the Trustee in such action shall be paid by the Beneficiary and added to the principal of the Settlement Agreement secured by this Deed of Trust and bear interest at the rate provided in the Settlement Agreement for sums due after default.

14. PRIOR LIENS. Default under the terms of any instrument secured by a lien to which this Deed of Trust is subordinate shall constitute default hereunder.

15. OTHER TERMS. All terms and conditions of the Settlement Agreement executed contemporaneously with this Deed of Trust.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

[Signature] (SEAL)
[Signature] (SEAL)

DATE: 11/18/2024
11/18/2024

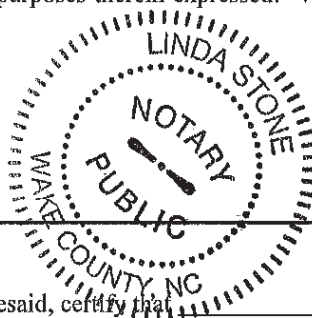
VIRGIL L. HUTCHINSON and
BERTHA HUTCHINSON, his wife

State of North Carolina - County of WAILE

I, the undersigned Notary Public of the County and State aforesaid, certify that VIRGIL L. HUTCHINSON AND BERTHA HUTCHINSON personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this 18th day of NOVEMBER, 2024

My Commission Expires: 2.6.2029

Linda Stone
Notary Public



State of North Carolina - County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this _____ day of _____, 20__.

My Commission Expires: _____

Notary Public

EXHIBIT B (ii)

NORTH CAROLINA DEED OF TRUST

SATISFACTION: The debt secured by the within Deed of Trust together with the Debt(s) secured thereby has been satisfied in full.

This the _____ day of _____, 20____

Signed: _____

Parcel Identifier No. 324301001 Verified by _____ County on the _____ day of _____, 20____

By: _____

Mail/Box to: Michael Anderson, Civil Chief, U.S. Attorney's Office, 150 Fayetteville Street, Suite 2100, Raleigh, NC 27601

This instrument was prepared by: Matthew R. Petracca, Special Assistant United States Attorney

Brief description for the Index: 617 S. Martin Luther King Dr., Lumberton, NC 28358

THIS DEED of TRUST made this 18th day of November, 2024 by and between:

| GRANTOR | TRUSTEE | BENEFICIARY |
|---|---|---|
| VIRGIL HUTCHINSON and wife, BERTHA M. HUTCHINSON | MATTHEW R. PETRACCA, Special Assistant United States Attorney and Special Deputy Attorney General, State of North Carolina | UNITED STATES OF AMERICA, By and through the United States Attorney for the Eastern District of North Carolina STATE OF NORTH CAROLINA, By and through the North Carolina Attorney General |

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor, Trustee, and Beneficiary as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that whereas the Grantor is indebted to the Beneficiary in the principal sum of **Two-Million-Five-Hundred-and-Five-Thousand Dollars (\$2,505,000.00)**, as evidenced by the Settlement Agreement of even date herewith and to which this Deed of Trust is attached as Exhibit B. The terms of that Settlement Agreement are incorporated herein by reference.

NOW, THEREFORE, as security for said indebtedness, and advancements and other sums expended by Beneficiary pursuant to this Deed of Trust, costs of collection (including attorneys' fees as provided in the Settlement Agreement and this Deed of Trust), and other valuable consideration, the receipt of which is hereby acknowledged, the Grantor has bargained, sold, given and conveyed and does by these presents bargain, sell, give, grant and convey to said Trustee, his heirs, successors, and assigns, all of that certain lot, parcel of land or home situated at 617 S. Martin Luther King Dr., Lumberton, NC 28358 (the "Premises") and more particularly described in the North Carolina Special Warranty Deed recorded on June 25, 2007, in Book 1612, Page 475 of the Robeson County Registry as follows:

BEING ALL OF LOTS NUMBER 60, 61, 62 and 63 of the Ward Subdivision, as per plat thereof recorded at Book of Maps #2, Page 128, Robeson County Registry.

Less and except the portion thereof conveyed by deed recorded in Deed Book 814, Page 791, Robeson County Registry.

Reference to said documents is hereby made for a more perfect description of said lots.

TO HAVE AND TO HOLD said Premises with all privileges and appurtenances thereunto belonging, to said Trustee, his heirs, successors, and assigns forever, upon the trusts, terms and conditions, and for the uses hereinafter set forth.

If the Grantor shall pay the debt secured hereby in accordance with the terms of the Settlement Agreement, together with any interest due thereon, any renewals or extensions thereof in whole or in part, and all other sums secured hereby, and shall comply with all of the covenants, terms and conditions of this Deed of Trust, then this conveyance shall be null and void and may be canceled of record at the request and the expense of the Grantor.

If, however, there shall be any default (a) in the payment of any sums due under the Settlement Agreement and this Deed of Trust or any other instrument securing the debt set forth in the Settlement Agreement, or (b) if there shall be default in any of the other covenants, terms or conditions of the Settlement Agreement secured hereby, or any failure or neglect to comply with the covenants, terms or conditions contained in this Deed of Trust or any other instrument securing the debt set forth in the Settlement Agreement, then and in any of such events, without further notice, it shall be lawful for and the duty of the Trustee, upon request of the Beneficiary, to sell the land herein conveyed at public auction for cash, after having first given such notice of hearing as to commencement of foreclosure proceedings and obtained such findings or leave of court as may then be required by law and giving such notice and advertising the time and place of such sale in such manner as may then be provided by law, and upon such and any resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as the Trustee is empowered. The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The Trustee, at the sole discretion and request of the Beneficiary, may move the appropriate court to modify the terms of sale set forth above, so long as any sale of the Premises is conducted in a commercially reasonable manner.

The proceeds of the Sale shall, after the Trustee retains his commission (if any) together with reasonable attorneys' fees incurred by the Trustee in such proceedings, be applied to the costs of sale, including, but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount due on the debt set forth in the Settlement Agreement hereby secured and advancements and other sums expended by the Beneficiary according to the provisions hereof and otherwise as required by the then existing law relating to foreclosures. The Trustee's commission (if any) shall be five percent (5%) of the gross proceeds of the sale or the minimum sum of \$1.00 whichever is greater, for a completed foreclosure. In the event foreclosure is commenced, but not completed, the Grantor shall pay all expenses incurred by Trustee, including reasonable attorneys' fees, and a partial commission (if any) computed on five per cent (5%) of the outstanding indebtedness or the above stated minimum sum, whichever is greater, in accordance with the following schedule, to-wit: one-fourth (¼) thereof before the Trustee issues a notice of hearing on the right to foreclosure; one-half (½) thereof after issuance of said notice; three-fourths (¾) thereof after such hearing; and the greater of the full commission or minimum sum after the initial sale.

And the said Grantor does hereby covenant and agree with the Trustee as follows:

1. **INSURANCE.** Grantor shall keep all improvements on said land, now or hereafter erected, constantly insured for the benefit of the Beneficiary against loss by fire, windstorm and other casualties and contingencies. Grantor shall purchase such insurance, pay all premiums therefor, and shall deliver to Beneficiary such policies along with evidence of premium payments as long as the debt set forth in the Settlement Agreement secured hereby remains unpaid. If Grantor fails to purchase such insurance, pay premiums therefor or deliver said policies along with evidence of payment of premiums thereon, then Beneficiary, at its option, may purchase such insurance. Such amounts paid by Beneficiary shall be added to the principal of the debt set forth in the Settlement Agreement secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary. All proceeds from any insurance so maintained shall at the option of Beneficiary be applied to the debt secured hereby and if payable in installments, applied in the inverse order of maturity of such installments or to the repair or reconstruction of any improvements located upon the Property.

2. **TAXES, ASSESSMENTS, CHARGES.** Grantor shall pay all taxes, assessments and charges as may be lawfully levied against said Premises within thirty (30) days after the same shall become due. In the event that Grantor fails to so pay all taxes, assessments and charges as herein required, then Beneficiary, at his option, may pay the same and the amounts so paid shall be

added to the principal of the debt set forth in the Settlement Agreement secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary.

3. ASSIGNMENTS OF RENTS AND PROFITS. Grantor assigns to Beneficiary, in the event of default, all rents and profits from the land and any improvements thereon, and authorizes Beneficiary to enter upon and take possession of such land and improvements, to rent same, at any reasonable rate of rent determined by Beneficiary, and after deducting from any such rents the cost of reletting and collection, to apply the remainder to the debt secured hereby.

4. PARTIAL RELEASE. Grantor shall not be entitled to the partial release of any of the above described property unless a specific provision providing therefor is included in this Deed of Trust. In the event a partial release provision is included in this Deed of Trust, Grantor must strictly comply with the terms thereof. Notwithstanding anything herein contained, Grantor shall not be entitled to any release of property unless Grantor is not in default and is in full compliance with all of the terms and provisions of the Settlement Agreement, this Deed of Trust, and any other instrument that may be securing said debt set forth in the Settlement Agreement.

5. WASTE. The Grantor covenants that he will keep the Premises herein conveyed in as good order, repair and condition as they are now, reasonable wear and tear excepted, and will comply with all governmental requirements respecting the Premises or their use, and that he will not commit or permit any waste.

6. CONDEMNATION. In the event that any or all of the Premises shall be condemned and taken under the power of eminent domain, Grantor shall give immediate written notice to Beneficiary and Beneficiary shall have the right to receive and collect all damages awarded by reason of such taking, and the right to such damages hereby is assigned to Beneficiary who shall have the discretion to apply the amount so received, or any part thereof, to the indebtedness due hereunder and if payable in installments, applied in the inverse order of maturity of such installments, or to any alteration, repair or restoration of the Premises by Grantor.

7. WARRANTIES. Grantor covenants with Trustee and Beneficiary that he is seized of the Premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, except any encumbrances of record, and that he will warrant and defend the title against the lawful claims of all persons whomsoever, except for the exceptions hereinafter stated.

8. SUBSTITUTION OF TRUSTEE. Grantor and Trustee covenant and agree to and with Beneficiary that in case the said Trustee, or any successor trustee, shall die, become incapable of acting, renounce his trust, or for any reason the holder of the Settlement Agreement desires to replace said Trustee, then the holder may appoint, in writing, a trustee to take the place of the Trustee; and upon the probate and registration of the same, the trustee thus appointed shall succeed to all rights, powers and duties of the Trustee.

| |
|---|
| X |
|---|

THE FOLLOWING PARAGRAPH, 9. SALE OF PREMISES, SHALL NOT APPLY UNLESS THE BLOCK TO THE LEFT MARGIN OF THIS SENTENCE IS MARKED AND/OR INITIALED.

9. SALE OF PREMISES. Grantor agrees that if the Premises or any part thereof or interest therein is sold, assigned, transferred, conveyed or otherwise alienated by Grantor, whether voluntarily or involuntarily or by operation of law [other than: (i) the creation of a lien or other encumbrance subordinate to this Deed of Trust which does not relate to a transfer of rights of occupancy in the Premises; (ii) the creation of a purchase money security interest for household appliances; (iii) a transfer by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety; (iv) the grant of a leasehold interest of three (3) years or less not containing an option to purchase; (v) a transfer to a relative resulting from the death of a Grantor; (vi) a transfer where the spouse or children of the Grantor become the owner of the Premises; (vii) a transfer resulting from a decree of a dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement, by which the spouse of the Grantor becomes an owner of the Premises; (viii) a transfer into an inter vivos trust in which the Grantor is and remains a beneficiary and which does not relate to a transfer of rights of occupancy in the Premises], without the prior written consent of Beneficiary, Beneficiary, at its own option, may declare the debt set forth in the Settlement Agreement secured hereby and all other obligations hereunder to be forthwith due and payable. Any change in the legal or equitable title of the Premises or in the beneficial ownership of the Premises, including the sale, conveyance or disposition of a majority interest in the Grantor if a corporation or partnership, whether or not of record and whether or not for consideration, shall be deemed to be the transfer of an interest in the Premises.

10. ADVANCEMENTS. If Grantor shall fail to perform any of the covenants or obligations contained herein or in any other instrument given as additional security for the debt set forth in the Settlement Agreement secured hereby, the Beneficiary may, but without obligation, make advances to perform such covenants or obligations, and all such sums so advanced shall be added to the principal sum, shall bear interest at the rate provided in the Settlement Agreement secured hereby for sums due after default and shall be due from Grantor on demand of the Beneficiary. No advancement or anything contained in this paragraph shall constitute a waiver by Beneficiary or prevent such failure to perform from constituting an event of default.

11. INDEMNITY. If any suit or proceeding be brought against the Trustee or Beneficiary or if any suit or proceeding be brought which may affect the value or title of the Premises, Grantor shall defend, indemnify and hold harmless and on demand reimburse Trustee or Beneficiary from any loss, cost, damage or expense and any sums expended by Trustee or Beneficiary shall bear interest as provided in the Settlement Agreement secured hereby for sums due after default and shall be due and payable on demand.

12. WAIVERS. Grantor waives all rights to require marshaling of assets by the Trustee or Beneficiary. No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy arising under the Settlement Agreement or this Deed of Trust shall be deemed a waiver of any default or acquiescence therein or shall impair or waive the exercise of such right, power or remedy by Trustee or Beneficiary at any other time.

13. CIVIL ACTION. In the event that the Trustee is named as a party to any civil action as Trustee in this Deed of Trust, the Trustee shall be entitled to employ an attorney at law, including himself if he is a licensed attorney, to represent him in said action and the reasonable attorneys' fee of the Trustee in such action shall be paid by the Beneficiary and added to the principal of the Settlement Agreement secured by this Deed of Trust and bear interest at the rate provided in the Settlement Agreement for sums due after default.

14. PRIOR LIENS. Default under the terms of any instrument secured by a lien to which this Deed of Trust is subordinate shall constitute default hereunder.

15. OTHER TERMS. All terms and conditions of the Settlement Agreement executed contemporaneously with this Deed of Trust.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

[Signature] (SEAL)
Bertha M. Hutchinson (SEAL)

DATE: 11/18/2024

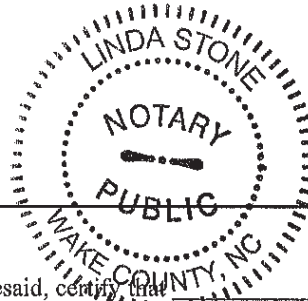
VIRGIL HUTCHINSON and wife,
BERTHA M. HUTCHINSON

State of North Carolina - County of WAKE

I, the undersigned Notary Public of the County and State aforesaid, certify that VIRGIL HUTCHINSON AND BERTHA M. HUTCHINSON personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this 18th day of NOVEMBER, 2024.

My Commission Expires: 2-6-2029

Linda Stone
Notary Public



State of North Carolina - County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this _____ day of _____, 20____.

My Commission Expires: _____

Notary Public

EXHIBIT B (iii)

NORTH CAROLINA DEED OF TRUST

SATISFACTION: The debt secured by the within Deed of Trust together with the Debt(s) secured thereby has been satisfied in full.

This the _____ day of _____, 20____

Signed: _____

Parcel Identifier No. 331101001 Verified by _____ County on the _____ day of _____, 20____

By: _____

Mail/Box to: Michael Anderson, Civil Chief, U.S. Attorney's Office, 150 Fayetteville Street, Suite 2100, Raleigh, NC 27601

This instrument was prepared by: Matthew R. Petracca, Special Assistant United States Attorney

Brief description for the Index: E Rockingham Road, Maxton, NC 28364

THIS DEED of TRUST made this 18th day of November, 2024 by and between:

| GRANTOR | TRUSTEE | BENEFICIARY |
|--|---|---|
| VIRGIL L. HUTCHINSON, SR. and wife, BERTHA HUTCHINSON | MATTHEW R. PETRACCA, Special Assistant United States Attorney and Special Deputy Attorney General, State of North Carolina | UNITED STATES OF AMERICA, By and through the United States Attorney for the Eastern District of North Carolina |
| | | STATE OF NORTH CAROLINA, By and through the North Carolina Attorney General |

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor, Trustee, and Beneficiary as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that whereas the Grantor is indebted to the Beneficiary in the principal sum of **Two-Million-Five-Hundred-and-Five-Thousand Dollars (\$2,505,000.00)**, as evidenced by the Settlement Agreement of even date herewith and to which this Deed of Trust is attached as Exhibit B. The terms of that Settlement Agreement are incorporated herein by reference.

NOW, THEREFORE, as security for said indebtedness, and advancements and other sums expended by Beneficiary pursuant to this Deed of Trust, costs of collection (including attorneys' fees as provided in the Settlement Agreement and this Deed of Trust), and other valuable consideration, the receipt of which is hereby acknowledged, the Grantor has bargained, sold, given and conveyed and does by these presents bargain, sell, give, grant and convey to said Trustee, his heirs, successors, and assigns, all of that certain lot, parcel of land or home situated at E Rockingham Road, Maxton, NC 28364 and identified as Parcel Reference No. 331101001 (the "Premises") and more particularly described in the North Carolina General Warranty Deed recorded on December 15, 2016, in Book 2066, Page 295 of the Robeson County Registry as follows:

Tract One: BEGINNING at an iron stake in the edge of the northern right of way of Henderson Street said point of beginning being located north 23 degrees 39 minutes 29 seconds east 6.16 feet from a concrete monument in the northern edge of Henderson Street and continuing from said point of beginning north 23 degrees 39 minutes 29 seconds east 370.10 feet to a concrete monument; thence north 66 degrees 20 minutes 21 seconds west 185.44 feet to an iron stake; thence north 33 degrees 29 minutes 26 seconds east 75.26 feet to an iron stake; thence north 33 degrees 40 minutes 37 seconds east 67.78 feet to an iron stake; thence south 61 degrees 22 minutes 51 seconds east 4.23 feet to an iron stake; thence north 33 degrees 01 minutes 8 seconds east 89.71 feet to an iron stake; thence south 48 degrees 55 minutes 03 seconds east 6.48 feet to an iron stake; thence north 32 degrees 06 minutes 56 seconds east 75 .00 feet to an iron stake; thence south 45 degrees 24 minutes 51 seconds east 18 feet to an iron stake; thence north 32 degrees 05 minutes 07 seconds east 291.62 feet to an iron stake in the edge of the southern right of way of Rockingham Road (SR 1302); thence continuing along the edge of the southern right of way of Rockingham Road (SR 1302) south 47 degrees 16 minutes 42 seconds east 258.41 feet to an iron stake; thence south 45 degrees 09 minutes 57 seconds east 86.09 feet to an iron stake in the edge of the southern right of way of Rockingham Road (SR 1302); thence continuing along the edge of the southern right of way of Rockingham Road (SR 1302) south 41 degrees 10 minutes 38 seconds east 373.75 feet to an iron stake in the edge of the southern right of way of Rockingham Road (SR 1302); thence south 55 degrees 42 minutes 45 seconds west 450.00 feet to an iron stake in the center of a ditch in an unopened portion of Sixth Street; thence south 62 degrees 40 minutes 15 seconds east 215.58 feet to an iron stake in a ditch; thence along said ditch south 59 degrees 34 minutes 26 seconds east 210.35 feet to an iron stake in said ditch; thence continuing in said ditch south 57 degrees 48 minutes 44 seconds east 107.02 feet to an iron stake; thence south 44 degrees 47 minutes 11 seconds west 55.99 feet to an iron stake; thence south 25 degrees 56 minutes 40 seconds west passing over an iron stake at a distance of 75 feet and continuing along the same course for distance of 115.00 feet to an iron stake in the edge of the northern right of way of McLaurin Avenue for a total distance of 190.00 feet; thence along the edge of the northern right of way of McLaurin Avenue; thence along the northern right of way of McLaurin Avenue north 65 degrees 32 minutes 20 seconds west 30.50 feet to an iron stake in the edge of northern right of way of McLaurin Avenue south 76 degrees 54 minutes 05 seconds west 52.74 feet to an iron stake; thence south 23 degrees 53 minutes 03 seconds west 10.00 feet to an iron stake in the edge of the enter section of the northern right of way of Henderson Street and the northern right of way of McLaurin Avenue; thence along the edge of the northern right of way of Henderson Street north 66 degrees 27 minutes 15 seconds west 313.36 feet to an iron stake in a ditch; thence north 60 degrees 25 minutes 03 seconds west 193.77 feet along a chord with a radius of 938.57 feet to an iron stake; thence north 60 degrees 00 minutes 44 seconds west 190.13 feet along the northern right of way of Henderson Street along a chord with a radius of 938.57 feet to an iron stake in the edge of the northern right of way of Henderson Street; thence north 66 degrees 20 minutes 33 seconds west 93.76 feet to an iron stake in the edge of the northern right of way of Henderson Street the point and place of beginning and containing 13.832 acres and being designated as Tract 2 according to that survey by J.F. Wampler

Engineering Inc., titled "Survey for Robert E. Burns lying in the town of Maxton, Maxton Township, Robeson County, North Carolina dated May 6, 2002."

Parcel Two: BEGINNING at a concrete monument in the edge of the southern right of way of Henderson Street and also being the northwest corner of that lot belonging to the Robeson County Church and Community Center Inc. recorded in Deed Book 1181 at Page 587, Robeson County Registry and continuing from said point of beginning south 23 degrees 37 minutes 19 seconds west 145.00 feet to a concrete monument; thence north 66 degrees 22 minutes 41 seconds west 81.70 feet to an iron stake; thence north 68 degrees 59 minutes 05 seconds west 9.14 feet to an iron stake in a ditch; thence north 17 degrees 25 minutes 55 seconds east 70.36 feet to an iron stake in a ditch; thence north 01 degrees 16 minutes 28 seconds east along said ditch 81.56 feet an iron stake in the edge of the southern right of way of Henderson Street; thence along the edge of the southern right of way of Henderson Street south 66 degrees 24 minutes 57 seconds east 47.73 feet to an iron stake in the edge of the southern right of way of Henderson Street; then south 66 degrees 22 minutes 41 seconds east 81.70 feet to a concrete monument in the edge of the southern right of way of Henderson Street the point and place of beginning and containing 0.348 acres and being designated as Tract 1 according to that survey by J.F. Wampler Engineering, Inc., titled "Survey for Robert E. Burns lying in the Town of Maxton, Maxton Township, Robeson County, North Carolina dated May 6, 2002."

TO HAVE AND TO HOLD said Premises with all privileges and appurtenances thereunto belonging, to said Trustee, his heirs, successors, and assigns forever, upon the trusts, terms and conditions, and for the uses hereinafter set forth.

If the Grantor shall pay the debt secured hereby in accordance with the terms of the Settlement Agreement, together with any interest due thereon, any renewals or extensions thereof in whole or in part, and all other sums secured hereby, and shall comply with all of the covenants, terms and conditions of this Deed of Trust, then this conveyance shall be null and void and may be canceled of record at the request and the expense of the Grantor.

If, however, there shall be any default (a) in the payment of any sums due under the Settlement Agreement and this Deed of Trust or any other instrument securing the debt set forth in the Settlement Agreement, or (b) if there shall be default in any of the other covenants, terms or conditions of the Settlement Agreement secured hereby, or any failure or neglect to comply with the covenants, terms or conditions contained in this Deed of Trust or any other instrument securing the debt set forth in the Settlement Agreement, then and in any of such events, without further notice, it shall be lawful for and the duty of the Trustee, upon request of the Beneficiary, to sell the land herein conveyed at public auction for cash, after having first given such notice of hearing as to commencement of foreclosure proceedings and obtained such findings or leave of court as may then be required by law and giving such notice and advertising the time and place of such sale in such manner as may then be provided by law, and upon such and any resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as the Trustee is empowered. The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The Trustee, at the sole discretion and request of the Beneficiary, may move the appropriate court to modify the terms of sale set forth above, so long as any sale of the Premises is conducted in a commercially reasonable manner.

The proceeds of the Sale shall, after the Trustee retains his commission (if any) together with reasonable attorneys' fees incurred by the Trustee in such proceedings, be applied to the costs of sale, including, but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount due on the debt set forth in the Settlement Agreement hereby secured and advancements and other sums expended by the Beneficiary according to the provisions hereof and otherwise as required by the then existing law relating to foreclosures. The Trustee's commission (if any) shall be five percent (5%) of the gross proceeds of the sale or the minimum sum of **\$1.00** whichever is greater, for a completed foreclosure. In the event foreclosure is commenced, but not completed, the Grantor shall pay all expenses incurred by Trustee, including reasonable attorneys' fees, and a partial commission (if any) computed on five per cent (5%) of the outstanding indebtedness or the above stated minimum sum, whichever is greater, in accordance with the following schedule, to-wit: one-fourth ($\frac{1}{4}$) thereof before the Trustee issues a notice of hearing on the right to foreclosure; one-half ($\frac{1}{2}$) thereof after issuance of said notice; three-fourths ($\frac{3}{4}$) thereof after such hearing; and the greater of the full commission or minimum sum after the initial sale.

And the said Grantor does hereby covenant and agree with the Trustee as follows:

1. **INSURANCE.** Grantor shall keep all improvements on said land, now or hereafter erected, constantly insured for the benefit of the Beneficiary against loss by fire, windstorm and other casualties and contingencies. Grantor shall purchase such insurance, pay all premiums therefor, and shall deliver to Beneficiary such policies along with evidence of premium payments as long as the debt set forth in the Settlement Agreement secured hereby remains unpaid. If Grantor fails to purchase such insurance, pay premiums therefor or deliver said policies along with evidence of payment of premiums thereon, then Beneficiary, at its option, may purchase

such insurance. Such amounts paid by Beneficiary shall be added to the principal of the debt set forth in the Settlement Agreement secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary. All proceeds from any insurance so maintained shall at the option of Beneficiary be applied to the debt secured hereby and if payable in installments, applied in the inverse order of maturity of such installments or to the repair or reconstruction of any improvements located upon the Property.

2. TAXES, ASSESSMENTS, CHARGES. Grantor shall pay all taxes, assessments and charges as may be lawfully levied against said Premises within thirty (30) days after the same shall become due. In the event that Grantor fails to so pay all taxes, assessments and charges as herein required, then Beneficiary, at his option, may pay the same and the amounts so paid shall be added to the principal of the debt set forth in the Settlement Agreement secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary.

3. ASSIGNMENTS OF RENTS AND PROFITS. Grantor assigns to Beneficiary, in the event of default, all rents and profits from the land and any improvements thereon, and authorizes Beneficiary to enter upon and take possession of such land and improvements, to rent same, at any reasonable rate of rent determined by Beneficiary, and after deducting from any such rents the cost of reletting and collection, to apply the remainder to the debt secured hereby.

4. PARTIAL RELEASE. Grantor shall not be entitled to the partial release of any of the above described property unless a specific provision providing therefor is included in this Deed of Trust. In the event a partial release provision is included in this Deed of Trust, Grantor must strictly comply with the terms thereof. Notwithstanding anything herein contained, Grantor shall not be entitled to any release of property unless Grantor is not in default and is in full compliance with all of the terms and provisions of the Settlement Agreement, this Deed of Trust, and any other instrument that may be securing said debt set forth in the Settlement Agreement.

5. WASTE. The Grantor covenants that he will keep the Premises herein conveyed in as good order, repair and condition as they are now, reasonable wear and tear excepted, and will comply with all governmental requirements respecting the Premises or their use, and that he will not commit or permit any waste.

6. CONDEMNATION. In the event that any or all of the Premises shall be condemned and taken under the power of eminent domain, Grantor shall give immediate written notice to Beneficiary and Beneficiary shall have the right to receive and collect all damages awarded by reason of such taking, and the right to such damages hereby is assigned to Beneficiary who shall have the discretion to apply the amount so received, or any part thereof, to the indebtedness due hereunder and if payable in installments, applied in the inverse order of maturity of such installments, or to any alteration, repair or restoration of the Premises by Grantor.

7. WARRANTIES. Grantor covenants with Trustee and Beneficiary that he is seized of the Premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, except any encumbrances of record, and that he will warrant and defend the title against the lawful claims of all persons whomsoever, except for the exceptions hereinafter stated.

8. SUBSTITUTION OF TRUSTEE. Grantor and Trustee covenant and agree to and with Beneficiary that in case the said Trustee, or any successor trustee, shall die, become incapable of acting, renounce his trust, or for any reason the holder of the Settlement Agreement desires to replace said Trustee, then the holder may appoint, in writing, a trustee to take the place of the Trustee; and upon the probate and registration of the same, the trustee thus appointed shall succeed to all rights, powers and duties of the Trustee.

X THE FOLLOWING PARAGRAPH, 9. SALE OF PREMISES, SHALL NOT APPLY UNLESS THE BLOCK TO THE LEFT MARGIN OF THIS SENTENCE IS MARKED AND/OR INITIALED.

9. SALE OF PREMISES. Grantor agrees that if the Premises or any part thereof or interest therein is sold, assigned, transferred, conveyed or otherwise alienated by Grantor, whether voluntarily or involuntarily or by operation of law [other than: (i) the creation of a lien or other encumbrance subordinate to this Deed of Trust which does not relate to a transfer of rights of occupancy in the Premises; (ii) the creation of a purchase money security interest for household appliances; (iii) a transfer by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety; (iv) the grant of a leasehold interest of three (3) years or less not containing an option to purchase; (v) a transfer to a relative resulting from the death of a Grantor; (vi) a transfer where the spouse or children of the Grantor become the owner of the Premises; (vii) a transfer resulting from a decree of a dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement, by which the spouse of the Grantor becomes an owner of the Premises; (viii) a transfer into an inter vivos trust in which the Grantor is and remains a beneficiary and which does not relate to a transfer of rights of occupancy in the Premises], without the prior written consent of Beneficiary, Beneficiary, at its own option, may declare the debt set forth in the Settlement Agreement secured hereby and all other obligations hereunder to be forthwith due and payable. Any change in the legal or equitable title of the Premises or in the beneficial ownership of the Premises, including the sale, conveyance or disposition of a majority interest in the Grantor if a corporation or partnership, whether or not of record and whether or not for consideration, shall be deemed to be the transfer of an interest in the Premises.

10. ADVANCEMENTS. If Grantor shall fail to perform any of the covenants or obligations contained herein or in any other instrument given as additional security for the debt set forth in the Settlement Agreement secured hereby, the Beneficiary may, but without obligation, make advances to perform such covenants or obligations, and all such sums so advanced shall be added to the principal sum, shall bear interest at the rate provided in the Settlement Agreement secured hereby for sums due after default and shall be due from Grantor on demand of the Beneficiary. No advancement or anything contained in this paragraph shall constitute a waiver by Beneficiary or prevent such failure to perform from constituting an event of default.

11. INDEMNITY. If any suit or proceeding be brought against the Trustee or Beneficiary or if any suit or proceeding be brought which may affect the value or title of the Premises, Grantor shall defend, indemnify and hold harmless and on demand reimburse Trustee or Beneficiary from any loss, cost, damage or expense and any sums expended by Trustee or Beneficiary shall bear interest as provided in the Settlement Agreement secured hereby for sums due after default and shall be due and payable on demand.

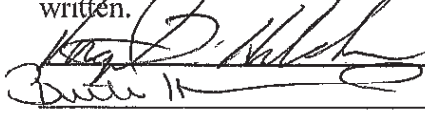
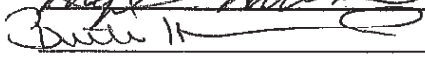
12. WAIVERS. Grantor waives all rights to require marshaling of assets by the Trustee or Beneficiary. No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy arising under the Settlement Agreement or this Deed of Trust shall be deemed a waiver of any default or acquiescence therein or shall impair or waive the exercise of such right, power or remedy by Trustee or Beneficiary at any other time.

13. CIVIL ACTION. In the event that the Trustee is named as a party to any civil action as Trustee in this Deed of Trust, the Trustee shall be entitled to employ an attorney at law, including himself if he is a licensed attorney, to represent him in said action and the reasonable attorneys' fee of the Trustee in such action shall be paid by the Beneficiary and added to the principal of the Settlement Agreement secured by this Deed of Trust and bear interest at the rate provided in the Settlement Agreement for sums due after default.

14. PRIOR LIENS. Default under the terms of any instrument secured by a lien to which this Deed of Trust is subordinate shall constitute default hereunder.

15. OTHER TERMS. All terms and conditions of the Settlement Agreement executed contemporaneously with this Deed of Trust.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

 (SEAL)
 (SEAL)

VIRGIL L. HUTCHINSON, SR. and wife,
BERTHA HUTCHINSON

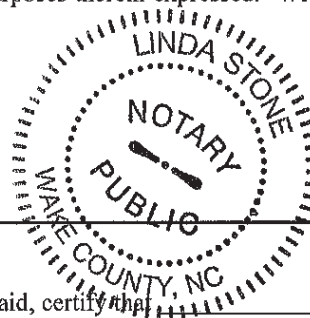
DATE: 11/18/2024
11th 18/2024

State of North Carolina - County of WAKE

I, the undersigned Notary Public of the County and State aforesaid, certify that VIRGIL L. HUTCHINSON, SR. AND BERTHA HUTCHINSON personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this 18th day of NOVEMBER, 2024

My Commission Expires: 2.6.2029


Notary Public



State of North Carolina - County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this _____ day of _____, 20__.

My Commission Expires: _____

Notary Public

EXHIBIT C

NORTH CAROLINA DEED OF TRUST

SATISFACTION: The debt secured by the within Deed of Trust together with the Debt(s) secured thereby has been satisfied in full.

This the _____ day of _____, 20____

Signed: _____

Parcel Identifier No. 330301038 Verified by _____ County on the _____ day of _____, 20____

By: _____

Mail/Box to: Michael Anderson, Civil Chief, U.S. Attorney's Office, 150 Fayetteville Street, Suite 2100, Raleigh, NC 27601

This instrument was prepared by: Matthew R. Petracca, Special Assistant United States Attorney

Brief description for the Index: 115 Harris Street, Maxton, North Carolina 28364

THIS DEED of TRUST made this 18th day of November, 2024 by and between:

| GRANTOR | TRUSTEE | BENEFICIARY |
|---|---|---|
| VIRGIL L. HUTCHINSON and wife, BERTHA HUTCHINSON | MATTHEW R. PETRACCA, Special Assistant United States Attorney and Special Deputy Attorney General, State of North Carolina | UNITED STATES OF AMERICA, By and through the United States Attorney for the Eastern District of North Carolina STATE OF NORTH CAROLINA, By and through the North Carolina Attorney General |

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor, Trustee, and Beneficiary as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that whereas the Grantor is indebted to the Beneficiary in the principal sum of **Two-Million-Five-Hundred-and-Five-Thousand Dollars (\$2,505,000.00)**, as evidenced by the Settlement Agreement of even date herewith and to which this Deed of Trust is attached as Exhibit C. The terms of that Settlement Agreement are incorporated herein by reference.

NOW, THEREFORE, as security for said indebtedness, and advancements and other sums expended by Beneficiary pursuant to this Deed of Trust, costs of collection (including attorneys' fees as provided in the Settlement Agreement and this Deed of Trust), and other valuable consideration, the receipt of which is hereby acknowledged, the Grantor has bargained, sold, given and conveyed and does by these presents bargain, sell, give, grant and convey to said Trustee, his heirs, successors, and assigns, all of that certain lot, parcel of land or home situated at 115 Harris Street, Maxton, NC 28364 (the "Premises") and more particularly described in the North Carolina General Warranty Deed recorded on June 22, 2016, in Book 2044, Page 793 of the Robeson County Registry as follows:

All of Lot Numbers Seven (7), Nine (9), Eleven (11), Thirteen (13), and Fifteen (15), Block "C" as shown and described by a certain plat or map entitled "Fairground Property, Maxton, NC, Property of W.S. McNair", prepared by J.E. Purnell and W.W. Baker, Civil Engineers, which map is recorded in Deed Book 5-I, Page 380, Robeson County Registry, to which map and the recordation thereof reference is hereby made for a more particular description of said lots.

The above described tract or parcel of land is that same tract conveyed to Gordon Teeters, Sr. by deed dated January 25, 1977, from Mary Snead Halperin, Widow, et als, which deed is recorded in Book 436, Page 55, Robeson County Registry.

TO HAVE AND TO HOLD said Premises with all privileges and appurtenances thereunto belonging, to said Trustee, his heirs, successors, and assigns forever, upon the trusts, terms and conditions, and for the uses hereinafter set forth.

If the Grantor shall pay the debt secured hereby in accordance with the terms of the Settlement Agreement, together with any interest due thereon, any renewals or extensions thereof in whole or in part, and all other sums secured hereby, and shall comply with all of the covenants, terms and conditions of this Deed of Trust, then this conveyance shall be null and void and may be canceled of record at the request and the expense of the Grantor.

If, however, there shall be any default (a) in the payment of any sums due under the Settlement Agreement and this Deed of Trust or any other instrument securing the debt set forth in the Settlement Agreement, or (b) if there shall be default in any of the other covenants, terms or conditions of the Settlement Agreement secured hereby, or any failure or neglect to comply with the covenants, terms or conditions contained in this Deed of Trust or any other instrument securing the debt set forth in the Settlement Agreement, then and in any of such events, without further notice, it shall be lawful for and the duty of the Trustee, upon request of the Beneficiary, to sell the land herein conveyed at public auction for cash, after having first given such notice of hearing as to commencement of foreclosure proceedings and obtained such findings or leave of court as may then be required by law and giving such notice and advertising the time and place of such sale in such manner as may then be provided by law, and upon such and any resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as the Trustee is empowered. The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The Trustee, at the sole discretion and request of the Beneficiary, may move the appropriate court to modify the terms of sale set forth above, so long as any sale of the Premises is conducted in a commercially reasonable manner.

The proceeds of the Sale shall, after the Trustee retains his commission (if any) together with reasonable attorneys' fees incurred by the Trustee in such proceedings, be applied to the costs of sale, including, but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount due on the debt set forth in the Settlement Agreement hereby secured and advancements and other sums expended by the Beneficiary according to the provisions hereof and otherwise as required by the then existing law relating to foreclosures. The Trustee's commission (if any) shall be five percent (5%) of the gross proceeds of the sale or the minimum sum of \$1.00 whichever is greater, for a completed foreclosure. In the event foreclosure is commenced, but not completed, the Grantor shall pay all expenses incurred by Trustee, including reasonable attorneys' fees, and a partial commission (if any) computed on five per cent (5%) of the outstanding indebtedness or the above stated minimum sum, whichever is greater, in accordance with the following schedule, to-wit: one-fourth (¼) thereof before the Trustee issues a notice of hearing on the right to foreclosure; one-half (½) thereof after issuance of said notice; three-fourths (¾) thereof after such hearing; and the greater of the full commission or minimum sum after the initial sale.

And the said Grantor does hereby covenant and agree with the Trustee as follows:

1. INSURANCE. Grantor shall keep all improvements on said land, now or hereafter erected, constantly insured for the benefit of the Beneficiary against loss by fire, windstorm and other casualties and contingencies. Grantor shall purchase such insurance, pay all premiums therefor, and shall deliver to Beneficiary such policies along with evidence of premium payments as long as the debt set forth in the Settlement Agreement secured hereby remains unpaid. If Grantor fails to purchase such insurance, pay premiums therefor or deliver said policies along with evidence of payment of premiums thereon, then Beneficiary, at its option, may purchase such insurance. Such amounts paid by Beneficiary shall be added to the principal of the debt set forth in the Settlement Agreement secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary. All proceeds from any insurance so

maintained shall at the option of Beneficiary be applied to the debt secured hereby and if payable in installments, applied in the inverse order of maturity of such installments or to the repair or reconstruction of any improvements located upon the Property.

2. TAXES, ASSESSMENTS, CHARGES. Grantor shall pay all taxes, assessments and charges as may be lawfully levied against said Premises within thirty (30) days after the same shall become due. In the event that Grantor fails to so pay all taxes, assessments and charges as herein required, then Beneficiary, at his option, may pay the same and the amounts so paid shall be added to the principal of the debt set forth in the Settlement Agreement secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary.

3. ASSIGNMENTS OF RENTS AND PROFITS. Grantor assigns to Beneficiary, in the event of default, all rents and profits from the land and any improvements thereon, and authorizes Beneficiary to enter upon and take possession of such land and improvements, to rent same, at any reasonable rate of rent determined by Beneficiary, and after deducting from any such rents the cost of reletting and collection, to apply the remainder to the debt secured hereby.

4. PARTIAL RELEASE. Grantor shall not be entitled to the partial release of any of the above described property unless a specific provision providing therefor is included in this Deed of Trust. In the event a partial release provision is included in this Deed of Trust, Grantor must strictly comply with the terms thereof. Notwithstanding anything herein contained, Grantor shall not be entitled to any release of property unless Grantor is not in default and is in full compliance with all of the terms and provisions of the Settlement Agreement, this Deed of Trust, and any other instrument that may be securing said debt set forth in the Settlement Agreement.

5. WASTE. The Grantor covenants that he will keep the Premises herein conveyed in as good order, repair and condition as they are now, reasonable wear and tear excepted, and will comply with all governmental requirements respecting the Premises or their use, and that he will not commit or permit any waste.

6. CONDEMNATION. In the event that any or all of the Premises shall be condemned and taken under the power of eminent domain, Grantor shall give immediate written notice to Beneficiary and Beneficiary shall have the right to receive and collect all damages awarded by reason of such taking, and the right to such damages hereby is assigned to Beneficiary who shall have the discretion to apply the amount so received, or any part thereof, to the indebtedness due hereunder and if payable in installments, applied in the inverse order of maturity of such installments, or to any alteration, repair or restoration of the Premises by Grantor.

7. WARRANTIES. Grantor covenants with Trustee and Beneficiary that he is seized of the Premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, except any encumbrances of record, and that he will warrant and defend the title against the lawful claims of all persons whomsoever, except for the exceptions hereinafter stated.

8. SUBSTITUTION OF TRUSTEE. Grantor and Trustee covenant and agree to and with Beneficiary that in case the said Trustee, or any successor trustee, shall die, become incapable of acting, renounce his trust, or for any reason the holder of the Settlement Agreement desires to replace said Trustee, then the holder may appoint, in writing, a trustee to take the place of the Trustee; and upon the probate and registration of the same, the trustee thus appointed shall succeed to all rights, powers and duties of the Trustee.

X THE FOLLOWING PARAGRAPH, 9. SALE OF PREMISES, SHALL NOT APPLY UNLESS THE BLOCK TO THE LEFT MARGIN OF THIS SENTENCE IS MARKED AND/OR INITIALED.

9. SALE OF PREMISES. Grantor agrees that if the Premises or any part thereof or interest therein is sold, assigned, transferred, conveyed or otherwise alienated by Grantor, whether voluntarily or involuntarily or by operation of law [other than: (i) the creation of a lien or other encumbrance subordinate to this Deed of Trust which does not relate to a transfer of rights of occupancy in the Premises; (ii) the creation of a purchase money security interest for household appliances; (iii) a transfer by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety; (iv) the grant of a leasehold interest of three (3) years or less not containing an option to purchase; (v) a transfer to a relative resulting from the death of a Grantor; (vi) a transfer where the spouse or children of the Grantor become the owner of the Premises; (vii) a transfer resulting from a decree of a dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement, by which the spouse of the Grantor becomes an owner of the Premises; (viii) a transfer into an inter vivos trust in which the Grantor is and remains a beneficiary and which does not relate to a transfer of rights of occupancy in the Premises], without the prior written consent of Beneficiary, Beneficiary, at its own option, may declare the debt set forth in the Settlement Agreement secured hereby and all other obligations hereunder to be forthwith due and payable. Any change in the legal or equitable title of the Premises or in the beneficial ownership of the Premises, including the sale, conveyance or disposition of a majority interest in the Grantor if a corporation or partnership, whether or not of record and whether or not for consideration, shall be deemed to be the transfer of an interest in the Premises.

10. ADVANCEMENTS. If Grantor shall fail to perform any of the covenants or obligations contained herein or in any other instrument given as additional security for the debt set forth in the Settlement Agreement secured hereby, the Beneficiary may, but without obligation, make advances to perform such covenants or obligations, and all such sums so advanced shall be added to the principal sum, shall bear interest at the rate provided in the Settlement Agreement secured hereby for sums due after default and shall be due from Grantor on demand of the Beneficiary. No advancement or anything contained in this paragraph shall constitute a waiver by Beneficiary or prevent such failure to perform from constituting an event of default.

11. INDEMNITY. If any suit or proceeding be brought against the Trustee or Beneficiary or if any suit or proceeding be brought which may affect the value or title of the Premises, Grantor shall defend, indemnify and hold harmless and on demand reimburse Trustee or Beneficiary from any loss, cost, damage or expense and any sums expended by Trustee or Beneficiary shall bear interest as provided in the Settlement Agreement secured hereby for sums due after default and shall be due and payable on demand.

12. WAIVERS. Grantor waives all rights to require marshaling of assets by the Trustee or Beneficiary. No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy arising under the Settlement Agreement or this Deed of Trust shall be deemed a waiver of any default or acquiescence therein or shall impair or waive the exercise of such right, power or remedy by Trustee or Beneficiary at any other time.

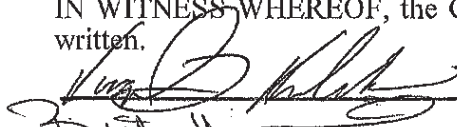
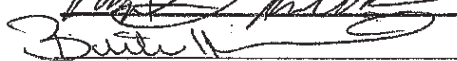
13. CIVIL ACTION. In the event that the Trustee is named as a party to any civil action as Trustee in this Deed of Trust, the Trustee shall be entitled to employ an attorney at law, including himself if he is a licensed attorney, to represent him in said action and the reasonable attorneys' fee of the Trustee in such action shall be paid by the Beneficiary and added to the principal of the

Settlement Agreement secured by this Deed of Trust and bear interest at the rate provided in the Settlement Agreement for sums due after default.

14. PRIOR LIENS. Default under the terms of any instrument secured by a lien to which this Deed of Trust is subordinate shall constitute default hereunder.

15. OTHER TERMS. All terms and conditions of the Settlement Agreement executed contemporaneously with this Deed of Trust.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

 (SEAL)
 (SEAL)

VIRGIL L. HUTCHINSON and wife,
BERTHA HUTCHINSON

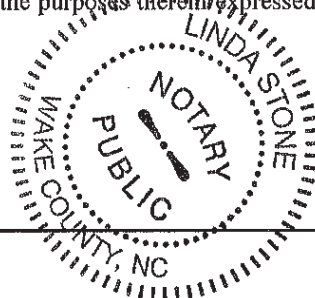
11/18/2024
DATE: 11/18/2024

State of North Carolina - County of WAKE

I, the undersigned Notary Public of the County and State aforesaid, certify that VIRGIL L. HUTCHINSON
AND BERTHA HUTCHINSON personally appeared before me this day and
acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial
stamp or seal this 18th day of NOVEMBER, 2024.

My Commission Expires: 2.6.2029


Notary Public



State of North Carolina - County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____
_____ personally appeared before me this day and
acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial
stamp or seal this _____ day of _____, 20__.

My Commission Expires: _____

Notary Public

EXHIBIT D

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION**

NO. _____

UNITED STATES OF AMERICA and
THE STATE OF NORTH CAROLINA,

Plaintiffs,

v.

SOUTHEASTERN BEHAVIORAL
HEALTHCARE SERVICES, LLC,
BERTHA HUTCHINSON, and VIRGIL L.
HUTCHINSON, SR.

Defendants.

**CONSENT ORDER FOR
ENTRY OF JUDGMENT**

The United States of America and the State of North Carolina, Plaintiffs, by and through the United States Attorney for the Eastern District of North Carolina, and the Attorney General of the State of North Carolina, and Southeastern Behavioral Healthcare Services, LLC, Bertha Hutchinson, and Virgil L. Hutchinson, Sr., Defendants, hereby stipulate and agree to entry of Judgment in this action.

Defendants, Southeastern Behavioral Healthcare Services, LLC, Bertha Hutchinson, and Virgil L. Hutchinson, Sr., entered into a Settlement Agreement with the United States and the State of North Carolina to resolve claims of violations of the False Claims Act, 31 U.S.C. § 3729, *et seq.* and the North Carolina False Claims Act, N.C.G.S. § 1-605 *et seq.* Among other things, the Defendants agreed to pay the United States and the State of North Carolina \$2,505,000.00 (“Settlement Amount”) plus interest at a rate of

4 percent per annum. Defendants agreed to pay this settlement amount in monthly installments of \$40,000 per month, starting February 1, 2025, and continuing until the Settlement Amount was paid in full, with a balloon payment being paid as the 60th payment. Defendants further agreed that in the event of default, the United States and the State of North Carolina are authorized to immediately take any collection action permitted by law, including filing a breach-of-contract action, and that Defendants would not contest any such enforcement action. Defendants further agreed that in the event of default, the Settlement Amount and all accrued interest (together, “Default Balance”) would become immediately due and payable, and that interest on the Default Balance would accrue at a rate of 8 percent per annum compounded daily. In connection with the Settlement Agreement, moreover, Defendants agreed to sign this consent order for entry of judgment.

The Defendants have now defaulted. Pursuant to the terms of the Settlement Agreement, the United States and the State of North Carolina, with the Defendants’ prior consent, now move for entry of judgment.

Based on the allegations in the Complaint filed by the United States and the State of North Carolina, and the Defendants having agreed to waive service of the Complaint and summons, the Court finds that Defendants have consented to personal jurisdiction and venue in the Eastern District of North Carolina, and that the Court has subject matter jurisdiction over this action. The Court further finds, based on its independent review of the United States and the State of North Carolina’s Complaint, that the United States and the State of North Carolina have stated claims on which relief can be granted. Finally, the

Court finds that Defendants have waived their right to contest this action. Accordingly, it is hereby:

ORDERED that judgment is entered in favor of the United States against the Defendants, Southeastern Behavioral Healthcare Services, LLC, Bertha Hutchinson, and Virgil L. Hutchinson, Sr., jointly and severally, in the principal amount of \$2,505,000.00, plus all accrued interest at 4 percent per annum, less all payments made by Defendants since that date. The attached accounting [Exhibit A] shows that the balance upon which judgment should be entered is \$_____ as of _____.

Based on the parties' Settlement Agreement, the Court further ORDERS that interest on the judgment shall accrue at a rate of 8 percent per annum compounded daily, from the date of default of _____.

The Clerk of Court is DIRECTED to prepare and enter judgment in this case as ordered above. Pursuant to Federal Rule of Civil Procedure 62(a), and with the parties' consent, the Court further ORDERS that the judgment is immediately enforceable.

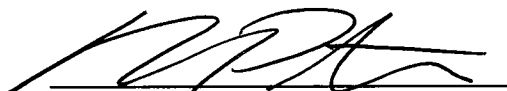
SO ORDERED, this _____ day of _____.

United States District Judge

CONSENTED TO:

Plaintiffs, the United States of America and the State of North Carolina

Dated 12/2/2024



Matthew R. Petracca
Special Assistant United States Attorney
Eastern District of North Carolina

Dated 12/2/2024



Matthew R. Petracca
Special Deputy Attorney General, State of North Carolina
Medicaid Investigations Division

**Defendants, Southeastern Behavioral Healthcare Services, LLC, Bertha Hutchinson,
and Virgil L. Hutchinson**

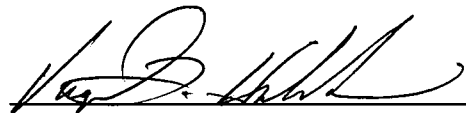
I hereby acknowledge that I waive my right to receive a copy of the Complaint and Summons in this matter and agree to entry of judgment against me based upon the terms listed in this consent order for entry of judgment, which are consistent with the terms of the Settlement Agreement that I have reviewed and signed, with counsel.

Dated 11/18/2024



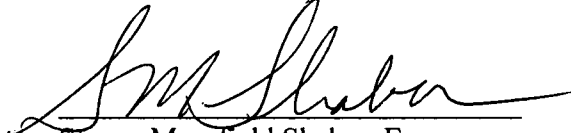
Bertha Hutchinson, Individually
and on behalf of Southeastern Behavioral
Healthcare Services, LLC

Dated 11/18/2024



Virgil L. Hutchinson, Sr., Individually
and on behalf of Southeastern Behavioral
Healthcare Services, LLC

Dated 11/18/2024



Steven Mansfield Shaber, Esq.
Counsel for Virgil L. Hutchinson, Sr.,
Betha Hutchinson, and Southeastern
Behavioral Healthcare Services, LLC