

**CORPORATE CERTIFICATE**  
**STONECREST RANCH PROPERTY OWNERS' ASSOCIATION**

The undersigned certifies that he is the Attorney-in-Fact of Stonecrest Ranch Property Owners' Association (the "Association"). The Association is the property owners' association for Stonecrest Ranch, a subdivision in Montgomery County, Texas, according to the map or plat thereof recorded in the Map Records of Montgomery County, Texas (the "Subdivision").

The Association is a Texas non-profit corporation, and attached to this certificate is a true and correct copy of the **Conflicts Policy of Stonecrest Ranch Property Owners Association**.

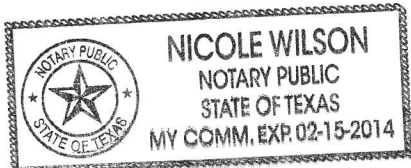
Signed this 17<sup>th</sup> day of April, 2013.

**STONECREST RANCH PROPERTY OWNERS' ASSOCIATION**

By:   
Bryan P. Fowler, Attorney-in-Fact

STATE OF TEXAS §  
COUNTY OF MONTGOMERY §

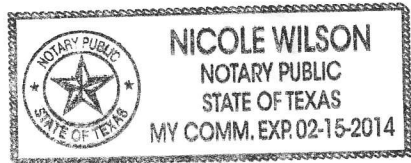
SWORN TO AND SUBSCRIBED BEFORE ME on the 17<sup>th</sup> day of April, 2013, by BRYAN P. FOWLER, Attorney-in-Fact for STONECREST RANCH PROPERTY OWNERS' ASSOCIATION, a Texas non-profit corporation, on behalf of said corporation.



  
NOTARY PUBLIC, State of Texas

THE STATE OF TEXAS §  
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 17<sup>th</sup> day of April, 2013, by BRYAN P. FOWLER, Attorney-in-Fact for STONECREST RANCH PROPERTY OWNERS' ASSOCIATION, a Texas non-profit corporation, on behalf of said corporation.



  
NOTARY PUBLIC, State of Texas

**AFTER RECORDING RETURN TO:**  
Bryan P. Fowler  
The Fowler Law Firm  
300 West Davis, Suite 510  
Conroe, Texas 77301

**CONFLICTS POLICY**  
**STONECREST RANCH PROPERTY OWNERS' ASSOCIATION**

**WHEREAS**, the property affected by this Conflicts Policy is subject to certain dedications, covenants and restrictions (the "Declaration") which are of record in the Official Public Records of Real Property at Montgomery County, Texas, as follows:

Clerk's File No. 9656512, Film Code No. 192-00-0968, *et seq.*,  
Official Public Records of Real Property of Montgomery County,  
Texas ("*Declaration of Covenants, Conditions and Restrictions for  
Stonecrest Ranch*")

Clerk's File No. 9719411, Film Code No. 246-00-1610, *et seq.*,  
Official Public Records of Real Property of Montgomery County,  
Texas ("*Variance and Waiver of Restrictions*")

Clerk's File No. 2006-03796, Film Code No. 053-11-2273, *et seq.*,  
Official Public Records of Real Property of Montgomery County,  
Texas ("*Notice Regarding Deed Restrictions for Stonecrest Ranch*")

**WHEREAS**, pursuant to the authority vested in Stonecrest Ranch Property Owners' Association (the "Association") under the Declaration and pursuant to the express authority of the Texas Property Code, the Board of Directors of the Association (the "Board") has the authority to adopt a conflict of interest policy and policy concerning ethical considerations (Conflicts Policy") while serving on the Board; and

**WHEREAS**, the Board deems it prudent and necessary to set out and define the expectations that form the foundation of trust between the Association's Board of Directors, its management personnel, and its membership; and

**WHEREAS**, maintaining trust and confidences among the aforementioned persons is essential to the successful operations of the Association; and

**WHEREAS**, the Association's Board believes the adoption and implementation of the policy set out herein will be preventative in nature, and will reduce questions and other doubts regarding the integrity of the Association's governance; and

**WHEREAS**, it is the intent of the Board of the Association to require existing and newly elected directors, upon their election, appointment and qualification, to sign a statement acknowledging receipt of the Conflicts Policy; and

**WHEREAS**, failure to comply with the spirit and intent of these policies by Board members shall be grounds for removal from the Board of Directors in accordance with the Association's dedicatory instruments, including the Declaration and the Bylaws;

**NOW, THEREFORE**, for the purpose of adopting such a Conflicts Policy for implementation and enforcement by the Board while serving on behalf of the Association; be it

**RESOLVED** by the Board of Directors of Stonecrest Ranch Property Owner's Association, Inc., that the following Conflicts Policy be adopted.

#### CONFLICTS POLICY

1. **General Duty.** The Board shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties of the members and Association. All Directors shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the Association. All Directors shall comply with all lawful provisions of the Declaration and the Association's Articles of Incorporation, Bylaws, and Rules and Regulations.
2. **Definition.** A conflict of interest exists whenever any contract, decision or other action taken by or on behalf of the Board would financially benefit: (i) a Director; (ii) a parent, grandparent, spouse, child, or sibling of the Director; (iii) a parent or spouse of any of the persons in subsection (ii); and (iv) an entity in which a Director is a director or officer or has a financial interest.
3. **Disclosure of Conflict.** Any conflict of interest on the part of any Director shall be verbally disclosed to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present prior to any discussion or vote on the matter. After disclosure, the Director may participate in the discussion but shall not vote on the matter. The minutes of the meeting shall reflect the disclosure made, the abstention from voting, the composition of the quorum and record who voted for and against.
4. **Code of Ethics.** In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:
  - (a) No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.
  - (b) No contributions will be made to any political parties or political candidates by the Association.
  - (c) No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association.

- (d) No Director shall accept a gift or favor made with intent of influencing decision or action on any official matter.
- (e) No Director shall receive any compensation from the Association for acting as a volunteer.
- (f) No Director shall willingly misrepresent facts to the members of the community for the sole purpose of advancing a personal cause or influencing the community to place pressure on the Board to advance a personal cause.
- (g) No Director shall interfere with a contractor engaged by the Association while a contract is in progress. All communications with Association contractors shall go through the Board President or be in accordance with policy.
- (h) No Director shall harass, threaten, or attempt through any means to control or instill fear in any member, Director or agent of the Association.
- (i) No promise of anything not approved by the Board as a whole can be made by any Director to any subcontractor, supplier, or contractor during negotiations.
- (j) Any Director convicted of a felony shall voluntarily resign from his/her position.
- (k) No Director shall knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself in any way.
- (l) Language and decorum at Board meetings will be kept professional. Personal attacks against owners, residents, managers, service providers and Directors are prohibited and are not consistent with the best interest of the community.
- (m) Directors shall not disclose any matters to members at large or to any third parties which are intended confidential and private in nature, or regarding discussions with the Association's attorney concerning pending or contemplated litigation.

5. **Failure to Disclose Conflict.** Any contract entered into in violation of this policy shall be void and unenforceable. In such event, the Board, at the next meeting of the Board, shall vote again on the contract, decision or other action taken in violation of this Policy.

6. **Definitions.** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

7. **Supplement to Law.** The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Texas governing the community.

8. **Deviations.** The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

9. **Amendment.** This policy may be amended from time to time by the Board of Directors.

This policy was duly adopted by the Board of Directors of Stonecrest Ranch Property Owner's Association, Inc., on the 8<sup>th</sup> day of April, 2013

The Board of Directors hereby approves and authorizes the Conflicts Policy.

Signed this 8<sup>th</sup> day of April, 2013

STONECREST RANCH PROPERTY OWNERS'  
ASSOCIATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: President

**CONFIDENTIALITY AGREEMENT**

**STONECREST RANCH PROPERTY OWNERS ASSOCIATION, INC**

**BOARD OF DIRECTORS**

**Whereas**, each Board member has a duty to act in good faith, with ordinary care, and in a manner that is in the best interest of the STONECREST RANCH PROPERTY OWNERS ASSOCIATION, INC. ("the Association").

As a Board member of the Association, I, \_\_\_\_\_, agree that I will not at any time, in any fashion, form, or manner, either directly or indirectly, divulge, disclose, or communicate to any person, including my spouse, **any and all information, nature, or description concerning and matters of a sensitive nature, or divulge information about a property owner that would otherwise not be made public**, that would include but is not limited to the business of the Board of Directors of the Association in matters related to litigation in which the association is involved, any information regarding decisions under consideration by the Board of Directors in connection with any litigation in which the Association is involved, or any matters under consideration by the Board that pertain to homeowners requests for deed restriction noncompliance issues, collection of fees and architectural review decisions with regard to the homeowner's property.

I also agree that all such matters will be treated as confidential and subject to the party communications or the attorney-client privilege. I further stipulate that the matters are important and material to the successful operation of the Association, and agree that my treatment of these matters as confidential is in the best interest of the Association.

The communication or disclosure of this information to any person outside the Board of Directors will be treated as a breach of the fiduciary duty and loyalty owed by me (as a Board member) to the Association.

**EXECUTED** on this the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

By: \_\_\_\_\_

Director

Name:

\_\_\_\_\_

Corporate Seal if any

By: \_\_\_\_\_

Witness/ Secretary

**FILED FOR RECORD**

04/18/2013 3:48PM



COUNTY CLERK  
MONTGOMERY COUNTY, TEXAS

**RECORDER'S MEMORANDUM:**

At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All black-outs, additions and changes were present at the time the instrument was filed and recorded.

STATE OF TEXAS  
COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in file number sequence on the date and at the time stamped herein by me and was duly RECORDED in the Official Public Records of Montgomery County, Texas.

**04/18/2013**



County Clerk  
Montgomery County, Texas