

CODE OF BUSINESS CONDUCT AND ETHICS TARRAGON CORPORATION AND SUBSIDIARIES

A. STATEMENT OF PURPOSE

This Code of Business Conduct and Ethics applies to all members of the Board of Directors, the principal executive officer, president, chief operating officer, chief financial officer, treasurer, principal accounting officer and controllers (together with any other persons performing similar financial and accounting functions, collectively referred to as the company's "Senior Financial Officers"), other officers at any level, and all employees of Tarragon Corporation and its subsidiaries.

Tarragon is committed to conducting its business in accordance with applicable laws, rules and regulations, and the highest standards of fair dealing, integrity and business ethics. As an officer, director or employee of Tarragon, you are expected to share this commitment, and to conduct yourself at all times in an honest and ethical manner.

In particular, all members of senior management must exhibit and promote honest and ethical conduct through the establishment, operation and enforcement of policies and procedures that encourage and reward professional integrity in all aspects of the company's business, and eliminate inhibitions and barriers to responsible behavior, such as coercion, fear of reprisal, or alienation from the organization or senior management of the company.

Good judgment, fairness and personal integrity form the basis of this Code, which contains both general guidelines and specific rules of conduct. Please recognize, however, that we cannot anticipate every situation. If you have any question about the legal or ethical aspects of a situation at work, you should discuss the matter with your supervisor or a member of senior management.

B. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

You are required to comply with all applicable laws, rules and regulations governing the conduct of Tarragon's business and to report any suspected violations of applicable laws to a member of senior management, Human Resources or the Legal department. This includes, but is not limited to, the following:

1. Compliance with all applicable state and federal securities laws and Tarragon's Stock Trading Policies

The U.S. securities laws prohibit trading in the stock of a company while in possession of material, non-public information about that company. These laws are frequently referred to as the "insider trading laws." Under the insider trading laws, if any employee of a company is found to have engaged in insider trading, the SEC can seek civil penalties (fines) and, in serious cases, criminal penalties (imprisonment). It can also seek to impose penalties on the employee's supervisors and on the company itself.

Tarragon's stock trading policies prohibit trading in securities (both of Tarragon and of other companies) while in possession of material, non-public information and from speculating in Tarragon stock. These policies apply to all Tarragon personnel, not just "insiders." (See **Tarragon Realty Investors, Inc. Summary of Stock Trading Policies**).

2. Compliance with all applicable employment laws relating to equal opportunity and a workplace free of harassment.

Tarragon is committed to providing equal employment and advancement opportunities to all persons, and will not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, age, disability, or any other characteristic protected by law. Tarragon is also committed to providing a workplace free of unlawful harassment. Any conduct by an employee which harasses, disrupts, or interferes with another's work performance or which creates a hostile work environment will not be tolerated. You have a responsibility to report incidents of discrimination or sexual or other unlawful harassment that you experience or witness to your supervisor, a member of senior management or the Human Resources or Legal department.

C. FINANCIAL REPORTING AND DISCLOSURES

It is Tarragon's intent to provide full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and documents that Tarragon files with, or submits to, the SEC, and in other public communications by Tarragon. The Senior Financial Officers shall establish and manage the company's transaction and reporting systems and procedures to provide that:

1. Business transactions are properly authorized and accurately and timely recorded on the company's books and records in accordance with accounting principles generally accepted in the United States of America ("GAAP") and established company financial policy.
2. No false statements or entries for any purpose are made in the company's books and records, financial statements and related communications.
3. Periodic financial communications and reports include full, fair, accurate, timely and understandable disclosure.

Senior Financial Officers will promptly bring to the attention of the Audit Committee: material information that affects the disclosures made by the company in its public filings; and information concerning significant deficiencies in the design or operation of internal controls that could adversely affect the company's ability to record, process, summarize and report financial data.

In addition, Senior Financial Officers shall endeavor to comply faithfully with all laws, rules and regulations of any federal, state or local government and regulatory agencies, and promptly bring to the attention of corporate legal counsel and to the Audit Committee: any

evidence of fraud, whether or not material, that involves management or other employees who have a significant role in the company's financial reporting, disclosures or internal controls; information concerning a violation of this Code, including any actual or apparent conflicts of interest between personal and professional relationships, involving management or other employees who have a significant role in the company's financial reporting, disclosures or internal controls; any evidence of a material violation by the company or its employees or agents of applicable laws, rules or regulations.

In the event of violation by Senior Financial Officers of this Code, the Audit Committee of the Board of Directors shall recommend appropriate disciplinary and remedial actions.

D. CONFLICTS OF INTEREST

A conflict of interest can occur when your private interests interfere in any way with the best interests of Tarragon as a whole. You are expected to maintain a standard of business conduct that is conducive to Tarragon's best interest. You should not engage in any activity that could result in an actual or perceived conflict between your personal interests and those of Tarragon. Before making any investment, accepting any position or benefit, participating in any transaction or business arrangement or otherwise acting in a manner that may create or appear to create a conflict of interest, it is your personal responsibility to fully disclose the circumstances to your supervisor or senior management and obtain their written approval to proceed. Situations which could give rise to a conflict of interest or to the appearance of a conflict of interest, include but are not limited to:

1. Any circumstance which could compromise your objectivity in selecting or dealing with a vendor, including a personal relationship of any sort with a vendor or its employees, ownership or investment in a vendor or employment by a vendor, or acceptance of gifts, gratuities, favors or anything else of more than nominal value that might place you under an obligation to a vendor; or
2. Engaging in any other gainful employment or outside business activity which might interfere with the faithful performance of your duties and/or responsibilities to Tarragon; or
3. Any offer of gratuity, rebate, kickback or other improper inducement; or
4. Investment with or in industry competition; or
5. accepting any income or material gain from third parties for materials produced or services rendered while performing your job for Tarragon.

Upon disclosure, senior management will determine whether the situation is or appears to be in conflict with Tarragon's best interests. In the event that management determines, in its sole discretion, that the activities are in conflict with Tarragon's best interests, you will be asked to terminate such activities or resign from Tarragon employ. In the event that you fail to timely disclose any situation giving rise to a potential conflict of interest, you may be subject to

disciplinary action, up to and including immediate termination of your employment with Tarragon.

E. COMPLIANCE WITH THIS CODE: “WHISTLEBLOWER POLICY”

If you know of or suspect a violation of this Code, you are obligated to report the matter promptly to your supervisor or the Human Resources or Legal department. You are assured of confidentiality to the extent possible. You may do so without fear of reprisal. You are protected from retaliation for reporting violations of this Code, or of any lawful or ethical violations, so long as your report is made in good faith.

If you have a concern or complaint about Tarragon’s accounting, internal accounting controls or auditing matters, you may communicate such concern to the Audit Committee of the Board of Directors by utilizing Tarragon’s whistleblower hotline, “REPORT IT,” a third-party anonymous and confidential reporting hotline, or by sending the Committee a letter in care of the Corporate Secretary at 3100 Monticello, Suite 200, Dallas, Texas 75205.

It is a violation of this Code to knowingly provide false information to management or refuse to cooperate with management during an investigation of violations of this Code or other unlawful or unethical activities.

F. WAIVER

Any waiver of this Code for officers or directors must be made by the Board of Directors or a Committee of the Board designated to do so, and will be promptly disclosed as required by applicable law and/or NASDAQ listing standards.