

**NEXPOINT RESIDENTIAL TRUST, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of NexPoint Residential Trust, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities to the Company and its stockholders. These Guidelines should be interpreted in the context of all applicable laws, the Company’s articles of incorporation and bylaws and other corporate governance documents, and are intended to serve as a framework within which the Board may conduct its business.

In discharging their obligations, directors should be entitled to rely on the honesty and integrity of the Company’s senior executives, its internal and external auditors and other outside advisors. Board members are expected to devote the time necessary to appropriately discharge their responsibilities and to prepare for and, to the extent possible, attend and participate in all meetings of the Board and of Board committees on which they serve. Each director is expected to attend the annual meeting of stockholders.

**Board Composition and Director Selection and Qualifications**

***Size of the Board.*** The Company’s articles of incorporation provide that the number of directors will be fixed from time to time by the Board. The Board will annually review the size of the Board based on the recommendation of the Nominating and Corporate Governance Committee and any other factors that it deems appropriate.

***Selection of Director Nominees.*** The Nominating and Corporate Governance Committee will recommend candidates for election to the Board in accordance with the policies and principles in its charter and the criteria described herein. An invitation to join the Board should be extended by the Board jointly through the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will be responsible for recommending the nomination of those incumbent directors it deems appropriate for re-election to the Board and, if applicable, reappointment to any committees of the Board on which such director serves as part of the Nominating and Corporate Governance Committee’s annual review and selection process.

***Director Qualifications***

***Skills and Experience.*** The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, at least annually, the appropriate skills, qualifications and experience required of Board members and the composition of the Board as a whole. This assessment should include factors such as judgment, skill, integrity, experience with businesses and other organizations of comparable size or industry, the interplay of the candidate’s experience with the experience of other Board members, the extent to which the candidate would be a desirable addition to the Board and any committees of the Board and any other factors that the committee deems relevant to the current needs of the Board, including those that promote diversity.

***Service on Other Boards.*** Directors who are executive officers of the Company may serve on the board of directors of no more than two public companies, including the Company’s board. Other directors should not serve on more than four public company boards. Exceptions to these limits shall be approved on a case-by-case basis by the Board. Directors should advise

the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on the board of directors (or similar body) of another company. Additionally, the President and other executive officers of the Company must seek the approval of the Board before accepting membership on other boards (or similar bodies), including corporate and charitable boards. Neither the President nor an executive officer of the Company may serve on any board of directors of a company if the President or another executive officer of that company is serving on the Board.

*Changes in Professional Responsibility.* The Board should consider whether a change in an individual's professional responsibility directly or indirectly impacts that person's ability to fulfill his or her obligations as a director of the Company. Any director who is an employee of the Company should submit his or her resignation upon retirement, resignation or termination from his current job. The Board may accept or reject such resignation in its discretion.

*Term Limits.* The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they have the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, able to provide an increasing contribution to the Board as a whole.

*Retirement Policy.* No director may stand for election after reaching age 75 unless the Board approves an exception to the guideline on a case by case basis.

*Resignation or Removal.* A director may resign from the Board upon written notice to the Board. Any director who is an employee of the Company should submit his or her resignation upon retirement, resignation or termination by the Company. The Board may accept or reject such resignation in its discretion.

***Director Independence.*** At least a majority of the members of the Board must meet the criteria for independence under New York Stock Exchange ("NYSE") rules, subject to any other applicable requirements set forth in the Company's articles of incorporation or bylaws and any phase-in rules. Directors are expected to inform the Board promptly of any material changes in their circumstances or relationships that may impact their designation by the Board as independent. The Nominating and Corporate Governance Committee is responsible for conducting an annual evaluation of whether each member of the Board qualifies as independent under applicable standards and for presenting its recommendation to the Board. Based on this recommendation and any other facts and circumstances the Board deems appropriate, the Board will affirmatively determine and identify which directors qualify as independent.

In addition to any other requirements that may be established by the NYSE and other applicable law, a director will be considered independent if the Board, on the recommendation of the Nominating and Corporate Governance Committee and based on any other facts and circumstances the Board deems appropriate, finds that the director has no material relationship with the Company.

***Positions of Chairman and President.*** The positions of the Chairman of the Board and the President may, but are not required to, be filled by separate persons.

***Lead Director.*** If the positions of Chairman and an executive officer are combined or the Chairman is not an independent director, the independent members of the Board will select an independent director to serve as Lead Director for a term of one year, or until his or her

successor is elected and qualified. The Lead Director will act as liaison with the Chairman, in consultation with the other directors; provided, that each director will also be afforded direct and complete access to the Chairman at any such time such director deems necessary or appropriate.

Specific duties of the Lead Director include: (1) developing agendas for, and presiding over, the executive sessions of the non-management or independent directors, (2) reporting the results of the executive sessions to the Chairman, (3) providing feedback from executive sessions to the Chairman, (4) serving as a liaison between the independent directors and the Chairman and (provided, that each director will also be afforded direct and complete access to the Chairman at any such time such director deems necessary or appropriate), (5) presiding at all meetings of the Board at which the Chairman is not present, (6) approving information sent to the Board, (7) approving agendas for Board meetings, (8) approving Board meeting schedules to ensure that there is sufficient time for discussion of all agenda items, (9) calling meetings of the independent directors, and (10) if requested by major shareholders, ensuring that he or she is available for consultation and direct communication.

Any stockholder or interested party may communicate directly with the Lead Director by writing to:

NexPoint Residential Trust, Inc.  
Lead Director  
Board of Directors  
300 Crescent Court  
Suite 700  
Dallas, Texas 75201

### **Majority Voting Policy**

It is the Board's policy that any director nominee who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "Majority Withheld Vote") in an uncontested director election is expected to tender his or her resignation as a director of the Board promptly following the certification of the election results. Neither abstentions nor broker non-votes will be deemed to be votes for or withheld from a director's election for purposes of this policy.

The Nominating and Corporate Governance Committee shall consider each resignation tendered under this policy and recommend to the Board whether to accept or reject it. The Board will act on each tendered resignation, taking into account the Nominating and Corporate Governance Committee's recommendation, within 90 days following the certification of the election results. The Nominating and Corporate Governance Committee in making its recommendation, and the Board in making its decision, may consider any factors or other information that it considers appropriate, including, without limitation, the reasons (if any) given by stockholders regarding why they withheld their votes, the qualifications of the tendering director, and his or her contributions to the Board. The Board will promptly disclose (1) its decision whether to accept or reject the director's tendered resignation and (2) if rejected, the reasons for rejecting the tendered resignation.

Any director who tenders his or her resignation pursuant to this policy shall not participate in the Nominating and Corporate Governance Committee recommendation or the Board action regarding whether to accept or reject the tendered resignation. If, however, each

member of the Nominating and Corporate Governance Committee received a Majority Withheld Vote in the same election, then the Board will appoint a committee comprised solely of independent directors who did not receive a Majority Withheld Vote in that election to consider each tendered resignation and recommend to the Board whether to accept or reject it.

The Board may at any time in its sole discretion supplement or amend any provision of this policy in any respect, repeal the policy in whole or in part or adopt a new policy relating to director elections with such terms as the Board determines in its sole discretion to be appropriate. The Board will have the exclusive power and authority to administer this policy, including, without limitation, the right and power to interpret the provisions of this policy and to make all determinations deemed necessary or advisable for the administration of this policy, including, without limitation, any determination as to whether any director election is contested. All such actions, interpretations and determinations that are done or made by the Board in good faith will be final, conclusive and binding.

### **Director Orientation and Continuing Education**

The Nominating and Corporate Governance Committee will establish and periodically evaluate an orientation program for new directors and a continuing education program for existing directors. Such programs may include presentations by appropriate executives and opportunities for directors to visit the Company's principal properties in order to provide greater understanding of the Company's business and operations. In addition, the Nominating and Corporate Governance Committee may arrange for directors of the Company to attend outside educational programs pertaining to the directors' responsibilities.

### **Board Meetings**

**Schedule.** The Board will meet as frequently as it may determine necessary or appropriate in light of the circumstances and in accordance with the schedule determined by the Chairman or Lead Director.

**Board Presentations and Access to Employees and Advisors.** Directors will have full access to officers and employees of the Company and, as necessary and appropriate, the Company's independent advisers, including legal counsel and independent accountants. Any meetings or contacts that a director wishes to initiate may be arranged through the President or the Secretary or directly by the director. Each director will use his or her judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, provide the Chairman and the President with a copy of any written communications between a director and an officer or employee of, or adviser to, the Company.

The Board encourages senior management to invite to Board meetings officers, other key employees and independent advisers who can provide additional insight into the matters being discussed, or whom senior management believes should be given exposure to the Board.

**Agenda and Meeting Materials.** An agenda for each Board meeting and meeting materials will be distributed to all directors a reasonable period of time before the Board meeting. The Chairman, or Lead Director in consultation with the Chairman, will establish the agenda for each Board meeting. The Chairman or Lead Director may request that members of senior management assist with the preparation of meeting agendas and materials, including items to be included on the agenda and the identification of necessary or appropriate meeting materials. Directors may also provide suggestions for the meeting agenda and materials to the

Chairman or the Lead Director, and may also raise subjects that are not on the agenda at any meeting.

**Confidentiality.** The proceedings and deliberations of the Board and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director.

**Strategic Planning.** The Board shall hold an annual strategic planning meeting. The timing and agenda of the strategic planning meeting shall be determined by the Chairman of the Board and the President.

**Board Interaction with Investors, Media and Others.** The Board believes that the President, Chief Financial Officer and senior management designated by the President and Chief Financial Officer speak for the Company. Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that directors would do so with the knowledge of the President and Chief Financial Officer and, in most instances, at the request of the President or Chief Financial Officer.

### **Non-Management Director Executive Sessions**

An executive session of the non-management directors will be held in conjunction with each meeting of the Board. If the Board includes non-management directors who are not independent, at least one executive session per year will include only the independent directors. Additional executive sessions may be convened by the Chairman or Lead Director at his or her discretion and will be convened if requested by any other director. Any non-management director may raise issues for discussion at an executive session. The Chairman or Lead Director will preside at all executive sessions.

### **Board Committees**

**Standing Committees.** Consistent with NYSE listing requirements, the Board will have at all times an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. All of the members of those committees will satisfy the applicable independence requirements set forth in the NYSE listing requirements and under applicable law, subject to applicable NYSE phase-in rules.

Committees will receive authority exclusively through delegation from the Board through the bylaws, Board resolutions, committee charters or as provided by these guidelines. Any committee action taken other than pursuant to an express delegation of authority in the committee charter or otherwise must be ratified by the Board before becoming effective. In addition to the authority granted hereunder or under each committee's charter or in the case of a committee, by further resolution of the Board, each standing committee has the authority to retain and compensate independent legal, financial or other advisors as such committee may deem necessary without consulting or obtaining the approval of the Board or management of the Company.

**Appointment and Term of Service of Committee Members.** Committee members will be appointed by the Board, after recommendations are made by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will also recommend changes to the composition of the committees, including evaluation of whether an incumbent director should be nominated for re-election to the Board or reappointed to a

committee of the Board. The Board will review and evaluate the recommendations of the Nominating and Corporate Governance Committee and will appoint committee members, giving consideration to the desires of individual directors. Consideration will also be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy. Committee chairs will be appointed by the Board.

***Committee Charters.*** Consistent with NYSE listing requirements, each standing committee will have a written charter approved by the Board. The charters will include the purposes, responsibilities and authority of the committees as well as qualifications for committee membership, procedures for appointment and removal, structure and operations, reporting to the Board and such other matters as the Board deems appropriate. The charters will also provide that each committee will annually evaluate its performance. Consistent with NYSE listing requirements, the charters will be included on the Company's website and copies of the charters will be made available upon request to the Company's Secretary.

***Committee Meetings and Committee Agenda.*** The committees will meet as frequently as necessary to carry out the committee's responsibilities consistent with such committee's charter. Each committee chair will, in consultation with the other members of the committee and appropriate officers of the Company, establish the agenda for each committee meeting. Any committee member may submit items to be included in the agenda. Committee members may also raise subjects that are not on the agenda at any meeting. The committee chair or a majority of the committee members may call a meeting of the committee on which they are members at any time.

## **Director Compensation and Performance**

***Compensation Policy and Review.*** It is the policy of the Board to provide non-management directors with compensation. The Compensation Committee will recommend a compensation policy for non-management directors and will review proposed changes in Board compensation, but the adoption of a policy and any changes in the compensation of directors will require the approval of the Board. The Compensation Committee will periodically review the status of Board compensation in relation to comparable companies and other factors the Compensation Committee deems appropriate. The Compensation Committee will discuss its review with the Board.

***Annual Performance Review.*** At least annually, the Nominating and Corporate Governance Committee will oversee an evaluation of the performance of the Board and each director against these guidelines and as set forth in the Nominating and Corporate Governance Committee's charter. As part of this process, the Board will conduct a self-evaluation to determine whether the Board and its committees are functioning effectively.

## **Evaluation and Compensation of Executive Officers**

The Compensation Committee will conduct an annual review of the performance of the President, and the other executive officers of the Company in light of the goals and objectives of the Company. The Compensation Committee will set executive officer compensation in such manner and based on such factors as are set forth in its charter and as it otherwise deems appropriate.

## Management Succession

**Succession Planning and Management Development.** The Nominating and Corporate Governance Committee will, at least annually, make a report to the Board on succession planning for the Company. The Company's succession plan will include appropriate contingencies in case the Chairman of the Board retires, resigns or is incapacitated or the Company's relationship with NexPoint Real Estate Advisors, L.P. (the "Adviser") is terminated. The Board, with the assistance of the Nominating and Corporate Governance Committee, will evaluate potential successors to the Chairman of the Board and our Adviser. The Chairman of the Board and our Adviser should at all times make available their recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

**President Selection.** The Board, with the assistance of the Nominating and Corporate Governance Committee will select a President in a manner that is in the best interests of the Company.

**Annual President Performance Review.** At least annually, the Board will evaluate the performance of the President. As part of this process, the Board will review the financial and non-financial corporate goals and objectives the Compensation Committee deemed relevant to the compensation of the President and conduct its own evaluation of the performance of the President in light of those corporate goals and objectives and any other factors as it deems appropriate.

## Other

For purposes of these Guidelines, the terms "senior executives," "internal auditors," "President," "executive officer," "executives," "officers," "employees," "Secretary," "senior management" and "key employees" include individuals that are employed by our Adviser, or an affiliate of our Adviser, and perform roles on behalf of the Company pursuant to the Advisory Agreement between the Company, NexPoint Residential Trust Operating Partnership, L.P. and the Adviser.

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