

MERITAGE HOMES CORPORATION

CONFLICT OF INTEREST POLICY

This Conflict of Interest Policy (“Policy”) establishes the policy of Meritage Homes Corporation and its subsidiaries and affiliates (collectively, “Meritage”) related to investments, activities, transactions and relationships that constitute actual or potential conflicts of interest between Meritage and its employees and/or directors and certain persons and entities that are related to or affiliated with such employees and/or directors (or their family members). This Policy is supplemental to the guidelines, prohibitions, restrictions, and requirements set forth in the Meritage Code of Ethics. This Policy is essential to sound corporate governance.

General Principles

As a general rule, employees and directors of Meritage may not make any investments or engage in any activities or transactions or maintain any relationships that are incompatible, or potentially incompatible, with the best interests of Meritage or the impartial, objective and effective performance of their duties to Meritage. Such investments, activities, transactions and relationships constitute conflicts of interest, and require full disclosure and, unless approved in advance in accordance with the Policy, are prohibited.

Examples of investments, activities, transactions and relationships that could create a conflict of interest include, but are not limited, to situations where an employee or director or person or entity related to, or affiliated with, an employee or director:

- makes investments or engages in activities that are contrary, or potentially contrary, to Meritage’s interest;
- accepts or solicits a gift, favor or service from an individual, business or other party involved, or potentially involved, in a contract, transaction or other relationship with Meritage;
- accepts, agrees to accept, or solicits money or other tangible or intangible benefits in exchange for, or in consideration of, duties or responsibilities performed involving or relating to Meritage;
- accepts employment or compensation or engages in any business or professional activity that might cause disclosure of information which is proprietary or confidential to Meritage; or
- accepts compensation or other consideration or any position that could affect or impair the individual’s loyalty or performance of his or her duties to Meritage or such person’s independent judgment in proceeding with such duties.

This Policy applies to the investments, activities, transactions and relationships of every employee and director of Meritage, and, depending on the facts and circumstances, to persons and entities which are related to employees and directors of Meritage. Persons that are considered to be “related” to employees and directors for purposes of this Policy include spouses, children, parents, siblings and in-laws of employees, and persons who live with or who

have any other significant relationship with a Meritage employee. Entities (such as corporations, partnerships, joint ventures, limited liability companies, trusts or other legally recognizable entities) are considered to be related to an employee or director if an employee or director or a person related to an employee or director has an ownership, investment, management, employment, or other interest in such entity, or if the employee or director or any person related to such employee or director is, or may be, entitled to any compensation, profits, distributions, payments (including interest relating to loans made to such entity) or other benefits of any kind from such an entity.

Prohibited Investments

Investments or interests in property, assets and entities which compete or conflict with Meritage's business or interests are generally prohibited (unless approved in advance in accordance with this Policy). Similarly, investments or interests in the businesses of Meritage's vendors and suppliers, contractors, subcontractors, land sellers, consultants, land bankers and agents are generally prohibited (unless approved in advance in accordance with this Policy). The reason such investments and interests are generally prohibited is because they could cause divided loyalty or the appearance of divided loyalty. Examples of prohibited investments and interests include, but are not limited to, investments or interests: (i) in property which Meritage owns, contracts to acquire or leases, or which Meritage could be interested in owning, acquiring or leasing, or (ii) in or with Meritage's subcontractors or contractors, or (iii) in or with Meritage's materials suppliers, or (iv) in or with Meritage's architectural and engineering firms and other consultants, or (v) in or with real estate companies, development companies, title and escrow agencies and companies, insurance brokers and agencies and mortgage brokers or companies, and similar types of businesses that provide, or might provide, goods, properties, or services to Meritage. Exceptions to this Policy may be permitted in the following instances:

- Where the investment or interest was acquired by the employee or director, or a person or entity related to the employee or director, prior to the time the employee or director became employed by or affiliated with Meritage;
- Where the investment or interest was acquired as a result of marriage, inheritance or similar succession; or
- Where an investment or interest is, based on all the facts and circumstances, and in accordance with the approval process set forth herein, determined to not pose a material conflict with the interests of Meritage and where prohibiting the employee or director from making or continuing to own the investment or interest would be unduly burdensome or inequitable with respect to the employee or director.

All conflict of interest investments, activities, transactions and relationships, including those subject to existing approval, must be fully disclosed on Meritage's Conflict of Interest Disclosure Form, which can be obtained from the Company's website. To qualify for approval under this Policy, an otherwise prohibited investment, activity, transaction or relationship must be approved by Meritage as provided in this Policy under the heading "Approval Process for Conflicts of Interest." In addition, even where an otherwise prohibited investment, activity, transaction or relationship is approved under this Policy, an employee may not during normal business hours actively participate in the business related to such investment and any participation in the

business must not otherwise interfere with the employee's normal work for, or duties to, Meritage.

Permitted Investments

As a general rule, an investment by an employee or director in securities traded on a recognized stock exchange will not create a conflict of interest and is thus not a prohibited investment as long as the securities are purchased on the same terms and are based upon the same information available to the general public. Other investments that are usually not considered to pose a conflict of interest (and thus are not prohibited investments) include investments in mutual funds, blind trusts, or debt instruments of publicly held companies.

Investments by an employee or director, whether directly or indirectly through a person or entity related to an employee or director, in real property which is located in or near any market in which Meritage builds and which is at any time intended to be developed or may be developed as a residential community, other than "**Permitted Personal Real Estate Investments**" (as defined below) are discouraged and must be disclosed because they could present a conflict of interest in the future, whether involving a transaction with Meritage or a competitor of Meritage.

A "**Permitted Personal Real Estate Investment**" means any of the following:

- a personal residence,
- a vacation home,
- a completed single-family rental home,
- a rental apartment,
- an industrial, office, retail or other commercial property (except where such property is leased to Meritage or a competitor of Meritage), and
- passive investments in a land banking entity, provided such land banking entity does not invest in Meritage projects and the employee or director is not involved or associated with the identification or selection of the land banker's property and provided such investment is approved by the Audit Committee of the Board of Directors.

Any real estate transaction between Meritage and an employee or director, or a person or entity which is related to a Meritage employee or director, is subject to strict scrutiny and may not be entered into unless such transaction is approved by the Audit Committee of the Board of Directors in accordance with this Policy.

Prohibited Activities

Employees of Meritage are prohibited from engaging in the following activities:

- Participating during normal working hours in activities related to any investment or business, whether or not such investment or business is permitted or qualifies as a Permitted Personal Real Estate Investment, except for activities involving only a minimal amount of time on an infrequent basis.

- Participating in any land development or residential construction activities except and to the extent specifically permitted under the Permitted Activities section below.
- Participating in an activity that constitutes a prohibited investment pursuant to this Policy, whether or not during normal working hours.

In addition, the following additional prohibitions, restrictions and policies apply to employees of Meritage:

- No co-brokerage commissions will be paid or credited to employees (or persons or entities related to or which are an agent for an employee) who purchase a new Meritage home. This means that employees (or persons or entities related to an employee) holding a real estate or broker's license cannot use that license to obtain a discount to purchase a new Meritage home for their own use or for others.
- Employees who purchase a new Meritage home must select, order and pay for options, upgrades, extras, etc. through the normal sales and construction process. No upgrade or change or modification of any kind or value can be accepted from a subcontractor as a favor, gift or at a discount or otherwise be ordered or obtained outside of Meritage's normal sales and construction processes. Refer to the Home Purchase Discount Reimbursement policy for further information.
- Meritage employees are prohibited from performing work on homes and providing services for Meritage homebuyers outside the scope of their employment with Meritage.
- No Meritage employee (including any general contractor, construction manager or comparable position acting for or on behalf of a Meritage employee) may use any Meritage subcontractor, supplier or consultant in connection with any non-Meritage construction activity unless such use is specifically permitted, disclosed and approved in accordance with the Company's policy regarding "Personal Contracting and Use of Subcontractors, Suppliers and Consultants".

Permitted Activities

Employees are discouraged from holding part-time positions with other entities, but may do so, provided (i) such positions are with entities that are not engaged in prohibited activities as described above and (ii) the time devoted to the part-time position occurs outside of normal business hours and does not interfere with the employee's normal work for, or duties to, Meritage.

Gifts and Favors

No employee shall solicit or accept any gift, favor, loan, gratuity, reward, promise of future employment or any other thing of monetary value that might influence or appear to influence the judgment or conduct of the employee in the performance of his or her job. Employees may accept occasional unsolicited courtesy gifts or favors (such as business lunches, tickets to sporting events or holiday baskets) as long as the gifts or favors have an aggregate market value under \$500, are customary in the industry, and do not influence or appear to influence the judgment or conduct of the employee in Meritage's business. An employee may not accept an out of town trip paid for in whole or in part by a supplier, subcontractor, vendor or consultant for

Meritage unless it is fully disclosed to and approved by Meritage's Vice President of Internal Audit/Compliance. An exemption to the restrictions in this paragraph may be made with respect to a specified gift or favor provided it is properly disclosed and approved by Meritage's Vice President of Internal Audit/Compliance in accordance with this Policy.

Work with Professional Organizations/Associations

An employee's or director's work with or for an outside professional civic or philanthropic organization or association will not be deemed to create a conflict of interest if such work:

- is related to the legitimate professional or personal interest and development of the employee or director;
- does not interfere with the employee's or director's regular duties to Meritage; and
- does not violate federal or state law.

Disclosure of Conflicts

All employees (other than the CEO and Executive Vice Presidents) are required to complete and return a Conflict of Interest Disclosure Form to People Operations at the time they become employed by Meritage and when situations arise that create an actual, potential or apparent conflict of interest as set forth in this Policy. Members of the Board of Directors, the CEO and Executive Vice Presidents are not required to complete the Conflict of Interest Disclosure Form because they are subject to separate, but more rigorous, annual inquiries and reporting requirements in connection with Meritage's public company reporting requirements and report preparation.

Specifically, but without limitation, each Meritage employee is required to disclose any:

- wages, compensation, benefits, payments, perks, gifts, favors, loans, and/or other amounts or promises of any kind the employee, or a person or entity related to such employee, has received or may in the future receive from any investment, activity, transaction or relationship that presents an actual or potential conflict of interest pursuant to this Policy;
- ownership interests the employee, or a person or entity related to such employee, has in any entity that is prohibited by this Policy or which otherwise gives rise to an actual or potential conflict of interest;
- offices, positions and interests the employee, or a person or entity related to such employee, holds in any outside entity or organization that constitutes, or could constitute, a conflict of interest pursuant to this Policy; and
- other relationships the employee, or a person or entity related to such employee, has with any individual/entity that actually or potentially create a conflict of interest.

All disclosures required by employees under this Policy must be disclosed on Meritage's Conflict of Interest Disclosure Form and will be reviewed and handled in accordance with the following section of this Policy titled "Approval Process for Conflicts of Interest."

Approval Process for Conflicts of Interest

This section sets forth the procedures to be followed regarding any investments, activities, transactions, or relationships that constitute an actual or potential conflict of interest involving the employees and directors of Meritage. For investments, activities, transactions or relationships involving a Meritage employee or director that present an actual or potential conflict of interest, such investment, activity, transaction or relationship may not be maintained, made, undertaken or pursued unless such investment, activity or relationship is disclosed and approved in advance in accordance with the following procedures:

(1) Employees.

(A) Division/ Region Employees. Except as specified below for officers, senior officers and directors, the actual or potential conflict of interest must be disclosed on the Conflict of Interest Disclosure Form and reviewed and approved by the employee's respective Division President or Region/Area President. The respective Division President or Region/Area President must document the disclosed actual or potential conflict and confirm that he or she has evaluated such conflict of interest and determined and communicated to the employee how it will either be eliminated or mitigated going forward. The approval must then be submitted to the Vice President of Internal Audit/Compliance for final review and approval.

(B) Corporate Employees. Except as specified below for officers, senior officers and directors, the actual or potential conflict of interest must be disclosed on the Conflict of Interest Disclosure Form and reviewed and approved by the employee's respective corporate Vice President or an Executive Vice President. The respective Vice President or Executive Vice President must document the disclosed actual or potential conflict and confirm that he or she has evaluated such conflict of interest and determined and communicated to the employee how it will either be eliminated or mitigated going forward. The approval must then be submitted to the Vice President of Internal Audit/Compliance for final review and approval.

(2) Officers. Except as specified below for senior officers, where the employee is an officer of Meritage, the actual or potential conflict of interest must be disclosed on the Conflict of Interest Disclosure Form and reviewed and approved in advance by Meritage's General Counsel or Vice President of Internal Audit/Compliance, provided that such persons shall, if they are division/region employees, generally involve the respective Division President or Region/Area President in the evaluation. The General Counsel or Vice President of Internal Audit/Compliance must document the disclosed actual or potential conflict and confirm to the employee that he or she has evaluated the conflict and determined and communicated to the officer how it will either be eliminated or mitigated going forward.

(3) Senior Officers. Where the employee is a senior officer of Meritage (defined as a Section 16 reporting person), the actual or potential conflict of interest must be reviewed and approved in advance by the Audit Committee. The Audit Committee will document the

disclosed conflict and confirm that the Committee has evaluated the conflict and determined and communicated to the senior officer how it will either be eliminated or handled going forward.

- (4) Board of Directors. In the event of an actual or potential conflict of interest involving a member of the Board of Directors of Meritage, including without limitation a related party transaction, the conflict of interest must be reviewed and approved in advance by the Audit Committee. The Audit Committee will document the disclosed conflict and confirm that the Committee has evaluated the conflict and determined and communicated to the director how it will either be eliminated or mitigated going forward.
- (5) The Vice President of Internal Audit/Compliance shall consult with Meritage's Chief Financial Officer and General Counsel regarding any actual or potential conflict of interest as the Vice President of Internal Audit/Compliance deems necessary or appropriate.
- (6) In each of the above situations, the individual(s) responsible for reviewing and approving actual or potential conflicts of interest shall review such actual or potential conflict of interest with strict scrutiny and evaluate whether the transaction is reasonable in comparison to an arm's length transaction.
- (7) The Vice President of Internal Audit/Compliance will maintain copies of all reports and approvals.

Withdrawal from Decisions and Processes

Employees and directors are prohibited from exercising decision-making or signing authority or exerting influence with respect to Meritage concerning any investment, activity, transaction or relationship in which such employee or director or any person or entity related to such employee or director has an interest.

Misuse of Information / Taking of Corporate Opportunity

No employee or director shall personally exploit any business opportunity in which the employee or director knows or reasonably should know Meritage is or would be interested in, unless Meritage first consents thereto in writing.

Reporting Suspected Violations

Actual or suspected violations of this Policy and the facts related thereto or the basis for the suspicions shall be reported, preferably in writing, to the Company's Vice President of Internal Audit/Compliance, or if that would be problematic or uncomfortable, to the Company's General Counsel or the employee's Division President or Region/Area President. Alternatively, any actual or suspected violations of this Policy may be reported through Meritage's anonymous hotline (800) 793-7719 or by Internet (www.tnwinc.com/webreport). No adverse action will be taken, either directly or indirectly, against a complainant who makes such report in good faith.

Discipline

Engaging in any activity, transaction or relationship that is adverse to Meritage's interests or failing to make disclosures required by this Policy may result in immediate discipline, up to and including termination of employment. Meritage can discipline an employee immediately when Meritage has knowledge that the employee has engaged in activity prohibited by this Policy. Meritage's exercise of such discipline does not depend on the disclosure process outlined in this Policy.