

MERITAGE HOMES CORPORATION

EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

I. PURPOSE AND AUTHORITY

The Executive Compensation Committee (the “Committee”) is responsible to the Board of Directors and reports regularly to the Board on the activities of the Committee, which includes approving all executive compensation arrangements. The Committee has sole authority to retain and terminate any consulting firm used to advise the Committee, when appropriate, including sole authority to approve the consulting firm’s fees and other retention terms. The Committee may, when appropriate, form and delegate authority to subcommittees comprised of independent directors.

II. COMPOSITION

The Committee shall be comprised of three or more Directors, all of whom are independent within the meaning of applicable New York Stock Exchange rules. Members of the Committee are selected by the full Board of Directors upon recommendation of the Nominating/Governance Committee and may be removed and replaced by the full Board at any time.

III. RESPONSIBILITIES AND DUTIES

1. Establish a compensation philosophy for the Corporation with regard to salaries and other compensation of executive officers, which considers business and financial objectives, compensation provided by comparable companies and/or such other information as may be deemed appropriate.
2. Approve all base salaries and other compensation of executive officers who are in a position to exercise discretionary judgment, which can substantially influence the affairs of the Corporation.
3. Review and make recommendations on changes in major fringe benefit programs.
4. Approve awards under all stock option plans of the Corporation.
5. Annually review and approve corporate goals and objectives relevant to the Chief Executive Officer’s compensation, evaluate the Chief Executive Officer’s performance in light of those goals and objectives, and recommend to the Board, the Chief Executive Officer’s compensation levels based on this evaluation. In determining any long-term incentive component of the Chief Executive Officer’s compensation, the Committee shall consider the Corporation’s performance and relative stockholder return, the value of similar incentive awards to chief executive officers and comparable companies, and the awards given to the Chief Executive Officer in past years. In addition, the Committee shall comply with the requirements of Section 162(m) of the Internal Revenue Code and maintain deductibility of all executive compensation, except in circumstances where the Committee determines on an informed basis that it is in the best interest of the Corporation and the stockholders to take actions with regard to executive compensation that do not qualify for tax deductibility.

6. Act on behalf of the Board in administering compensation plans approved by the Board and/or stockholders, in a manner consistent with the terms of such plans, including, as applicable, review of performance target goals established before start of the relevant plan year and determination of when performance goals have been achieved at the end of the plan year.
7. Review and recommend for approval new incentive plans to the Board.
8. Annually review the outside Directors compensation program for competitiveness and plan design. Recommend changes as appropriate to the Board.
9. Consult with and advise management on major policies affecting employee relations.
10. Ensure that a management succession program for the Chief Executive Officer(s) and selected senior executives is developed and presented annually to the Board.
11. Annually issue a summary report suitable for submission to the stockholders in the Corporation's annual proxy statement.
12. Perform such other duties and functions as from time to time may be prescribed by the Board.
13. Review and update the Committee's Charter on at least an annual basis.
14. Regularly report to the Board.
15. Conduct a Committee self-evaluation on at least an annual basis, consistent with the self-assessment process reflected in the Corporation's Corporate Governance Principles and Guidelines.

Dated: February 15, 2006