

NexPoint Residential Trust, Inc.  
Form DEF 14A  
April 11, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**NexPoint Residential Trust, Inc.**

**(Name of Registrant as Specified in Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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- (2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 11, 2018

Dear NXRT Stockholder:

You are cordially invited to attend the annual meeting of stockholders of NexPoint Residential Trust, Inc. The meeting will be held on Tuesday, May 15, 2018, beginning at 9:00 a.m. at the Crescent Club located at 200 Crescent Court, 17<sup>th</sup> Floor, Dallas, Texas 75201.

Information about the meeting, nominees for the election of directors and the other matters to be voted on at the meeting is presented in the following notice of annual meeting and proxy statement. We hope that you will plan to attend the annual meeting.

It is important that your shares be represented. Whether or not you plan to attend the meeting, please vote using the internet or telephone procedures described on the notice of internet availability of proxy materials or the proxy card or sign, date and promptly mail a proxy card in the provided pre-addressed, postage-paid envelope.

We look forward to seeing you at the meeting on May 15th.

Sincerely,

James Dondero

*President and Chairman*

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**NEXPOINT RESIDENTIAL TRUST, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be held on May 15, 2018**

The 2018 annual meeting of stockholders of NexPoint Residential Trust, Inc., a Maryland corporation (the Company), will be held on May 15, 2018, beginning at 9:00 a.m. at the Crescent Club located at 200 Crescent Court, 17<sup>th</sup> Floor, Dallas, Texas 75201. The meeting will be held for the following purposes:

1. to elect five directors to serve until the 2019 annual meeting of stockholders;
2. to ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2018; and
3. to transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Information concerning the matters to be voted upon at the meeting is set forth in the accompanying proxy statement. We have also provided you or made available to you the Company's 2017 annual report. Holders of record of the Company's common stock as of the close of business on April 6, 2018 are entitled to notice of, and to vote at, the meeting.

Your vote is very important. Whether or not you plan to attend the meeting, please vote using the internet or telephone procedures described on the proxy card or sign, date and promptly mail a proxy card in the provided pre-addressed, postage-paid envelope.

If you plan to attend the meeting and will need special assistance or accommodation due to a disability, please describe your needs on the enclosed proxy card.

By Order of the Board of Directors,

Scott Ellington

*General Counsel and Secretary*

Dallas, Texas

April 11, 2018

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 15, 2018.**

**The Company's Notice of Annual Meeting, Proxy Statement and 2017 Annual Report to Stockholders are available on the internet at [www.proxyonline.com](http://www.proxyonline.com).**

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**NexPoint Residential Trust, Inc.**

**300 Crescent Court, Suite 700**

**Dallas, Texas 75201**

**PROXY STATEMENT**

This proxy statement provides information in connection with the solicitation of proxies by the board of directors (the Board ) of NexPoint Residential Trust, Inc., a Maryland corporation (the Company ), for use at the Company s 2018 annual meeting of stockholders or any postponement or adjournment thereof (the Annual Meeting ). This proxy statement also provides information you will need in order to consider and act upon the matters specified in the accompanying notice of annual meeting. This proxy statement and proxy card are being mailed to stockholders on or about April 16, 2018.

Record holders of the Company s common stock as of the close of business on April 6, 2018 are entitled to vote at the Annual Meeting. Each record holder of common stock on that date is entitled to one vote at the Annual Meeting for each share of common stock held. As of April 6, 2018, there were 20,894,327 shares of common stock outstanding.

You cannot vote your shares unless you are present at the Annual Meeting or you have previously given your proxy. You can vote by proxy in one of three convenient ways:

by internet: visit the website shown on your proxy card and follow the instructions;

by telephone: dial the toll-free number shown on your proxy card and follow the instructions; or

in writing: sign, date, and return a proxy card in the provided pre-addressed, postage paid envelope. You may revoke your proxy at any time prior to the vote at the Annual Meeting by:

delivering a written notice revoking your proxy to the Company s Secretary at the address above;

delivering a new proxy bearing a date after the date of the proxy being revoked; or



voting in person at the Annual Meeting.

Unless revoked as described above, all properly executed proxies will be voted at the Annual Meeting in accordance with your directions on the proxy. If a properly executed proxy gives no specific instructions, the shares of common stock represented by your proxy will be voted:

FOR the election of the five nominees to serve as directors until the 2019 annual meeting of stockholders;

FOR the ratification of the appointment of KPMG LLP ( KPMG ) as the Company s independent registered public accounting firm for 2018; and

at the discretion of the proxy holders with regard to any other matter that is properly presented at the Annual Meeting.

If you own shares of common stock held in street name and you do not instruct your broker how to vote your shares using the instructions your broker provides you, your shares will be voted in the ratification of the appointment of KPMG as the Company s independent registered public accounting firm for 2018, but not for any other proposal. To be sure your shares are voted in the manner you desire, you should instruct your broker on how to vote your shares.

Holders of a majority of the outstanding shares of the Company s common stock must be present, either in person or by proxy, to constitute a quorum necessary to conduct the Annual Meeting. Abstentions and broker non-votes are counted for purposes of determining the presence of a quorum.

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The following table sets forth the voting requirements, whether broker discretionary voting is allowed and the treatment of abstentions and broker non-votes for each of the matters to be voted on at the Annual Meeting.

<b>Proposal</b>		<b>Vote Necessary to Approve Proposal</b>	<b>Broker Discretionary Voting Allowed?</b>	<b>Treatment of Abstentions and Broker Non-Votes</b>
No. 1	Election of directors	Plurality (that is, the largest number) of all the votes cast	No	Abstentions and broker non-votes are not considered votes cast and will have no effect
No. 2	Ratification of the appointment of KPMG	Affirmative vote of a majority of the votes cast	Yes	Abstentions are not considered votes cast and will have no effect

Attendance at the Annual Meeting will be limited to stockholders of record and beneficial owners who provide proof of beneficial ownership as of the record date (such as an account statement, a copy of the voting instruction card provided by a broker, bank, trustee, or nominee, or other similar evidence of ownership).

The Company pays the costs of soliciting proxies. We have engaged American Stock Transfer & Trust Company, LLC ( AST ) to serve as our proxy solicitor for the Annual Meeting at a base fee of \$3,500 plus reimbursement of reasonable expenses. AST will provide advice relating to the content of solicitation materials, solicit banks, brokers, institutional investors, and hedge funds to determine voting instructions, monitor voting, and deliver executed proxies to our voting tabulator. The Company may request banks, brokers, and other custodians, nominees, and fiduciaries to forward copies of these proxy materials to the beneficial holders and to request instructions for the execution of proxies. The Company may reimburse these persons for their related expenses. Proxies are solicited to provide all record holders of the Company s common stock an opportunity to vote on the matters to be presented at the Annual Meeting, even if they cannot attend the meeting in person.

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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

At the Annual Meeting, five directors will be elected to serve one-year terms expiring at our annual stockholders meeting in 2019 and until their respective successors are duly elected and qualified. This section contains information relating to the five director nominees. The director nominees were selected by the Nominating and Corporate Governance Committee and approved by the Board for submission to the stockholders. The nominees for election are Messrs. Dondero, Mitts, Constantino, Kavanaugh and Laffer. All currently serve as directors.

*The Board recommends a vote FOR the election of each of the nominees.*

**Nominees to be elected for terms expiring at the Annual Meeting in 2019**

**James Dondero**, age 55, is the chairman of the Board and has served as a member of the Board since May 2015. Mr. Dondero currently serves as the Company's President. Mr. Dondero is also: the co-founder and president of Highland Capital Management, L.P. ( Highland ), an SEC-registered investment adviser; founder and president of NexPoint Advisors, L.P. ( NexPoint ), an SEC-registered investment adviser; and chairman of NexBank SSB ( NexBank ). Highland, NexPoint and NexBank are all affiliates of the Company. Mr. Dondero co-founded Highland in 1993 with Mark Okada. Mr. Dondero has over 30 years of experience investing in credit and equity markets and has helped pioneer credit asset classes. Mr. Dondero has also served as the President of NexPoint Multifamily Capital Trust, Inc., a non-traded company ( NMCT ), since November 2013, and has been a director of Jernigan Capital, Inc., a self-storage lending real estate investment trust, since August 2016. Highland and its affiliates currently manage approximately \$13.8 billion in assets as of January 31, 2018. The Board believes that Mr. Dondero is qualified to serve as one of our directors due to Mr. Dondero's prior service as a director and his experience as an executive officer.

**Brian Mitts**, age 47, has served as a member of the Board since September 2014. Mr. Mitts also currently serves as our Chief Financial Officer, Executive VP-Finance and Treasurer. Mr. Mitts joined Highland in February 2007 and currently also serves as the Chief Financial Officer of, and leads business development for, the NexPoint real estate platform, developing new products and exploring new markets. Mr. Mitts has also served as a director of NMCT since November 2013. The Board believes that Mr. Mitts is qualified to serve as one of our directors due to Mr. Mitts' prior service as a director and his experience as an executive officer.

**Edward Constantino**, age 71, has served as a member of the Board since March 2015. Mr. Constantino has over 40 years of audit, advisory and tax experience working for two major accounting firms, Arthur Andersen LLP and KPMG. Mr. Constantino retired from KPMG in late 2009, where he was an audit partner in charge of the firm's real estate and asset management businesses. Mr. Constantino is, and since 2010 has been, a member of the Board of Directors of Patriot Bank N.A., and since 2012 a member of the Board of Directors of ARCTrust. Mr. Constantino has also served as a consultant for the law firm Skadden, Arps, Slate, Meagher & Flom LLP. He is a licensed CPA, a member of the American Institute of Certified Public Accountants and a member of the New York State Society of Public Accountants. He is currently a member of the Board of Trustees and the Audit Committee Chairman of St. Francis College in Brooklyn Heights, New York. The Board believes Mr. Constantino is qualified to serve on the Board because of his extensive accounting experience, particularly in the real estate field.

**Scott Kavanaugh**, age 57, has served as a member of the Board since March 2015. Mr. Kavanaugh is, and since December 2009 has been the CEO of First Foundation Inc. ( FFI ), a California based financial services company. From June 2007 until December 2009, he served as President and Chief Operating Officer of FFI. Mr. Kavanaugh has been the Vice-Chairman of FFI since June 2007. He also is, and since September 2007 has been, the Chairman and CEO of

FFI s wholly owned banking subsidiary, First Foundation Bank. Mr. Kavanaugh was a founding stockholder and served as an Executive Vice President and Chief Administrative Officer and a member of the board of directors of Commercial Capital Bancorp, Inc., the parent holding company of

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Commercial Capital Bank, from 1999 until 2003. From 1998 until 2003, Mr. Kavanaugh served as the Executive Vice President and Chief Operating Officer and a director of Commercial Capital Mortgage. From 1993 to 1998, Mr. Kavanaugh was a partner and head of trading for fixed income and equity securities at Great Pacific Securities, Inc., a west coast-based regional securities firm. Mr. Kavanaugh is, and since 2008 has been, a member of the board of directors of Colorado Federal Savings Bank and its parent holding company, Silver Queen Financial Services, Inc. Mr. Kavanaugh also served as a member of the boards of directors of NexBank and its parent holding company, NexBank Capital, Inc., an affiliate of Highland from 2014 until 2015. From 1998 until June 2012, Mr. Kavanaugh served as Independent Trustee and Chairman of the Audit Committee, and from June 2012 until December 2013 served as Chairman, of Highland Mutual Funds, a mutual fund group managed by Highland. The Board believes Mr. Kavanaugh is qualified to serve on the Board because of his expertise in investment management and his experience as both an executive officer and a director of multiple companies.

**Arthur Laffer**, age 77, has served as a member of the Board since May 2015. Dr. Laffer is the founder and chairman of Laffer Associates, an economic research and consulting firm and the chairman and director of Laffer Investments, a registered investment advisor. Dr. Laffer has also been a director of GEE Group, Inc., a provider of specialized staffing solutions, since January 2015. A former member of President Reagan's Economic Policy Advisory Board during the 1980s, Dr. Laffer's economic acumen and influence have earned him the distinction in many publications as The Father of Supply-Side Economics. He has served on several boards of directors of public and private companies, including staffing company MPS Group, Inc., which was sold to Adecco Group for \$1.3 billion in 2009. Dr. Laffer was previously a consultant to Secretary of the Treasury William Simon, Secretary of Defense Donald Rumsfeld, and Secretary of the Treasury George Shultz. In the early 1970s, Dr. Laffer was the first to hold the title of Chief Economist at the Office of Management and Budget under Mr. Shultz. Additionally, Dr. Laffer was formerly the Distinguished University Professor at Pepperdine University and a member of the Pepperdine Board of Directors. He also served as Charles B. Thornton Professor of Business Economics at the University of Southern California and as Associate Professor of Business Economics at the University of Chicago. The Board believes Dr. Laffer is qualified to serve on the Board because of his expertise in economics and his experience as a director of multiple companies.

**Table of Contents****THE BOARD, ITS COMMITTEES AND ITS COMPENSATION****Board of Directors**

The Board presently consists of five members, three of whom are non-management directors. Each director serves a one-year term expiring at each annual meeting of stockholders and lasting until his respective successor is duly elected and qualified.

**Director Compensation**

Directors who are officers of the Company do not receive compensation for their service as directors.

We provide the following compensation for non-management directors:

each non-management director receives an annual director's fee payable in cash equal to \$20,000 and an annual grant of restricted stock units;

the chair of the Audit Committee receives an additional annual fee payable in cash equal to \$15,000;

the chair of the Compensation Committee receives an additional annual fee payable in cash equal to \$7,500;

the chair of the Nominating and Corporate Governance Committee receives an additional annual fee payable in cash equal to \$7,500; and

the Lead Independent Director receives an additional annual fee payable in cash equal to \$10,000.

We also reimburse directors for all expenses incurred in attending board and committee meetings.

***Director Compensation Table***

The following table provides information regarding the compensation of our non-management directors for the year ended December 31, 2017.

<b>NAME</b>	<b>FEES EARNED OR PAID IN CASH</b>	<b>STOCK AWARDS (1)</b>	<b>TOTAL</b>
James Dondero			
Brian Mitts			
Edward Constantino	\$ 35,000	\$ 84,389	\$ 119,389
Scott Kavanaugh	\$ 37,500	\$ 84,389	\$ 121,889
Arthur Laffer	\$ 27,500	\$ 84,389	\$ 111,889

- (1) These restricted stock units were granted on March 16, 2017 and vested on March 16, 2018, the first anniversary of the grant date. The grant date fair value of each award was equal to the closing price of the Company's stock on the date of grant as calculated in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 (Topic 718). Pursuant to SEC rules, the amounts shown in this column exclude the impact of estimated forfeitures related to service-based vesting conditions. See Note 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 for information regarding the assumptions made in determining these values. As of December 31, 2017, our non-management directors each held 3,739 restricted stock units.

**Director Independence**

The Board will review at least annually the independence of each director. During these reviews, the Board will consider transactions and relationships between each director (and his or her immediate family and affiliates)

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and the Company and its management to determine whether any such transactions or relationships are inconsistent with a determination that the director is independent. This review will be based primarily on responses of the directors to questions in a directors and officers questionnaire regarding employment, business, familial, compensation and other relationships with the Company and our management. Our Board has determined that each of Edward Constantino, Scott Kavanaugh and Arthur Laffer is independent in accordance with New York Stock Exchange ( NYSE ) listing standards. As required by NYSE, our independent directors will meet in regularly scheduled executive sessions at which only independent directors are present.

## **Corporate Governance**

We believe that good corporate governance is important to ensure that, as a public company, we will be managed for the long-term benefit of our stockholders. We and our Board have reviewed the corporate governance policies and practices of other public companies, as well as those suggested by various authorities in corporate governance. We have also considered the provisions of the Sarbanes-Oxley Act and the rules of the Securities and Exchange Commission ( SEC ) and NYSE.

Based on this review, we have established and adopted charters for the audit committee, compensation committee and nominating and corporate governance committee, as well as corporate governance guidelines and a code of business conduct and ethics applicable to all of our directors, officers and employees.

Our committee charters, code of business conduct and ethics and corporate governance guidelines are available on our website ([www.nexpointliving.com](http://www.nexpointliving.com)) in the Investor Relations section. Copies of these documents are also available upon written request to our Corporate Secretary. We will post information regarding any amendment to, or waiver from, our code of business conduct and ethics on our website in the Investor Relations section.

The Board periodically reviews its corporate governance policies and practices. Based on these reviews, the Board may adopt changes to policies and practices that are in the best interest of our stockholders and as appropriate to comply with any new SEC or NYSE rules.

## **Board Leadership Structure and Board's Role in Risk Oversight**

James Dondero, our President, serves as Chairman of the Board. The Board believes that combining these positions is the most effective leadership structure for the Company at this time. As President, Mr. Dondero is involved in day-to-day operations and is familiar with the opportunities and challenges that the Company faces at any given time. With this insight, he is able to assist the Board in setting strategic priorities, lead the discussion of business and strategic issues and translate Board recommendations into Company operations and policies.

The Board has appointed Scott Kavanaugh as its lead independent director. His key responsibilities in this role include:

- developing agendas for, and presiding over, the executive sessions of the non-management or independent directors;

- reporting the results of the executive sessions to the Chairman (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);

presiding over all meetings of the Board at which the Chairman is not present;

approving information sent to the Board;

approving agendas for meetings of the Board;

approving Board meeting schedules to ensure that there is sufficient time for discussion of all agenda items;

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calling meetings of the independent directors; and

if requested by major stockholders, ensuring that he is available for consultation and direct communication. Risk is inherent with every business and we face a number of risks. Management is responsible for the day-to-day management of risks, while the Board, as a whole and through our audit committee, is responsible for overseeing our business and affairs, including overseeing its risk assessment and risk management functions. The Board has delegated responsibility for reviewing our policies with respect to risk assessment and risk management to our audit committee through its charter. The Board has determined that this oversight responsibility can be most efficiently performed by our audit committee as part of its overall responsibility for providing independent, objective oversight with respect to our accounting and financial reporting functions, internal and external audit functions and systems of internal controls over financial reporting and legal, ethical and regulatory compliance. Our audit committee regularly reports to the Board with respect to its oversight of these areas.

## **Board Meetings**

The Board held five meetings during 2017. Each director serving on the Board in 2017 attended at least 75% of the total number of meetings of the Board and the total number of meetings of the committees on which he served during the time they served on the Board. Under our corporate governance guidelines, each director is expected to devote the time necessary to appropriately discharge his responsibilities and to rigorously prepare for, attend and participate in all Board meetings and meetings of committees on which he serves.

## **Annual Meetings of Stockholders**

The Company's directors are encouraged to attend our annual meeting of stockholders, but we do not currently have a policy relating to directors' attendance at these meetings. All of the Company's directors attended the 2017 annual meeting of stockholders.

## **Board Committees**

Our Board has an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each committee are described below. Members will serve on these committees until their resignation or until otherwise determined by the Board.

## **Audit Committee**

Our audit committee consists of Mr. Constantino, Mr. Kavanaugh and Dr. Laffer, with Mr. Constantino serving as chair of the committee. The Board has determined that each of Mr. Constantino, Mr. Kavanaugh and Dr. Laffer qualifies as an "audit committee financial expert" as that term is defined by the applicable SEC regulations and NYSE corporate governance listing standards. The Board has also determined that each of Mr. Constantino, Mr. Kavanaugh and Dr. Laffer is "financially literate" as that term is defined by the NYSE corporate governance listing standards and is independent as defined by NYSE rules and SEC requirements relating to the independence of audit committee members. The audit committee met four times during 2017. Our audit committee charter details the principal functions of the audit committee, including oversight related to:

our accounting and financial reporting processes;

the integrity of our consolidated financial statements;

our systems of disclosure controls and procedures and internal control over financial reporting;

our compliance with financial, legal and regulatory requirements;

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the performance of our internal audit function; and

our overall risk assessment and management.

The audit committee is also responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The audit committee also prepares the audit committee report required by SEC regulations to be included in our annual proxy statement. A copy of the audit committee charter is available under the Investor Relations section of the Company's website at [www.nexpointliving.com](http://www.nexpointliving.com).

## **Compensation Committee**

Our compensation committee consists of Dr. Laffer and Mr. Kavanaugh with Dr. Laffer serving as chair of the committee. The Board has determined that each of Dr. Laffer and Mr. Kavanaugh is independent as defined by NYSE rules and SEC requirements relating to the independence of compensation committee members. The compensation committee met two times during 2017. Our compensation committee charter details the principal functions of the compensation committee, including:

reviewing our compensation policies and plans;

implementing and administering a long-term incentive plan;

evaluating the terms of the Advisory Agreement and the performance of the Adviser;

assisting management in complying with our proxy statement and annual report disclosure requirements;

producing a report on compensation to be included in our annual proxy statement, as required; and

reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

The compensation committee has the sole authority to retain and terminate compensation consultants to assist in the evaluation of our compensation and the sole authority to approve the fees and other retention terms of such compensation consultants. The committee may, in its discretion, delegate specific duties and responsibilities to a subcommittee or an individual committee member, to the extent permitted by applicable law. The committee is also able to retain independent counsel and other independent advisors to assist it in carrying out its responsibilities. A copy of the compensation committee charter is available under the Investor Relations section of the Company's website at [www.nexpointliving.com](http://www.nexpointliving.com).

## **Nominating and Corporate Governance Committee**

Our nominating and corporate governance committee consists of Mr. Kavanaugh. The Board has determined that Mr. Kavanaugh is independent as defined by NYSE rules. The nominating and corporate governance committee met two times during 2017. Our nominating and corporate governance committee charter details the principal functions of the nominating and corporate governance committee, including:

identifying and recommending to the full Board qualified candidates for election as directors and recommending nominees for election as directors at the annual meeting of stockholders;

developing and recommending to the Board corporate governance guidelines and implementing and monitoring such guidelines;

reviewing and making recommendations on matters involving the general operation of the Board, including board size and composition, and committee composition and structure;

recommending to the Board nominees for each committee of the Board;

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annually facilitating the assessment of the Board's performance, as required by applicable law, regulations and the NYSE corporate governance listing standards; and

annually reviewing and making recommendations to the Board regarding revisions to the corporate governance guidelines and the code of business conduct and ethics.

The nominating and corporate governance committee has the sole authority to retain and terminate any search firm to assist in the identification of director candidates and the sole authority to set the fees and other retention terms of such search firms. The committee is also able to retain independent counsel and other independent advisors to assist it in carrying out its responsibilities. A copy of the nominating and corporate governance committee charter is available under the Investor Relations section of the Company's website at [www.nexpointliving.com](http://www.nexpointliving.com).

## **Compensation Committee Interlocks and Insider Participation**

None of our executive officers has served as a member of the Board or compensation committee of any related entity that has one or more executive officers serving on our Board or compensation committee. No director who served as a member of the compensation committee during the prior fiscal year (1) was during such year, or had previously been, an officer or employee of the Company or any of our subsidiaries or (2) had any material interest in a transaction of the Company or a business relationship with, or any indebtedness to, the Company.

## **Code of Business Conduct and Ethics**

We have adopted a written code of business conduct and ethics that applies to our directors and executive officers, who are employees of our Adviser. Among other matters, our code of business conduct and ethics is designed to deter wrongdoing and to promote:

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;

compliance with laws, rules and regulations;

prompt internal reporting of violations of the code to appropriate persons identified in the code; and

accountability for adherence to the code of business conduct and ethics.

A copy of our code of business conduct and ethics is available under the Investor Relations section of the Company's website at [www.nexpointliving.com](http://www.nexpointliving.com).

## **Qualifications for Director Nominees**

The nominating and corporate governance committee is responsible for reviewing with the Board, at least annually, the appropriate skills and experience required for members of the Board. This assessment includes factors such as judgment, skill, diversity, integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

#### **Director Candidate Recommendations by Stockholders**

The nominating and corporate governance committee will review and evaluate any director nominations submitted by stockholders, including reviewing the qualifications of, and making recommendations to the Board regarding, director nominations submitted by stockholders. See [Communications with the Board of Directors](#) below for additional information on how to submit a director nomination to the Board.

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**Communications with the Board of Directors**

Any stockholder or other interested party who wishes to communicate directly with the Board or any of its members may do so by writing to: Board of Directors, c/o NexPoint Residential Trust, Inc., 300 Crescent Court, Suite 700, Dallas, Texas 75201, Attn: Corporate Secretary. The mailing envelope should clearly indicate whether the communication is intended for the Board as a group, the non-management directors or a specific director.



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The following sets forth information regarding the executive officers of the Company as of April 6, 2018:

<b>NAME</b>	<b>AGE</b>	<b>POSITIONS</b>
James Dondero	55	President and Chairman of the Board
Brian Mitts	47	Chief Financial Officer, Executive VP-Finance and Treasurer
Matt McGraner	34	Executive VP and Chief Investment Officer
Matthew Goetz	32	Senior VP-Investments and Asset Management
Scott Ellington	46	General Counsel and Secretary

Information regarding Mr. Dondero and Mr. Mitts is included above under Election of Directors.

**Matt McGraner** has served as our Executive VP and Chief Investment Officer since March 2015. Mr. McGraner has also served as a Managing Director at Highland since May 2013. With over nine years of real estate, private equity and legal experience, his primary responsibilities are to lead the operations of the real estate platform at Highland, as well as source and execute investments, manage risk and develop potential business opportunities, including fundraising, private investments and joint ventures. Mr. McGraner is also a licensed attorney and was formerly an associate at Jones Day from 2011 to 2013, with a practice primarily focused on private equity, real estate and mergers and acquisitions. Prior to joining Highland, Mr. McGraner led the acquisition and financing of over \$200 million of real estate investments and advised on \$16.3 billion of M&A and private equity transactions. Since joining Highland in 2013, Mr. McGraner has led the acquisition and financing of over \$2.3 billion of real estate investments.

**Matthew Goetz** has served as our Senior VP-Investments and Asset Management since March 2015. Mr. Goetz is also a Director at Highland and was previously a Senior Financial Analyst at Highland from 2014 to March 2017. With over nine years of real estate, private equity and equity trading experience, his primary responsibilities are to asset manage, source acquisitions, manage risk and develop potential business opportunities for Highland, including fundraising, private investments and joint ventures. Before joining Highland in June 2014, Mr. Goetz was a Senior Financial Analyst in CBRE's Debt and Structured Finance group from May 2011 to June 2014 where he underwrote over \$7 billion and more than 30 million square feet of multifamily, office, and retail commercial real estate. In his time at CBRE, a commercial real estate services firm, Mr. Goetz and his team closed over \$2.5 billion in debt and equity financing. Prior to joining CBRE's Debt and Structured Finance group, he held roles as an Analyst and Senior Analyst for CBRE's Recovery and Restructuring Services group from September 2009 to May 2011 where he assisted in the asset management and disposition of over 3,000 real estate owned assets valued at more than \$750 million. He also provided commercial real estate consulting services to banks, special servicers, hedge funds, and private equity groups.

**Scott Ellington** has served as our General Counsel and Secretary since March 2015. Mr. Ellington is also Chief Legal Officer and General Counsel at Highland, an affiliate of the Company. Prior to joining Highland in May 2007, Mr. Ellington worked as a Real Estate Counsel for Wells Fargo Bank, in its Commercial Real Estate Group. Mr. Ellington primarily focused on the due diligence and documentation of commercial real estate credits. Formerly, Mr. Ellington worked from 2002-2004 as Bankruptcy Counsel to Countrywide Financial Corporation, a financial services company.

**Table of Contents****EXECUTIVE COMPENSATION**

As an emerging growth company under the Jumpstart Our Business Startups Act of 2012, we are not required to include a Compensation Discussion and Analysis section in our proxy statement.

**Overview of Compensation Program**

We are externally managed by NexPoint Real Estate Advisors, L.P. (our Adviser), pursuant to an agreement dated March 16, 2015, as amended June 15, 2016 (the Advisory Agreement), by and among the Company, NexPoint Residential Trust Operating Partnership, L.P. (the OP) and our Adviser. Our Board has extended the term of the Advisory Agreement for an additional one-year term that will expire on March 16, 2019. Because our Advisory Agreement provides that our Adviser is responsible for managing our affairs, our officers, who are employees of our Adviser, have not received, nor do we expect they will in the future receive, any cash compensation from us for their services as our officers. Instead, we pay our Adviser the fees described below under Certain Relationships and Related Party Transactions Our Advisory Agreement. For the year ended December 31, 2017, we paid \$7,419,000 in fees to our Adviser.

**Compensation in 2017**

As described above, our officers are employed by our Adviser. As such, we did not provide any of our officers with any cash compensation, pension benefits or nonqualified deferred compensation plans. We have reported the advisory and administrative fees that we pay to our Adviser under Overview of Compensation Program above.

***Grants of Plan Based Awards in 2017***

The following table contains information regarding grants of plan-based awards to our officers during the year ended December 31, 2017.

NAME	GRANT DATE	ALL OTHER	GRANT DATE
		STOCK AWARDS: NUMBER OF SHARES OF STOCK (#)	FAIR VALUE OF STOCK AWARDS (\$)
James Dondero	3/16/17	53,461	\$ 1,207,000
Brian Mitts	3/16/17	24,101	\$ 544,000
Matt McGraner	3/16/17	80,192	\$ 1,810,000
Matthew Goetz	3/16/17	26,730	\$ 603,000
Scott Ellington	3/16/17	24,101	\$ 544,000

- (1) Represents the aggregate grant date fair value, calculated in accordance with FASB ASC Topic 718. Pursuant to SEC rules, the amounts shown in this column exclude the impact of estimated forfeitures related to service-based vesting conditions. See Note 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 for information regarding the assumptions made in determining these

values.

The NexPoint Residential Trust, Inc. 2016 Long Term Incentive Plan authorizes the compensation committee of our Board to provide equity-based compensation in the form of stock options, appreciation rights, restricted shares, restricted stock units, performance shares, performance units and certain other awards denominated or payable in, or otherwise based on, the Company's common stock or factors that may influence the value of the Company's common stock, plus cash incentive awards, for the purpose of providing our officers, our non-management directors, and potentially certain non-employees who perform employee-type functions, incentives and rewards for performance.

**Table of Contents*****Outstanding Equity Awards at Fiscal Year-End***

The following table contains information regarding outstanding equity awards held by our officers as of December 31, 2017.

NAME	STOCK AWARDS	
	NUMBER OF SHARES OF STOCK THAT HAVE NOT VESTED (#)	MARKET VALUE OF SHARES THAT HAVE NOT VESTED (\$) (1)
James Dondero	78,984 <sup>(2)</sup>	\$ 2,206,813
Brian Mitts	35,586 <sup>(3)</sup>	\$ 994,273
Matt McGraner	118,477 <sup>(4)</sup>	\$ 3,310,247
Matthew Goetz	39,492 <sup>(5)</sup>	\$ 1,103,406
Scott Ellington	35,586 <sup>(6)</sup>	\$ 994,273

- (1) Market value is based on the closing price of our common stock as of December 29, 2017 (\$27.94), the last trading day of the year.
- (2) Consists of restricted stock units granted on August 11, 2016 and March 16, 2017. With respect to the restricted stock units granted on August 11, 2016, as of December 31, 2017, there were 25,523 restricted stock units not vested, of which 12,761 will vest on August 11, 2018 and 12,762 will vest on August 11, 2019. With respect to the restricted stock units granted on March 16, 2017, as of December 31, 2017, there were 53,461 restricted stock units not vested, which vested one-third on March 16, 2018, and will vest one-third on March 16, 2019 and one-third on March 16, 2020.
- (3) Consists of restricted stock units granted on August 11, 2016 and March 16, 2017. With respect to the restricted stock units granted on August 11, 2016, as of December 31, 2017, there were 11,485 restricted stock units not vested, of which 5,742 will vest on August 11, 2018 and 5,743 will vest on August 11, 2019. With respect to the restricted stock units granted on March 16, 2017, as of December 31, 2017, there were 24,101 restricted stock units not vested, which vested one-third on March 16, 2018, and will vest one-third on March 16, 2019 and one-third on March 16, 2020.
- (4) Consists of restricted stock units granted on August 11, 2016 and March 16, 2017. With respect to the restricted stock units granted on August 11, 2016, as of December 31, 2017, there were 38,285 restricted stock units not vested, of which 19,142 will vest on August 11, 2018 and 19,143 will vest on August 11, 2019. With respect to the restricted stock units granted on March 16, 2017, as of December 31, 2017, there were 80,192 restricted stock units not vested, which vested one-third on March 16, 2018, and will vest one-third on March 16, 2019 and one-third on March 16, 2020.
- (5) Consists of restricted stock units granted on August 11, 2016 and March 16, 2017. With respect to the restricted stock units granted on August 11, 2016, as of December 31, 2017, there were 12,762 restricted stock units not vested, of which 6,381 will vest on August 11, 2018 and 6,381 will vest on August 11, 2019. With respect to the restricted stock units granted on March 16, 2017, as of December 31, 2017, there were 26,730 restricted stock units not vested, which vested one-third on March 16, 2018, and will vest one-third on March 16, 2019 and

one-third on March 16, 2020.