

HEATHLAKE COMMUNITY ASSOCIATION, INC.
BOARD MEMBER CONFLICT OF INTEREST POLICY

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

WHEREAS, Heathlake Community Association, Inc.(the “Association”), a Texas nonprofit corporation, is the governing entity for Lakeview Forest, Section One; Heathwood, Section One; and Woods of Lakeside, a subdivision in Harris County, Texas, according to the maps or plats thereof recorded in the Plat Records of Harris County, Texas as follows:

- Lakeview Forest, Section One, according to the map or plat thereof recorded in the Real Property Records of Harris County, Texas under Clerk’s File No. F480635;
- Heathwood, Section One, according to the map or plat thereof recorded in the Real Property Records of Harris County, Texas under Clerk’s File No. F752554;
- Woods of Lakeside, according to the map or plat thereof recorded in the Real Property Records of Harris County, Texas under Clerk’s File No. F901768; and

Along with any supplements, additions or replats thereto (referred to collectively as “Subdivisions”).

WHEREAS, the Subdivisions are subject to the Declarations of Covenants, Conditions, and Restrictions (“Declarations”), recorded in the Real Property Records of Harris County, Texas, as follows:

- Declaration of Covenants, Conditions and Restrictions Heathwood, Section One under Clerk’s File No. F782726, along with any amendments thereto;
- Declaration of Covenants, Conditions and Restrictions Lakeview Forest, Section One under Clerk’s File No F506754, along with any amendments thereto; and
- Declaration of Covenants, Conditions and Restrictions Woods of Lakeside under Clerk’s File No F933976, along with any amendments thereto.

WHEREAS, Texas Property Code § 209.0052 of the Texas Property Code provides for limitations on the ability of the Association t contract with board members and related individuals; and

WHEREAS, the Board of Directors of the Association (the “Board) desires to enact a policy to provide guidelines with respect to potential conflicts of interest of Board members generally and in compliance with Section 209.0052;

NOW THEREFORE, pursuant to the foregoing, and as evidenced by the Certification hereto, the Association, through its Board of Directors, hereby adopts and establishes the follow policy regarding Board Member conflicts of interest:

I. Conflicts of Interest

1. Board Members should seek to avoid conflicts of interest: circumstances in which the personal, professional, financial, or other interests of a Board Member may potentially or actually diverge from, or may be reasonably perceived as potentially or actually diverging from, his or her obligations to the Association and the interests of the Association. They include indirect conflicts, such as benefits to an immediate family member of a Board Member.
2. A Board Member:
 - a. must promptly disclose any conflict of interest to all other Board Members and should anticipate the possibility of a conflict of interest whenever possible so that the possible conflict can be reviewed by all other Board Members prior to occurrence.
 - b. cooperate with all other Board Members to manage, reduce, or eliminate the conflict of interest.
3. When a Board Member is not initially aware of the conflict of interest but becomes aware of it at a later time, the Board Member should disclose the conflict of interest promptly upon learning of it.

II. Association Contracts

The Association may enter into an enforceable contract with a current Board Member, a person related to a current Board Member within the third degree by consanguinity or affinity as determined under Chapter 573 of the Texas Government Code, a company in which a current Board Member has a financial interest in at least fifty-one percent (51%) of the profits, or a company in which a person related to a current Board Member within the third degree by consanguinity or affinity has a financial interest in at least fifty-one percent (51%) of profits only if the following conditions are satisfied:

1. The Board Member, relative, or company bids on the proposed contract and the Association has received at least two other bids for the contract from persons not associated with the Board Member, relative, or company. If the collection of two other bids on the proposed contract proves to be unreasonable due to unavailability of competing services near the Remington Ranch subdivision, this requirement is waived.
2. The Board Member:
 - a. is not given access to the other bids;
 - b. does not participate in any Board discussion regarding the contract; and
 - c. does not vote on the award of the contract.
3. The material facts regarding the relationship or interest with respect to the proposed contract are disclosed to or known by the Board and the Board, in good faith and with ordinary care, authorizes the contract by an affirmative vote of the majority of the Board Members who do not have an interest governed by this subsection.

4. The Board certifies that all requirements of Section II of this Policy have been satisfied by a resolution approved by an affirmative vote of the majority of the Board Members who do not have an interest.

III. Competition

Board Members must not engage, directly or indirectly, in activities that are in competition with the Association or appropriate or divert business opportunities of the Association.

IV. Gifts

1. Board Members must not accept any gift or favor, even of nominal value, that is illegal under the laws of the State of Texas.
2. Board Members must not accept any gift or loan (other than an arm's length loan made in the ordinary course of business from a banking or other financial institution), even when not illegal under the laws of the State of Texas, from any person or entity seeking a benefit from the Association, if the offer or acceptance of the gift, favor, or loan could reasonably be viewed as intended to influence the Association to act favorably toward the person or entity. If it is impracticable for a Board Member (or his or her immediate family member)

to refuse a legal gift and where it is neither illegal nor impractical for the Association itself to accept the gift, the Board Member may accept the gift on the Association's behalf with the permission of all Board Members to then transfer it to the Association.

V. Confidential Information

Board Members must not:

1. Obtain, use, or disclose the Association, other Board Members, or owners' confidential information for direct or indirect personal interest, profit, or advantage;
2. Obtain or use the Association, other Board Members, or owners' confidential information for a purpose that may be detrimental to the Association or that person/those people
3. Disclose the Association, other Board Members, or owners' confidential information to a person or entity that is not authorized by the Association to receive it.

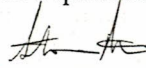
VI. Enforcement

1. If the Board has reasonable cause to believe a Board Member has failed to disclose actual or possible conflicts of interest, it shall inform the Board Member of the basis for such belief and afford the Board Member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the Board Member's response and after making further investigation as warranted by the circumstances, the Board determines that the Board Member failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action to minimize the effect of the conflict and if a majority of the board believes it appropriate, censure the offending Board Member and place such censure in the minutes of the Association or call a special meeting of members to vote on removal of the Board Member.

[CERTIFICATION AND ACKNOWLEDGMENT FOLLOW]

CERTIFICATION

“I, the undersigned, being a Director of Heathlake Community Association, Inc., hereby certify that the foregoing instrument was approved by at least a majority of the Association Board of Directors, at an open Board meeting, properly noticed and at which a quorum of the Board was present.”

By: 

Print Name: Stephen Read


Title: President of Heathlake Community Association

ACKNOWLEDGEMENT

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BEFORE ME, the undersigned authority, on this day, personally appeared the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same as the act of the Association for the purpose and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this 5th day of May, 2022.


Notary Public, State of Texas

Prepared and E-recorded by:
HOLT & YOUNG, P.C.
9821 Katy Freeway, Ste. 350
Houston, Texas 77024

