

MERITAGE HOMES CORPORATION

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

General Governance Principles and Board Matters

The Board of Directors (the “Board”) shall have a majority of directors who meet the criteria for independence required by the New York Stock Exchange (“NYSE”). The Nominating/Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members’ qualification as independent, as well as consideration of age, skills, diversity and experience in the context of the needs of the Board. Nominees for directorship will be selected by the Nominating/Governance Committee in accordance with the policies and principles in its charter. The Nominating/Governance Committee shall be responsible for determining whether newly elected directors meet the Board’s minimum qualification standards. The invitation to join the Board should be extended by the Board itself or by the Chair of the Nominating/Governance Committee and the Chairman of the Board.

The Board believes that the appropriate size of the Board is between five and nine members.

The Board does not believe it should establish term limits or a mandatory retirement age. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have over time been able to develop significant knowledge about and insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole through this “institutional knowledge.” As an alternative to term limits and a mandatory retirement age, the Nominating/Governance Committee will regularly review the composition of the Board and the skill set and perspectives of each member to ensure that the Board as a whole remains sufficiently current for dealing with fast-changing business dynamics.

The Board does not believe that a director should serve as a board member of more than three other public companies. The Board will specifically evaluate the qualifications of any director that serves on the board of more than three other public companies.

Any nominee for director who is an incumbent director but who is not elected by the vote required in the Bylaws, and with respect to whom no successor has been elected, shall promptly tender to the Board his or her offer to resign for its consideration. The Nominating/Governance Committee will recommend whether to accept or reject the resignation offer, or whether other action should be taken. In determining whether to recommend that the Board accept any resignation offer, the members of the Nominating/Governance Committee will be entitled to consider all factors believed relevant by the Nominating/Governance Committee. The Board will act on the Nominating/Governance Committee’s recommendation within 90 days following certification of the election results and will announce its determination and rationale in a Form 8-K. In deciding whether to accept the resignation offer, the Board will consider the factors

considered by the Nominating/Governance Committee and any additional information and factors that the Board believes to be relevant. If the Board accepts a director's resignation offer pursuant to its process, the Nominating/Governance Committee will recommend to the Board and the Board will thereafter determine what action, if any, will be taken with respect to any vacancy created by a resignation. Any director who tenders his or her resignation pursuant to this policy will not participate in the proceedings of either the Nominating/Governance Committee or the Board with respect to his or her own resignation.

Any director that is also an officer or employee of the Company agrees to tender his or her resignation from the Board upon termination of his or her employment as an officer or employee of the Company. In exercising its fiduciary duty, the Board may in its discretion accept or refuse to accept such resignation. Because the Board believes strongly in protecting the shareholder franchise, this resignation policy does not apply where a director/officer owns a significant amount of Meritage stock (more than 300,000 shares).

Director Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its Stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase directors' and officers' liability insurance on their behalf, to provide the benefits of indemnification to the fullest extent permitted by law and the Company's charter, bylaws and any indemnification agreements, and to exculpation as provided by Maryland law and the Company's charter.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed to the directors before the meeting, and directors should review these materials in advance of the meeting.

The Chairman following consultation with the Lead Independent Directors will establish the agenda for each Board meeting. Each Board member is encouraged to provide input into setting the agenda. Board members may suggest the inclusion of items on the agenda to the Chairman or to the Lead Independent Director. The Board shall advise and participate in the Company's long-range strategic plans and such issues should be addressed during at least one Board meeting each year. In addition, the following items should be considered for inclusion on the Board agenda over the course of the year:

- Performance of the current Chief Executive Officer and succession planning;
- Long-term strategy for the creation of stockholder value, including mergers and acquisitions, capital investments and operational and financial plans;

- Identification and management of significant risks, including reputational risk;
- Standards of performance and corporate culture and values;
- Cybersecurity;
- The Company's environmental, social and governance profile;
- Stockholder concerns, insight and feedback; and
- Board education programs.

The non-management directors should meet in executive session at each regularly scheduled meeting. The non-management directors should also meet in executive session at any other convened meeting as necessary or appropriate. The Lead Independent Director shall preside at these meetings and will be chosen by the independent directors, and his/her name and position as the Lead Independent Director will be disclosed in the Company's annual proxy statement.

Board Committees

The Board will have at all times an Audit Committee, an Executive Compensation Committee and a Nominating/Governance Committee. All of the members of these committees will be independent directors under the criteria established by the NYSE. The Board may also establish such other committees as the Board deems appropriate.

Committee members and chairs will be appointed by the Board upon recommendation of the Nominating/Governance Committee. The Board will not mandate rotation of the committee members, but will consider from time to time the membership and chairs of the committees.

Each committee will have its own written charter. The charters will set forth the authority and responsibilities of the committees as well as qualifications for committee membership (including any independence requirements specific to that committee), procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

Director Access to Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate should, absent unique circumstances, be arranged through the Chief Executive Officer, Chief Financial Officer or General Counsel. The directors will use their judgment to ensure that any such contact is not disruptive to the business.

operations of the Company and will, unless inappropriate, copy the Chief Executive Officer on any written communications between a director and an officer or employee of the Company.

Director Compensation

The form and amount of director compensation will be determined by the Executive Compensation Committee in accordance with the policies and principles set forth in its charter, and the Executive Compensation Committee will conduct an annual review of director compensation. The Executive Compensation Committee will consider that a director's independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with, or provides other indirect forms of compensation to, a director or an organization with which the director is affiliated.

Director Orientation and Continuing Education

All new directors should participate in an orientation program sponsored by the Company. This orientation will be designed to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics, its principal officers, its internal audit function, and its independent auditors. In addition, the Board encourages each director to attend prominent continuing education programs (including programs accredited by ISS). The Company will pay for the director's tuition and reasonable and customary travel expenses to attend continuing education programs.

Chief Executive Officer Evaluation and Management Succession

The Executive Compensation Committee will conduct an annual review of the performance of the Chief Executive Officer, as set forth in its charter. The Board will review the Executive Compensation Committee's report in order to ensure that the Chief Executive Officer is providing the best leadership for the Company in the long-term and short-term.

The Board of Directors shall be responsible to approve a succession plan for the Chief Executive Officer and the senior officers of the Company. The entire Board will work with the Nominating/Governance Committee to identify and evaluate potential successors to the Chief Executive Officer.

Stockholding Requirements

In order to more closely align the interests of directors and senior corporate management with those of stockholders, the Board has adopted guidelines requiring that directors and certain senior corporate officers acquire and maintain ownership, directly or beneficially, of a

meaningful amount of Meritage stock (“Stock Ownership Guidelines”). As currently structured, each covered individual must acquire and continue to own a minimum level of Meritage stock equivalent in value to a specified multiple of the individual’s annual base salary or annual director fees. The required multiples vary according to the covered position and are summarized below.

<u>Position</u>	<u>Value of Required Stock Ownership</u>
Directors	3 x Annual Director Fees (exclusive of any committee or lead director fees)
Chief Executive Officer	10 x Base Salary
Chief Financial Officer	2 x Base Salary
Chief Operating Officer	2 x Base Salary
General Counsel	2 x Base Salary
Chief Human Resources Officer	2 x Base Salary

The Board has delegated to the Nominating/Corporate Governance Committee the primary responsibility for overseeing and implementing the Stock Ownership Guidelines, including interpreting, monitoring compliance with and enforcing the Stock Ownership Guidelines as adopted or amended by the Board from time to time.

For purposes of the Stock Ownership Guidelines, stock is deemed “owned” for both directors and officers in the case of (a) shares owned outright, (b) beneficially-owned shares, (c) vested stock or stock equivalents, such as restricted stock or stock units, and (d) phantom shares allocated to an officer in the Company’s Non-Qualified Deferred Compensation Plan. Stock options, whether vested or not, do not count as stock “owned.”

Upon (i) the appointment of a new executive officer or the election of a director to the Board or (ii) any other applicable officer becoming subject to the required stock ownership levels for the first time, such person shall not be required to purchase stock in the open market in order to become compliant with these Stock Ownership Guidelines but rather until such compliance is achieved such person may not sell or otherwise transfer any stock or stock equivalents (including, without limitation, any restricted stock, stock units or stock options that may thereafter become vested related to equity awarded or granted by the Company) except as may be necessary to pay any income tax withholdings required in connection with the vesting of any such equity grants or awards. Once compliance is achieved, subsequent changes in stock prices will not affect a director’s or officer’s compliance with the guidelines provided the officer or director continues to hold at least the number of shares that were necessary to comply with the Stock Ownership Guidelines but for a decrease in stock price.

Confidentiality Requirements

Board members have an affirmative duty to maintain the confidentiality of all Company and Board confidential information. As a condition to being seated as a member of the Board, each

director must sign any then-existing Board Member Confidentiality Agreement approved by the Board.

Annual Performance Evaluation

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating/Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.