

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
Date of report (Date of earliest event reported) February 14, 2017

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**MERITAGE HOMES CORPORATION**

(Exact Name of Registrant as Specified in Charter)

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Maryland

(State or Other Jurisdiction  
of Incorporation)

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1-9977

(Commission File  
Number)

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86-0611231

(IRS Employer  
Identification No.)

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8800 E. Raintree Drive, Suite 300, Scottsdale, Arizona 85260

(Address of Principal Executive Offices) (Zip Code)

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(480) 515-8100

(Registrant's telephone number, including area code)

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**(Former Name or Former Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS;ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

On February 14, 2017, the Company entered into employment agreements with Phillippe Lord, Executive Vice President and COO, Hilla Sferruzza, Executive Vice President and CFO and Javier Feliciano, Executive Vice President and Chief Human Resources Officer. The Company also adopted an executive severance plan covering these three named executive officers. Additionally, the Company entered into amended and restated employment agreements with Steven J. Hilton, Chairman and CEO on February 15, 2017 and C. Timothy White, Executive Vice President and General Counsel on February 14, 2017. The amendments to the employment agreements for Messrs. Hilton and White added performance conditions to the time based restricted stock unit awards that each respective employment agreement contemplates as well as other minor administrative edits.

Following is a description of the key provisions of the employment agreements for Mr. Lord, Ms. Sferruzza and Mr. Feliciano. The descriptions contained in this Form 8-K are qualified in their entirety by the terms of the actual agreements filed herewith as exhibits to this Form 8-K and incorporated by reference herein.

Employment Agreements

<b>Effective Date:</b>	January 1, 2017	
<b>Expiration Date:</b>	December 31, 2018	
<b>Renewal Provisions:</b>	Each agreement is subject to automatic one year renewal provisions, unless on or before October 31, 2018 (or 60 days prior to expiration of any renewal term), the executive officer or the Company notifies the other that it wishes to terminate the agreement.	
<b>Base Salary:</b>	Phillippe Lord	\$ 550,000
	Hilla Sferruzza	\$ 525,000
	Javier Feliciano	\$ 320,000

**Annual Cash Incentive Bonus:**

Each agreement entitles the executive officer to an annual cash incentive bonus based upon the achievement of certain performance goals established by the Executive Compensation Committee of the Board of Directors (the "Compensation Committee"). The amount of the target bonus and payout ranges for each executive officer is set forth below. The amount of the bonus to be paid is contingent upon the achievement of the performance criteria established by the Compensation Committee. In addition of the financial performance goals established by the Compensation Committee, the Compensation Committee may also consider individual performance for certain executive officer positions as appropriate.

Executive Officer	Target	Payout Range as % of Target Bonus
Phillippe Lord	\$ 1,100,000	0%-150%
Hilla Sferruzza	\$ 525,000	0%-200%
Javier Feliciano	\$ 200,000	0%-133%

**Performance Share Awards:**

Each agreement entitles the executive officer to an annual share award (or restricted stock unit award), performance

subject to the achievement of certain performance goals over a three year performance period, as established by the Compensation Committee. Each executive officer will be entitled to a number of shares based on a target dollar value on the grant date. The number of performance shares awarded will be determined based by dividing the target dollar amount as provided in the respective officer's employment agreement by the closing price of the Company's common stock on such date. The number of shares payable under the performance share award will be an amount ranging from 0% to 150% of the target number of shares awarded, depending on the level of achievement of the specified performance goals. The target dollar value of the annual performance share award applicable to each executive officer is set forth below.

Executive Officer	Target Dollar Value of Performance Share Award
Phillippe Lord	\$ 625,000
Hilla Sferruzza	\$ 393,750
Javier Feliciano	\$ 184,000

**Performance-Based Restricted Stock Unit Awards:**

Each agreement entitles the executive officer to an annual grant of performance-based restricted stock units that vest at the end of a three year period beginning on January 1 of each year, subject to the achievement of a performance goal set during the first year of the award. The number of performance-based restricted stock units to be granted to each executive officer will be equal to the dollar value specified for each executive officer in his employment agreement divided by the closing price of the Company's stock on the grant date. The dollar value of restricted stock units to be granted annually to each officer is set forth below.

Executive Officer	Target Dollar Value of Performance Based Restricted Stock Unit Award
Phillippe Lord	\$ 625,000
Hilla Sferruzza	\$ 393,750
Javier Feliciano	\$ 184,000

**Other Benefits:**

Each employment agreement provides the executive officer with certain specified other benefits. Mr. Lord, Ms. Sferruzza and Mr. Feliciano each are entitled to receive payments annually for life insurance in the coverage amount of \$3,000,000 (subject to a maximum reimbursement of \$10,000 annually) and disability insurance with monthly benefits of \$20,000. Mr Lord is entitled to receive an automobile allowance in the amount of \$14,400 annually (\$1,200 monthly).

**Executive Severance Plan Provisions ("Severance Plan"):**

Mr. Lord, Ms. Sferruzza and Mr. Feliciano's agreements provide that they are covered by the recently adopted Severance Plan. The Severance Plan provides for certain payments upon termination of employment, including voluntary resignation by the officer for good reason, termination by the Company, with and without cause, change-in-control, death and disability, and retirement in accordance with the Severance Plan. Following is a summary of the key termination provisions contemplated in the Severance Plan:

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	Termination by the Company Without Cause, Unrelated to Change-in-Control	Termination by the Company Without Cause or for Good Reason, Related to Change-in-Control	Voluntary Resignation by Officer Other than for Good Reason or Retirement; Termination by the Company for Cause	Voluntary Resignation by Officer With Good Reason (5)	Death and disability	Retirement (1)
Base salary and paid time off through date of termination	x	x	x	x	x	x
Pro-rata annual cash incentive bonus for period in which termination occurs based on actual performance achieved	x					x
Pro-rata target annual cash incentive bonus for the performance period in which the termination occurs		x		x		
Target annual cash incentive bonus for the performance period in which the termination occurs					x	
Service based (time based) awards and restricted stock units that are outstanding shall immediately vest and become unrestricted		x		x	x	x
100% of performance share awards (or restricted stock units) shall immediately vest and become unrestricted assuming target levels had been achieved for the performance criteria		x		x		
Previously granted performance based shares (or performance based restricted stock units) that have not vested will immediately vest and become unrestricted following the end of the applicable performance period based on actual performance achieved					x	x
Any outstanding and vested stock options will remain exercisable as provided by in the original equity awards (2) (3)	x		x		x	
Any outstanding and unvested stock options will immediately vest and will remain exercisable for the remainder of the original equity award, but not later than the tenth anniversary of the original grant date		x		x		x
Payment for health coverage equal to 100% of monthly COBRA premium for 24 months	x	x		x		
Severance payment equal to a % multiplier times the executive officer's base salary on the date of termination plus a % multiplier times the executive officers target bonus in the year of termination (4)	x	x		x		

- (1) In order to qualify for the above retirement termination benefits, in addition to any time restrictions as contemplated in each individual employment agreement, executive must complete 15 cumulative years as a named executive officer or member of the board.
- (2) Upon termination for cause, any outstanding and vested stock options shall not be exercisable as of the termination date.
- (3) In the event of death or disability, stock options will remain exercisable until the 12 month anniversary of the termination date, provided, however, that the post-termination exercise period for any individual stock option will not extend beyond the earlier of its original maximum term or the tenth anniversary of the original date of grant.
- (4) Severance payment for each executive officer in a change-in-control is capped at \$3,000,000 max payout; severance payment for each executive officer in a non change-in-control is capped at \$2,000,000 max payout.
- (5) Voluntary resignation with good reason must take place within the time period as defined in the Severance Plan with respect to a change-in-control.

#### ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

##### (d) Exhibits

- 10.1 Steven J. Hilton Fifth Amended and Restated Employment Agreement
  - 10.2 C. Timothy White Third Amended and Restated Employment Agreement
  - 10.3 Phillippe Lord Employment Agreement
  - 10.4 Hilla Sferruzza Employment Agreement
  - 10.5 Javier Feliciano Employment Agreement
  - 10.6 Executive Severance Plan
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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 16, 2017

MERITAGE HOMES CORPORATION

/s/ Javier Feliciano

By: \_\_\_\_\_  
Javier Feliciano  
Executive Vice President and Chief Human Resources  
Officer

**STEVEN J. HILTON**  
**FIFTH AMENDED AND RESTATED**  
**EMPLOYMENT AGREEMENT**  
(Effective as of January 1, 2017)

This Employment Agreement (“Agreement”) is entered into on February 15, 2017 by and between Meritage Homes Corporation, a Maryland corporation (“Company”) and Steven J. Hilton, an individual (“Executive”) effective as of January 1, 2017 (“Effective Date”).

**RECITALS**

**WHEREAS**, the Executive is currently employed by the Company as its Chairman and Chief Executive Officer;

**WHEREAS**, the Company and the Executive most-recently previously entered into an amended and restated employment agreement defining the terms and conditions of Executive’s employment with the Company, dated as of January 1, 2014 (“Previous Agreement”);

**WHEREAS**, the Previous Agreement provided Executive with certain rights, responsibilities and benefits;

**WHEREAS**, the Company and Executive believe that it is in the best interest of each to make certain other changes to Executive’s terms and conditions of his employment with the Company; and

**WHEREAS**, the Company desires to continue to obtain the services of Executive, and Executive desires to provide services to the Company, in accordance with the terms, conditions and provisions of this Agreement.

**NOW THEREFORE**, in consideration of the covenants and mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in reliance upon the representations, covenants and mutual agreements contained herein, the Company and Executive agree to amend and restate the Previous Agreement as follows:

1. **Employment.** Subject to the terms and conditions of this Agreement, the Company agrees to employ Executive as Chairman and Chief Executive Officer of the Company, and Executive agrees to diligently perform the duties associated with such positions. Executive will report directly to the Board of Directors of the Company (“Board”). Executive will devote substantially all of his business time, attention and energies to the business of the Company and will comply with the charters, policies and guidelines established by the Company from time to time applicable to its directors and senior management executives.

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2 . **Term.** Executive will be employed under this Agreement until December 31, 2017 (“Agreement Term”), unless Executive’s employment is terminated earlier pursuant to Section 7. Thereafter, the Agreement will automatically renew for additional periods of one year (“Renewal Term(s)”), unless on or before August 31, 2017 (or August 31 of any Renewal Term), either Executive or the Company notifies the other in writing that it wishes to terminate employment under this Agreement at the end of the term then in effect. If, pursuant to the foregoing, the Company notifies the Executive that it wishes to terminate employment under this Agreement at the end of the term then in effect, such termination of employment shall be treated as a termination without cause by the Company, and the provisions of Section 7(c) shall apply.

3 . **Director Status.** For so long as Executive is Chief Executive Officer, the Company shall use reasonable best efforts, subject to applicable law and regulation of the New York Stock Exchange (“NYSE”), to cause Executive to be nominated for election as a director and to be recommended to the stockholders for election as a director. Upon any termination of employment as Chief Executive Officer, Executive will be deemed to have resigned from the Board, unless (a) the Executive is not terminated for Cause (as defined below) and owns common stock of the Company with a fair market value on the date of termination, based on the closing price of the Company’s common stock on such date, of a minimum of four times Executive’s Base Salary in effect under Section 4 on such date, or (b) within 30 days thereof a majority of the independent directors of the Board (as defined by rules of the NYSE) vote to enable Executive to continue serving on the Board through the balance of his term.

4 . **Base Salary.** The Company will pay Executive a base salary (“Base Salary”) at the annual rate of \$1,000,000 per year. The Compensation Committee of the Board (the “Committee”) may adjust Executive’s Base Salary from time to time, provided that the Base Salary (as previously increased, if applicable) may not be reduced without Executive’s consent. The Base Salary will be payable in accordance with the payroll practices of the Company in effect from time to time, but not less frequently than monthly.

5. **Incentive Compensation.**

(a) **Bonus.** For each calendar year during the Agreement Term and any Renewal Term, Executive shall be entitled to annual incentive compensation (the “**Bonus**”) under the Company’s 2006 Annual Incentive Plan (which is also known as the Company’s 2006 Executive Management Incentive Plan and the Meritage Homes Corporation Executive Management Incentive Plan) or any successor thereto (“**Incentive Plan**”), subject to the achievement of certain performance goals established by the Committee pursuant to the Incentive Plan and other terms and conditions, as set forth on Exhibit A.

(b) **Long-Term Incentives.** For each calendar year during the Agreement Term and any Renewal Term, Executive shall be entitled to (i) a Performance Share Award or a Restricted Stock Unit Award under the Company’s 2006 Stock Incentive Plan or any successor thereto (“**Stock Incentive Plan**”), subject to the achievement of certain performance goals established by the Committee pursuant to the Stock Incentive Plan and other terms and conditions, as set forth on Exhibit B, and (ii) a Performance Based Restricted Stock Unit Award subject to the achievement



of certain performance goals established by the Committee pursuant to the Stock Incentive Plan and other terms and conditions, as set forth on Exhibit C-1, and (iii) a Restricted Stock Unit Award under the Stock Incentive Plan, subject to a three-year vesting schedule and other terms and conditions, as set forth on Exhibit C-2.

6. **Executive Benefits.** During the term of this Agreement, Executive will be entitled to reimbursement of reasonable and customary business expenses. The Company will provide Executive with such fringe benefits and other Executive benefits as are regularly provided by the Company to its senior executives (*e.g.*, health and long-term disability insurance, Paid Time Off, 401(k), etc.); provided, however, that nothing herein shall preclude the Company from amending or terminating any employee or general executive benefit plan or program. In addition, the Company shall provide the Executive with the benefits set forth on Exhibit D, which benefits may not be terminated, reduced or modified in any respect during the term hereof without the written consent of Executive. The Company shall pay all reasonable attorneys' fees incurred for drafting and reviewing this Agreement and all related documents within 60 days after it is signed by the parties. To be eligible for reimbursement, all requests for, and payment of, reimbursement under this Section 6 must occur within the timeframe set forth in Section 18(b).

7. **Termination.**

(a) **Voluntary Resignation by Executive without Good Reason.** If Executive voluntarily terminates his employment with the Company without Good Reason, then, except as otherwise set forth in Section 7(f) below:

(i) the Company shall within 15 days after termination pay Executive his Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 5(b)(i), any Performance Based Restricted Stock Unit Awards under Section 5(b)(ii), and any Restricted Stock Unit Awards under Section 5(b)(iii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and performance awards shall be paid and delivered at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) no Bonus shall be payable for the performance period in which termination occurs;

(iv) no Performance Share Awards or Restricted Stock Unit Awards under Section 5(b)(i) or other performance based awards, including but not necessarily limited to any Performance Based Restricted Stock Unit Awards under Section 5(b)(ii), shall be payable for the performance period in which termination occurs;

(v) any Restricted Stock Unit Awards under Section 5(b)(iii) or other time based awards that are not vested prior to or on account of such termination shall be forfeited; and

(vi) the Company shall not pay or reimburse Executive for COBRA premiums for the period that the Company is required to offer COBRA coverage as a matter of law.

(b) **Voluntary Resignation by Executive with Good Reason.** If Executive voluntarily terminates his employment with the Company with Good Reason, then:

(i) the Company shall within 15 days after termination pay Executive's Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 5(b)(i) and any Performance Based Restricted Stock Unit Awards under Section 5(b)(ii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and performance awards shall be paid and delivered at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) the Company shall pay Executive a pro rata Bonus based upon actual performance for the performance period in which termination occurs, determined in accordance with paragraph F of Exhibit A and paid at such time as Bonuses are paid to other executives but not later than March 15 of the calendar year following the end of the performance period;

(iv) all previously granted time based awards that are outstanding (including any Restricted Stock Unit Awards and other similar time based awards but not restricted stock awards which shall be dealt with under Section 7(b)(v) below) shall immediately vest and become unrestricted and the Company shall deliver to Executive the Shares subject to the time based awards;

(v) all previously granted time based restricted stock awards that are outstanding shall immediately vest and become unrestricted;

(vi) the Company shall deliver to Executive:

(A) the Shares (as defined in paragraph A of Exhibit B) subject to the previously granted Performance Share Awards and Restricted Stock Unit Awards under Section 5(b)(i) and other similar previously granted performance awards, including for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit B and delivered at such time as performance share awards for

other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award; and

(B) the Shares (as defined in paragraph A of Exhibit C-1) subject to the previously granted Performance Based Restricted Stock Unit Awards under Section 5(b)(ii) for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit C-1 and delivered at such time as Performance Based Restricted Stock Unit Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award;

(vii) all previously granted performance based restricted stock awards for any performance periods that have not yet ended shall vest and become unrestricted immediately following the end of the applicable performance period for such awards based upon actual performance achieved during the applicable performance period;

(viii) any stock option grants that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 10<sup>th</sup> anniversary of the original date of grant;

(ix) the Company shall pay Executive a single lump sum payment in an amount equal to 150% of the monthly COBRA premium payable for the coverage in effect on the date of termination for Executive and, if applicable, his dependents under the Company's group health plan, multiplied by 18;

(x) at the Company's option, the Executive shall render reasonable consulting services to the Company during the 24-month period following termination of employment as may be requested from time to time by the Chairman of the Committee in accordance with, and subject to, Section 10; and

(xi) the Company will pay Executive an amount equal to the sum of (A) two times the Executive's Base Salary on the Date of Termination of employment, and (B) two times the higher of (x) the average of the Bonus compensation paid to Executive for the two years prior to his termination of employment or (y) the annual Bonus paid to Executive for the year preceding the date of termination. For purposes of determining the amount of the Executive's Bonus paid for any year during the above two-year period, the amount of the Bonus compensation considered paid for purposes of this provision shall be the greater of (a) the Bonus paid to the Executive, or (b) the fair value on the day of grant (which, for restricted stock, restricted stock units, performance based restricted stock units, and performance share awards shall equal the closing market price of the Company's common stock on such day, and for options, stock appreciation rights and similar awards

shall equal the value calculated pursuant to the Black-Scholes or similar valuation model as of the day of grant) of the shares of the Company's restricted stock, restricted stock units, performance based restricted stock units, performance shares, stock options and other equity awards that became vested in such year; provided, however that the total amount set forth in Section 7(b)(xi) shall not be less than \$5 million and shall not exceed \$10 million.

Unless otherwise provided in this Agreement, any amount payable or deliverable under Sections 7(b)(iv), (ix) and (xi) shall be paid in a lump-sum cash payment or delivered within 60 days following Executive's termination of employment. Notwithstanding anything in this Section 7(b) to the contrary, if the 60 day period spans two calendar years, the payment or delivery to which Executive is entitled under this Section 7(b) shall be made in the second calendar year.

(c) **Termination without Cause by the Company.** If the Company terminates Executive without Cause, then:

(i) the Company shall within 15 days after termination pay Executive's Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 5(b)(i) and any Performance Based Restricted Stock Unit Awards under Section 5(b)(ii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and performance awards shall be paid and delivered at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) the Company shall pay Executive a pro rata Bonus based upon actual performance for the performance period in which termination occurs, determined in accordance with paragraph F of Exhibit A and paid at such time as Bonuses are paid to other executives but not later than March 15 of the calendar year following the end of the performance period;

(iv) all previously granted time based awards that are outstanding (including any Restricted Stock Unit Awards and other similar time based awards but not restricted stock awards which shall be dealt with under Section 7(c)(v) below) shall immediately vest and become unrestricted and the Company shall deliver to Executive the Shares subject to the time based awards;

(v) all previously granted time based restricted stock awards that are outstanding shall immediately vest and become unrestricted;

(vi) the Company shall deliver to Executive:

(A) the Shares subject to the previously granted Performance Share Awards and Restricted Stock Unit Awards under

Section 5(b)(i) and other similar previously granted performance awards for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit B and delivered at such time as performance share awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award; and

- (B) the Shares subject to the previously granted Performance Based Restricted Stock Unit Awards under Section 5(b)(ii) for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit C-1 and delivered at such time as Performance Based Restricted Stock Unit Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award;

(vii) all previously granted performance based restricted stock awards for any performance periods that have not yet ended shall vest and become unrestricted immediately following the end of the applicable performance period for such awards based upon actual performance achieved during the applicable performance period;

(viii) any stock option grants that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 10<sup>th</sup> anniversary of the original date of grant;

(ix) the Company shall pay Executive a single lump payment in an amount equal to 150% of the monthly COBRA premium payable for the coverage in effect on the date of termination for Executive and, if applicable, his dependents under the Company's group health plan, multiplied by 18;

(x) at the Company's option, the Executive shall render reasonable consulting services to the Company during the 24-month period following termination of employment as may be requested from time to time by the Chairman of the Committee, in accordance with, and subject to, Section 10; and

(xi) the Company will pay Executive an amount equal to the sum of (A) two times Executive's Base Salary on the Date of Termination of employment, and (B) two times the higher of (x) the average of the Bonus compensation paid to Executive for the two years prior to his termination of employment or (y) the annual Bonus paid to Executive for the year preceding the date of termination. For purposes of determining the amount of the Executive's Bonus paid for any year during the above two-year period, the amount of the

Bonus compensation considered paid for purposes of this provision shall be the greater of (a) the Bonus paid to the Executive, or (b) the fair value on the day of grant (which, for restricted stock, restricted stock units, performance based restricted stock units, and performance share awards shall equal the closing market price of the Company's common stock on such day, and for options, stock appreciation rights and similar awards shall equal the value calculated pursuant to the Black-Scholes or similar valuation model as of the day of grant) of the shares of the Company's restricted stock, restricted stock units, performance based restricted stock units, performance shares, stock options and other equity awards that became vested in such year; provided, however that the total amount set forth in Section 7(c)(xi) shall not be less than \$5 million and shall not exceed \$10 million.

Unless otherwise provided in this Agreement, any amount payable or deliverable under Sections 7(c)(iv), (ix) and (xi) shall be paid in a lump-sum cash payment or delivered within 60 days following Executive's termination of employment. Notwithstanding anything in this Section 7(c) to the contrary, if the 60 day period spans two calendar years, the payment or delivery to which Executive is entitled under this Section 7(c) shall be made in the second calendar year.

(d) **Termination for Cause by the Company.** If the Company terminates Executive's employment for Cause, then:

(i) the Company shall within 15 days after termination pay Executive's Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 5(b)(i) and any Performance Based Restricted Stock Unit Awards under Section 5(b)(ii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and performance awards shall be paid at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) no Bonus shall be payable for the performance period in which termination occurs;

(iv) no Performance Share Awards or Restricted Stock Unit Awards under Section 5(b)(i) or other performance based awards, including but not necessarily limited to any Performance Based Restricted Stock Unit Awards under Section 5(b)(ii), shall be payable for any performance periods that have not yet ended; and

(v) any Restricted Stock Unit Awards under Section 5(b)(iii), and any time based restricted stock awards or other similar time based awards that are not vested prior to such termination shall be forfeited.

Upon a termination for Cause by the Company, the provisions of Section 8 (Restrictive Covenant) shall automatically become applicable for the two-year period set forth therein, without any further

payment due Executive. Executive acknowledges and agrees that the compensation herein is adequate consideration for such covenants.

( e ) **Termination upon Death or Disability.** If Executive's employment is terminated as a result of Executive's death or Disability, then:

(i) the Company shall within 15 days after termination pay Executive's Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 5(b)(i) and any Performance Based Restricted Stock Unit Awards under Section 5(b)(ii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and performance awards shall be paid and delivered at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) the Company shall pay Executive his Target Bonus for the performance period in which termination occurs as described in paragraph C of Exhibit A (provided that for any performance period beginning prior to January 1, 2015, the amount paid shall be the Bonus based upon actual performance for the performance period (rather than the Target Bonus) in which termination occurs determined in accordance with Exhibit A, and paid at such time as Bonuses are paid to other executives but not later than March 15 of the calendar year following the end of the performance period);

(iv) all previously granted time based awards that are outstanding (including any Restricted Stock Unit Awards and other similar time based awards but not restricted stock awards which shall be dealt with under Section 7(e)(v) below) shall immediately vest and become unrestricted and the Company shall deliver to the Executive the Shares subject to the time based awards;

(v) all previously granted time based restricted stock awards shall immediately vest and become unrestricted;

(vi) the Company shall deliver to Executive:

(A) the target number of Shares subject to previously granted Performance Share Awards under Section 5(b)(i) and other similar previously granted performance awards for any performance periods that have not yet ended as described in paragraph C of Exhibit B or otherwise (provided that for any performance period beginning prior to January 1, 2015, the Company shall deliver to Executive the Shares subject to previously granted Performance Share Awards under Section 5(b)(i) and other similar previously granted

performance awards for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit B (rather than delivering the target number of Shares) and delivered at such time as Performance Share Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period); and

- (B) the target number of Shares subject to any previously granted Performance Based Restricted Stock Unit Awards under Section 5(b)(ii) for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit C-1 and delivered at such time as Performance Based Restricted Stock Unit Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award;

(vii) the target number of shares subject to previously granted performance based restricted stock awards for any performance periods that have not yet ended shall immediately vest and become unrestricted;

(viii) any stock option grants that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 10<sup>th</sup> anniversary of the original date of grant; and

(ix) the Company shall pay Executive a single lump sum payment in an amount equal to 150% of the monthly COBRA premium payable for the coverage in effect on the date of termination for Executive (if Executive's employment is terminated as a result of Disability) and, if applicable, his dependents under the Company's group health plan, multiplied by 18.

Unless otherwise provided in this Agreement, any amount payable or deliverable under Sections 7(e)(iii) (but only for payment of Target Bonuses relating to performance periods beginning on and after January 1, 2015), (iv), (vi) (but only for the target number of Shares relating to performance periods beginning on and after January 1, 2015), and (ix) shall be paid in a lump-sum cash payment or delivered within 60 days following Executive's termination of employment. Notwithstanding anything in this Section 7(e) to the contrary, if the 60 day period spans two calendar years, the payment or delivery to which Executive is entitled under this Section 7(e) shall be made in the second calendar year. If Executive dies or becomes Disabled during any period that the Company is obliged to make payments under Section 7, the Company shall pay the Executive (or in the case of death, the Executive's estate) any unpaid amounts described in Section 7, at the time such amounts would otherwise have been paid to Executive.



(f) **Retirement.** If Executive voluntarily terminates his employment with the Company without Good Reason after completion of 15 cumulative years of service as a named executive officer and/or a member of the Board, the provisions of Section 7(a) shall apply (except as modified in this Section 7(f)) and in addition thereto:

(i) the Company shall pay Executive a pro rata Bonus based upon actual performance for the performance period in which termination occurs, determined in accordance with paragraph F of Exhibit A and paid at such time as Bonuses are paid to other executives but not later than March 15 of the calendar year following the end of the performance period;

(ii) all previously granted time based awards that are outstanding (including any Restricted Stock Unit Awards and other similar time based awards but not restricted stock awards) shall immediately vest and become unrestricted and the Company shall deliver to Executive the Shares subject to the time based awards;

(iii) the Company shall deliver to Executive:

(A) the Shares subject to the previously granted Performance Share Awards and Restricted Stock Unit Awards under Section 5(b)(i) and other similar previously granted performance awards for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit B and delivered at such time as performance share awards for other Executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for such awards; and

(B) the Shares subject to any previously granted Performance Based Restricted Stock Unit Awards under Section 5(b)(ii) for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit C-1 and delivered at such time as Performance Based Restricted Stock Unit Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for such awards;

(iv) all previously granted performance based restricted stock awards for any performance periods that have not yet ended shall vest and become unrestricted immediately following the end of the applicable performance period for such awards based upon actual performance achieved during the applicable performance period;

(v) any stock option grants that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 10<sup>th</sup> anniversary of the original date of grant; and

(vi) at the Company's option, the Executive shall render reasonable consulting services to the Company during the 24-month period following termination of employment as may be requested from time to time by the Chairman of the Committee, in accordance with, and subject to, Section 10.

Unless otherwise provided in this Agreement, any amount deliverable under Section 7(f)(ii) shall be delivered within 60 days following Executive's termination of employment. Notwithstanding anything in this Section 7(f) to the contrary, if the 60 day period spans two calendar years, the delivery to which Executive is entitled under this Section 7(f) shall be delivered in the second calendar year.

(g) Directors and Officers Liability Insurance; Indemnification. In the event of termination of Executive's employment, (i) Executive shall remain covered under the directors and officers liability insurance maintained by the Company in commercially reasonable amounts (as determined by the Board) to the same extent as executives of the Company; and (ii) Executive shall remain eligible for indemnification by the Company to the extent provided for in the Company by-laws in effect from time to time, provided that such indemnification shall not be less favorable than the indemnification provided for in the Company's by-laws in effect as of January 1, 2017.

(h) Definitions. For purposes of this Agreement:

- (1) "Cause" shall mean that the Executive's employment with the Company was terminated due to Executive's:
  - (i) Malfeasance, willful or gross misconduct, or willful dishonesty in each instance that materially harms the Company or its stockholders;
  - (ii) Conviction of a felony that is materially detrimental to the Company or its stockholders;
  - (iii) Conviction of, or entry of a plea of *nolo contendere* to a felony that materially damages the Company's financial condition or reputation or to a crime involving fraud;
  - (iv) Material violation of the Company's Code of Ethics, including breach of duty of loyalty in connection with Company's business;
  - (v) Willful failure to perform duties under this Agreement after notice by the Board and an opportunity to cure;
  - (vi) Failure to reasonably cooperate with, or otherwise impedes or interferes with, an investigation authorized by the Board;

- (vii) Failure to follow a legal and proper Board directive after notice by the Board and a thirty (30) day opportunity to cure; or
  - (viii) Willful misconduct or gross negligence pursuant to the Sarbanes-Oxley Act, if and to the extent such conduct triggers a restatement of financial results.
- (2) **“Change of Control”** shall mean and include the following transactions or situations:
- (i) The acquisition of beneficial ownership, directly or indirectly, of securities having 35% or more of the combined voting power of the Company’s then outstanding securities by any “Unrelated Person” or “Unrelated Persons” acting in concert with one another. For “Change of Control” purposes, the term “Person” shall mean and include any individual, partnership, joint venture, association, trust, corporation, or other entity (including a “group” as referred to in Section 13(d)(3) of the Securities Exchange Act of 1934 (the “Act”). For “Change of Control” purposes, the term “Unrelated Person” shall mean and include any Person other than the Company, or an employee benefit plan of the Company, or any officer, director, or 10% or more shareholder of the Company as of the date of this Agreement;
  - (ii) A sale, transfer, or other disposition through a single transaction or a series of transactions of all or substantially all of the assets of the Company to an Unrelated Person or Unrelated Persons acting in concert with one another;
  - (iii) Any consolidation or merger of the Company with or into an Unrelated Person, unless immediately after the consolidation or merger the holders of the Company’s common stock immediately prior to the consolidation or merger are the Beneficial Owners of securities of the surviving corporation representing at least 50% of the combined voting power of the surviving corporation’s then outstanding securities; or
  - (iv) A change during any period of two consecutive years of a majority of the members of the Company’s Board of Directors for any reason, unless the election, or the nomination for election by the Company’s shareholders, of each director was approved by the vote of a majority of the directors then still in office who were directors at the beginning of the period.
- (3) **“Good Reason”** shall mean any of the following circumstances:

- (i) If the Company assigns Executive duties that are materially inconsistent with, or constitute a material reduction of powers or functions associated with, Executive's position, duties, or responsibilities with the Company, or a material adverse change in Executive's titles, authority, or reporting responsibilities, or in conditions of Executive's employment;
- (ii) If the Executive's Base Salary is reduced;
- (iii) If the Company fails to cause any successor to expressly assume and agree to be bound by the terms of this Agreement;
- (iv) If the Company requires Executive to relocate to an employment location that is more than fifty (50) miles from Scottsdale, Arizona, or
- (v) If the Company materially breaches its obligations under this Agreement and such breach is not cured within thirty (30) days after written notice from the Executive; or
- (vi) If, following a Change of Control, Executive does not serve, or is not serving as, Chairman and Chief Executive Officer of the parent corporation of the surviving organization.

(4) **"CIC Agreement"** shall mean that certain Third Amended and Restated Change of Control Agreement between Executive and the Company, effective January 1, 2010, as thereafter amended.

(5) **"Date of Termination"** shall mean (i) if this Agreement is terminated as a result of Executive's death, the date of Executive's death, (ii) if this Agreement is terminated by Executive for Good Reason, the date on which he notifies the Company in writing (but following the Company's opportunity to cure as provided in Section 7(i)(v)), (iii) if this Agreement is terminated by Executive without Good Reason or on account of retirement, the later of (A) the date on which Executive notifies the Company in writing and (B) the date of termination specified in the written notice, (iv) if this Agreement is terminated by the Company for Disability, the date a notice of termination is given (following the procedures set forth in Section 7(i)(iv)), (v) if this Agreement is terminated by the Company for Cause, the date a final determination is provided to Executive by the Company (following the procedures set forth in Section 7(i)(iii)), or (vi) if this Agreement is terminated by the Company without Cause, the date notice of termination is given to Executive by the Company (following the procedures set forth in Section 7(i)(ii));

(6) **"Disability"** shall mean Executive is receiving income replacement benefits for a period of not less than six (6) months under an accident and health plan established by the Company for its employees, by reason of any medically determinable physical or mental impairment which actually hinders Executive's ability to perform his job

and which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(i) **Procedures for Notices of Termination.** Any termination of the Executive's employment under this Agreement shall be communicated by written Notice of Termination to the Executive if such Notice of Termination is delivered by the Company and to the Company if such Notice of Termination is delivered by the Executive, all in accordance with the following procedures:

(i) The Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances alleged to provide a basis for termination.

(ii) Any Notice of Termination by the Company shall be in writing signed by the Chairman of the Committee specifying in detail the basis for such termination.

(iii) If the Company shall furnish a Notice of Termination for Cause and Executive in good faith notifies the Company that a dispute exists concerning such termination within the 30-day period following Executive's receipt of such notice, Executive may elect to continue Executive's employment (or Executive may be placed on paid administrative leave, at the Company's option), during such dispute. If it is thereafter determined that (1) Cause did exist, the Executive's "Termination Date" shall be the earlier of (A) the date on which the dispute is finally determined, either by mutual written agreement of the parties or pursuant to the alternative dispute resolution provisions of Section 16, or (B) the date of the Executive's death; or (2) Cause did not exist, Executive's employment shall continue as if the Company had not delivered its Notice of Termination and there shall be no Termination Date arising out of such notice. A determination of Cause shall be made by a majority of the members of the Board only after the Executive and Executive's legal counsel, if any, have been giving an opportunity to meet with the Board in advance of the Board's vote on the matter; provided that, such determination of Cause shall be subject to the dispute resolution process described in Section 16.

(iv) If the Company shall furnish a Notice of Termination by reason of Disability and Executive in good faith notifies the Company that a dispute exists concerning such termination within the 30-day period following Executive's receipt of such notice, Executive may elect to continue Executive's employment during such dispute (or Executive may be placed on paid administrative leave, at the Company's option). The dispute relating to the existence of a Disability shall be resolved by the opinion of the licensed physician selected by the Company, provided, however, that if Executive does not accept the opinion of the licensed physician selected by the Company, the dispute shall be resolved by the opinion of a licensed physician who shall be selected by the Executive; provided further, however, that if the Company does not accept the opinion of the licensed physician selected by the Executive, the dispute shall be finally resolved by the opinion of a licensed physician selected by the licensed physicians selected by the Company and the Executive, respectively. If it is thereafter determined that (1) a Disability did exist, Executive's Termination Date shall be the earlier of (A) the date on which the dispute is resolved, or (B) the date of

Executive's death, or (2) a Disability did not exist, Executive's employment shall continue as if the Company had not delivered its Notice of Termination and there shall be no Termination Date arising out of such notice.

(v) If Executive in good faith furnishes a Notice of Termination for Good Reason and the Company notifies Executive that a dispute exists concerning the termination within the 30-day period following the Company's receipt of such notice, Executive may elect to continue Executive's employment (or Executive may be placed on paid administrative leave with pay, at the Company's option), during such dispute. If it is thereafter determined that (1) Good Reason did exist, Executive's Termination Date shall be the earlier of (A) the date on which the dispute is finally determined, either by mutual written agreement of the parties or pursuant to the alternative dispute resolution provisions of Section 16, or (B) the date of Executive's death; or (2) Good Reason did not exist, Executive's employment shall continue after such determination as if Executive had not delivered the Notice of Termination asserting Good Reason. The Company shall be given an opportunity to cure the event causing Good Reason within the 30-day period following Executive's Notice of Termination for Good Reason.

(vi) If Executive does not elect to continue employment pending resolution of a dispute regarding a Notice of Termination, and it is finally determined that the reason for termination set forth in such Notice of Termination did not exist, if such notice was delivered by Executive, Executive shall be deemed to have voluntarily terminated Executive's employment other than for Good Reason and if delivered by the Company, the Company will be deemed to have terminated Executive other than by reason of Disability or with Cause.

(j) **Release Agreement.** Notwithstanding anything to the contrary herein, no payment (other than payments described in (i) and (ii) of Sections 7(a), (b), (c), (d) and (e); payments under Section 7(e) on account of death or Disability; and any payment under Section 7(g) on account of Retirement) shall be made under this Section 7 unless Executive executes (and does not revoke) a legal release ("Release Agreement"), in substantially the form attached hereto as Exhibit E, in which Executive releases the Company, its affiliates, directors, officers, employees, agents and others affiliated with the Company from any and all claims, including claims relating to Executive's employment with the Company and the termination of Executive's employment. The Release Agreement shall be provided to Executive within 5 days following Executive's termination of employment. The Release Agreement must be executed and returned to the Company within the 21 or 45 day (as applicable) period described in the Release Agreement and it must not be revoked by Executive within the 7-day revocation period described in the Release Agreement.

(k) **No Duty to Mitigate.** Any payments under this Section 7 or Section 8(c) (if applicable) will be made to Executive without regard to whether Executive looks for or obtains alternative employment following termination of employment with the Company hereunder.

(l) **Expenses and Interest.** If a good faith dispute shall arise with respect to the enforcement of any rights under this Agreement or if any arbitration or legal proceeding shall be

brought in good faith to enforce or interpret any provision hereof, or to recover damages for breach hereof, the prevailing party shall recover any reasonable attorneys' fees and necessary costs and disbursement incurred as a result of such dispute or legal proceeding, and prejudgment interest on any money judgment obtained calculated at the rate of interest announced by Bank of America, Arizona from time to time as its prime rate from the date that payments were or should have been made under this Agreement.

8. **Restrictive Covenant.** In consideration of Executive's employment, Executive agrees to the following:

(a) During the Restriction Period (as defined below), Executive will not, directly or indirectly, either as an executive, partner, owner, lender, director, adviser or consultant or in any other capacity or through any entity:

(1) directly or indirectly, hire or solicit for employment for any other business entity (other than the Company) any person who is, or within the six month period preceding the date of such activity was, an employee of or consultant to the Company (other than as a result of a general solicitation for employment); or

(2) solicit any customer or supplier of the Company (including lot developers and land bankers) for a production homebuilding business or otherwise attempt to induce any such customer or supplier to discontinue or materially modify its relationship with the Company. During the Restriction Period, Executive may utilize the services of Company suppliers for business operations permitted under Section 8(b), *i.e.*, custom homebuilding, land banking and land or lot development, so long as these activities do not disrupt or adversely affect the Company's relationships with such suppliers.

(b) During Executive's employment hereunder, and following Executive's termination (except for a termination without Good Reason under Section 7(a) or retirement under Section 7(f) unless the Company makes the election under Section 8(c)) for the remainder of the Restriction Period, Executive will not, directly or indirectly, either as an executive, partner, member, owner, lender, director, adviser or consultant or in any other capacity or through any entity engage in any production homebuilding or home sales within 100 miles of any Company project, provided, that, for purposes of this Section 8(b), Executive (i) may own stock in the Company and less than 1% of any other publicly traded homebuilder, and (ii) may engage in custom homebuilding (up to 5 homes annually for third parties and 2 for family members), land banking or lot or land development; provided, however, that Executive may not directly or indirectly engage in the sale of finished lots within the restricted area described above, unless at least 10 business days prior to any offer to a third party, the lots are offered to the Company, and if the Company (or its nominee) determines to purchase the property, the applicable selling party negotiates a sale in good faith. If no such sale is then consummated, then the applicable selling party may pursue a sale with a third party. If the terms of such third-party sale are materially different than the offer made to the Company, the Company (or its nominee) will have the right of first refusal to purchase the lots within three business days of notice of the proposed sale to such a third party. This notice must contain the specific terms and conditions thereof and the proposed buyer. If the Company (or a nominee) does

not respond in writing to the right of first offer within 10 days or the right of first refusal within three days, the Company will be deemed to have waived the applicable right. The Company or a nominee can substitute cash for any non-cash consideration (at the fair market value thereof). This right will arise again if the third party offer is materially modified or amended.

(c) If Executive has a termination without Good Reason under Section 7(a) or for retirement under Section 7(f), the Company may elect to have Executive comply with the restrictive covenant provisions contained in Section 8(b) after Executive's termination of employment without Good Reason under Section 7(a) or Executive's retirement under Section 7(f) for the remainder of the Restriction Period. If the Company so elects, the Company will pay Executive \$5 million (the "Consulting, Severance and Non-Competition Payment"), in monthly installments of \$208,333.33 in cash or by check, over the next two years (the "Consulting Period") (subject to Executive's compliance with this Agreement, including the requirements of Sections 8 and 9 as provided herein); provided however, that in no event will the Executive be required to provide services to Company pursuant to this Section 8(c) or Section 7 at a level that exceeds 20% of the average level of bona fide services Executive provided to Company in the immediately preceding 36 months. Unless otherwise provided in this Agreement, the scheduled payments under this Section 8(c) shall commence to be paid within 60 days following Executive's termination of employment. Notwithstanding anything in this Section 8(c) to the contrary, if the 60 day period spans two calendar years, the scheduled payments to which Executive is entitled under this Section 8(c) shall commence to be paid in the second calendar year. Any amounts remaining due under this Section 8(c) shall be paid in a lump sum payment to Executive (or his estate) within thirty (30) days of Executive's death or Disability, subject to the requirements of Section 18.

(d) The provisions of this Section 8 shall begin as of the Effective Date, will survive the termination of this agreement under Section 7 and will expire two years from the Date of Termination, provided that, to the extent required, the notices under Section 7 are given and the payments are made as provided therein ("Restriction Period"); and further provided in accordance with the provisions of Section 8(b), if Executive terminates his employment without Good Reason under Section 7(a) or if the Executive retires under Section 7(f), the provisions of Section 8(b) and the reasonable assistance described in Section 10 shall not apply after Executive's termination of employment unless the Company elects to have the provisions apply and makes the payments to Executive in accordance with Section 8(c).

(e) Executive represents to the Company that he is willing and able to engage in businesses that are not competing businesses hereunder and that enforcement of the restrictions set forth in this Section 8 would not be unduly burdensome to Executive. Executive hereby agrees that the period of time provided for in this Section 8 and other provisions and restrictions set forth herein are reasonable and necessary to protect the Company and its successors and assigns in the use and employment of the goodwill of the business conducted by Executive. Executive agrees that, if Executive in any material respect violates the terms of Section 8(a), 8(b) or Section 9, the Company shall not be obliged to pay any remaining Consulting, Severance, and Non-Competition Payments and any other payments or benefits specified in Section 7, provided that the Company must first provide Executive with written notice of such violation and the opportunity to provide within thirty (30) days any information showing that he has not in any material respect breached such Agreement.



During any notice period or any dispute regarding the violation of the terms of this Section 8 or Section 9, the Company will place such payments in an interest bearing escrow account at Bank of America, Phoenix, or its successor. Executive further agrees that damages cannot adequately compensate the Company in the event of a violation of this Section 8 and that, if such violation should occur, injunctive relief shall be essential for the protection of the Company and its successors and assigns. Accordingly, Executive hereby covenants and agrees that, in the event any of the provisions of this Section 8 shall be violated or breached, the Company shall be entitled to obtain injunctive relief against the party or parties violating such covenants without bond but upon due notice, in addition to such further or other relief as may be available at equity or law. An injunction by the Company shall not be considered an election of remedies or a waiver of any right to assert any other remedies which the Company has at law or in equity. No waiver of any breach or violation hereof shall be implied from forbearance or failure by the Company to take action thereof. The prevailing party in any litigation, arbitration or similar dispute resolution proceeding to enforce this provision will recover any and all reasonable costs and expenses, including attorneys' fees.

(f) Executive agrees that the period of time in which this Section 8 is in effect shall be extended for a period equal to the duration of any breach of this Section 8 by Executive.

(g) For purposes of Sections 8 and 9, the term "Company" includes Meritage Homes Corporation and its subsidiaries and affiliates. For purposes hereunder, an affiliate shall be deemed to be any corporation or other business entity in which the Company or its subsidiaries owns a controlling interest.

**9. Non-Disclosure of Confidential Information.**

(a) It is understood that in the course of Executive's employment with Company, Executive will become acquainted with Company Confidential Information (as defined below). Executive recognizes that Company Confidential Information has been developed or acquired at great expense, is proprietary to the Company, and is and shall remain the exclusive property of the Company. Accordingly, Executive agrees that except as otherwise ordered in a legal or regulatory proceeding or in order to effectuate Company business off-premises, he will not, disclose to others, copy, make any use of, or remove from Company's premises any Company Confidential Information, except as Executive's duties may specifically require, without the express written consent of the Company, during Executive's employment with the Company and thereafter until such time as Company Confidential Information becomes generally known, or readily ascertainable by proper means by persons unrelated to the Company.

(b) Upon any termination of employment, Executive shall promptly deliver to the Company the originals and all copies of any and all materials, documents, notes, manuals, or lists containing or embodying Company Confidential Information, or relating directly or indirectly to the business of the Company, in the possession or control of Executive, unless Executive remains a member of the Board, and in such case Executive may retain and receive all Company Confidential Information provided to other Board members.

(c) Executive hereby agrees that the period of time provided for in this Section 9 and other provisions and restrictions set forth herein are reasonable and necessary to protect the Company and its successors and assigns in the use and employment of the goodwill of the business conducted by Executive. Executive further agrees that damages cannot adequately compensate the Company in the event of a violation of this Section 9 and that, if such violation should occur, injunctive relief shall be essential for the protection of the Company and its successors and assigns. Accordingly, Executive hereby covenants and agrees that, in the event any of the provisions of this Section 9 shall be violated or breached, the Company shall be entitled to obtain injunctive relief against the party or parties violating such covenants, without bond but upon due notice, in addition to such further or other relief as may be available at equity or law. Obtainment of such an injunction by the Company shall not be considered an election of remedies or a waiver of any right to assert any other remedies which the Company has at law or in equity. No waiver of any breach or violation hereof shall be implied from forbearance or failure by the Company to take action thereof. The prevailing party in any litigation, arbitration or similar dispute resolution proceeding to enforce this provision will recover any and all reasonable costs and expenses, including attorneys' fees.

(d) "Company Confidential Information" shall mean confidential, proprietary information or trade secrets of Company and its subsidiaries and affiliates including without limitation the following: (1) customer lists and customer information as compiled by Company; (2) Company's internal practices and procedures; (3) Company's financial condition and financial results of operation; (4) supply of materials information, including sources and costs, designs, information on land and lot inventories, and current and prospective projects; (5) strategic planning, manufacturing, engineering, purchasing, finance, marketing, promotion, distribution, and selling activities; (6) all other information which Executive has a reasonable basis to consider confidential or which is treated by Company as confidential; and (7) all information having independent economic value to Company that is not generally known to, and not readily ascertainable by proper means by, persons who can obtain economic value from its disclosure or use. Notwithstanding the foregoing provisions, the following shall not be considered "Company Confidential Information": (i) the general skills of the Executive as an experienced real estate and homebuilding entrepreneur and senior management level employee; (ii) information generally known by senior management executives within the homebuilding and/or land development industry; (iii) persons, entities, contacts or relationships of Executive that are also generally known in the industry; and (iv) information which becomes available on a non-confidential basis from a source other than Executive which source is not prohibited from disclosing such confidential information by legal, contractual or other obligation.

10. **Cooperation; No Disparagement.** During the Restriction Period, Executive agrees to provide reasonable assistance to the Company (including assistance with litigation matters), upon the Company's request, concerning the Executive's previous employment responsibilities and functions with the Company. Additionally, at all times after the Executive's employment with the Company has terminated, Company and Executive agree to refrain from making any disparaging or derogatory remarks, statements and/or publications regarding the other, its employees or its services. In consideration for such cooperation, Company shall compensate Executive for the time Executive spends on such cooperative efforts (at an hourly rate based on Executive's total compensation during the year preceding the Date of Termination) and Company shall reimburse

Executive for the reasonable out-of-pocket expenses Executive incurs in connection with such cooperative efforts. In addition, in no event will the Executive be required to provide services to the Company pursuant to this Section 10 at a level that exceeds 20% of the average level of bona fide services Executive provided to the Company in the immediately preceding thirty-six (36) months.

11. **Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any applicable law, then such provision will be deemed to be modified to the extent necessary to render it legal, valid and enforceable, and if no such modification will make the provision legal, valid and enforceable, then this Agreement will be construed as if not containing the provision held to be invalid, and the rights and obligations of the parties will be construed and enforced accordingly.

12. **Assignment by Company.** Nothing in this Agreement shall preclude the Company from consolidating or merging into or with, or transferring all or substantially all of its assets to, another corporation or entity that assumes this Agreement and all obligations and undertakings hereunder. Upon such consolidation, merger or transfer of assets and assumption, the term "Company" as used herein shall mean such other corporation or entity, as appropriate, and this Agreement shall continue in full force and effect, subject to the provisions of Section 7 and the CIC Agreement.

13. **Entire Agreement.** This Agreement, the CIC Agreement, and any agreements concerning stock options, restricted stock, restricted stock units or other benefits, embody the complete agreement of the parties hereto with respect to the subject matter hereof and supersede any prior written, or prior or contemporaneous oral, understandings or agreements between the parties that may have related in any way to the subject matter hereof. This Agreement may be amended only in writing executed by the Company and Executive.

14. **Governing Law.** This Agreement and all questions relating to its validity, interpretation, performance and enforcement, shall be governed by and construed in accordance with the internal laws, and not the law of conflicts, of the State of Arizona.

15. **Notice.** Any notice required or permitted under this Agreement must be in writing and will be deemed to have been given when delivered personally or by overnight courier service or three days after being sent by mail, postage prepaid, at the address indicated below or to such changed address as such person may subsequently give such notice of:

if to Company:

Meritage Homes Corporation  
8800 East Raintree Drive, Suite 300  
Scottsdale, Arizona 85260  
Attention: Chairman of the Committee

if to Executive:

Steven J. Hilton  
To Such Address as Shall Most  
Currently Appear on the Records of  
the Company

16. **Arbitration.** Any dispute, controversy, or claim, whether contractual or non-contractual, between the parties hereto arising directly or indirectly out of or connected with this Agreement, relating to the breach or alleged breach of any representation, warranty, agreement, or covenant under this Agreement, unless mutually settled by the parties hereto, shall be resolved by binding arbitration in accordance with the Employment Arbitration Rules of the American Arbitration Association (the "AAA"). The parties agree that before the proceeding to arbitration that they will mediate their disputes before the AAA by a mediator approved by the AAA. Any arbitration shall be conducted by arbitrators approved by the AAA and mutually acceptable to Company and Executive. All such disputes, controversies or claims shall be conducted by a single arbitrator, unless the dispute involves more than \$50,000 in the aggregate in which case the arbitration shall be conducted by a panel of three arbitrators. If the parties hereto are unable to agree on the mediator or the arbitrator(s), then the AAA shall select the arbitrator(s). The resolution of the dispute by the arbitrator(s) shall be final, binding, nonappealable, and fully enforceable by a court of competent jurisdiction under the Federal Arbitration Act. The arbitrator(s) shall award damages to the prevailing party. The arbitration award shall be in writing and shall include a statement of the reasons for the award. The arbitration shall be held in the Phoenix/Scottsdale metropolitan area. The Company shall pay all AAA, mediation, and arbitrator's fees and costs. The arbitrator(s) shall award reasonable attorneys' fees and costs to the prevailing party.

17. **Withholding; Release; No Duplication of Benefits.** All of Executive's compensation under this Agreement will be subject to deduction and withholding authorized or required by applicable law. The Company's obligation to make any post-termination payments hereunder (other than those payments described in Section 7(j) and expense reimbursements through date of termination), shall be subject to receipt by the Company from Executive of the Release Agreement, and compliance by Executive with the covenants set forth in Sections 8 and 9 hereof. If there is any conflict between the provisions of the CIC Agreement and this Agreement, such conflict shall be resolved so as to provide on an individual item by item basis the greater benefit to Executive. However, in order to avoid duplication of any monetary benefits, any payments or benefits due under Executive's CIC Agreement or under any employee severance plan to the extent such a plan exists or is

subsequently implemented by the Company, will not be paid if the corresponding item under this Agreement is equal or greater and is paid.

18. **Compliance with Code Section 409A.** To the extent applicable, this Agreement shall be interpreted in accordance with Code section 409A and Treasury Regulations and other interpretative guidance issued thereunder, including without limitation any such regulations or other such guidance that may be issued after the Effective Date (collectively, “Section 409A”).

(a) For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(b) Any reimbursement under this Agreement, to the extent it constitutes a deferral of compensation under Section 409A, shall meet the following requirements: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (ii) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, and (iii) the right to reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(c) Notwithstanding anything to the contrary in this Agreement, no compensation or benefits (including, without limitation, any severance payments under Section 7) shall be paid to Executive during the six (6)-month period following Executive's "separation from service" (within the meaning of Section 409A) if the Company determines that the Executive is a Specified Employee (defined below) and that paying such amounts at the time or times indicated in this Agreement would subject the Executive to taxation under Code section 409A(a)(2)(B)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of the Executive's separation from service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death (the "409A Payment Date"), the Company shall begin to make such payments as described in this Section 18, provided that any amounts that would have been payable earlier but for the application of this Section 18, shall be paid in lump-sum on the 409A Payment Date along with accrued interest at the rate of interest announced by Bank of America, Arizona from time to time as its prime rate from the date that payments to Executive should have been made under this Agreement. For purposes of this Section 18, the term "Specified Employee" shall have the meaning set forth in Code section 409A(a)(2)(B)(i).

(d) It is the intention of both the Company and Executive that the benefits and rights to which Executive could be entitled pursuant to this Agreement comply with Section 409A, to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If Executive or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on Executive and on the Company); provided, that this Section 7 does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments, policies or procedures or to take any other such actions.

(e) Any payment under Section 7 shall be subject to the provisions of this Section 18 (except for a payment pursuant to Section 7(e) as a result of Executive's death). If and to the extent required by Section 409A, any payment or benefit required to be paid under this Agreement on account of termination of Executive's employment shall be made only after Executive incurs a "separation from service" within the meaning of Section 409A.

(f) Although the Company intends that amounts payable to Executive under this Agreement will either not be subject to taxation under Section 409A or shall comply with the requirements of Section 409A, the Company does not guarantee any particular tax treatment for amounts payable to the Executive hereunder. Except for Company's responsibility to withhold applicable income and employment taxes from amounts payable to Executive hereunder, Company shall not be responsible for the payment of any applicable taxes incurred by Executive on amounts paid or provided to Executive under this Agreement. In no event shall the Company, its affiliates or any of their respective officers, directors or advisors be liable for any taxes, interest or penalties imposed under Section 409A or any corresponding provision of state or local law. Under no circumstances may the time or schedule of any payment made or benefit provided pursuant to this Agreement be accelerated or subject to further deferral except as otherwise permitted under Section 409A.

19. **Effect of Restatement of Financial Results.** Notwithstanding anything in this Agreement to the contrary, to the extent any financial results are misstated as a result of Executive's willful misconduct or gross negligence, and as a result such financial results are subsequently restated downward resulting in lower levels of bonuses pursuant to Section 5 and the accompanying Exhibit A, offsets shall be made against future bonuses. If such future bonuses are insufficient to offset the full difference between awarded bonuses and restated bonuses and/or if such restatement occurs at the end of the Agreement Term and subsequent Renewal Term(s), if any, bonuses previously earned and delivered under this Agreement may be clawed-back.

20. **Successors and Assigns.** This Agreement is solely for the benefit of the parties and their respective successors, assigns, heirs and legatees. Nothing herein shall be construed to provide any right to any other entity or individual.

21. **Related Party Transactions.** Executive may not engage in any related party transactions with the Company unless approved in the specific instance by the Audit Committee of the Board.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

**MERITAGE HOMES CORPORATION,**

a Maryland corporation

By: /s/ Raymond Oppel

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By: Raymond Oppel  
Executive Compensation Committee  
Chair

**EXECUTIVE: STEVEN J. HILTON**

/s/ Steven J. Hilton

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**EXHIBIT A**  
**BONUS**

- A. Bonus Opportunity. For each Performance Period, as defined in paragraph B below, Executive shall be entitled to a Bonus based on his Target Bonus, as set forth in paragraph C below, subject to the achievement of certain performance goals.
- B. Performance Period. For purposes of this Exhibit A, the Performance Period shall be the 12 month period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. Target Bonus and Bonus. Executive's Target Bonus shall be \$2,500,000. Executive's Bonus that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 200% of the Target Bonus, contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the Bonus payable to the Executive shall not exceed the maximum bonus that could be payable under the Incentive Plan.
- D. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the Target Bonus payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. Incentive Plan. This Exhibit A, subject to any action taken by the Committee pursuant thereto shall be subject to the terms and conditions of, the Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit A and the Incentive Plan, or any award agreement, the Agreement or this Exhibit A (as applicable) shall control.
- F. Pro Rata Bonus. A pro rata Bonus, where applicable, shall be an amount equal to (1) the Bonus otherwise determined by the Committee based upon actual performance for the Performance Period in accordance with the foregoing provisions of this Exhibit A, multiplied by (2) a fraction, the numerator of which is the number of days that Executive is employed by the Company during the Performance Period, and the denominator of which is the total number of days in the Performance Period.
- G. Payment. Except as otherwise provided in the Agreement, any Bonus payable under this Exhibit A (including any pro rata Bonus determined under paragraph F) shall be paid in cash to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that the Bonus shall be paid in its entirety no later than March 15 of the calendar year following the calendar year to which the payment relates.

Exhibit A

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**EXHIBIT B**  
**PERFORMANCE SHARE AWARD**

- A. Performance Share Opportunity. For each Performance Period, as defined in paragraph B below, Executive shall be granted a Performance Share Award (“PSA”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”), based on a target specified in paragraph C below and subject to the achievement of certain performance goals.
- B. Performance Period. For purposes of this Exhibit B, the Performance Period shall be the three year period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. Shares. A target number of Shares with a fair market value on the date of grant, based on the closing price of the Company’s stock on such date, of \$1,000,000 shall be established for the PSA for each Performance Period. The PSA that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 150% of such target number of Shares, contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the maximum number of shares deliverable pursuant to any PSA shall not exceed the maximum number of shares that could be granted during a calendar year under the Stock Incentive Plan.
- D. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined under paragraph C for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. Stock Incentive Plan. This Exhibit B, subject to any action taken by the Committee pursuant thereto, shall be subject to the terms and conditions of, the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit B and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit B (as applicable) shall control.
- F. Payment. Except as otherwise provided in the Agreement, any PSAs payable under this Exhibit B shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that such Shares shall be delivered (and such cash, if any, shall be paid) no later than March 15 of the calendar year following the Performance Period to which the payment relates.
- G. Restricted Stock Units. The Company may grant Executive performance based restricted stock units in lieu of the PSAs; provided, however, that such restricted stock units shall be on the same terms and conditions as the PSAs and the provisions herein and in the Agreement with respect to PSAs shall apply to the performance based restricted stock units.

Exhibit B

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**EXHIBIT C-1**  
**PERFORMANCE BASED RESTRICTED STOCK UNIT AWARD**

- A. Performance Based Restricted Stock Unit. For each Performance Period beginning on or after January 1, 2017, as defined in paragraph B below, and subject to the approval of the Committee, Executive shall be granted a Performance Based Restricted Stock Unit Award under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”) with a fair market value on the date of grant, based on the closing price of the Company’s stock on such date, of one million dollars (\$1,000,000), or such greater amount as may be provided in a written notice to the Executive from the Committee. Notwithstanding the foregoing, the maximum number of Shares deliverable pursuant to any Performance Based Restricted Stock Unit Award granted under this Exhibit C-1 shall not exceed the maximum number of Shares that could be granted during a calendar year under the Stock Incentive Plan, reduced by the maximum number of shares deliverable pursuant to a PSA granted under Exhibit B and an RSU granted under Exhibit C-2 during the same calendar year.
- B. Performance Period. For purposes of this Exhibit C-1, the Performance Period for any Performance Based Restricted Stock Unit Award shall be the three year period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than ninety (90) days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- D. Stock Incentive Plan. This Exhibit C-1 shall be subject to the terms and conditions of, the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit C-1 and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit C-1 (as applicable) shall control.
- E. Payment. Except as otherwise provided in the Agreement, any Performance Based Restricted Stock Units payable under this Exhibit C-1 shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that such Shares shall be delivered (and such cash, if any shall be paid) no later than March 15 of the calendar year following the Performance Period to which the payment relates.

For the avoidance of doubt, in the event Executive terminates employment prior to the end of a Performance Period, Shares subject to Performance Based Restricted Stock Unit Awards for which the Performance Period has not yet ended shall be payable or deliverable to Executive if and to the extent Executive is eligible for payment or delivery thereof under

any of Sections 7(b)(vi) (Voluntary Resignation by Executive for Good Reason), 7(c)(vi) (Termination without Cause by the Company), 7(e)(vi) (Termination upon Death or Disability) or 7(f)(iii) (Retirement).

Exhibit D-2

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**EXHIBIT C-2**  
**RESTRICTED STOCK UNIT AWARD**

- A. Restricted Stock Unit. For each Vesting Period, as defined in paragraph B below, the Committee may in its sole and complete discretion grant to Executive in January or February of each calendar year a Restricted Stock Unit Award (“RSU”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”). Notwithstanding the foregoing, the maximum number of Shares deliverable pursuant to any RSU shall not exceed the maximum number of Shares that could be granted during a calendar year under the Stock Incentive Plan, reduced by the maximum number of shares deliverable pursuant to a PSA granted under Exhibit B and a Performance Based Restricted Stock Unit Award granted under Exhibit C-1 during the same calendar year.
- B. Vesting Period. For purposes of this Exhibit C, the Vesting Period for any RSU shall be the three year period beginning on January 1 of each calendar year.
- C. Vesting. The RSU for any Vesting Period shall become fully vested and nonforfeitable as of the earlier of (i) the last day of the Vesting Period, provided that Executive remains continuously employed by the Company through and including such day, and (ii) the Executive’s termination of employment to the extent provided in the Agreement. Any RSU Award that does not vest prior to or on account of the Executive’s termination of employment shall be forfeited.
- D. Stock Incentive Plan. This Exhibit C-2 shall be subject to the terms and conditions of, the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit C-2 and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit C-2 (as applicable) shall control.
- E. Payment. Except as otherwise provided in the Agreement, any RSUs which become fully vested and nonforfeitable under paragraph C of this Exhibit C-2 shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive within 60 days after the end of the Vesting Period. Notwithstanding anything in this Exhibit C-2 to the contrary, if the 60 day payment distribution period spans two calendar years, the payment to which Executive is entitled under this paragraph E shall be made in the second calendar year.

**EXHIBIT D**  
**SPECIFIED BENEFITS**

1. Payments annually for Executive to purchase life insurance in the amount of \$5,000,000.

2. The Company shall provide Executive with disability insurance with monthly benefits of \$20,000 in the event of Executive's total disability (or reimbursement for the premiums paid by Executive for such policy); provided that in lieu of such disability benefit, the Executive may elect to receive any combination of disability and/or long term care benefit(s) so long as the Company's cost of such other benefit(s) does not exceed the Company's cost of a comparable disability benefit.

3. The Executive shall be paid for his business use of his airplane an amount equal to comparable charter rates within 60 days of such use pursuant to the Company's travel policy in effect from time to time and subject to review annually.

4. Use of Company car (same as current policy) pursuant to the Company's travel policy in effect from time to time and subject to review annually.

5. Taxes related to any payments and benefits above shall be the sole responsibility of the Executive.

**C. TIMOTHY WHITE**  
**THIRD AMENDED AND RESTATED**  
**EMPLOYMENT AGREEMENT**  
(Effective as of January 1, 2017)

This Employment Agreement ("Agreement") is entered into on February 14, 2017 by and between Meritage Homes Corporation, a Maryland corporation ("Company") and C. Timothy White, an individual ("Executive") effective as of January 1, 2017 ("Effective Date").

**RECITALS**

**WHEREAS**, the Executive is currently employed by the Company as Executive Vice President, General Counsel and Secretary of the Company;

**WHEREAS**, the Company and the Executive most-recently previously entered into an amended and restated employment agreement defining the terms and conditions of Executive's employment with the Company, dated as of January 1, 2014 ("Previous Agreement");

**WHEREAS**, the Previous Agreement provided Executive with certain rights, responsibilities and benefits;

**WHEREAS**, the Company and Executive believe that it is in the best interest of each to make certain other changes to Executive's terms and conditions of his employment with the Company; and

**WHEREAS**, the Company desires to continue to obtain the services of Executive, and Executive desires to provide services to the Company, in accordance with the terms, conditions and provisions of this Agreement.

**NOW THEREFORE**, in consideration of the covenants and mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in reliance upon the representations, covenants and mutual agreements contained herein, the Company and Executive agree to amend and restate the Previous Agreement, as follows:

1. **Employment.** Subject to the terms and conditions of this Agreement, the Company agrees to employ Executive as Executive Vice President, General Counsel and Secretary of the Company, and Executive agrees to diligently perform the duties associated with such positions. Executive will report directly to the Chairman and Chief Executive Officer. Executive will devote substantially all of his business time, attention and energies to the business of the Company and will comply with the charters, policies and guidelines established by the Company from time to time applicable to its directors and senior management executives.

2. **Term.** Executive will be employed under this Agreement until December 31, 2017 ("Agreement Term"), unless Executive's employment is terminated earlier pursuant to Section 6.

Thereafter, the Agreement will automatically renew for additional periods of one year ("Renewal Term(s)"), unless on or before August 31, 2017 (or August 31 of any Renewal Term), either Executive or the Company notifies the other in writing that it wishes to terminate employment under this Agreement at the end of the term then in effect. If, pursuant to the foregoing, the Company notifies the Executive that it wishes to terminate employment under this Agreement at the end of the term then in effect, such termination of employment shall be treated as a termination without cause by the Company, and the provisions of Section 6(c) shall apply.

3. **Base Salary.** The Company will pay Executive a base salary ("Base Salary") at the annual rate of \$525,000 per year. The Compensation Committee ("Committee") of the Board of Directors of the Company ("Board") may adjust Executive's Base Salary from time to time, provided that the Base Salary (as previously increased, if applicable) may not be reduced without Executive's consent. The Base Salary will be payable in accordance with the payroll practices of the Company in effect from time to time, but not less frequently than monthly.

4. **Incentive Compensation.**

(a) **Bonus.** For each calendar year during the Agreement Term and any Renewal Term, Executive shall be entitled to annual incentive compensation (the "**Bonus**") under the Company's 2006 Annual Incentive Plan (which is also known as the Company's 2006 Executive Management Incentive Plan and the Meritage Homes Corporation Executive Management Incentive Plan) or any successor thereto ("**Incentive Plan**"), subject to the achievement of certain performance goals established by the Committee pursuant to the Incentive Plan and other terms and conditions, as set forth on Exhibit A.

(b) **Long-Term Incentives.** For each calendar year during the Agreement Term and any Renewal Term, Executive shall be entitled to (i) a Performance Share Award or a Restricted Stock Unit Award under the Company's 2006 Stock Incentive Plan or any successor thereto ("**Stock Incentive Plan**"), subject to the achievement of certain performance goals established by the Committee pursuant to the Stock Incentive Plan and other terms and conditions, as set forth on Exhibit B, (ii) a Performance Based Restricted Stock Unit Award subject to the achievement of certain performance goals established by the Committee pursuant to the Stock Incentive Plan and other terms and conditions, as set forth on Exhibit C-1, and (iii) a Restricted Stock Unit Award under the Stock Incentive Plan, subject to a three-year vesting schedule and other terms and conditions, as set forth on Exhibit C-2.

5. **Executive Benefits.** During the term of this Agreement, Executive will be entitled to reimbursement of reasonable and customary business expenses. The Company will provide Executive a \$1,200 per month automobile allowance and such fringe benefits and other Executive benefits as are regularly provided by the Company to its senior executives (e.g., health and life insurance, Paid Time Off, 401(k), etc.); provided, however, that nothing herein shall preclude the Company from amending or terminating any employee or general executive benefit plan or program. In addition, the Company shall provide the Executive with the benefits set forth on Exhibit D, which benefits may not be terminated, reduced or modified in any respect during the term hereof without the written consent of Executive. The Company shall pay all reasonable attorneys' fees incurred



for drafting and reviewing this Agreement and all related documents within 60 days after it is signed by the parties. To be eligible for reimbursement, all requests for, and payment of, reimbursement under this Section 5 must occur within the timeframe set forth in Section 7(b).

6. **Termination.**

(a) **Voluntary Resignation by Executive without Good Reason.** If Executive voluntarily terminates his employment with the Company without Good Reason, then, except as otherwise set forth in Section 6(f) below:

(i) the Company shall within 15 days after termination pay Executive his Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 4(b)(i), any Performance Based Restricted Stock Unit Awards under Section 4(b)(ii), and any Restricted Stock Unit Awards under Section 4(b)(iii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and performance awards shall be paid and delivered at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) no Bonus shall be payable for the performance period in which termination occurs;

(iv) no Performance Share Awards or Restricted Stock Unit Awards under Section 4(b)(i) or other performance based awards, including but not necessarily limited to any Performance Based Restricted Stock Unit Awards under Section 4(b)(ii), shall be payable for the performance period in which termination occurs;

(v) any Restricted Stock Unit Awards under Section 4(b)(iii) or other time based awards that are not vested prior to or on account of such termination shall be forfeited; and

(vi) the Company shall not pay or reimburse Executive for COBRA premiums for the period that the Company is required to offer COBRA coverage as a matter of law.

(b) **Voluntary Resignation by Executive with Good Reason.** If Executive voluntarily terminates his employment with the Company with Good Reason, then:

(i) the Company shall within 15 days after termination pay Executive's Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 4(b)(i) and any Performance Based Restricted Stock Unit Awards under Section 4(b)(ii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and

performance awards shall be paid and delivered at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) the Company shall pay Executive a pro rata Bonus based upon actual performance for the performance period in which termination occurs, determined in accordance with paragraph F of Exhibit A and paid at such time as Bonuses are paid to other executives but not later than March 15 of the calendar year following the end of the performance period;

(iv) all previously granted time based awards that are outstanding (including any Restricted Stock Unit Awards and other similar time based awards but not restricted stock awards which shall be dealt with under Section 6(b)(v) below) shall immediately vest and become unrestricted and the Company shall deliver to Executive the Shares subject to the time based awards;

(v) all previously granted time based restricted stock awards that are outstanding shall immediately vest and become unrestricted;

(vi) the Company shall deliver to Executive:

(A) the Shares (as defined in paragraph A of Exhibit B) subject to the previously granted Performance Share Awards and Restricted Stock Unit Awards under Section 4(b)(i) and other similar previously granted performance awards, including for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit B and delivered at such time as performance share awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award; and

(B) the Shares (as defined in paragraph A of Exhibit C-1) subject to the previously granted Performance Based Restricted Stock Unit Awards under Section 4(b)(ii) for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit C-1 and delivered at such time as Performance Based Restricted Stock Unit Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award;

(vii) all previously granted performance based restricted stock awards for any performance periods that have not yet ended shall vest and become unrestricted immediately following the end of the applicable performance period for such awards based upon actual performance achieved during the applicable performance period;

(viii) any stock option grants that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 10<sup>th</sup> anniversary of the original date of grant;

(ix) the Company shall pay Executive a single lump sum payment in an amount equal to 150% of the monthly COBRA premium payable for the coverage in effect on the date of termination for Executive and, if applicable, his dependents under the Company's group health plan, multiplied by 18;

(x) at the Company's option, the Executive shall render reasonable consulting services to the Company during the 12-month period following termination of employment as may be requested from time to time by the Chairman of the Committee in accordance with, and subject to, Section 10; and

(xi) the Company will pay Executive an amount equal to the sum of (A) two times the Executive's Base Salary on the Date of Termination of employment, and (B) two times the higher of (x) the average of the Bonus compensation paid to Executive for the two years prior to his termination of employment or (y) the annual Bonus paid to Executive for the year preceding the date of termination. For purposes of determining the amount of the Executive's Bonus paid for any year during the above two-year period, the amount of the Bonus compensation considered paid for purposes of this provision shall be the greater of (a) the Bonus paid to the Executive, or (b) the fair value on the day of grant (which, for restricted stock, restricted stock units, performance based restricted stock units, and performance share awards shall equal the closing market price of the Company's common stock on such day, and for options, stock appreciation rights and similar awards shall equal the value calculated pursuant to the Black-Scholes or similar valuation model as of the day of grant) of the shares of the Company's restricted stock, restricted stock units, performance based restricted stock units, performance shares, stock options and other equity awards that became vested in such year; provided, however that the total amount set forth in Section 6(b)(xi) shall not exceed \$2 million.

Unless otherwise provided in this Agreement, any amount payable or deliverable under Sections 6(b)(iv), (ix) and (xi) shall be paid in a lump-sum cash payment or delivered within 60 days following Executive's termination of employment. Notwithstanding anything in this Section 6(b) to the contrary, if the 60 day period spans two calendar years, the payment or delivery to which Executive is entitled under this Section 6(b) shall be made in the second calendar year.

(c) **Termination without Cause by the Company.** If the Company terminates Executive without Cause, then:

(i) the Company shall within 15 days after termination pay Executive's Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 4(b)(i) and any Performance Based

Restricted Stock Unit Awards under Section 4(b)(ii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and performance awards shall be paid and delivered at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) the Company shall pay Executive a pro rata Bonus based upon actual performance for the performance period in which termination occurs, determined in accordance with paragraph F of Exhibit A and paid at such time as Bonuses are paid to other executives but not later than March 15 of the calendar year following the end of the performance period;

(iv) all previously granted time based awards that are outstanding (including any Restricted Stock Unit Awards and other similar time based awards but not restricted stock awards which shall be dealt with under Section 6(c)(v) below) shall immediately vest and become unrestricted and the Company shall deliver to Executive the Shares subject to the time based awards;

(v) all previously granted time based restricted stock awards that are outstanding shall immediately vest and become unrestricted;

(vi) the Company shall deliver to Executive:

(A) the Shares subject to previously granted Performance Share Awards and Restricted Stock Unit Awards under Section 4(b)(i) and other similar previously granted performance awards for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit B and delivered at such time as performance share awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award; and

(B) the Shares subject to previously granted Performance Based Restricted Stock Unit Awards under Section 4(b)(ii) for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit C-1 and delivered at such time as Performance Based Restricted Stock Unit Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award;

(vii) all previously granted performance based restricted stock awards for any performance periods that have not yet ended shall vest and become unrestricted immediately following the end of the applicable performance period for such awards based upon actual performance achieved during the applicable performance period;

(viii) any stock option grants that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 10<sup>th</sup> anniversary of the original date of grant;

(ix) the Company shall pay Executive a single lump sum payment in an amount equal to 150% of the monthly COBRA premium payable for the coverage in effect on the date of termination for Executive and, if applicable, his dependents under the Company's group health plan, multiplied by 18;

(x) at the Company's option, the Executive shall render reasonable consulting services to the Company during the 12-month period following termination of employment as may be requested from time to time by the Chairman of the Committee, in accordance with, and subject to, Section 10; and

(xi) the Company will pay Executive an amount equal to the sum of (A) Executive's Base Salary on the Date of Termination of employment, and (B) the higher of (x) the average of the Bonus compensation paid to Executive for the two years prior to his termination of employment or (y) the annual Bonus paid to Executive for the year preceding the date of termination. For purposes of determining the amount of the Executive's Bonus paid for any year during the above two-year period, the amount of the Bonus compensation considered paid for purposes of this provision shall be the greater of (a) the Bonus paid to the Executive, or (b) the fair value on the day of grant (which, for restricted stock, restricted stock units, performance based restricted stock units, and performance share awards shall equal the closing market price of the Company's common stock on such day, and for options, stock appreciation rights and similar awards shall equal the value calculated pursuant to the Black-Scholes or similar valuation model as of the day of grant) of the shares of the Company's restricted stock, restricted stock units, performance based restricted stock units, performance shares, stock options and other equity awards that became vested in such year; provided, however that the total amount set forth in Section 6(c)(xi) shall not exceed \$2 million.

Unless otherwise provided in this Agreement, any amount payable or deliverable under Sections 6(c)(iv), (ix) and (xi) shall be paid in a lump-sum cash payment or delivered within 60 days following Executive's termination of employment. Notwithstanding anything in this Section 6(c) to the contrary, if the 60 day period spans two calendar years, the payment or delivery to which Executive is entitled under this Section 6(c) shall be made in the second calendar year.

(d) **Termination for Cause by the Company.** If the Company terminates Executive's employment for Cause, then:

(i) the Company shall within 15 days after termination pay Executive's Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 4(b)(i) and any Performance Based

Restricted Stock Unit Awards under Section 4(b)(ii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and performance awards shall be paid and delivered at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) no Bonus shall be payable for the performance period in which termination occurs;

(iv) no Performance Share Awards or Restricted Stock Unit Awards under Section 4(b)(i) or other performance based awards, including but not necessarily limited to any Performance Based Restricted Stock Unit Awards under Section 4(b)(ii), shall be payable for any performance periods that have not yet ended; and

(v) any Restricted Stock Unit Awards under Section 4(b)(iii), and any time based restricted stock awards or other similar time based awards that are not vested prior to such termination shall be forfeited.

Upon a termination for Cause by the Company, the provisions of Section 8 (Restrictive Covenant) shall automatically become applicable for a six-month period (rather than the two-year period set forth therein), without any further payment due Executive. Executive acknowledges and agrees that the compensation herein is adequate consideration for such covenants.

(e) **Termination upon Death or Disability.** If Executive's employment is terminated as a result of Executive's death or Disability, then:

(i) the Company shall within 15 days after termination pay Executive's Base Salary through the Date of Termination and any accrued but unused Paid Time Off amounts;

(ii) the Company shall pay Executive any Bonus and any Performance Share Awards and Restricted Stock Unit Awards under Section 4(b)(i) and any Performance Based Restricted Stock Unit Awards under Section 4(b)(ii) that are earned or vested in or with respect to a previous year that has not yet been paid and delivered, which Bonus and performance awards shall be paid and delivered at such time as Bonuses and performance awards are paid and delivered to other executives but not later than March 15 of the year of termination;

(iii) the Company shall pay Executive his Target Bonus for the performance period in which termination occurs as described in paragraph C of Exhibit A (provided that for any performance period beginning prior to January 1, 2015, the amount paid shall be the Bonus based upon actual performance for the performance period (rather than the Target Bonus) in which termination occurs determined in accordance with Exhibit A, and paid at such time as Bonuses are paid to other executives but not later than March 15 of the calendar year following the end of the performance period);

(iv) all previously granted time based awards that are outstanding (including any Restricted Stock Unit Awards and other similar time based awards but not restricted stock awards which shall be dealt with under Section 6(c)(v) below) shall immediately vest and become unrestricted and the Company shall deliver to the Executive the Shares subject to the time based awards;

(v) all previously granted time based restricted stock awards shall immediately vest and become unrestricted;

(vi) the Company shall deliver to Executive:

- (A) the target number of Shares subject to previously granted Performance Share Awards under Section 4(b)(i) and other similar previously granted performance awards for any performance periods that have not yet ended as described in paragraph C of Exhibit B or otherwise (provided that for any performance period beginning prior to January 1, 2015, the Company shall deliver to Executive the Shares subject to previously granted Performance Share Awards under Section 5(b)(i) and other similar previously granted performance awards for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit B (rather than delivering the target number of Shares) and delivered at such time as Performance Share Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period); and
- (B) the target number of Shares subject to any previously granted Performance Based Restricted Stock Unit Awards under Section 4(b)(ii) for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit C-1 and delivered at such time as Performance Based Restricted Stock Unit Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for each such award;

(vii) the target number of shares subject to previously granted performance based restricted stock awards for any performance periods that have not yet ended shall immediately vest and become unrestricted;

(viii) any stock option grants that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 10<sup>th</sup> anniversary of the original date of grant; and

(ix) the Company shall pay Executive a single lump sum payment in an amount equal to 150% of the monthly COBRA premium payable for the coverage in effect on the date of termination for Executive (if Executive's employment is terminated as a result of Disability) and, if applicable, his dependents under the Company's group health plan, multiplied by 18.

Unless otherwise provided in this Agreement, any amount payable or deliverable under Sections 6(e)(iii) (but only for payment of Target Bonuses relating to performance periods beginning on and after January 1, 2015), (iv), (vi) (but only for the target number of Shares relating to performance periods beginning on and after January 1, 2015) and (ix) shall be paid in a lump-sum cash payment or delivered within 60 days following Executive's termination of employment. Notwithstanding anything in this Section 6(e) to the contrary, if the 60 day period spans two calendar years, the payment or delivery to which Executive is entitled under this Section 6(e) shall be made in the second calendar year. If Executive dies or becomes Disabled during any period that the Company is obliged to make payments under Section 6, the Company shall pay the Executive (or in the case of death, the Executive's estate) any unpaid amounts described in Section 6, at the time such amounts would otherwise have been paid to Executive.

(f) **Retirement.** If Executive voluntarily terminates his employment with the Company without Good Reason after completion of 15 cumulative years of service as a named executive officer and/or a member of the Board, the provisions of Section 6(a) shall apply (except as modified in this Section 6(f)) and in addition thereto:

(i) the Company shall pay Executive a pro rata Bonus based upon actual performance for the performance period in which termination occurs, determined in accordance with paragraph F of Exhibit A and paid at such time as Bonuses are paid to other executives but not later than March 15 of the calendar year following the end of the performance period;

(ii) all previously granted time based awards that are outstanding (including any Restricted Stock Unit Awards and other similar time based awards but not restricted stock awards) shall immediately vest and become unrestricted and the Company shall deliver to Executive the Shares subject to the time based awards;

(iii) the Company shall deliver to Executive:

(A) the Shares subject to the previously granted Performance Share Awards and Restricted Stock Unit Awards under Section 4(b)(i) and other similar previously granted performance awards for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit B and delivered at such time as performance share awards for other Executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for such awards; and



(B) the Shares subject to any previously granted Performance Based Restricted Stock Unit Awards under Section 4(b)(ii) for any performance periods that have not yet ended, determined based upon actual performance in accordance with Exhibit C-1 and delivered at such time as Performance Based Restricted Stock Unit Awards for other executives are settled but not later than March 15 of the calendar year following the end of the applicable performance period for such awards;

(iv) all previously granted performance based restricted stock awards for any performance periods that have not yet ended shall vest and become unrestricted immediately following the end of the applicable performance period for such awards based upon actual performance achieved during the applicable performance period;

(v) any stock option grants that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 10<sup>th</sup> anniversary of the original date of grant; and

(vi) at the Company's option, the Executive shall render reasonable consulting services to the Company during the 12-month period following termination of employment as may be requested from time to time by the Chairman of the Committee, in accordance with, and subject to, Section 10.

Unless otherwise provided in this Agreement, any amount deliverable under Section 6(f)(ii) shall be delivered within 60 days following Executive's termination of employment. Notwithstanding anything in this Section 6(f) to the contrary, if the 60 day period spans two calendar years, the delivery to which Executive is entitled under this Section 6(f) shall be delivered in the second calendar year.

(g) **Directors and Officers Liability Insurance; Indemnification.** In the event of termination of Executive's employment, (i) Executive shall remain covered under the directors and officers liability insurance maintained by the Company in commercially reasonable amounts (as determined by the Board) to the same extent as executives of the Company; and (ii) Executive shall remain eligible for indemnification by the Company to the extent provided for in the Company by-laws in effect from time to time, provided that such indemnification shall not be less favorable than the indemnification provided for in the Company's by-laws in effect as of January 1, 2017.

(h) **Definitions.** For purposes of this Agreement:

(1) "Cause" shall mean that the Executive's employment with the Company was terminated due to Executive's:

- (i) Malfeasance, willful or gross misconduct, or willful dishonesty in each instance that materially harms the Company or its stockholders;
  - (ii) Conviction of a felony that is materially detrimental to the Company or its stockholders;
  - (iii) Conviction of, or entry of a plea of *nolo contendere* to a felony that materially damages the Company's financial condition or reputation or to a crime involving fraud;
  - (iv) Material violation of the Company's Code of Ethics, including breach of duty of loyalty in connection with Company's business;
  - (v) Willful failure to perform duties under this Agreement after notice by the Board and an opportunity to cure;
  - (vi) Failure to reasonably cooperate with, or otherwise impedes or interferes with, an investigation authorized by the Board;
  - (vii) Failure to follow a legal and proper Board directive after notice by the Board and a thirty (30) day opportunity to cure; or
  - (viii) Willful misconduct or gross negligence pursuant to the Sarbanes-Oxley Act, if and to the extent such conduct triggers a restatement of financial results.
- (2) **"Change of Control"** shall mean and include the following transactions or situations:
- (i) The acquisition of beneficial ownership, directly or indirectly, of securities having 35% or more of the combined voting power of the Company's then outstanding securities by any "Unrelated Person" or "Unrelated Persons" acting in concert with one another. For "Change of Control" purposes, the term "Person" shall mean and include any individual, partnership, joint venture, association, trust, corporation, or other entity (including a "group" as referred to in Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Act")). For "Change of Control" purposes, the term "Unrelated Person" shall mean and include any Person other than the Company, or an employee benefit plan of the Company, or any officer, director, or 10% or more shareholder of the Company as of the date of this Agreement;
  - (ii) A sale, transfer, or other disposition through a single transaction or a series of transactions of all or substantially all of the assets of the Company to an Unrelated Person or Unrelated Persons acting in concert with one another;

- (iii) Any consolidation or merger of the Company with or into an Unrelated Person, unless immediately after the consolidation or merger the holders of the Company's common stock immediately prior to the consolidation or merger are the Beneficial Owners of securities of the surviving corporation representing at least 50% of the combined voting power of the surviving corporation's then outstanding securities;
  - (iv) A change during any period of two consecutive years of a majority of the members of the Company's Board of Directors for any reason, unless the election, or the nomination for election by the Company's shareholders, of each director was approved by the vote of a majority of the directors then still in office who were directors at the beginning of the period; or
  - (v) If Steve Hilton is not Chief Executive Officer of the Company and Executive has not been offered or provided with an Executive Vice President and General Counsel or similar position with equivalent duties, responsibility, authority, compensation, benefits, severance, employment and change of control terms and which does not require Executive to relocate or to travel more than he does in his position with the Company.
- (3) **"Good Reason"** shall mean any of the following circumstances:
- (i) If the Company assigns Executive duties that are materially inconsistent with, or constitute a material reduction of powers or functions associated with, Executive's position, duties, or responsibilities with the Company, or a material adverse change in Executive's titles, authority, or reporting responsibilities, or in conditions of Executive's employment;
  - (ii) If the Executive's Base Salary is reduced;
  - (iii) If the Company fails to cause any successor to expressly assume and agree to be bound by the terms of this Agreement;
  - (iv) If the Company requires Executive to relocate to an employment location that is more than fifty (50) miles from Scottsdale, Arizona, or
  - (v) If the Company materially breaches its obligations under this Agreement and such breach is not cured within thirty (30) days after written notice from the Executive;
  - (vi) If, following a Change of Control, Executive does not serve, or is not serving as, Executive Vice President and General Counsel

or a comparable position of the parent corporation of the surviving organization; or

- (4) “**CLC Agreement**” shall mean that certain Third Amended and Restated Change of Control Agreement between Executive and the Company, effective January 1, 2010, as thereafter amended;
- (5) “**Date of Termination**” shall mean (i) if this Agreement is terminated as a result of Executive’s death, the date of Executive’s death, (ii) if this Agreement is terminated by Executive for Good Reason, the date on which he notifies the Company in writing (but following the Company’s opportunity to cure as provided in Section 6(i)(v)), (iii) if this Agreement is terminated by Executive without Good Reason or on account of retirement, the later of (A) the date on which Executive notifies the Company in writing and (B) the date of termination specified in the written notice, (iv) if this Agreement is terminated by the Company for Disability, the date a notice of termination is given, (v) if this Agreement is terminated by the Company for Cause, the date a final determination is provided to Executive by the Company (following the procedures set forth in Section 6(i)(iii)), or (vi) if this Agreement is terminated by the Company without Cause, the date notice of termination is given to Executive by the Company;
- (6) “**Disability**” shall mean Executive is receiving income replacement benefits for a period of not less than six (6) months under an accident and health plan established by the Company for its employees, by reason of any medically determinable physical or mental impairment which actually hinders Executive’s ability to perform his job and which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(i) **Procedures for Notices of Termination.** Any termination of the Executive’s employment under this Agreement shall be communicated by written Notice of Termination to the Executive if such Notice of Termination is delivered by the Company and to the Company if such Notice of Termination is delivered by the Executive, all in accordance with the following procedures:

- (i) The Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances alleged to provide a basis for termination.
- (ii) Any Notice of Termination by the Company shall be in writing signed by the Chairman of the Committee specifying in detail the basis for such termination.

(iii) If the Company shall furnish a Notice of Termination for Cause and Executive in good faith notifies the Company that a dispute exists concerning such termination within the 30-day period following Executive's receipt of such notice, Executive may elect to continue Executive's employment (or Executive may be placed on paid administrative leave, at the Company's option), during such dispute. If it is thereafter determined that (1) Cause did exist, the Executive's "Termination Date" shall be the earlier of (A) the date on which the dispute is finally determined, either by mutual written agreement of the parties or pursuant to the alternative dispute resolution provisions of Section 16, or (B) the date of the Executive's death; or (2) Cause did not exist, Executive's employment shall continue as if the Company had not delivered its Notice of Termination and there shall be no Termination Date arising out of such notice. A determination of Cause shall be made by a majority of the members of the Board only after the Executive and Executive's legal counsel, if any, have been giving an opportunity to meet with the Board in advance of the Board's vote on the matter; provided that, such determination of Cause shall be subject to the dispute resolution process described in Section 16.

(iv) If the Company shall furnish a Notice of Termination by reason of Disability and Executive in good faith notifies the Company that a dispute exists concerning such termination within the 30-day period following Executive's receipt of such notice, Executive may elect to continue Executive's employment during such dispute (or Executive may be placed on paid administrative leave, at the Company's option). The dispute relating to the existence of a Disability shall be resolved by the opinion of the licensed physician selected by the Company, provided, however, that if Executive does not accept the opinion of the licensed physician selected by the Company, the dispute shall be resolved by the opinion of a licensed physician who shall be selected by the Executive; provided further, however, that if the Company does not accept the opinion of the licensed physician selected by the Executive, the dispute shall be finally resolved by the opinion of a licensed physician selected by the licensed physicians selected by the Company and the Executive, respectively. If it is thereafter determined that (1) a Disability did exist, Executive's Termination Date shall be the earlier of (A) the date on which the dispute is resolved, or (B) the date of Executive's death, or (2) a Disability did not exist, Executive's employment shall continue as if the Company had not delivered its Notice of Termination and there shall be no Termination Date arising out of such notice.

(v) If Executive in good faith furnishes a Notice of Termination for Good Reason and the Company notifies Executive that a dispute exists concerning the termination within the 30-day period following the Company's receipt of such notice, Executive may elect to continue Executive's employment (or Executive may be placed on paid administrative leave with pay, at the Company's option), during such dispute. If it is thereafter determined that (1) Good Reason did exist, Executive's Termination Date shall be the earlier of (A) the date on which the dispute is finally determined, either by mutual written agreement of the parties or pursuant to the alternative dispute resolution provisions of Section 16, or (B) the date of Executive's death; or (2) Good Reason did not exist, Executive's employment shall continue after such determination as if Executive had not delivered the Notice of Termination asserting Good Reason. The Company shall be given an opportunity to cure

the event causing Good Reason within the 30-day period following Executive's Notice of Termination for Good Reason.

(vi) If Executive does not elect to continue employment pending resolution of a dispute regarding a Notice of Termination, and it is finally determined that the reason for termination set forth in such Notice of Termination did not exist, if such notice was delivered by Executive, Executive shall be deemed to have voluntarily terminated Executive's employment other than for Good Reason and if delivered by the Company, the Company will be deemed to have terminated Executive other than by reason of Disability or with Cause.

(j) **Release Agreement.** Notwithstanding anything to the contrary herein, no payment (other than payments described in (i) and (ii) of Sections 6(a), (b), (c), (d) and (e); any payments under Section 6(e) on account of death or Disability; and any payments under Section 6(f) on account of Retirement) shall be made under this Section 6 unless Executive executes (and does not revoke) a legal release ("Release Agreement"), in substantially the form attached hereto as Exhibit E, in which Executive releases the Company, its affiliates, directors, officers, employees, agents and others affiliated with the Company from any and all claims, including claims relating to Executive's employment with the Company and the termination of Executive's employment. The Release Agreement shall be provided to Executive within 5 days following Executive's termination of employment. The Release Agreement must be executed and returned to the Company within the 21 or 45 day (as applicable) period described in the Release Agreement and it must not be revoked by Executive within the 7-day revocation period described in the Release Agreement.

(k) **No Duty to Mitigate.** Any payments under this Section 6 will be made to Executive without regard to whether Executive looks for or obtains alternative employment following termination of employment with the Company hereunder.

(l) **Expenses and Interest.** If a good faith dispute shall arise with respect to the enforcement of any rights under this Agreement or if any arbitration or legal proceeding shall be brought in good faith to enforce or interpret any provision hereof, or to recover damages for breach hereof, the prevailing party shall recover any reasonable attorneys' fees and necessary costs and disbursement incurred as a result of such dispute or legal proceeding, and prejudgment interest on any money judgment obtained calculated at the rate of interest announced by Bank of America, Arizona from time to time as its prime rate from the date that payments were or should have been made under this Agreement.

7. **Compliance with Code Section 409A.** To the extent applicable, this Agreement shall be interpreted in accordance with Code section 409A and Treasury Regulations and other interpretative guidance issued thereunder, including without limitation any such regulations or other such guidance that may be issued after the Effective Date (collectively, "Section 409A").

(a) For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of

installment payments under this Agreement shall be treated as a right to a series of separate payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(b) Any reimbursement under this Agreement, to the extent it constitutes a deferral of compensation under Section 409A, shall meet the following requirements: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (ii) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, and (iii) the right to reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(c) Notwithstanding anything to the contrary in this Agreement, no compensation or benefits (including, without limitation, any severance payments under Sections 6 or 7) shall be paid to Executive during the six (6)-month period following Executive's "separation from service" (within the meaning of Section 409A) if the Company determines that the Executive is a Specified Employee (defined below) and that paying such amounts at the time or times indicated in this Agreement would subject the Executive to taxation under Code section 409A(a)(2)(B)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of the Executive's separation from service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death (the "409A Payment Date"), the Company shall begin to make such payments as described in this Section 7, provided that any amounts that would have been payable earlier but for the application of this Section 7, shall be paid in lump-sum on the 409A Payment Date along with accrued interest at the rate of interest announced by Bank of America, Arizona from time to time as its prime rate from the date that payments to Executive should have been made under this Agreement. For purposes of this Section 7, the term "Specified Employee" shall have the meaning set forth in Code section 409A(a)(2)(B)(i).

(d) It is the intention of both the Company and Executive that the benefits and rights to which Executive could be entitled pursuant to this Agreement comply with Section 409A, to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If Executive or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on Executive and on the Company); provided, that this Section 7 does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments, policies or procedures or to take any other such actions.

(e) Any payment under Section 6 shall be subject to the provisions of this Section 7 (except for a payment pursuant to Section 6(e) as a result of Executive's death). If and to the extent required by Section 409A, any payment or benefit required to be paid under this Agreement on

account of termination of Executive's employment shall be made only after Executive incurs a "separation from service" within the meaning of Section 409A.

(f) Although the Company intends that amounts payable to Executive under this Agreement will either not be subject to taxation under Section 409A or shall comply with the requirements of Section 409A, the Company does not guarantee any particular tax treatment for amounts payable to the Executive hereunder. Except for Company's responsibility to withhold applicable income and employment taxes from amounts payable to Executive hereunder, Company shall not be responsible for the payment of any applicable taxes incurred by Executive on amounts paid or provided to Executive under this Agreement. In no event shall the Company, its affiliates or any of their respective officers, directors or advisors be liable for any taxes, interest or penalties imposed under Section 409A or any corresponding provision of state or local law. Under no circumstances may the time or schedule of any payment made or benefit provided pursuant to this Agreement be accelerated or subject to further deferral except as otherwise permitted under Section 409A.

**8. Restrictive Covenant.**

(a) Executive hereby covenants and agrees that for a period of two years from the Date of Termination, Executive will not:

(1) Directly or indirectly, hire or solicit for employment for any other business entity other than the Company (whether as an employee, consultant, independent contractor, or otherwise) any person who is, or within the six month period preceding the date of such activity was, an employee, independent contractor or the like of the Company or any of its subsidiaries, unless Company gives its written consent to such employment or offer of employment.

(2) Call on or directly or indirectly solicit or divert or take away from Company or any of its subsidiaries (including, without limitation, by divulging to any competitor or potential competitor or company or its subsidiaries) any person, firm, corporation or other entity who was a customer or prospective customer of the Company during Executive's term of employment.

(b) The covenants set forth in this Section 8 shall begin as of the Effective Date and will survive the Executive's termination of employment under Section 6.

**9. Non-Disclosure of Confidential Information.**

(a) It is understood that in the course of Executive's employment with Company, Executive will become acquainted with Company Confidential Information (as defined below). Executive recognizes that Company Confidential Information has been developed or acquired at great expense, is proprietary to the Company, and is and shall remain the exclusive property of the Company. Accordingly, Executive agrees that except as otherwise ordered in a legal or regulatory proceeding or in order to effectuate Company business off-premises, he will not disclose to others,



copy, make any use of, or remove from Company's premises any Company Confidential Information, except as Executive's duties may specifically require, without the express written consent of the Company, during Executive's employment with the Company and thereafter until such time as Company Confidential Information becomes generally known, or readily ascertainable by proper means by persons unrelated to the Company.

(b) Upon any termination of employment, Executive shall promptly deliver to the Company the originals and all copies of any and all materials, documents, notes, manuals, or lists containing or embodying Company Confidential Information, or relating directly or indirectly to the business of the Company, in the possession or control of Executive.

(c) Executive hereby agrees that the period of time provided for in this Section 9 and other provisions and restrictions set forth herein are reasonable and necessary to protect the Company and its successors and assigns in the use and employment of the goodwill of the business conducted by Executive. Executive further agrees that damages cannot adequately compensate the Company in the event of a violation of this Section 9 and that, if such violation should occur, injunctive relief shall be essential for the protection of the Company and its successors and assigns. Accordingly, Executive hereby covenants and agrees that, in the event any of the provisions of this Section 9 shall be violated or breached, the Company shall be entitled to obtain injunctive relief against the party or parties violating such covenants, without bond but upon due notice, in addition to such further or other relief as may be available at equity or law. Obtainment of such an injunction by the Company shall not be considered an election of remedies or a waiver of any right to assert any other remedies which the Company has at law or in equity. No waiver of any breach or violation hereof shall be implied from forbearance or failure by the Company to take action thereof. The prevailing party in any litigation, arbitration or similar dispute resolution proceeding to enforce this provision will recover any and all reasonable costs and expenses, including attorneys' fees.

(d) "**Company Confidential Information**" shall mean confidential, proprietary information or trade secrets of Company and its subsidiaries and affiliates including without limitation the following: (1) customer lists and customer information as compiled by Company; (2) Company's internal practices and procedures; (3) Company's financial condition and financial results of operation; (4) supply of materials information, including sources and costs, designs, information on land and lot inventories, and current and prospective projects; (5) strategic planning, manufacturing, engineering, purchasing, finance, marketing, promotion, distribution, and selling activities; (6) all other information which Executive has a reasonable basis to consider confidential or which is treated by Company as confidential; and (7) all information having independent economic value to Company that is not generally known to, and not readily ascertainable by proper means by, persons who can obtain economic value from its disclosure or use. Notwithstanding the foregoing provisions, the following shall not be considered "Company Confidential Information": (i) the general skills of the Executive as an experienced real estate and homebuilding entrepreneur and senior management level employee; (ii) information generally known by senior management executives within the homebuilding and/or land development industry; (iii) persons, entities, contacts or relationships of Executive that are also generally known in the industry; and (iv) information which becomes available on a non-confidential basis from a source other than Executive

which source is not prohibited from disclosing such confidential information by legal, contractual or other obligation.

10. **Cooperation; No Disparagement.** During the one-year period following the Executive's Date of Termination, Executive agrees to provide reasonable assistance to the Company (including assistance with litigation matters), upon the Company's request, concerning the Executive's previous employment responsibilities and functions with the Company. Additionally, at all times after the Executive's employment with the Company has terminated, Company and Executive agree to refrain from making any disparaging or derogatory remarks, statements and/or publications regarding the other, its employees or its services. In consideration for such cooperation, Company shall compensate Executive for the time Executive spends on such cooperative efforts (at an hourly rate based on Executive's total compensation during the year preceding the Date of Termination) and Company shall reimburse Executive for the reasonable out-of-pocket expenses Executive incurs in connection with such cooperative efforts. In addition, in no event will the Executive be required to provide services to the Company pursuant to this Section 10 at a level that exceeds 20% of the average level of bona fide services Executive provided to Company in the immediately preceding 36 months.

11. **Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any applicable law, then such provision will be deemed to be modified to the extent necessary to render it legal, valid and enforceable, and if no such modification will make the provision legal, valid and enforceable, then this Agreement will be construed as if not containing the provision held to be invalid, and the rights and obligations of the parties will be construed and enforced accordingly.

12. **Assignment by Company.** Nothing in this Agreement shall preclude the Company from consolidating or merging into or with, or transferring all or substantially all of its assets to, another corporation or entity that assumes this Agreement and all obligations and undertakings hereunder. Upon such consolidation, merger or transfer of assets and assumption, the term "Company" as used herein shall mean such other corporation or entity, as appropriate, and this Agreement shall continue in full force and effect subject to the provisions of Section 6 and the CIC Agreement.

13. **Entire Agreement.** This Agreement, the CIC Agreement, and any agreements concerning stock options, restricted stock, restricted stock units or other benefits, embody the complete agreement of the parties hereto with respect to the subject matter hereof and supersede any prior written, or prior or contemporaneous oral, understandings or agreements between the parties that may have related in any way to the subject matter hereof. This Agreement may be amended only in writing executed by the Company and Executive.

14. **Governing Law.** This Agreement and all questions relating to its validity, interpretation, performance and enforcement, shall be governed by and construed in accordance with the internal laws, and not the law of conflicts, of the State of Arizona.

15. **Notice.** Any notice required or permitted under this Agreement must be in writing and will be deemed to have been given when delivered personally or by overnight courier service or

three days after being sent by mail, postage prepaid, at the address indicated below or to such changed address as such person may subsequently give such notice of:

if to Company:  
Meritage Homes Corporation  
8800 East Raintree Drive, Suite 300  
Scottsdale, Arizona 85260  
Attention: Chief Executive Officer and  
Chief Financial Officer

if to Executive:  
C. Timothy White  
To Such Address as Shall Most  
Currently Appear on the Records of  
the Company

16. **Arbitration.** Any dispute, controversy, or claim, whether contractual or non-contractual, between the parties hereto arising directly or indirectly out of or connected with this Agreement, relating to the breach or alleged breach of any representation, warranty, agreement, or covenant under this Agreement, unless mutually settled by the parties hereto, shall be resolved by binding arbitration in accordance with the Employment Arbitration Rules of the American Arbitration Association (the "AAA"). The parties agree that before the proceeding to arbitration that they will mediate their disputes before the AAA by a mediator approved by the AAA. Any arbitration shall be conducted by arbitrators approved by the AAA and mutually acceptable to Company and Executive. All such disputes, controversies or claims shall be conducted by a single arbitrator, unless the dispute involves more than \$50,000 in the aggregate in which case the arbitration shall be conducted by a panel of three arbitrators. If the parties hereto are unable to agree on the mediator or the arbitrator(s), then the AAA shall select the arbitrator(s). The resolution of the dispute by the arbitrator(s) shall be final, binding, nonappealable, and fully enforceable by a court of competent jurisdiction under the Federal Arbitration Act. The arbitrator(s) shall award damages to the prevailing party. The arbitration award shall be in writing and shall include a statement of the reasons for the award. The arbitration shall be held in the Phoenix/Scottsdale metropolitan area. The Company shall pay all AAA, mediation, and arbitrator's fees and costs. The arbitrator(s) shall award reasonable attorneys' fees and costs to the prevailing party.

17. **Withholding; Release; No Duplication of Benefits.** All of Executive's compensation under this Agreement will be subject to deduction and withholding authorized or required by applicable law. The Company's obligation to make any post-termination payments hereunder (other than those payments described in Section 6(j) and expense reimbursements through date of termination), shall be subject to receipt by the Company from Executive of the Release Agreement, and compliance by Executive with the covenants set forth in Sections 8 and 9 hereof. If there is any conflict between the provisions of the CIC Agreement and this Agreement, such conflict shall

be resolved so as to provide on an individual item by item basis the greater benefit to Executive. However, in order to avoid duplication of any monetary benefits, any payments or benefits due under Executive's CIC Agreement or under any employee severance plan to the extent such a plan exists or is subsequently implemented by the Company, will not be paid if the corresponding item under this Agreement is equal or greater and is paid.

18. **Effect of Restatement of Financial Results.** Notwithstanding anything in this Agreement to the contrary, to the extent any financial results are misstated as a result of Executive's willful misconduct or gross negligence, and as a result such financial results are subsequently restated downward resulting in lower levels of bonuses pursuant to Section 4 and the accompanying Exhibit A, offsets shall be made against future bonuses. If such future bonuses are insufficient to offset the full difference between awarded bonuses and restated bonuses and/or if such restatement occurs at the end of the Agreement Term and subsequent Renewal Term(s), if any, bonuses previously earned and delivered under this Agreement may be clawed-back.

19. **Successors and Assigns.** This Agreement is solely for the benefit of the parties and their respective successors, assigns, heirs and legatees. Nothing herein shall be construed to provide any right to any other entity or individual.

20. **Related Party Transactions.** Executive may not engage in any related party transactions with the Company unless approved in the specific instance by the Audit Committee of the Board.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement as of the date first above written.

**MERITAGE HOMES CORPORATION,**

a Maryland corporation

By: /s/ Steven J. Hilton

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By: Steven J. Hilton  
Chairman and CEO

**EXECUTIVE: C. TIMOTHY WHITE**

/s/ C. Timothy White

**EXHIBIT A**  
**BONUS**

- A. Bonus Opportunity. For each Performance Period, as defined in paragraph B below, Executive shall be entitled to a Bonus based on his Target Bonus, as set forth in paragraph C below, subject to the achievement of certain performance goals.
- B. Performance Period. For purposes of this Exhibit A, the Performance Period shall be the 12 month period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. Target Bonus and Bonus. Executive's Target Bonus shall be \$600,000. Executive's Bonus that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 200% of the Target Bonus, contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the Bonus payable to the Executive shall not exceed the maximum bonus that could be payable under the Incentive Plan.
- D. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the Target Bonus payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. Incentive Plan. This Exhibit A, subject to any action taken by the Committee pursuant thereto, shall be subject to the terms and conditions of, the Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit A and the Incentive Plan, or any award agreement, the Agreement or this Exhibit A (as applicable) shall control.
- F. Pro Rata Bonus. A pro rata Bonus, where applicable, shall be an amount equal to (1) the Bonus otherwise determined by the Committee based upon actual performance for the Performance Period in accordance with the foregoing provisions of this Exhibit A, multiplied by (2) a fraction, the numerator of which is the number of days that Executive is employed by the Company during the Performance Period, and the denominator of which is the total number of days in the Performance Period.
- G. Payment. Except as otherwise provided in the Agreement, any Bonus payable under this Exhibit A (including any pro rata Bonus determined under paragraph F) shall be paid in cash to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that the Bonus shall be paid in its entirety no later than March 15 of the calendar year following the calendar year to which the payment relates.

Exhibit A

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**EEXHIBIT B**  
**PERFORMANCE SHARE AWARD**

- A. Performance Share Opportunity. For each Performance Period, as defined in paragraph B below, Executive shall be granted a Performance Share Award (“PSA”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”), based on a target specified in paragraph C below and subject to the achievement of certain performance goals.
- B. Performance Period. For purposes of this Exhibit B, the Performance Period shall be the three year period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. Shares. A target number of Shares with a fair market value on the date of grant, based on the closing price of the Company’s stock on such date, of \$425,000 shall be established for the PSA for each Performance Period. The PSA that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 150% of such target number of Shares, contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the maximum number of shares deliverable pursuant to any PSA shall not exceed the maximum number of shares that could be granted during a calendar year under the Stock Incentive Plan.
- D. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined under paragraph C for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. Stock Incentive Plan. This Exhibit B, subject to any action taken by the Committee pursuant thereto, shall be subject to the terms and conditions of the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit B and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit B (as applicable) shall control.
- F. Payment. Except as otherwise provided in the Agreement, any PSAs payable under this Exhibit B shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that such Shares shall be delivered (and such cash, if any, shall be paid) no later than March 15 of the calendar year following the Performance Period to which the payment relates.
- G. Restricted Stock Units. The Company may grant Executive performance based restricted stock units in lieu of the PSAs; provided, however, that such restricted stock units shall be

Exhibit B

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on the same terms and conditions as the PSAs and the provisions herein and in the Agreement with respect to PSAs shall apply to the performance based restricted stock units.

B.2

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**EEXHIBIT C-1**  
**PERFORMANCE BASED RESTRICTED STOCK UNIT AWARD**

- A. Performance Based Restricted Stock Unit. For each Performance Period beginning on or after January 1, 2017, as defined in paragraph B below, and subject to the approval of the Committee, Executive shall be granted a Performance Based Restricted Stock Unit Award under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company ("Shares") with a fair market value on the date of grant, based on the closing price of the Company's stock on such date, of four hundred and twenty-five thousand dollars (\$425,000), or such greater amount as may be provided in a written notice to the Executive from the Committee. Notwithstanding the foregoing, the maximum number of Shares deliverable pursuant to any Performance Based Restricted Stock Unit Award granted under this Exhibit C-1 shall not exceed the maximum number of Shares that could be granted during a calendar year under the Stock Incentive Plan, reduced by the maximum number of shares deliverable pursuant to a PSA granted under Exhibit B and an RSU granted under Exhibit C-2 during the same calendar year.
- B. Performance Period. For purposes of this Exhibit C-1, the Performance Period for any Performance Based Restricted Stock Unit Award shall be the three year period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than ninety (90) days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- D. Stock Incentive Plan. This Exhibit C-1 shall be subject to the terms and conditions of, the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit C-1 and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit C-1 (as applicable) shall control.
- E. Payment. Except as otherwise provided in the Agreement, any Performance Based Restricted Stock Units payable under this Exhibit C-1 shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that such Shares shall be delivered (and such cash, if any shall be paid) no later than March 15 of the calendar year following the Performance Period to which the payment relates.

For the avoidance of doubt, in the event Executive terminates employment prior to the end of a Performance Period, Shares subject to Performance Based Restricted Stock Unit Awards for which the Performance Period has not yet ended shall be payable or deliverable to Executive if and to the extent Executive is eligible for payment or delivery thereof under any of Sections 6(b)(vi) (Voluntary Resignation by Executive for Good Reason), 6(c)(vi)

(Termination without Cause by the Company), 6(e)(vi) (Termination upon Death or Disability) or 6(f)(iii) (Retirement).

Exhibit D-2

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**EXHIBIT C-2**  
**RESTRICTED STOCK UNIT AWARD**

- A. Restricted Stock Unit. For each Vesting Period, as defined in paragraph B below, the Committee may in its sole and complete discretion grant to Executive in January or February of each calendar year a Restricted Stock Unit Award (“RSU”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”). Notwithstanding the foregoing, the maximum number of Shares deliverable pursuant to any RSU shall not exceed the maximum number of Shares that could be granted during a calendar year under the Stock Incentive Plan, reduced by the maximum number of shares deliverable pursuant to a PSA granted under Exhibit B and a Performance Based Restricted Stock Unit granted under Exhibit C-1 during the same calendar year.
- B. Vesting Period. For purposes of this Exhibit C-2, the Vesting Period for any RSU shall be the three year period beginning on January 1 of each calendar year.
- C. Vesting. The RSU for any Vesting Period shall become fully vested and nonforfeitable as of the earlier of (i) the last day of the Vesting Period, provided that Executive remains continuously employed by the Company through and including such day, and (ii) the Executive’s termination of employment to the extent provided in the Agreement. Any RSU Award that does not vest prior to or on account of the Executive’s termination of employment shall be forfeited.
- D. Stock Incentive Plan. This Exhibit C-2 shall be subject to the terms and conditions of, the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit C-2 and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit C-2 (as applicable) shall control.
- E. Payment. Except as otherwise provided in the Agreement, any RSUs which become fully vested and nonforfeitable under paragraph C of this Exhibit C-2 shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive within 60 days after the end of the Vesting Period. Notwithstanding anything in this Exhibit C-2 to the contrary, if the 60 day payment distribution period spans two calendar years, the payment to which Executive is entitled under this paragraph E shall be made in the second calendar year.

**EXHIBIT D**  
**SPECIFIED BENEFITS**

1. Payments annually for Executive to purchase life insurance in the amount of \$3,000,000 (or reimbursement for the premiums paid by Executive for such policy).
2. The Company shall provide Executive with disability insurance with monthly benefits of \$20,000 in the event of Executive's total disability (or reimbursement for the premiums paid by Executive for such policy); provided that in lieu of such disability benefit, the Executive may elect to receive any combination of disability and/or long term care benefit(s) so long as the Company's cost of such other benefit(s) does not exceed the Company's cost of a comparable disability benefit.
3. Taxes related to any payments and benefits above shall be the sole responsibility of the Executive.

Exhibit D

## EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (the "Agreement") is entered into February 14, 2017 and made effective as of January 1, 2017 (the "Effective Date"), by and between Meritage Homes Corporation, a corporation organized under the laws of the State of Maryland (the "Company"), and Philippe Lord ("Executive") (the Company and Executive are sometimes collectively referred to herein as the "Parties" and individually as a "Party"), all with reference to the following:

**WHEREAS**, the Executive is currently employed by the Company as its Executive Vice President – Chief Operating Officer;

**WHEREAS**, the Company and the Executive most-recently previously entered into an employment agreement defining the terms and conditions of Executive's employment with the Company, dated as of March 31, 2015 ("Previous Agreement");

**WHEREAS**, the Previous Agreement provided Executive with certain rights, responsibilities and benefits;

**WHEREAS**, the Company and Executive believe that it is in the best interest of each to make certain changes to Executive's terms and conditions of his employment with the Company; and

**WHEREAS**, the Company desires to continue to obtain the services of Executive, and Executive desires to provide services to the Company, in accordance with the terms, conditions and provisions contained in this Agreement.

**NOW THEREFORE**, in consideration of the covenants and mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in reliance upon the representations, covenants and mutual agreements contained herein, the Company and Executive agree to amend, restate and replace the Previous Agreement with this Agreement, as follows:

1. Defined Terms. Capitalized terms not otherwise defined shall have the meanings set forth in Exhibit A.

2. Term. Subject to earlier termination in accordance with Section 6 of this Agreement, Executive shall be employed by the Company for a term commencing on the Effective Date and ending on December 31, 2018 (the "Initial Term"), and, upon the expiration of the Initial Term, for successive one-year periods thereafter (each, a "Renewal Term"), unless (i) written notice of non-renewal is given no less than sixty (60) days prior to the expiration of the applicable term by either party hereto; or (ii) Executive's employment is terminated earlier pursuant to Section 6 of this

Agreement. References to the “Term” shall be deemed to include the Initial Term or any Renewal Term, as applicable.

3. Position and Duties.

(a) Position. During the Term, Executive shall serve as Executive Vice President – Chief Operating Officer of the Company. Executive shall report directly to the Company’s Chief Executive Officer (the “CEO”). In such capacity, Executive shall have the duties, functions, responsibilities, and authority customarily appertaining to that position and shall have such other duties, functions, responsibilities, and authority consistent with such position as are from time to time delegated to him by the Company’s CEO.

(b) Duties. Executive shall have supervision, control over, and responsibility for the day-to-day business and affairs of the Company and shall have such other powers and duties as may from time to time be prescribed by the CEO, provided that such supervision, control over, responsibilities and duties are consistent with Executive’s position or other positions that he may hold from time to time. Executive shall devote substantially all of his business time and attention to the performance of Executive’s duties hereunder and to the Company’s affairs and shall not engage in any other business, profession or occupation for compensation or otherwise that would conflict or interfere with the rendition of such services, either directly or indirectly; provided, that nothing herein shall preclude Executive from (i) serving on the board of directors of two (2) for-profit companies that do not compete with the Company in the judgment of the Board; (ii) serving on civic or charitable boards or committees; and/or (iii) managing personal investments, so long as all such activities described in clauses (i) through (iii) above do not unreasonably interfere with the Executive’s performance of his duties to the Company as provided in this Agreement and, in the case of the activities described in clauses (i) and (ii), are disclosed to the Board.

(c) Principal Place of Employment. Executive’s initial principal place of employment during the Term shall be 8800 East Raintree Drive, Suite 300, Scottsdale, Arizona 85260, or as shall be designated by the CEO, subject to the terms and conditions of this Agreement. The parties acknowledge that Executive may be required to travel in connection with the performance of his duties hereunder.

(d) Corporate Policies. During the Term, Executive shall be subject to all of the Company’s corporate governance, ethics, and executive compensation and other policies as in effect from time to time.

(e) Compensation, Benefits, Other Items Applicable to Executive. During the Term, Executive shall be entitled to the compensation and benefits described in Sections 4 and 5 of this Agreement. Other items applicable to Executive during the Term are as set forth in Exhibit B.

4. Compensation.

(a) Base Salary. During the Term, Executive shall receive an annual base salary (the “Base Salary”) of five hundred and fifty thousand dollars (\$550,000), payable in regular

installments in accordance with the Company's usual payroll practices. Executive's Base Salary is subject to annual review and may, in the Compensation Committee's discretion, be increased or decreased under the Company's standard compensation policies for executive-level employees. As so adjusted, the term "Base Salary" shall refer to the adjusted amount.

(b) Annual Incentive Bonus. During the Term, Executive shall be entitled to annual incentive compensation (the "Bonus") under the Incentive Plan, subject to the achievement of certain performance goals established by the Committee pursuant to the Incentive Plan and other terms and conditions, as set forth on Exhibit C.

(c) Equity Awards.

(i) Annual Awards. For each calendar year during the Term, Executive shall be eligible to receive a (x) Performance Share Award and/or Restricted Stock Unit Award under the 2006 Stock Plan (or any successor thereto), subject to the achievement of certain performance goals established by the Compensation Committee pursuant to the 2006 Stock Plan and other terms and conditions, as set forth in Exhibit D, and a (y) Restricted Stock Unit Award under the 2006 Stock Plan, subject to a separate performance goal and other terms and conditions, as set forth in Exhibit E (each, an "Annual Award"). The Annual Awards shall be made on terms and conditions that are consistent with those on which awards are made to other executive officers of the Company, except as the Compensation Committee may otherwise specify in its sole discretion. Except as otherwise provided herein, each Annual Award will be subject to the terms of the 2006 Plan (or any successor thereto) and the individual award agreement pursuant to which it is made.

#### 5. Employee and Fringe Benefits; Expense Reimbursements.

(a) Employee Benefits. During the Term, Executive and his eligible dependents (if any) shall be able to participate in employee benefit plans and perquisite and fringe benefit programs on a basis no less favorable than the basis on which such benefits and perquisites are provided by the Company from time to time to other executive employees.

(b) ERISA Severance Plan Benefits. Executive shall be eligible to participate in the Company's Severance Plan; benefits available under that Severance Plan are contingent on Executive's continued eligibility for that plan as well as actions required to be taken by Executive in order to be considered a "Participant" in that Severance Plan. Company acknowledges and agrees that, as of the Effective Date, Executive has taken all actions to be considered a "Participant" in the Severance Plan and, accordingly, will remain a "Participant" during the Term. Any amounts or benefits payable under the Severance Plan shall be governed by the terms and conditions of that plan, and shall not be governed by this Agreement.

(c) Paid Time Off. Executive shall be entitled to paid vacation each year in accordance with the Company's then-current vacation policy for other executive-level employees. The rules relating to other absences from regular duties for holidays, sick or disability leave, leave of absence without pay, or for other reasons, shall be the same as those provided to the Company's other executive officers.



(d) Expense Reimbursement. Executive shall be entitled to receive prompt reimbursement for all travel and business expenses reasonably incurred and accounted for by Executive (in accordance with the policies and procedures established from time to time by the Company for Executive or as otherwise provided for in the Company's approved travel budget) in performing services hereunder. Any reimbursement that Executive is entitled to receive shall (i) be paid as soon as practicable and in any event no later than the last day of Executive's tax year following the tax year in which the expense was incurred, (ii) not be affected by any other expenses that are eligible for reimbursement in any tax year and (iii) not be subject to liquidation or exchange for another benefit.

6. Termination of Employment. Except for the provisions intended to survive for other periods of time as specified in Section 15(n) below, this Agreement and Executive's employment shall terminate (i) at any time upon mutual written agreement of the Parties; (ii) by the Company, immediately and without prior notice, for Cause as provided in Section 6(a); (iii) by Executive for Good Reason as provided in Section 6(b); (iv) immediately upon Executive's death or Disability as provided in Section 6(c); or (v) by the Company for any reason not otherwise covered by clauses (a), (b), or (c) herein as provided in Section 6(b); or (vi) by Executive for any reason not otherwise covered by clauses (a), (b), or (c) herein with advance written notice as provided in Section 6(a). The date on which Executive's employment ends under this Section 6 shall be referred to herein as his "Termination Date."

(a) Termination for Cause; Voluntary Termination. At any time during the Term, (i) the Company may immediately terminate Executive's employment for Cause, and (ii) Executive may terminate his employment "voluntarily" (that is, other than by death, Disability or for Good Reason); provided, that Executive will be required to give the Board at least sixty (60) days' advance written notice of any such termination; provided, however, that the Board may waive all or any part of the foregoing notice requirement in its sole discretion, in which case Executive's voluntary termination will be effective upon the date specified by the Board. Upon the termination of Executive's employment by the Company for Cause or by Executive's voluntary termination, Executive shall receive the Accrued Obligations. All other benefits, if any, due to Executive following Executive's termination of employment pursuant to this Section 6(a) shall be determined in accordance with the plans, policies and practices of the Company as then in effect, including but not necessarily limited to the Severance Plan and the Incentive Plan. Executive shall not earn or accrue any additional compensation or other benefits under this Agreement following the Termination Date. Notwithstanding anything in this Section 6 to the contrary, in the event Executive is terminated for Cause, the Company will provide notice to the Executive outlining the reason(s) underlying the termination within one business day of such termination; for the avoidance of doubt, the foregoing notice provision is not a condition precedent to a termination for Cause.

(b) Termination for Good Reason by Executive or Without Cause by the Company. At any time, (i) Executive may terminate his employment for Good Reason; and (ii) the Company may terminate Executive's employment hereunder without Cause, in either case pursuant to this Section 6(b). Upon the termination of Executive's employment pursuant to this Section 6(b), Executive shall receive the Accrued Obligations. In addition, subject to Executive's compliance with the requirements set forth in the Severance Plan and continued compliance with the provisions

of Sections 7 through 11 of this Agreement and Executive's execution, delivery and non-revocation of an effective release of claims against the Company and certain related persons and entities in substantially the form attached hereto as Exhibit F (the "Release"), which Release shall be delivered to Executive within five (5) business days following the Termination Date and which must be executed (and not revoked) by Executive within the time specified in the Release (the "Release Period"), Executive shall be entitled to the severance benefits as provided in the Severance Plan pursuant to the terms and conditions of that plan.

(c) Termination Due to Death or Disability.

(i) Death. Executive's employment with the Company shall terminate upon Executive's death. Upon the termination of the Term and Executive's employment as a result of this Section 6(c)(i), Executive's estate shall receive the Accrued Obligations within fifteen (15) days following the Termination Date. Additionally, Executive's estate will receive a lump-sum payment (less applicable withholding taxes) equal to the Executive's Target Bonus (as defined in Exhibit C hereto) in the year of termination of employment due to death. Such lump-sum amount shall be payable within sixty (60) days following Executive's death. All other payments or benefits, if any, due to Executive's estate following Executive's termination due to death shall be determined in accordance with the plans, policies and practices of the Company as then in effect; provided, that Executive's estate shall not be entitled to any severance payments or benefits under any other agreement or any severance plan, policy or program of the Company (excluding any group health benefit plans). Executive's estate shall not earn or accrue any additional compensation or other benefits under this Agreement following the Termination Date.

(ii) Disability. The Company may terminate Executive's employment if he becomes unable to perform the essential functions of his position as a result of his Disability. Upon any termination of the Term and Executive's employment pursuant to this Section 6(c)(ii), Executive shall receive the Accrued Obligations. Additionally, Executive will receive a lump-sum payment (less applicable withholding taxes) equal to the Executive's Target Bonus in the year of termination of employment due to Disability. Such lump-sum amount shall be payable upon the later of: (x) sixty (60) days following termination of employment due to Disability, or (y) such later date required by Section 15(g)(i). Executive shall not earn or accrue any additional or other benefits under this Agreement following the Termination Date.

(iii) Equity Compensation Provisions. In the event Executive's employment is terminated due to death or Disability, notwithstanding any other provision in any applicable equity compensation plan (including but not necessarily limited to the 2006 Plan (or any successor thereto)) and/or

individual award agreement, the following provisions shall apply with respect to grants of equity compensation upon such death or termination due to Disability:

(1) Accelerated Vesting of Equity Awards.

- (a) One hundred percent (100%) of the Executive's then-outstanding and unvested stock options that are subject to time-based vesting will become vested in full;
- (b) any and all service conditions imposed on the Executive's then-outstanding and unvested performance shares will be waived as of the Executive's Termination Date; provided, however, that if an outstanding performance share is to be determined based on the achievement of performance criteria, then the performance share will be determined based on the actual performance and attainment of the performance criteria over the relevant performance period(s) and paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such award;
- (c) any and all service conditions imposed on the Executive's then-outstanding and unvested time-based restricted stock grant (or restricted stock unit grant) will be waived as of the Executive's Termination Date; provided, however, that if an amount payable under an outstanding restricted stock grant (or restricted stock unit grant) is to be determined based on the achievement of performance criteria, then the restricted stock grant (or restricted stock unit grant) will be determined based on the actual performance and attainment of the performance criteria over the relevant performance period(s) and paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later

than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such award;

any and all service conditions imposed on the Executive's then-outstanding and unvested performance Restricted Stock Units will be waived as of the Executive's Termination Date; provided, however, that if settlement of any such outstanding Restricted Stock Units is to be determined based on the achievement of performance criteria, then settlement of such performance Restricted Stock Unit will be determined based on the actual performance and attainment of applicable performance criteria over the relevant performance period(s) and paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such Restricted Stock Unit award.

(2) Extended Post-Termination Exercise Period. The Executive's outstanding and vested stock options as of the Executive's Termination Date will remain exercisable until the twelve (12) month anniversary of the Termination Date; provided, however, that the post-termination exercise period for any individual stock option will not extend beyond the earlier of its original maximum term or the tenth (10th) anniversary of the original date of grant.

(d) Notice of Termination. Any purported termination of Executive's employment by the Company or by Executive shall be communicated by written notice of termination to the other party in accordance with this Section 6. Such notice shall indicate the specific termination provision in this Agreement relied upon and shall, to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

7. Non-Competition and Non-Solicitation.

(a) Acknowledgements. Executive acknowledges:

(i) Company has provided and shall continue to provide Executive with its goodwill (a legitimate business interest of the Company) and Confidential Information so that Executive can perform his duties. Because Company would suffer irreparable harm if Executive

misused its goodwill or disclosed Confidential Information, it is reasonable to protect the Company against misuse and disclosure of such information by Executive.

(ii) Because Executive will have continued access to and receive Confidential Information and will establish, maintain and increase Company's goodwill with its customers, employees and others, and because the services provided by Executive for Company are a significant factor in the creation of valuable, special and unique assets that are expected to provide Company with a competitive advantage, Company would suffer irreparable harm if Executive competed unfairly with Company (as described more fully below). Accordingly, it is reasonable to protect Company against potential unfair competition by Executive.

(iii) The promises in this Section are reasonably necessary for the protection of the Company and are reasonably limited with respect to the activities they prohibit, their duration, their geographical scope and their effect on Executive and the public. Executive acknowledges and agrees that the Company's provision of Confidential Information and grant of the initial Annual Award described in Section 4(c)(i) above shall each serve as adequate and independent consideration for the covenants set forth in this Section 7.

(b) Agreements Not to Compete or Solicit Employees or Customers. As a condition of employment and to protect Company's Confidential Information and competitive position, Executive promises and agrees that during his employment and for a period of twelve (12) months following his separation from the Company for any reason, Executive (whether as an employee, officer, director, partner, proprietor, investor, associate, consultant, advisor or otherwise) will not, directly or indirectly, either for his own benefit or the benefit of any other person or entity:

(i) Engage, invest in, or establish, in any capacity as either as an employee, employer, contractor, consultant, agent, principal, partner, member, stockholder, investor, corporate officer, director, or in any other individual or representative capacity any business that is a Restricted Business (except Executive is allowed to own or acquire 5% or less of the outstanding voting securities of a public company). Executive further promises that during Executive's employment and for a period of twelve (12) months following Executive's termination of employment with Company, Executive will not give advice or lend credit, money or Executive's reputation to any person or entity engaged in or establishing the Restricted Business.

(ii) Solicit, recruit, induce, entice, encourage, hire, directly recruit, or in any way cause any officer or manager who is or was an employee of Company within the twelve (12) months prior to Executive's separation of employment, or after, to terminate his/her employment with Company. This restriction is limited to those employees with whom Executive worked, had business contact, or about whom Executive gained non-public or Confidential Information while employed with the Company.

(iii) Solicit, contact, or communicate with any person or company for the purpose of engaging in a business that is the same or similar to the Company's business at the time Executive's employment ends, who was a customer of the Company during the twelve (12) months preceding Executive's separation and whom Executive contacted, solicited, serviced, or sold services to as an Executive of the Company (either directly or indirectly as a supervisor) at any time

during the twelve (12) months preceding the date of Executive's separation. Executive also agrees not to induce any customer, supplier or other person with whom the Company engaged in business, or to the knowledge of Executive planned or proposed to engage in business, during the twelve (12) months preceding the date of Executive's separation, to terminate any commercial relationship with the Company.

(iv) The effective time period of the restrictions set forth in this Section 7 shall be tolled during any period of time a legal proceeding brought by the Company against Executive to enforce this Agreement is pending or during any period of time in which the Executive is in violation of this Agreement.

8. Non-Disclosure of Intellectual Property, Trade Secrets, and Confidential Information.

(a) Executive agrees that, unless otherwise required by law, Executive will forever keep secret all Confidential Information of the Company, and Executive will not use it for Executive's own private benefit, or directly or indirectly for the benefit of others, and Executive will not disclose Confidential Information to any other person, directly or indirectly.

(b) If Executive is legally compelled (by subpoena, interrogatory, request for documents, investigative demand or similar process) to disclose Confidential Information, Executive shall give Company prompt, prior written notice so Company can seek an appropriate remedy or waive compliance. Executive shall furnish only that portion of the Confidential Information required on advice of legal counsel, and shall exercise Executive's best efforts to obtain an order or assurance that any Confidential Information disclosed will be treated by others in a confidential manner.

(c) The foregoing provisions notwithstanding, Company employees, contractors, and consultants may disclose trade secrets in confidence, either directly or indirectly, to a Federal, State, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may disclose related trade secrets to their attorney and use them in related court proceedings, as long as the individual files documents containing the trade secret under seal and does not otherwise disclose the trade secret except pursuant to court order.

9. Non-Disparagement.

(a) Executive agrees that he will not make or cause to be made any oral or written statements that are derogatory, defamatory, or disparaging concerning the Company, its policies or programs, or its past or present officers, directors, employees, agents, or business associates, including but not limited to its past or present suppliers or vendors, or take any actions that are harmful to the business affairs of the Company or its employees. Executive also agrees that he will not make or cause to be made any oral or written statements regarding the Company's Confidential Information (as defined above) to any third party, including, but not limited to, the general public

(for example, via postings or publications on the internet), the media, financial analysts, auditors, institutional investors, consultants, suppliers, vendors, or business associates, or agents and/or representatives of any of the foregoing, unless the statement is (i) expressly authorized by the Company in writing, or (ii) required by law. This provision is a material and substantial term of this Agreement.

(b) Company agrees that it will not make any public statement that is derogatory, defamatory, or disparaging concerning Executive, and will instruct the members of the Board and the Company's executives to refrain from making any derogatory, defamatory, or disparaging public statements concerning Executive. For the avoidance of doubt, under this Agreement, references to the Company's "executives" or "executive officers" are to the Company's named executive officers as disclosed by the Company pursuant to Item 402 of Regulation S-K.

10. Severability. If any provision, subsection, or sentence of this Agreement shall be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision, subsection, or sentence had not been contained herein.

11. Compliance With Confidentiality, Non-Compete, or Non-Disclosure Obligations. Executive represents and warrants that he is in compliance with any confidentiality, non-compete, or non-disclosures obligations or agreements previously entered into with the Company and that any such obligations or agreements shall remain in effect from and after the Effective Date. In the event of any conflict between any such pre-existing confidentiality, non-compete, or non-disclosures obligations or agreements and the terms of this Agreement, the terms of this Agreement shall control.

12. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of Sections 7, 8 or 9(a) (each a "Covenant" and together the "Covenants") would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of a breach of any of the Covenants, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and, in the case of either a breach or a threatened breach of any of the Covenants, and without waiving its right to arbitration as provided in Section 15(f), seek equitable relief before a court of competent jurisdiction, in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy that may then be available. Company acknowledges and agrees that the Executive's remedies at law for a breach or threatened breach of Section 9(b) would be inadequate and Executive would suffer irreparable damages as a result of such breach or threatened breach. Accordingly, Company agrees that Executive shall be entitled to, without waiving her right to arbitration as provided in Section 15(f) and in addition to any legal remedies available, seek equitable relief before a court of competent jurisdiction, in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy that may then be available without posting bond or proving actual damages.

13. Conflicts of Interest. Executive agrees that for the duration of this Agreement, he will not engage, either directly or indirectly, in any activity (a “Conflict of Interest”) which might adversely affect Company or its affiliates, including ownership of a material interest in any supplier, contractor, distributor, subcontractor, customer or other entity with which Company does business or accepting any payment, service, loan, gift, trip, entertainment, or other favor from a supplier, contractor, distributor, subcontractor, customer or other entity with which Company does business, and that Executive will promptly inform the Chair of the Audit Committee as to each offer received by Executive to engage in any such activity. Executive further agrees to disclose to Chair of the Audit Committee any other facts of which Executive becomes aware which might involve or give rise to a Conflict of Interest or potential Conflict of Interest.

14. Intellectual Property; Assignment of Inventions.

(a) Assignment and License of Rights. Executive assigns to Company all of Executive’s rights in Intellectual Property that Executive makes or conceives during Executive’s employment, whether as a sole or joint inventor, whether made during or outside working hours, whether made on Company premises or elsewhere. Executive grants to Company an unlimited, unrestricted, worldwide, royalty-free, fully paid right to access, use, modify, add to, and distribute any Intellectual Property that Executive developed and reduced to a practical form prior to Executive’s employment with Company, its affiliates or subsidiaries, that Executive includes in any Intellectual Property assigned to Company. Executive understands and acknowledges that “Intellectual Property” means, for purposes of this Agreement, any information of a technical and/or business nature, such as ideas, discoveries, inventions, trade secrets, know-how, and writings and other works of authorship which relate in any manner to the actual or anticipated business or research and development of Company, its affiliates or subsidiaries.

(b) Assist Documentation. Upon request at any time and at the expense of Company or its nominee and for no additional personal remuneration, Executive agrees to execute and sign any document that Company considers necessary to secure for or maintain for the benefit of Company adequate patent and other property rights in the United States and all foreign countries with respect to any Intellectual Property. Executive also agrees to assist Company as required and at Company expense to obtain and enforce these rights.

(c) Disclosure. During the Term, Executive agrees to promptly disclose to Company any Intellectual Property when conceived or made by Executive, whether in whole or in part, and to make and maintain adequate and current records of it. If Executive’s employment ends for any reason, Executive agrees to promptly turn over to Company all models, prototypes, drawings, records, documents, and the like in Executive’s possession or under Executive’s control, whether prepared by Executive or others, relating to Intellectual Property, and any other work done for Company. Executive acknowledges that these items are the sole property of Company.

15. Miscellaneous.

(a) Executive’s Representations. Executive hereby represents and warrants to the Company that (i) Executive has read this Agreement in its entirety, fully understands the terms of this Agreement, has had the opportunity to consult with counsel prior to executing this Agreement



and is signing the Agreement voluntarily and with full knowledge of its significance; (ii) the execution, delivery and performance of this Agreement by Executive does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which he is bound; (iii) Executive is not a party to or bound by an employment agreement, non-compete agreement or confidentiality agreement with any other person or entity that would interfere with the performance of his duties hereunder; and (iv) Executive shall not use any confidential information or trade secrets of any person or party other than the Company in connection with the performance of his duties hereunder, except with valid written consent of such other person or party. **Executive has carefully read and considered all provisions of these Agreements and acknowledges that this is an important legal document that sets forth restrictions on Executive's conduct as a condition of employment with the Company.**

(b) Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Executive and an officer of the Company (other than Executive) duly authorized by the Board to execute such amendment, waiver or discharge. No waiver by either Party of any breach of the other Party of, or compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(c) Successors and Assigns.

(i) This Agreement is personal to Executive and shall not be assignable by Executive but shall inure to the benefit of and be enforceable by Executive's heirs and legal representatives.

(ii) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 15(d)(iii) below, shall not be assignable by the Company without the prior written consent of Executive (which shall not be unreasonably withheld).

(iii) The Agreement shall be assignable by the Company to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company; provided, that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as defined in this Agreement and any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

(d) Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, if delivered by overnight courier service, or if mailed by registered mail, return receipt requested, postage prepaid, addressed to the respective addresses or sent via facsimile to the respective facsimile numbers, as the case may be, as set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith,

except that notice of change of address shall be effective only upon receipt; provided, however, that (i) notices sent by personal delivery or overnight courier shall be deemed given when delivered; (ii) notices sent by facsimile transmission shall be deemed given upon the sender's receipt of confirmation of complete transmission; and (iii) notices sent by registered mail shall be deemed given two (2) days after the date of deposit in the mail.

If to Executive, to such address as shall most currently appear on the records of the Company.

If to the Company, to:

Meritage Homes Corporation  
8800 East Raintree Drive, Suite 300  
Scottsdale, Arizona 85260

Attention: Chief Executive Officer and Chief Financial Officer

(e) GOVERNING LAW; CONSENT TO JURISDICTION; JURY TRIAL WAIVER. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF MARYLAND OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF ARIZONA TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE LAW OF THE STATE OF ARIZONA (EXCEPT TO THE EXTENT SUPERSEDED BY THE LAWS OF THE UNITED STATES) WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN, AND THE PARTIES HEREBY CONSENT TO JURISDICTION IN MARICOPA COUNTY, ARIZONA. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT OR ARBITRATION PROCEEDING IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION. EACH PARTY TO THIS AGREEMENT WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM.

(f) Resolution of Disputes. Any dispute, controversy, or claim, whether contractual or non-contractual, between the parties hereto arising directly or indirectly out of or connected with this Agreement, relating to the breach or alleged breach of any representation, warranty, agreement, or covenant under this Agreement, unless mutually settled by the parties hereto, shall be resolved by binding arbitration in accordance with the Employment Arbitration Rules of the American Arbitration Association (the "AAA"). The parties agree that before the proceeding to arbitration that they will mediate their disputes before the AAA by a mediator approved by the AAA. Any arbitration shall be conducted by arbitrators approved by the AAA and mutually acceptable to Company and Executive. All such disputes, controversies or claims shall be conducted by a single arbitrator, unless the dispute involves more than \$50,000 in the aggregate in which case the arbitration shall be conducted by a panel of three arbitrators. If the parties hereto are unable to agree on the mediator or the arbitrator(s), then the AAA shall select the arbitrator(s). The resolution

of the dispute by the arbitrator(s) shall be final, binding, nonappealable, and fully enforceable by a court of competent jurisdiction under the Federal Arbitration Act. The arbitrator(s) shall award damages to the prevailing party. The arbitration award shall be in writing and shall include a statement of the reasons for the award. The arbitration shall be held in the Phoenix/Scottsdale metropolitan area. The Company shall pay all AAA, mediation, and arbitrator's fees and costs. The arbitrator(s) shall award reasonable attorneys' fees and costs to the prevailing party. Notwithstanding anything in the foregoing to the contrary, disputes concerning any cash or benefits payable under the Severance Plan shall be subject to the dispute resolution provisions of that plan, and not this Agreement.

(g) Compliance with Section 409A. The intent of the Parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event whatsoever shall the Company be liable for interest and additional tax that may be imposed on Executive by Section 409A or any damages for failing to comply with Section 409A.

(i) Notwithstanding anything herein to the contrary, (x) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment that are considered a "deferral of compensation" within the meaning of Section 409A is necessary in order to prevent interest and additional tax under Section 409A (and/or the acceleration of the timing of taxation of the deferred compensation), then the Company will defer the commencement of the portion of such payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) to the extent necessary to comply with Section 409A until the first business day to occur following the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date otherwise permitted under Section 409A); and (y) if any other payments of money or other benefits due to Executive hereunder could cause the Executive to incur interest and additional tax under Section 409A (and/or the acceleration of the timing of taxation of the deferred compensation), such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, mutually agreed upon between the Executive and the Board, that does not cause such interest and additional tax under Section 409A (and/or the acceleration of the timing of taxation of the deferred compensation) and preserves, to the maximum extent possible, the economic value of the payments and benefits under this Agreement.

(ii) In the event that payments under this Agreement are deferred pursuant to this Section 15(g) in order to prevent any accelerated tax or additional tax under Section 409A, then such payments shall be paid at the time specified under this Section 15(g) in a lump sum, together with interest at the applicable federal rate under Section 7872(f)(2)(A) of the Code in effect on the Termination Date. All remaining payments due under this Agreement will be paid in accordance with the normal dates specified in this Agreement.

(iii) Notwithstanding anything to the contrary herein, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "resignation," "termination," "termination of employment" or like terms shall mean separation from service.

(iv) Each payment made under this Agreement shall be considered separate payments and not one of a series of payments for purposes of Section 409A.

(v) Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A, (A) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year; (B) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (C) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(h) Severability of Invalid or Unenforceable Provisions. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(i) Advice of Counsel and Construction. Each Party acknowledges that such Party had the opportunity to be represented by counsel in the negotiation and execution of this Agreement. Accordingly, the rule of construction of contract language against the drafting party is hereby waived by each Party.

(j) Entire Agreement. The 2006 Stock Plan (or any successor thereto), the Severance Plan and the Incentive Plan are hereby incorporated by reference into this Agreement. This Agreement, all Exhibits attached hereto, the 2006 Stock Plan (or any successor thereto), the Severance Plan and the Incentive Plan constitute the entire agreement between the Parties as of the Effective Date and supersedes all previous agreements and understandings between the parties with respect to the subject matter hereof.

(k) Withholding Taxes. The Company shall be entitled to withhold from any payment due to Executive hereunder any amounts required to be withheld by applicable tax laws or regulations.

(l) Section Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(m) Cooperation. During the Term and at any time thereafter, Executive agrees to cooperate, at Company's expense, (i) with the Company in the defense of any legal matter involving any matter that arose during Executive's employment with the Company; and (ii) with all government authorities on matters pertaining to any investigation, litigation or administrative proceeding pertaining to the Company. The Company will reimburse Executive for any reasonable travel and out of pocket expenses incurred by Executive in providing such cooperation.

(n) Survival. Sections 6 through 12, inclusive, and Sections 14 and 15(b)-(p), inclusive, shall survive and continue in full force in accordance with their terms notwithstanding any termination of the Term or of Executive's employment with the Company.

(o) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(p) Recoupment/Clawback. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company or any of its affiliates, which may be subject to recovery under any law, government regulation, company policy or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, company policy or stock exchange listing requirement to the extent reasonably required by any such law, government regulation, company policy or stock exchange listing requirement, as determined by the Board in its sole and absolute discretion. For purposes of this Section 15(p), a "company policy" means any written company policy adopted by the Company that is made available to the Company's executive officers through electronic or any other means.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

[Remainder of page intentionally left blank – signatures appear on the following page]

The parties have executed this Agreement as of the date first above written.

**MERITAGE HOMES CORPORATION,**

a Maryland corporation

By: /s/ Steven J. Hilton

By: Steven J. Hilton  
Chairman and CEO

**EXECUTIVE: PHILLIPPE LORD**

/s/ Philippe Lord

## EXHIBIT A

### DEFINED TERMS

1. “Accrued Obligations” shall mean, at any point in time and except as expressly provided herein, any amounts to which the Executive is entitled to payment but have not yet been paid to Executive including, but not limited to, each of the following (but only to the extent such amounts are vested, earned or accrued at the time of payment): Base Salary, earned but unpaid incentive compensation amounts described in Sections 4(b) and 4(c) above, and any other payments, retention bonuses, entitlements or benefits vested, earned or accrued but unpaid under applicable benefit and compensation plans, programs and other arrangements with the Company and/or any of its subsidiaries, including payment of Accrued Compensation as such term is defined in the Severance Plan.

2. “Affiliate” of a Person shall mean any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person.

3. “Board” shall mean the Company’s board of directors.

4. “Cause” shall mean the occurrence of one or more of the following: (i) Executive’s malfeasance, willful, or gross misconduct, or willful dishonesty that materially harms the Company or its stockholders; (ii) Executive’s conviction of a felony that is materially detrimental to the Company or its stockholders; (iii) Executive’s conviction of, or entry of a plea *nolo contendere* to a felony that materially damages the Company’s financial condition or reputation or to a crime involving fraud; (iv) Executive’s material violation of the Company’s Code of Ethics, including breach of duty of loyalty in connection with the Company’s business; (v) Executive’s willful failure to perform duties under this Agreement, after notice by the Board and an opportunity to cure; (vi) Executive’s failure to reasonably cooperate with, or Executive’s impedance or interference with, an investigation authorized by the Board; (vii) Executive’s failure to follow a legal and proper Board directive, after notice by the Board and a 30 (thirty) day opportunity to cure; or (viii) Executive’s willful misconduct or gross negligence pursuant to the Sarbanes-Oxley Act, if and to the extent such conduct triggers a restatement of the Company’s financial results.

5. “Code” shall mean the Internal Revenue Code of 1986, as amended.

6. “Compensation Committee” shall mean the compensation committee of the Board.

7. “Confidential Information” shall mean any and all confidential, non-public, and/or proprietary knowledge, data or information of the Company, its affiliates, parents and subsidiaries, whether now existing or developed during Executive’s employment. By way of illustration but not limitation, “Confidential Information” includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all proprietary rights therein (hereinafter collectively referred to as “Inventions”); (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business,

forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding customers and potential customers of the Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by the Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Company and other non-public information relating to customers and potential customers; (d) information regarding any of the Company's business partners and their services, including names; representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of the Company could use to the competitive disadvantage of the Company. Notwithstanding the foregoing, Executive is free to use information which is generally known in the trade or industry through no breach of this agreement or other wrongful act or omission by Executive, and Executive is free to discuss the terms and conditions of Executive's employment with others and to use her own skill, knowledge, know-how and expertise to the extent permitted by law.

8. "Disability" means Executive has been unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Whether Executive is Disabled shall be determined by a qualified medical provider selected by the Company. Alternatively, Executive will be deemed Disabled if determined to be totally disabled by the Social Security Administration. Termination of employment resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company to Executive of Company's intention to terminate Executive's employment due to Disability. In the event that Executive resumes the performance of substantially all of his or her duties hereunder before his or her termination becomes effective, the notice of intent to terminate based on Disability will automatically be deemed to have been revoked. In conjunction with determining Disability for purposes of this Agreement, Executive hereby (i) consents to any such examinations, to be performed by a qualified medical provider selected by the Company and approved by the Executive (which approval shall not be unreasonably withheld), which are relevant to a determination of whether Executive has incurred a Disability; and (ii) agrees to furnish to the qualified medical provider selected by the Company such medical information as may be reasonably requested.

9. "Good Reason" shall mean the occurrence of any one or more of the following events without Executive's written consent:

- (a) the Company assigns Executive duties that are materially inconsistent with, or constitute a material reduction of powers or functions associated with, Executive's position, duties, or responsibilities with the Company as in effect immediately prior to such assignment;



- (b) a material, adverse change in Executive's titles, authority, or reporting responsibilities as in effect immediately prior to such change;
- (c) a material adverse change in the conditions of Executive's employment as in effect immediately prior to such change;
- (d) the Company requires the Executive to relocate employment to an employment location that is more than fifty (50) miles from the Executive's employment location as in effect immediately prior to such change;
- (e) except in cases where the Compensation Committee reduces the base salaries for all or substantially all of the Company's executives on account of what the Compensation Committee, in its sole and complete discretion, determines to be a significant downturn in the Company's financial performance that necessitates such action, a reduction by the Company of the Executive's annual Base Salary in excess of fifteen percent (15%) of the annual Base Salary as in effect immediately prior to such reduction;
- (f) the Compensation Committee exercises its discretion to grant Annual Awards to the Executive for a calendar year on terms and conditions that are not consistent with those on which awards are made to other executive officers of the Company and, as a result, there is a material reduction in amounts payable to the Executive under those Annual Awards when compared to the awards granted to other executive officers of the Company for that calendar year;
- (g) a breach by the Company of its obligations under this Agreement;  
or
- (h) the failure of the Company to obtain assumption of this Agreement by any successor.

Notwithstanding the foregoing, an event described in this Section shall not constitute Good Reason unless it is communicated by the Executive to the Company in writing within ninety (90) days of the initial existence of such event and is not corrected by the Company in a manner which is reasonably satisfactory to such Executive within thirty (30) days of the Company's receipt of such written notice. If the purported Good Reason condition is not cured within the 30-day period described in the preceding sentence, Executive may submit a written notice of termination to the Chair of the Board in accordance with Section 6(b)(i) above specifying a Termination Date that is no more than sixty (60) days following the final day of the Company's cure period. Executive will be deemed to have accepted the condition(s), or the Company's correction of such condition(s), that may have given rise to the existence of Good Reason if he fails to provide such written notice under Section 6(b)(i) or fails to terminate his employment within the 60-day period described in the preceding sentence.

10. "Incentive Plan" shall mean the Company's 2006 Annual Incentive Plan (which is also known as the Company's 2006 Executive Management Incentive Plan and the Meritage Homes Corporation Executive Management Incentive Plan) or any successor thereto.

11. “Restricted Business” shall mean (i) any business conducted by the Company or its affiliates during the Term that relates to or concerns (directly or indirectly) any Confidential Information provided to Executive or learned by Executive as a result of Executive’s duties or assignments for the Company, and/or (ii) any business competitive with the business conducted by the Company or its affiliates during the Term that relates to or concerns (directly or indirectly) any Confidential Information provided to Executive or learned by Executive as a result of Executive’s duties or assignments for Company. The geographic scope of the restriction contained in Section 7 is limited to those locations where the Company operates or has provided products or services to customers during the twelve (12) months preceding the Termination Date.

12. “Severance Plan” shall mean that certain Meritage Homes Corporation Executive Severance Plan, as may be amended from time to time.

13. “Section 409A” shall mean Code section 409A together with all regulations and regulatory guidance promulgated thereunder, as amended from time to time.

(a)

**EXHIBIT B**  
**ADDITIONAL COMPENSATION, BENEFITS AND OTHER PROVISIONS**

- A. Directors and Officers Liability Insurance; Indemnification. In the event of termination of Executive's employment, (i) Executive shall remain covered under the directors and officers liability insurance maintained by the Company in commercially reasonable amounts (as determined by the Board) to the same extent as executives of the Company; and (ii) Executive shall remain eligible for indemnification by the Company to the extent provided for in the Company by-laws in effect from time to time, provided that such indemnification shall not be less favorable than the indemnification provided for in the Company's by-laws in effect as of January 1, 2017.
- B. Supplemental Term Life and Disability Insurance. The Company shall provide Executive with term life insurance in the amount of three million dollars (\$3,000,000), or, at the Company's option, reimbursement of premiums paid by Executive for an individual term life policy acquired by Executive, up to a maximum premium reimbursement of ten thousand dollars (\$10,000) per calendar year. The Company will also provide Executive with supplemental disability insurance with monthly benefits of \$20,000 in the event of Executive's total disability (or reimburse Executive premiums paid for by Executive for an individual disability policy acquired by Executive). "Disability" for purposes of this paragraph will have the definition as set forth in the Executive's disability policy; provided that, in lieu of such disability benefit, the Executive may elect to receive any combination of disability and/or long term care benefit(s) so long as the Company's cost of such other benefit(s) does not exceed the Company's cost of a disability benefit providing for monthly benefits of \$20,000. Executive shall be responsible for all taxes related to the foregoing life insurance and disability insurance premiums; the Company will withhold taxes applicable to such payments. Any reimbursements under this paragraph shall be subject to the requirements set forth in Section 5(d) of the Agreement.
- C. Automobile Allowance. Company shall provide Executive with an annual automobile allowance of \$14,400, payable at the rate of \$1,200 per month. This allowance shall be included in Executive's taxable income.
- D. Attorneys' Fees. The Company shall reimburse reasonable attorneys' fees incurred by Executive for drafting and reviewing this Agreement and all related documents within sixty (60) days after it is signed by the parties, up to an amount not to exceed \$5,000. To be eligible for reimbursement, all requests for, and payment of, reimbursement under this paragraph C must occur within the timeframe set forth in Section 5(d) of the Agreement.

(b)

**EXHIBIT C**  
**BONUS**

- A. **Bonus Opportunity.** For each Performance Period, as defined in paragraph B below, Executive shall be entitled to a Bonus based on his Target Bonus, as set forth in paragraph C below, subject to the achievement of certain performance goals.
- B. **Performance Period.** For purposes of this Exhibit C, the Performance Period shall be the 12 month period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. **Target Bonus and Bonus.** Executive's Target Bonus shall be one million one hundred thousand dollars (\$1,100,000) for the Performance Period beginning January 1, 2017. For future Performance Periods during Executive's employment under this Agreement, the Executive's Target Bonus will remain at \$1,100,000, or such greater amount as may be provided in a written notice to the Executive from the Committee. Executive's Bonus that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 150% of the Target Bonus (or such upper percentage limit as otherwise established in writing by the Committee), contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the Bonus payable to the Executive shall not exceed the maximum bonus that could be payable under the Incentive Plan.
- D. **Performance Goals.** Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the Target Bonus payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. **Incentive Plan.** This Exhibit C, subject to any action taken by the Committee pursuant thereto, shall be subject to the terms and conditions of, the Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit C and the Incentive Plan, or any award agreement, the Agreement or this Exhibit C (as applicable) shall control.
- F. **Pro Rata Bonus.** A pro rata Bonus, where applicable, shall be an amount equal to (1) the Bonus otherwise determined by the Committee based upon actual performance for the Performance Period in accordance with the foregoing provisions of this Exhibit C, multiplied by (2) a fraction, the numerator of which is the number of days that Executive is employed by the Company during the Performance Period, and the denominator of which is the total number of days in the Performance Period.
- G. **Payment.** Except as otherwise provided in the Agreement, any Bonus payable under this Exhibit C (including any pro rata Bonus determined under paragraph F) shall be paid in

cash to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that the Bonus shall be paid in its entirety no later than March 15 of the calendar year following the calendar year to which the payment relates.

**EXHIBIT D**  
**PERFORMANCE SHARE AWARD**

- A. Performance Share Opportunity. For each Performance Period, as defined in paragraph B below, Executive shall be granted a Performance Share Award (“PSA”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”), based on a target specified in paragraph C below and subject to the achievement of certain performance goals.
- B. Performance Period. For purposes of this Exhibit D, the Performance Period shall be the three year period beginning on January 1 of each calendar year during the Initial Term and any Renewal Term.
- C. Shares. A target number of Shares with a fair market value on the date of grant, based on the closing price of the Company’s stock on such date, of a minimum of six hundred and twenty-five thousand dollars (\$625,000) shall be established for the PSA for each Performance Period beginning on and after January 1, 2017, or such greater amount as may be provided to Executive in a written notice from the Committee. The PSA that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 150% of such target number of Shares, contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the maximum number of shares deliverable pursuant to any PSA shall not exceed the maximum number of shares that could be granted during a calendar year under the Stock Incentive Plan.
- D. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined under paragraph C for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. Stock Incentive Plan. This Exhibit D, subject to any action taken by the Committee pursuant thereto, shall be subject to the terms and conditions of the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit D and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit D (as applicable) shall control.
- F. Payment. Except as otherwise provided in the Agreement, any PSAs payable under this Exhibit D shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that such Shares shall be delivered (and such cash, if any, shall be paid) no later

than March 15 of the calendar year following the Performance Period to which the payment relates.

- G. Restricted Stock Units. The Company may grant Executive performance based restricted stock units in lieu of the PSAs; provided, however, that such restricted stock units shall be on the same terms and conditions as the PSAs and the provisions herein and in the Agreement with respect to PSAs shall apply to the performance based restricted stock units.

(c)

**EXHIBIT E**  
**PERFORMANCE BASED RESTRICTED STOCK UNIT AWARD**

- A. Performance Based Restricted Stock Unit. For each Performance Period beginning on and after January 1, 2017, as defined in paragraph B below, and subject to the approval of the Committee, Executive shall be granted a Performance Based Restricted Stock Unit Award (“RSU”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”) with a fair market value on the date of grant, based on the closing price of the Company’s stock on such date, of six hundred and twenty-five thousand dollars (\$625,000), or such greater amount as may be provided in a written notice to the Executive from the Committee. Notwithstanding the foregoing, the maximum number of Shares deliverable pursuant to any RSU shall not exceed the maximum number of Shares that could be granted during a calendar year under the Stock Incentive Plan, reduced by the maximum number of shares deliverable pursuant to a PSA granted under Exhibit D during the same calendar year.
- B. Performance Period. For purposes of this Exhibit E, the Performance Period shall be the three (3) year period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than ninety (90) days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- D. Stock Incentive Plan. This Exhibit E shall be subject to the terms and conditions of, the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit E and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit E (as applicable) shall control.
- E. Payment. Except as otherwise provided in the Agreement, any RSUs which become fully vested and nonforfeitable under paragraph C of this Exhibit E shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive within 60 days after the end of the Performance Period. Notwithstanding anything in this Exhibit E to the contrary, if the 60 day payment distribution period spans two calendar years, the payment to which Executive is entitled under this paragraph E shall be made in the second calendar year.
- (d)



**EXHIBIT F**

**FORM OF RELEASE OF CLAIMS**

This Release of Claims (“Agreement”) is made and entered into by \_\_\_\_\_ (“Employee”) on the date set forth below.

WHEREAS, Employee and Meritage Homes Corporation, Inc. (the “Company”) entered into an Employment Agreement dated \_\_\_\_\_ (“Employment Agreement”); and

WHEREAS, Employee is a participant in that certain Meritage Homes Corporation Executive Severance Plan (the “Severance Plan”); and

WHEREAS, pursuant to the terms of the Employment Agreement and the Severance Plan, Employee agreed to execute and deliver Company a written waiver and general release agreement as a condition precedent to his right to receive certain amounts under the Employment Agreement and/or Severance Plan;

NOW, THEREFORE, in consideration of the promises and payments set forth in the Employment Agreement and the Severance Plan, Employee agrees as follows:

1. **Meaning of “Released Parties”:** The term Released Parties, as used throughout this Agreement, includes the Company and all of its past, present, and future shareholders, parents, subsidiaries, and affiliates, joint venturers, and other current or former related entities thereof, and all of the past, present, and future officers, directors, employees, agents, insurers, legal counsel, and successors and assigns of said entities.

2. **Employee’s Release of Claims:** Subject to Paragraph 4 of this Agreement, Employee, on behalf of himself, his spouse (if any), representatives, agents, heirs, trusts and assigns, hereby unconditionally and irrevocably releases Released Parties to the maximum extent permitted by law, from any and all claims, debts, obligations, demands, judgments, or causes of action of any kind whatsoever, whether known or unknown that Employee has or may have had prior to the Effective Date of this Agreement (as defined in Paragraph 3(f) below) for any action or omission by Released Parties and/or due to any matter whatsoever relating to Employee’s employment or cessation of employment with the Company. Without limiting in any way the foregoing general release, this release specifically includes the following:

a. All claims and causes of action arising under the following laws, as amended: Section 1981 of the Civil Rights Act of 1866; Title VII of the Civil Rights Act; the Americans with Disabilities Act; the Federal Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; the National Labor Relations Act; the Labor Management Relations Act; the Fair Credit Reporting Act; the Employee Retirement Income Security Act of 1974; the Genetic Information Nondiscrimination Act of 2008; the Health Insurance Portability and Accountability Act; the Occupational and Safety Health Act; the Equal Pay Act; Executive Orders 11246 and 11141; the Consolidated Omnibus Budget Reconciliation Act of 1986; the Rehabilitation Act of 1973; the

Electronic Communications Privacy Act of 1986 (including the Stored Communications Act); the Arizona Wage Statute, A.R.S. § 23-350, *et seq.*, the Arizona Civil Rights Act, the Arizona Employment Protection Act, and the Arizona Constitution; and

b. All claims and causes of action arising under any other federal, state or local law, regulation or ordinance, including for employment discrimination on any basis, hostile working environment, retaliation, wrongful discharge, retaliatory discharge, constructive discharge, unsafe working conditions, breach of express or implied contract, breach of collective bargaining agreement, breach of implied covenant of good faith and fair dealing, fraud, detrimental reliance, promissory estoppel, defamation, negligence, negligent or intentional misrepresentation, invasion of privacy, interference with economic gain or contractual relations, and intentional and negligent infliction of emotional distress or “outrage”; and

c. All claims and causes of action by the Employee that Released Parties have acted unlawfully or improperly in any manner whatsoever.

3. **Age Discrimination in Employment Act; Older Workers Benefit Protection Act of 1990:** In addition to the general release in Paragraph 2 of this Agreement, the Employee is waiving and releasing any and all claims against Released Parties under the Age Discrimination and Employment Act (“ADEA”) that arose at any time during the Employee’s employment with the Company, up to and including his last day of employment. This Agreement is subject to the terms of the Older Workers Benefit Protection Act of 1990 (“OWBPA”). The OWBPA provides that an individual cannot waive a right or claim under the ADEA unless the waiver is knowing and voluntary. Pursuant to the terms of the OWBPA, the Employee acknowledges and agrees that the Employee has been provided a copy of this Agreement, has signed this Agreement voluntarily, and with full knowledge of its consequences. In addition, the Employee hereby acknowledges and agrees as follows:

a. This Agreement has been written in a manner that is calculated to be understood, and is understood, by the Employee;

b. The release provisions of this Agreement apply to any rights the Employee may have under the ADEA up to the date of this Agreement;

c. The release provisions of this Agreement do not apply to any rights or claims the Employee may have under the ADEA that arise after the date he signs this Agreement;

d. The Employee has been advised that he should consult with an attorney prior to signing this Agreement;

e. The Employee has been provided a period of twenty-one (21) calendar days (the “Review Period”) from his last day of employment with the Company to consider this Agreement. The Employee may, but is not required to, accept and sign this Agreement before the expiration of the Review Period, but no earlier than his last day of employment with the Company. If the Employee signs this Agreement before the expiration of the Review Period, the Employee agrees that he is knowingly and expressly waiving the time-period;

f. For a period of seven (7) calendar days following his signing of this Agreement, the Employee may revoke this Agreement by providing written notice of any such revocation to [\_\_\_\_\_], on or before the seventh day after the Employee signs the Agreement. This Agreement shall become “effective” on the eighth calendar day after the Employee signs it if it has not been revoked during the seven (7) day revocation period (the “Effective Date”);

g. Pursuant to the Severance Plan, payment of any severance benefits under the Severance Plan is conditioned on the execution of this Agreement within the Review Period and the running of the revocation period described in 3(f) (“Revocation Period”); and

h. The Employee may not sign this Agreement until after his last day of employment with the Company and the Agreement shall not be effective if the Employee executes the Agreement prior to such date.

4. **Protected Rights:** The Employee understands that nothing contained in this Agreement shall be construed to prohibit him from filing a charge with or participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, or any state or federal agency. The Employee understands that he has waived and released any and all claims for money damages and equitable relief that the Employee may recover from Released Parties pursuant to the filing or prosecution of any administrative charge against Released Parties, or any resulting civil proceeding or lawsuit brought on his behalf for the recovery of such relief, and which arises out of the matters that are and may be released or waived by this Agreement. The Employee also understands, however, that this Agreement does not limit his ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. This Agreement also does not limit The Employee’s right to receive an award for information provided to any government agencies.

5. **Pension Plan:** This Agreement shall not affect any vested rights the Employee has under an ERISA pension benefit plan(s).

6. **Medicare:** The Employee affirms, covenants, and warrants he is not a Medicare beneficiary and is not currently receiving, has not received in the past, will not have received at the time of payment pursuant to this Agreement, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability or Medicare benefits. In the event any statement in the preceding sentence is incorrect (for example, but not limited to, if the Employee is a Medicare beneficiary, etc.), the following sentences (i.e., the remaining sentences of this paragraph) apply. The Employee affirms, covenants, and warrants he has made no claim for illness or injury against, nor is he aware of any facts supporting any claim against, the Released Parties under which Released Parties could be liable for medical expenses incurred by the Employee before or after the execution of this agreement. Furthermore, the Employee is aware of no medical expenses which Medicare has paid and for which Released Parties are or could be liable now or in the future. The Employee agrees and affirms that, to the best of his knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. The Employee will indemnify, defend, and hold Released Parties harmless from Medicare claims, liens, damages, conditional payments, and rights

to payment, if any, including attorneys' fees, and the Employee further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) et seq.

7. **Attorneys' Fees and Costs:** In any proceeding or action to enforce this Agreement or to recover damages arising out of its breach, the prevailing party shall be awarded its reasonable attorneys' fees and costs.

8. **Governing Law and Venue:** This Agreement will be interpreted and construed in accordance with the laws of the State of Arizona, insofar as federal law does not control, and venue as to any dispute regarding this Agreement, or interpretation thereof, shall be in Maricopa County, Arizona.

9. **Modification of Agreement:** This Agreement shall not be modified, amended, or terminated unless such modification, amendment, or termination is executed in writing by the Employee, and an authorized representative of the Company.

10. **The Employee's Representations:** The Employee warrants that the Employee is over the age of eighteen (18) and competent to sign this Agreement; that in signing this Agreement the Employee is not relying on any statement or representation by the Company that is not contained in this Agreement, but is relying upon the Employee's judgment and/or that of the Employee's legal counsel and/or tax advisor; that the Agreement was signed knowingly and voluntarily without duress or coercion in any form; and that the Employee fully understands the same is a FULL and FINAL SETTLEMENT of any and all claims against Released Parties which have been or could have been asserted or on account or arising out of the Employee's employment relationship with the Company or the actions of any of Released Parties. The Employee further represents and certifies that the Employee has been given a fair opportunity to review the terms of this Agreement and has determined that it is in the Employee's best interest to enter into this Agreement.

11. **Drafting and Construction:** This Agreement may not be construed in favor of or against either the Employee or the Company (each, a "Party") on the grounds that said Party was less or more involved in the drafting process.

ACCEPTED AND AGREED:

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[Employee Name]

Date

## EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (the "Agreement") is entered into February 14, 2017 and made effective as of January 1, 2017 (the "Effective Date"), by and between Meritage Homes Corporation, a corporation organized under the laws of the State of Maryland (the "Company"), and Hilla Sferruzza ("Executive") (the Company and Executive are sometimes collectively referred to herein as the "Parties" and individually as a "Party"), all with reference to the following:

**WHEREAS**, the Executive is currently employed by the Company as its Executive Vice President – Chief Financial Officer;

**WHEREAS**, the Company and the Executive most-recently previously entered into an employment agreement defining the terms and conditions of Executive's employment with the Company, dated as of March 31, 2016 ("Previous Agreement");

**WHEREAS**, the Previous Agreement provided Executive with certain rights, responsibilities and benefits;

**WHEREAS**, the Company and Executive believe that it is in the best interest of each to make certain changes to Executive's terms and conditions of her employment with the Company; and

**WHEREAS**, the Company desires to continue to obtain the services of Executive, and Executive desires to provide services to the Company, in accordance with the terms, conditions and provisions contained in this Agreement.

**NOW THEREFORE**, in consideration of the covenants and mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in reliance upon the representations, covenants and mutual agreements contained herein, the Company and Executive agree to amend, restate and replace the Previous Agreement with this Agreement, as follows:

1. Defined Terms. Capitalized terms not otherwise defined shall have the meanings set forth in Exhibit A.

2. Term. Subject to earlier termination in accordance with Section 6 of this Agreement, Executive shall be employed by the Company for a term commencing on the Effective Date and ending on December 31, 2018 (the "Initial Term"), and, upon the expiration of the Initial Term, for successive one-year periods thereafter (each, a "Renewal Term"), unless (i) written notice of non-renewal is given no less than sixty (60) days prior to the expiration of the applicable term by either party hereto; or (ii) Executive's employment is terminated earlier pursuant to Section 6 of this

Agreement. References to the “Term” shall be deemed to include the Initial Term or any Renewal Term, as applicable.

3. Position and Duties.

(a) Position. During the Term, Executive shall serve as Executive Vice President – Chief Financial Officer of the Company. Executive shall report directly to the Company’s Chief Executive Officer (the “CEO”). In such capacity, Executive shall have the duties, functions, responsibilities, and authority customarily appertaining to that position and shall have such other duties, functions, responsibilities, and authority consistent with such position as are from time to time delegated to her by the Company’s CEO.

(b) Duties. Executive shall have supervision, control over, and responsibility for the day-to-day business and affairs of the Company and shall have such other powers and duties as may from time to time be prescribed by the CEO, provided that such supervision, control over, responsibility, and duties are consistent with Executive’s position or other positions that she may hold from time to time. Executive shall devote substantially all of her business time and attention to the performance of Executive’s duties hereunder and to the Company’s affairs and shall not engage in any other business, profession or occupation for compensation or otherwise that would conflict or interfere with the rendition of such services, either directly or indirectly; provided, that nothing herein shall preclude Executive from (i) serving on the board of directors of two (2) for-profit companies that do not compete with the Company in the judgment of the Board; (ii) serving on civic or charitable boards or committees; and/or (iii) managing personal investments, so long as all such activities described in clauses (i) through (iii) above do not unreasonably interfere with the Executive’s performance of her duties to the Company as provided in this Agreement and, in the case of the activities described in clauses (i) and (ii), are disclosed to the Board.

(c) Principal Place of Employment. Executive’s initial principal place of employment during the Term shall be 8800 East Raintree Drive, Suite 300, Scottsdale, Arizona 85260, or as shall be designated by the CEO, subject to the terms and conditions of this Agreement. The parties acknowledge that Executive may be required to travel in connection with the performance of her duties hereunder.

(d) Corporate Policies. During the Term, Executive shall be subject to all of the Company’s corporate governance, ethics, and executive compensation and other policies as in effect from time to time.

(e) Compensation, Benefits, Other Items Applicable to Executive. During the Term, Executive shall be entitled to the compensation and benefits described in Sections 4 and 5 of this Agreement. Other items applicable to Executive during the Term are as set forth in Exhibit B.

4. Compensation.

(a) Base Salary. During the Term, Executive shall receive an annual base salary (the “Base Salary”) of five hundred and twenty-five thousand dollars (\$525,000), payable in regular

installments in accordance with the Company's usual payroll practices. Executive's Base Salary is subject to annual review and may, in the Compensation Committee's discretion, be increased or decreased under the Company's standard compensation policies for executive-level employees. As so adjusted, the term "Base Salary" shall refer to the adjusted amount.

(b) Annual Incentive Bonus. During the Term, Executive shall be entitled to annual incentive compensation (the "Bonus") under the Incentive Plan, subject to the achievement of certain performance goals established by the Committee pursuant to the Incentive Plan and other terms and conditions, as set forth on Exhibit C.

(c) Equity Awards.

(i) Annual Awards. For each calendar year during the Term, Executive shall be eligible to receive a (x) Performance Share Award and/or Restricted Stock Unit Award under the 2006 Stock Plan (or any successor thereto), subject to the achievement of certain performance goals established by the Compensation Committee pursuant to the 2006 Stock Plan and other terms and conditions, as set forth in Exhibit D, and a (y) Restricted Stock Unit Award under the 2006 Stock Plan, subject to a separate performance goal and other terms and conditions, as set forth in Exhibit E (each, an "Annual Award"). The Annual Awards shall be made on terms and conditions that are consistent with those on which awards are made to other executive officers of the Company, except as the Compensation Committee may otherwise specify in its sole discretion. Except as otherwise provided herein, each Annual Award will be subject to the terms of the 2006 Plan (or any successor thereto) and the individual award agreement pursuant to which it is made.

5. Employee and Fringe Benefits; Expense Reimbursements.

(a) Employee Benefits. During the Term, Executive and her eligible dependents (if any) shall be able to participate in employee benefit plans and perquisite and fringe benefit programs on a basis no less favorable than the basis on which such benefits and perquisites are provided by the Company from time to time to other executive employees.

(b) ERISA Severance Plan Benefits. Executive shall be eligible to participate in the Company's Severance Plan; benefits available under that Severance Plan are contingent on Executive's continued eligibility for that plan as well as actions required to be taken by Executive in order to be considered a "Participant" in that Severance Plan. Company acknowledges and agrees that, as of the Effective Date, Executive has taken all actions to be considered a "Participant" in the Severance Plan and, accordingly, will remain a "Participant" during the Term. Any amounts or benefits payable under the Severance Plan shall be governed by the terms and conditions of that plan, and shall not be governed by this Agreement.

(c) Paid Time Off. Executive shall be entitled to paid vacation each year in accordance with the Company's then-current vacation policy for other executive-level employees. The rules relating to other absences from regular duties for holidays, sick or disability leave, leave of absence without pay, or for other reasons, shall be the same as those provided to the Company's other executive officers.

(d) Expense Reimbursement. Executive shall be entitled to receive prompt reimbursement for all travel and business expenses reasonably incurred and accounted for by Executive (in accordance with the policies and procedures established from time to time by the Company for Executive or as otherwise provided for in the Company's approved travel budget) in performing services hereunder. Any reimbursement that Executive is entitled to receive shall (i) be paid as soon as practicable and in any event no later than the last day of Executive's tax year following the tax year in which the expense was incurred, (ii) not be affected by any other expenses that are eligible for reimbursement in any tax year and (iii) not be subject to liquidation or exchange for another benefit.

6. Termination of Employment. Except for the provisions intended to survive for other periods of time as specified in Section 15(n) below, this Agreement and Executive's employment shall terminate (i) at any time upon mutual written agreement of the Parties; (ii) by the Company, immediately and without prior notice, for Cause as provided in Section 6(a); (iii) by Executive for Good Reason as provided in Section 6(b); (iv) immediately upon Executive's death or Disability as provided in Section 6(c); or (v) by the Company for any reason not otherwise covered by clauses (a), (b), or (c) herein as provided in Section 6(b); or (vi) by Executive for any reason not otherwise covered by clauses (a), (b), or (c) herein with advance written notice as provided in Section 6(a). The date on which Executive's employment ends under this Section 6 shall be referred to herein as her "Termination Date."

(a) Termination for Cause; Voluntary Termination. At any time during the Term, (i) the Company may immediately terminate Executive's employment for Cause, and (ii) Executive may terminate her employment "voluntarily" (that is, other than by death, Disability or for Good Reason); provided, that Executive will be required to give the Board at least sixty (60) days' advance written notice of any such termination; provided, however, that the Board may waive all or any part of the foregoing notice requirement in its sole discretion, in which case Executive's voluntary termination will be effective upon the date specified by the Board. Upon the termination of Executive's employment by the Company for Cause or by Executive's voluntary termination, Executive shall receive the Accrued Obligations. All other benefits, if any, due to Executive following Executive's termination of employment pursuant to this Section 6(a) shall be determined in accordance with the plans, policies and practices of the Company as then in effect, including but not necessarily limited to the Severance Plan and the Incentive Plan. Executive shall not earn or accrue any additional compensation or other benefits under this Agreement following the Termination Date. Notwithstanding anything in this Section 6 to the contrary, in the event Executive is terminated for Cause, the Company will provide notice to the Executive outlining the reason(s) underlying the termination within one business day of such termination; for the avoidance of doubt, the foregoing notice provision is not a condition precedent to a termination for Cause.

(b) Termination for Good Reason by Executive or Without Cause by the Company. At any time, (i) Executive may terminate her employment for Good Reason; and (ii) the Company may terminate Executive's employment hereunder without Cause, in either case pursuant to this Section 6(b). Upon the termination of Executive's employment pursuant to this Section 6(b), Executive shall receive the Accrued Obligations. In addition, subject to Executive's compliance with the requirements set forth in the Severance Plan and continued compliance with the provisions



of Sections 7 through 11 of this Agreement and Executive's execution, delivery and non-revocation of an effective release of claims against the Company and certain related persons and entities in substantially the form attached hereto as Exhibit F (the "Release"), which Release shall be delivered to Executive within five (5) business days following the Termination Date and which must be executed (and not revoked) by Executive within the time specified in the Release (the "Release Period"), Executive shall be entitled to the severance benefits as provided in the Severance Plan pursuant to the terms and conditions of that plan.

(c) Termination Due to Death or Disability.

(i) Death. Executive's employment with the Company shall terminate upon Executive's death. Upon the termination of the Term and Executive's employment as a result of this Section 6(c)(i), Executive's estate shall receive the Accrued Obligations within fifteen (15) days following the Termination Date. Additionally, Executive's estate will receive a lump-sum payment (less applicable withholding taxes) equal to the Executive's Target Bonus (as defined in Exhibit C hereto) in the year of termination of employment due to death. Such lump-sum amount shall be payable within sixty (60) days following Executive's death. All other payments or benefits, if any, due to Executive's estate following Executive's termination due to death shall be determined in accordance with the plans, policies and practices of the Company as then in effect; provided, that Executive's estate shall not be entitled to any severance payments or benefits under any other agreement or any severance plan, policy or program of the Company (excluding any group health benefit plans). Executive's estate shall not earn or accrue any additional compensation or other benefits under this Agreement following the Termination Date.

(ii) Disability. The Company may terminate Executive's employment if she becomes unable to perform the essential functions of her position as a result of her Disability. Upon any termination of the Term and Executive's employment pursuant to this Section 6(c)(ii), Executive shall receive the Accrued Obligations. Additionally, Executive will receive a lump-sum payment (less applicable withholding taxes) equal to the Executive's Target Bonus in the year of termination of employment due to Disability. Such lump-sum amount shall be payable upon the later of: (x) sixty (60) days following termination of employment due to Disability, or (y) such later date required by Section 15(g)(i). Executive shall not earn or accrue any additional or other benefits under this Agreement following the Termination Date.

(iii) Equity Compensation Provisions. In the event Executive's employment is terminated due to death or Disability, notwithstanding any other provision in any applicable equity compensation plan (including but not necessarily limited to the 2006 Plan (or any successor thereto)) and/or

individual award agreement, the following provisions shall apply with respect to grants of equity compensation upon such death or termination due to Disability:

(1) Accelerated Vesting of Equity Awards.

- (a) One hundred percent (100%) of the Executive's then-outstanding and unvested stock options that are subject to time-based vesting will become vested in full;
- (b) any and all service conditions imposed on the Executive's then-outstanding and unvested performance shares will be waived as of the Executive's Termination Date; provided, however, that if an outstanding performance share is to be determined based on the achievement of performance criteria, then the performance share will be determined based on the actual performance and attainment of the performance criteria over the relevant performance period(s) and paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such award;
- (c) any and all service conditions imposed on the Executive's then-outstanding and unvested time-based restricted stock grant (or restricted stock unit grant) will be waived as of the Executive's Termination Date; provided, however, that if an amount payable under an outstanding restricted stock grant (or restricted stock unit grant) is to be determined based on the achievement of performance criteria, then the restricted stock grant (or restricted stock unit grant) will be determined based on the actual performance and attainment of the performance criteria over the relevant performance period(s) and paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later

than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such award;

any and all service conditions imposed on the Executive's then-outstanding and unvested performance Restricted Stock Units will be waived as of the Executive's Termination Date; provided, however, that if settlement of any such outstanding Restricted Stock Units is to be determined based on the achievement of performance criteria, then settlement of such performance Restricted Stock Unit will be determined based on the actual performance and attainment of applicable performance criteria over the relevant performance period(s) and paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such Restricted Stock Unit award.

(2) Extended Post-Termination Exercise Period. The Executive's outstanding and vested stock options as of the Executive's Termination Date will remain exercisable until the twelve (12) month anniversary of the Termination Date; provided, however, that the post-termination exercise period for any individual stock option will not extend beyond the earlier of its original maximum term or the tenth (10th) anniversary of the original date of grant.

(d) Notice of Termination. Any purported termination of Executive's employment by the Company or by Executive shall be communicated by written notice of termination to the other party in accordance with this Section 6. Such notice shall indicate the specific termination provision in this Agreement relied upon and shall, to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

7. Non-Competition and Non-Solicitation.

(a) Acknowledgements. Executive acknowledges:

(i) Company has provided and shall continue to provide Executive with its goodwill (a legitimate business interest of the Company) and Confidential Information so that Executive can perform her duties. Because Company would suffer irreparable harm if Executive

misused its goodwill or disclosed Confidential Information, it is reasonable to protect the Company against misuse and disclosure of such information by Executive.

(ii) Because Executive will have continued access to and receive Confidential Information and will establish, maintain and increase Company's goodwill with its customers, employees and others, and because the services provided by Executive for Company are a significant factor in the creation of valuable, special and unique assets that are expected to provide Company with a competitive advantage, Company would suffer irreparable harm if Executive competed unfairly with Company (as described more fully below). Accordingly, it is reasonable to protect Company against potential unfair competition by Executive.

(iii) The promises in this Section are reasonably necessary for the protection of the Company and are reasonably limited with respect to the activities they prohibit, their duration, their geographical scope and their effect on Executive and the public. Executive acknowledges and agrees that the Company's provision of Confidential Information and grant of the initial Annual Award described in Section 4(c)(i) above shall each serve as adequate and independent consideration for the covenants set forth in this Section 7.

(b) Agreements Not to Compete or Solicit Employees or Customers. As a condition of employment and to protect Company's Confidential Information and competitive position, Executive promises and agrees that during her employment and for a period of twelve (12) months following her separation from the Company for any reason, Executive (whether as an employee, officer, director, partner, proprietor, investor, associate, consultant, advisor or otherwise) will not, directly or indirectly, either for her own benefit or the benefit of any other person or entity:

(i) Engage, invest in, or establish, in any capacity as either as an employee, employer, contractor, consultant, agent, principal, partner, member, stockholder, investor, corporate officer, director, or in any other individual or representative capacity any business that is a Restricted Business (except Executive is allowed to own or acquire 5% or less of the outstanding voting securities of a public company). Executive further promises that during Executive's employment and for a period of twelve (12) months following Executive's termination of employment with Company, Executive will not give advice or lend credit, money or Executive's reputation to any person or entity engaged in or establishing a Restricted Business.

(ii) Solicit, recruit, induce, entice, encourage, hire, directly recruit, or in any way cause any officer or manager who is or was an employee of Company within the twelve (12) months prior to Executive's separation of employment, or after, to terminate his/her employment with Company. This restriction is limited to those employees with whom Executive worked, had business contact, or about whom Executive gained non-public or Confidential Information while employed with the Company.

(iii) Solicit, contact, or communicate with any person or company for the purpose of engaging in a business that is the same or similar to the Company's business at the time Executive's employment ends, who was a customer of the Company during the twelve (12) months preceding Executive's separation and whom Executive contacted, solicited, serviced, or sold services to as an Executive of the Company (either directly or indirectly as a supervisor) at any time

during the twelve (12) months preceding the date of Executive's separation. Executive also agrees not to induce any customer, supplier or other person with whom the Company engaged in business, or to the knowledge of Executive planned or proposed to engage in business, during the twelve (12) months preceding the date of Executive's separation, to terminate any commercial relationship with the Company.

(iv) The effective time period of the restrictions set forth in this Section 7 shall be tolled during any period of time a legal proceeding brought by the Company against Executive to enforce this Agreement is pending or during any period of time in which the Executive is in violation of this Agreement.

8. Non-Disclosure of Intellectual Property, Trade Secrets, and Confidential Information.

(a) Executive agrees that, unless otherwise required by law, Executive will forever keep secret all Confidential Information of the Company, and Executive will not use it for Executive's own private benefit, or directly or indirectly for the benefit of others, and Executive will not disclose Confidential Information to any other person, directly or indirectly.

(b) If Executive is legally compelled (by subpoena, interrogatory, request for documents, investigative demand or similar process) to disclose Confidential Information, Executive shall give Company prompt, prior written notice so Company can seek an appropriate remedy or waive compliance. Executive shall furnish only that portion of the Confidential Information required on advice of legal counsel, and shall exercise Executive's best efforts to obtain an order or assurance that any Confidential Information disclosed will be treated by others in a confidential manner.

(c) The foregoing provisions notwithstanding, Company employees, contractors, and consultants may disclose trade secrets in confidence, either directly or indirectly, to a Federal, State, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may disclose related trade secrets to their attorney and use them in related court proceedings, as long as the individual files documents containing the trade secret under seal and does not otherwise disclose the trade secret except pursuant to court order.

9. Non-Disparagement.

(a) Executive agrees that she will not make or cause to be made any oral or written statements that are derogatory, defamatory, or disparaging concerning the Company, its policies or programs, or its past or present officers, directors, employees, agents, or business associates, including but not limited to its past or present suppliers or vendors, or take any actions that are harmful to the business affairs of the Company or its employees. Executive also agrees that she will not make or cause to be made any oral or written statements regarding the Company's Confidential Information (as defined above) to any third party, including, but not limited to, the

general public (for example, via postings or publications on the internet), the media, financial analysts, auditors, institutional investors, consultants, suppliers, vendors, or business associates, or agents and/or representatives of any of the foregoing, unless the statement is (i) expressly authorized by the Company in writing, or (ii) required by law. This provision is a material and substantial term of this Agreement.

(b) Company agrees that it will not make any public statement that is derogatory, defamatory, or disparaging concerning Executive, and will instruct the members of the Board and the Company's executives to refrain from making any derogatory, defamatory, or disparaging public statements concerning Executive. For the avoidance of doubt, under this Agreement, references to the Company's "executives" or "executive officers" are to the Company's named executive officers as disclosed by the Company pursuant to Item 402 of Regulation S-K.

10. Severability. If any provision, subsection, or sentence of this Agreement shall be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision, subsection, or sentence had not been contained herein.

11. Compliance With Confidentiality, Non-Compete, or Non-Disclosure Obligations. Executive represents and warrants that she is in compliance with any confidentiality, non-compete, or non-disclosures obligations or agreements previously entered into with the Company and that any such obligations or agreements shall remain in effect from and after the Effective Date. In the event of any conflict between any such pre-existing confidentiality, non-compete, or non-disclosures obligations or agreements and the terms of this Agreement, the terms of this Agreement shall control.

12. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of Sections 7, 8, or 9(a) (each a "Covenant" and together the "Covenants") would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of a breach of any of the Covenants, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and, in the case of either a breach or a threatened breach of any of the Covenants, and without waiving its right to arbitration as provided in Section 15(f), seek equitable relief before a court of competent jurisdiction, in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy that may then be available. Company acknowledges and agrees that the Executive's remedies at law for a breach or threatened breach of Section 9(b) would be inadequate and Executive would suffer irreparable damages as a result of such breach or threatened breach. Accordingly, Company agrees that Executive shall be entitled to, without waiving her right to arbitration as provided in Section 15(f) and in addition to any legal remedies available, seek equitable relief before a court of competent jurisdiction, in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy that may then be available without posting bond or proving actual damages.

13. Conflicts of Interest. Executive agrees that for the duration of this Agreement, she will not engage, either directly or indirectly, in any activity (a “Conflict of Interest”) which might adversely affect Company or its affiliates, including ownership of a material interest in any supplier, contractor, distributor, subcontractor, customer or other entity with which Company does business or accepting any payment, service, loan, gift, trip, entertainment, or other favor from a supplier, contractor, distributor, subcontractor, customer or other entity with which Company does business, and that Executive will promptly inform the Chair of the Audit Committee as to each offer received by Executive to engage in any such activity. Executive further agrees to disclose to Chair of the Audit Committee any other facts of which Executive becomes aware which might involve or give rise to a Conflict of Interest or potential Conflict of Interest.

14. Intellectual Property; Assignment of Inventions.

(a) Assignment and License of Rights. Executive assigns to Company all of Executive’s rights in Intellectual Property that Executive makes or conceives during Executive’s employment, whether as a sole or joint inventor, whether made during or outside working hours, whether made on Company premises or elsewhere. Executive grants to Company an unlimited, unrestricted, worldwide, royalty-free, fully paid right to access, use, modify, add to, and distribute any Intellectual Property that Executive developed and reduced to a practical form prior to Executive’s employment with Company, its affiliates or subsidiaries, that Executive includes in any Intellectual Property assigned to Company. Executive understands and acknowledges that “Intellectual Property” means, for purposes of this Agreement, any information of a technical and/or business nature, such as ideas, discoveries, inventions, trade secrets, know-how, and writings and other works of authorship which relate in any manner to the actual or anticipated business or research and development of Company, its affiliates or subsidiaries.

(b) Assist Documentation. Upon request at any time and at the expense of Company or its nominee and for no additional personal remuneration, Executive agrees to execute and sign any document that Company considers necessary to secure for or maintain for the benefit of Company adequate patent and other property rights in the United States and all foreign countries with respect to any Intellectual Property. Executive also agrees to assist Company as required and at Company expense to obtain and enforce these rights.

(c) Disclosure. During the Term, Executive agrees to promptly disclose to Company any Intellectual Property when conceived or made by Executive, whether in whole or in part, and to make and maintain adequate and current records of it. If Executive’s employment ends for any reason, Executive agrees to promptly turn over to Company all models, prototypes, drawings, records, documents, and the like in Executive’s possession or under Executive’s control, whether prepared by Executive or others, relating to Intellectual Property, and any other work done for Company. Executive acknowledges that these items are the sole property of Company.

15. Miscellaneous.

(a) Executive’s Representations. Executive hereby represents and warrants to the Company that (i) Executive has read this Agreement in its entirety, fully understands the terms of this Agreement, has had the opportunity to consult with counsel prior to executing this Agreement

and is signing the Agreement voluntarily and with full knowledge of its significance; (ii) the execution, delivery and performance of this Agreement by Executive does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which she is bound; (iii) Executive is not a party to or bound by an employment agreement, non-compete agreement or confidentiality agreement with any other person or entity that would interfere with the performance of her duties hereunder; and (iv) Executive shall not use any confidential information or trade secrets of any person or party other than the Company in connection with the performance of her duties hereunder, except with valid written consent of such other person or party. **Executive has carefully read and considered all provisions of these Agreements and acknowledges that this is an important legal document that sets forth restrictions on Executive's conduct as a condition of employment with the Company.**

(b) Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Executive and an officer of the Company (other than Executive) duly authorized by the Board to execute such amendment, waiver or discharge. No waiver by either Party of any breach of the other Party of, or compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(c) Successors and Assigns.

(i) This Agreement is personal to Executive and shall not be assignable by Executive but shall inure to the benefit of and be enforceable by Executive's heirs and legal representatives.

(ii) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 15(d)(iii) below, shall not be assignable by the Company without the prior written consent of Executive (which shall not be unreasonably withheld).

(iii) The Agreement shall be assignable by the Company to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company; provided, that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as defined in this Agreement and any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

(d) Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, if delivered by overnight courier service, or if mailed by registered mail, return receipt requested, postage prepaid, addressed to the respective addresses or sent via facsimile to the respective facsimile numbers, as the case may be, as set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith,



except that notice of change of address shall be effective only upon receipt; provided, however, that (i) notices sent by personal delivery or overnight courier shall be deemed given when delivered; (ii) notices sent by facsimile transmission shall be deemed given upon the sender's receipt of confirmation of complete transmission; and (iii) notices sent by registered mail shall be deemed given two (2) days after the date of deposit in the mail.

If to Executive, to such address as shall most currently appear on the records of the Company.

If to the Company, to:

Meritage Homes Corporation  
8800 East Raintree Drive, Suite 300  
Scottsdale, Arizona 85260

Attention: Chief Executive Officer and Chief Financial Officer

(e) GOVERNING LAW; CONSENT TO JURISDICTION; JURY TRIAL WAIVER. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF MARYLAND OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF ARIZONA TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE LAW OF THE STATE OF ARIZONA (EXCEPT TO THE EXTENT SUPERSEDED BY THE LAWS OF THE UNITED STATES) WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN, AND THE PARTIES HEREBY CONSENT TO JURISDICTION IN MARICOPA COUNTY, ARIZONA. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT OR ARBITRATION PROCEEDING IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION. EACH PARTY TO THIS AGREEMENT WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM.

(f) Resolution of Disputes. Any dispute, controversy, or claim, whether contractual or non-contractual, between the parties hereto arising directly or indirectly out of or connected with this Agreement, relating to the breach or alleged breach of any representation, warranty, agreement, or covenant under this Agreement, unless mutually settled by the parties hereto, shall be resolved by binding arbitration in accordance with the Employment Arbitration Rules of the American Arbitration Association (the "AAA"). The parties agree that before the proceeding to arbitration that they will mediate their disputes before the AAA by a mediator approved by the AAA. Any arbitration shall be conducted by arbitrators approved by the AAA and mutually acceptable to Company and Executive. All such disputes, controversies or claims shall be conducted by a single arbitrator, unless the dispute involves more than \$50,000 in the aggregate in which case the arbitration shall be conducted by a panel of three arbitrators. If the parties hereto are unable to agree on the mediator or the arbitrator(s), then the AAA shall select the arbitrator(s). The resolution

of the dispute by the arbitrator(s) shall be final, binding, nonappealable, and fully enforceable by a court of competent jurisdiction under the Federal Arbitration Act. The arbitrator(s) shall award damages to the prevailing party. The arbitration award shall be in writing and shall include a statement of the reasons for the award. The arbitration shall be held in the Phoenix/Scottsdale metropolitan area. The Company shall pay all AAA, mediation, and arbitrator's fees and costs. The arbitrator(s) shall award reasonable attorneys' fees and costs to the prevailing party. Notwithstanding anything in the foregoing to the contrary, disputes concerning any cash or benefits payable under the Severance Plan shall be subject to the dispute resolution provisions of that plan, and not this Agreement.

(g) Compliance with Section 409A. The intent of the Parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event whatsoever shall the Company be liable for interest and additional tax that may be imposed on Executive by Section 409A or any damages for failing to comply with Section 409A.

(i) Notwithstanding anything herein to the contrary, (x) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment that are considered a "deferral of compensation" within the meaning of Section 409A is necessary in order to prevent interest and additional tax under Section 409A (and/or the acceleration of the timing of taxation of the deferred compensation), then the Company will defer the commencement of the portion of such payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) to the extent necessary to comply with Section 409A until the first business day to occur following the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date otherwise permitted under Section 409A); and (y) if any other payments of money or other benefits due to Executive hereunder could cause the Executive to incur interest and additional tax under Section 409A (and/or the acceleration of the timing of taxation of the deferred compensation), such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, mutually agreed upon between the Executive and the Board, that does not cause such interest and additional tax under Section 409A (and/or the acceleration of the timing of taxation of the deferred compensation) and preserves, to the maximum extent possible, the economic value of the payments and benefits under this Agreement.

(ii) In the event that payments under this Agreement are deferred pursuant to this Section 15(g) in order to prevent any accelerated tax or additional tax under Section 409A, then such payments shall be paid at the time specified under this Section 15(g) in a lump sum, together with interest at the applicable federal rate under Section 7872(f)(2)(A) of the Code in effect on the Termination Date. All remaining payments due under this Agreement will be paid in accordance with the normal dates specified in this Agreement.

(iii) Notwithstanding anything to the contrary herein, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a “resignation,” “termination,” “termination of employment” or like terms shall mean separation from service.

(iv) Each payment made under this Agreement shall be considered separate payments and not one of a series of payments for purposes of Section 409A.

(v) Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a “deferral of compensation” within the meaning of Section 409A, (A) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year; (B) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (C) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(h) Severability of Invalid or Unenforceable Provisions. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(i) Advice of Counsel and Construction. Each Party acknowledges that such Party had the opportunity to be represented by counsel in the negotiation and execution of this Agreement. Accordingly, the rule of construction of contract language against the drafting party is hereby waived by each Party.

(j) Entire Agreement. The 2006 Stock Plan (or any successor thereto), the Severance Plan and the Incentive Plan are hereby incorporated by reference into this Agreement. This Agreement, all Exhibits attached hereto, the 2006 Stock Plan (or any successor thereto), the Severance Plan and the Incentive Plan constitute the entire agreement between the Parties as of the Effective Date and supersedes all previous agreements and understandings between the parties with respect to the subject matter hereof.

(k) Withholding Taxes. The Company shall be entitled to withhold from any payment due to Executive hereunder any amounts required to be withheld by applicable tax laws or regulations.

(l) Section Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(m) Cooperation. During the Term and at any time thereafter, Executive agrees to cooperate, at Company's expense, (i) with the Company in the defense of any legal matter involving any matter that arose during Executive's employment with the Company; and (ii) with all government authorities on matters pertaining to any investigation, litigation or administrative proceeding pertaining to the Company. The Company will reimburse Executive for any reasonable travel and out of pocket expenses incurred by Executive in providing such cooperation.

(n) Survival. Sections 6 through 12, inclusive, and Sections 14 and 15(b)-(p), inclusive, shall survive and continue in full force in accordance with their terms notwithstanding any termination of the Term or of Executive's employment with the Company.

(o) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(p) Recoupment/Clawback. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company or any of its affiliates, which may be subject to recovery under any law, government regulation, company policy or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, company policy or stock exchange listing requirement, to the extent reasonably required by any such law, government regulation, company policy or stock exchange listing requirement, as determined by the Board in its sole and absolute discretion. For purposes of this Section 15(p), a "company policy" means any written company policy adopted by the Company that is made available to the Company's executive officers through electronic or any other means.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

[Remainder of page intentionally left blank – signatures appear on the following page]

The Parties have executed this Agreement as of the date first above written.

**MERITAGE HOMES CORPORATION,**

a Maryland corporation

By: /s/ Steven J. Hilton

By: Steven J. Hilton  
Chairman and CEO

**EXECUTIVE: HILLA SFERRUZZA**

/s/ Hilla Sferruzza

## EXHIBIT A

### DEFINED TERMS

1. “Accrued Obligations” shall mean, at any point in time and except as expressly provided herein, any amounts to which the Executive is entitled to payment but have not yet been paid to Executive including, but not limited to, each of the following (but only to the extent such amounts are vested, earned or accrued at the time of payment): Base Salary, earned but unpaid incentive compensation amounts described in Sections 4(b) and 4(c) above, and any other payments, retention bonuses, entitlements or benefits vested, earned or accrued but unpaid under applicable benefit and compensation plans, programs and other arrangements with the Company and/or any of its subsidiaries, including payment of Accrued Compensation as such term is defined in the Severance Plan.

2. “Affiliate” of a Person shall mean any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person.

3. “Board” shall mean the Company’s board of directors.

4. “Cause” shall mean the occurrence of one or more of the following: (i) Executive’s malfeasance, willful, or gross misconduct, or willful dishonesty that materially harms the Company or its stockholders; (ii) Executive’s conviction of a felony that is materially detrimental to the Company or its stockholders; (iii) Executive’s conviction of, or entry of a plea *nolo contendere* to a felony that materially damages the Company’s financial condition or reputation or to a crime involving fraud; (iv) Executive’s material violation of the Company’s Code of Ethics, including breach of duty of loyalty in connection with the Company’s business; (v) Executive’s willful failure to perform duties under this Agreement, after notice by the Board and an opportunity to cure; (vi) Executive’s failure to reasonably cooperate with, or Executive’s impedance or interference with, an investigation authorized by the Board; (vii) Executive’s failure to follow a legal and proper Board directive, after notice by the Board and a 30 (thirty) day opportunity to cure; or (viii) Executive’s willful misconduct or gross negligence pursuant to the Sarbanes-Oxley Act, if and to the extent such conduct triggers a restatement of the Company’s financial results.

5. “Code” shall mean the Internal Revenue Code of 1986, as amended.

6. “Compensation Committee” shall mean the compensation committee of the Board.

7. “Confidential Information” shall mean any and all confidential, non-public, and/or proprietary knowledge, data or information of the Company, its affiliates, parents and subsidiaries, whether now existing or developed during Executive’s employment. By way of illustration but not limitation, “Confidential Information” includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all proprietary rights therein (hereinafter collectively referred to as “Inventions”); (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of

obtaining business, forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding customers and potential customers of the Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by the Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Company and other non-public information relating to customers and potential customers; (d) information regarding any of the Company's business partners and their services, including names; representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of the Company could use to the competitive disadvantage of the Company. Notwithstanding the foregoing, Executive is free to use information which is generally known in the trade or industry through no breach of this agreement or other wrongful act or omission by Executive, and Executive is free to discuss the terms and conditions of Executive's employment with others and to use her own skill, knowledge, know-how and experience to the extent permitted by law.

8. "Disability" means Executive has been unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Whether Executive is Disabled shall be determined by a qualified medical provider selected by the Company. Alternatively, Executive will be deemed Disabled if determined to be totally disabled by the Social Security Administration. Termination of employment resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company to Executive of Company's intention to terminate Executive's employment due to Disability. In the event that Executive resumes the performance of substantially all of her duties hereunder before her termination becomes effective, the notice of intent to terminate based on Disability will automatically be deemed to have been revoked. In conjunction with determining Disability for purposes of this Agreement, Executive hereby (i) consents to any such examinations, to be performed by a qualified medical provider selected by the Company and approved by the Executive (which approval shall not be unreasonably withheld), which are relevant to a determination of whether Executive has incurred a Disability; and (ii) agrees to furnish to the qualified medical provider selected by the Company such medical information as may be reasonably requested.

9. "Good Reason" shall mean the occurrence of any one or more of the following events without Executive's written consent:

- (a) the Company assigns Executive duties that are materially inconsistent with, or constitute a material reduction of powers or functions associated with, Executive's position, duties, or responsibilities with the Company as in effect immediately prior to such assignment;

Exhibit A

- (b) a material, adverse change in Executive's titles, authority, or reporting responsibilities as in effect immediately prior to such change;
- (c) a material adverse change in the conditions of Executive's employment as in effect immediately prior to such change;
- (d) the Company requires the Executive to relocate employment to an employment location that is more than fifty (50) miles from the Executive's employment location as in effect immediately prior to such change;
- (e) except in cases where the Compensation Committee reduces the base salaries for all or substantially all of the Company's executives on account of what the Compensation Committee, in its sole and complete discretion, determines to be a significant downturn in the Company's financial performance that necessitates such action, a reduction by the Company of the Executive's annual Base Salary in excess of fifteen percent (15%) of the annual Base Salary as in effect immediately prior to such reduction;
- (f) the Compensation Committee exercises its discretion to grant Annual Awards to the Executive for a calendar year on terms and conditions that are not consistent with those on which awards are made to other executive officers of the Company and, as a result, there is a material reduction in amounts payable to the Executive under those Annual Awards when compared to the awards granted to other executive officers of the Company for that calendar year.
- (f) a breach by the Company of its obligations under this Agreement;  
or
- (g) the failure of the Company to obtain assumption of this Agreement by any successor.

Notwithstanding the foregoing, an event described in this Section shall not constitute Good Reason unless it is communicated by the Executive to the Company in writing within ninety (90) days of the initial existence of such event and is not corrected by the Company in a manner which is reasonably satisfactory to such Executive within thirty (30) days of the Company's receipt of such written notice. If the purported Good Reason condition is not cured within the 30-day period described in the preceding sentence, Executive may submit a written notice of termination to the Chair of the Board in accordance with Section 6(b)(i) above specifying a Termination Date that is no more than sixty (60) days following the final day of the Company's cure period. Executive will be deemed to have accepted the condition(s), or the Company's correction of such condition(s), that may have given rise to the existence of Good Reason if she fails to provide such written notice under Section 6(b)(i) or fails to terminate her employment within the 60-day period described in the preceding sentence.

10. "Incentive Plan" shall mean the Company's 2006 Annual Incentive Plan (which is also known as the Company's 2006 Executive Management Incentive Plan and the Meritage Homes Corporation Executive Management Incentive Plan) or any successor thereto.

Exhibit A



11. “Restricted Business” shall mean (i) any business conducted by the Company or its affiliates during the Term that relates to or concerns (directly or indirectly) any Confidential Information provided to Executive or learned by Executive as a result of Executive’s duties or assignments for the Company, and/or (ii) any business competitive with the business conducted by the Company or its affiliates during the Term that relates to or concerns (directly or indirectly) any Confidential Information provided to Executive or learned by Executive as a result of Executive’s duties or assignments for Company. The geographic scope of the restriction contained in Section 7 is limited to those locations where the Company operates or has provided products or services to customers during the twelve (12) months preceding the Termination Date.

12. “Severance Plan” shall mean that certain Meritage Homes Corporation Executive Severance Plan, as may be amended from time to time.

13. “Section 409A” shall mean Code section 409A together with all regulations and regulatory guidance promulgated thereunder, as amended from time to time.

(a)

Exhibit A

**EXHIBIT B**  
**ADDITIONAL COMPENSATION, BENEFITS AND OTHER PROVISIONS**

- A. Directors and Officers Liability Insurance; Indemnification. In the event of termination of Executive's employment, (i) Executive shall remain covered under the directors and officers liability insurance maintained by the Company in commercially reasonable amounts (as determined by the Board) to the same extent as executives of the Company; and (ii) Executive shall remain eligible for indemnification by the Company to the extent provided for in the Company by-laws in effect from time to time, provided that such indemnification shall not be less favorable than the indemnification provided for in the Company's by-laws in effect as of January 1, 2017.
- B. Supplemental Term Life and Disability Insurance. The Company shall provide Executive with term life insurance in the amount of three million dollars (\$3,000,000) or, at the Company's option, reimbursement of premiums paid by Executive for an individual term life policy acquired by Executive, up to a maximum premium reimbursement of ten thousand dollars (\$10,000) per calendar year. The Company will also provide Executive with supplemental disability insurance with monthly benefits of \$20,000 in the event of Executive's total disability (or reimburse Executive premiums paid for by Executive for an individual disability policy acquired by Executive). "Disability" for purposes of this paragraph will have the definition as set forth in the Executive's disability policy; provided that, in lieu of such disability benefit, the Executive may elect to receive any combination of disability and/or long term care benefit(s) so long as the Company's cost of such other benefit(s) does not exceed the Company's cost of a disability benefit providing for monthly benefits of \$20,000. Executive shall be responsible for all taxes related to the foregoing life insurance and disability insurance premiums; the Company will withhold taxes applicable to such payments. Any reimbursements under this paragraph shall be subject to the requirements set forth in Section 5(d) of the Agreement.
- C. Attorneys' Fees. The Company shall reimburse reasonable attorneys' fees incurred by Executive for drafting and reviewing this Agreement and all related documents within sixty (60) days after it is signed by the parties, up to an amount not to exceed \$5,000. To be eligible for reimbursement, all requests for, and payment of, reimbursement under this paragraph C must occur within the timeframe set forth in Section 5(d) of the Agreement.

(b)

Exhibit B

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**EXHIBIT C**  
**BONUS**

- A. **Bonus Opportunity.** For each Performance Period, as defined in paragraph B below, Executive shall be entitled to a Bonus based on her Target Bonus, as set forth in paragraph C below, subject to the achievement of certain performance goals.
- B. **Performance Period.** For purposes of this Exhibit C, the Performance Period shall be the 12 month period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. **Target Bonus and Bonus.** Executive's Target Bonus shall be five hundred and twenty-five thousand dollars (\$525,000) for the Performance Period beginning January 1, 2017. For future Performance Periods during Executive's employment under this Agreement, the Executive's Target Bonus will remain at \$525,000, or such greater amount as may be provided in a written notice to the Executive from the Committee. Executive's Bonus that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 200% of the Target Bonus, contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the Bonus payable to the Executive shall not exceed the maximum bonus that could be payable under the Incentive Plan.
- D. **Performance Goals.** Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the Target Bonus payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. **Incentive Plan.** This Exhibit C, subject to any action taken by the Committee pursuant thereto, shall be subject to the terms and conditions of, the Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit C and the Incentive Plan, or any award agreement, the Agreement or this Exhibit C (as applicable) shall control.
- F. **Pro Rata Bonus.** A pro rata Bonus, where applicable, shall be an amount equal to (1) the Bonus otherwise determined by the Committee based upon actual performance for the Performance Period in accordance with the foregoing provisions of this Exhibit C, multiplied by (2) a fraction, the numerator of which is the number of days that Executive is employed by the Company during the Performance Period, and the denominator of which is the total number of days in the Performance Period.
- G. **Payment.** Except as otherwise provided in the Agreement, any Bonus payable under this Exhibit C (including any pro rata Bonus determined under paragraph F) shall be paid in cash to Executive at the time(s) determined by the Committee in its reasonable discretion,

provided that the Bonus shall be paid in its entirety no later than March 15 of the calendar year following the calendar year to which the payment relates.

Exhibit C  
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**EXHIBIT D**  
**PERFORMANCE SHARE AWARD**

- A. Performance Share Opportunity. For each Performance Period, as defined in paragraph B below, Executive shall be granted a Performance Share Award (“PSA”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”), based on a target specified in paragraph C below and subject to the achievement of certain performance goals.
- B. Performance Period. For purposes of this Exhibit D, the Performance Period shall be the three year period beginning on January 1 of each calendar year during the Initial Term and any Renewal Term.
- C. Shares. A target number of Shares with a fair market value on the date of grant, based on the closing price of the Company’s stock on such date, of a minimum of three hundred and ninety three thousand seven hundred and fifty dollars (\$393,750) shall be established for the PSA for each Performance Period beginning on and after January 1, 2017, or such greater amount as may be provided in a written notice to the Executive from the Committee. The PSA that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 150% of such target number of Shares, contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the maximum number of shares deliverable pursuant to any PSA shall not exceed the maximum number of shares that could be granted during a calendar year under the Stock Incentive Plan.
- D. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined under paragraph C for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. Stock Incentive Plan. This Exhibit D, subject to any action taken by the Committee pursuant thereto, shall be subject to the terms and conditions of the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit D and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit D (as applicable) shall control.
- F. Payment. Except as otherwise provided in the Agreement, any PSAs payable under this Exhibit D shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that such Shares shall be delivered (and such cash, if any, shall be paid) no later

than March 15 of the calendar year following the Performance Period to which the payment relates.

- G. Restricted Stock Units. The Company may grant Executive performance based restricted stock units in lieu of the PSAs; provided, however, that such restricted stock units shall be on the same terms and conditions as the PSAs and the provisions herein and in the Agreement with respect to PSAs shall apply to the performance based restricted stock units.

(c)

Exhibit D

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**EXHIBIT E**  
**RESTRICTED STOCK UNIT AWARD**

- A. Performance Based Restricted Stock Unit. For each Performance Period beginning on and after January 1, 2017, as defined in paragraph B below, and subject to the approval of the Committee, Executive shall be granted a Performance Based Restricted Stock Unit Award (“RSU”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”) with a fair market value on the date of grant, based on the closing price of the Company’s stock on such date, of three hundred and ninety three thousand seven hundred and fifty dollars (\$393,750), or such greater amount as may be provided in a written notice to the Executive from the Committee. Notwithstanding the foregoing, the maximum number of Shares deliverable pursuant to any RSU shall not exceed the maximum number of Shares that could be granted during a calendar year under the Stock Incentive Plan, reduced by the maximum number of shares deliverable pursuant to a PSA granted under Exhibit D during the same calendar year.
- B. Performance Period. For purposes of this Exhibit E, the Performance Period shall be the three (3) year period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than ninety (90) days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- D. Stock Incentive Plan. This Exhibit E shall be subject to the terms and conditions of, the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit E and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit E (as applicable) shall control.
- E. Payment. Except as otherwise provided in the Agreement, any RSUs which become fully vested and nonforfeitable under paragraph C of this Exhibit E shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive within 60 days after the end of the Performance Period. Notwithstanding anything in this Exhibit E to the contrary, if the 60 day payment distribution period spans two calendar years, the payment to which Executive is entitled under this paragraph E shall be made in the second calendar year.
- (d)

**EXHIBIT F**

**FORM OF RELEASE OF CLAIMS**

This Release of Claims (“Agreement”) is made and entered into by \_\_\_\_\_ (“Employee”) on the date set forth below.

WHEREAS, Employee and Meritage Homes Corporation, Inc. (the “Company”) entered into an Employment Agreement dated \_\_\_\_\_ (“Employment Agreement”); and

WHEREAS, Employee is a participant in that certain Meritage Homes Corporation Executive Severance Plan (the “Severance Plan”); and

WHEREAS, pursuant to the terms of the Employment Agreement and the Severance Plan, Employee agreed to execute and deliver Company a written waiver and general release agreement as a condition precedent to her right to receive certain amounts under the Employment Agreement and/or Severance Plan;

NOW, THEREFORE, in consideration of the promises and payments set forth in the Employment Agreement and the Severance Plan, Employee agrees as follows:

1. **Meaning of “Released Parties”:** The term Released Parties, as used throughout this Agreement, includes the Company and all of its past, present, and future shareholders, parents, subsidiaries, and affiliates, joint venturers, and other current or former related entities thereof, and all of the past, present, and future officers, directors, employees, agents, insurers, legal counsel, and successors and assigns of said entities.

2. **Employee’s Release of Claims:** Subject to Paragraph 4 of this Agreement, Employee, on behalf of herself, her spouse (if any), representatives, agents, heirs, trusts and assigns, hereby unconditionally and irrevocably releases Released Parties to the maximum extent permitted by law, from any and all claims, debts, obligations, demands, judgments, or causes of action of any kind whatsoever, whether known or unknown that Employee has or may have had prior to the Effective Date of this Agreement (as defined in Paragraph 3(f) below) for any action or omission by Released Parties and/or due to any matter whatsoever relating to Employee’s employment or cessation of employment with the Company. Without limiting in any way the foregoing general release, this release specifically includes the following:

a. All claims and causes of action arising under the following laws, as amended: Section 1981 of the Civil Rights Act of 1866; Title VII of the Civil Rights Act; the Americans with Disabilities Act; the Federal Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; the National Labor Relations Act; the Labor Management Relations Act; the Fair Credit Reporting Act; the Employee Retirement Income Security Act of 1974; the Genetic Information Nondiscrimination Act of 2008; the Health Insurance Portability and Accountability Act; the Occupational and Safety Health Act; the Equal Pay Act; Executive Orders 11246 and 11141; the Consolidated Omnibus Budget Reconciliation Act of 1986; the Rehabilitation Act of 1973; the



Electronic Communications Privacy Act of 1986 (including the Stored Communications Act); the Arizona Wage Statute, A.R.S. § 23-350, *et seq.*, the Arizona Civil Rights Act, the Arizona Employment Protection Act, and the Arizona Constitution; and

b. All claims and causes of action arising under any other federal, state or local law, regulation or ordinance, including for employment discrimination on any basis, hostile working environment, retaliation, wrongful discharge, retaliatory discharge, constructive discharge, unsafe working conditions, breach of express or implied contract, breach of collective bargaining agreement, breach of implied covenant of good faith and fair dealing, fraud, detrimental reliance, promissory estoppel, defamation, negligence, negligent or intentional misrepresentation, invasion of privacy, interference with economic gain or contractual relations, and intentional and negligent infliction of emotional distress or “outrage”; and

c. All claims and causes of action by the Employee that Released Parties have acted unlawfully or improperly in any manner whatsoever.

3. **Age Discrimination in Employment Act; Older Workers Benefit Protection Act of 1990:** In addition to the general release in Paragraph 2 of this Agreement, the Employee is waiving and releasing any and all claims against Released Parties under the Age Discrimination and Employment Act (“ADEA”) that arose at any time during the Employee’s employment with the Company, up to and including her last day of employment. This Agreement is subject to the terms of the Older Workers Benefit Protection Act of 1990 (“OWBPA”). The OWBPA provides that an individual cannot waive a right or claim under the ADEA unless the waiver is knowing and voluntary. Pursuant to the terms of the OWBPA, the Employee acknowledges and agrees that the Employee has been provided a copy of this Agreement, has signed this Agreement voluntarily, and with full knowledge of its consequences. In addition, the Employee hereby acknowledges and agrees as follows:

a. This Agreement has been written in a manner that is calculated to be understood, and is understood, by the Employee;

b. The release provisions of this Agreement apply to any rights the Employee may have under the ADEA up to the date of this Agreement;

c. The release provisions of this Agreement do not apply to any rights or claims the Employee may have under the ADEA that arise after the date she signs this Agreement;

d. The Employee has been advised that she should consult with an attorney prior to signing this Agreement;

e. The Employee has been provided a period of twenty-one (21) calendar days (the “Review Period”) from her last day of employment with the Company to consider this Agreement. The Employee may, but is not required to, accept and sign this Agreement before the expiration of the Review Period, but no earlier than her last day of employment with the Company. If the Employee signs this Agreement before the expiration of the Review Period, the Employee agrees that she is knowingly and expressly waiving the time-period;

Exhibit F

f. For a period of seven (7) calendar days following her signing of this Agreement, the Employee may revoke this Agreement by providing written notice of any such revocation to [\_\_\_\_\_], on or before the seventh day after the Employee signs the Agreement. This Agreement shall become “effective” on the eighth calendar day after the Employee signs it if it has not been revoked during the seven (7) day revocation period (the “Effective Date”);

g. Pursuant to the Severance Plan, payment of any severance benefits under the Severance Plan is conditioned on the execution of this Agreement within the Review Period and the running of the revocation period described in 3(f) (“Revocation Period”); and

h. The Employee may not sign this Agreement until after her last day of employment with the Company and the Agreement shall not be effective if the Employee executes the Agreement prior to such date.

4. **Protected Rights:** The Employee understands that nothing contained in this Agreement shall be construed to prohibit him from filing a charge with or participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, or any state or federal agency. The Employee understands that she has waived and released any and all claims for money damages and equitable relief that the Employee may recover from Released Parties pursuant to the filing or prosecution of any administrative charge against Released Parties, or any resulting civil proceeding or lawsuit brought on her behalf for the recovery of such relief, and which arises out of the matters that are and may be released or waived by this Agreement. The Employee also understands, however, that this Agreement does not limit her ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. This Agreement also does not limit the Employee’s right to receive an award for information provided to any government agencies.

5. **Pension Plan:** This Agreement shall not affect any vested rights the Employee has under an ERISA pension benefit plan(s).

6. **Medicare:** The Employee affirms, covenants, and warrants she is not a Medicare beneficiary and is not currently receiving, has not received in the past, will not have received at the time of payment pursuant to this Agreement, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability or Medicare benefits. In the event any statement in the preceding sentence is incorrect (for example, but not limited to, if the Employee is a Medicare beneficiary, etc.), the following sentences (i.e., the remaining sentences of this paragraph) apply. The Employee affirms, covenants, and warrants she has made no claim for illness or injury against, nor is she aware of any facts supporting any claim against, the Released Parties under which Released Parties could be liable for medical expenses incurred by the Employee before or after the execution of this agreement. Furthermore, the Employee is aware of no medical expenses which Medicare has paid and for which Released Parties are or could be liable now or in the future. The Employee agrees and affirms that, to the best of her knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. The Employee will indemnify, defend, and hold Released Parties harmless from Medicare claims, liens, damages, conditional payments, and rights

to payment, if any, including attorneys' fees, and the Employee further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) et seq.

7. **Attorneys' Fees and Costs:** In any proceeding or action to enforce this Agreement or to recover damages arising out of its breach, the prevailing party shall be awarded its reasonable attorneys' fees and costs.

8. **Governing Law and Venue:** This Agreement will be interpreted and construed in accordance with the laws of the State of Arizona, insofar as federal law does not control, and venue as to any dispute regarding this Agreement, or interpretation thereof, shall be in Maricopa County, Arizona.

9. **Modification of Agreement:** This Agreement shall not be modified, amended, or terminated unless such modification, amendment, or termination is executed in writing by the Employee, and an authorized representative of the Company.

10. **The Employee's Representations:** The Employee warrants that the Employee is over the age of eighteen (18) and competent to sign this Agreement; that in signing this Agreement the Employee is not relying on any statement or representation by the Company that is not contained in this Agreement, but is relying upon the Employee's judgment and/or that of the Employee's legal counsel and/or tax advisor; that the Agreement was signed knowingly and voluntarily without duress or coercion in any form; and that the Employee fully understands the same is a FULL and FINAL SETTLEMENT of any and all claims against Released Parties which have been or could have been asserted or on account or arising out of the Employee's employment relationship with the Company or the actions of any of Released Parties. The Employee further represents and certifies that the Employee has been given a fair opportunity to review the terms of this Agreement and has determined that it is in the Employee's best interest to enter into this Agreement.

11. **Drafting and Construction:** This Agreement may not be construed in favor of or against either the Employee or the Company (each, a "Party") on the grounds that said Party was less or more involved in the drafting process.

ACCEPTED AND AGREED:

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[Employee Name]                      Date

**EMPLOYMENT AGREEMENT**

This **EMPLOYMENT AGREEMENT** (the "Agreement") is entered into February 14, 2017 and made effective as of January 1, 2017 (the "Effective Date"), by and between Meritage Homes Corporation, a corporation organized under the laws of the State of Maryland (the "Company"), and Javier Feliciano ("Executive") (the Company and Executive are sometimes collectively referred to herein as the "Parties" and individually as a "Party"), all with reference to the following:

**WHEREAS**, the Executive is currently employed by the Company as its Executive Vice President – Chief Human Resource Officer;

**WHEREAS**, the Company and the Executive most-recently previously entered into an employment agreement defining the terms and conditions of Executive’s employment with the Company, dated as of October 16, 2015 ("Previous Agreement");

**WHEREAS**, the Previous Agreement provided Executive with certain rights, responsibilities and benefits;

**WHEREAS**, the Company and Executive believe that it is in the best interest of each to make certain changes to Executive’s terms and conditions of his employment with the Company; and

**WHEREAS**, the Company desires to continue to obtain the services of Executive, and Executive desires to provide services to the Company, in accordance with the terms, conditions and provisions contained in this Agreement.

**NOW THEREFORE**, in consideration of the covenants and mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in reliance upon the representations, covenants and mutual agreements contained herein, the Company and Executive agree to amend, restate and replace the Previous Agreement with this Agreement, as follows:

1. Defined Terms. Capitalized terms not otherwise defined shall have the meanings set forth in Exhibit A.
2. Term. Subject to earlier termination in accordance with Section 6 of this Agreement, Executive shall be employed by the Company for a term commencing on the Effective Date and ending on December 31, 2018 (the "Initial Term"), and, upon the expiration of the Initial Term, for successive one-year periods thereafter (each, a "Renewal Term"), unless (i) written notice of non-renewal is given no less than sixty (60) days prior to the expiration of the applicable term by either party hereto; or (ii) Executive’s employment is terminated earlier pursuant to Section 6 of this

Agreement. References to the “Term” shall be deemed to include the Initial Term or any Renewal Term, as applicable.

### 3. Position and Duties.

(a) Position. During the Term, Executive shall serve as Executive Vice President – Chief Human Resource Officer of the Company. Executive shall report directly to the Company’s Chief Executive Officer (the “CEO”). In such capacity, Executive shall have the duties, functions, responsibilities, and authority customarily appertaining to that position and shall have such other duties, functions, responsibilities, and authority consistent with such position as are from time to time delegated to him by the Company’s CEO.

(b) Duties. Executive shall have supervision, control over, and responsibility for the day-to-day business and affairs of the Company and shall have such other powers and duties as may from time to time be prescribed by the CEO, provided that such supervision, control over, responsibilities and duties are consistent with Executive’s position or other positions that he may hold from time to time. Executive shall devote substantially all of his business time and attention to the performance of Executive’s duties hereunder and to the Company’s affairs and shall not engage in any other business, profession or occupation for compensation or otherwise that would conflict or interfere with the rendition of such services, either directly or indirectly; provided, that nothing herein shall preclude Executive from (i) serving on the board of directors of two (2) for-profit companies that do not compete with the Company in the judgment of the Board; (ii) serving on civic or charitable boards or committees; and/or (iii) managing personal investments, so long as all such activities described in clauses (i) through (iii) above do not unreasonably interfere with the Executive’s performance of his duties to the Company as provided in this Agreement and, in the case of the activities described in clauses (i) and (ii), are disclosed to the Board.

(c) Principal Place of Employment. Executive’s initial principal place of employment during the Term shall be 8800 East Raintree Drive, Suite 300, Scottsdale, Arizona 85260, or as shall be designated by the CEO, subject to the terms and conditions of this Agreement. The Parties acknowledge that Executive may be required to travel in connection with the performance of his duties hereunder.

(d) Corporate Policies. During the Term, Executive shall be subject to all of the Company’s corporate governance, ethics, and executive compensation and other policies as in effect from time to time.

(e) Compensation, Benefits, Other Items Applicable to Executive. During the Term, Executive shall be entitled to the compensation and benefits described in Sections 4 and 5 of this Agreement. Other items applicable to Executive during the Term are as set forth in Exhibit B.

### 4. Compensation.

(a) Base Salary. During the Term, Executive shall receive an annual base salary (the “Base Salary”) of three hundred and twenty thousand dollars (\$320,000), payable in regular installments in accordance with the Company’s usual payroll practices. Executive’s Base Salary is subject to annual review and may, in the Compensation Committee’s discretion, be increased or

decreased under the Company's standard compensation policies for executive-level employees. As so adjusted, the term "Base Salary" shall refer to the adjusted amount.

(b) Annual Incentive Bonus. During the Term, Executive shall be entitled to annual incentive compensation (the "Bonus") under the Incentive Plan, subject to the achievement of certain performance goals established by the Committee pursuant to the Incentive Plan and other terms and conditions, as set forth on Exhibit C.

(c) Equity Awards.

(i) Annual Awards. For each calendar year during the Term, Executive shall be eligible to receive a (x) Performance Share Award and/or Restricted Stock Unit Award under the 2006 Stock Plan (or any successor thereto), subject to the achievement of certain performance goals established by the Compensation Committee pursuant to the 2006 Stock Plan and other terms and conditions, as set forth in Exhibit D, and a (y) Restricted Stock Unit Award under the 2006 Stock Plan, subject to a separate performance goal and other terms and conditions, as set forth in Exhibit E (each, an "Annual Award"). The Annual Awards shall be made on terms and conditions that are consistent with those on which awards are made to other executive officers of the Company, except as the Compensation Committee may otherwise specify in its sole discretion. Except as otherwise provided herein, each Annual Award will be subject to the terms of the 2006 Plan (or any successor thereto) and the individual award agreement pursuant to which it is made.

5. Employee and Fringe Benefits; Expense Reimbursements.

(a) Employee Benefits. During the Term, Executive and his eligible dependents (if any) shall be able to participate in employee benefit plans and perquisite and fringe benefit programs on a basis no less favorable than the basis on which such benefits and perquisites are provided by the Company from time to time to other senior executive employees.

(b) ERISA Severance Plan Benefits. Executive shall be eligible to participate in the Company's Severance Plan; benefits available under that Severance Plan are contingent on Executive's continued eligibility for that plan as well as actions required to be taken by Executive in order to be considered a "Participant" in that Severance Plan. Company acknowledges and agrees that, as of the Effective Date, Executive has taken all actions to be considered a "Participant" in the Severance Plan and, accordingly, will remain a "Participant" during the Term. Any amounts or benefits payable under the Severance Plan shall be governed by the terms and conditions of that plan, and shall not be governed by this Agreement.

(c) Paid Time Off. Executive shall be entitled to paid vacation each year in accordance with the Company's then-current vacation policy for other executive-level employees. The rules relating to other absences from regular duties for holidays, sick or disability leave, leave of absence without pay, or for other reasons, shall be the same as those provided to the Company's other executive officers.

(d) Expense Reimbursement. Executive shall be entitled to receive prompt reimbursement for all travel and business expenses reasonably incurred and accounted for by

Executive (in accordance with the policies and procedures established from time to time by the Company for Executive or as otherwise provided for in the Company's approved travel budget) in performing services hereunder. Any reimbursement that Executive is entitled to receive shall (i) be paid as soon as practicable and in any event no later than the last day of Executive's tax year following the tax year in which the expense was incurred, (ii) not be affected by any other expenses that are eligible for reimbursement in any tax year and (iii) not be subject to liquidation or exchange for another benefit.

6. Termination of Employment. Except for the provisions intended to survive for other periods of time as specified in Section 15(n) below, this Agreement and Executive's employment shall terminate (i) at any time upon mutual written agreement of the Parties; (ii) by the Company, immediately and without prior notice, for Cause as provided in Section 6(a); (iii) by Executive for Good Reason as provided in Section 6(b); (iv) immediately upon Executive's death or Disability as provided in Section 6(c); or (v) by the Company for any reason not otherwise covered by clauses (a), (b), or (c) herein as provided in Section 6(b); or (vi) by Executive for any reason not otherwise covered by clauses (a), (b), or (c) herein with advance written notice as provided in Section 6(a). The date on which Executive's employment ends under this Section 6 shall be referred to herein as his "Termination Date."

(a) Termination for Cause; Voluntary Termination. At any time during the Term, (i) the Company may immediately terminate Executive's employment for Cause, and (ii) Executive may terminate his employment "voluntarily" (that is, other than by death, Disability or for Good Reason); provided, that Executive will be required to give the Board at least sixty (60) days' advance written notice of any such termination; provided, however, that the Board may waive all or any part of the foregoing notice requirement in its sole discretion, in which case Executive's voluntary termination will be effective upon the date specified by the Board. Upon the termination of Executive's employment by the Company for Cause or by Executive's voluntary termination, Executive shall receive the Accrued Obligations. All other benefits, if any, due to Executive following Executive's termination of employment pursuant to this Section 6(a) shall be determined in accordance with the plans, policies and practices of the Company as then in effect, including but not necessarily limited to the Severance Plan and the Incentive Plan. Executive shall not earn or accrue any additional compensation or other benefits under this Agreement following the Termination Date. Notwithstanding anything in this Section 6 to the contrary, in the event Executive is terminated for Cause, the Company will provide notice to the Executive outlining the reason(s) underlying the termination within one business day of such termination; for the avoidance of doubt, the foregoing notice provision is not a condition precedent to a termination for Cause.

(b) Termination for Good Reason by Executive or Without Cause by the Company. At any time, (i) Executive may terminate his employment for Good Reason; and (ii) the Company may terminate Executive's employment hereunder without Cause, in either case pursuant to this Section 6(b). Upon the termination of Executive's employment pursuant to this Section 6(b), Executive shall receive the Accrued Obligations. In addition, subject to Executive's compliance with the requirements set forth in the Severance Plan and continued compliance with the provisions of Sections 7 through 11 of this Agreement and Executive's execution, delivery and non-revocation of an effective release of claims against the Company and certain related persons and entities in



substantially the form attached hereto as Exhibit F (the "Release"), which Release shall be delivered to Executive within five (5) business days following the Termination Date and which must be executed (and not revoked) by Executive within the time specified in the Release (the "Release Period"), Executive shall be entitled to the severance benefits as provided in the Severance Plan pursuant to the terms and conditions of that plan.

(c) Termination Due to Death or Disability.

(i) Death. Executive's employment with the Company shall terminate upon Executive's death. Upon the termination of the Term and Executive's employment as a result of this Section 6(c)(i), Executive's estate shall receive the Accrued Obligations within fifteen (15) days following the Termination Date. Additionally, Executive's estate will receive a lump-sum payment (less applicable withholding taxes) equal to the Executive's Target Bonus (as defined in Exhibit C hereto). Such lump-sum amount shall be payable within sixty (60) days following Executive's death. All other payments or benefits, if any, due to Executive's estate following Executive's termination due to death shall be determined in accordance with the plans, policies and practices of the Company as then in effect; provided, that Executive's estate shall not be entitled to any severance payments or benefits under any other agreement or any severance plan, policy or program of the Company (excluding any group health benefit plans). Executive's estate shall not earn or accrue any additional compensation or other benefits under this Agreement following the Termination Date.

(ii) Disability. The Company may terminate Executive's employment if he becomes unable to perform the essential functions of his position as a result of his Disability. Upon any termination of the Term and Executive's employment pursuant to this Section 6(c)(ii), Executive shall receive the Accrued Obligations. Additionally, Executive will receive a lump-sum payment (less applicable withholding taxes) equal to the Executive's Target Bonus in the year of termination of employment due to Disability. Such lump-sum amount shall be payable upon the later of: (x) sixty (60) days following termination of employment due to Disability, or (y) such later date required by Section 15(g)(i). Executive shall not earn or accrue any additional or other benefits under this Agreement following the Termination Date.

(iii) Equity Compensation Provisions. In the event Executive's employment is terminated due to death or Disability, notwithstanding any other provision in any applicable equity compensation plan (including but not necessarily limited to the 2006 Plan (or any successor thereto)) and/or individual award agreement, the following provisions shall apply with respect to grants of equity compensation upon such death or termination due to Disability:

(1) Accelerated Vesting of Equity Awards.

- (a) One hundred percent (100%) of the Executive's then-outstanding and unvested stock options that are subject to time-based vesting will become vested in full;
- (b) any and all service conditions imposed on the Executive's then-outstanding and unvested performance shares will be waived as of the Executive's Termination Date; provided, however, that if an outstanding performance share is to be determined based on the achievement of performance criteria, then the performance share will be determined based on the actual performance and attainment of the performance criteria over the relevant performance period(s) and paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such award;
- (c) any and all service conditions imposed on the Executive's then-outstanding and unvested time-based restricted stock grant (or restricted stock unit grant) will be waived as of the Executive's Termination Date; provided, however, that if an amount payable under an outstanding restricted stock grant (or restricted stock unit grant) is to be determined based on the achievement of performance criteria, then the restricted stock grant (or restricted stock unit grant) will be determined based on the actual performance and attainment of the performance criteria over the relevant performance period(s) and paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such award;

any and all service conditions imposed on the Executive's then-outstanding and unvested performance Restricted Stock Units will be waived as of the Executive's Termination Date; provided, however, that if settlement of any such outstanding Restricted Stock Units is to be determined based on the achievement of performance criteria, then settlement of such performance Restricted Stock Unit will be determined based on the actual performance and attainment of applicable performance criteria over the relevant performance period(s) and paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such Restricted Stock Unit award.

(2) Extended Post-Termination Exercise Period. The Executive's outstanding and vested stock options as of the Executive's Termination Date will remain exercisable until the twelve (12) month anniversary of the Termination Date; provided, however, that the post-termination exercise period for any individual stock option will not extend beyond the earlier of its original maximum term or the tenth (10th) anniversary of the original date of grant.

(d) Notice of Termination. Any purported termination of Executive's employment by the Company or by Executive shall be communicated by written notice of termination to the other party in accordance with this Section 6. Such notice shall indicate the specific termination provision in this Agreement relied upon and shall, to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

7. Non-Competition and Non-Solicitation.

(a) Acknowledgements. Executive acknowledges:

(i) Company has provided and shall continue to provide Executive with its goodwill (a legitimate business interest of the Company) and Confidential Information so that Executive can perform his duties. Because Company would suffer irreparable harm if Executive misused its goodwill or disclosed Confidential Information, it is reasonable to protect the Company against misuse and disclosure of such information by Executive.

(ii) Because Executive will have continued access to and receive Confidential Information and will establish, maintain and increase Company's goodwill with its customers, employees and others, and because the services provided by Executive for Company are a significant factor in the creation of valuable, special and unique assets that are expected to provide Company with a competitive advantage, Company would suffer irreparable harm if Executive competed unfairly with Company (as described more fully below). Accordingly, it is reasonable to protect Company against potential unfair competition by Executive.

(iii) The promises in this Section are reasonably necessary for the protection of the Company and are reasonably limited with respect to the activities they prohibit, their duration, their geographical scope and their effect on Executive and the public. Executive acknowledges and agrees that the Company's provision of Confidential Information and grant of the initial Annual Award described in Section 4(c)(i) above shall each serve as adequate and independent consideration for the covenants set forth in this Section 7.

(b) Agreements Not to Compete or Solicit Employees or Customers. As a condition of employment and to protect Company's Confidential Information and competitive position, Executive promises and agrees that during his employment and for a period of twelve (12) months following his separation from the Company for any reason, Executive (whether as an employee, officer, director, partner, proprietor, investor, associate, consultant, advisor or otherwise) will not, directly or indirectly, either for his own benefit or the benefit of any other person or entity:

(i) Engage, invest in, or establish, in any capacity as either as an employee, employer, contractor, consultant, agent, principal, partner, member, stockholder, investor, corporate officer, director, or in any other individual or representative capacity any business that is a Restricted Business (except Executive is allowed to own or acquire 5% or less of the outstanding voting securities of a public company). Executive further promises that during Executive's employment and for a period of twelve (12) months following Executive's termination of employment with Company, Executive will not give advice or lend credit, money or Executive's reputation to any person or entity engaged in or establishing the Restricted Business.

(ii) Solicit, recruit, induce, entice, encourage, hire, directly recruit, or in any way cause any officer or manager who is or was an employee of Company within the twelve (12) months prior to Executive's separation of employment, or after, to terminate his/her employment with Company. This restriction is limited to those employees with whom Executive worked, had business contact, or about whom Executive gained non-public or Confidential Information while employed with the Company.

(iii) Solicit, contact, or communicate with any person or company for the purpose of engaging in a business that is the same or similar to the Company's business at the time Executive's employment ends, who was a customer of the Company during the twelve (12) months preceding Executive's separation and whom Executive contacted, solicited, serviced, or sold services to as an Executive of the Company (either directly or indirectly as a supervisor) at any time during the twelve (12) months preceding the date of Executive's separation. Executive also agrees not to induce any customer, supplier or other person with whom the Company engaged in business, or to the knowledge of Executive planned or proposed to engage in business, during the twelve (12)

months preceding the date of Executive's separation, to terminate any commercial relationship with the Company.

(iv) The effective time period of the restrictions set forth in this Section 7 shall be tolled during any period of time a legal proceeding brought by the Company against Executive to enforce this Agreement is pending or during any period of time in which the Executive is in violation of this Agreement.

8. Non-Disclosure of Intellectual Property, Trade Secrets, and Confidential Information.

(a) Executive agrees that, unless otherwise required by law, Executive will forever keep secret all Confidential Information of the Company, and Executive will not use it for Executive's own private benefit, or directly or indirectly for the benefit of others, and Executive will not disclose Confidential Information to any other person, directly or indirectly.

(b) If Executive is legally compelled (by subpoena, interrogatory, request for documents, investigative demand or similar process) to disclose Confidential Information, Executive shall give Company prompt, prior written notice so Company can seek an appropriate remedy or waive compliance. Executive shall furnish only that portion of the Confidential Information required on advice of legal counsel, and shall exercise Executive's best efforts to obtain an order or assurance that any Confidential Information disclosed will be treated by others in a confidential manner.

(c) The foregoing provisions notwithstanding, Company employees, contractors, and consultants may disclose trade secrets in confidence, either directly or indirectly, to a Federal, State, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may disclose related trade secrets to their attorney and use them in related court proceedings, as long as the individual files documents containing the trade secret under seal and does not otherwise disclose the trade secret except pursuant to court order.

9. Non-Disparagement.

(a) Executive agrees that he will not make or cause to be made any oral or written statements that are derogatory, defamatory, or disparaging concerning the Company, its policies or programs, or its past or present officers, directors, employees, agents, or business associates, including but not limited to its past or present suppliers or vendors, or take any actions that are harmful to the business affairs of the Company or its employees. Executive also agrees that he will not make or cause to be made any oral or written statements regarding the Company's Confidential Information (as defined above) to any third party, including, but not limited to, the general public (for example, via postings or publications on the internet), the media, financial analysts, auditors, institutional investors, consultants, suppliers, vendors, or business associates, or agents and/or representatives of any of the foregoing, unless the statement is (i) expressly authorized by the

Company in writing, or (ii) required by law. This provision is a material and substantial term of this Agreement.

(b) Company agrees that it will not make any official statement that is derogatory, defamatory, or disparaging concerning Executive, and will instruct the members of the Board and the Company's executives to refrain from making any derogatory, defamatory, or disparaging public statements concerning Executive. For the avoidance of doubt, under this Agreement, references to the Company's "executives" or "executive officers" are to the Company's named executive officers as disclosed by the Company pursuant to Item 402 of Regulation S-K.

10. Severability. If any provision, subsection, or sentence of this Agreement shall be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision, subsection, or sentence had not been contained herein.

11. Compliance With Confidentiality, Non-Compete, or Non-Disclosure Obligations. Executive represents and warrants that he is in compliance with any confidentiality, non-compete, or non-disclosures obligations or agreements previously entered into with the Company and that any such obligations or agreements shall remain in effect from and after the Effective Date. In the event of any conflict between any such pre-existing confidentiality, non-compete, or non-disclosures obligations or agreements and the terms of this Agreement, the terms of this Agreement shall control.

12. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any Sections 7, 8 or 9(a) (each a "Covenant" and together the "Covenants") would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of a breach of any of the Covenants, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and, in the case of either a breach or a threatened breach of any of the Covenants, and without waiving its right to arbitration as provided in Section 15(f), seek equitable relief before a court of competent jurisdiction, in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy that may then be available. Company acknowledges and agrees that the Executive's remedies at law for a breach or threatened breach of Section 9(b) would be inadequate and Executive would suffer irreparable damages as a result of such breach or threatened breach. Accordingly, Company agrees that Executive shall be entitled to, without waiving her right to arbitration as provided in Section 15(f) and in addition to any legal remedies available, seek equitable relief before a court of competent jurisdiction, in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy that may then be available without posting bond or proving actual damages.

13. Conflicts of Interest. Executive agrees that for the duration of this Agreement, he will not engage, either directly or indirectly, in any activity (a "Conflict of Interest") which might adversely affect Company or its affiliates, including ownership of a material interest in any supplier, contractor, distributor, subcontractor, customer or other entity with which Company does business

or accepting any payment, service, loan, gift, trip, entertainment, or other favor from a supplier, contractor, distributor, subcontractor, customer or other entity with which Company does business, and that Executive will promptly inform the Chair of the Audit Committee as to each offer received by Executive to engage in any such activity. Executive further agrees to disclose to Chair of the Audit Committee any other facts of which Executive becomes aware which might involve or give rise to a Conflict of Interest or potential Conflict of Interest.

14. Intellectual Property; Assignment of Inventions.

(a) Assignment and License of Rights. Executive assigns to Company all of Executive's rights in Intellectual Property that Executive makes or conceives during Executive's employment, whether as a sole or joint inventor, whether made during or outside working hours, whether made on Company premises or elsewhere. Executive grants to Company an unlimited, unrestricted, worldwide, royalty-free, fully paid right to access, use, modify, add to, and distribute any Intellectual Property that Executive developed and reduced to a practical form prior to Executive's employment with Company, its affiliates or subsidiaries, that Executive includes in any Intellectual Property assigned to Company. Executive understands and acknowledges that "Intellectual Property" means, for purposes of this Agreement, any information of a technical and/or business nature, such as ideas, discoveries, inventions, trade secrets, know-how, and writings and other works of authorship which relate in any manner to the actual or anticipated business or research and development of Company, its affiliates or subsidiaries.

(b) Assist Documentation. Upon request at any time and at the expense of Company or its nominee and for no additional personal remuneration, Executive agrees to execute and sign any document that Company considers necessary to secure for or maintain for the benefit of Company adequate patent and other property rights in the United States and all foreign countries with respect to any Intellectual Property. Executive also agrees to assist Company as required and at Company expense to obtain and enforce these rights.

(c) Disclosure. During the Term, Executive agrees to promptly disclose to Company any Intellectual Property when conceived or made by Executive, whether in whole or in part, and to make and maintain adequate and current records of it. If Executive's employment ends for any reason, Executive agrees to promptly turn over to Company all models, prototypes, drawings, records, documents, and the like in Executive's possession or under Executive's control, whether prepared by Executive or others, relating to Intellectual Property, and any other work done for Company. Executive acknowledges that these items are the sole property of Company.

15. Miscellaneous.

(a) Executive's Representations. Executive hereby represents and warrants to the Company that (i) Executive has read this Agreement in its entirety, fully understands the terms of this Agreement, has had the opportunity to consult with counsel prior to executing this Agreement and is signing the Agreement voluntarily and with full knowledge of its significance; (ii) the execution, delivery and performance of this Agreement by Executive does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which he is bound; (iii) Executive is not a party to or

bound by an employment agreement, non-compete agreement or confidentiality agreement with any other person or entity that would interfere with the performance of his duties hereunder; and (iv) Executive shall not use any confidential information or trade secrets of any person or party other than the Company in connection with the performance of his duties hereunder, except with valid written consent of such other person or party. **Executive has carefully read and considered all provisions of these Agreements and acknowledges that this is an important legal document that sets forth restrictions on Executive's conduct as a condition of employment with the Company.**

(b) Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Executive and an officer of the Company (other than Executive) duly authorized by the Board to execute such amendment, waiver or discharge. No waiver by either Party of any breach of the other Party of, or compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(c) Successors and Assigns.

(i) This Agreement is personal to Executive and shall not be assignable by Executive but shall inure to the benefit of and be enforceable by Executive's heirs and legal representatives.

(ii) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 15(d)(iii) below, shall not be assignable by the Company without the prior written consent of Executive (which shall not be unreasonably withheld).

(iii) The Agreement shall be assignable by the Company to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company; provided, that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as defined in this Agreement and any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

(d) Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, if delivered by overnight courier service, or if mailed by registered mail, return receipt requested, postage prepaid, addressed to the respective addresses or sent via facsimile to the respective facsimile numbers, as the case may be, as set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt; provided, however, that (i) notices sent by personal delivery or overnight courier shall be deemed given when delivered; (ii) notices sent by facsimile transmission shall be deemed given upon the sender's receipt of



confirmation of complete transmission; and (iii) notices sent by registered mail shall be deemed given two (2) days after the date of deposit in the mail.

If to Executive, to such address as shall most currently appear on the records of the Company.

If to the Company, to:

Meritage Homes Corporation  
8800 East Raintree Drive, Suite 300  
Scottsdale, Arizona 85260

Attention: Chief Executive Officer and Chief Financial Officer

(e) GOVERNING LAW; CONSENT TO JURISDICTION; JURY TRIAL WAIVER. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF MARYLAND OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF ARIZONA TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE LAW OF THE STATE OF ARIZONA (EXCEPT TO THE EXTENT SUPERSEDED BY THE LAWS OF THE UNITED STATES) WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN, AND THE PARTIES HEREBY CONSENT TO JURISDICTION IN MARICOPA COUNTY, ARIZONA. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT OR ARBITRATION PROCEEDING IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION. EACH PARTY TO THIS AGREEMENT WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM.

(f) Resolution of Disputes. Any dispute, controversy, or claim, whether contractual or non-contractual, between the Parties hereto arising directly or indirectly out of or connected with this Agreement, relating to the breach or alleged breach of any representation, warranty, agreement, or covenant under this Agreement, unless mutually settled by the Parties hereto, shall be resolved by binding arbitration in accordance with the Employment Arbitration Rules of the American Arbitration Association (the "AAA"). The Parties agree that before the proceeding to arbitration that they will mediate their disputes before the AAA by a mediator approved by the AAA. Any arbitration shall be conducted by arbitrators approved by the AAA and mutually acceptable to Company and Executive. All such disputes, controversies or claims shall be conducted by a single arbitrator, unless the dispute involves more than \$50,000 in the aggregate in which case the arbitration shall be conducted by a panel of three arbitrators. If the Parties hereto are unable to agree on the mediator or the arbitrator(s), then the AAA shall select the arbitrator(s). The resolution of the dispute by the arbitrator(s) shall be final, binding, nonappealable, and fully enforceable by a court of competent jurisdiction under the Federal Arbitration Act. The arbitrator(s) shall award damages to the prevailing party. The arbitration award shall be in writing and shall include a

statement of the reasons for the award. The arbitration shall be held in the Phoenix/Scottsdale metropolitan area. The Company shall pay all AAA, mediation, and arbitrator's fees and costs. The arbitrator(s) shall award reasonable attorneys' fees and costs to the prevailing party. Notwithstanding anything in the foregoing to the contrary, disputes concerning any cash or benefits payable under the Severance Plan shall be subject to the dispute resolution provisions of that plan, and not this Agreement.

(g) Compliance with Section 409A. The intent of the Parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event whatsoever shall the Company be liable for interest and additional tax that may be imposed on Executive by Section 409A or any damages for failing to comply with Section 409A.

(i) Notwithstanding anything herein to the contrary, (x) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment that are considered a "deferral of compensation" within the meaning of Section 409A is necessary in order to prevent interest and additional tax under Section 409A (and/or the acceleration of the timing of taxation of the deferred compensation), then the Company will defer the commencement of the portion of such payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) to the extent necessary to comply with Section 409A until the first business day to occur following the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date otherwise permitted under Section 409A); and (y) if any other payments of money or other benefits due to Executive hereunder could cause the Executive to incur interest and additional tax under Section 409A (and/or the acceleration of the timing of taxation of the deferred compensation), such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, mutually agreed upon between the Executive and the Board, that does not cause such interest and additional tax under Section 409A (and/or the acceleration of the timing of taxation of the deferred compensation) and preserves, to the maximum extent possible, the economic value of the payments and benefits under this Agreement.

(ii) In the event that payments under this Agreement are deferred pursuant to this Section 15(g) in order to prevent any accelerated tax or additional tax under Section 409A, then such payments shall be paid at the time specified under this Section 15(g) in a lump sum, together with interest at the applicable federal rate under Section 7872(f)(2)(A) of the Code in effect on the Termination Date. All remaining payments due under this Agreement will be paid in accordance with the normal dates specified in this Agreement.

(iii) Notwithstanding anything to the contrary herein, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A

and, for purposes of any such provision of this Agreement, references to a “resignation,” “termination,” “termination of employment” or like terms shall mean separation from service.

(iv) Each payment made under this Agreement shall be considered separate payments and not one of a series of payments for purposes of Section 409A.

(v) Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a “deferral of compensation” within the meaning of Section 409A, (A) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year; (B) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (C) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(h) Severability of Invalid or Unenforceable Provisions. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(i) Advice of Counsel and Construction. Each Party acknowledges that such Party had the opportunity to be represented by counsel in the negotiation and execution of this Agreement. Accordingly, the rule of construction of contract language against the drafting party is hereby waived by each Party.

(j) Entire Agreement. The 2006 Stock Plan (or any successor thereto), the Severance Plan and the Incentive Plan are hereby incorporated by reference into this Agreement. This Agreement, all Exhibits attached hereto, the 2006 Stock Plan (or any successor thereto), the Severance Plan and the Incentive Plan constitute the entire agreement between the Parties as of the Effective Date and supersedes all previous agreements and understandings between the Parties with respect to the subject matter hereof.

(k) Withholding Taxes. The Company shall be entitled to withhold from any payment due to Executive hereunder any amounts required to be withheld by applicable tax laws or regulations.

(l) Section Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(m) Cooperation. During the Term and at any time thereafter, Executive agrees to cooperate, at Company’s expense, (i) with the Company in the defense of any legal matter involving any matter that arose during Executive’s employment with the Company; and (ii) with all government authorities on matters pertaining to any investigation, litigation or administrative

proceeding pertaining to the Company. The Company will reimburse Executive for any reasonable travel and out of pocket expenses incurred by Executive in providing such cooperation.

(n) Survival. Sections 6 through 12, inclusive, and Sections 14 and 15(b)-(p), inclusive, shall survive and continue in full force in accordance with their terms notwithstanding any termination of the Term or of Executive's employment with the Company.

(o) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(p) Recoupment/Clawback. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company or any of its affiliates, which may be subject to recovery under any law, government regulation, company policy or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, company policy or stock exchange listing requirement to the extent reasonably required by any such law, government regulation, company policy or stock exchange listing requirement, as determined by the Board in its sole and absolute discretion. For purposes of this Section 15(p), a "company policy" means any written company policy adopted by the Company that is made available to the Company's executive officers through electronic or any other means.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

[Remainder of page intentionally left blank – signatures appear on the following page]

The Parties have executed this Agreement as of the date first above written.

**MERITAGE HOMES CORPORATION,**

a Maryland corporation

By: /s/ Steven J. Hilton

By: Steven J. Hilton  
Chairman and CEO

**EXECUTIVE: JAVIER FELICIANO**

/s/ Javier Feliciano

## EXHIBIT A

### DEFINED TERMS

1. “Accrued Obligations” shall mean, at any point in time and except as expressly provided herein, any amounts to which the Executive is entitled to payment but have not yet been paid to Executive including, but not limited to, each of the following (but only to the extent such amounts are vested, earned or accrued at the time of payment): Base Salary, earned but unpaid incentive compensation amounts described in Sections 4(b) and 4(c) above, and any other payments, retention bonuses, entitlements or benefits vested, earned or accrued but unpaid under applicable benefit and compensation plans, programs and other arrangements with the Company and/or any of its subsidiaries , including payment of Accrued Compensation as such term is defined in the Severance Plan.

2. “Affiliate” of a Person shall mean any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person.

3. “Board” shall mean the Company’s board of directors.

4. “Cause” shall mean the occurrence of one or more of the following: (i) Executive’s malfeasance, willful, or gross misconduct, or willful dishonesty that materially harms the Company or its stockholders; (ii) Executive’s conviction of a felony that is materially detrimental to the Company or its stockholders; (iii) Executive’s conviction of, or entry of a plea *nolo contendere* to a felony that materially damages the Company’s financial condition or reputation or to a crime involving fraud; (iv) Executive’s material violation of the Company’s Code of Ethics, including breach of duty of loyalty in connection with the Company’s business; (v) Executive’s willful failure to perform duties under this Agreement, after notice by the Board and an opportunity to cure; (vi) Executive’s failure to reasonably cooperate with, or Executive’s impedance or interference with, an investigation authorized by the Board; (vii) Executive’s failure to follow a legal and proper Board directive, after notice by the Board and a 30 (thirty) day opportunity to cure; or (viii) Executive’s willful misconduct or gross negligence pursuant to the Sarbanes-Oxley Act, if and to the extent such conduct triggers a restatement of the Company’s financial results.

5. “Code” shall mean the Internal Revenue Code of 1986, as amended.

6. “Compensation Committee” shall mean the compensation committee of the Board.

7. “Confidential Information” shall mean any and all confidential, non-public, and/or proprietary knowledge, data or information of the Company, its affiliates, parents and subsidiaries, whether now existing or developed during Executive’s employment. By way of illustration but not limitation, “Confidential Information” includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all proprietary rights therein (hereinafter collectively referred to as “Inventions”); (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business,

forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding customers and potential customers of the Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by the Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Company and other non-public information relating to customers and potential customers; (d) information regarding any of the Company's business partners and their services, including names; representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of the Company could use to the competitive disadvantage of the Company. Notwithstanding the foregoing, Executive is free to use information which is generally known in the trade or industry through no breach of this agreement or other wrongful act or omission by Executive, and Executive is free to discuss the terms and conditions of Executive's employment with others and to use his own skill, knowledge, know-how and expertise to the extent permitted by law.

8. "Disability" means Executive has been unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Whether Executive is Disabled shall be determined by a qualified medical provider selected by the Company. Alternatively, Executive will be deemed Disabled if determined to be totally disabled by the Social Security Administration. Termination of employment resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company to Executive of Company's intention to terminate Executive's employment due to Disability. In the event that Executive resumes the performance of substantially all of his or her duties hereunder before his or her termination becomes effective, the notice of intent to terminate based on Disability will automatically be deemed to have been revoked. In conjunction with determining Disability for purposes of this Agreement, Executive hereby (i) consents to any such examinations, to be performed by a qualified medical provider selected by the Company and approved by the Executive (which approval shall not be unreasonably withheld), which are relevant to a determination of whether Executive has incurred a Disability; and (ii) agrees to furnish to the qualified medical provider selected by the Company such medical information as may be reasonably requested.

9. "Good Reason" shall mean the occurrence of any one or more of the following events without Executive's written consent:

- (a) the Company assigns Executive duties that are materially inconsistent with, or constitute a material reduction of powers or functions associated with, Executive's position, duties, or responsibilities with the Company as in effect immediately prior to such assignment;

Exhibit A

- (b) a material, adverse change in Executive's titles, authority, or reporting responsibilities as in effect immediately prior to such change;
- (c) a material adverse change in the conditions of Executive's employment as in effect immediately prior to such change;
- (d) the Company requires the Executive to relocate employment to an employment location that is more than fifty (50) miles from the Executive's employment location as in effect immediately prior to such change;
- (e) except in cases where the Compensation Committee reduces the base salaries for all or substantially all of the Company's executives on account of what the Compensation Committee, in its sole and complete discretion, determines to be a significant downturn in the Company's financial performance that necessitates such action, a reduction by the Company of the Executive's annual Base Salary in excess of fifteen percent (15%) of the Annual Base Salary as in effect immediately prior to such reduction;
- (f) the Compensation Committee exercises its discretion to grant Annual Awards to the Executive for a calendar year on terms and conditions that are not consistent with those on which awards are made to other executive officers of the Company and, as a result, there is a material reduction in amounts payable to the Executive under those Annual Awards when compared to the awards granted to other executive officers of the Company for that calendar year;
- (g) a breach by the Company of its obligations under this Agreement;  
or
- (h) the failure of the Company to obtain assumption of this Agreement by any successor.

Notwithstanding the foregoing, an event described in this Section shall not constitute Good Reason unless it is communicated by the Executive to the Company in writing within ninety (90) days of the initial existence of such event and is not corrected by the Company in a manner which is reasonably satisfactory to such Executive within thirty (30) days of the Company's receipt of such written notice. If the purported Good Reason condition is not cured within the 30-day period described in the preceding sentence, Executive may submit a written notice of termination to the Chair of the Board in accordance with Section 6(b)(i) above specifying a Termination Date that is no more than sixty (60) days following the final day of the Company's cure period. Executive will be deemed to have accepted the condition(s), or the Company's correction of such condition(s), that may have given rise to the existence of Good Reason if he fails to provide such written notice under Section 6(b)(i) or fails to terminate his employment within the 60-day period described in the preceding sentence.

10. "Incentive Plan" shall mean the Company's 2006 Annual Incentive Plan (which is also known as the Company's 2006 Executive Management Incentive Plan and the Meritage Homes Corporation Executive Management Incentive Plan) or any successor thereto.

Exhibit A



11. “Restricted Business” shall mean (i) any business conducted by the Company or its affiliates during the Term that relates to or concerns (directly or indirectly) any Confidential Information provided to Executive or learned by Executive as a result of Executive’s duties or assignments for the Company, and/or (ii) any business competitive with the business conducted by the Company or its affiliates during the Term that relates to or concerns (directly or indirectly) any Confidential Information provided to Executive or learned by Executive as a result of Executive’s duties or assignments for Company. The geographic scope of the restriction contained in Section 7 is limited to those locations where the Company operates or has provided products or services to customers during the twelve (12) months preceding the Termination Date.

12. “Severance Plan” shall mean that certain Meritage Homes Corporation Executive Severance Plan, as may be amended from time to time.

13. “Section 409A” shall mean Code section 409A together with all regulation and regulatory guidance promulgated thereunder, as amended from time to time.

(a)

Exhibit A

4

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**EXHIBIT B**  
**ADDITIONAL COMPENSATION, BENEFITS AND OTHER PROVISIONS**

- A. Directors and Officers Liability Insurance; Indemnification. In the event of termination of Executive's employment, (i) Executive shall remain covered under the directors and officers liability insurance maintained by the Company in commercially reasonable amounts (as determined by the Board) to the same extent as executives of the Company; and (ii) Executive shall remain eligible for indemnification by the Company to the extent provided for in the Company by-laws in effect from time to time, provided that such indemnification shall not be less favorable than the indemnification provided for in the Company's by-laws in effect as of January 1, 2017.
- B. Supplemental Term Life and Disability Insurance. The Company shall provide Executive with term life insurance in the amount of three million dollars (\$3,000,000) (or, at the Company's option, reimbursement of premiums paid by Executive for an individual term life policy acquired by Executive, up to a maximum premium reimbursement of ten thousand dollars (\$10,000) per calendar year. The Company will also provide Executive with supplemental disability insurance with monthly benefits of \$20,000 in the event of Executive's total disability (or reimburse Executive premiums paid for by Executive for an individual disability policy acquired by Executive). "Disability" for purposes of this paragraph will have the definition as set forth in the Executive's disability policy; provided that, in lieu of such disability benefit, the Executive may elect to receive any combination of disability and/or long term care benefit(s) so long as the Company's cost of such other benefit(s) does not exceed the Company's cost of a disability benefit providing for monthly benefits of \$20,000. Executive shall be responsible for all taxes related to the foregoing life insurance and disability insurance premiums; the Company will withhold taxes applicable to such payments. Any reimbursements under this paragraph shall be subject to the requirements set forth in Section 5(d) of the Agreement.
- C. Attorneys' Fees. The Company shall reimburse reasonable attorneys' fees incurred by Executive for drafting and reviewing this Agreement and all related documents within sixty (60) days after it is signed by the parties, up to an amount not to exceed \$5,000. To be eligible for reimbursement, all requests for, and payment of, reimbursement under this paragraph C must occur within the timeframe set forth in Section 5(d) of the Agreement.

(b)

Exhibit B

1

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**EXHIBIT C**  
**BONUS**

- A. **Bonus Opportunity.** For each Performance Period, as defined in paragraph B below, Executive shall be entitled to a Bonus based on his Target Bonus, as set forth in paragraph C below, subject to the achievement of certain performance goals.
- B. **Performance Period.** For purposes of this Exhibit C, the Performance Period shall be the 12 month period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. **Target Bonus and Bonus.** Executive's Target Bonus shall be two hundred thousand dollars (\$200,000) for the Performance Period beginning January 1, 2017. For future Performance Periods during Executive's employment under this Agreement, the Executive's Target Bonus will remain at \$200,000, or such greater amount as may be provided in a written notice to the Executive from the Committee. Executive's Bonus that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 133% of the Target Bonus (or such upper percentage limit as otherwise established in writing by the Committee), contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the Bonus payable to the Executive shall not exceed the maximum bonus that could be payable under the Incentive Plan.
- D. **Performance Goals.** Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the Target Bonus payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. **Incentive Plan.** This Exhibit C, subject to any action taken by the Committee pursuant thereto, shall be subject to the terms and conditions of, the Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit C and the Incentive Plan, or any award agreement, the Agreement or this Exhibit C (as applicable) shall control.
- F. **Pro Rata Bonus.** A pro rata Bonus, where applicable, shall be an amount equal to (1) the Bonus otherwise determined by the Committee based upon actual performance for the Performance Period in accordance with the foregoing provisions of this Exhibit C, multiplied by (2) a fraction, the numerator of which is the number of days that Executive is employed by the Company during the Performance Period, and the denominator of which is the total number of days in the Performance Period.
- G. **Payment.** Except as otherwise provided in the Agreement, any Bonus payable under this Exhibit C (including any pro rata Bonus determined under paragraph F) shall be paid in

Exhibit C

cash to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that the Bonus shall be paid in its entirety no later than March 15 of the calendar year following the calendar year to which the payment relates.

Exhibit C

2

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**EXHIBIT D**  
**PERFORMANCE SHARE AWARD**

- A. Performance Share Opportunity. For each Performance Period, as defined in paragraph B below, Executive shall be granted a Performance Share Award (“PSA”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”), based on a target specified in paragraph C below and subject to the achievement of certain performance goals.
- B. Performance Period. For purposes of this Exhibit D, the Performance Period shall be the three year period beginning on January 1 of each calendar year during the Initial Term and any Renewal Term.
- C. Shares. A target number of Shares with a fair market value on the date of grant, based on the closing price of the Company’s stock on such date, of a minimum of one hundred and eighty four thousand dollars (\$184,000), shall be established for the PSA for each Performance Period beginning on and after January 1, 2017, or such greater amount as may be provided to Executive in a written notice from the Committee. The PSA that is payable for any Performance Period, if any, shall be an amount ranging from 0% to 150% of such target number of Shares, contingent upon the achievement of one or more performance goals established by the Committee for such Performance Period, as set forth in paragraph D. Notwithstanding the foregoing, the maximum number of shares deliverable pursuant to any PSA shall not exceed the maximum number of shares that could be granted during a calendar year under the Stock Incentive Plan.
- D. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than 90 days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined under paragraph C for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- E. Stock Incentive Plan. This Exhibit D, subject to any action taken by the Committee pursuant thereto, shall be subject to the terms and conditions of the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit D and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit D (as applicable) shall control.
- F. Payment. Except as otherwise provided in the Agreement, any PSAs payable under this Exhibit D shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that such Shares shall be delivered (and such cash, if any, shall be paid) no later

Exhibit D

than March 15 of the calendar year following the Performance Period to which the payment relates.

- G. Restricted Stock Units. The Company may grant Executive performance based restricted stock units in lieu of the PSAs; provided, however, that such restricted stock units shall be on the same terms and conditions as the PSAs and the provisions herein and in the Agreement with respect to PSAs shall apply to the performance based restricted stock units.

(c)

Exhibit D

2

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**EXHIBIT E**  
**PERFORMANCE BASED RESTRICTED STOCK UNIT AWARD**

- A. Performance Based Restricted Stock Unit. For each Performance Period beginning on and after January 1, 2017, as defined in paragraph B below, and subject to the approval of the Committee, Executive shall be granted a Performance Based Restricted Stock Unit Award (“RSU”) under the Stock Incentive Plan giving Executive the right to receive shares of common stock of the Company (“Shares”) with a fair market value on the date of grant, based on the closing price of the Company’s stock on such date, of one hundred and eighty four thousand dollars (\$184,000), or such greater amount as may be provided in a written notice to the Executive from the Committee. Notwithstanding the foregoing, the maximum number of Shares deliverable pursuant to any RSU shall not exceed the maximum number of Shares that could be granted during a calendar year under the Stock Incentive Plan, reduced by the maximum number of shares deliverable pursuant to a PSA granted under Exhibit D during the same calendar year.
- B. Performance Period. For purposes of this Exhibit E, the Performance Period shall be the three (3) year period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.
- C. Performance Goals. Subject to and in accordance with the requirements under Section 162(m) of the Code, no later than ninety (90) days after the commencement of each Performance Period, the Committee shall, in its sole discretion, establish in writing one or more preestablished, objective performance goals for such Performance Period. Such performance goal(s) shall state, in terms of an objective formula or standard, the amount of the target number of Shares determined for such Performance Period payable to Executive upon achievement of each such performance goal (or any specified threshold, intermediate, target, maximum or other level with respect thereto).
- D. Stock Incentive Plan. This Exhibit E shall be subject to the terms and conditions of, the Stock Incentive Plan. If there is any conflict between the provisions of the Agreement or this Exhibit E and the Stock Incentive Plan or any award agreement, the Agreement or this Exhibit E (as applicable) shall control.
- E. Payment. Except as otherwise provided in the Agreement, any RSUs which become fully vested and nonforfeitable under paragraph C of this Exhibit E shall be settled by delivery of whole Shares (with cash for any fractional share) to Executive within 60 days after the end of the Performance Period. Notwithstanding anything in this Exhibit E to the contrary, if the 60 day payment distribution period spans two calendar years, the payment to which Executive is entitled under this paragraph E shall be made in the second calendar year.
- (d)

Exhibit E

**EXHIBIT F**

**FORM OF RELEASE OF CLAIMS**

This Release of Claims (“Agreement”) is made and entered into by \_\_\_\_\_ (“Employee”) on the date set forth below.

WHEREAS, Employee and Meritage Homes Corporation, Inc. (the “Company”) entered into an Employment Agreement dated \_\_\_\_\_ (“Employment Agreement”); and

WHEREAS, Employee is a participant in that certain Meritage Homes Corporation Executive Severance Plan (the “Severance Plan”); and

WHEREAS, pursuant to the terms of the Employment Agreement and the Severance Plan, Employee agreed to execute and deliver Company a written waiver and general release agreement as a condition precedent to his right to receive certain amounts under the Employment Agreement and/or Severance Plan;

NOW, THEREFORE, in consideration of the promises and payments set forth in the Employment Agreement and the Severance Plan, Employee agrees as follows:

1. **Meaning of “Released Parties”:** The term Released Parties, as used throughout this Agreement, includes the Company and all of its past, present, and future shareholders, parents, subsidiaries, and affiliates, joint venturers, and other current or former related entities thereof, and all of the past, present, and future officers, directors, employees, agents, insurers, legal counsel, and successors and assigns of said entities.

2. **Employee’s Release of Claims:** Subject to Paragraph 4 of this Agreement, Employee, on behalf of himself, his spouse (if any), representatives, agents, heirs, trusts and assigns, hereby unconditionally and irrevocably releases Released Parties to the maximum extent permitted by law, from any and all claims, debts, obligations, demands, judgments, or causes of action of any kind whatsoever, whether known or unknown that Employee has or may have had prior to the Effective Date of this Agreement (as defined in Paragraph 3(f) below) for any action or omission by Released Parties and/or due to any matter whatsoever relating to Employee’s employment or cessation of employment with the Company. Without limiting in any way the foregoing general release, this release specifically includes the following:

a. All claims and causes of action arising under the following laws, as amended: Section 1981 of the Civil Rights Act of 1866; Title VII of the Civil Rights Act; the Americans with Disabilities Act; the Federal Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; the National Labor Relations Act; the Labor Management Relations Act; the Fair Credit Reporting Act; the Employee Retirement Income Security Act of 1974; the Genetic Information Nondiscrimination Act of 2008; the Health Insurance Portability and Accountability Act; the Occupational and Safety Health Act; the Equal Pay Act; Executive Orders 11246 and 11141; the Consolidated Omnibus Budget Reconciliation Act of 1986; the Rehabilitation Act of 1973; the



Electronic Communications Privacy Act of 1986 (including the Stored Communications Act); the Arizona Wage Statute, A.R.S. § 23-350, *et seq.*, the Arizona Civil Rights Act, the Arizona Employment Protection Act, and the Arizona Constitution; and

b. All claims and causes of action arising under any other federal, state or local law, regulation or ordinance, including for employment discrimination on any basis, hostile working environment, retaliation, wrongful discharge, retaliatory discharge, constructive discharge, unsafe working conditions, breach of express or implied contract, breach of collective bargaining agreement, breach of implied covenant of good faith and fair dealing, fraud, detrimental reliance, promissory estoppel, defamation, negligence, negligent or intentional misrepresentation, invasion of privacy, interference with economic gain or contractual relations, and intentional and negligent infliction of emotional distress or “outrage”; and

c. All claims and causes of action by the Employee that Released Parties have acted unlawfully or improperly in any manner whatsoever.

3. **Age Discrimination in Employment Act; Older Workers Benefit Protection Act of 1990:** In addition to the general release in Paragraph 2 of this Agreement, the Employee is waiving and releasing any and all claims against Released Parties under the Age Discrimination and Employment Act (“ADEA”) that arose at any time during the Employee’s employment with the Company, up to and including his last day of employment. This Agreement is subject to the terms of the Older Workers Benefit Protection Act of 1990 (“OWBPA”). The OWBPA provides that an individual cannot waive a right or claim under the ADEA unless the waiver is knowing and voluntary. Pursuant to the terms of the OWBPA, the Employee acknowledges and agrees that the Employee has been provided a copy of this Agreement, has signed this Agreement voluntarily, and with full knowledge of its consequences. In addition, the Employee hereby acknowledges and agrees as follows:

a. This Agreement has been written in a manner that is calculated to be understood, and is understood, by the Employee;

b. The release provisions of this Agreement apply to any rights the Employee may have under the ADEA up to the date of this Agreement;

c. The release provisions of this Agreement do not apply to any rights or claims the Employee may have under the ADEA that arise after the date he signs this Agreement;

d. The Employee has been advised that he should consult with an attorney prior to signing this Agreement;

e. The Employee has been provided a period of twenty-one (21) calendar days (the “Review Period”) from his last day of employment with the Company to consider this Agreement. The Employee may, but is not required to, accept and sign this Agreement before the expiration of the Review Period, but no earlier than his last day of employment with the Company. If the Employee signs this Agreement before the expiration of the Review Period, the Employee agrees that he is knowingly and expressly waiving the time-period;

Exhibit F

f. For a period of seven (7) calendar days following his signing of this Agreement, the Employee may revoke this Agreement by providing written notice of any such revocation to [\_\_\_\_\_], on or before the seventh day after the Employee signs the Agreement. This Agreement shall become “effective” on the eighth calendar day after the Employee signs it if it has not been revoked during the seven (7) day revocation period (the “Effective Date”);

g. Pursuant to the Severance Plan, payment of any severance benefits under the Severance Plan is conditioned on the execution of this Agreement within the Review Period and the running of the revocation period described in 3(f) (“Revocation Period”); and

h. The Employee may not sign this Agreement until after his last day of employment with the Company and the Agreement shall not be effective if the Employee executes the Agreement prior to such date.

4. **Protected Rights:** The Employee understands that nothing contained in this Agreement shall be construed to prohibit him from filing a charge with or participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, or any state or federal agency. The Employee understands that he has waived and released any and all claims for money damages and equitable relief that the Employee may recover from Released Parties pursuant to the filing or prosecution of any administrative charge against Released Parties, or any resulting civil proceeding or lawsuit brought on his behalf for the recovery of such relief, and which arises out of the matters that are and may be released or waived by this Agreement. The Employee also understands, however, that this Agreement does not limit his ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. This Agreement also does not limit The Employee’s right to receive an award for information provided to any government agencies.

5. **Pension Plan:** This Agreement shall not affect any vested rights the Employee has under an ERISA pension benefit plan(s).

6. **Medicare:** The Employee affirms, covenants, and warrants he is not a Medicare beneficiary and is not currently receiving, has not received in the past, will not have received at the time of payment pursuant to this Agreement, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability or Medicare benefits. In the event any statement in the preceding sentence is incorrect (for example, but not limited to, if the Employee is a Medicare beneficiary, etc.), the following sentences (i.e., the remaining sentences of this paragraph) apply. The Employee affirms, covenants, and warrants he has made no claim for illness or injury against, nor is he aware of any facts supporting any claim against, the Released Parties under which Released Parties could be liable for medical expenses incurred by the Employee before or after the execution of this agreement. Furthermore, the Employee is aware of no medical expenses which Medicare has paid and for which Released Parties are or could be liable now or in the future. The Employee agrees and affirms that, to the best of his knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. The Employee will indemnify, defend, and hold Released Parties harmless from Medicare claims, liens, damages, conditional payments, and rights

Exhibit F

to payment, if any, including attorneys' fees, and the Employee further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) et seq.

7. **Attorneys' Fees and Costs:** In any proceeding or action to enforce this Agreement or to recover damages arising out of its breach, the prevailing party shall be awarded its reasonable attorneys' fees and costs.

8. **Governing Law and Venue:** This Agreement will be interpreted and construed in accordance with the laws of the State of Arizona, insofar as federal law does not control, and venue as to any dispute regarding this Agreement, or interpretation thereof, shall be in Maricopa County, Arizona.

9. **Modification of Agreement:** This Agreement shall not be modified, amended, or terminated unless such modification, amendment, or termination is executed in writing by the Employee, and an authorized representative of the Company.

10. **The Employee's Representations:** The Employee warrants that the Employee is over the age of eighteen (18) and competent to sign this Agreement; that in signing this Agreement the Employee is not relying on any statement or representation by the Company that is not contained in this Agreement, but is relying upon the Employee's judgment and/or that of the Employee's legal counsel and/or tax advisor; that the Agreement was signed knowingly and voluntarily without duress or coercion in any form; and that the Employee fully understands the same is a FULL and FINAL SETTLEMENT of any and all claims against Released Parties which have been or could have been asserted or on account or arising out of the Employee's employment relationship with the Company or the actions of any of Released Parties. The Employee further represents and certifies that the Employee has been given a fair opportunity to review the terms of this Agreement and has determined that it is in the Employee's best interest to enter into this Agreement.

11. **Drafting and Construction:** This Agreement may not be construed in favor of or against either the Employee or the Company (each, a "Party") on the grounds that said Party was less or more involved in the drafting process.

ACCEPTED AND AGREED:

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[Employee Name]

Date

Exhibit F

**MERITAGE HOMES CORPORATION**  
**EXECUTIVE SEVERANCE PLAN**

**Effective January 1, 2017**

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**MERITAGE HOMES CORPORATION  
EXECUTIVE SEVERANCE PLAN**

**TABLE OF CONTENTS**

Preamble 1

**ARTICLE 1  
REFERENCES AND DEFINITIONS**

1.1 Accrued Compensation 1  
1.2 Base Salary 1  
1.3 Board 2  
1.4 Cause 2  
1.5 Change in Control 2  
1.6 Change in Control Period 3  
1.7 Code 3  
1.8 Committee 3  
1.9 Company 3  
1.10 Disability 3  
1.11 Effective Date 3  
1.12 Equity Awards 3  
1.13 ERISA 4  
1.14 Executive 4  
1.15 Good Reason 4  
1.16 Named Executive Officer 4  
1.17 Participant 4  
1.18 Plan 4  
1.19 Retirement 5

**ARTICLE 2  
ELIGIBILITY AND PARTICIPATION**

2.1 Eligibility 5  
2.2 Participation 5  
2.3 Duration of Participation 5  
2.4 Reemployment 5  
2.5 Non-Compete, Non-Solicitation and Confidentiality Agreement..... 5

**ARTICLE 3  
PLAN BENEFITS**

3.1 Termination without Cause or for Good Reason, Unrelated to a Change in Control. 5  
3.2 Termination without Cause or for Good Reason, in Connection with a Change in Control. 6  
3.3 Voluntary Resignation (other than for Retirement or Good Reason); Termination for Cause 8  
3.4 Voluntary Resignation for Retirement 8  
3.5 Disability; Death 10

---

3.6 Exclusive Remedy..... 10

**ARTICLE 4  
CONDITIONS AND LIMITATIONS ON BENEFITS**

4.1 Release of Claims Agreement 10  
4.2 Adherence to Non-Compete, Non-Solicitation and Confidentiality Agreement 10  
4.3 Code Section 409A 10  
4.4 Limitation on Payments 12

**ARTICLE 5  
ADMINISTRATION OF THE PLAN**

5.1 Powers and Duties of the Committee 12  
5.2 Agents 13  
5.3 Claims for Benefits 13  
5.4 Hold Harmless 15  
5.5 Service of Process 15

**ARTICLE 6  
AMENDMENT OR TERMINATION OF THE PLAN**

6.1 Right to Amend or Terminate the Plan 15  
6.2 Notice of Amendment or Termination 15  
6.3 Payment Upon Plan Termination 16

**ARTICLE 7  
GENERAL PROVISIONS AND LIMITATIONS**

7.1 No Right to Continued Employment 16  
7.2 Payment on Behalf of Payee 16  
7.3 Nonalienation 16  
7.4 Missing Payee 17  
7.5 Required Information 17  
7.6 Binding Effect 17  
7.7 Merger or Consolidation 17  
7.8 No Funding Created 17  
7.9 Notices 18  
7.10 No Duty to Mitigate 18  
7.11 Severability 18  
7.12 Entire Plan; Construction 18  
7.13 Governing Law 18  
7.14 Tax Withholding; No Company Representation 18

**EXHIBITS**

Schedule of Benefits Exhibit A  
Non-Compete, Non-Solicitation and Confidentiality Agreement Exhibit B  
Severance Agreement, Waiver and Release Exhibit C



**MERITAGE HOMES CORPORATION  
EXECUTIVE SEVERANCE PLAN**

**PREAMBLE**

Meritage Homes Corporation (the “Company”) hereby establishes and adopts this Meritage Homes Corporation Executive Severance Plan (the “Plan”), effective as of the Effective Date, to further the economic interests of the Company by providing severance benefits to selected Executives.

The Compensation Committee “Compensation Committee”) of the Company’s Board of Directors (the “Board”) recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such possibility, and the resultant uncertainty as to an Executive’s responsibilities, compensation, or continued employment, may result in the departure or distraction of the Executive, which may be detrimental to the financial performance of the Company.

The Compensation Committee believes that it is in the best interests of the Company and its stockholders to (i) assure that the Company will have the continued dedication and objectivity of selected Executives, notwithstanding the possibility, threat, or occurrence of a Change in Control, and (ii) provide selected Executives with an incentive to continue their employment prior to a Change in Control and to motivate them to maximize the value of the Company upon a Change in Control for the benefit of its stockholders.

The Compensation Committee also believes that it is important to the interest of the Company and its stockholders to provide selected Executives with certain severance benefits upon their termination of employment under certain non-Change in Control circumstances.

The Plan is a “top-hat” plan within the meaning of Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA. As such, this Plan is subject to limited ERISA reporting and disclosure requirements, and is exempt from most other ERISA requirements. Distributions required or contemplated by this Plan or actions required to be taken under this Plan shall not be construed as creating a trust of any kind or a fiduciary relationship between the Company and any Executive, Participant, employee, or any other person.

**ARTICLE 1  
REFERENCES AND DEFINITIONS**

Whenever used herein and capitalized, the following terms have the respective meanings indicated unless the context clearly requires otherwise.

- 1.1 “Accrued Compensation”** means all of a Participant’s accrued but unpaid vacation, expense reimbursements, wages, and other benefits due to the Participant under any Company-provided plans, policies, or arrangements as of the Participant’s termination date.
- 1.2 “Base Salary”** means a Participant’s total annual base rate of pay as in effect immediately prior to the Participant’s termination of employment or, in the event of a termination during the Change in Control Period, if greater, at the level in effect immediately prior to the Change in Control. Base Salary shall not be reduced for any salary reduction contributions: (a) to cash or deferred



arrangements under Code Section 401(k), (b) to a cafeteria plan under Code Section 125, or (c) to a nonqualified deferred compensation plan. Base Salary shall not take into account any bonuses, commissions, reimbursed expenses, employer credits or contributions to a nonqualified deferred compensation plan (other than salary reduction contributions as described above), or any additional cash compensation or compensation payable in a form other than cash.

**1.3 “Board”** means the board of directors of Meritage Homes Corporation.

**1.4 “Cause”**  
means:

- (a) a Participant’s malfeasance, willful, or gross misconduct, or willful dishonesty that materially harms the Company or its stockholders;
- (b) a Participant’s conviction of a felony that is materially detrimental to the Company or its stockholders;
- (c) a Participant’s conviction of, or entry of a plea *nolo contendere* to a felony that materially damages the Company’s financial condition or reputation or to a crime involving fraud;
- (d) a Participant’s material violation of the Company’s Code of Ethics, including breach of duty of loyalty in connection with the Company’s business;
- (e) a Participant’s willful failure to perform duties under the Participant’s employment agreement (if one exists) after notice by the Board and an opportunity to cure;
- (f) a Participant’s failure to reasonably cooperate with, or a Participant’s impedance or interference with, an investigation authorized by the Board;
- (g) a Participant’s failure to follow a legal and proper Board directive, after notice by the Board and a 30 (thirty) day opportunity to cure; or
- (h) a Participant’s willful misconduct or gross negligence pursuant to the Sarbanes-Oxley Act, if and to the extent such conduct triggers a restatement of the Company’s financial results.

The determination as to whether a Participant is being terminated for Cause will be made in good faith by the Committee and will be final and binding on all interested parties. The foregoing definition does not in any way limit the Company’s ability to terminate a Participant’s employment relationship at any time.

**1.5 “Change in Control”** means the occurrence of any of the following events:

- (a) The acquisition of beneficial ownership, directly or indirectly, of securities having 35% or more of the combined voting power of the Company’s then outstanding securities by any “Unrelated Person” or “Unrelated Persons” acting in concert with one another. For “Change of Control” purposes, the term “Person” shall mean and include any individual, partnership, joint venture, association, trust, corporation, or other entity (including a “group” as referred to in Section 13(d)(3) of the Securities

Exchange Act of 1934 (the "Act"). For "Change of Control" purposes, the term "Unrelated Person" shall mean and include any Person other than the Company, or an employee benefit plan of the Company, or any officer, director, or 10% or more shareholder of the Company as of the date of this Agreement;

- (b) A sale, transfer, or other disposition through a single transaction or a series of transactions of all or substantially all of the assets of the Company to an Unrelated Person or Unrelated Persons acting in concert with one another;
- (c) Any consolidation or merger of the Company with or into an Unrelated Person, unless immediately after the consolidation or merger the holders of the Company's common stock immediately prior to the consolidation or merger are the Beneficial Owners of securities of the surviving corporation representing at least 50% of the combined voting power of the surviving corporation's then outstanding securities; or
- (d) A change during any period of two (2) consecutive years of a majority of the members of the Company's Board of Directors for any reason, unless the election, or the nomination for election by the Company's shareholders, of each director was approved by the vote of a majority of the directors then still in office who were directors at the beginning of the period.

**1.6 "Change in Control Period"** means the period beginning one hundred and fifty (150) days prior to, and ending twenty-four (24) months following, a Change in Control.

**1.7 "Code"** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code and related Treasury Regulations are to such sections as they may from time to time be amended or renumbered.

**1.8 "Committee"** means the Compensation Committee of the Board.

**1.9 "Company"** means Meritage Homes Corporation, and will be interpreted to include any subsidiary, parent or affiliate, if applicable, or any successor company thereafter.

**1.10 "Disability"** means that a Participant is receiving income replacement benefits for a period of not less than six (6) months under an accident or health plan established by the Company for its employees, by reason of any medically determinable physical or mental impairment which actually hinders Participant's ability to perform his or her job responsibilities, and which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

**1.11 "Effective Date"** means the original effective date of the Plan, January 1, 2017.

**1.12 "Equity Awards"** means a Participant's outstanding stock options, stock appreciation rights, restricted stock units, performance shares, performance stock units and any other Company equity compensation awards.

- 1.13** “**ERISA**” means the Employee Retirement Income Security Act of 1974, as now in effect or as hereafter amended. All citations to sections of ERISA are to such sections as they may from time to time be amended or renumbered.
- 1.14** “**Executive**” means an individual who is employed by the Company at the Executive Vice President level or higher.
- 1.15** “**Good Reason**” means a Participant’s voluntary termination, within thirty (30) days following the expiration of the Company cure period (discussed below) on account of the occurrence of one or more of the following, without the Participant’s consent:
- (a) the Company assigns Participant duties that are materially inconsistent with, or constitute a material reduction of powers or functions associated with, Participant’s position, duties, or responsibilities with the Company as in effect immediately prior to such assignment;
  - (b) a material, adverse change in Participant’s titles, authority, or reporting responsibilities as in effect immediately prior to such change;
  - (c) a material adverse change in the conditions of Participant’s employment as in effect immediately prior to such change;
  - (d) the Company requires the Participant to relocate employment to an employment location that is more than fifty (50) miles from the Participant’s employment location as in effect immediately prior to such change;
  - (e) a material reduction by the Company of the Participant’s annual Base Salary as in effect immediately prior to such reduction;
  - (f) a breach by the Company of its obligations under this Plan or under any employment agreement governing the Participant’s employment with the Company; or
  - (g) the failure of the Company to obtain assumption of this Plan by any successor.

A Participant may not resign for Good Reason without first providing the Company with written notice within ninety (90) days of the initial existence of the Good Reason condition specifically identifying the acts or omissions constituting the grounds for Good Reason and a reasonable cure period of not less than thirty (30) days following the date of such notice.

- 1.16** “**Named Executive Officer**” means an individual who is “named executive officer” of the Company, as that term is defined under Item 402 of Regulation S-K, as promulgated under both the Securities Act of 1933 and the Exchange Act of 1934.
- 1.17** “**Participant**” means any Executive who commenced participation in the Plan as provided in Article 2.
- 1.18** “**Plan**” means the Meritage Homes Corporation Executive Severance Plan, as contained herein and as it may be amended from time to time hereafter.

- 1.19 **“Retirement”** means a Participant’s voluntary termination with the Company without Good Reason, after the Participant’s completion of at least fifteen (15) cumulative years of service as a Named Executive Officer and/ or a member of the Board.

## ARTICLE 2 ELIGIBILITY AND PARTICIPATION

- 2.1 **Eligibility.** An Executive shall be eligible to become a Participant in the Plan if the Executive:
- (a) is a member of the Company’s “select group of management or highly compensated employees,” as defined in ERISA Sections 201(2), 301(a)(3), and 401(a)(1);
  - (b) is designated in writing by the Committee as eligible to participate in the Plan; and
  - (c) executes a Non-Compete, Non-Solicitation and Confidentiality Agreement pursuant to Section 2.5 below (to the extent the Participant has not already executed one previously).
- 2.2 **Participation.** An Executive who is eligible to become a Participant under Section 2.1 shall become a Participant as of the later of (a) the date designated by the Committee, or (b) the date the Executive executes a Non-Compete, Non-Solicitation and Confidentiality Agreement pursuant to Section 2.5 below.
- 2.3 **Duration of Participation.** A Participant shall cease to be a Participant on the date the Participant is no longer eligible for or entitled to a benefit under this Plan.
- 2.4 **Reemployment.** If a Participant who has incurred a termination of employment again becomes an Executive, the Executive may again become a Participant in accordance with Section 2.1 at the sole discretion of the Committee, but such reemployment shall not change, suspend, delay, or otherwise affect payment of any benefit otherwise payable to the Participant under the terms of the Plan.
- 2.5 **Non-Compete, Non-Solicitation and Confidentiality Agreement.** Eligibility to participate in this Plan and the receipt of any severance payments or benefits (other than the Accrued Compensation) pursuant to this Plan is subject to Executive executing the Non-Compete, Non-Solicitation and Confidentiality Agreement in substantially the form attached hereto as Exhibit B.

## ARTICLE 3 PLAN BENEFITS

- 3.1 **Termination without Cause or for Good Reason, Unrelated to a Change in Control.** If the Company terminates a Participant’s employment with the Company without Cause (excluding death or Disability) or if a Participant resigns from such employment for Good Reason, and, in each case, such termination occurs outside of the Change in Control Period, then subject to Article 4, the Participant will receive the following:
- (a) Accrued Compensation. The Company will pay the Participant all Accrued Compensation as soon as administratively feasible after termination.

- (b) Severance Payment. The Participant will receive a lump-sum payment (less applicable withholding taxes) equal to the applicable percentage multiplier set forth in the Schedule of Benefits as attached hereto as Exhibit A based on the Participant's leadership level at the time of termination of employment times (A) the Participant's Base Salary plus (B) the Participant's target bonus in the year of termination of employment. Such lump-sum amount shall be payable upon the later of: (i) sixty (60) days following termination of employment, or (ii) such later date required by Section 4.3. Amounts payable to Participant under this Section 3.1(b) shall, together with amounts payable under Section 3.1(c), in all cases be limited to the maximum amount specified for such Participant in Exhibit A.
- (c) Bonus Payment. In addition to the severance payment described above, the Participant will receive a lump sum payment equal to Participant's pro-rata bonus based upon actual performance for the performance period in which termination occurs, determined in accordance the applicable written bonus program, and paid at such time as bonuses are paid to other executives, but not later than March 15 of the calendar year following the end of the performance period. This amount shall be calculated pro rata based on the portion of the performance period during which the Participant was an active employee of the Company. Amounts payable to Participant under this Section 3.1(c) shall, together with amounts payable under Section 3.1(b), in all cases be limited to the maximum amount specified for such Participant in Exhibit A.
- (d) Continuation Coverage. The Company shall pay Participant a single lump sum payment in an amount equal to 100% of the monthly COBRA premium payable for the coverage in effect on the date of Participant's termination date and, if applicable, the Participant's dependents under the Company's group health plan, multiplied by twenty-four (24.)
- (e) Forfeiture of Unvested Equity Awards. All outstanding unvested Equity Awards will be immediately forfeited upon the Participant's termination of employment.
- (f) Post-Termination Exercise Period. Upon the Participant's termination of employment, the Participant's outstanding and vested stock options as of the Participant's termination of employment date will remain exercisable as provided in the applicable equity awards.

**3.2 Termination without Cause or for Good Reason, in Connection with a Change in Control.** If the Company terminates a Participant's employment with the Company without Cause (excluding death or Disability) or if a Participant resigns from such employment for Good Reason, and, in each case, such termination occurs during the Change in Control Period, then subject to Article 4, the Participant will receive the following:

- (a) Accrued Compensation. The Company will pay the Participant the Accrued Compensation as soon as administratively feasible after termination.
- (b) Severance Payment. The Participant will receive a lump-sum payment (less applicable withholding taxes) equal to the applicable percentage multiplier set forth in the Schedule of Benefits as attached hereto as Exhibit A based on the Participant's leadership level at the time of termination of employment times (A) the Participant's Base Salary plus (B) the Participant's target bonus in the year of termination of employment. Such lump-sum amount shall be payable upon the later of: (i) sixty (60) days following termination of employment, or (ii) such later date required by Section 4.3. Amounts payable to Participant under this Section 3.2(b) shall, together with amounts payable under Section

3.2(c), in all cases be limited to the maximum amount specified for such Participant in Exhibit A.

- (c) Bonus Payment. In addition to the severance payment described above, the Participant will receive a lump-sum payment equal to one hundred percent (100%) of his or her target bonus as in effect for the fiscal year in which his or her termination of employment occurs calculated pro rata based on the portion of the performance period during which the Participant was an active employee of the Company. Such lump-sum amount shall be payable upon the later of: (i) sixty (60) days following termination of employment, or (ii) such later date required by Section 4.3. Amounts payable to Participant under this Section 3.2(c) shall, together with amounts payable under Section 3.2(b), in all cases be limited to the maximum amount specified for such Participant in Exhibit A.
- (d) Continuation Coverage. The Company shall pay Participant a single lump sum payment in an amount equal to 100% of the monthly COBRA premium payable for the coverage in effect on the date of Participant's termination date and, if applicable, the Participant's dependents under the Company's group health plan, multiplied by twenty-four (24.)
- (e) Accelerated Vesting of Equity Awards. Notwithstanding any other provision in any applicable equity compensation plan and/or individual award agreement:
  - (i) the Participant's then-outstanding and unvested time-based vesting stock options will become vested as of his or her termination of employment date, and the Participant's outstanding and vested stock options as of the Participant's termination of employment date will remain exercisable for the remainder or the original maximum term, but not later than the tenth (10<sup>th</sup>) anniversary of the original date of grant;
  - (ii) one hundred percent (100%) of the Participant's then-outstanding and unvested performance shares will become vested in full; provided, however, that if an outstanding performance share is to vest and/or the amount of the award to vest is to be determined based on the achievement of performance criteria, then the performance share will vest as to one hundred percent (100%) of the amount of the performance share assuming the performance criteria had been achieved at target levels for the relevant performance period(s);
  - (iii) any and all service conditions imposed on the Participant's then-outstanding and unvested time-based restricted stock grants (or time-based restricted stock unit grants) will become vested in full on his or her termination date; such time-based restricted stock grants (or time-based restricted stock unit grants) will become unrestricted immediately following the end of the applicable performance period(s) for such grants based upon actual performance achieved during the applicable performance period(s). Amounts payable with respect to such time-based restricted stock grants (or time-based restricted stock unit grants), if any, will be paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such grant; and

(iv) any and all service conditions imposed on the Participant's then-outstanding and unvested performance restricted stock grants (or restricted stock units) will be waived as of his or her termination date; provided, however, that if an outstanding performance restricted stock grant (or restricted stock unit grant) is to vest and/or the amount of the award to vest is to be determined based on the achievement of performance criteria, then the performance restricted stock grant (or restricted stock unit grant) will vest as to one hundred percent (100%) of the amount of the performance restricted stock grant (or restricted stock unit grant) assuming the performance criteria had been achieved at target levels for the relevant performance period(s).

(f) No Duplication of Benefits. For the avoidance of doubt, if (i) the Participant incurred a termination prior to a Change in Control that qualifies the Participant for severance payments under Section 3.1, and (ii) a Change in Control occurs within the twelve (12)-month period following the Participant's termination of employment that qualifies the Participant for the superior benefits under this Section 3.2, then the Participant shall be entitled to the benefits calculated under this Section 3.2, less amounts already paid under Section 3.1.

**3.3 Voluntary Resignation (other than for Retirement or Good Reason); Termination for Cause.** If a Participant's employment with the Company terminates (i) voluntarily by the Participant (other than for Retirement or Good Reason), or (ii) for Cause by the Company, then the Participant will irrevocably forfeit the benefits under this Plan and will not be entitled to receive the severance or other benefits hereunder other than the Accrued Compensation. Notwithstanding any other provision in any applicable equity compensation plan and/or individual award agreement, the following provisions shall apply with respect to grants of equity compensation upon such resignation or termination for Cause:

- (a) Forfeiture of Equity Awards. All outstanding and unvested Equity Awards will be immediately forfeited upon the Participant's voluntary resignation or termination of employment for Cause.
- (b) Post-Termination Exercise Period. Upon the Participant's resignation, the Participant's outstanding and vested stock options as of the Participant's termination of employment date will remain exercisable as provided in the applicable equity awards. Upon the Participant's termination for Cause, the Participant's outstanding and vested stock options shall not be exercisable as of the Participant's termination of employment date.

**3.4 Voluntary Resignation for Retirement.** If a Participant's employment with the Company terminates due to Retirement, then subject to Article 4, the Participant will receive the following:

- (a) Accrued Compensation. The Company will pay the Participant all Accrued Compensation as soon as administratively feasible after termination.
- (b) Bonus Payment. The Participant shall receive a pro-rata bonus based upon actual performance for the performance period in which termination occurs, determined in accordance the applicable written bonus program, and paid at such time as bonuses are paid to other executives, but not later than March 15 of the calendar year following the end of the performance period

- (c) Equity Awards. Notwithstanding any other provision in any applicable equity compensation plan and/or individual award agreement:
- (i) the Participant's then-outstanding and unvested time-based vesting stock options will become vested as of his or her termination of employment date, and the Participant's outstanding and vested stock options as of the Participant's termination of employment date will remain exercisable for the remainder or the original maximum term, but not later than the tenth (10<sup>th</sup>) anniversary of the original date of grant;
  - (ii) any and all service conditions imposed on the Participant's then-outstanding and unvested performance shares will be waived as of his or her termination date; such performance share awards will become unrestricted immediately following the end of the applicable performance period(s) for such awards based upon actual performance achieved during the applicable performance period(s). Amounts payable with respect to such performance share awards, if any, will be paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such award; and
  - (iii) any and all service conditions imposed on the Participant's then-outstanding and unvested time-based restricted stock grants (or time-based restricted stock unit grants) will become vested as of his or her termination date; on his or her termination date; such time-based restricted stock grants (or time-based restricted stock unit grants) will become unrestricted immediately following the end of the applicable performance period(s) for such grants based upon actual performance achieved during the applicable performance period(s). Amounts payable with respect to such time-based restricted stock grants (or time-based restricted stock unit grants), if any, will be paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the calendar year following the calendar year following the end of the applicable performance period for each such grant; and
  - (iv) any and all service conditions imposed on the Participant's then-outstanding and unvested performance restricted stock grants (or restricted stock unit grants) will be waived as of his or her termination date; such performance restricted stock grants (or restricted stock unit grants) will become unrestricted immediately following the end of the applicable performance period(s) for such awards based upon actual performance achieved during the applicable performance period(s). Amounts payable with respect to such performance restricted stock grants (or restricted stock unit grants) , if any, will be paid or delivered following the end of the relevant performance period(s) in accordance with the provisions of any applicable equity compensation plan and/or individual award agreement, but not later than March 15 of the



calendar year following the calendar year following the end of the applicable performance period for each such grant.

- 3.5 Disability; Death.** No benefits or other Amounts are payable under this Plan to or with respect to a Participant if the Company terminates the Participant's employment as a result of the Participant's Disability, or the Participant's employment terminates due to the Participant's death.
- 3.6 Exclusive Remedy.** In the event of a termination of a Participant's employment as set forth in this Article 3, the provisions of Article 3 are intended to be and are exclusive and in lieu of any other rights to severance pay or remedies to which the Participant is entitled, whether at law, tort or contract, in equity, or under the Plan (other than the payment of the Accrued Compensation).

#### **ARTICLE 4 CONDITIONS AND LIMITATIONS ON BENEFITS**

- 4.1 Release of Claims Agreement.** The receipt of any severance payments or benefits (other than the Accrued Compensation) pursuant to the Plan is subject to the Participant signing and not revoking a separation agreement and release of claims in substantially the form attached hereto as Exhibit C (the "Release"), which must become effective and irrevocable no later than the sixtieth (60<sup>th</sup>) day following the Participant's termination of employment (the "Release Deadline"). If the Release does not become effective and irrevocable by the Release Deadline, the Participant will forfeit any right to severance payments and any other benefits under the Plan. In no event will severance payments or benefits be paid or provided until the Release actually becomes effective and irrevocable.
- 4.2 Adherence to Non-Compete, Non-Solicitation and Confidentiality Agreement.** The receipt of any severance payments or other benefits (other than the Accrued Compensation) pursuant to this Plan is subject to the Participant executing and adhering to the provisions of the Non-Compete, Non-Solicitation and Confidentiality Agreement (the "Non-Compete Agreement") in substantially the form attached hereto as Exhibit B. A Participant will forfeit any entitlement to the severance payments or other benefits (other than the Accrued Compensation) pursuant to this Plan upon the Participant's breach of the Non-Compete Agreement. To the extent permitted by law, if the Company determines that a Participant has breached the Non-Compete Agreement, it will immediately cease any further payments and benefits under the Plan, and it will have the right to seek repayment of any such payments or benefits that have already been provided, without prejudice to any other remedies that may be available to the Company.
- 4.3 Code Section 409A.**
- (a) Notwithstanding anything to the contrary in the Plan, no severance pay or benefits to be paid or provided to a Participant, if any, pursuant to the Plan that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code Section 409A, and the final regulations and any guidance promulgated thereunder (together, the "Deferred Payments") will be paid or otherwise provided until the Participant incurs a "separation from service" within the

meaning of Code Section 409A. Similarly, no severance payable to the Participant, if any, pursuant to the Plan that otherwise would be exempt from Code Section 409A will be payable until the Participant incurs a “separation from service” within the meaning of Code Section 409A.

- (b) It is intended that, to the maximum extent permitted under Code Section 409A, none of the severance payments under the Plan will constitute Deferred Payments but rather will be exempt from Code Section 409A as a payment that would fall within the “short-term deferral period” as described in Section 4.3(d) below or resulting from an involuntary separation from service as described in Section 4.3(e) below. However, any severance payments or benefits under the Plan that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60<sup>th</sup>) day following the Participant’s separation from service, or, if later, such time as required by Section 4.3(c). Except as required by Section 4.3(c), any installment payments that would have been made to the Participant during the sixty (60) day period immediately following the Participant’s separation from service but for the preceding sentence will be paid to the Participant on the sixtieth (60<sup>th</sup>) day following the Participant’s separation from service and the remaining payments will be made as provided in the Plan.
- (c) Notwithstanding anything to the contrary in the Plan, if the Participant is a “specified employee” within the meaning of Code Section 409A at the time of the Participant’s termination (other than due to death), then the Deferred Payments, if any, that are payable within the first six (6) months following the Participant’s separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of the Participant’s separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if the Participant dies following his or her separation from service, but before the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this subsection will be payable in a lump sum as soon as administratively practicable after the date of the Participant’s death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under the Plan is intended to constitute a separate payment under Section 1.409A-2(b)(2) of the Treasury Regulations.
- (d) Any amount paid under the Plan that satisfies the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of Section 4.3(a) above.
- (e) Any amount paid under the Plan that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Code Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of Section 4.3(a) above. Code Section 409A Limit means two (2) times the lesser of: (i) a Participant’s annualized compensation based upon the annual rate of pay paid to the Participant during the Participant’s taxable year preceding the Participant’s taxable year of his or her separation from service, and with such adjustments as are set forth in Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto;

or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Code Section 401(a)(17) for the year in which the Participant's separation from service occurs.

- (f) The foregoing provisions are intended to comply with the requirements of Code Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Code Section 409A, and any ambiguities herein will be interpreted to so comply.

**4.4 Limitation on Payments.** In the event that the severance and other benefits provided for under the Plan or otherwise payable to a Participant (i) constitute "parachute payments" within the meaning of Code Section 280G, and (ii) but for this Section 4.4, would be subject to the excise tax imposed by Code Section 4999, then the Participant's benefits under Article 3 will be either

- (a) delivered in full, or
- (b) delivered as to such lesser extent which would result in no portion of such benefits being subject to excise tax under Code Section 4999,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Code Section 4999, results in the receipt by the Participant on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Code Section 4999. If a reduction in severance and other benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction will occur in the following order: (A) reduction of cash payments; (B) cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G), (C) cancellation of accelerated vesting of equity awards; (D) reduction of employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of the Participant's equity awards.

Any determination required under this Section 4.4 will be made in writing by the Company's independent public accountants immediately prior to a Change in Control (the "Firm"), whose determination will be conclusive and binding upon all interested parties. For purposes of making the calculations required by this Section 4.4, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999. The Company and the Participant will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section. The Company will bear all costs the Firm may incur in connection with any calculations contemplated by this Section 4.4.

## ARTICLE 5 ADMINISTRATION OF THE PLAN

**5.1 Powers and Duties of the Committee.** The Committee shall have general responsibility for the administration of the Plan, including, but not limited to, complying with reporting and disclosure requirements, if any, and establishing and maintaining Plan records. The Committee may delegate to any Executive or other employee of the Company all or a portion of its authority to perform any act hereunder, including, without limitation, those matters involving the exercise of discretion, provided that such delegation shall be subject to revocation at any time at the

discretion of the Committee. In the exercise of the Committee's sole and absolute discretion, the Committee shall interpret the Plan's provisions and determine the eligibility of individuals for benefits. The Committee shall have the maximum discretion permitted under law to interpret the Plan, and all decisions of the Committee shall be final and binding on all interested parties, subject to Section 5.3 below.

No individual serving as a Committee member or at the request of the Committee shall be entitled to act on or decide any matter relating solely to him or her or any of his or her rights or benefits under the Plan. In the event an individual is unable to act on any matter by reason of the foregoing restriction, the remaining Committee members shall act on such matter. The Committee shall not receive any special compensation for serving in the capacity of Committee but shall be reimbursed for any reasonable expenses incurred in connection herewith. Except as otherwise required by ERISA, no bond or other security shall be required of the Committee in any jurisdiction.

**5.2 Agents.** The Committee may engage such legal counsel, certified public accountants and other advisers and service providers, who may be advisers or service providers for the Company or an affiliate, and make use of such agents and clerical or other personnel, as it shall require or may deem advisable for purposes of the Plan. The Committee may rely upon the written opinion of any legal counsel or accountants engaged by the Committee, and may delegate to any such agent its authority to perform any act hereunder, including, without limitation, those matters involving the exercise of discretion, provided that such delegation shall be subject to revocation at any time at the discretion of the Committee.

**5.3 Claims for Benefits.** Any person claiming a benefit ("Claimant") under the Plan shall present the request in writing to the Committee.

(a) Initial Claim Review. If the claim is wholly or partially denied, the Committee will, within a reasonable period of time, and within ninety (90) days of the receipt of such claim, or if the claim is a claim on account of Disability, within forty-five (45) days of the receipt of such claim, provide the Claimant with written notice of the denial setting forth in a manner calculated to be understood by the Claimant:

- (i) The specific reason or reasons for which the claim was denied;
- (ii) Specific reference to pertinent provisions of the Plan, rules, procedures or protocols upon which the Committee relied to deny the claim;
- (iii) A description of any additional material or information that the Claimant may file to perfect the claim and an explanation of why this material or information is necessary;
- (iv) An explanation of the Plan's claims review procedure and the time limits applicable to such procedure and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse determination upon review; and

- (v) In the case of an adverse determination of a claim on account of Disability, the information to the Claimant shall include, to the extent necessary, the information set forth in Department of Labor Regulation Section 2560.503-1(g)(1)(v).

If special circumstances require the extension of the forty-five (45) day or ninety (90) day period described above, the Claimant will be notified before the end of the initial period of the circumstances requiring the extension and the date by which the Committee expects to reach a decision. Any extension for deciding a claim will not be for more than an additional ninety (90) day period, or if the claim is on account of Disability, for not more than two additional thirty (30) day periods.

- (b) Review of Claim. If a claim for benefits is denied, in whole or in part, the Claimant may request to have the claim reviewed. The Claimant will have one hundred eighty (180) days in which to request a review of a claim regarding Disability, and will have sixty (60) days in which to request a review of all other claims. The request must be in writing and delivered to the Board, and the Board or its designee shall review the appeal (“appeal official”). If no such review is requested, the initial decision of the Committee will be considered final and binding.

The appeal official’s decision on review shall be sent to the Claimant in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the Claimant, as well as specific references to the pertinent Plan provisions, rules, procedures or protocols upon which the appeal official relied to deny the appeal. The appeal official shall consider all information submitted by the Claimant, regardless of whether the information was part of the original claim. The decision shall also include a statement of the Claimant’s right to bring an action under Section 502(a) of ERISA.

The appeal official’s decision on review shall be made not later than sixty (60) days (forty-five (45) days in the case of a claim on account of Disability) after its receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred and twenty (120) days (ninety (90) days in the case of a claim on account of Disability) after receipt of the request for review. This notice to the Claimant shall indicate the special circumstances requiring the extension and the date by which the appeal official expects to render a decision and will be provided to the Claimant prior to the expiration of the initial forty-five (45) day or sixty (60) day period.

Notwithstanding the foregoing, in the case of a claim on account of Disability:

- (i) The review of the denied claim shall be conducted by a party who is neither the individual who made the benefit determination nor a subordinate of such person; and

(ii) No deference shall be given to the initial benefit determination. For issues involving medical judgment, the reviewing party must consult with an independent health care professional who may not be the health care professional who decided the initial claim.

(c) Legal Proceedings Regarding Claims. Claimants must follow the claims procedures included in this Section before taking action in any other forum regarding a claim. Any suit or legal action initiated by a Claimant must be brought by the Claimant no later than one (1) year following a final decision on the claim under these claims procedures. The one (1) year statute of limitations on suits for benefits shall apply in any forum where a Claimant initiates such suit or legal action. If a civil action is not filed within this period, the Claimant's claim will be deemed permanently waived and abandoned, and the Claimant will be precluded from reasserting it.

**5.4 Hold Harmless.** To the maximum extent permitted by law, the members of the Committee and the Board shall not be personally liable by reason of any contract or other instrument executed by such members or on such members' behalf in their capacity as the administrator of the Plan nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless, directly from its own assets (including the proceeds of any insurance policy the premiums of which are paid from the Company's own assets), the Committee and each other officer, employee, or director of the Company or an affiliate to whom any duty or power relating to the administration or interpretation of the Plan is delegated against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud, willful misconduct or bad faith.

**5.5 Service of Process.** The Committee or such other person designated by the Committee shall be the agent for service of process under the Plan.

## ARTICLE 6 AMENDMENT OR TERMINATION OF THE PLAN

### 6.1 Right to Amend or Terminate the Plan

- (a) Prior to a Change in Control, the Committee reserves the right at any time to amend or terminate the Plan, in whole or in part, and for any reason and without the consent of any Participant or other person. Following a Change in Control, the Plan may be amended or terminated only with the prior written consent of all Participants.
- (b) In no event shall an amendment or termination modify, reduce, or otherwise affect the Company's obligations under the Plan made before the amendment or termination, as such obligations are defined under the provisions of the Plan existing immediately before such amendment or termination.

**6.2 Notice of Plan Amendment or Termination.** Notice of any amendment or termination of the Plan shall be given by the Committee to each Participant and any other person entitled to a benefit hereunder.

**6.3 Payment upon Plan Termination.** If the Plan is terminated, the Company may distribute all vested, accrued benefits under the Plan in a single lump sum payment after the date the Plan is terminated if and to the extent permitted under Code Section 409A and the related Treasury Regulations and other guidance issued thereunder. Accordingly, the Company may accelerate Deferred Payments hereunder in accordance with one of the following:

- (a) the termination of the Plan within twelve (12) months of a corporate dissolution taxed under Code Section 331 or with the approval of a bankruptcy court pursuant to 11 U.S.C. 503(b)(1)(A), as provided in Treasury Regulation Section 1.409A-3(j)(4)(ix)(A); or
- (b) the termination of the Plan, provided that the termination does not occur proximate to a downturn in the financial health of the Company, if all arrangements that would be aggregated with the Plan under Treasury Regulation Section 1.409A-1(c) are terminated, and no payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within twelve (12) months of the Plan termination, and all payments are made within twenty-four (24) months of the Plan termination, and no new arrangement that would be aggregated with the Plan under Treasury Regulation Section 1.409A-1(c) is adopted within three (3) years following the Plan termination, as provided in Treasury Regulation Section 1.409A-3(j)(4)(ix)(C); or
- (c) such other events and conditions as the IRS may prescribe in generally applicable published regulatory or other guidance under Code Section 409A.

## **ARTICLE 7 GENERAL PROVISIONS AND LIMITATIONS**

**7.1 No Right to Continued Employment.** Nothing contained in the Plan shall give any person the right to be retained in the employment of the Company or affect the right of the Company to dismiss any employee. The adoption and maintenance of the Plan shall not constitute a contract between the Company and an Executive or consideration for, or an inducement to or condition of, the employment of any Executive.

**7.2 Payment on Behalf of Payee.** If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for such person's affairs because of illness or accident, or is a minor, or had died, then any payment due such person or such person's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so elects, be paid to such person's spouse, a child, a relative, an institute maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment hereunder. Any such payment shall be a complete discharge of the liability of the Plan and the Company therefor.

**7.3 Nonalienation.** No interest, expectancy, benefit, payment, claim, or right of any Participant under the Plan shall be (a) subject in any manner to any claims of any creditor of the Participant or any other person; (b) subject to the debts, contracts, liabilities or torts of the Participant or any other person; or (c) subject to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge or encumbrance of any kind. If any person shall attempt to take any action contrary to this Section, such action shall be null and void and of no effect,

and the Committee and the Company shall disregard such action and shall not in any manner be bound thereby and shall suffer no liability on account of its disregard thereof. If a Participant or any successor in interest hereunder shall become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge any right hereunder, then such right or benefit shall, in the discretion of the Committee, cease and terminate, and in such event the Committee may hold or apply the same or any part thereof for the benefit of the Participant or the spouse, children, or other dependents of the Participant, or any of them, in such manner and in such amounts and proportions as the Committee may deem proper.

- 7.4 Missing Payee.** If the Committee cannot ascertain the whereabouts of any person to whom a payment is due under the Plan (including the Participant, the Participant's estate or any beneficiary of the Participant), and if, after five (5) years from the date such payment is due, a notice of such payment due is mailed to the last known address of such person, as shown on the records of the Committee or the Company, and within three (3) months after such mailing such person has not made written claim therefor, the Committee may direct that such payment and all remaining payments otherwise due to such person be canceled on the records of the Plan and the amount thereof forfeited, and upon such cancellation, the Company shall have no further liability therefor, except that, in the event such person later notifies the Committee of such person's whereabouts and requests the payment or payments due to such person under the Plan, the amounts otherwise due but unpaid as of the date payment would have been made shall be paid to such person without interest or earnings accruals due to late payment.
- 7.5 Required Information.** Each Participant shall file with the Committee such pertinent information concerning himself or herself, or such other person as the Committee may specify, and no Participant or any successor in interest shall have any rights or be entitled to any benefits under the Plan unless such information is filed by or with respect to the Participant.
- 7.6 Binding Effect.** Obligations incurred by the Company pursuant to this Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Participant and any successor in interest of the Participant.
- 7.7 Merger or Consolidation.** In the event of a merger or consolidation by the Company with another entity, or the acquisition of substantially all of the assets or outstanding ownership interests of the Company by another entity, the obligations and responsibilities of the Company under this Plan shall be assumed by any such successor or acquiring entity, and all of the rights, privileges, and benefits of the Participants hereunder shall continue.
- 7.8 No Funding Created.** All payments provided under the Plan shall be paid from the general assets of the Company and no separate fund shall be established to secure payment. Notwithstanding the foregoing, the Company may establish a grantor trust to assist it in funding Plan obligations; provided, however, that such trust shall at all times remain located within the United States. Any payments made to a Participant or other person from any such trust shall relieve the Company from any further obligations under the Plan only to the extent of such payment. Nothing herein shall constitute the creation of a trust or other fiduciary relationship between the Company and any other person.
- 7.9 Notices.**



- (a) General. Notices and all other communications contemplated by the Plan will be in writing and will be deemed to have been duly given when sent electronically or personally delivered, when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid, or when delivered by a private courier service such as UPS, DHL or Federal Express that has tracking capability. In the case of a Participant, notices will be sent to the e-mail address or addressed to the Participant at the home address, in either case which the Participant most recently communicated to the Company in writing. In the case of the Company, electronic notices will be sent to the e-mail address of the Chief Executive Officer or the General Counsel and mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its Chief Executive Officer or General Counsel.
- (b) Notice of Termination. Any termination by the Company for Cause or by the Participant for Good Reason will be communicated by a notice of termination to the other party hereto given in accordance with Section 7.9(a). Such notice will indicate the specific termination provision under the Plan relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date.

- 7.10 No Duty to Mitigate.** A Participant will not be required to mitigate the amount of any payment contemplated by the Plan, nor will any such payment be reduced by any earnings that the Participant may receive from any other source.
- 7.11 Severability.** If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable, and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.
- 7.12 Entire Plan; Construction.** This document and any written amendments hereto (including any resolutions of the Company, the Committee or the Board) contain all the terms and provisions of the Plan and shall constitute the entire Plan, any other alleged terms or provisions being of no effect. Unless otherwise indicated, all references to Articles, Sections, and subsections shall be to the Plan as set forth in this document. The Article titles and the captions preceding Sections and subsections have been inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision. When the context so requires, the masculine pronoun shall be deemed to include the feminine and neuter and the singular to include the plural, and vice versa in each instance, unless the context clearly indicates otherwise.
- 7.13 Governing Law.** This Plan shall be governed by and construed under the laws of the State of Arizona, without regard to conflicts of law provisions, to the extent not preempted by ERISA or other applicable federal law.
- 7.14 Tax Withholding; No Company Representation.** All payments made pursuant to this Plan will be subject to withholding of applicable income, employment and other taxes. The Company does not represent or guarantee that any particular federal, state or local income, payroll or other tax treatment will result from this Plan or the benefits provided hereunder. Each Participant, for himself or herself and his or her successors in interest, assumes full responsibility for all of his or her portion of federal, state and local taxes arising from the payments provided hereunder

and by accepting benefits hereunder agrees to indemnify and hold the Committee, the Company and the Board harmless from any and all tax consequences, including interest and/or penalties, related to taxes owed and payable by the Participant or any successor in interest.

\* \* \*

Approved by the Compensation Committee on the 10 day of January, 2017, to be effective as of the Effective Date.

**EXHIBIT A**  
**SCHEDULE OF BENEFITS**

As of January 1, 2017

Leadership Level	3.1(b)(A) Base Salary Severance Payment Multiplier	3.1(b)(B) Target Bonus Payment Multiplier	3.2(b)(A) CIC Base Salary Severance Payment Multiplier	3.2(b)(B) CIC Target Bonus Payment Multiplier
COO	200%	200%	200%	200%
CFO	200%	200%	200%	200%
CHRO	200%	200%	200%	200%

**Maximum amounts payable under 3.1 and 3.2:** Notwithstanding anything in the Plan or in the above Schedule to the contrary, the maximum amount payable to each of the above Participants under Sections 3.1(b) and (c) is \$2,000,000 (i.e., the amounts payable to each Participant under 3.1(b) plus 3.1(c) are subject to a \$2,000,000 cap) and under Section 3.2(b) and (c) is \$3,000,000 (i.e., the amounts payable to each Participant under 3.2(b) plus 3.2(c) are subject to a \$3,000,000 cap)

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## EXHIBIT B

### NON-COMPETE, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

#### **Agreements Not to Compete or Solicit Employees or Customers.**

As a condition of employment and to protect Company's Confidential Information and competitive position, Executive promises and agrees that during his employment and for a period of twelve (12) months following his separation from the Company for any reason, Executive (whether as an employee, officer, director, partner, proprietor, investor, associate, consultant, advisor or otherwise) will not, directly or indirectly, either for his own benefit or the benefit of any other person or entity:

Engage, invest in, or establish, in any capacity as either as an employee, employer, contractor, consultant, agent, principal, partner, member, stockholder, investor, corporate officer, director, or in any other individual or representative capacity any business that is a Restricted Business (except Executive is allowed to own or acquire 5% or less of the outstanding voting securities of a public company). Executive further promises that during Executive's employment and for a period of twelve (12) months following Executive's termination of employment with Company, Executive will not give advice or lend credit, money or Executive's reputation to any person or entity engaged in or establishing the Restricted Business.

Solicit, recruit, induce, entice, encourage, hire, directly recruit, or in any way cause any officer or manager who is or was an employee of Company within the twelve (12) months prior to Executive's separation of employment, or after, to terminate his employment with Company. This restriction is limited to those employees with whom Executive worked, had business contact, or about whom Executive gained non-public or Confidential Information while employed with the Company.

Solicit, contact, or communicate with any person or company for the purpose of engaging in a business that is the same or similar to the Company's business at the time Executive's employment ends, who was a customer of the Company during the twelve (12) months preceding Executive's separation and whom Executive contacted, solicited, serviced, or sold services to as an Executive of the Company (either directly or indirectly as a supervisor) at any time during the twelve (12) months preceding the date of Executive's separation. Executive also agrees not to induce any customer, supplier or other person with whom the Company engaged in business, or to the knowledge of Executive planned or proposed to engage in business, during the twelve (12) months preceding the date of Executive's separation, to terminate any commercial relationship with the Company.

The effective time period of the restrictions set forth in this Agreement shall be tolled during any period of time a legal proceeding brought by the Company against Executive to enforce this Agreement is pending or during any period of time in which the Executive is in violation of this Agreement.

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**Non-Disclosure of Intellectual Property, Trade Secrets, and Confidential Information.**

Executive agrees that, unless otherwise required by law, Executive will forever keep secret all Confidential Information of the Company, and Executive will not use it for Executive's own private benefit, or directly or indirectly for the benefit of others, and Executive will not disclose Confidential Information to any other person, directly or indirectly.

If Executive is legally compelled (by subpoena, interrogatory, request for documents, investigative demand or similar process) to disclose Confidential Information, Executive shall give Company prompt, prior written notice so Company can seek an appropriate remedy or waive compliance. Executive shall furnish only that portion of the Confidential Information required on advice of legal counsel, and shall exercise Executive's best efforts to obtain an order or assurance that any Confidential Information disclosed will be treated by others in a confidential manner.

The foregoing provisions notwithstanding, Company employees, contractors, and consultants may disclose Trade Secrets in confidence, either directly or indirectly, to a Federal, State, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may disclose related Trade Secrets to their attorney and use them in related court proceedings, as long as the individual files documents containing the Trade Secret under seal and does not otherwise disclose the Trade Secret except pursuant to court order.

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**EXHIBIT C**

**FORM OF RELEASE OF CLAIMS**

This Release of Claims (“Agreement”) is made and entered into by \_\_\_\_\_ (“Employee”) on the date set forth below.

WHEREAS, Employee and Meritage Homes Corporation, Inc. (the “Company”) entered into an Employment Agreement dated \_\_\_\_\_ (“Employment Agreement”); and

WHEREAS, Employee is a participant in that certain Meritage Homes Corporation Executive Severance Plan (the “Severance Plan”); and

WHEREAS, pursuant to the terms of the Employment Agreement and the Severance Plan, Employee agreed to execute and deliver Company a written waiver and general release agreement as a condition precedent to his right to receive certain amounts under the Employment Agreement and/or Severance Plan;

NOW, THEREFORE, in consideration of the promises and payments set forth in the Employment Agreement and the Severance Plan, Employee agrees as follows:

1. **Meaning of “Released Parties”:** The term Released Parties, as used throughout this Agreement, includes the Company and all of its past, present, and future shareholders, parents, subsidiaries, and affiliates, joint venturers, and other current or former related entities thereof, and all of the past, present, and future officers, directors, employees, agents, insurers, legal counsel, and successors and assigns of said entities.

2. **Employee’s Release of Claims:** Subject to Paragraph 4 of this Agreement, Employee, on behalf of himself, his spouse (if any), representatives, agents, heirs, trusts and assigns, hereby unconditionally and irrevocably releases Released Parties to the maximum extent permitted by law, from any and all claims, debts, obligations, demands, judgments, or causes of action of any kind whatsoever, whether known or unknown that Employee has or may have had prior to the Effective Date of this Agreement (as defined in Paragraph 3(f) below) for any action or omission by Released Parties and/or due to any matter whatsoever relating to Employee’s employment or cessation of employment with the Company. Without limiting in any way the foregoing general release, this release specifically includes the following:

a. All claims and causes of action arising under the following laws, as amended: Section 1981 of the Civil Rights Act of 1866; Title VII of the Civil Rights Act; the Americans with Disabilities Act; the Federal Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; the National Labor Relations Act; the Labor Management Relations Act; the Fair Credit Reporting Act; the Employee Retirement Income Security Act of 1974; the Genetic Information Nondiscrimination Act of 2008; the Health Insurance Portability and Accountability Act; the Occupational and Safety Health Act; the Equal Pay Act; Executive Orders 11246 and 11141; the Consolidated Omnibus Budget Reconciliation Act of 1986; the Rehabilitation Act of 1973; the Electronic Communications Privacy Act of 1986 (including the Stored Communications Act); the Arizona Wage Statute, A.R.S. § 23-350, *et seq.*, the Arizona Civil Rights Act, the Arizona Employment Protection Act, and the Arizona Constitution; and

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b. All claims and causes of action arising under any other federal, state or local law, regulation or ordinance, including for employment discrimination on any basis, hostile working environment, retaliation, wrongful discharge, retaliatory discharge, constructive discharge, unsafe working conditions, breach of express or implied contract, breach of collective bargaining agreement, breach of implied covenant of good faith and fair dealing, fraud, detrimental reliance, promissory estoppel, defamation, negligence, negligent or intentional misrepresentation, invasion of privacy, interference with economic gain or contractual relations, and intentional and negligent infliction of emotional distress or "outrage"; and

c. All claims and causes of action by the Employee that Released Parties have acted unlawfully or improperly in any manner whatsoever.

3. **Age Discrimination in Employment Act; Older Workers Benefit Protection Act of 1990:** In addition to the general release in Paragraph 2 of this Agreement, the Employee is waiving and releasing any and all claims against Released Parties under the Age Discrimination and Employment Act ("ADEA") that arose at any time during the Employee's employment with the Company, up to and including his last day of employment. This Agreement is subject to the terms of the Older Workers Benefit Protection Act of 1990 ("OWBPA"). The OWBPA provides that an individual cannot waive a right or claim under the ADEA unless the waiver is knowing and voluntary. Pursuant to the terms of the OWBPA, the Employee acknowledges and agrees that the Employee has been provided a copy of this Agreement, has signed this Agreement voluntarily, and with full knowledge of its consequences. In addition, the Employee hereby acknowledges and agrees as follows:

a. This Agreement has been written in a manner that is calculated to be understood, and is understood, by the Employee;

b. The release provisions of this Agreement apply to any rights the Employee may have under the ADEA up to the date of this Agreement;

c. The release provisions of this Agreement do not apply to any rights or claims the Employee may have under the ADEA that arise after the date he signs this Agreement;

d. The Employee has been advised that he should consult with an attorney prior to signing this Agreement;

e. The Employee has been provided a period of twenty-one (21) calendar days (the "Review Period") from his last day of employment with the Company to consider this Agreement. The Employee may, but is not required to, accept and sign this Agreement before the expiration of the Review Period, but no earlier than his last day of employment with the Company. If the Employee signs this Agreement before the expiration of the Review Period, the Employee agrees that he is knowingly and expressly waiving the time-period;

f. For a period of seven (7) calendar days following his signing of this Agreement, the Employee may revoke this Agreement by providing written notice of any such revocation to [\_\_\_\_\_], on or before the seventh day after the Employee signs the Agreement. This Agreement shall become "effective" on the eighth calendar day after the Employee signs it if it has not been revoked during the seven (7) day revocation period (the "Effective Date");

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g. Pursuant to the Severance Plan, payment of any severance benefits under the Severance Plan is conditioned on the execution of this Agreement within the Review Period and the running of the revocation period described in 3(f) ("Revocation Period"); and

h. The Employee may not sign this Agreement until after his last day of employment with the Company and the Agreement shall not be effective if the Employee executes the Agreement prior to such date.

4. **Protected Rights:** The Employee understands that nothing contained in this Agreement shall be construed to prohibit him from filing a charge with or participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, or any state or federal agency. The Employee understands that he has waived and released any and all claims for money damages and equitable relief that the Employee may recover from Released Parties pursuant to the filing or prosecution of any administrative charge against Released Parties, or any resulting civil proceeding or lawsuit brought on his behalf for the recovery of such relief, and which arises out of the matters that are and may be released or waived by this Agreement. The Employee also understands, however, that this Agreement does not limit his ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. This Agreement also does not limit The Employee's right to receive an award for information provided to any government agencies.

5. **Pension Plan:** This Agreement shall not affect any vested rights the Employee has under an ERISA pension benefit plan(s).

6. **Medicare:** The Employee affirms, covenants, and warrants he is not a Medicare beneficiary and is not currently receiving, has not received in the past, will not have received at the time of payment pursuant to this Agreement, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability or Medicare benefits. In the event any statement in the preceding sentence is incorrect (for example, but not limited to, if the Employee is a Medicare beneficiary, etc.), the following sentences (i.e., the remaining sentences of this paragraph) apply. The Employee affirms, covenants, and warrants he has made no claim for illness or injury against, nor is he aware of any facts supporting any claim against, the Released Parties under which Released Parties could be liable for medical expenses incurred by the Employee before or after the execution of this agreement. Furthermore, the Employee is aware of no medical expenses which Medicare has paid and for which Released Parties are or could be liable now or in the future. The Employee agrees and affirms that, to the best of his knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. The Employee will indemnify, defend, and hold Released Parties harmless from Medicare claims, liens, damages, conditional payments, and rights to payment, if any, including attorneys' fees, and the Employee further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) et seq.

7. **Attorneys' Fees and Costs:** In any proceeding or action to enforce this Agreement or to recover damages arising out of its breach, the prevailing party shall be awarded its reasonable attorneys' fees and costs.

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8. **Governing Law and Venue:** This Agreement will be interpreted and construed in accordance with the laws of the State of Arizona, insofar as federal law does not control, and venue as to any dispute regarding this Agreement, or interpretation thereof, shall be in Maricopa County, Arizona.

9. **Modification of Agreement:** This Agreement shall not be modified, amended, or terminated unless such modification, amendment, or termination is executed in writing by the Employee, and an authorized representative of the Company.

10. **The Employee's Representations:** The Employee warrants that the Employee is over the age of eighteen (18) and competent to sign this Agreement; that in signing this Agreement the Employee is not relying on any statement or representation by the Company that is not contained in this Agreement, but is relying upon the Employee's judgment and/or that of the Employee's legal counsel and/or tax advisor; that the Agreement was signed knowingly and voluntarily without duress or coercion in any form; and that the Employee fully understands the same is a FULL and FINAL SETTLEMENT of any and all claims against Released Parties which have been or could have been asserted or on account or arising out of the Employee's employment relationship with the Company or the actions of any of Released Parties. The Employee further represents and certifies that the Employee has been given a fair opportunity to review the terms of this Agreement and has determined that it is in the Employee's best interest to enter into this Agreement.

11. **Drafting and Construction:** This Agreement may not be construed in favor of or against either the Employee or the Company (each, a "Party") on the grounds that said Party was less or more involved in the drafting process.

ACCEPTED AND AGREED:

\_\_\_\_\_  
[Employee Name]                      Date