



COMPENSATION COMMITTEE CHARTER OF LGI HOMES, INC.

Purpose

The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of LGI Homes, Inc. (the "Company") is to (i) discharge the Board's responsibilities relating to compensation of the Company's executive officers, (ii) review and recommend to the Board compensation plans, policies and programs, as well as approve individual executive officer compensation, intended to attract, retain and appropriately reward employees in order to motivate their performance in the achievement of the Company's business objectives and align their interests with the long-term interests of the Company's stockholders, and (iii) prepare the compensation committee report on executive compensation, if required to be included in the Company's annual report on Form 10-K (the "Annual Report") or proxy statement; and (iv) evaluate and recommend to the Board appropriate compensation for the Company's directors.

Composition of the Committee

The Committee shall be comprised of two or more directors, each of whom (i) meets the NASDAQ listing standards independence requirements, (ii) meets the independence requirements of Rule 10C-1(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (iii) meets the requirements for a "Non-Employee Director" contained in Rule 16b-3 under the Exchange Act and (iv) meets the requirements for an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). Determinations as to whether a particular director satisfies the requirements for membership of the Committee shall be made by the Board.

The members of the Committee shall be appointed by the Board, shall serve for such terms as the Board may determine and may be removed at the Board's discretion.

Meetings

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but in any case, not less than twice a year. The Board shall designate one member of the Committee to serve as its chair.

The Committee may invite other directors, advisors and members of management to its meetings as it deems appropriate. The Committee shall meet regularly without members of management present, and in all cases the Chief Executive Officer and any other officers of the Company shall not be present during the portion of the meetings at which their compensation is determined.

The Committee will report its activities to the Board on a regular basis and make such recommendations with respect to its responsibilities and other matters as the Committee deems necessary or appropriate.

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

External Advisors

The Committee shall have the sole authority to retain compensation consultants, advisors and counsel to assist in the evaluation of compensation for the Chief Executive Officer and all other named executive officers of the Company, and shall have sole authority to approve fees, expenses and other retention terms. The Committee shall receive from the Company appropriate funding to pay such fees and expenses.

In retaining any such consultants, advisors or counsel, the Committee shall take into account the following six factors, which bear upon independence, and any other factor or factors that the Committee believes may bear upon independence:

- The provision of other services to the Company by the adviser's employer;
- The amount of fees received from the Company by the adviser's employer, as a percentage of the total revenue of the employer;
- The policies and procedures of the adviser's employer that are designed to prevent conflicts of interest;
- Any business or personal relationship of the adviser or the adviser's employer with a member of the Committee;
- Any shares of common stock of the Company owned by the adviser or the adviser's employer; and
- Any business or personal relationship of the adviser or the adviser's employer with an executive officer of the Company.

The Committee shall conduct independence assessments with regard to any consultant, counsel or adviser, unless its role is limited to:

- Consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or
- Providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provided advice.

The Committee shall evaluate whether any compensation consultant, advisors and counsel retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K under the Securities Act of 1933 and whether applicable independence requirements of NASDAQ are satisfied. The Committee shall also have authority to obtain advice and assistance from any officer or employee of the Company or, at the Company's expense, but at funding levels determined by the Committee, any outside legal expert or other advisor. The Committee shall have full, unrestricted access to Company records.

Duties and Responsibilities

The Committee shall:

1. Establish a compensation philosophy for the Company 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. Annually review and approve corporate goals and objectives applicable to the Chief Executive Officer's compensation, evaluate at least annually the Chief Executive Officer's performance in light of those goals and objectives and determine and approve the Chief Executive Officer's compensation based on this evaluation. In determining the long-term incentive components of the Chief Executive Officer's compensation, the Committee shall consider a number of factors, including, but not limited to, the Company's performance and relative stockholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies and the awards given to the Chief Executive Officer in past years. The Chief Executive Officer cannot be present during any voting or deliberations by the Committee on his or her compensation.
3. Annually review, make recommendations with respect to and approve the compensation of the Company's other executive officers.
4. Act on behalf of the Board in administering compensation plans approved by the Board and/or the Company's stockholders, in a manner consistent with the terms of such plans, including, as applicable, review of performance target goals established before the start of the relevant plan year and determination of when performance goals have been achieved at the end of the plan year.
5. Approve grants and/or awards of restricted stock, stock options and other forms of equity-based compensation under the Company's stock option, incentive-compensation and equity-based plans.
6. Review and monitor the Company's employee and management compensation and benefit plans and policies, and provide oversight of any employee benefit plan.
7. Approve (i) adoptions of, and any material revisions to, plans intended to meet the requirements of Section 401 (a) or Section 423 of the Internal Revenue Code, (ii) grants and/or awards of equity-based compensation under any plans acquired in corporate acquisitions or mergers and any conversions, replacements or adjustments of outstanding stock options or other equity-based compensation awards made to reflect an acquisition or a merger, and (iii) any inducement grants of stock options or other equity-based compensation made to a person hired or rehired by the Company or any of its subsidiaries.
8. Review and approve, for the Chief Executive Officer and other executive officers of the Company, when and if appropriate, employment agreements, severance agreements and change in control provisions/agreements.
9. Review and discuss at least annually the relationship between risk management policies and practices and compensation, whether the Company's incentive compensation arrangements encourage excessive risk-taking, and evaluate compensation policies and practices that could mitigate any such risk.
10. Evaluate and recommend, to the full Board, appropriate compensation for the Company's directors, including compensation and expense reimbursement policies for attendance at Board and committee meetings.

11. Monitor director and executive officer compliance with the stock ownership guidelines included in the Corporate Governance Guidelines.
12. Review and discuss with management any compensation discussion and analysis to be included in the Company's annual report on Form 10-K (the "Annual Report") or proxy statement. The Committee shall make a recommendation to the Board as to whether such compensation discussion and analysis should be included in the Annual Report or proxy statement and produce the compensation committee report, if required to be included in such Annual Report or proxy statement.
13. Conduct an annual performance evaluation of the Committee of its duties under this Charter and present the results of the evaluation to the Board.
14. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Perform such other duties and responsibilities, consistent with this Charter, the Company's bylaws, governing law, the NASDAQ rules, and such other requirements applicable to the Company, delegated to the Committee by the Board or required under the provisions of any compensation or benefit plan maintained by the Company.

Powers of the Committee

The Committee shall have all of the powers of the Board that are necessary or appropriate for the Committee to fulfill its purposes, engage external advisors and carry out its duties and responsibilities as set forth in this Charter.