UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-9977

MeritageHomes®

Setting the standard for energy-efficient homes®

Meritage Homes Corporation
(Exact Name of Registrant as Specified in its Charter)

Maryland	**86-0611231**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**

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

(Address of Principal Executive Offices) (Zip Code)

(480) 515-8100

(Registrant's telephone number, including area code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock $.01 par value	MTH	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by a checkmark whether the registrant has submitted electronically every Interactive Date File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by a checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Common shares outstanding as of April 25, 2022: 36,695,048

MERITAGE HOMES CORPORATION
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2022
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MERITAGE HOMES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	March 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 520,395	$ 618,335
Other receivables	155,380	147,548
Real estate	4,027,950	3,734,408
Real estate not owned	8,011	8,011
Deposits on real estate under option or contract	93,432	90,679
Investments in unconsolidated entities	5,631	5,764
Property and equipment, net	38,299	37,340
Deferred tax assets, net	40,515	40,672
Prepaids, other assets and goodwill	168,548	124,776
Total assets	$ 5,058,161	$ 4,807,533
Liabilities		
Accounts payable	$ 280,114	$ 216,009
Accrued liabilities	388,921	337,277
Home sale deposits	48,278	42,610
Liabilities related to real estate not owned	7,210	7,210
Loans payable and other borrowings	22,561	17,552
Senior notes, net	1,142,762	1,142,486
Total liabilities	1,889,846	1,763,144
Stockholders' Equity		
Preferred stock, par value $0.01. Authorized 10,000,000 shares; none issued and outstanding at March 31, 2022 and December 31, 2021	—	—
Common stock, par value $0.01. Authorized 125,000,000 shares; 36,695,048 and 37,340,855 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	367	373
Additional paid-in capital	321,519	414,841
Retained earnings	2,846,429	2,629,175
Total stockholders' equity	3,168,315	3,044,389
Total liabilities and stockholders' equity	$ 5,058,161	$ 4,807,533

See accompanying notes to unaudited consolidated financial statements.

MERITAGE HOMES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2022	2021
Homebuilding:		
Home closing revenue	$ 1,245,456	$ 1,079,982
Land closing revenue	41,478	3,799
Total closing revenue	1,286,934	1,083,781
Cost of home closings	(867,807)	(813,327)
Cost of land closings	(30,685)	(3,252)
Total cost of closings	(898,492)	(816,579)
Home closing gross profit	377,649	266,655
Land closing gross profit	10,793	547
Total closing gross profit	388,442	267,202
Financial Services:		
Revenue	4,672	4,751
Expense	(2,512)	(2,171)
Earnings from financial services unconsolidated entities and other, net	1,174	1,180
Financial services profit	3,334	3,760
Commissions and other sales costs	(65,540)	(67,744)
General and administrative expenses	(39,995)	(37,949)
Interest expense	(41)	(90)
Other (expense)/ income, net	(317)	798
Earnings before income taxes	285,883	165,977
Provision for income taxes	(68,629)	(34,134)
Net earnings	$ 217,254	$ 131,843
Earnings per common share:		
Basic	$ 5.87	$ 3.50
Diluted	$ 5.79	$ 3.44
Weighted average number of shares:		
Basic	36,996	37,644
Diluted	37,527	38,339

See accompanying notes to unaudited consolidated financial statements.

MERITAGE HOMES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net earnings	$ 217,254	$ 131,843
Adjustments to reconcile net earnings to net cash provided by/(used in) operating activities:		
Depreciation and amortization	5,759	6,535
Stock-based compensation	5,975	5,367
Equity in earnings from unconsolidated entities	(936)	(750)
Distributions of earnings from unconsolidated entities	1,069	1,100
Other	208	2,651
Changes in assets and liabilities:		
Increase in real estate	(283,885)	(193,395)
Increase in deposits on real estate under option or contract	(2,753)	(4,821)
Increase in other receivables, prepaids and other assets	(52,098)	(7,118)
Increase in accounts payable and accrued liabilities	115,927	38,743
Increase in home sale deposits	5,668	5,899
Net cash provided by/(used in) operating activities	12,188	(13,946)
Cash flows from investing activities:		
Investments in unconsolidated entities	—	(1)
Purchases of property and equipment	(6,423)	(4,993)
Proceeds from sales of property and equipment	178	84
Maturities/sales of investments and securities	2,213	2,566
Payments to purchase investments and securities	(2,213)	(2,566)
Net cash used in investing activities	(6,245)	(4,910)
Cash flows from financing activities:		
Repayment of loans payable and other borrowings	(4,580)	(1,947)
Repurchase of shares	(99,303)	(8,385)
Net cash used in financing activities	(103,883)	(10,332)
Net decrease in cash and cash equivalents	(97,940)	(29,188)
Cash and cash equivalents, beginning of period	618,335	745,621
Cash and cash equivalents, end of period	$ 520,395	$ 716,433

See Supplemental Disclosure of Cash Flow Information in Note 13.

See accompanying notes to unaudited consolidated financial statements.

MERITAGE HOMES CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION AND BASIS OF PRESENTATION

Organization. Meritage Homes Corporation ("Meritage Homes") is a leading designer and builder of single-family homes. We primarily build in historically high-growth regions of the United States and offer a variety of entry-level and first move-up homes. We have homebuilding operations in three regions: West, Central and East, which are comprised of ten states: Arizona, California, Colorado, Texas, Florida, Georgia, North Carolina, South Carolina, Tennessee and Utah. We also operate a financial services reporting segment. In this segment, we offer title and escrow, mortgage, and insurance services. Carefree Title Agency, Inc. ("Carefree Title"), our wholly-owned title company, provides title insurance and closing/settlement services to our homebuyers. Managing our own title operations allows us greater control over the entire escrow and closing cycles in addition to generating additional revenue. Meritage Homes Insurance Agency (“Meritage Insurance”), our wholly-owned insurance broker, works in collaboration with insurance companies nationwide to offer homeowners insurance and other insurance products to our homebuyers. Our financial services operations also provides mortgage services to our homebuyers through an unconsolidated joint venture.

We commenced our homebuilding operations in 1985 through our predecessor company, Monterey Homes. Meritage Homes Corporation was incorporated in the state of Maryland in 1988 under the name of Homeplex Mortgage Investments Corporation and merged with Monterey Homes in 1996, at which time our name was changed to Monterey Homes Corporation and later ultimately to Meritage Homes Corporation. Since that time, we have engaged in homebuilding and related activities. Meritage Homes Corporation operates as a holding company and has no independent assets or operations. Its homebuilding construction, development and sales activities are conducted through its subsidiaries. Our homebuilding activities are conducted under the name of Meritage Homes in each of our homebuilding markets. At March 31, 2022, we were actively selling homes in 268 communities, with base prices ranging from approximately $244,000 to $1,300,000.

Basis of Presentation. The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021. The unaudited consolidated financial statements include the accounts of Meritage Homes Corporation and those of our consolidated subsidiaries, partnerships and other entities in which we have a controlling financial interest, and of variable interest entities (see Note 3) in which we are deemed the primary beneficiary (collectively, “us”, “we”, “our” and “the Company”). Intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, the accompanying unaudited consolidated financial statements include all normal and recurring adjustments that are considered necessary for the fair presentation of our results for the interim periods presented. Results for interim periods are not necessarily indicative of results to be expected for the full fiscal year.

Cash and Cash Equivalents. Liquid investments with an initial maturity of three months or less are classified as cash equivalents. Amounts in transit from title companies or closing agents for home closings of approximately $104.1 million and $95.4 million are included in cash and cash equivalents at March 31, 2022 and December 31, 2021, respectively.

Real Estate. Real estate inventory is stated at cost unless the community or land is determined to be impaired, at which point the inventory is written down to fair value as required by Accounting Standards Codification (“ASC”) 360-10, *Property, Plant and Equipment ("ASC 360-10").* Inventory includes the costs of land acquisition, land development and home construction, capitalized interest, real estate taxes, and direct overhead costs incurred during development and home construction that benefit the entire community, less impairments, if any. Land and development costs are typically allocated and transferred to homes when home construction begins. Home construction costs are accumulated on a per-home basis, while selling and marketing costs are expensed as incurred. Cost of home closings includes the specific construction costs of the home and all related allocated land acquisition, land development and other common costs (both incurred and estimated to be incurred) that are allocated based upon the total number of homes expected to be closed in each community or phase. Any changes to the estimated total development costs of a community or phase are allocated to the remaining homes in that community or phase. When a home closes, we may have incurred costs for goods and services that have not yet been paid. We accrue a liability to capture such obligations in connection with the home closing which is charged directly to Cost of home closings.

We capitalize qualifying interest to inventory during the development and construction periods. Capitalized interest is included in cost of closings when the related inventory is closed. Included within our real estate inventory is land held for development and land held for sale. Land held for development primarily represents land and land development costs related to land where development activity is not currently underway but is expected to begin in the future. For these parcels, we have chosen not to currently develop certain land holdings as they typically represent a portion or phases of a larger land parcel that we plan to build out over several years. We do not capitalize interest for these inactive assets, and all ongoing costs of land ownership (i.e. property taxes, homeowner association dues, etc.) are expensed as incurred.

We rely on certain estimates to determine our construction and land development costs. Construction and land costs are comprised of direct and allocated costs, including estimated future costs. In determining these costs, we compile project budgets that are based on a variety of assumptions, including future construction schedules and costs to be incurred. Actual results can differ from budgeted amounts for various reasons, including construction delays, labor or material shortages, slower absorptions, increases in costs that have not yet been committed, changes in governmental requirements, or other unanticipated issues encountered during construction and development and other factors beyond our control. To address uncertainty in these budgets, we assess, update and revise project budgets on a regular basis, utilizing the most current information available to estimate home construction and land development costs.

Typically, a community's life cycle ranges from three to five years, commencing with the acquisition of the land, continuing through the land development phase, if applicable, and concluding with the sale, construction and closing of the homes. Actual community lives will vary based on the size of the community, the orders absorption rates and whether the land purchased was raw, partially-developed or in finished status. Master-planned communities encompassing several phases and super-block land parcels may have significantly longer lives and projects involving smaller finished lot purchases may be significantly shorter.

All of our land inventory and related real estate assets are periodically reviewed for recoverability when certain criteria are met, but at least annually, as our inventory is considered “long-lived” in accordance with GAAP. If the undiscounted cash flows expected to be generated by an asset are lower than its carrying amount, impairment charges are recorded to write down the asset to its estimated fair value. Our determination of fair value is based on projections and estimates. Changes in these expectations may lead to a change in the outcome of our impairment analysis, and actual results may also differ from our assumptions. We conduct an analysis if indicators of a decline in value of our land and real estate assets exists. If an asset is deemed to be impaired, the impairment recognized is measured as the amount by which the assets' carrying amount exceeds their fair value. The impairment of a community is allocated to each lot on a straight-line basis. See Note 2 for additional information related to real estate.

Deposits. Deposits paid related to land option and purchase contracts are recorded and classified as Deposits on real estate under option or contract until the related land is purchased. Deposits are reclassified as a component of real estate inventory at the time the deposit is used to offset the acquisition price of the land based on the terms of the underlying agreements. To the extent they are non-refundable, deposits are expensed to Cost of home closings if the land acquisition is terminated or no longer considered probable. Since our acquisition contracts typically do not require specific performance, we do not consider such contracts to be contractual obligations to purchase the land and our total exposure under such contracts is limited to the loss of any non-refundable deposits and any ancillary capitalized costs. Our Deposits on real estate under option or contract were $93.4 million and $90.7 million as of March 31, 2022 and December 31, 2021, respectively.

Goodwill. In accordance with ASC 350, *Intangibles, Goodwill and Other* ("ASC 350"), we analyze goodwill on an annual basis (or whenever indication of impairment exists) through a qualitative assessment to determine whether it is necessary to perform a goodwill impairment test. ASC 350 states that an entity may assess qualitative factors to determine whether it is necessary to perform a goodwill impairment test. Such qualitative factors include: (1) macroeconomic conditions, such as a deterioration in general economic conditions, (2) industry and market considerations such as deterioration in the environment in which the entity operates, (3) cost factors such as increases in raw materials, labor costs, etc., and (4) overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings. If the qualitative analysis determines that additional impairment testing is required, a two-step impairment test in accordance with ASC 350 would be initiated. We continually evaluate our qualitative inputs to assess whether events and circumstances have occurred that indicate the goodwill balance may not be recoverable. See Note 9 for additional information on our goodwill assets.

Leases. We lease certain office space and equipment for use in our operations. We assess each of these contracts to determine whether the arrangement contains a lease as defined by ASC 842, *Leases* ("ASC 842"). In order to meet the definition of a lease under ASC 842, the contractual arrangement must convey to us the right to control the use of an identifiable asset for a period of time in exchange for consideration. Leases that meet the criteria of ASC 842 are recorded on our balance sheets as right-of-use ("ROU") assets and lease liabilities. ROU assets are classified within Prepaids, other assets and goodwill on the accompanying unaudited consolidated balance sheets, while lease liabilities are classified within Accrued liabilities on the accompanying unaudited consolidated balance sheets.

The table below outlines our ROU assets and lease liabilities (in thousands):

	As of	
	March 31, 2022	December 31, 2021
ROU assets	$ 19,314	$ 21,038
Lease liabilities	24,052	26,171

Off-Balance Sheet Arrangements - Joint Ventures. We may participate in land development joint ventures as a means of accessing larger parcels of land and lot positions, expanding our market opportunities, managing our risk profile and leveraging our capital base, although our participation in such ventures is currently limited. See Note 4 for additional discussion of our investments in unconsolidated entities.

Off-Balance Sheet Arrangements - Other. In the normal course of business, we may acquire lots from various development entities pursuant to purchase and option agreements. The purchase price generally approximates the market price at the date the contract is executed (with possible future escalators) and may have staggered purchase schedules. See Note 3 for additional information on these off-balance sheet arrangements.

Surety Bonds and Letters of Credit. We provide surety bonds and letters of credit in support of our obligations relating to the development of our projects and other corporate purposes in lieu of cash deposits. The amount of these obligations outstanding at any time varies depending on the stage and level of our development activities. Bonds are generally not wholly released until all development activities under the bond are complete. In the event a bond or letter of credit is drawn upon, we would be obligated to reimburse the issuer for any amounts advanced under the bond or letter of credit. We believe it is unlikely that any significant amounts of these bonds or letters of credit will be drawn upon.

The table below outlines our surety bond and letter of credit obligations (in thousands):

	As of			
	March 31, 2022		December 31, 2021	
	Outstanding	Estimated work remaining to complete	Outstanding	Estimated work remaining to complete
Sureties:				
Sureties related to owned projects and lots under contract	$ 677,014	$ 379,639	$ 620,297	$ 352,152
Total Sureties	$ 677,014	$ 379,639	$ 620,297	$ 352,152
Letters of Credit (“LOCs”):				
LOCs for land development	56,571	N/A	57,396	N/A
LOCs for general corporate operations	5,000	N/A	5,000	N/A
Total LOCs	$ 61,571	N/A	$ 62,396	N/A

Accrued Liabilities. Accrued liabilities at March 31, 2022 and December 31, 2021 consisted of the following (in thousands):

	As of	
	March 31, 2022	December 31, 2021
Accruals related to real estate development and construction activities	$ 131,697	$ 115,214
Payroll and other benefits	57,205	102,773
Accrued interest	21,459	5,556
Accrued taxes	103,366	37,297
Warranty reserves	26,667	26,264
Lease liabilities	24,052	26,171
Other accruals	24,475	24,002
Total	$ 388,921	$ 337,277

Warranty Reserves. We provide home purchasers with limited warranties against certain building defects and we have certain obligations related to those post-construction warranties for closed homes. The specific terms and conditions of these limited warranties vary by state, but overall the nature of the warranties include a complete workmanship and materials warranty for the first year after the close of the home, a major mechanical warranty for two years after the close of the home and a structural warranty that typically extends up to 10 years after the close of the home. With the assistance of an actuary, we have estimated these reserves for the structural warranty based on the number of homes still under warranty and historical data and trends for our communities. We may use industry data with respect to similar product types and geographic areas in markets where our experience is incomplete to draw a meaningful conclusion. We regularly review our warranty reserves and adjust them, as necessary, to reflect changes in trends as information becomes available. Based on such reviews of warranty costs incurred, we did not adjust the warranty reserve balance in the three months ended March 31, 2022 or 2021. Included in the warranty reserve balances at March 31, 2022 and December 31, 2021 reflected in the table below are case-specific reserves for warranty matters, as discussed in Note 15.

A summary of changes in our warranty reserves follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Balance, beginning of period	$ 26,264	$ 23,743
Additions to reserve from new home deliveries	4,528	3,810
Warranty claims	(4,125)	(3,786)
Adjustments to pre-existing reserves	—	—
Balance, end of period	$ 26,667	$ 23,767

Warranty reserves are included in Accrued liabilities on the accompanying unaudited consolidated balance sheets, and additions and adjustments to the reserves are included in Cost of home closings within the accompanying unaudited consolidated income statements. These reserves are intended to cover costs associated with our contractual and statutory warranty obligations, which include, among other items, claims involving defective workmanship and materials. We believe that our total reserves, coupled with our contractual relationships and rights with our trades and the insurance we maintain, are sufficient to cover our general warranty obligations. However, as unanticipated changes in legal, weather, environmental or other conditions could have an impact on our actual warranty costs, future costs could differ significantly from our estimates.

Revenue Recognition. In accordance with ASC 606, *Revenue from Contracts with Customers,* we apply the following steps in determining the timing and amount of revenue to recognize: (1) identify the contract with our customer; (2) identify the performance obligation(s) in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, if applicable; and (5) recognize revenue when (or as) we satisfy the performance obligations. The performance obligations and subsequent revenue recognition for our three sources of revenue are outlined below:

- Revenue from closings of residential real estate is recognized when closings have occurred, the risks and rewards of ownership are transferred to the buyer, and we have no continuing involvement with the property, which is generally upon the close of escrow. Revenue is reported net of any discounts and incentives.
- Revenue from land sales is recognized when a significant down payment is received, title passes, and collectability of the receivable, if any, is reasonably assured, and we have no continuing involvement with the property, which is generally upon the close of escrow.
- Revenue from financial services is recognized when closings have occurred and all financial services have been rendered, which is generally upon the close of escrow.

Home closing and land closing revenue expected to be recognized in any future year related to remaining performance obligations (if any) and the associated contract liabilities expected to be recognized as revenue, excluding revenue pertaining to contracts that have an original expected duration of one year or less, is not material. Revenue from financial services includes estimated future insurance policy renewal commissions as our performance obligations are satisfied upon issuance of the initial policy with a third party broker. The related contract assets for these estimated future renewal commissions are not material at March 31, 2022 and December 31, 2021. Our three sources of revenue are disaggregated by type in the accompanying unaudited consolidated income statements.

Recent Accounting Pronouncements.

There are no recent accounting pronouncements that are expected to have a material impact on our financial statements or financial statement disclosures.

NOTE 2 — REAL ESTATE AND CAPITALIZED INTEREST

Real estate consists of the following (in thousands):

	As of	
	March 31, 2022	December 31, 2021
Homes under contract under construction [1]	$ 1,294,680	$ 1,039,822
Unsold homes, completed and under construction [1]	496,058	484,999
Model homes [1]	81,770	81,049
Finished home sites and home sites under development [2][3]	2,155,442	2,128,538
Total	$ 4,027,950	$ 3,734,408

(1) Includes the allocated land and land development costs associated with each lot for these homes.

(2) Includes raw land, land held for development and land held for sale, less impairments, if any. Land held for development primarily represents land and land development costs related to land where development activity is not currently underway but is expected to begin in the future. For these parcels, we have chosen not to currently develop certain land holdings as they typically represent a portion or phases of a larger land parcel that we plan to build out over several years. We do not capitalize interest for inactive assets, and all ongoing costs of land ownership (i.e. property taxes, homeowner association dues, etc.) are expensed as incurred.

(3) Includes land held for sale of $57.7 million and $62.1 million as of March 31, 2022 and December 31, 2021, respectively.

Subject to sufficient qualifying assets, we capitalize our development period interest costs incurred to applicable qualifying assets in connection with our real estate development and construction activities. Capitalized interest is allocated to active real estate when incurred and charged to Cost of closings when the related property is delivered. A summary of our capitalized interest is as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Capitalized interest, beginning of period	$ 56,253	$ 58,940
Interest incurred	15,213	16,092
Interest expensed	(41)	(90)
Interest amortized to cost of home and land closings	(12,343)	(17,402)
Capitalized interest, end of period	$ 59,082	$ 57,540

NOTE 3 — VARIABLE INTEREST ENTITIES AND CONSOLIDATED REAL ESTATE NOT OWNED

We enter into purchase and option agreements for land or lots as part of the normal course of business. These purchase and option agreements enable us to acquire properties at one or multiple future dates at pre-determined prices. We believe these acquisition structures allow us to better leverage our balance sheet and reduce our financial risk associated with land acquisitions. In accordance with ASC 810, *Consolidation*, we evaluate all purchase and option agreements for land to determine whether they are a variable interest entity ("VIE"), and if so, whether we are the primary beneficiary. Although we do not have legal title to the underlying land, if we are the primary beneficiary we are required to consolidate the VIE in our financial statements and reflect such assets and liabilities as Real estate not owned. As a result of our analyses, we determined that as of March 31, 2022 and December 31, 2021, we were not the primary beneficiary of any VIEs from which we have acquired rights to land or lots under option contracts.

The table below presents a summary of our lots under option at March 31, 2022 (dollars in thousands):

	Projected Number of Lots		Purchase Price		Option/ Earnest Money Deposits–Cash	
Purchase and option contracts recorded on balance sheet as Real estate not owned (1)	1	$	8,011	$	801	
Option contracts — non-refundable deposits, committed (2)	12,549		691,670		60,730	
Purchase contracts — non-refundable deposits, committed (2)	11,573		317,561		23,346	
Purchase and option contracts —refundable deposits, committed	1,890		59,854		1,490	
Total committed	26,013		1,077,096		86,367	
Purchase and option contracts — refundable deposits, uncommitted (3)	25,895		805,606		7,866	
Total lots under contract or option	51,908	$	1,882,702	$	94,233	
Total purchase and option contracts not recorded on balance sheet(4)	51,907	$	1,874,691	$	93,432	(5)

(1) Real estate not owned represents a single parcel of land intended for multi-family housing that, once purchased, the Company intends to sell.

(2) Deposits are non-refundable except if certain contractual conditions are not performed by the selling party.

(3) Deposits are refundable at our sole discretion. We have not completed our acquisition evaluation process and we have not internally committed to purchase these lots.

(4) Except for our specific performance contracts recorded on our unaudited consolidated balance sheets as Real estate not owned (if any), none of our purchase or option contracts require us to purchase lots.

(5) Amount is reflected in our unaudited consolidated balance sheets in Deposits on real estate under option or contract as of March 31, 2022.

Generally, our options to purchase lots remain effective so long as we purchase a pre-established minimum number of lots each month or quarter, as determined by the respective agreement. Although the pre-established number is typically structured to approximate our expected rate of home construction starts, during a weakened homebuilding market, we may purchase lots at an absorption level that exceeds our sales and home starts pace needed to meet the pre-established minimum number of lots or restructure our original contract to terms that more accurately reflect our revised orders pace expectations. During a strong homebuilding market, we may accelerate our pre-established minimum purchases if allowed by the contract.

NOTE 4 - INVESTMENTS IN UNCONSOLIDATED ENTITIES

We may enter into joint ventures as a means of accessing larger parcels of land, expanding our market opportunities, managing our risk profile, optimizing deal structure for the impacted parties and leveraging our capital base. While purchasing land through a joint venture can be beneficial, currently we do not view joint ventures as critical to the success of our homebuilding operations. Our joint venture partners generally are other homebuilders, land sellers or other real estate investors. We generally do not have a controlling interest in these ventures, which means our joint venture partners could cause the venture to take actions we disagree with, or fail to take actions we believe should be undertaken, including the sale of the underlying property to repay debt or recoup all or part of the partners' investments. Based on the structure of these joint ventures, they may or may not be consolidated into our results. As of March 31, 2022, we had two active equity-method land ventures and one mortgage joint venture, which is engaged in mortgage activities and primarily provides services to our homebuyers.

Summarized condensed combined financial information related to unconsolidated joint ventures that are accounted for using the equity method was as follows (in thousands):

	As of	
	March 31, 2022	December 31, 2021
Assets:		
Cash	$ 8,419	$ 7,983
Real estate	7,992	7,989
Other assets	12,078	3,903
Total assets	$ 28,489	$ 19,875
Liabilities and equity:		
Accounts payable and other liabilities	$ 16,581	$ 7,899
Equity of:		
Meritage (1)	4,726	4,752
Other	7,182	7,224
Total liabilities and equity	$ 28,489	$ 19,875

	Three Months Ended March 31,	
	2022	2021
Revenue	$ 9,238	$ 8,995
Costs and expenses	(8,272)	(8,125)
Net earnings of unconsolidated entities	$ 966	$ 870
Meritage’s share of pre-tax earnings (1) (2)	$ 984	$ 750

(1) Balance represents Meritage’s interest, as reflected in the financial records of the respective joint ventures. This balance may differ from the balance reported in the accompanying unaudited consolidated financial statements due to the following reconciling items: (i) timing differences for revenue and distributions recognition, (ii) step-up basis and corresponding amortization, (iii) capitalization of interest on qualified assets, (iv) income deferrals as discussed in Note (2) below and (v) the cessation of allocation of losses from joint ventures in which we have previously written down our investment balance to zero and where we have no commitment to fund additional losses.

(2) Our share of pre-tax earnings from our mortgage joint venture is recorded in Earnings from financial services unconsolidated entities and other, net on the accompanying unaudited consolidated income statements. Our share of pre-tax earnings from all other joint ventures is recorded in Other (expense)/income, net on the accompanying unaudited consolidated income statements.

NOTE 5 — LOANS PAYABLE AND OTHER BORROWINGS

Loans payable and other borrowings consist of the following (in thousands):

	As of	
	March 31, 2022	December 31, 2021
Other borrowings, real estate notes payable (1)	$ 22,561	$ 17,552
$780.0 million unsecured revolving credit facility	—	—
Total	$ 22,561	$ 17,552

(1) Reflects balance of non-recourse notes payable in connection with land purchases

The Company entered into an amended and restated unsecured revolving credit facility ("Credit Facility") in 2014 that has been amended from time to time. In December 2021, the Credit Facility was amended to extend the maturity date to December 22, 2026 and replace LIBOR as the benchmark interest rate with the Secured Overnight Financing Rate ("SOFR") as described below. The Credit Facility's aggregate commitment is $780.0 million with an accordion feature permitting the size of the facility to increase to a maximum of $880.0 million, subject to certain conditions, including the availability of additional bank commitments. Borrowings under the Credit Facility bear interest at the Company's option, at either (1) term SOFR (based on 1, 3, or 6 month interest periods, as selected by the Company) plus a 10 basis point adjustment plus an applicable margin (ranging from 125 basis points to 175 basis points (the "applicable margin")) based on the Company's leverage ratio as determined in accordance with a pricing grid, (2) the higher of (i) the prime lending rate, (ii) an overnight bank rate plus 50 basis points and (3) term SOFR (based on a 1 month interest period) plus a 10 basis point adjustment plus 1%, in each case plus a margin ranging from 25 basis points to 75 basis points based on the Company's leverage in accordance with a pricing grid, or (iii) daily simple SOFR plus a 10 basis point adjustment plus the applicable margin. At March 31, 2022, the interest rate on outstanding borrowings under the Credit Facility would have been 1.640% per annum. We are obligated to pay a fee on the undrawn portion of the Credit Facility at a rate equal to the applicable margin then in effect.

The Credit Facility also contains certain financial covenants, including (a) a minimum tangible net worth requirement of $1.9 billion (which amount is subject to increase over time based on subsequent earnings and proceeds from equity offerings), and (b) a maximum leverage covenant that prohibits the leverage ratio (as defined therein) from exceeding 60%. In addition, we are required to maintain either (i) an interest coverage ratio (EBITDA to interest expense, as defined therein) of at least 1.50 to 1.00 or (ii) liquidity (as defined therein) of an amount not less than our consolidated interest incurred during the trailing 12 months. We were in compliance with all Credit Facility covenants as of March 31, 2022.

We had no outstanding borrowings under the Credit Facility as of March 31, 2022 and December 31, 2021. There were no borrowings or repayments during the three months ended March 31, 2022 and 2021. As of March 31, 2022, we had outstanding letters of credit issued under the Credit Facility totaling $61.6 million, leaving $718.4 million available under the Credit Facility to be drawn.

NOTE 6 — SENIOR NOTES, NET

Senior notes, net consist of the following (in thousands):

	As of	
	March 31, 2022	**December 31, 2021**
6.00% senior notes due 2025. At March 31, 2022 and December 31, 2021 there was approximately $2,591 and $2,795 in net unamortized premium, respectively.	402,591	402,795
5.125% senior notes due 2027	300,000	300,000
3.875% senior notes due 2029	450,000	450,000
Net debt issuance costs	(9,829)	(10,309)
Total	$ 1,142,762	$ 1,142,486

The indentures for all of our senior notes contain non-financial covenants including, among others, limitations on the amount of secured debt we may incur, and limitations on sale and leaseback transactions and mergers. We were in compliance with all such covenants as of March 31, 2022.

Obligations to pay principal and interest on the senior notes are guaranteed by substantially all of our wholly-owned subsidiaries (each a “Guarantor” and, collectively, the “Guarantor Subsidiaries”), each of which is directly or indirectly 100% owned by Meritage Homes Corporation. Such guarantees are full and unconditional, and joint and several. In the event of a sale or other disposition of all of the assets of any Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all of the equity interests of any Guarantor then held by Meritage and its subsidiaries, then that Guarantor may be released and relieved of any obligations under its note guarantee. There are no significant restrictions on our ability or the ability of any Guarantor to obtain funds from their respective subsidiaries, as applicable, by dividend or loan. We do not provide separate financial statements of the Guarantor Subsidiaries because Meritage (the parent company) has no independent assets or operations and the guarantees are full and unconditional and joint and several. Subsidiaries of Meritage Homes Corporation that are non-guarantor subsidiaries are, individually and in the aggregate, minor.

NOTE 7 — FAIR VALUE DISCLOSURES

ASC 820-10, *Fair Value Measurement* ("ASC 820"), defines fair value, establishes a framework for measuring fair value and addresses required disclosures about fair value measurements. This standard establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from market participants external to the Company while unobservable inputs are generally developed internally, utilizing management’s estimates, assumptions and specific knowledge of the assets/liabilities and related markets. The three levels are defined as follows:

- Level 1 — Valuation is based on quoted prices in active markets for identical assets and liabilities.
- Level 2 — Valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active, or by model-based techniques in which all significant inputs are observable in the market.
- Level 3 — Valuation is derived from model-based techniques in which at least one significant input is unobservable and based on the Company’s own estimates about the assumptions that market participants would use to value the asset or liability.

If the only observable inputs are from inactive markets or for transactions which the Company evaluates as “distressed”, the use of Level 1 inputs should be modified by the Company to properly address these factors, or the reliance of such inputs may be limited, with a greater weight attributed to Level 3 inputs.

Financial Instruments: The fair value of our fixed-rate debt is derived from quoted market prices by independent dealers (Level 2 inputs as per the discussion above) and is as follows (in thousands):

	As of			
	March 31, 2022		December 31, 2021	
	Aggregate Principal	Estimated Fair Value	Aggregate Principal	Estimated Fair Value
6.00% senior notes	$ 400,000	$ 420,600	$ 400,000	$ 446,520
5.125% senior notes	$ 300,000	$ 303,000	$ 300,000	$ 329,640
3.875% senior notes	$ 450,000	$ 423,000	$ 450,000	$ 472,500

Due to the short-term nature of other financial assets and liabilities, including our Loans payable and other borrowings, we consider the carrying amounts of our other short-term financial instruments to approximate fair value.

NOTE 8 — EARNINGS PER SHARE

Basic and diluted earnings per common share were calculated as follows (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2022	2021
Basic weighted average number of shares outstanding	36,996	37,644
Effect of dilutive securities:		
Unvested restricted stock	531	695
Diluted average shares outstanding	37,527	38,339
Net earnings	$ 217,254	$ 131,843
Basic earnings per share	$ 5.87	$ 3.50
Diluted earnings per share	$ 5.79	$ 3.44

NOTE 9 — ACQUISITIONS AND GOODWILL

Goodwill. In prior years, we have entered new markets through the acquisition of the homebuilding assets and operations of local/regional homebuilders in Georgia, South Carolina and Tennessee. As a result of these transactions, we recorded approximately $33.0 million of goodwill. Goodwill represents the excess purchase price of our acquisitions over the fair value of the net assets acquired. Our acquisitions were recorded in accordance with ASC 805, *Business Combinations*, and ASC 820, using the acquisition method of accounting. The purchase price for acquisitions was allocated based on estimated fair value of the assets and liabilities at the date of the acquisition. The combined excess purchase price of our acquisitions over the fair value of the net assets is classified as goodwill and is included in our unaudited consolidated balance sheets in Prepaids, other assets and goodwill. In accordance with ASC 350, we assess the recoverability of goodwill annually, or more frequently, if impairment indicators are present.

A summary of the carrying amount of goodwill follows (in thousands):

	West	Central	East	Financial Services	Corporate	Total
Balance at December 31, 2021	$ —	$ —	$ 32,962	$ —	$ —	$ 32,962
Additions	—	—	—	—	—	—
Balance at March 31, 2022	$ —	$ —	$ 32,962	$ —	$ —	$ 32,962

NOTE 10 — STOCKHOLDERS' EQUITY

A summary of changes in stockholders' equity is presented below (in thousands):

	Three Months Ended March 31, 2022 (In thousands)				
	Number of Shares	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Total**
Balance at December 31, 2021	37,341	$ 373	$ 414,841	$ 2,629,175	$ 3,044,389
Net earnings	—	—	—	217,254	217,254
Stock-based compensation expense	—	—	5,975	—	5,975
Issuance of stock	392	4	(4)	—	—
Share repurchases	(1,038)	(10)	(99,293)	—	(99,303)
Balance at March 31, 2022	36,695	$ 367	$ 321,519	$ 2,846,429	$ 3,168,315

	Three Months Ended March 31, 2021 (In thousands)				
	Number of Shares	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Total**
Balance at December 31, 2020	37,512	$ 375	$ 455,762	$ 1,891,731	$ 2,347,868
Net earnings	—	—	—	131,843	131,843
Stock-based compensation expense	—	—	5,367	—	5,367
Issuance of stock	435	4	(4)	—	—
Share repurchases	(100)	(1)	(8,384)	—	(8,385)
Balance at March 31, 2021	37,847	$ 378	$ 452,741	$ 2,023,574	$ 2,476,693

NOTE 11 — STOCK-BASED AND DEFERRED COMPENSATION

We have a stock compensation plan, the Meritage Homes Corporation 2018 Stock Incentive Plan (the “2018 Plan"), that was approved by our Board of Directors and our stockholders and adopted in May 2018. The 2018 Plan is administered by our Board of Directors and allows for the grant of stock appreciation rights, restricted stock awards, restricted stock units, performance share awards and performance-based awards in addition to non-qualified and incentive stock options. All available shares from expired, terminated, or forfeited awards that remained under prior plans were merged into and became available for grant under the 2018 Plan. The 2018 Plan authorizes awards to officers, key employees, non-employee directors and consultants. The 2018 Plan authorizes 6,600,000 shares of stock to be awarded, of which709,246 shares remain available for grant at March 31, 2022. We believe that such awards provide a means of performance-based compensation to attract and retain qualified employees and better align the interests of our employees with those of our stockholders. Non-vested stock awards are usually granted with a five-year ratable vesting period for employees, a three-year cliff vesting for both restricted stock and performance-based awards granted to senior executive officers, and either a three-year cliff vesting or one-year vesting for non-employee directors, dependent on their start date.

Compensation cost related to time-based restricted stock awards is measured as of the closing price on the date of grant and is expensed, less forfeitures, on a straight-line basis over the vesting period of the award. Compensation cost related to performance-based restricted stock awards is also measured as of the closing price on the date of grant but is expensed in accordance with ASC 718-10-25-20, *Compensation – Stock Compensation* ("ASC 718"), which requires an assessment of probability of attainment of the performance target. As our performance targets are dependent on performance over a specified measurement period, once we determine that the performance target outcome is probable, the cumulative expense is recorded immediately with the remaining expense recorded on a straight-line basis through the end of the award vesting period. A portion of the performance-based restricted stock awards granted to our executive officers contain market conditions as defined by ASC 718. ASC 718 requires that compensation expense for stock awards with market conditions be expensed based on a derived grant date fair value and expensed over the service period. We engage a third party to perform a valuation analysis on the awards containing market conditions and our associated expense with those awards is based on the derived fair value from that analysis and is expensed straight-line over the service period of the awards. Below is a summary of stock-based compensation expense and stock award activity (dollars in thousands):

	Three Months Ended March 31,	
	2022	**2021**
Stock-based compensation expense	$ 5,975	$ 5,367
Non-vested shares granted	264,862	221,552
Performance-based non-vested shares granted	40,004	46,593
Performance-based shares issued in excess of target shares granted (1)	37,146	37,425
Restricted stock awards vested (includes performance-based awards)	392,160	434,729

(1) Performance-based shares that vested and were issued as a result of performance achievement exceeding the originally established targeted number of shares related to respective performance metrics.

The following table includes additional information regarding our stock compensation plan (dollars in thousands):

	As of	
	March 31, 2022	**December 31, 2021**
Unrecognized stock-based compensation cost	$ 42,406	$ 25,007
Weighted average years expense recognition period	2.30	1.97
Total equity awards outstanding (1)	829,638	883,280

(1) Includes unvested restricted stock awards, restricted stock units and performance-based awards (assuming100%/target payout).

We also offer a non-qualified deferred compensation plan ("deferred compensation plan") to highly compensated employees in order to allow them additional pre-tax income deferrals above and beyond the limits that qualified plans, such as 401(k) plans, impose on highly compensated employees. We do not currently offer a contribution match on the deferred compensation plan. All contributions to the plan to date have been funded by the employees and, therefore, we have no associated expense related to the deferred compensation plan for the three months ended March 31, 2022 or 2021, other than minor administrative costs.

NOTE 12 — INCOME TAXES

Components of the income tax provision are as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Federal	$ 56,345	$ 29,113
State	12,284	5,021
Total	$ 68,629	$ 34,134

The effective tax rate for the three months ended March 31, 2022 and March 31, 2021 was 24.0% and 20.6%, respectively. The higher tax rate for the three months ended March 31, 2022 is due to the expiration of Internal Revenue Code ("IRC") §45L new energy efficient homes credit, which was enacted into law under the Taxpayer Certainty and Disaster Tax Relief Act of 2019 and subsequently extended through December 31, 2021 by enactment of the Taxpayer Certainty and Disaster Tax Relief Act of 2020. Since the new energy efficient homes credit has not yet been extended beyond 2021, the effective tax rate in the first quarter of 2022 does not include such benefits.

At March 31, 2022 and December 31, 2021, we have no unrecognized tax benefits. We believe that our current income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change. Our policy is to accrue interest and penalties on unrecognized tax benefits and include them in federal income tax expense.

We determine our deferred tax assets and liabilities in accordance with ASC 740, *Income Taxes*. We evaluate our deferred tax assets, including the benefit from net operating losses ("NOLs"), by jurisdiction to determine if a valuation allowance is required. Companies must assess whether a valuation allowance should be established based on the consideration of all available evidence using a “more likely than not” standard with significant weight being given to evidence that can be objectively verified. This assessment considers, among other matters, the nature, frequency and severity of cumulative losses, forecasts of future profitability, the length of statutory carry forward periods, experiences with operating losses and experiences of utilizing tax credit carry forwards and tax planning alternatives. We have no valuation allowance on our deferred tax assets and no NOL carryovers at March 31, 2022.

At March 31, 2022, we have a current income tax payable of $91.6 million and no income taxes receivable. The income taxes payable primarily consists of current federal and state income tax accruals, net of current energy tax credits and estimated tax payments. This amount is recorded in Accrued liabilities on the accompanying unaudited consolidated balance sheets at March 31, 2022.

We conduct business and are subject to tax in the U.S. both federally and in several states. With few exceptions, we are no longer subject to U.S. federal, state, or local income tax examinations by taxing authorities for years prior to 2017. We have no federal or state income tax examinations being conducted at this time.

The future tax benefits from NOLs, built-in losses, and tax credits would be materially reduced or potentially eliminated if we experience an “ownership change” as defined under IRC §382. Based on our analysis performed as of March 31, 2022 we do not believe that we have experienced an ownership change. As a protective measure, our stockholders held a Special Meeting of Stockholders on February 16, 2009 and approved an amendment to our Articles of Incorporation that restricts certain transfers of our common stock. The amendment is intended to help us avoid an unintended ownership change and thereby preserve the value of any tax benefit for future utilization.

NOTE 13 — SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The following table presents certain supplemental cash flow information (in thousands):

	Three Months Ended March 31,	
	2022	2021
Cash paid during the year for:		
Interest, net of interest capitalized	$ (15,035)	$ (15,851)
Income taxes	$ 3	$ 2
Non-cash operating activities:		
Real estate acquired through notes payable	$ 9,589	$ 2,197

NOTE 14 — OPERATING AND REPORTING SEGMENTS

We operate with two principal business segments: homebuilding and financial services. As defined in ASC 280-10, *Segment Reporting*, we have ten homebuilding operating segments. The homebuilding segments are engaged in the business of acquiring and developing land, constructing homes, marketing and selling those homes and providing warranty and customer services. We aggregate our homebuilding operating segments into reporting segments based on similar long-term economic characteristics and geographical proximity. Our current reportable homebuilding segments are as follows:

West:	Arizona, California, Colorado and Utah
Central:	Texas
East:	Florida, Georgia, North Carolina, South Carolina and Tennessee

Management's evaluation of segment performance is based on segment operating income, which we define as home and land closing revenues less cost of home and land closings, commissions and other sales costs, land development and other land sales costs and other costs incurred by or allocated to each segment, including impairments. Each reportable segment follows the same accounting policies described in Note 1, "Organization and Basis of Presentation." Operating results for each segment may not be indicative of the results for such segment had it been an independent, stand-alone entity for the periods presented.

The following segment information is in thousands:

	Three Months Ended March 31,	
	2022	2021
Homebuilding revenue (1):		
West	$ 494,506	$ 393,430
Central	355,624	322,184
East	436,804	368,167
Consolidated total	$ 1,286,934	$ 1,083,781
Homebuilding segment operating income:		
West	$ 120,856	$ 64,251
Central	75,260	56,993
East	93,548	50,179
Total homebuilding segment operating income	289,664	171,423
Financial services segment profit	3,334	3,760
Corporate and unallocated costs (2)	(6,757)	(9,914)
Interest expense	(41)	(90)
Other (expense)/income, net	(317)	798
Net earnings before income taxes	$ 285,883	$ 165,977

(1) Homebuilding revenue includes the following land closing revenue, by segment:

		Three Months Ended March 31, 2022	2021
Land closing revenue:			
West	$	31,082	—
Central		7,796	3,799
East		2,600	—
Total	$	41,478	3,799

(2) Balance consists primarily of corporate costs and numerous shared service functions such as finance and treasury that are not allocated to the homebuilding or financial services reporting segments.

At March 31, 2022	West	Central	East	Financial Services	Corporate and Unallocated	Total
Deposits on real estate under option or contract	$ 25,636	$ 10,461	$ 57,335	$ —	$ —	$ 93,432
Real estate	1,668,976	1,175,478	1,183,496	—	—	4,027,950
Investments in unconsolidated entities	81	2,951	1,707	—	892	5,631
Other assets	68,328 (1)	195,978 (2)	110,971 (3)	724	555,147 (4)	931,148
Total assets	$ 1,763,021	$ 1,384,868	$ 1,353,509	$ 724	$ 556,039	$ 5,058,161

(1) Balance consists primarily of cash and cash equivalents, development reimbursements from local municipalities and property and equipment.

(2) Balance consists primarily of cash and cash equivalents, development reimbursements from local municipalities and prepaid expenses and other assets.

(3) Balance consists primarily of cash and cash equivalents, goodwill (see Note 9), prepaid expenses and other assets and property and equipment.

(4) Balance consists primarily of cash and cash equivalents, deferred tax assets and prepaid expenses and other assets.

At December 31, 2021	West	Central	East	Financial Services	Corporate and Unallocated	Total
Deposits on real estate under option or contract	$ 26,687	$ 11,132	$ 52,860	$ —	$ —	$ 90,679
Real estate	1,571,477	1,076,300	1,086,631	—	—	3,734,408
Investments in unconsolidated entities	87	2,974	1,707	—	996	5,764
Other assets	66,897 (1)	199,791 (2)	102,073 (3)	610	607,311 (4)	976,682
Total assets	$ 1,665,148	$ 1,290,197	$ 1,243,271	$ 610	$ 608,307	$ 4,807,533

(1) Balance consists primarily of cash and cash equivalents, development reimbursements from local municipalities and property and equipment.

(2) Balance consists primarily of cash and cash equivalents, development reimbursements from local municipalities and prepaid expenses and other assets.

(3) Balance consists primarily of cash and cash equivalents, real estate not owned, goodwill, prepaid expenses and other assets and property and equipment.

(4) Balance consists primarily of cash and cash equivalents, deferred tax assets and prepaid expenses and other assets.

NOTE 15 — COMMITMENTS AND CONTINGENCIES

We are involved in various routine legal and regulatory proceedings, including, without limitation, claims and litigation alleging construction defects. In general, the proceedings are incidental to our business, and most exposure is subject to and should be covered by warranty and indemnity obligations of our consultants and subcontractors. Additionally, some such claims are also covered by insurance. With respect to the majority of pending litigation matters, our ultimate legal and financial responsibility, if any, cannot be estimated with certainty and, in most cases, any potential losses related to these matters are not considered probable. Historically, most disputes regarding warranty claims are resolved prior to litigation. We believe there are no pending legal or warranty matters as of March 31, 2022 that could have a material adverse impact upon our consolidated financial condition, results of operations or cash flows that have not been sufficiently reserved.

As discussed in Note 1 under the heading “Warranty Reserves”, we have case specific reserves within our $26.7 million of total warranty reserves related to alleged stucco defects in certain homes we constructed predominantly between 2006 and 2017. Our review and handling of this matter is ongoing and our estimate of and reserves for resolving this matter is based on internal data, our judgment and various assumptions and estimates. Due to the degree of judgment and the potential for variability in our underlying assumptions and data, as we obtain additional information, we may revise our estimate and thus our related reserves. As of March 31, 2022, after considering potential recoveries from the consultants and contractors involved and their insurers and the potential recovery under our general liability insurance policies, we believe our reserves are sufficient to cover the above mentioned matter. See Note 1 for information related to our warranty obligations.

Special Note of Caution Regarding Forward-Looking Statements

In passing the Private Securities Litigation Reform Act of 1995 (“PSLRA”), Congress encouraged public companies to make “forward-looking statements” by creating a safe-harbor to protect companies from securities law liability in connection with forward-looking statements. We intend to qualify both our written and oral forward-looking statements for protection under the PSLRA.

The words “believe,” “expect,” “anticipate,” “forecast,” “plan,” “intend,” “may,” “will,” “should,” “could,” “estimate,” "target," and “project” and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. All statements we make other than statements of historical fact are forward-looking statements within the meaning of that term in Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements in this Annual Report include statements concerning our belief that we have ample liquidity; our goals, strategies and strategic initiatives and the anticipated benefits relating thereto; our intentions and the expected benefits and advantages of our product and land positioning strategies, including with respect to our focus on the first-time and first move-up buyer and housing demand for affordable homes; the benefits of and our intentions to use options to acquire land; our design center strategy; our exposure to supplier concentration risk and other matters concerning our supply chain; our delivery of substantially all of our backlog existing as of year end; our positions and our expected outcome relating to litigation in general; the sufficiency of our warranty reserves; our intentions to not pay dividends; growth in the first-time buyer segment that are seeking entry-level homes; the timing, locations and targeted number of new community openings in 2022 and beyond; that we may repurchase our debt and equity securities; our non-use of derivative financial instruments; expectations regarding our industry and our business in 2022 and beyond, including the potential impact thereon of COVID-19 and governmental imposed restrictions and reaction thereto; the demand for and the pricing of our homes; our land and lot acquisition strategy (including that we will redeploy cash to acquire well-positioned finished lots and that we may participate in joint ventures or opportunities outside of our existing markets if opportunities arise and the benefits relating thereto); that we may expand into new markets; the availability of labor and materials for our operations; that we may seek additional debt or equity capital; our expectation that existing guarantees, letters of credit and performance and surety bonds will not be drawn on; the sufficiency of our insurance coverage and warranty reserves; the sufficiency of our capital resources to support our business strategy; the sufficiency of our land pipeline; the impact of new accounting standards and changes in accounting estimates; trends and expectations concerning sales prices, sales orders, cancellations, construction and materials costs, gross margins, land costs, community counts and profitability and future home inventories; our future cash needs; the impact of seasonality; and our future compliance with debt covenants.

Important factors that could cause actual results to differ materially from those in forward-looking statements, and that could negatively affect our business include, but are not limited to, the following: changes in interest rates and the availability and pricing of residential mortgages; the potential benefits of rate locks; inflation in the cost of materials used to develop communities and construct homes; supply chain and labor constraints; our ability to acquire and develop lots may be negatively impacted if we are unable to obtain performance and surety bonds; the ability of our potential buyers to sell their existing homes; legislation related to tariffs; the adverse effect of slow absorption rates; impairments of our real estate inventory; cancellation rates; competition; home warranty and construction defect claims; failures in health and safety performance; fluctuations in quarterly operating results; our level of indebtedness; our ability to obtain financing if our credit ratings are downgraded; our potential exposure to and impacts from natural disasters or severe weather conditions; the availability and cost of finished lots and undeveloped land; the success of our strategy to offer and market entry-level and first move-up homes; a change to the feasibility of projects under option or contract that could result in the write-down or write-off of earnest or option deposits; our limited geographic diversification; the replication of our energy-efficient technologies by our competitors; shortages in the availability and cost of subcontract labor; our exposure to information technology failures and security breaches and the impact thereof; the loss of key personnel; changes in tax laws that adversely impact us or our homebuyers; our inability to prevail on contested tax positions; failure of our employees and representatives to comply with laws and regulations; our compliance with government regulations related to our financial services operations; negative publicity that affects our reputation; potential disruptions to our business by an epidemic or pandemic (such as COVID-19), and measures that federal, state and local governments and/or health authorities implement to address it; and other factors identified in documents filed by the Company with the Securities and Exchange Commission, including those set forth in this Form 10-Q and our Form 10-K for the year ended December 31, 2021 under the caption "Risk Factors."

Forward-looking statements express expectations of future events. All forward-looking statements are inherently uncertain, as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties that could cause actual events or results to differ materially from those projected. Due to these inherent uncertainties, the investment community is urged not to place undue reliance on forward-looking statements. In addition, we disclaim and undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to projections over time, except as required by law.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview and Outlook

Favorable demand in the housing market continued in the first quarter of 2022 due to the low supply of new and existing housing inventory and homebuying trends for entry-level and first move-up homes from millennials and baby boomers. The supply chain constraints and labor shortages that presented themselves in 2021, caused by COVID-19 and other economic-related disruptions and exacerbated by the war in Ukraine, have impacted our production costs and cycle times and the homebuilding industry as a whole and have continued throughout the first quarter of 2022. We have been successful, to date, in offsetting the higher costs with sales price increases thanks to the elevated buyer demand in this current environment. We continue to carefully navigate this constrained operating environment by expanding our trade base and strengthening critical relationships.

While we believe that the demographics support a continuing increased need for housing, we also recognize the impact that increased home prices have had on both the buyer psychology and reality of tighter affordability. To help alleviate concerns for our customers surrounding their purchase and future monthly payments, in March 2022, we purchased fixed interest rate locks on all eligible floating-rate loans for homes in our backlog scheduled to close in the second half of 2022. In this rising price and interest rate environment, we believe that our strategy centered on affordable entry-level and first move-up homes and delivering homes that offer surprisingly more value to our homebuyers provides us with an opportunity to expand our customer base to include buyers that will become priced out of move-up communities.

Summary Company Results

Total home closing revenue was $1.2 billion on 2,858 homes closed for the three months ended March 31, 2022 compared to $1.1 billion on 2,890 homes closed for the first quarter of 2021. This 15.3% increase in home closing revenue year-over-year was entirely driven by the 16.6% increase in average sales price ("ASP") on closings due to pricing power resulting from strong buyer demand, with flat volume of closings due to production delays. In addition to higher home closing revenue, first quarter home closing gross margin improved 560 basis points, up $111.0 million year-over-year increase for home closing gross profit of $377.6 million compared to $266.7 million in the first quarter of 2021. The margin improvement is primarily due to the benefit of rising ASPs which more than offset higher commodity costs and lower amortization of previously capitalized interest due to a lower interest cost achieved over the past several years through multiple debt refinancing transactions. Land closing gross profit was $10.8 million in the three months ended March 31, 2022 compared to $0.5 million in the same prior year period, as we sold several parcels of land that did not fit our strategy. Earnings before income taxes improved by $119.9 million, or 72.2%, year over year to $285.9 million for the first quarter of 2022. These improved year-over-year results were partially offset with a higher effective income tax rate of 24.0% as compared to 20.6% in 2021, and led to net earnings of $217.3 million in the first quarter of 2022 versus $131.8 million in the first quarter of 2021.

In addition to growth in home closing revenue and improved profitability, we had another record breaking quarter in home orders, with the highest quarterly orders in Company history of 3,874 for the three months ended March 31, 2022, a 12.0% increase over 3,458 in the same period of 2021. The growth in orders was attributable to a 32.4% increase in average active communities partially offset by slower orders pace as we metered orders to align starts with production capacity. Home order value increased 31.0% year-over-year, to $1.8 billion during the three months ended March 31, 2022, versus $1.3 billion in the same period of 2021. The increase in order value is due to the higher volume and a 17.0% increase in ASP on orders. Order cancellation rates remained stable at 10% for the first quarter of 2022, compared to 11% for the prior year period. We ended the first quarter of 2022 with 6,695 homes in backlog valued at $3.0 billion, a 27.8% increase in units and a 45.9% increase in value over March 31, 2021.

We remained steadfast in reaching our goals for community count growth, opening 32 new communities during the three months ended March 31, 2022 and ending the quarter with 268 active communities, up from 203 at March 31, 2021 and sequentially from 259 at December 31, 2021. In addition, we purchased approximately 4,400 lots for $149.4 million, spent $222.1 million on land development and started construction on 4,020 homes during the three months ended March 31, 2022.

Company Positioning

We believe that the investments in our new communities designed for the first-time and first move-up homebuyer, our commitment to an all-spec strategy for our entry-level homes, our simplified first move-up design studio process, and industry-leading innovation in energy-efficient product offerings and automation create a differentiated strategy that has aided us in our growth in the highly competitive new home market.

Our focus includes the following strategies:

- Expanding our community count and market share;
- Continuously improving the overall home buying experience through simplification and innovation;
- Simplifying our production process to allow us to more efficiently build our homes and reduce our construction costs, which in turn allows us to competitively price our homes and deliver them on a shorter timeline;
- Improving our home closing gross profit by growing closing volume, allowing us to better leverage our overhead;
- Leveraging and expanding on technological solutions through digital offerings to our customers, such as our virtual home tours, interactive maps, digital financial services offerings and online warranty portal; and
- Increasing homeowner satisfaction by setting industry standards for energy-efficiency and offering healthier, safer homes that come equipped with standard features such as multi-speed HVAC systems to save energy and improve air quality and enhanced security features.

In order to maintain focus on growing our business, we also remain committed to the following:

- Managing construction efficiencies and costs through national and regional vendor relationships with a focus on quality construction and warranty management;
- Carefully managing our liquidity and a strong balance sheet; we ended the quarter with a 26.9% debt-to-capital ratio and a 16.9% net debt-to-capital ratio;
- Maximizing returns to our shareholders, most recently through our improved financial performance and share repurchase program;
- Achieving or maintaining a position of at least 5% market share in all of our markets;
- Promoting a positive environment for our employees through our commitment to foster diversity, equity and inclusion ("DE&I") and providing market-competitive benefits in order to develop and motivate our employees and to minimize turnover and to maximize recruitment efforts;
- Maintaining a healthy orders pace through the use of our consumer and market research to ensure that we build homes that offer our buyers their desired features and amenities, although currently our sales metering due to supply chain constraints is impacting our pace; and
- Continuing to innovate and promote our energy efficiency program and our M.Connected® Automation Suite to create differentiation for the Meritage brand.

Critical Accounting Estimates

The critical accounting estimates that we deem to involve the most difficult, subjective or complex judgments include valuation of real estate and cost of home closings, warranty reserves and valuation of deferred tax assets. There have been no significant changes to our critical accounting estimates during the three months ended March 31, 2022 compared to those disclosed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our 2021 Annual Report on Form 10-K.

Home Closing Revenue, Home Orders and Order Backlog

The composition of our closings, home orders and backlog is constantly changing and is based on a changing mix of communities with various price points between periods as new projects open and existing projects wind down and close-out. Further, individual homes within a community can range significantly in price due to differing square footage, option selections, lot sizes and quality and location of lots (e.g. cul-de-sac, view lots, greenbelt lots). These variations result in a lack of meaningful comparability between our home orders, closings and backlog due to the changing mix between periods. The tables on the following pages present operating and financial data that we consider most critical to managing our operations (dollars in thousands):

	Three Months Ended March 31,		Quarter over Quarter	
	2022	2021	Change $	Change %
Home Closing Revenue				
Total				
Dollars	$ 1,245,456	$ 1,079,982	$ 165,474	15.3 %
Homes closed	2,858	2,890	(32)	(1.1) %
Average sales price	$ 435.8	$ 373.7	$ 62.1	16.6 %
West Region				
Arizona				
Dollars	$ 198,095	$ 137,268	$ 60,827	44.3 %
Homes closed	458	410	48	11.7 %
Average sales price	$ 432.5	$ 334.8	$ 97.7	29.2 %
California				
Dollars	$ 187,410	$ 171,899	$ 15,511	9.0 %
Homes closed	275	277	(2)	(0.7) %
Average sales price	$ 681.5	$ 620.6	$ 60.9	9.8 %
Colorado				
Dollars	$ 77,919	$ 84,263	$ (6,344)	(7.5) %
Homes closed	131	175	(44)	(25.1) %
Average sales price	$ 594.8	$ 481.5	$ 113.3	23.5 %
West Region Totals				
Dollars	$ 463,424	$ 393,430	$ 69,994	17.8 %
Homes closed	864	862	2	0.2 %
Average sales price	$ 536.4	$ 456.4	$ 80.0	17.5 %
Central Region - Texas				
Central Region Totals				
Dollars	$ 347,828	$ 318,385	$ 29,443	9.2 %
Homes closed	873	963	(90)	(9.3) %
Average sales price	$ 398.4	$ 330.6	$ 67.8	20.5 %
East Region				
Florida				
Dollars	$ 168,075	$ 140,828	$ 27,247	19.3 %
Homes closed	438	417	21	5.0 %
Average sales price	$ 383.7	$ 337.7	$ 46.0	13.6 %
Georgia				
Dollars	$ 56,434	$ 55,139	$ 1,295	2.3 %
Homes closed	127	146	(19)	(13.0) %
Average sales price	$ 444.4	$ 377.7	$ 66.7	17.7 %
North Carolina				
Dollars	$ 119,004	$ 107,013	$ 11,991	11.2 %
Homes closed	297	299	(2)	(0.7) %
Average sales price	$ 400.7	$ 357.9	$ 42.8	12.0 %
South Carolina				
Dollars	$ 39,713	$ 27,846	$ 11,867	42.6 %
Homes closed	121	85	36	42.4 %
Average sales price	$ 328.2	$ 327.6	$ 0.6	0.2 %
Tennessee				
Dollars	$ 50,978	$ 37,341	$ 13,637	36.5 %
Homes closed	138	118	20	16.9 %
Average sales price	$ 369.4	$ 316.4	$ 53.0	16.8 %
East Region Totals				
Dollars	$ 434,204	$ 368,167	$ 66,037	17.9 %
Homes closed	1,121	1,065	56	5.3 %
Average sales price	$ 387.3	$ 345.7	$ 41.6	12.0 %

	Three Months Ended March 31,		Quarter over Quarter	
	2022	2021	Change $	Change %
Home Orders [1]				
Total				
Dollars	$ 1,767,710	$ 1,349,130	$ 418,580	31.0 %
Homes ordered	3,874	3,458	416	12.0 %
Average sales price	$ 456.3	$ 390.1	$ 66.2	17.0 %
West Region				
Arizona				
Dollars	$ 240,007	$ 222,435	$ 17,572	7.9 %
Homes ordered	550	602	(52)	(8.6) %
Average sales price	$ 436.4	$ 369.5	$ 66.9	18.1 %
California				
Dollars	$ 247,343	$ 173,391	$ 73,952	42.7 %
Homes ordered	346	286	60	21.0 %
Average sales price	$ 714.9	$ 606.3	$ 108.6	17.9 %
Colorado				
Dollars	$ 125,999	$ 89,779	$ 36,220	40.3 %
Homes ordered	209	169	40	23.7 %
Average sales price	$ 602.9	$ 531.2	$ 71.7	13.5 %
West Region Totals				
Dollars	$ 613,349	$ 485,605	$ 127,744	26.3 %
Homes ordered	1,105	1,057	48	4.5 %
Average sales price	$ 555.1	$ 459.4	$ 95.7	20.8 %
Central Region - Texas				
Central Region Totals				
Dollars	$ 548,567	$ 391,968	$ 156,599	40.0 %
Homes ordered	1,296	1,115	181	16.2 %
Average sales price	$ 423.3	$ 351.5	$ 71.8	20.4 %
East Region				
Florida				
Dollars	$ 226,914	$ 179,109	$ 47,805	26.7 %
Homes ordered	572	479	93	19.4 %
Average sales price	$ 396.7	$ 373.9	$ 22.8	6.1 %
Georgia				
Dollars	$ 100,891	$ 61,557	$ 39,334	63.9 %
Homes ordered	220	164	56	34.1 %
Average sales price	$ 458.6	$ 375.3	$ 83.3	22.2 %
North Carolina				
Dollars	$ 163,008	$ 157,687	$ 5,321	3.4 %
Homes ordered	373	419	(46)	(11.0) %
Average sales price	$ 437.0	$ 376.3	$ 60.7	16.1 %
South Carolina				
Dollars	$ 52,656	$ 26,402	$ 26,254	99.4 %
Homes ordered	154	76	78	102.6 %
Average sales price	$ 341.9	$ 347.4	$ (5.5)	(1.6) %
Tennessee				
Dollars	$ 62,325	$ 46,802	$ 15,523	33.2 %
Homes ordered	154	148	6	4.1 %
Average sales price	$ 404.7	$ 316.2	$ 88.5	28.0 %
East Region Totals				
Dollars	$ 605,794	$ 471,557	$ 134,237	28.5 %
Homes ordered	1,473	1,286	187	14.5 %
Average sales price	$ 411.3	$ 366.7	$ 44.6	12.2 %

(1) Home orders for any period represent the aggregate sales price of all homes ordered, net of cancellations. We do not include orders contingent upon the sale of a customer’s existing home or a mortgage pre-approval as a sales contract until the contingency is removed.

	Three Months Ended March 31,			
	2022		2021	
	Ending	Average	Ending	Average
e Communities				
l	**268**	**263.5**	**203**	**199.0**
t Region				
ona	40	39.5	33	33.0
ornia	23	22.5	19	17.5
rado	18	17.5	12	11.5
t Region Totals	**81**	**79.5**	**64**	**62.0**
ral Region - Texas				
ral Region Totals	**75**	**74.0**	**59**	**61.0**
Region				
da	41	41.0	30	30.5
gia	15	15.0	12	9.5
ı Carolina	29	27.5	24	22.5
ı Carolina	13	13.5	6	6.0
essee	14	13.0	8	7.5
Region Totals	**112**	**110.0**	**80**	**76.0**

	Three Months Ended March 31,	
	2022	2021
Cancellation Rates [(1)]		
Total	**10 %**	**11 %**
West Region		
Arizona	12 %	10 %
California	12 %	13 %
Colorado	9 %	11 %
West Region Totals	**12 %**	**11 %**
Central Region - Texas		
Central Region Totals	**11 %**	**11 %**
East Region		
Florida	4 %	11 %
Georgia	12 %	14 %
North Carolina	7 %	8 %
South Carolina	11 %	17 %
Tennessee	4 %	9 %
East Region Totals	**7 %**	**10 %**

(1) Cancellation rates are computed as the number of canceled units for the period divided by the gross sales units for the same period.

	At March 31,		Quarter over Quarter	
	2022	2021	Change $	Change %
r Backlog [1]				
l				
Dollars	$ 3,038,927	$ 2,082,259	956,668	45.9%
Homes in backlog	6,695	5,240	1,455	27.8%
Average sales price	$ 453.9	$ 397.4	56.5	14.2%
: Region				
ona				
Dollars	$ 535,586	$ 429,171	106,415	24.8%
Homes in backlog	1,237	1,185	52	4.4%
Average sales price	$ 433.0	$ 362.2	70.8	19.5%
ornia				
Dollars	$ 331,321	$ 276,202	55,119	20.0%
Homes in backlog	464	453	11	2.4%
Average sales price	$ 714.1	$ 609.7	104.4	17.1%
rado				
Dollars	$ 246,932	$ 110,279	136,653	123.9%
Homes in backlog	406	202	204	101.0%
Average sales price	$ 608.2	$ 545.9	62.3	11.4%
Region Totals				
Dollars	$ 1,113,839	$ 815,652	298,187	36.6%
Homes in backlog	2,107	1,840	267	14.5%
Average sales price	$ 528.6	$ 443.3	85.3	19.2%
ral Region - Texas				
ral Region Totals				
Dollars	$ 973,828	$ 645,959	327,869	50.8%
Homes in backlog	2,301	1,782	519	29.1%
Average sales price	$ 423.2	$ 362.5	60.7	16.7%
Region				
da				
Dollars	$ 411,478	$ 253,188	158,290	62.5%
Homes in backlog	1,002	612	390	63.7%
Average sales price	$ 410.7	$ 413.7	(3.0)	(0.7)%
gia				
Dollars	$ 136,266	$ 64,355	71,911	111.7%
Homes in backlog	296	174	122	70.1%
Average sales price	$ 460.4	$ 369.9	90.5	24.5%
ı Carolina				
Dollars	$ 269,898	$ 214,079	55,819	26.1%
Homes in backlog	641	574	67	11.7%
Average sales price	$ 421.1	$ 373.0	48.1	12.9%
ı Carolina				
Dollars	$ 57,643	$ 39,785	17,858	44.9%
Homes in backlog	166	111	55	49.5%
Average sales price	$ 347.2	$ 358.4	(11.2)	(3.1)%
essee				
Dollars	$ 75,975	$ 49,241	26,734	54.3%
Homes in backlog	182	147	35	23.8%
Average sales price	$ 417.4	$ 335.0	82.4	24.6%
Region Totals				
Dollars	$ 951,260	$ 620,648	330,612	53.3%
Homes in backlog	2,287	1,618	669	41.3%
Average sales price	$ 415.9	$ 383.6	32.3	8.4%

(1) Our backlog represents net sales that have not closed.

Operating Results

Companywide. In the first quarter of 2022, home closing revenue improved 15.3% to $1.2 billion on 2,858 closings compared to $1.1 billion on 2,890 closings in the first quarter of 2021. The increase in home closing revenue year-over-year was driven entirely by the 16.6% increase in ASP on closings, as closing volume declined marginally by 1.1% due to elongated construction cycle times. We achieved our highest quarterly home orders of 3,874 homes valued at $1.8 billion in the first quarter of 2022 as compared to 3,458 homes valued at $1.3 billion in the first quarter of 2021. The higher order volume is due to a 32.4% increase in average active communities, while orders pace declined 15.5% to 4.9 per month, down from 5.8 in the first quarter of 2021 which was one of the highest quarterly orders paces in Company history. As a result of the increased construction cycle time caused by supply-chain and labor constraints, we continued to meter orders in the first quarter of 2022 to align our orders and starts with production capacity. Home order value increased 31.0% year-over-year, the combined result of higher volumes and rising ASP as we experienced pricing power driven by buyer demand. We ended the quarter with 268 actively selling communities, up from 203 at March 31, 2021. We ended the first quarter of 2022 with 6,695 homes in backlog valued at $3.0 billion, up from 5,240 homes valued at $2.1 billion at March 31, 2021. The year-over-year increases in backlog are the direct result of the favorable order volumes and pricing. Order cancellations were relatively flat at 10% for the first three months of 2022, as compared to 11% during the three month period in 2021, a further indication of strong demand in the market.

West. The West Region closed 864 homes in the first quarter of 2022, relatively flat with the 862 homes closed in 2021. Despite the flat volume, the Region improved home closing revenue 17.8% to $463.4 million resulting from an $80,000 increase in ASP due to sustained increases over the past few quarters from strong market demand. Orders and order value in the first quarter of 2022 of 1,105 homes valued at $613.3 million were up from 1,057 homes valued at $485.6 million in the 2021 period. The 4.5% higher order volume was due to a 28.2% increase in average community count, partially offset by an 19.3% decrease in orders pace year-over-year. As a result of our intentional choice to meter orders as previously discussed, orders pace decreased to 4.6 per month in the first quarter of 2022, versus 5.7 in 2021. The West Region had the Company's highest increase in ASP on orders of $95,700, or 20.8%, combined with the increase in volume resulted in a 26.3% increase in order value. The West Region ended the first quarter of 2022 with 2,107 homes in backlog valued at $1.1 billion, up from 1,840 units valued at $815.7 million at March 31, 2021, increases of 14.5% and 36.6%, respectively.

Central. In the first quarter of 2022, the Central Region closed 873 homes and generated $347.8 million in home closing revenue, as compared to 963 homes at $318.4 million in the first quarter of 2021. The 9.3% decrease in closings was more than offset by 20.5% higher ASP to achieve a 9.2% increase in home closing revenue. Both orders and order value improved year-over-year, with 1,296 homes ordered at $548.6 million in the first quarter of 2022, compared to 1,115 homes valued at $392.0 million in 2021. Order volume grew 16.2% due to the Region's 21.3% increase in average active communities, partially offset by a 4.9% decrease in orders pace to 5.8 per month in the first quarter of 2022, down slightly from 6.1 in 2021. With the Company's largest Regional increase in order volume of 16.2% and pricing power that drove ASP up by 20.4%, home order value improved 40.0% in the first quarter of 2022. The Central Region ended the first quarter of 2022 with 2,301 homes in backlog valued at $973.8 million, up from 1,782 units valued at $646.0 million at March 31, 2021.

East. The East Region delivered 1,121 closings and $434.2 million in home closing revenue during the first quarter of 2022, compared to 1,065 closings and $368.2 million in home closing revenue in the comparable prior year period, improvements of 5.3% and 17.9%, respectively. Orders and order value in the East Region grew by 14.5% and 28.5%, respectively, for the first quarter of 2022 with 1,473 units valued at $605.8 million compared to 1,286 units valued at $471.6 million in the prior year period. The higher orders is due to a 44.7% increase in average active communities, the largest Regional increase in the Company, which more than offset a 19.6% year-over-year decrease in orders pace to 4.5 per month compared to the prior year order pace of 5.6. The East Region ended the first quarter of 2022 with 2,287 homes in backlog valued at $951.3 million, up from 1,618 units valued at $620.6 million at March 31, 2021.

Land Closing Revenue and Gross Profit

From time to time, we may sell certain lots or land parcels to other homebuilders, developers or investors if we feel the sale will provide a greater economic benefit to us than continuing home construction or where we are looking to diversify our land positions in a specific geography, particularly with assets that no longer align with our strategy. As a result of such sales, we recognized land closing revenue of $41.5 million and $3.8 million for the three months ending March 31, 2022 and 2021, respectively, and profits of $10.8 million and $0.5 million for the three months ended March 31, 2022 and 2021, respectively.

Other Operating Information (dollars in thousands)

	Three Months Ended March 31,							
	2022				2021			
	Dollars		Percent of Home Closing Revenue		Dollars		Percent of Home Closing Revenue	
Home Closing Gross Profit [(1)]								
Total	$	377,649	30.3	%	$	266,655	24.7	%
West	$	143,759	31.0	%	$	97,057	24.7	%
Central	$	104,405	30.0	%	$	85,373	26.8	%
East	$	129,485	29.8	%	$	84,225	22.9	%

(1) Home closing gross profit represents home closing revenue less cost of home closings, including impairments, if any. Cost of home closings includes land and lot development costs, direct home construction costs, an allocation of common community costs (such as architectural, legal and zoning costs), interest, sales tax, impact fees, warranty, construction overhead and closing costs.

Companywide. Home closing gross margin for the first quarter of 2022 improved 560 basis points to 30.3% compared to 24.7% in the first quarter of 2021. The improvement in home closing gross margin is largely attributable to pricing power fueled by the sustained strong buyer demand and low supply of available homes, allowing ASPs on home closings to accelerate at a greater pace than both direct costs and lot costs. In addition, cost of home closings in the first three months of 2022 benefited from lower interest cost, the result of the lower interest rates from our debt refinancing transactions in recent years. Higher home closing revenue combined with the margin improvement led to a $111.0 million increase in home closing gross profit of $377.6 million for the three months ended March 31, 2022, compared to $266.7 million for the three months ended March 31, 2021.

West. The West Region had the highest home closing gross margin in the Company of 31.0% for the first quarter of 2022, a 630 basis point improvement over 24.7% in the first quarter of 2021. The improvement in home closing margin is mainly due to the favorable pricing environment where ASP increases have outpaced rising commodity and labor costs.

Central. Home closing gross margin in the Central Region improved 320 basis points to 30.0% for the first quarter of 2022 from 26.8% in the prior year quarter. The year-over-year improvement is due to pricing power leverage on both direct costs and lot costs.

East. The East Region saw the greatest improvement in home closing gross margin at 690 basis points year-over-year to 29.8% in the first quarter of 2022 versus 22.9% for the comparable 2021 period. High demand in the East Region has created opportunity to lift selling prices which have more than offset the steadily increasing commodity costs.

Financial Services Profit (in thousands)

	Three Months Ended March 31,			
	2022		2021	
Financial services profit	$	3,334	$	3,760

Financial services profit represents the net profit of our financial services operations, including the operating profit generated by our wholly-owned title and insurance companies, Carefree Title and Meritage Insurance, as well as our portion of earnings from a mortgage joint venture. Financial services profit decreased $0.4 million in the first quarter of 2022 to $3.3 million versus $3.8 million in 2021 due to a change in mix of financial services closing volume in markets where we provide financial services, as Carefree Title does not provide title and escrow services in all of the markets in which we have homebuilding operations.

Selling, General and Administrative Expenses and Other Expenses (dollars in thousands)

	Three Months Ended March 31,					
		2022			2021	
Commissions and other sales costs	$	(65,540)		$	(67,744)	
Percent of home closing revenue		5.3	%		6.3	%
General and administrative expenses	$	(39,995)		$	(37,949)	
Percent of home closing revenue		3.2	%		3.5	%
Interest expense	$	(41)		$	(90)	
Other (expense)/income, net	$	(317)		$	798	
Provision for income taxes	$	(68,629)		$	(34,134)	

Commissions and Other Sales Costs. Commissions and other sales costs are comprised of internal and external commissions and related sales and marketing expenses such as advertising and sales office costs. These costs were $65.5 million, or 5.3% of home closing revenue, for the three months ended March 31, 2022, $2.2 million, or 100 basis points, lower than the prior year comparable period, resulting from a decrease in commissions paid to third party brokers that bring prospective buyers to our communities.

General and Administrative Expenses. General and administrative expenses represent corporate and divisional overhead expenses such as salaries and bonuses, occupancy, insurance and travel expenses. For the three months ended March 31, 2022, general and administrative expenses increased $2.0 million to $40.0 million, up from $37.9 million for the 2021 period. As a percentage of home closing revenue, these expenses decreased by 30 basis points to 3.2%. The increase in general administrative expenses year-over-year is due primarily to a higher employee headcount.

Interest Expense. Interest expense is comprised of interest incurred, but not capitalized, on our senior notes, other borrowings, and our amended and restated unsecured revolving credit facility ("Credit Facility"). Interest expense totaled $41,000 and $90,000 for the three months ended March 31, 2022 and 2021, respectively.

Other (Expense)/Income, Net. Other (expense)/income, net, primarily consists of (i) sublease income, (ii) interest earned on our cash and cash equivalents, (iii) payments and awards related to legal settlements and (iv) our portion of pre-tax income or loss from non-financial services joint ventures. For the three months ended March 31, 2022, Other (expense)/income, net was expense of $0.3 million, compared to income of $0.8 million in the 2021 comparable period.

Income Taxes. Our effective tax rate was 24.0% and 20.6% for the three months ended March 31, 2022 and 2021, respectively. The higher tax rate for the three months ended March 31, 2022 is due to the expiration of the Internal Revenue Code §45L new energy efficient homes credits on December 31, 2021.

Liquidity and Capital Resources

We have historically generated cash and funded our operations primarily from cash flows from operating activities. Additional sources of funds may include additional debt or equity financing and borrowing capacity under our Credit Facility. We exercise strict controls and believe we have a prudent strategy for Company-wide cash management, including those related to cash outlays for land and inventory acquisition and development. Our principal uses of cash include acquisition and development of new and previously controlled land and lot positions, home construction, operating expenses, and the payment of interest and routine liabilities. From time to time, we opportunistically repurchase our common stock and senior notes.

Cash flows for each of our communities depend on their stage of the development cycle, and can differ substantially from reported earnings. Early stages of development or expansion require significant cash outlays for land acquisitions, zoning plat and other approvals, community and lot development, and construction of model homes, roads, utilities, landscape and other amenities. Because these costs are a component of our inventory and are not recognized in our income statement until a home closes, we incur significant cash outlays prior to recognition of earnings. In the later stages of a community, cash inflows may significantly exceed earnings reported for financial statement purposes, as the cash outflow associated with home and land construction was previously incurred.

Short-term Liquidity and Capital Resources

Over the course of the next twelve months, we expect that our primary demand for funds will be for the construction of homes, as well as acquisition and development of both new and existing lots, operating expenses, including general and administrative expenses, interest payments and opportunistic common stock repurchases. We expect to meet these short-term liquidity requirements primarily through our cash and cash equivalents on hand and our net cash flows provided by operations.

Between our cash and cash equivalents on hand combined with the availability of funds in our Credit Facility, we believe that we currently have sufficient liquidity. Nevertheless, we may seek additional capital to strengthen our liquidity position, enable us to acquire additional land inventory in anticipation of improving market conditions, and/or strengthen our long-term capital structure.

Long-term Liquidity and Capital Resources

Beyond the next twelve months, our principal demands for funds will be for the construction of homes, land acquisition and development activities needed to grow our lot supply and active community count, payments of principal and interest on our senior notes as they become due or mature and common stock repurchases. We expect our existing and generated cash will be adequate to fund our ongoing operating activities as well as providing capital for investment in future land purchases and related development activities. To the extent the sources of capital described above are insufficient to meet our long-term cash needs, we may also conduct additional public offerings of our securities, refinance or secure new debt or dispose of certain assets to fund our operating activities. There can be no assurances that we would be able to obtain such additional capital on terms acceptable to us, if at all, and such additional equity or debt financing could dilute the interests of our existing stockholders or increase our interest costs.

Material Cash Requirements

We are a party to many contractual obligations involving commitments to make payments to third parties. These obligations impact both short-term and long-term liquidity and capital resource needs. Certain contractual obligations are reflected on our unaudited consolidated balance sheets as of March 31, 2022, while others are considered future commitments for materials or services not yet provided. Our contractual obligations primarily consist of principal and interest payments on our senior notes, loans payable and other borrowings, including our Credit Agreement, letters of credit and surety bonds and operating leases. We have no debt maturities until 2025. We also have certain short-term lease commitments, commitments to fund our existing unconsolidated joint ventures and other purchase obligations in the normal course of business. Other material cash requirements include land acquisition and development costs, home construction costs and operating expenses, including our selling, general and administrative expenses. We plan to fund these commitments primarily with cash flows generated by operations, but may also utilize additional debt or equity financing and borrowing capacity under our Credit Facility. Our maximum exposure to loss on our purchase and option agreements is generally limited to non-refundable deposits and capitalized pre-acquisition costs.

For information about our loans payable and other borrowings, including our Credit Facility, and senior notes, reference is made to Notes 5 and 6 in the accompanying notes to the unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q and are incorporated by reference herein. For information about our lease obligations, reference is made to Note 4 in the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2021 and are incorporated by reference herein.

Reference is made to Notes 1, 3, 4, and 15 in the accompanying notes to the unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q and are incorporated by reference herein. These Notes discuss our off-balance sheet arrangements with respect to land acquisition contracts and option agreements, and land development joint ventures, including the nature and amounts of financial obligations relating to these items. In addition, these Notes discuss the nature and amounts of certain types of commitments that arise in connection with the ordinary course of our land development and homebuilding operations, including commitments of land development joint ventures for which we might be obligated, if any.

We do not engage in commodity trading or other similar activities. We had no derivative financial instruments at March 31, 2022 or December 31, 2021.

Operating Cash Flow Activities

During the three months ended March 31, 2022, net cash provided by operating activities totaled $12.2 million versus net cash used in operating activities of $13.9 million during the three months ended March 31, 2021. Operating cash flows in the first quarter of 2022 benefited from cash generated by net earnings of $217.3 million and an increase in accounts payable and accrued liabilities of $115.9 million due to timing of payments for routine transactions, offset by a $283.9 million increase in real estate assets and a $52.1 million increase in other receivables, prepaids and other assets. The increase in other receivables, prepaids and other assets was largely due to the purchase of fixed rate interest locks for eligible buyers in our backlog. During the first quarter of 2021, operating cash flows benefited from cash generated by net earnings of $131.8 million and a $38.7 million increase in accounts payable and accrued liabilities, offset by an increase in real estate assets of $193.4 million.

Investing Cash Flow Activities

During the three months ended March 31, 2022 and 2021, net cash used in investing activities totaled $6.2 million and $4.9 million, respectively. Cash used in investing activities for both periods is mainly attributable to the purchases of property and equipment of $6.4 million and $5.0 million, respectively.

Financing Cash Flow Activities

During the three months ended March 31, 2022 and 2021, net cash used in financing activities totaled $103.9 million and $10.3 million, respectively. The net cash used in financing activities in 2022 and 2021 primarily reflect $99.3 million and $8.4 million in share repurchases, respectively. Our Board of Directors has authorized the expenditure of up to $300.0 million to repurchase shares of our common stock under our current stock repurchase program, of which $54.1 million remained available as of March 31, 2022. There is no stated expiration for this program and repurchases may be made in the open market, privately negotiated transactions, or otherwise.

We believe that our leverage ratios provide useful information to the users of our financial statements regarding our financial position and cash and debt management. Debt-to-capital and net debt-to-capital are calculated as follows (dollars in thousands):

	As of	
	March 31, 2022	**December 31, 2021**
Senior notes, net, loans payable and other borrowings	$ 1,165,323	$ 1,160,038
Stockholders' equity	3,168,315	3,044,389
Total capital	$ 4,333,638	$ 4,204,427
Debt-to-capital (1)	26.9 %	27.6 %
Senior notes, net, loans payable and other borrowings	$ 1,165,323	$ 1,160,038
Less: cash and cash equivalents	(520,395)	(618,335)
Net debt	644,928	541,703
Stockholders' equity	3,168,315	3,044,389
Total net capital	$ 3,813,243	$ 3,586,092
Net debt-to-capital (2)	16.9 %	15.1 %

(1) Debt-to-capital is computed as senior notes, net and loans payable and other borrowings divided by the aggregate of total senior notes, net, loans payable and other borrowings and stockholders' equity.

(2) Net debt-to-capital is computed as net debt divided by the aggregate of net debt and stockholders' equity. Net debt is comprised of total senior notes, net and loans payable and other borrowings, less cash and cash equivalents. The most directly comparable GAAP financial measure is the ratio of debt-to-capital. We believe the ratio of net debt-to-capital is a relevant financial measure for investors to understand the leverage employed in our operations and as an indicator of our ability to obtain financing.

We have never declared cash dividends. Currently, we plan to utilize our cash to manage our liquidity and to grow community count. Future cash dividends, if any, will depend upon economic and financial conditions, results of operations, capital requirements, statutory requirements, restrictions imposed by our Credit Facility, as well as other factors considered relevant by our Board of Directors.

Credit Facility Covenants

Borrowings under the Credit Facility are unsecured, but availability is subject to, among other things, a borrowing base. The Credit Facility also contains certain financial covenants, including (a) a minimum tangible net worth requirement of $1.9 billion (which amount is subject to increase over time based on subsequent earnings and proceeds from equity offerings), and (b) a maximum leverage covenant that prohibits the leverage ratio (as defined therein) from exceeding 60%. In addition, we are required to maintain either (i) an interest coverage ratio (EBITDA to interest expense, as defined therein) of at least 1.50 to 1.00 or (ii) liquidity (as defined therein) of an amount not less than our consolidated interest incurred during the trailing 12 months. We were in compliance with all Credit Facility covenants as of March 31, 2022. Our actual financial covenant calculations as of March 31, 2022 are reflected in the table below.

Financial Covenant (dollars in thousands):	Covenant Requirement	Actual
Minimum Tangible Net Worth	> $2,176,919	$3,127,202
Leverage Ratio	< 60%	15.1%
Interest Coverage Ratio (1)	> 1.50	19.40
Minimum Liquidity (1)	> $61,957	$1,238,824
Investments other than defined permitted investments	< $938,161	$5,631

(1) We are required to meet either the Interest Coverage Ratio or Minimum Liquidity, but not both.

Seasonality

Historically, we have experienced seasonal variations in our quarterly operating results and capital requirements. We typically sell more homes in the first half of the fiscal year than in the second half, which creates additional working capital requirements in the second and third quarters to build our inventories to satisfy the deliveries in the second half of the year. We typically benefit from the cash generated from home closings more in the third and fourth quarters than in the first and second quarters. During 2020, historical cycles were impacted by COVID-19 and since then have been further impacted by sustained increased demand. We have continued to experience these impacts in the first quarter of 2022; however, we expect our historical seasonal pattern to continue over the long term, although it will continue to be affected by short-term volatility in the homebuilding industry and in the overall economy.

Recent Issued Accounting Pronouncements

See Note 1 to our unaudited consolidated financial statements included in this report for discussion of recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our fixed rate debt is made up primarily of $1.2 billion in principal of our senior notes. Except in limited circumstances, we do not have an obligation to prepay our fixed-rate debt prior to maturity and, as a result, interest rate risk and changes in fair value should not have a significant impact on our fixed rate borrowings until we would be required to repay such debt and access the capital markets to issue new debt. Our Credit Facility is subject to interest rate changes as the borrowing rates are based on SOFR or Prime (see Note 5 in the accompanying notes to the unaudited consolidated financial statements included in this Form 10-Q).

Our operations are interest rate sensitive. As overall housing demand is adversely affected by increases in interest rates, a significant increase in mortgage interest rates may negatively affect the ability of homebuyers to secure adequate financing. Higher interest rates and/or rapidly increasing interest rates could adversely affect our revenues, gross margins, net income and cancellation rates and would also increase our variable rate borrowing costs on our Credit Facility, if any. We do not enter into, or intend to enter into, derivative interest rate swap financial instruments for trading or speculative purposes.

Item 4. Controls and Procedures

In order to ensure that the information we must disclose in our filings with the SEC is recorded, processed, summarized and reported on a timely basis, we have developed and implemented disclosure controls and procedures. Our management, with the participation of our CEO and CFO, has reviewed and evaluated the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), as of March 31, 2022 (the “Evaluation Date”). Based on such evaluation, our management has concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective at a reasonable assurance level in ensuring that information that is required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

During the fiscal quarter covered by this Form 10-Q, there has not been any change in our internal control over financial reporting that has materially affected, or that is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 15 in the accompanying notes to the unaudited consolidated financial statements in this report for a discussion of our legal proceedings.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item IA "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may eventually prove to materially adversely affect our business, financial condition and/or operating results. Except as described below, there has been no material change in our risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021.

Increases in interest rates or decreases in mortgage availability may make purchasing a home more difficult or less desirable and may negatively impact the ability to sell new and existing homes.

In general, housing demand is adversely affected by increases in interest rates and a lack of availability of mortgage financing. Most of our buyers finance their home purchases through our mortgage joint venture or third-party lenders providing mortgage financing. If mortgage interest rates increase and, consequently, the ability of prospective buyers to finance home purchases is adversely affected, our home sales and cash flow may be adversely affected and the impact may be material. Additionally, rapid increases in interest rates may negatively impact affordability of a home purchase for existing buyers in backlog who have not yet locked in a mortgage interest rate for their loan. This could lead to an increase in the number of contract cancellations in our reported sales order numbers. For example, although long-term interest rates remain low compared to historical averages, in the first three months of 2022 they have trended upward and are anticipated to continue to increase for the foreseeable future.

A homebuyers' ability to obtain a mortgage loan is largely subject to prevailing interest rates, lenders’ credit standards and appraisals, and the availability of government-supported programs, such as those from the FHA, the VA, Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"). If credit standards or appraisal guidelines are tightened, or mortgage loan programs are curtailed, potential buyers of our homes may not be able to obtain necessary mortgage financing. There can be no assurance that these programs will continue to be available or that they will be as accommodating as they currently are. Continued legislative and regulatory actions and more stringent underwriting standards could have a material adverse effect on our business if certain buyers are unable to obtain mortgage financing. A prolonged tightening of the financial markets could also negatively impact our business.

The above risks can also indirectly impact us to the extent our customers need to sell their existing homes to purchase a new home from us if the potential buyer of their home is unable to obtain mortgage financing.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We have never declared cash dividends. Currently, we plan to retain our cash to finance the continuing development of the business. Future cash dividends, if any, will depend upon financial condition, results of operations, capital requirements, statutory requirements, restrictions imposed by our Credit Facility, as well as other factors considered relevant by our Board of Directors.

Issuer Purchases of Equity Securities

On February 13, 2019, our Board of Directors authorized a new stock repurchase program, authorizing the expenditure of up to $100.0 million to repurchase shares of our common stock. On November 13, 2020, the Board of Directors authorized the expenditure of an additional $100.0 million to repurchase shares of our common stock under this program. On August 12, 2021, the Board of Directors authorized the expenditure of an additional $100.0 million to repurchase shares of our common stock under this program, which was announced on August 17, 2021. There is no stated expiration for this program. The repurchases of the Company's shares may be made in the open market, in privately negotiated transactions, or otherwise. The timing and amount of repurchases, if any, will be determined by the Company's management at its discretion and be based on a variety of factors such as the market price of the Company's common stock, corporate and contractual requirements, prevailing market and economic conditions and legal requirements. The share repurchase program may be modified, suspended or discontinued at any time. As of March 31, 2022 there was $54.1 million available under this program to repurchase shares. We purchased 1,037,967 shares under the program during the three months ended March 31, 2022.

Period	**Total Number of Shares Purchased**	**Average price paid per share**	**Total number of shares purchased as part of publicly announced plans or programs**	**Approximate dollar value of shares that may yet be purchased under the plans or programs**
January 1, 2022 - January 31, 2022	232,312	$ 98.63	232,312	$ 130,468,038
February 1, 2022 - February 28, 2022	647,641	$ 93.96	647,641	$ 69,615,096
March 1, 2022 - March 31, 2022	158,014	$ 98.33	158,014	$ 54,077,423
Total	1,037,967		1,037,967	

Item 6. Exhibits

Exhibit Number	Description	Page or Method of Filing
3.1	Restated Articles of Incorporation of Meritage Homes Corporation	Incorporated by reference to Exhibit 3 of Form 8-K dated June 20, 2002
3.1.1	Amendment to Articles of Incorporation of Meritage Homes Corporation	Incorporated by reference to Exhibit 3.1 of Form 10-Q for the quarter ended September 30, 1998
3.1.2	Amendment to Articles of Incorporation of Meritage Homes Corporation	Incorporated by reference to Exhibit 3.1 of Form 8-K dated September 15, 2004
3.1.3	Amendment to Articles of Incorporation of Meritage Homes Corporation	Incorporated by reference to Appendix A of the Proxy Statement for the Registrant's 2006 Annual Meeting of Stockholders
3.1.4	Amendment to Articles of Incorporation of Meritage Homes Corporation	Incorporated by reference to Appendix B of Proxy Statement for the Registrant's 2008 Annual Meeting of Stockholders
3.1.5	Amendment to Articles of Incorporation of Meritage Homes Corporation	Incorporated by reference to Appendix A of the Definitive Proxy Statement filed by the Registrant with the Securities and Exchange Commission on January 9, 2009
3.2	Amended and Restated Bylaws of Meritage Homes Corporation	Incorporated by reference to Exhibit 3.1 of Form 8-K dated November 23, 2021
10.1 *	Employment Agreement between the Company and Malissia Clinton	Filed herewith
22	List of Guarantor Subsidiaries	Incorporated by reference to Exhibit 22 of Form 10-K for the year ended December 31, 2021
31.1	Rule 13a-14(a)/15d-14(a) Certification of Phillippe Lord, Chief Executive Officer	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certification of Hilla Sferruzza, Chief Financial Officer	Filed herewith
32.1	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer	Furnished herewith
101.0	The following financial statements from the Meritage Homes Corporation Quarterly Report on Form 10-Q as of and for the three months ended March 31, 2022 were formatted in Inline XBRL (Extensible Business Reporting Language); (i) Unaudited Consolidated Balance Sheets, (ii) Unaudited Consolidated Income Statements, (iii) Unaudited Consolidated Statements of Cash Flows, and (iv) Notes to Unaudited Consolidated Financial Statements.	
104.0	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in Inline XBRL.	

* Indicates a management contract or compensation plan.

SIGNATURES

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 thereunto duly authorized.

MERITAGE HOMES CORPORATION,
a Maryland corporation

By: /s/ HILLA SFERRUZZA

Hilla Sferruzza
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Date: April 29, 2022

INDEX OF EXHIBITS

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104.0	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in Inline XBRL.

* Indicates a management contract or compensation plan.

Employment Agreement

This **EMPLOYMENT AGREEMENT** (the "Agreement") is entered into and is made effective as of April 13, 2022 (the "Effective Date"), by and between Meritage Homes Corporation, a corporation organized under the laws of the State of Maryland (the "Company"), and Malissia Clinton ("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 Company desires to employ Executive, and Executive is willing and able to accept such employment, upon the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the promises and the mutual covenants in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

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

2. Term. Executive's employment shall begin on April 18, 2022 (the "Employment Commencement Date"). 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, 2022 (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 the Company's Executive Vice President, General Counsel and Secretary 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 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 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 a single for-profit company that does not, in the sole judgment of the Company's Board of Directors (the "Board"), compete with the Company; (ii) serving on civic or charitable boards or committees (iii) reasonable participation in community, charitable and industry-related (e.g., American Bar Association) organizational activities; and/or (iv) managing personal investments, so long as all such activities described in clauses (i) through (iv) 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) - (iii), 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 fifteen thousand dollars ($515,000), 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") subject to the achievement of certain performance goals established by the Committee and to 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 Performance Share Award and/or a Restricted Stock Unit Award under the Meritage Homes Corporation 2018 Stock Incentive Plan, or any successor thereto (the "Stock Incentive Plan"), subject to the achievement of certain performance goals established by the Compensation Committee pursuant to the Stock Incentive Plan and other terms and conditions, as set forth in Exhibit D and 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 Stock Incentive Plan and the individual award agreement pursuant to which it is made.

(ii) Previous Annual Awards. Notwithstanding the provisions of the previous paragraph (i) to the contrary, Annual Awards granted to the Executive prior to the Effective Date shall continue to be governed by the terms and conditions of the Previous Agreement.

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 officers.

(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. In addition, Executive shall be entitled to reimbursement for: (i) dues and membership fees in professional organizations and industry associations in which Executive is currently a member or becomes a member (including, but not limited to, annual bar dues for the State Bar of California); and (ii) mandatory continuing legal education (MCLE). 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 (ii) 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 without Cause as provided in Section 6(b); or (vi) by Executive voluntarily 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. 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 Section 3.1 of the Severance Plan pursuant to the terms and conditions of that plan. However, if upon Executive's termination of employment under this Section 6(b) the Executive satisfies the service requirement under the Severance Plan to be considered eligible for "Retirement" under that Severance Plan, then the Executive shall be permitted to make an election in Section 3.1(g) of the Severance Plan to receive severance benefits due to Retirement under Section 3.4 of the Severance Plan in lieu of the severance benefits otherwise payable under Section 3.1 of the Severance Plan; the timing of this election is as set forth in Section 3.1(g) of the Severance 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 ofher 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 Stock Incentive Plan), the Severance Plan, 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;

(D) 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. Confidentiality 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 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) 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.

(ii) 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.

(iii) 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. Executive Representation. Executive hereby represents that she is not subject to any contract or other restriction that would prevent, or in any way interfere with, her accepting employment with the Company and performing any or all of Executive's duties contemplated pursuant to this Agreement. Executive further acknowledges that the Company has directed her to not misappropriate any confidential information or trade secrets from any prior employer or third party for use in the performance of her duties with the Company. Executive further represents to the Company that she has not been sanctioned, excluded, debarred, suspended, or otherwise prohibited from the practice of law in any jurisdiction, and that, to her knowledge, there is no reason to believe that she will not be admitted to practice law in the State of Arizona as an in-house counsel.

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, and 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, and 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: Chairman of the Compensation Committee of the Board of Directors and Chief People 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 any 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 any 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 any 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 any 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 Stock Incentive Plan and the Severance Plan are hereby incorporated by reference into this Agreement. This Agreement, all Exhibits attached hereto, the Stock Incentive Plan and the Severance 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.

Company

Meritage Homes Corporation

By: /s/ Phillippe Lord______

Name: Phillippe Lord

Title: Chief Executive Officer

Executive

/s/ Malissia Clinton______

Malissia Clinton

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 Obligations 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 have the meaning prescribed to such term under the Severance Plan.

10. "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, (1) during the twelve (12) month period preceding the Termination Date, either the Company operates or has provided products or services to customers or (2) as of the Termination Date, has initiated plans to, and is reasonably anticipated to, operate or provide products or services to customers, within the twelve (12) month period following the Termination Date.

11. "Severance Plan" shall mean that certain Meritage Homes Corporation Executive Severance Plan, as may be amended from time to time.

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

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, 2022.

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 . Financial Relocation Assistance. To assist with the relocation of the Executive and the Executive's family to the Phoenix/Scottsdale metro area, the Company shall provide financial relocation assistance to the Executive ("Relocation Assistance") as follows:

1. A relocation bonus of one hundred twenty five thousand dollars ($125,000) shall be paid to Executive in a single lump sum (reduced for applicable tax withholding as required by law) within the first two regular payroll dates following the Employment Commencement Date.

2. Additionally, during 2023 the Company will provide Executive with up to fifty thousand dollars ($50,000) to relocate furnishings and household goods from Executive's current primary residence in California to the Phoenix/Scottsdale metro area. Executive may utilize the Company's preferred relocation provider, or at Executive's discretion, Executive may use a relocation provider of Executive's choice. If Executive chooses her own relocation provider, Executive will be reimbursed for relocation expenses actually incurred by Executive, up to $50,000; this reimbursement will be payable to Executive no earlier than January 1, 2023 and no later than December 31, 2023. Whether through the Company's preferred relocation provider or through reimbursement of expenses incurred, the maximum amount available under this subparagraph 2 will not exceed $50,000 and no such relocation allowance or relocation expense reimbursement will be

payable to Executive prior to January 1, 2023 (for the avoidance of doubt, the relocation allowance or reimbursement actually provided to Executive will be taxable to Executive in 2023 and amounts actually paid to Executive will be reduced for applicable tax withholding as required by law).

3. Additionally, if Executive's employment with the Company is terminated prior to April 18, 2024, for any reason other than (a) Executive's death, (b) Executive's Disability, (c) Executive's involuntary termination by the Company without Cause, or (d) termination by Executive for Good Reason, Executive is required to repay, and hereby agrees to repay within ten (10) business days of Executive's Termination Date, Relocation Assistance previously paid to Executive under subparagraphs 1 and 2, above, as follows:

   i. Where Executive's Termination Date occurs prior to April 18, 2023, Executive's repayment obligation is equal to one hundred percent (100%) of all Relocation Assistance previously provided to her.

   ii. Where Executive's Termination Date occurs on or after April 18, 2023 but prior to April 18, 2024, Executive's repayment obligation is the prorated portion of the Relocation Assistance previously provided to her, based on calendar months of employment with the Company divided by twenty-four (24). For example, if termination occurs during the month of June 2024 (i.e., the Executive's 14^{th} month of employment as measured from the Employment Commencement Date), Executive's repayment obligation would be the previously paid Relocation Assistance multiplied by 41.67% (= 10 / 24).

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 D must occur within the timeframe set forth in Section 5(d) of the Agreement.

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 generally 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 initial Target Bonus shall be five hundred fifteen thousand dollars ($515,000) for the Performance Period ending December 31, 2022, and is subject to proration under paragraph E below to reflect Executive's employment with the Company starting on the Employment Commencement Date. For future Performance Periods during Executive's employment under this Agreement, the Executive's Target Bonus will remain at $515,000, 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 (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.

D. Performance Goals. 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 pre-established, 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 . 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.

F . Payment. Except as otherwise provided in the Agreement, any Bonus payable under this Exhibit C (including any pro rata Bonus determined under paragraph E) 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. The vesting provisions of each PSA awarded hereunder shall be as provided in the actual award issued to the Executive evidencing the terms of the PSA.

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 two hundred eighty nine thousand six hundred eighty seven dollars ($289,687) shall be established for the PSA for the Performance Period beginning January 1, 2022. Thereafter, and subject to the approval of the Committee, 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 eighty six thousand two hundred fifty dollars ($386,250) shall be established for the PSA for each Performance Period beginning on and after January 1, 2023, 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. 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 pre-established, 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. Vesting and Payment. Vesting of each PSA shall be as set forth in the award agreement underlying the PSA. Except as otherwise provided in the Agreement, any PSAs payable under this Exhibit D shall be settled by delivery of whole Shares 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.

However, for the initial PSA award, Shares shall be delivered no earlier than the three (3) year period after the date the RSU award is granted.

G . Performance-Based 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 E

RESTRICTED STOCK UNIT AWARD

A. Restricted Stock Unit. For each Performance Period beginning on and after January 1, 2022, as defined in paragraph C below, and subject to the approval of the Committee, Executive shall be granted 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") with a fair market value on the date of grant, based on the closing price of the Company's stock on such date, of two hundred eighty nine thousand six hundred eighty seven dollars ($289,687). In each subsequent calendar year, and subject to the approval of the Committee, Executive shall be granted an RSU 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 eighty six thousand two hundred fifty dollars ($386,250), 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. The vesting provisions of each RSU awarded hereunder shall be as provided in the actual award issued to the Executive evidencing the terms of the RSU.

B. Vesting Period. For purposes of this Exhibit E, the Vesting Period for an RSU award shall be the three (3) year period beginning on the date an RSU award is granted.

C. Performance Period. For purposes of this Exhibit E, the Performance Period for an RSU award shall be the three (3) year period beginning on January 1 of each calendar year during the Agreement Term and any Renewal Term.

D. Performance Goals. No later than ninety (90) days after the commencement of each Performance Period, the Committee may, 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).

E. 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 RSU award agreement, the Agreement or this Exhibit E (as applicable) shall control.

F. Vesting and Payment. Vesting of each RSU shall be as set forth in the award agreement underlying the RSU. 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 to Executive within 60 (sixty) days after the date those Shares become vested. 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.

EXHIBIT F

FORM OF RELEASE OF CLAIMS

This Release of Claims ("Agreement") is made and entered into by Malissia Clinton ("Employee") on the date set forth below.

WHEREAS, Employee and Meritage Homes Corporation, Inc. (the "Company") entered into an Employment Agreement dated [date of agreement] ("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;

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 Chief People Officer, 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 her 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:

____________________________ ____________________________

Malissia Clinton Date

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Phillippe Lord, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Meritage Homes Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2022

/s/ Phillippe Lord

Phillippe Lord
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Hilla Sferruzza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Meritage Homes Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2022

/s/ Hilla Sferruzza

Hilla Sferruzza
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Meritage Homes Corporation (the "Company") for the period ending March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned, certify, to the best of our knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

MERITAGE HOMES CORPORATION,
a Maryland Corporation

By: /s/ Phillipe Lord

Phillippe Lord
Chief Executive Officer
(Principal Executive Officer)

April 29, 2022

By: /s/ Hilla Sferruzza

Hilla Sferruzza
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

April 29, 2022