

SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE is made and entered into as of the _____ day of January, 2026, by and between **THE TOWN OF CHAPEL HILL**, a North Carolina municipal corporation organized and existing under the laws of the State of North Carolina (the “Town”), and Joe Valentine and Irene Valentine, (collectively, “Valentines”), sometimes referred to as “Parties” or a “Party.”

WHEREAS, on June 23, 2021, the Town enacted Ordinance (2021-06-23/O-9) creating a short-term rental (STR) land use and creating classifications of short-term rentals within the Town (the “STR Ordinance”);

WHEREAS, the Valentines own property within the Town (the Property) that from time to time is utilized for rentals of short duration. Under the STR Ordinance, use of a dwelling as a dedicated STR is not permitted in the zone where the Property is located;

WHEREAS, the Valentines brought actions 21-CVS-1341, Joe and Irene Valentine v. Town of Chapel Hill, in North Carolina Superior Court, Orange County, as well as 25-CV-1468-670, Joe and Irene Valentine v. Town of Chapel Hill, and 1:22-CV-102, Joe and Irene Valentine v. Town of Chapel Hill (dismissed) in Federal Court, challenging the manner in which the Town regulated short-term rentals through the STR Ordinance.

WHEREAS, the Parties have determined that the Valentines can generally achieve their desired ends for the Property with a primary residence STR permit, which is expressly permitted in the current zoning district, and eliminate the need for continued litigation related to short-term rentals or the STR Ordinance;

WHEREAS, the Parties desire to avoid continued litigation and to compromise and settle the disputes between them as set forth in this Agreement, and that the governing board of the Town has authorized the terms of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises set forth in this Agreement, and for other good and valuable consideration, the receipt, adequacy, and sufficiency of which the Parties acknowledge, the Parties agree as follows:

1. Dismissal of lawsuit. Within five (5) business days of execution of this Agreement, the Valentines will dismiss their lawsuit.
2. Primary Residence STR ZCP. Within thirty (30) days of dismissal of the lawsuit, and contingent upon such dismissal, the Town will issue a Zoning Compliance Permit, in a form acceptable to the Town, to the Valentines to operate a primary residence STR as that use is currently defined in Appendix A of the Town’s Land Use Management Ordinance (the “STR Permit”). The STR Permit shall include no conditions, limitations, or restrictions other than those expressly set forth in this Agreement, and the Town shall not impose any new or additional conditions, requirements, or restrictions in connection with the issuance of the STR Permit beyond those agreed to by the Parties herein and otherwise applicable under the LUMO.

3. Releases. Immediately upon receipt of the STR Permit:

a. The Valentines, for themselves and their heirs, successors, affiliates and assigns, and anyone claiming by or through them, hereby dismisses, releases and forever discharges the Town and its departments, divisions, and subdivisions, together with past, present, and future employees, agents, representatives, insurers, and attorneys, and successors and assigns of each of them from any and all rights, claims, demands, allegations, liabilities (contingent or otherwise), judgments, damages, fees, penalties, fines, causes of action, known or unknown, now existing or which may arise or be asserted at some future time, and which refer or relate in whole or in part to the allegations, assertions, and claims asserted by the Valentines, including any present or future claims to any entitlement to operate the Property as a Dedicated STR as defined in the STR Ordinance;

5. Representations and Warranties. The Parties make the following representations and warranties to each other:

(a) Each Party warrants and represents that this Agreement has been duly executed and delivered by that Party;

(b) Each Party warrants and represents that the terms of this Agreement are contractual, and are the result of negotiation between the Parties;

(c) Each Party warrants and represents that this Agreement has been carefully read by that Party, that the contents hereof are known to and understood by that Party, and that this Agreement is signed freely by each Party, after the opportunity for consultation and advice from legal counsel of each Party's own choosing;

(d) Each Party represents and acknowledges that it has participated in the preparation and drafting of this Agreement and has each given its approval to all of the language contained in this Agreement, and it is expressly agreed and acknowledged that if any Party later claims that there is an ambiguity in the language of this Agreement, there shall be no presumption that such ambiguity be construed for or against any Party hereto; and

(e) Each Party warrants and represents that said Party has not assigned, transferred, or conveyed in any manner any claims or rights released by this Agreement.

6. Settlement. Nothing contained in this Agreement shall be construed as an admission by any Party of liability of any kind to any other Party. All such liability is expressly denied.

7. Integration. This Agreement constitutes a single integrated contract expressing the entire agreement of the Parties relative to the matters referenced herein. All prior discussions, negotiations, and agreements concerning said matters are merged and integrated into this Agreement.

8. Choice of Law and Forum. This Agreement shall be governed by and interpreted in accordance with the laws of the State of North Carolina as they are applied to contracts made and to be wholly performed in this State, without regard to any choice of law rules to the contrary.

9. No Oral Modification. This Agreement represents the entire agreement of the Parties and may not be amended orally.

10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which when taken together shall constitute one instrument.

11. Severability. If any term, provision or condition contained in this Agreement shall, to any extent, be ruled invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and each and every other term, provision and condition of this Agreement shall be enforceable to the fullest extent permitted by law.

12. Non-Waiver. The waiver of any breach of this Agreement shall not be construed as a waiver of any subsequent breach.

WHEREFORE, the Parties have executed this Agreement as of the date first above written.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE TOWN OF CHAPEL HILL,
a North Carolina municipal corporation

By: _____
Name: _____
Title: _____

JOE VALENTINE,

By: _____
Name: _____

IRENE VALENTINE,
