

# **MERITAGE HOMES CORPORATION**

## **EXECUTIVE COMPENSATION COMMITTEE CHARTER**

### **I. PURPOSE AND AUTHORITY**

The Executive Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Meritage Homes Corporation (the “Corporation”) is responsible to the Board and reports regularly to the Board on the activities of the Committee, which includes approving all executive officer compensation arrangements.

The Committee shall have the authority to obtain advice and assistance from consultants, legal counsel, accounting and other advisers as appropriate to perform its duties hereunder, and to determine the terms, costs and fees for such engagements. Without limitation, the Committee shall have the sole authority to retain and terminate any compensation consultant, counsel or adviser and to determine and approve the terms, costs and fees for such engagements. The fees and costs of any consultant or adviser engaged by the Committee to assist the Committee in performing its duties hereunder shall be borne by the Corporation. In engaging and retaining any outside advisers, the Committee shall take into consideration: any independence or similar factors pertaining to the outside adviser as required by the New York Stock Exchange (“NYSE”), the Securities and Exchange Commission (“SEC”) and other applicable rules and regulations, including whether the person (firm) employing the adviser is providing any other services to the Corporation; how much the firm employing the adviser has received in fees from the Corporation, as a percentage of the firm’s revenue; what policies and procedures have been adopted by the firm employing the adviser to prevent conflicts of interest; whether the adviser has any business or personal relationship with a member of the Committee; whether the adviser owns any stock of the Corporation; and whether there are any business or personal relationships between the executive officers of the Corporation and the adviser, or firm employing the adviser. The Committee may, when appropriate, form and delegate authority to a subcommittee comprised of independent directors.

### **II. COMPOSITION**

The Committee shall be comprised of three or more directors, each of whom must meet the independence requirements of applicable SEC and NYSE rules. In addition, no director may serve on the Committee unless he or she is a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. Members of the Committee shall be appointed by the Board upon recommendation of the Nominating/Governance Committee. Any member may be removed by the Board at any time. The Committee Chair shall be appointed by the Board upon recommendation of the Nominating/Governance Committee and shall preside at all regular sessions of the Committee.

### **III. MEETINGS**

The Committee shall meet according to a pre-established calendar and schedule of committee agenda items that is prepared on an annual basis. In addition, the Committee shall meet as often as it deems necessary to fulfill its responsibilities hereunder and may meet with management or

individual directors at such time as it deems appropriate to discuss any matters before the Committee. The Committee should meet at least one time per year with the Corporation's management and should meet periodically without the presence of management. The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

#### **IV. RESPONSIBILITIES AND DUTIES**

The Committee shall:

1. Establish a compensation philosophy for the Corporation with regard to salaries and other compensation of executive officers and the Corporation's Executive Chairman, which considers business and financial objectives, compensation provided by comparable companies and/or such other information as may be deemed appropriate, including but not limited to executive officer pay competitive analyses and tally sheets.
2. Approve all base salaries and other compensation of executive officers.
3. Review and make recommendations on changes in major retirement and fringe benefit programs.
4. Approve awards under all equity compensation plans of the Corporation including any mid-year awards to new or promoted employees.
5. Annually review and approve corporate and personal performance goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and recommend to the Board, the Chief Executive Officer's compensation program based on this evaluation. In determining any long-term incentive component of the Chief Executive Officer's compensation, the Committee shall consider the Corporation's performance and relative stockholder return, the value of similar incentive awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer in past years.
6. Annually review and approve corporate and personal performance goals and objectives relevant to the Executive Chairman's compensation, evaluate the Executive Chairman's performance in light of those goals and objectives, and recommend to the Board, the Executive Chairman's compensation program based on this evaluation. In determining any long-term incentive component of the Executive Chairman's compensation, the Committee shall consider the Corporation's performance and relative stockholder return, the value of similar incentive awards to executive chairman's of comparable companies, and the awards given to the Executive Chairman's in past years.
7. Annually review and approve corporate and personal performance goals and objectives relevant to the compensation of executive officers other than the Chief Executive Officer and the Executive Chairman.

8. Act on behalf of the Board in administering compensation plans approved by the Board and/or stockholders, in a manner consistent with the terms of such plans, including, as applicable, review of performance target goals established at the beginning of the relevant performance period and determination of when performance goals have been achieved at the end of the performance period.

9. Review and make recommendations to the Board on cash incentive compensation plans and equity compensation plans, including share usage and share pool availability.

10. Annually review the outside directors' compensation program for competitiveness and plan design and recommend to the Board changes as appropriate.

11. Consult with and advise management on major policies affecting executive compensation programs, including evaluating whether the Corporation's programs are properly coordinated and furthering their intended purposes or whether design changes are necessary or desirable. On a periodic basis, review executive compensation design, governance trends and emerging issues.

12. Oversee the risk profile of the Corporation's compensation programs and review the incentives and any material risks arising from or related to the Corporation's compensation programs.

13. Review and discuss with management the disclosures in the Corporation's "Compensation Discussion and Analysis" or CD&A, and any other disclosures regarding executive compensation to be included in the Corporation's public filings with the SEC and NYSE.

14. Provide the Committee report on the CD&A for inclusion in the Corporation's public filings with the SEC.

15. Assess and consider the results of the most recent Say-on-Pay advisory vote relating to executive compensation.

16. Review and update, in collaboration with the Nominating/Governance Committee, the Committee's Charter on at least an annual basis or as conditions dictate.

17. Regularly report to the Board.

18. Conduct a Committee self-evaluation on at least an annual basis, consistent with the self-assessment process reflected in the Corporation's Corporate Governance Principles and Practices.

19. Perform any other duties and functions consistent with this Charter, the Corporation's charter and Bylaws, and governing law, as the Committee or the Board deems necessary or appropriate.