

SETTLEMENT AND RELEASE AGREEMENT

THIS SETTLEMENT AND RELEASE AGREEMENT (“Agreement”), is made and entered into by and between Plaintiffs Oxford House, Inc., a Maryland nonprofit corporation and Oxford House-Four Corners, a New Mexico unincorporated association (“Plaintiffs”), and Defendant City of Farmington, New Mexico, a New Mexico municipality (“Defendant”), all of whom are collectively referred to as “the Parties” hereafter.

RECITALS

WHEREAS, Plaintiffs asserted various claims against Defendant in the lawsuit styled as *Oxford House, Inc. and Oxford House-Four Corners v. City of Farmington, New Mexico*, No. 1:24-cv-00757 pending in the United States District Court for the District of New Mexico (“Lawsuit”). The Lawsuit seeks certain relief against Defendant related to Plaintiffs’ establishment and operation of Oxford House-Four Corners (“OHFC”) located at 202 West 38th Street, Farmington, New Mexico, 87401, which operates as a self-run, self-supported recovery house for individuals recovering from Substance Use Disorder.

WHEREAS, Plaintiffs contend that the Defendant violated the Fair Housing Act (“FHA”) and the Americans with Disabilities Act (“ADA”) by intentionally discriminating against Plaintiffs on the basis of disability, by refusing to grant Plaintiffs a reasonable accommodation, and by retaliating against Plaintiffs for exercising their rights under the FHA and ADA (“Plaintiffs’ Claims”), and Defendant disputes Plaintiffs’ Claims and the extent of damages claimed by Plaintiffs (hereinafter referred to as “the Dispute”);

WHEREAS, As a result of the Parties’ respective investigations regarding Plaintiffs’ Claims, as well as the confidential settlement discussions of the Parties and their counsel, and to avoid the expense, inconvenience, and burden of litigation, the Parties agree to the settlement set forth herein to fully, completely, and in good faith resolve this matter, including, without limitation, Plaintiffs’ Claims, and any and all claims related to the series of transactions and occurrences described in the Complaint that were or could have been alleged in the Complaint or Answer, with no admission of liability by any Party

WHEREAS, the Parties recognize that this settlement is a compromise for the purpose of avoiding the perils of litigation and that this settlement is a compromise of a larger demand and this final compromise and settlement and payments made hereunder shall never be treated by any person or other entity at any time for any purpose as an admission or evidence of negligence, liability or responsibility on the part of Defendant who expressly denies any negligence, liability and responsibility for Plaintiffs’ claims and damages;

NOW, THEREFORE, in consideration of the promises, agreements, covenants and representations contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

TERMS OF AGREEMENT

1.0 Effective date

The Effective Date of this Agreement shall be the date on which all Parties have executed this Agreement, as evidenced by the latest date on the signature pages below.

2.0 Mutual Release and Discharge

(a) For and in consideration of the promises, commitments and undertakings set forth herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and effective upon full execution of this Agreement, Plaintiffs hereby completely release and forever discharge Defendant and its respective partners, members, shareholders, officers, directors, agents, employees, insurers, representatives, servants, subsidiaries, affiliates, joint ventures, predecessors, successors, and attorneys, (collectively “Defendant Released Parties”) from any and all past, present or future claims, demands, obligations, actions, causes of action, rights, damages, costs, losses of services, expenses and compensation of any nature whatsoever, whether based on a tort, criminal act, contract, statute, or other theory or recovery related to the series of transactions and occurrences described in the Complaint comprising the instant dispute, which Plaintiffs, or anyone claiming under or through them, now have accrued or otherwise may be acquired as of the Effective Date of this Agreement, on account of, or may in any way grow out of or relate to the Dispute, without limitation, any and all known or unknown claims of Plaintiffs, shareholders, parent, subsidiaries, divisions, affiliated business entities, predecessors in interest, successors in interest, insurers, successors, trustees, attorneys or assigns and any other representative, which have resulted or may result from the alleged acts or omissions of any of the Defendant Released Parties.

(b) For and in consideration of the promises, commitments and undertakings set forth herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and effective upon full execution of this Agreement, Defendant hereby completely release and forever discharges Plaintiffs and their respective partners, members, shareholders, officers, directors, agents, employees, insurers, representatives, servants, subsidiaries, affiliates, joint ventures, predecessors, successors, and attorneys, (collectively “Plaintiff Released Parties”) from any and all past, present or future claims, demands, obligations, actions, causes of action, rights, damages, costs, losses of services, expenses and compensation of any nature whatsoever, whether based on a tort, criminal act, contract, statute, or other theory or recovery related to the series of transactions and occurrences described in the Complaint comprising the instant dispute, which Defendant, or anyone claiming under or through it, now have accrued or otherwise may be acquired as of the Effective Date of this Agreement, on account of, or may in any way grow out of or relate to the Dispute, without limitation, any and all known or unknown claims of Defendant, shareholders, parent, subsidiaries, divisions, affiliated business entities, predecessors in interest, successors in interest, insurers, successors, trustees, attorneys or assigns and any other representative, which have resulted or may result from the alleged acts or omissions of any of the Plaintiff Released Parties.

(c) This mutual release shall be a fully binding and complete settlement, accord and satisfaction among the Parties, their shareholders, parent, subsidiaries, divisions, affiliated business entities, predecessors in interest, successors in interest, insurers, successors, trustees, attorneys or assigns and any other representative.

3.0 Obligations of Defendant

In consideration of this Agreement and Release, Defendant agrees to perform the following:

(a) To treat OHFC and any additional Oxford House within the City as the functional equivalent of a family and an acceptable single-family use;

(b) Within seven days of the date of the effective date, to dismiss with prejudice the civil proceeding against OHI that was filed in the State of New Mexico, County of San Juan, Eleventh Judicial District Court, case number D-1116-CV-2024-00571;

(c) To not oppose Joseph Rodriguez's expungement of records related to case No. 2024-0003888 in the Municipal Court of the City of Farmington, State of New Mexico;

(d) Within ninety days of the effective date, to implement a process for reasonable accommodation requests related to sober-living homes, which Plaintiffs may obtain information regarding this process by submitting a New Mexico Inspection of Public Records Act request directly to City Attorney;

(e) Within ninety days of the effective date, to provide training addressing the FHA and the ADA to those charged with the enforcement of UDC, which Plaintiffs may obtain information regarding this process by submitting a New Mexico Inspection of Public Records Act request directly to City Attorney; and

(f) Within twenty-one days of the effective date, to pay by check the total sum of Three Hundred Thousand Dollars and No Cents (\$300,000.00) to "Relman Colfax, PLLC." The check shall be delivered to:

Reed Colfax
Relman Colfax PLLC
1225 19th Street NW, Ste. 600
Washington, DC 20036

All sums being paid to Plaintiffs are intended to constitute damages arising from the Dispute and reasonable attorneys' fees, agreed upon by the Parties, and costs. Plaintiffs expressly understand and acknowledge that the Defendant Released Parties do not warrant or represent any tax consequences in connection with this Agreement or payment of the settlement funds and agrees that they are relying on their own legal and/or tax advisors and not on the Defendant Released Parties with respect to any tax aspects of this Agreement or payment of the settlement amount.

4.0 Obligations of Plaintiffs

Plaintiffs shall file a dismissal with prejudice of the Lawsuit within seven days after Defendant has complied with sub-Sections 2(a), (b), and (f) of this Agreement.

5.0 Attorneys' Fees

Except as provided in Section 2(f) of this Agreement, each party hereto shall bear its own attorneys' fees and costs arising from the dealings of its own counsel in connection with the Dispute and/or this Agreement and the matters and documents referred to herein.

In the event Plaintiffs (or either Plaintiff individually) commence or file an additional charge, claim, or suit that has been released herein, or in the event Defendant Released Parties, or any one of them or their counsel has to defend a claim arising from the Dispute, Plaintiffs agree to pay for the defense of the claim, including attorney's fees, costs and any other expenses, and to indemnify and hold Defendant Released Parties harmless from any such claim.

In the event Defendant, or any person or entity acting on behalf of Defendant, commences or files an additional charge, claim, or suit that has been released herein, or in the event Plaintiff Released Parties, or any one of them or their counsel has to defend a claim arising from the Dispute, Defendant agrees to pay for the defense of the claim, including attorney's fees, costs and any other expenses, and to indemnify and hold Plaintiff Released Parties harmless from any such claim.

6.0 Representation of Comprehension of Document

In entering into this Agreement, the Parties represent that they have relied upon the advice of an attorney(s) of their own choice concerning the legal consequences of this Agreement, that the terms of this Agreement have been completely explained to each Party by its respective attorney(s), and that the terms of this Agreement are fully understood and voluntarily accepted. Counsel for Plaintiffs verifies that they and their agents have explained this Release to Plaintiffs and Plaintiffs acknowledge and represent that they understand this Agreement in its entirety and freely and voluntarily enter into this Agreement. Counsel for Defendant verifies that they and their agents have explained this Release to Defendant and Defendant acknowledges and represents that it understands this Agreement in its entirety and freely and voluntarily enters into this Agreement.

7.0 Warranty of Capacity to Execute Agreement

The Parties represent and warrant that no other person or entity has, or had, any interest in the claims, demands, obligations, or causes of action released in this Agreement, except as otherwise set forth herein; that the representatives of the Parties executing this Agreement have the sole right and exclusive authority to execute this Agreement and Release that the Parties have not sold, assigned, transferred, conveyed, or otherwise disposed of any of the claims, demands, obligations or causes of action released in this Agreement.

8.0 Additional Documents

The Parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions that may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement. This Agreement may be executed in multiple counterparts.

9.0 Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Mexico and the laws of the United States applicable to transactions in New Mexico.

10.0 Entire Agreement and Successor in Interest

This Agreement contains the entire agreement among the Parties with regard to the matters set forth in it and shall be binding upon and inure to the benefit of their shareholders, parent, subsidiaries, divisions, affiliated business entities, predecessors in interest, successors in interest, insurers, successors, trustees, attorneys or assigns and any other representative of the Parties.

11.0 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original.

[SIGNATURE PAGES FOLLOW]