



VG-342-2017-151733

**Denton County
Juli Luke
County Clerk**

Instrument Number: 151733

Real Property Recordings

MISCELLANEOUS

Recorded On: December 12, 2017 11:09 AM

Number of Pages: 6

" Examined and Charged as Follows: "

Total Recording: \$46.00

******* THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 151733
Receipt Number: 20171212000228
Recorded Date/Time: December 12, 2017 11:09 AM
User: Jane K
Station: Station 9

Record and Return To:

SOUTHRIDGE ESTATES HOA
P.O. BOX 668

DENTON TX 76202



STATE OF TEXAS
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke
County Clerk
Denton County, TX

**SOUTHRIDGE ESTATES HOMEOWNERS ASSOCIATION, INC.
CONFLICT OF INTEREST POLICY**

THE STATE OF TEXAS §
 §
COUNTY OF DENTON §

I, Michelle A. Emick, Secretary of Southridge Estates Homeowners Association, Inc. (the “**Association**”), do hereby certify that at a meeting of the Board of Directors of the Association (the “**Board**”) duly called and held on the eleventh day of December, 2017, with at least a quorum of the Board members being present and remaining throughout, and being duly authorized to transact business, the following Conflict of Interest Policy was duly approved by a majority vote of the members of the Board:

RECITALS:

1. U.S. Code › Title 26 › Subtitle A › Chapter 1 › Subchapter F › Part VII › § 528 requires that homeowners associations ensure that “no part of the net earnings of such organization inures (other than by acquiring, constructing, or providing management, maintenance, and care of association property, and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any private shareholder or individual.”
2. The Board of Directors of the Association desires to adopt a Conflict of Interest Policy consistent with this requirement.

POLICY PROVISIONS:

Section 1. Purpose. The purpose of the Conflict of Interest Policy is to protect this Southridge Estates Homeowners Association, Inc.’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Association or might result in a possible excess benefit transaction and to ensure that all interested persons act in the best interest of the Association. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to not for profit Associations.

Section 2. Definitions.

2.1 Interested Person - Any director, officer, employee or member of a committee with governing board delegated powers, who has a direct or indirect financial or personal interest, as defined below, is an interested person.

2.2. Financial Interest - A person has a financial interest if the person has, directly or indirectly, through business, investment, or personal relationship:

- A. An ownership or investment interest in any entity with which the Association has a transaction or arrangement,
- B. A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or
- C. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement.

2.3 Compensation - Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Section 3. Procedures.

3.1. Duty to Disclose - In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial or personal interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

3.2 Determining Whether a Conflict of Interest Exists - After disclosure of the financial or personal interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3.3 Procedures for Addressing the Conflict of Interest

- A. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- B. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- C. After exercising due diligence, the governing board or committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

- D. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to waive any such conflict and enter into the transaction or arrangement.

3.4 Violations of the Conflicts of Interest Policy

- A. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or potential conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- B. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Proceedings. The minutes of the governing board and all committees with board delegated powers shall contain:

- A. The names of the persons who disclosed or otherwise were found to have a financial or personal interest in connection with an actual or possible conflict of interest, the nature of the financial or personal interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- B. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 5. Compensation.

- A. A voting member of the governing board who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.
- B. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or

- indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.
- C. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 6. Annual Statements. Each director, principal officer, employee and member of a committee with governing board delegated powers shall annually complete a Conflict of Interest form and sign a statement which affirms such person:

- A. Has received a copy of the Conflicts of Interest Policy,
- B. Has read and understands the policy,
- C. Has agreed to comply with the policy, and
- D. Understands the Association is not for profit and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews. To ensure the Association operates in a manner consistent with the Association's purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- B. Whether partnerships, joint ventures, and arrangements with management Associations conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the Association's purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 8. Use of Outside Experts. When conducting the periodic reviews as provided for in Article VII, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

CERTIFICATION

I hereby certify that I am the duly elected, qualified and acting Secretary of the Association and that the foregoing Conflict of Interest Policy was approved by a majority vote of the Board of Directors as set forth above and now appears in the books and records of the Association, to be effective upon recording in the Official Public Records of Real Property of Denton County, Texas.

TO CERTIFY which witness my hand this the 12th day of December, 2017.

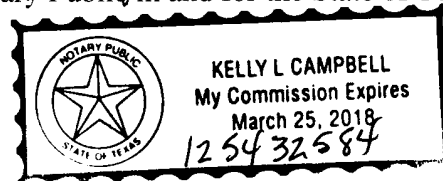
SOUTHRIDGE ESTATES HOMEOWNERS ASSOCIATION, INC.

By: Michelle A. Emick
Print Name: Michelle A. Emick, Secretary

THE STATE OF TEXAS §
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COUNTY OF DENTON §

BEFORE ME, the undersigned notary public, on this 12th day of December, 2017 personally appeared Michelle A. Emick, Secretary of Southridge Estates Homeowners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purpose and in the capacity therein expressed.

Kelly L. Campbell
Notary Public in and for the State of Texas



Return to:
Southridge Estates Homeowners Association, Inc.
P.O. Box 668
Denton, Texas 76202-0668