

September 28, 2007



## **MERITAGE HOMES ANNOUNCES COMPLETION OF CREDIT FACILITY AMENDMENT**

SCOTTSDALE, Ariz., Sept. 28, 2007 (PRIME NEWSWIRE) -- Meritage Homes Corporation (NYSE:MTH) announced the successful completion yesterday of an amendment to its revolving credit agreement with Guaranty Bank and various other financial institutions. The amendment allows for a reduction in the minimum interest coverage ratio from 2.0 to 1.0 for a reduction period of up to nine consecutive quarters. The amendment also allows for a further reduction of the interest coverage ratio to not less than 0.5 for a period of up to three consecutive quarters during the reduction period. At June 30, 2007, the interest coverage ratio under the credit agreement was 4.95 for the trailing twelve month period.

If and when the interest coverage ratio falls below 2.0, the interest rates applied to borrowings and letters of credit under the credit agreement will increase. The permitted maximum leverage ratio, currently 2.25 under the credit agreement, would also be reduced, and both would subsequently be adjusted based on the level of the interest coverage ratio.

The amendment also permanently decreases the borrowing capacity under the credit agreement, which matures in 2011, to \$800 million from \$850 million, and modifies the applicable interest rate depending on the Company's leverage ratio.

"We are focused on improving our balance sheet strength by reducing inventory and debt," said Steven J. Hilton, chairman and CEO of Meritage Homes. "This amendment is a pre-emptive measure that provides us additional operating flexibility as market conditions for homebuilders continue to be very challenging. We appreciate the support of Guaranty Bank and JPMorgan Chase Bank as lead arrangers, as well as the others in our credit facility who cooperated with us to complete this amendment."

During the interest coverage ratio reduction period, the Company will be prohibited from repurchasing any of its common stock, repurchasing or prepaying any senior notes or subordinated debt, or paying dividends, and will receive no credit in the borrowing base for unimproved entitled land. Outside of the reduction period, the Company receives borrowing base credit for 50% of the value of unimproved entitled land. Also during the reduction period, land and lots under development and unimproved entitled land in the aggregate may not comprise more than 30% of the borrowing base, compared to 40% for periods not in the reduction period. If the interest coverage ratio is less than 1.0, the Company must maintain borrowing base capacity of at least \$75 million.

The reduction period will commence if and when the Company provides notice to Guaranty Bank of its intention to exercise this allowance before June 30, 2008. The amendment also makes other permanent modifications to certain provisions of the credit agreement.

### **About Meritage Homes Corporation**

Meritage Homes Corporation (NYSE:MTH) is a leader in the homebuilding industry. The Company is ranked by Builder magazine as the 12th largest homebuilder in the U.S. and was selected in 2006 for the fourth consecutive year to Forbes' "Platinum 400 -- Best-Managed Big Companies in America." Meritage is in the S&P SmallCap 600 Index, ranks #580 on the 2007 Fortune 1000 list and has appeared on Fortune's "Fastest Growing Companies in America" list in six of the last eight years. Meritage operates in many of the historically dominant homebuilding markets of the southern and western United States, including six of the top 10 single-family housing markets in the country for 2006, and has reported 19 consecutive years of record revenue through 2006. For more information about the Company, visit [www.meritagehomes.com](http://www.meritagehomes.com). Meritage is a member of the Public Home Builders Council of America ([www.phbca.org](http://www.phbca.org)).

The Meritage Homes Corporation logo is available at <http://www.primenewswire.com/newsroom/prs/?pkgid=2624>

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include those regarding improving our balance sheet strength by reducing inventory and debt, and management's decision to exercise allowances under its credit agreement. Such statements are based upon the current beliefs and expectations of Company management, and current market conditions, which are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. The Company makes no commitment, and disclaims any duty, to update any forward-looking statements to reflect future events or changes in these expectations.

Meritage's business is subject to a number of risks and uncertainties, including: fluctuations in demand, competition, sales orders, cancellation rates and home prices in our markets; potential write-downs or write-offs of assets or deposits; interest rates and changes in the availability and pricing of residential mortgages; housing affordability; our success in locating and negotiating potential acquisitions; successful integration of acquired operations with existing operations; our investments in land and development joint ventures; our dependence on key personnel and the availability of satisfactory subcontractors; materials and labor costs; our ability to take certain actions because of restrictions contained in the indentures for our senior and senior subordinated notes and the agreement for our unsecured credit facility; our lack of geographic diversification; the cost and availability of insurance, including the unavailability of insurance for the presence of mold; our potential exposure to natural disasters; the impact of construction defect and home warranty claims; demand for and acceptance of our homes; changes in the availability and pricing of real estate in the markets in which we operate; our ability to acquire additional land or options to acquire additional land on acceptable terms; our exposure to obligations under performance and surety bonds, performance guarantees and letters of credit; general economic slow downs; consumer confidence, which can be impacted by economic and other factors such as terrorism, war, or threats thereof and changes in energy prices or stock markets; inflation in the cost of materials used to construct our homes; our level of indebtedness and our ability to raise additional capital when and if needed; legislative or other initiatives that seek to restrain growth or new housing construction or similar measures and other factors identified in documents filed by us with the Securities and Exchange Commission, including those set forth in our Form 10-K for the year ended December 31, 2006, and Form 10-Q for the quarter ended June 30, 2007, under the caption "Risk Factors." As a result of these and other factors, the Company's stock and note prices may fluctuate dramatically.

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