

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) June 12, 2006

MERITAGE HOMES CORPORATION

(Exact Name of Registrant as Specified in Charter)

Maryland (State or Other Jurisdiction of Incorporation)	1-9977 (Commission File Number)	86-0611231 (IRS Employer Identification No.)
17851 N. 85th Street, Suite 300, Scottsdale, Arizona (Address of Principal Executive Offices)		85255 (Zip Code)
(480) 609-3330 (Registrant's telephone number, including area code)		
(Former Name or Former Address, if Changed Since Last Report)		

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On June 12, 2006, Meritage Homes Corporation (the "Company") entered into a Stock Purchase Agreement with John Landon, a director and the Company's former Co-Chairman and Co-Chief Executive Officer. Pursuant to the Stock Purchase Agreement, the Company acquired 1,000,000 shares of the Company's common stock, par value \$0.01 per share, at a price of \$52.19 per share, or an aggregate purchase price of \$52,190,000. The settlement date for the acquisition of the common stock was June 14, 2006 and the purchase was made pursuant to the Company's existing stock repurchase program.

The purchase price for the common stock acquired pursuant to the Stock Purchase Agreement was based on the closing price of Meritage's common stock on June 2, 2006 (as reported by the New York Stock Exchange) plus a premium of 4%. The Company's acquisition of the common stock, which was approved by the disinterested members of the Board of Directors, was conditioned upon the Company's receipt of a written opinion as to the fairness of the repurchase transaction to the Company from a financial point of view. In satisfaction of this condition, the Company received a written fairness opinion from JMP Securities LLC dated June 12, 2006.

A copy of the Stock Purchase Agreement is filed as Exhibit 10.1 to this Form 8-K and is incorporated by reference herein.

In connection with the Company's purchase of the common stock shares from John Landon, Mr. Landon resigned as a member of the Board of Directors, which resignation was effective June 14, 2006. In connection with Mr. Landon's resignation, William G. Campbell, a long-time friend of Mr. Landon, also resigned his position as a member of the Board of Directors, effective immediately.

On June 12, 2006, the Company and John Landon also entered into (i) a Settlement Agreement and Mutual Release and Waiver of Claims (the "Settlement Agreement") and (ii) a Cooperation Agreement.

Pursuant to the Settlement Agreement, the Company and John R. Landon agreed to mutually release any claims each party had against the other, subject to certain exceptions including, but not limited to, breaches of the Settlement Agreement and the non-compete restrictions contained in John Landon's prior Employment Agreement. The Settlement Agreement also reflects the resolution and treatment of miscellaneous post-employment matters relating to John Landon's separation from the Company. A copy of the Settlement Agreement is filed as Exhibit 10.2 to this Form 8-K and is incorporated by reference herein.

Pursuant to the Cooperation Agreement, John Landon agreed that until May 18, 2008, he will vote any of the remaining shares of the Company's common stock that he or his affiliates own or control in favor of directors recommended by the Nominating/Corporate Governance Committee of the Board of Directors, and with respect to any other proposal before the shareholders of the Company before May 18, 2007, in accordance with the recommendation of the Board of Directors. Mr. Landon also agreed to customary standstill provisions until May 18, 2008.

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To facilitate the agreements contained in the Cooperation Agreement, Mr. Landon granted to the members of the Nominating/Corporate Governance Committee, or any of them, an irrevocable proxy with respect to all shares of the Company's common stock that Mr. Landon beneficially owns or controls.

The Cooperation Agreement is filed as Exhibit 10.3 to this Form 8-K and is incorporated by reference herein.

A copy of the Company's press release announcing these agreements is filed as Exhibit 99.1 to this Form 8-K and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Stock Purchase Agreement, dated June 12, 2006
- 10.2 Settlement Agreement and Mutual Release and Waiver of Claims, dated June 12, 2006
- 10.3 Cooperation Agreement, dated June 12, 2006
- 99.1 Press Release, dated June 15, 2006

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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 hereunto duly authorized.

Dated: June 15, 2006

MERITAGE HOMES CORPORATION

/s/ LARRY W. SEAY

By: Larry W. Seay
Executive Vice President and Chief Financial Officer

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "Agreement"), effective as of June 12, 2006, is by and between Meritage Homes Corporation, a Maryland corporation ("Meritage"), and John R. Landon ("Landon").

WHEREAS, Landon has resigned as an officer of Meritage;

WHEREAS, in connection with the foregoing, (i) Meritage has agreed, subject to the conditions herein, to purchase from Landon shares of common stock, par value \$0.01 per share, of the Company ("Common Stock"), (ii) Landon has agreed to resign as a director of the Company, and (iii) the parties have determined to settle various other matters;

WHEREAS, simultaneously with the execution of this Agreement, Meritage and Landon have executed and delivered (i) a Settlement Agreement and Mutual Release and Waiver of Claims (the "Settlement Agreement") in the form of Exhibit A hereto, and (ii) a Cooperation Agreement (the "Cooperation Agreement") in the form of Exhibit B hereto; and

WHEREAS, Landon and Meritage are parties to that certain Employment Agreement effective as of July 1, 2003, as amended from time to time (the "Employment Agreement"), which Employment Agreement imposes various continuing obligations upon Landon, as set forth in Sections 8 and 9 thereof (the "Continuing Obligations") and upon Meritage, as set forth under Section 7 thereof.

NOW, THEREFORE, in consideration of the acts, payments, covenants and mutual agreements herein described and agreed to be performed, Meritage and Landon hereby agree as follows:

1. **Resignation of Positions with Company Subsidiaries and Affiliates.** Landon hereby acknowledges the termination of his service as an officer and employee of Meritage, and his termination and/or resignation from all other positions held by Landon in any capacity with any subsidiary, affiliate or related party of Meritage, in each case effective as of the close of business on May 17, 2006.

2. **Purchase and Sale of the Shares; Resignation as a Director.**

(a) Upon the terms of, and subject to the satisfaction of the conditions set forth in Section 5 of this Agreement, Landon hereby agrees to sell to Meritage, and Meritage hereby agrees to purchase from Landon, 1,000,000 shares of Common Stock (the "Shares").

(b) The purchase price per share for the Shares shall be \$52.19 per share (the "Per Share Price"), or an aggregate of FIFTY-TWO MILLION ONE HUNDRED NINETY THOUSAND AND NO/100 DOLLARS (\$52,190,000).

(c) Immediately following the satisfaction of the conditions set forth in Section 5 hereof, and in any event no later than the next business day thereafter, Landon shall surrender to Meritage any certificates representing the Shares being purchased, together with duly executed stock powers for the transfer of such Shares to Meritage, or otherwise provide to Meritage satisfactory evidence of the transfer of the Shares to Meritage. Upon Meritage's receipt of such certificates and transfer instruments from Landon, or upon Meritage's receipt of such other satisfactory evidence of the transfer of the Shares to Meritage, Meritage shall pay the purchase price for the Shares to Landon by check or by wire transfer to an account designated in writing by Landon.

(d) Landon hereby resigns from the Board of Directors of Meritage, such resignation to be effective, without further action by any party hereto, immediately upon, and subject to, Landon's receipt of the purchase price for the Shares as provided in this Section 2.

3. **Representations, Warranties and Covenants of Landon.** Landon hereby represents, warrants and covenants to Meritage as follows:

(a) **Ownership of the Shares.** Landon, or Landon as tenant in common with Eleanor Landon, is the sole beneficial owner and holder of the entire right, title and interest in and to the Shares, free and clear of all liens and other encumbrances (other than restrictions on transfer imposed by federal and state securities laws).

(b) **Authorization; Enforceability.** Landon has full power and authority to enter into this Agreement, the Settlement Agreement and the Cooperation Agreement. This Agreement, the Settlement Agreement and the Cooperation Agreement, and the Continuing Obligations under the Employment Agreement, constitute valid and legally binding obligations of Landon, enforceable against Landon in accordance with their respective terms.

(c) **No Conflicts.** The execution and delivery by Landon of this Agreement does not, and the consummation of the transactions contemplated hereby will not: (i) conflict with or result in a violation or breach of any law, rule, regulation, order or decree applicable to Landon; (ii) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, any contract to which Landon is a party; (iii) except as set forth in this Agreement or as required by the federal securities laws, require Landon to obtain any consent, approval or action of, make any filing with or give any notice to any person as a result or under the terms of any contract to which Landon is a party; or (iv) result in the creation or imposition of any lien or other encumbrance upon the Shares.

(d) **Adequacy of Information.** Landon has been an executive officer and director of Meritage with access to information regarding Meritage and its business, including operating data for April and May, 2006, necessary to make an informed and knowledgeable decision with regard to the transactions contemplated hereby. Landon understands that the Shares may in the future trade at prices higher than the purchase price at which Landon is selling

(c) **Compliance with Agreements.** Landon will comply in all respects with the terms and provisions of this Agreement, the Settlement Agreement and the Cooperation Agreement, and with his Continuing Obligations under the Employment Agreement.

4. **Representations, Warranties and Covenants of Meritage.** Meritage hereby represents, warrants and covenants to Landon as follows:

(a) **Authorization; Enforceability.** Meritage has full power and authority to enter into this Agreement, the Settlement Agreement and the Cooperation Agreement. This Agreement, the Settlement Agreement and the Cooperation Agreement (i) upon satisfaction of the condition set forth in Section 5(a)(i) and Section 5(b)(i) below will be duly authorized by all necessary corporate action and (ii) constitute valid and legally binding obligations of Meritage, enforceable against Meritage in accordance with their respective terms.

(b) **No Conflicts.** Subject to the satisfaction of the conditions set forth in Section 5 below, the execution and delivery by Meritage of this Agreement does not, and the consummation of the transactions contemplated hereby will not: (i) conflict with or result in a violation or breach of any law, rule, regulation, order or decree applicable to Meritage; (ii) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, any contract to which Meritage or any of its direct or indirect subsidiaries is a party, or (iii) except as set forth in this Agreement or as required by the federal securities laws, require Meritage to obtain any consent, approval or action of, make any filing with or give any notice to any person as a result or under the terms of any contract to which Meritage is a party.

(c) **Compliance with Agreements.** Meritage will comply in all respects with the terms and provisions of this Agreement, the Settlement Agreement and the Cooperation Agreement and with its continuing obligations under the terms of the Employment Agreement.

(d) **Retention of Independent Bank.** Meritage has retained, or concurrently with the execution of this Agreement will retain, at Meritage's sole cost and expense, the Independent Bank (hereafter defined) for purposes of rendering the written opinion referenced in Section 5(a)(ii) and Section 5(b)(ii) below.

5. **Conditions to Purchase.** (a) Meritage's obligation to purchase the Shares following the execution of this Agreement is subject to the following conditions precedent:

(i) The transactions contemplated hereby shall have been approved by the Board of Directors of Meritage, including a majority of all disinterested directors, at a meeting of the Board of Directors duly called and held;

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(ii) Meritage shall have received, within seven days of the date hereof, a written opinion as to the fairness of the purchase of the Shares to Meritage from a financial point of view, which opinion shall have been issued by an accounting, appraisal or investment banking firm of nationally recognized standing that is, in the reasonable judgment of Meritage's Board of Directors, qualified to perform such task and disinterested and independent with respect to Meritage (the "Independent Bank"); provided, that Meritage shall inform Landon promptly, and in any event within two days, of its receipt of such opinion from the Independent Bank or of confirmation from the Independent Bank that the Independent Bank will not issue such an opinion; and

(iii) The representations and warranties of Landon made herein shall be true and correct in all respects and Landon shall be in compliance with all covenants and other terms of this Agreement and Sections 8 and 9 of the Employment Agreement.

(b) Landon's obligation to sell the Shares following the execution of this Agreement is subject to the following conditions precedent:

(i) The transactions contemplated hereby shall have been approved by the Board of Directors of Meritage, including a majority of all disinterested directors, at a meeting of the Board of Directors duly called and held;

(ii) Meritage shall have received within seven days of the date hereof, a written opinion as to the fairness of the purchase of the Shares to Meritage from a financial point of view issued by the Independent Bank; and

(iii) The representations and warranties of Meritage made herein shall be true and correct in all respects and Meritage shall be in compliance with all covenants and other terms of this Agreement and Section 7 of the Employment Agreement.

6. **Termination.** The obligations of the parties under Section 2 of this Agreement, shall terminate on the earlier of (a) Meritage's purchase of the Shares following the satisfaction of the conditions set forth in Section 5 above, and (b) the date which is seven days following the date hereof.

7. **Miscellaneous.**

(a) **Survival.** The representations, warranties, covenants and agreements of Landon and Meritage contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the closing of the transactions contemplated hereby.

(b) **Remedies.** Meritage, on the one hand, and Landon, on the other, acknowledge and agree that irreparable damage will occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. It is accordingly agreed that (i) the parties shall be entitled to an injunction to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction, and (ii) in the event of any non-performance or breach of this Agreement by Landon, Meritage shall be entitled, at its sole option, to rescind this Agreement, in

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which case Landon shall be required to repay to Meritage the amount of the purchase price paid hereunder and Meritage shall be required to return to Landon the Shares. The foregoing remedies shall be in addition to any other remedy to which a party hereunder may be entitled at law or in equity.

(c) **Nature of Agreement.** This Agreement and all provisions thereof, including all representations and promises contained herein, are contractual and not a mere recital and shall continue in permanent force and effect. This Agreement constitutes the sole and entire agreement of the parties with respect to the subject matter hereof, and there are no agreements of any nature whatsoever between the parties hereto with respect to the subject matter hereof, except as expressly stated or referenced herein. This Agreement may not be modified or changed unless done so in writing, signed by both parties. In the event that any portion of this Agreement is found to be unenforceable for any reason whatsoever, the unenforceable provision shall be considered to be severable, and the remainder of the Agreement shall continue to be in full force and effect. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland without regard to choice of law principles.

(d) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(e) **Notices.** Unless otherwise provided, any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered by overnight courier or sent by facsimile, or upon delivery when delivered personally, or upon seventy-two (72) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, addressed to the party to be notified at such party's address or facsimile number, as subsequently modified by written notice, as follows:

- (i) if to Landon, to 2200 Willow Bend Drive, Plano, Texas 75093, Attn: John R. Landon, or
- (ii) if to Meritage, to Meritage Homes Corporation, 17851 North 85th Street, Suite 300, Scottsdale, Arizona 85255, Attn: General Counsel.

(f) **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable for whatever reason, the remaining provisions of this Agreement shall nevertheless continue in full force and effect without being impaired in any manner whatsoever.

(g) **Further Assurances.** Each party to this Agreement agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Agreement.

(h) **Advice of Counsel.** EACH PARTY TO THIS AGREEMENT (INCLUDING EACH ACKNOWLEDGING PARTY) ACKNOWLEDGES THAT, IN EXECUTING THIS AGREEMENT, SUCH PARTY HAS HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND HAS READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS

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AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

[Signature Page Follows]

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

MERITAGE:

MERITAGE HOMES CORPORATION

By: /s/ C. Timothy White
Name: C. Timothy White
Title: Executive Vice President

LONDON:

JOHN R. LONDON

By: /s/ John R. Landon
Name: John R. Landon

ACKNOWLEDGED BY:

Accepted and Agreed to the extent of her interests in the Shares:

By: /s/ Eleanor Landon
Name: ELEANOR LONDON

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**SETTLEMENT AGREEMENT AND
MUTUAL RELEASE AND WAIVER OF CLAIMS**

This Settlement Agreement and Mutual Release and Waiver of Claims (this "Agreement") is made and entered into freely and voluntarily and is effective as of the 12th day of June, 2006, by and between Meritage Homes Corporation (hereinafter referred to, collectively with all of its subsidiaries and affiliates, as "Meritage") and John R. Landon (hereinafter referred to as "Landon").

WHEREAS, Landon and Meritage are parties to that certain Employment Agreement, effective as of July 1, 2003, as amended from time to time (the "Employment Agreement");

WHEREAS, simultaneously with the execution of this Agreement, Meritage and Landon have executed and delivered a Stock Purchase Agreement, pursuant to which, among other things, Meritage has agreed to repurchase shares of Meritage common stock from Landon and Landon has agreed, upon such repurchase, to resign as a director of Meritage (the "Stock Purchase Agreement"), and a Cooperation Agreement regarding certain matters relating to Landon's ownership of Meritage stock (the "Cooperation Agreement"); and

WHEREAS, the parties mutually wish to memorialize the terms and conditions of the termination of Landon's service as an officer and employee of Meritage and, in the circumstances described below, as a director of Meritage.

NOW, THEREFORE, in consideration of the acts, payments, covenants and mutual agreements herein described and agreed to be performed, Landon and Meritage agree as follows:

1. **Termination.**

(a) Landon hereby acknowledges the termination of Landon's service as an officer and employee of Meritage, and his termination and/or resignation from all other positions held by Landon in any capacity with any subsidiary, affiliate or related party of Meritage, in each case effective as of the close of business on May 17, 2006.

(b) Landon hereby acknowledges that, pursuant to Section 3 of the Employment Agreement and the terms hereof, Landon will be deemed to have resigned as a director of Meritage at such time as Landon owns less than 5% of the outstanding common stock of Meritage, unless Landon otherwise resigns earlier. Landon further acknowledges that he has resigned as a director of Meritage pursuant to the terms of, and subject to the closing of the transactions contemplated by, the Stock Purchase Agreement.

2. **Principal Economic Terms.**

(a) Landon and Meritage agree that (i) Landon's termination shall be treated as a termination without Cause pursuant to, and that Landon will receive the benefits provided by, Section 7A of the Employment Agreement applicable thereto, and (ii) Landon will remain

subject to the restrictive covenants and confidentiality obligations of Sections 8 and 9 of the Employment Agreement.

(b) Landon hereby represents and warrants that the provisions of Sections 8 and 9 of the Employment Agreement constitute valid and legally binding obligations of Landon, enforceable against Landon in accordance with their respective terms.

(c) Meritage agrees to make the Consulting, Severance and Non-Competition Payments (as such term is defined in Section 7A of the Employment Agreement) to Landon as, and to the extent, required by the terms of the Employment Agreement. The parties intend to comply with the provisions of Section 409A(a)(2), (3) and (4) of the Internal Revenue Code of 1986, as amended (the "Code") to the extent those provisions apply to the payments due to Landon. In furtherance of that intent and with respect to the payments described in this subsection (c) and in 3(f) below with respect to COBRA premium reimbursements, the parties agree that, unless otherwise mutually agreed by the parties, all such payments that would otherwise be paid by Meritage to Landon during the six month period after May 17, 2006, will instead be paid by Meritage to North Dallas Bank & Trust, as trustee, (or such other financial institution as may be mutually agreed by the parties) under an agreement of trust in the form attached hereto; provided, however, that if Landon dies before November 30, 2006, no further payments will be made to such trustee and instead such payments will be made in the time and manner provided in the Employment Agreement. Meritage agrees to comply with the requirements of Code Section 409A(a)(2), (3) and (4) to the extent those provisions apply to the payments due to Landon. Anything in the foregoing to the contrary notwithstanding, the parties acknowledge and agree that (i) Meritage has paid the first Consulting, Severance and Non-Competition Payment into an escrow account established by Meritage at Guaranty Bank, Dallas, Texas (the "Guaranty Escrow"), (ii) following the execution and delivery of this Agreement, the Stock Purchase Agreement and the Cooperation Agreement and the consummation of the transactions contemplated by the Stock Purchase Agreement, Meritage will direct the amounts in the Guaranty Escrow applicable to the period May 17, 2006 through May 31, 2006 to be delivered to the trust (unless otherwise agreed by the parties as provided above), and (iii) all subsequent Consulting, Severance and Non-Competition Payments payable by Meritage shall be paid by Meritage in arrears on the first day of each calendar month beginning July 1, 2006 (with any payments relating to partial months to be pro-rated accordingly) to the trust (as provided above or as otherwise mutually agreed by the parties).

3. **Other Matters.** Landon and Meritage hereby agree as follows:

(a) Meritage will allow to vest, and be exercisable in accordance with their terms, all options granted to Landon that are scheduled to vest on June 12, 2006.

(b) Meritage shall pay an amount equal to the rate of his base salary, as it existed on May 17, 2006, for a period of sixty (60) days as unpaid and unused but accrued vacation.

(c) Landon will deliver to Meritage by no later than Tuesday, June 13, 2006, the automobile leased by Meritage and utilized by Landon as of the termination of his employment, such automobile to be returned in good condition (ordinary wear and tear

charged to, and payable by, Landon in the manner provide in Section 3(e) below.

(d) Except as provided in the next sentence, all season or other tickets to sports and other events held in Meritage's name shall be retained by Meritage and Landon hereby disclaims any interest or other right in any such tickets. Notwithstanding the foregoing, ownership of four season tickets (two floor seats and two tickets in Section 119) to the Dallas Mavericks basketball team shall be retained by, or otherwise transferred by Meritage to, Landon for his personal ownership and use and Meritage hereby disclaims any interest or other right in such tickets.

(e) Landon shall reimburse to Meritage promptly following the execution of this Agreement and delivery by Meritage of reasonable documentation thereof, and in no event later than sixty days after Landon's receipt of such documentation, the amount of all non-reimbursable personal charges made by Landon on his Meritage corporate American Express card. Meritage shall reimburse to Landon promptly following the execution of this Agreement and delivery by Landon of reasonable documentation thereof, and in no event later than sixty days after Meritage's receipt of such documentation, the amount of all reimbursable business expenses incurred by Landon during 2006 and not reimbursed by Meritage as of the date hereof.

(f) Matters related to continuing insurance coverage available to Landon shall be handled in the manner set forth in that certain letter delivered to Landon by Meritage, dated May 26, 2006. Meritage agrees that it will reimburse to Landon each month for up to 18 months following his termination of employment the amount of each monthly payment made by Landon in respect of his COBRA coverage; provided that Landon shall send to Meritage within 15 days of each month end evidence of his payment of the applicable monthly COBRA payment and Meritage will reimburse Landon for such payment within 15 days of receipt of such documentation from Landon.

(g) Meritage will provide and/or maintain in effect directors and officers insurance for Landon's benefit covering any claims arising out of any conduct prior to the date on which Landon is no longer a member of the board of directors of Meritage, such coverage to be on the same terms as are available to all other members of Meritage's board of directors.

(h) Meritage will continue to pay to Sherry Martino her monthly salary for a period of six months following the termination of her employment with Meritage if (i) Meritage terminates Ms. Martino without cause, or (ii) Ms. Martino voluntarily resigns from Meritage to work with Landon or any business owned by Landon and, in fact, works for Landon or such business. The provisions of Section 8(A)(2) of the Employment Agreement shall not apply to Ms. Martino.

(i) Within thirty days of the execution of this Agreement, Meritage will pay to Landon all gross up payments required to be paid by Meritage pursuant to Exhibit B to the Employment Agreement, items 1 and 2, unless Meritage provides documentation that such payments have been made previously.

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(j) Landon acknowledges and agrees that, except as expressly set forth in Section 2, this Section 3, Section 4 and Section 9, Landon has no rights to, and hereby expressly disclaims any right to, any compensation, benefits or other remuneration from Meritage of any kind or nature whatsoever, including, without limitation, any of the benefits listed on Exhibit B of the Employment Agreement, or any profit sharing, deferred compensation, or retirement plan benefits, and Meritage has no further obligation to pay or provide to Landon any such compensation, benefits or other remuneration.

4. Mutual Release and Covenant Not to Sue

(a) In consideration of the matters referenced in Section 2 and Section 3 above, Landon, on behalf of himself and his heirs, executors, administrators, and assigns, hereby forever releases, discharges, cancels, waives, and acquits Meritage and its subsidiaries, affiliates, agents, officers, owners, directors, employees, insurers, and assigns, of and from any and all rights, claims, demands, causes of action, obligations, damages, penalties, fees, costs, expenses, and liabilities of any nature whatsoever, whether in law or equity (collectively, "Claims"), which Landon has, had or may hereafter have against it arising out of, or by reason of, any cause or matter, existing as of the date of execution of this Agreement, WHETHER KNOWN TO LANDON AT THE TIME OF EXECUTION OF THIS AGREEMENT OR NOT, other than any Claims arising out of, or by reason of any breaches by Meritage of its obligations under this Agreement, the Stock Purchase Agreement, the Cooperation Agreement or Section 7 of the Employment Agreement. This FULL RELEASE AND WAIVER OF ALL CLAIMS by Landon includes, without limitation, any Claims arising out of, or relating in any manner whatsoever to, the employment and/or termination of the employment of Landon by Meritage, such as, BUT NOT LIMITED TO, any charge, claim, lawsuit or other proceeding arising under the Civil Rights Acts, Title VII as amended by the Civil Rights Act of 1991, the Americans with Disabilities Act, the Age Discrimination in Employment Act (ADEA), the Labor Management Relations Act (LMRA), Employee Retirement Income Security Act (ERISA), the Consolidated Omnibus Budget Reconciliation Act, the Fair Labor Standards Act (FLSA), the Equal Pay Act, the Rehabilitation Act of 1973, and the Family and Medical Leave Act of 1993, worker's compensation laws, or any other federal, state, or local statute, or any contract, agreement, plan or policy, including any Claims for breach of express or implied contract, wrongful discharge, tort, personal injury, or any claims for attorney's fees or other costs. This release shall not apply to (i) any vested amounts in Landon's 401(k) account, (ii) any benefits due to, or on behalf of, Landon or his dependents pursuant to the terms of any health, dental, vision or other similar health-related plan or policy of Meritage, or (iii) any right to indemnification, advancement of expenses, limitation of liability or exculpation of liability to the extent provided under or arising from the Articles of Incorporation or Bylaws of Meritage or under any insurance policy maintained by Meritage benefiting Landon with respect to his service as an officer, employee, or director of Meritage.

(b) In consideration of the matters referenced in Section 2 and Section 3 above, Meritage, on behalf of itself and its subsidiaries, affiliates, agents, officers, owners, directors, employees, insurers, and assigns, hereby forever releases, discharges, cancels, waives, and acquits Landon of and from any and all Claims existing as of the date of execution of this Agreement, WHETHER KNOWN TO MERITAGE AT THE TIME OF EXECUTION OF THIS AGREEMENT OR NOT, other than any Claims arising out of, or by reason of, (i) any breaches

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by Landon of his obligations under this Agreement, the Stock Purchase Agreement, or the Cooperation Agreement, (ii) any actions or omissions by Landon in connection with his employment that subject Meritage to any criminal liabilities under federal, state or other laws, (iii) any actions or omissions by Landon in connection with his employment that subject Meritage to any civil liabilities under federal, state or other laws and with respect to which Landon is not entitled to the indemnification or other rights referenced in Section 4(a)(ii) above, and (iv) any breaches by Landon of his obligations under Sections 8 and 9 of the Employment Agreement. This FULL RELEASE AND WAIVER OF ALL CLAIMS by Meritage includes, without limitation, any Claims arising out of, or relating in any manner whatsoever to, any applicable federal, state, or local statute, or any contract, agreement, plan or policy, including any Claims for breach of express or implied contract, tort, or any claims for attorney's fees or other costs.

(c) Each of Meritage and Landon further covenants and agrees not to institute, nor cause to be instituted, any legal proceeding of any nature whatsoever, including, without limitation, filing any claim or complaint with any government agency alleging any violation of law or public policy or seeking workers' compensation from Meritage (or any of its representatives) for any claim released hereunder premised upon any legal theory or claim whatsoever, including without

limitation, contract, tort, wrongful discharge, personal injury, interference with contract, breach of contract, defamation, negligence, infliction of emotional distress, fraud, or deceit, except that a party hereto may file a legal proceeding against the other solely to enforce the terms of this Agreement or any agreement contemplated hereunder.

(d) Each of Meritage and Landon acknowledges that the considerations afforded such party under this Agreement are in full and complete satisfaction of any Claims such party may have or may have had prior to the date hereof, including, without limitation, any such Claim arising out of Landon's employment with Meritage or the termination thereof, and provide good and sufficient consideration for every promise, duty, release, obligation, agreement and right contained in this Agreement.

5. **No Disparagement.** During the period through May 17, 2008, each of Meritage and Landon agrees that as part of the consideration for this Agreement, each will not make disparaging or derogatory remarks, whether oral or written, about the other party, including, in the case of Landon, any disparaging or derogatory remarks by Landon, whether oral or written, regarding Meritage or its business, products, subsidiaries, affiliates, directors, officers or agents. Each of Meritage and Landon also agree that neither it nor he will characterize Landon's termination in a manner other than as described herein, in the press release issued by Meritage on May 18, 2006 related thereto, or in the Current Report on Form 8-K filed by Meritage on May 22, 2006, or the Meritage webcast of June 1, 2006. Nothing in this Agreement shall prevent Landon from giving truthful testimony or providing any information requested by any agent of the United States government or member of Congress.

6. **Cooperation.** Landon agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against Meritage or its subsidiaries, affiliates, directors, officers or agents regarding any alleged acts or omissions prior to May 17, 2006 by Meritage (or its subsidiaries, affiliates, directors, officers or agents), unless under a subpoena or court order to

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do so and except as may be required to enforce his rights hereunder or any agreement contemplated herein. Nothing herein shall be construed to prohibit Landon from giving truthful testimony. Landon further agrees that, at Meritage's expense (including the expense of reimbursing Landon for travel on a private aircraft, with such reimbursement not to exceed \$4500 per hour) and upon its reasonable request, Landon will assist Meritage in its defense or prosecution of any disputes, differences, grievances, claims, charges, or complaints between Meritage and any third party, including, without limitation, in respect of any litigation or other proceedings related to the ongoing Hancock litigation, which assistance will include testifying on Meritage's behalf in connection with any such matter or performing any other task reasonably requested by Meritage in connection therewith.

7. **No Admission of Liability.** Nothing contained in this Agreement shall be construed in any manner as an admission by any party that it has or may have violated any statute, law or regulation, or breached any contract or agreement.

8. **Reliance.** Landon represents and warrants that: (a) he has relied on his own judgment regarding the consideration for and language of this Agreement; (b) he has been given a reasonable period of time to consider this Agreement, has been advised to consult with independent counsel of his own choosing before signing this Agreement, and has consulted with independent counsel or voluntarily elected not to consult with independent counsel with respect hereto; (c) Meritage has not in any way coerced or unduly influenced him to execute this Agreement; and (d) this Agreement is written in a manner that is understandable to him and he has read and understood all paragraphs of this Agreement.

9. **Nature of the Agreement.** This Agreement and all provisions thereof, including all representations and promises contained herein, are contractual and not a mere recital and shall continue in permanent force and effect. This Agreement and all attachments constitute the sole and entire agreement of the parties with respect to the subject matter hereof, and there are no agreements of any nature whatsoever between the parties hereto with respect to the subject matter hereof, except as expressly stated herein. Except for (a) Sections 7, 8, and 9 of the Employment Agreement, and Section 15 of the Employment Agreement as modified below, (b) that certain Change of Control Agreement, effective as of July 1, 2003, between Meritage and Landon with respect to any change of control occurring within ninety (90) days of Landon's termination (but subject to Landon's compliance with the Cooperation Agreement), and (c) the benefits referred to in the last sentence of Section 4(a) above, which constitute continuing obligations of the parties in accordance with their terms, all prior agreements or plans between Meritage and Landon or otherwise relating to Landon, including the Employment Agreement (including any bonus set forth therein) or other severance, benefit or compensation arrangements, written or oral, are hereby terminated. This Agreement may not be modified or changed unless done so in writing, signed by both parties. In the event that any portion of this Agreement is found to be unenforceable for any reason whatsoever, the unenforceable provision shall be considered to be severable, and the remainder of the Agreement shall continue to be in full force and effect. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas without regard to choice of law principles.

With regard to any dispute, claim or controversy relating to Sections 8 or 9 of the Employment Agreement that are subject to Section 15 of the Employment Agreement, the parties

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hereby agree that, anything in Section 15 to the contrary notwithstanding, (i) in the event Landon violates or breaches any of the provisions of Sections 8 or 9 of the Employment Agreement, Meritage shall be entitled to seek a temporary restraining order and/or preliminary injunctive relief from any court of competent jurisdiction, without bond but upon due notice, (ii) any other dispute, claim or controversy, including any claim for permanent injunctive relief, shall be subject to arbitration under Section 15 of the Employment Agreement, (iii) any dispute, claim or controversy subject to arbitration under Section 15 of the Employment Agreement shall be conducted by a panel of three arbitrators, selected as provided in said Section 15, and (iv) if any party to such arbitration, or the arbitration panel itself, seeks to challenge, or otherwise impose any limitations on, the power of the arbitration panel to grant permanent injunctive relief, then Section 15 shall immediately be deemed null and void and of no further force or effect, and the parties hereto may immediately institute legal proceedings in any court of competent jurisdiction and seek any remedies to which a party hereunder may be entitled at law or in equity

10. **Time Period of Considering or Canceling This Agreement.** Landon acknowledges that he has been offered a period of time of at least twenty-one (21) days to consider whether to sign this Agreement, which he has waived, and Meritage agrees that Landon may revoke his release of any Claims arising under the Age Discrimination in Employment Act referred to in Section 3(a) above at any time during the seven (7) days following the date on which this Agreement has been signed by all parties to this Agreement. In order to effect a revocation of any Claims under the Age Discrimination in Employment Act referred to in Section 3(a) above, Landon must deliver to Meritage, c/o Meritage Homes Corporation, Attn: General Counsel, at Meritage Homes Corporation, 17851 North 85th Street, Suite 300, Scottsdale, Arizona 85255, written notice expressly stating that Landon is revoking his release of Claims under the Age Discrimination in Employment Act. If Landon delivers such notice revoking his release of Claims under the Age Discrimination in Employment Act, then:

- (a) Landon's release of Claims under the Age Discrimination in Employment Act shall not be effective or enforceable;
- (b) Landon's release of all other Claims under Section 3(a) above shall remain in full force and effect;

(c) Meritage shall be entitled, at its sole option, to stop paying to Landon the Consulting, Severance and Non-Competition Payments (as such term is defined in Section 7A of the Employment Agreement) (provided that Meritage's decision not to make any such payments as a result of such revocation shall not impact the legality or enforceability of Landon's continuing obligations under Sections 8 and 9 of the Employment Agreement);

(d) Meritage shall be entitled, at its sole option, to cease providing to Landon any other benefits under the Employment Agreement or this Agreement; and

(e) Meritage shall be entitled, at its sole option, to rescind the Stock Purchase Agreement, in which case Landon shall be required to repay to Meritage the amount of the purchase price paid thereunder and Meritage shall be required to return to Landon the shares of common stock acquired from Landon thereunder.

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11. **Remedies.** Meritage, on the one hand, and Landon, on the other, acknowledge and agree that irreparable damage will occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction pending any arbitration. Landon agrees that, if Landon in any non-immaterial respect violates Sections 8 or 9 of the Employment Agreement, Meritage shall not be obliged to pay any remaining Consulting, Severance, and Non-Competition Payments, provided that Meritage must first provide Landon with written notice of such violation and the opportunity to provide within thirty (30) days any information showing that he has not in any non-immaterial respect breached such Agreement. During any notice period or the pendency of any dispute relating to any actual or potential violations or breaches by Landon of Sections 8 or 9 of the Employment Agreement, Meritage will place any Consulting, Severance, and Non-Competition Payments in an interest bearing escrow account at Bank of America, Phoenix, Arizona, or Guaranty Bank, Dallas, Texas, or their respective successors. The parties acknowledge and agree that Meritage's decision to place any such payments into escrow as provided above shall not impact (a) the legality or enforceability of Landon's continuing obligations under Sections 8 and 9 of the Employment Agreement or Landon's obligation to continue to comply therewith, or (b) Meritage's ability to pursue any other remedy available to it at law or in equity with respect to any such violation or breach. The foregoing remedies shall be in addition to any other remedy to which a party hereunder may be entitled at law or in equity.

12. **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable for whatever reason, the remaining provisions of this Agreement shall nevertheless continue in full force and effect without being impaired in any manner whatsoever.

13. **Notices.** Unless otherwise provided, any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered by overnight courier or sent by facsimile, or upon delivery when delivered personally, or upon seventy-two (72) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, addressed to the party to be notified at such party's address or facsimile number, as subsequently modified by written notice, as follows:

- (i) if to Landon, to 2200 Willow Bend Drive, Plano, Texas 75093, Attn: John R. Landon, or
- (ii) if to Meritage, to Meritage Homes Corporation, 17851 North 85th Street, Suite 300, Scottsdale, Arizona 85255, Attn: General Counsel.

14. **Effectiveness.** This Agreement is effective as of the execution hereof; provided, that if the transactions contemplated by Section 2(a) and Section 2(b) of the Stock Purchase Agreement are not consummated in accordance with the terms thereof, then this Agreement shall terminate immediately and be of no further force or effect; provided, that, in the event of such termination, Meritage shall be entitled, at its sole option, to place any Consulting, Severance and Non-Competition Payments into escrow as provided in Section 11 above, and the parties acknowledge and agree that Meritage's decision to place any such payments into escrow as

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provided above shall not impact (a) the legality or enforceability of Landon's continuing obligations under Sections 8 and 9 of the Employment Agreement or Landon's obligation to continue to comply therewith, or (b) Meritage's ability to pursue any other remedy available to it at law or in equity with respect to any violations or breaches by Landon of such continuing obligations.

[Signature Page Follows]

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Dated this 12th day of June, 2006.

MERITAGE HOMES CORPORATION

By: /s/ C. Timothy White
Name: C. Timothy White
Title: Executive Vice President

Dated this 12th day of June, 2006.

JOHN R. LANDON

By: /s/ John R. Landon

[Signature Page to Mutual Release and Waiver of Claims]

COOPERATION AGREEMENT

This Cooperation Agreement (this "Agreement"), effective as of June 12, 2006, is by and between Meritage Homes Corporation, a Maryland corporation (together with any successor, "Meritage") and John R. Landon ("Landon").

WHEREAS, Landon and Meritage are parties to that certain Employment Agreement effective as of July 1, 2003, as amended from time to time (the "Employment Agreement");

WHEREAS, Landon's service as an officer and employee of Meritage has been terminated;

WHEREAS, Landon and Meritage are entering into (i) a Stock Purchase Agreement, dated the date hereof (the "Stock Purchase Agreement"), pursuant to which Meritage will acquire shares of common stock from Landon, and (ii) a Settlement Agreement and Mutual Release and Waiver of Claims, dated the date hereof (the "Settlement Agreement");

WHEREAS, Landon owns or controls, and will continue to own and control, a substantial amount of Meritage common stock; and

WHEREAS, Meritage and Landon wish to provide a constructive and mutually beneficial relationship between themselves with respect to his Meritage securities.

NOW THEREFORE, Meritage and Landon, in consideration of the mutual covenants contained herein and other consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

1. **Definitions.** Capitalized terms used herein and not otherwise defined shall have the meanings set forth below:

"Affiliate" of a Person means such Person's spouse and children and any other Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such Person.

"Beneficial Ownership" shall be deemed to exist and securities shall be deemed "Beneficially Owned" under circumstances that would cause a Person to be deemed a beneficial owner of securities in accordance with Rule 13d-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended, and including any capital stock that such Person or Affiliate of such Person has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise.

"Landon Group" means Landon and any Affiliate of Landon.

"Person" means and includes any natural person, company, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or agency, department or political subdivision thereof.

"Proxy" means any proxy, consent or similar instrument.

"SEC" means the U.S. Securities and Exchange Commission.

"Voting Power" of any Voting Securities means the aggregate number of votes attributable to such Voting Securities that could generally be cast by the holders thereof for the election of directors at the time of determination.

"Voting Securities" means (i) the outstanding shares of common stock of Meritage, (ii) any other outstanding securities of Meritage that are generally entitled to vote for the election of directors at the time of determination, and (iii) any outstanding securities of Meritage that are convertible into, or exercisable or exchangeable for, securities as described in clauses (i) and (ii) above that are owned by the Person in question.

2. **Term of Agreement.** This Agreement shall terminate, and the covenants contained herein shall expire, upon the termination of the Restriction Period (as such term is defined in the Employment Agreement).

3. **Representations and Warranties of Landon.** Landon hereby represents and warrants to Meritage that Landon has duly executed and delivered this Agreement, has the power and authority to enter into and perform this Agreement (on behalf of himself and all persons with a beneficial interest in the Voting Securities he beneficially owns, whether by community or otherwise) and (assuming due execution and delivery by Meritage) this Agreement is a legal, valid and binding obligation of Landon enforceable against Landon in accordance with its terms and that the execution and performance of this Agreement does not conflict with or result in any violation or default under any agreement to which Landon is a party, including any voting agreement, trust agreement, voting trust, proxy, pledge agreement, loan or credit agreement, note, bond, indenture, mortgage, lease or other agreement or instrument.

4. **Representations and Warranties of Meritage.** Meritage hereby represents and warrants to Landon that Meritage has duly executed and delivered this Agreement, has the corporate power and authority to enter into and perform this Agreement and has duly authorized by all requisite action the execution, delivery and performance of this Agreement, and (assuming due execution and delivery by Landon) this Agreement is a legal, valid and binding obligation of Meritage enforceable against Meritage in accordance with its terms and that the execution and performance of this Agreement does not conflict with or result in any violation or default under any agreement to which Meritage or any of its direct or indirect subsidiaries is a party, including any voting agreement, trust agreement, voting trust, proxy, pledge agreement, loan or credit agreement, note, bond, indenture, mortgage, lease or other agreement or instrument.

5. **Covenants.** In addition to his obligations under the Stock Purchase Agreement and the Settlement Agreement, Landon covenants and agrees as follows:

(a) **Voting by Landon Group.** Landon shall, and shall cause each other Person in the Landon Group to, vote all the Voting Securities, whether now existing or hereinafter acquired, over which Landon or such Person exercises voting control: (i) with respect to any election of directors, in favor of the directors recommended by the Nominating/Corporate Governance Committee (the “Governance Committee”) of the Board of Directors of Meritage and nominated by the Board of Directors of Meritage; and (ii) with respect to any other proposal before the shareholders of Meritage, in accordance with the recommendation of the Board of Directors of Meritage.

(b) **Standstill.** Landon shall not, and shall cause each other Person in the Landon Group not to, without the prior written approval of the Governance Committee, acting alone or as part of a group: (i) acquire, propose, or offer to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, any securities or direct or indirect rights to acquire any securities of Meritage (other than securities owned beneficially by any Person in the Landon Group) or any of its subsidiaries or any material portion of the assets of Meritage or any of its subsidiaries or divisions, provided however, that if Landon sells shares that bring his beneficial ownership of Voting Securities below 5% of the outstanding Voting Securities of Meritage, Landon or any Person in the Landon Group may reacquire Voting Securities from time to time provided that as a result of such acquisitions the aggregate beneficial ownership of Voting Securities by the Landon Group does not increase and thereafter exceed 4.99% of the outstanding Voting Securities of Meritage; (ii) make, or in any way participate, directly or indirectly, in any “solicitation” of “proxies” (as such terms are used in the rules of the SEC) to vote or seek to advise or influence any Person with respect to the voting of any securities of Meritage, or otherwise seek to control or influence the management of Meritage or its Board of Directors by means of statements or communications with any party other than Meritage’s Chief Executive Officer, Chief Financial Officer, or General Counsel or members of its Board of Directors; (iii) make any public announcement with respect to, or submit a proposal for, or offer of (with or without conditions) any extraordinary transaction involving Meritage or any of its securities or assets, or take any other action that might reasonably be expected to force Meritage to make a public announcement regarding any of the matters of the type set forth in clauses (i) through (iii) of this Section 5(b); (iv) form, join, or in any way participate in a “group” as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, in connection with any of the foregoing clauses (i) through (iii) of this Section 5(b); (v) make or support in any fashion any shareholder proposal not supported by the Governance Committee or the Board of Directors of Meritage; (vi) call, or encourage any other Person to call, any special or annual meeting of shareholders of Meritage, (vii) cause Meritage’s directors, officers, employees, agents (including investment bankers), partners or Affiliates to, directly or indirectly, engage in negotiations with, provide any information to, induce or attempt to induce or give encouragement to, any Person, in furtherance of any change of control of Meritage (whether pursuant to a tender or exchange offer, a stock or asset sale or a merger, consolidation, amalgamation, plan or arrangement or any other form of transaction), or any transaction that would be inconsistent with or frustrate the purpose of this Agreement, (viii) execute any written consent in lieu of a meeting of shareholders of Meritage except a written consent solicited by or on behalf of the Governance Committee or the Board of Directors of Meritage or (ix) except with his, her or its own personal financial and tax advisors, discuss Meritage or its business affairs or prospects with financial analysts, bankers, investment bankers, fund managers, investors or any other Persons engaged in the financial markets; provided, that nothing in this clause (ix) shall preclude Landon from discussing such

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matters with such Persons as they relate to his historical roles with Meritage or in connection with capital raising activities for business ventures so long as any such discussions, activities or ventures are conducted by Landon in compliance with this Agreement, the Settlement Agreement and his continuing obligations under Sections 8 and 9 of the Employment Agreement. In addition, Landon agrees not to request Meritage to directly or indirectly amend or waive any provision of this Section 5(b), or to take any action designed to or which could reasonably be expected to require Meritage to make a public announcement regarding any of the matters referred to in this Section 5(b).

(c) **No Voting Trusts.** Landon shall not, and shall cause each other Person in the Landon Group not to, deposit any Voting Securities in a voting trust or subject any Voting Securities to any Proxy or other arrangement or agreement with respect to the voting thereof.

(d) **Attendance at Meetings.** Landon shall and shall cause each other Person that owns of record Voting Securities Beneficially Owned by the Landon Group to be present, in person or by proxy, at all meetings of shareholders of Meritage so that all Voting Securities Beneficially Owned by the Landon Group may be counted for the purpose of determining the presence of a quorum at each such meeting.

(e) **No Action.** Landon shall not, and shall cause each other Person in the Landon Group not to, take any action indirectly if such action, if taken directly, would be prohibited by this Agreement.

(f) **Irrevocable Proxy.** To facilitate the provisions of this Section 5, Landon hereby grants, and shall cause each other record holder of Voting Securities beneficially owned by Landon to grant, an irrevocable Proxy to the members of the Governance Committee in the form attached hereto and agrees that any and all prior proxies given by Landon or any such other record holder with respect to Voting Securities over which Landon has Beneficial Ownership or exercises voting control are hereby revoked. Landon further agrees not to grant, and to cause each other record holder of Voting Securities beneficially owned by Landon not to grant, any subsequent proxies with respect to any Voting Securities over which Landon has Beneficial Ownership or exercises voting control until after expiration of this Agreement. Nothing contained in this Section 5(f) shall preclude any Person who has granted a Proxy hereunder from selling the Voting Securities subject to such Proxy to any third party that is not an Affiliate of such Person, Landon or any member of the Landon Group, provided that such Person does not retain any ownership or other rights, direct or indirect, contingent or otherwise, in respect of such Voting Securities, and upon any such sale, the Proxy shall not apply to the Voting Securities so sold.

6. **Notices.** Unless otherwise provided, any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered by overnight courier or sent by facsimile, or upon delivery when delivered personally, or upon seventy-two (72) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, addressed to the party to be notified at such party’s address or facsimile number, as subsequently modified by written notice, as follows:

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(a) if to Landon, to 2200 Willow Bend Drive, Plano, Texas 75093, Attn: John R. Landon, or

(b) if to Meritage, to Meritage Homes Corporation, 17851 North 85th Street, Suite 300, Scottsdale, Arizona 85255, Attn: General Counsel.

7. **Amendments and Modifications; Termination.** This Agreement may not be amended or modified except by a written instrument signed by both parties hereto. No termination, waiver or amendment of this Agreement by Meritage shall be effective unless it is approved by a majority of the members of the Governance Committee.

8. **Entire Agreement.** This Agreement embodies the entire agreement and understanding between the parties hereto relating to the subject matter hereof and supersedes any prior agreements and understandings between the parties hereto which relate to such subject matter.

9. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document.

10. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland without giving effect to choice of law provisions thereof.

11. **Remedies.** Meritage, on the one hand, and Landon, on the other, acknowledge and agree that irreparable damage will occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction. The foregoing remedy shall be in addition to any other remedy to which any party hereto may be entitled at law or in equity.

12. **Severability.** This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof.

13. **Parties in Interest; Assignment.** This Agreement and all provisions hereof are binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but, except as otherwise provided for in this Agreement, neither this Agreement nor any of the rights, interests and obligations hereunder may be assigned by any party hereto without the prior written consent of the other parties hereto. Nothing in this Agreement, whether expressed or implied, is to be construed to give any Person other than the parties hereto any legal or equitable right, remedy or claim under or in respect of this Agreement.

14. **Advice of Counsel.** EACH PARTY TO THIS AGREEMENT (INCLUDING EACH ACKNOWLEDGING PARTY) ACKNOWLEDGES THAT, IN EXECUTING THIS AGREEMENT, SUCH PARTY HAS HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND HAS READ AND UNDERSTOOD ALL OF THE

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TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

15. **Effectiveness.** This Agreement is effective as of the execution hereof; provided, that if the transactions contemplated by Section 2(a) and Section 2(b) of the Stock Purchase Agreement are not consummated in accordance with the terms thereof, then this Agreement shall terminate immediately and be of no further force or effect.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

MERITAGE HOMES CORPORATION

By: /s/ C. Timothy White
Name: C. Timothy White
Title: Executive Vice President

JOHN R. LANDON

By: /s John R. Landon

ACKNOWLEDGED BY:

Accepted and Agreed to the extent of her interests in the Voting Securities owned by Landon:

By: /s/ Eleanor Landon
Name: **ELEANOR LANDON**

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IRREVOCABLE PROXY COUPLED WITH AN INTEREST

KNOW ALL MEN BY THESE PRESENTS, that the undersigned stockholder of Meritage Homes Corporation, a Maryland corporation (the "Company"), does hereby make, constitute and appoint the individuals who are members of the Nominating/Governance Committee of the Board of Directors of the Company, or any of them,

the true and lawful attorneys-in-fact and proxies (each, an "Attorney in Fact") of the undersigned for and in his name, place and stead (i) to attend all meetings of the shareholders of the Company and to receive notices thereof, (ii) to vote all of the shares of the Company's common stock that the undersigned beneficially owns or may own in the future or over which he exercises voting control, whether at a meeting of shareholders or by written consent, as well as any other shares of capital stock of the Company that the undersigned may acquire after the date hereof (collectively, the "Voting Securities"), at all meetings of the shareholders of the Company and any adjournment or postponement thereof, and (iii) in order to implement the provisions of that certain Cooperation Agreement, dated the date hereof, by and between the undersigned and the Company (the "Cooperation Agreement"), (A) for the period beginning on the date hereof and ending on the date of the termination or expiration of the Cooperation Agreement in accordance with its terms, to exercise all consensual or other voting rights with respect to the Voting Securities with respect to the election of directors, and (B) for the period beginning on the date hereof and ending on May 17, 2007, to exercise all consensual or other voting rights with respect to the Voting Securities on all other matters other than the election of directors, including, without limitation, compensation proposals, charter amendments, mergers, sales of assets, or other matters submitted to the vote of shareholders. This proxy is coupled with an interest and is irrevocable for the period beginning on the date hereof and ending on the date of the termination or expiration of the Cooperation Agreement in accordance with its terms. The undersigned hereby ratifies and confirms all that the Attorney in Fact my lawfully do or cause to be done by virtue of this proxy. The rights and obligations of the Attorney in Fact hereunder may be delegated and assigned to any other individual or entity, and such Attorney in Fact shall be entitled to exercise all rights hereunder with full rights of substitution.

This proxy shall only be binding upon the Landon Group (as such term is defined in the Cooperation Agreement) and upon the heirs and personal representatives of any member of the Landon Group and may not be amended or terminated, unless such amendment or termination shall have been approved by the Nominating/Governance Committee of the Board of Directors of the Company. If the undersigned stockholder sells Voting Securities subject to this proxy to any third party that is not an Affiliate of such Person, Landon or any member of the Landon Group, and the undersigned stockholder does not retain any ownership or other rights, direct or indirect, contingent or otherwise, in respect of such Voting Securities, then, upon any such sale, this proxy shall not apply to the Voting Securities so sold.

GIVEN this 12th day of June, 2006.

/s/ John R. Landon

JOHN R. LANDON, on behalf of himself and all Affiliates and persons with a beneficial interest in the Voting Securities

/s/ Eleanor Landon

ELEANOR LANDON, on behalf of herself

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STATE OF TEXAS)
)
COUNTY OF COLLIN) ss:

BE IT REMEMBERED, that on June 12, 2006, before me, the subscriber, a Notary Public in the State of Texas, personally appeared John R. Landon, to me known, who being by me duly sworn did depose and say that he resides at 2200 Willow Bend Drive, Plano, Texas 75093, that he is the person described in and who executed the above instrument on his own behalf, and he acknowledged that he signed and delivered the same as his voluntary act and deed.

/s/ Sherry Kelly Martino

Notary Public
STATE OF TEXAS)
)
COUNTY OF COLLIN) ss:

BE IT REMEMBERED, that on June 12, 2006, before me, the subscriber, a Notary Public in the State of Texas, personally appeared Eleanor Landon, to me known, who being by me duly sworn did depose and say that she resides at 2200 Willow Bend Drive, Plano, Texas 75093, that she is the person described in and who executed the above instrument on her own behalf, and she acknowledged that she signed and delivered the same as her voluntary act and deed.

/s/ Sherry Kelly Martino

Notary Public

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press release

A DYNAMIC GROWTH COMPANY IN THE HOME BUILDING SECTOR

Contacts:

Investor Relations:

Brent Anderson
Director Investor Relations
(972) 543-8207

Corporate Communications:

Jane Hays
Vice President-Corp. Develop.
(972) 543-8123

**Meritage Homes Announces Repurchase of One Million Shares of Stock
and Resignation of John Landon as Director**

Scottsdale, Arizona (June 15, 2006) — Meritage Homes Corporation (NYSE: MTH) today announced the Company's repurchase of one million shares of stock from John R. Landon, and his resignation from the Company's board of directors, effective today. Meritage had previously announced Mr. Landon's resignation as co-chairman and co-CEO of Meritage Homes on May 18, 2006, with the appointment of Steven J. Hilton as sole chairman and chief executive officer.

The stock repurchase was approved by members of the board who had no direct interest in the transaction and was supported by a fairness opinion from JMP Securities LLC.

The negotiated purchase price of \$52.19 per share was based on the \$50.18 closing price of Meritage Homes' stock on Friday, June 9, 2006, plus a four percent premium. This price represents a 9.6% discount to the 30-day moving average on that date.

The shares were purchased under the Company's existing \$100 million stock repurchase authorization from Meritage's board of directors, of which \$86 million remained prior to this transaction.

"We believe this transaction was in the best interest of our stockholders, allowing us to reduce our outstanding shares while simultaneously reducing John's ownership position in Meritage by about half," said Meritage Chairman Steven J. Hilton. "With this transaction, we have returned nearly \$116 million to our shareholders by repurchasing more than seven percent of our outstanding common stock in the past nine months."

About Meritage Homes Corporation

Meritage Homes Corporation (NYSE:MTH) is a leader in the homebuilding industry. The Company is ranked by *Builder* magazine as the 13th largest homebuilder in the U.S. and has been perennially included on *Forbes'* "Platinum 400 - Best Big Companies in America", the *Fortune* 1000 and *Fortune's* "Fastest Growing Companies in America" lists, and the S&P SmallCap 600 Index. Meritage operates in fast-growing states of the southern and western United States, including six of the top 10 single-family housing markets in the country, and has reported 18 consecutive years of record revenue and net earnings. For more information about the Company, visit www.meritagehomes.com. Meritage is a member of the Public Home Builders Council of America (www.phbca.org).

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