



CORPORATE GOVERNANCE GUIDELINES OF LGI HOMES, INC.

These Corporate Governance Guidelines have been approved by the Board of Directors (the "Board") of LGI Homes, Inc. (the "Company"), and along with the Charters of the Board Committees (the "Committees") and the Code of Business Conduct and Ethics, provide the framework for the corporate governance of the Company.

Board of Director Responsibilities

The business and affairs of the Company shall be under the direction of the Board of Directors. The Board shall have oversight of management's conduct of the business and shall review the Company's financial results. Directors are expected to dedicate themselves to promoting the best interests of the stockholders with respect to corporate governance, fiduciary responsibilities, duty of loyalty and compliance with applicable laws. The Board shall be responsible for selecting, evaluating and replacing officers of the Company in accordance with the Bylaws of the Company.

Board Composition and Director Qualifications

Independence of the Board

The majority of the directors shall qualify as Independent Directors under the NASDAQ listing requirements.

Director Qualification Standards and Selection Criteria

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and its individual members. The Board is committed to a policy of inclusiveness and diversity of skills, expertise, backgrounds and experiences.

The Nominating and Corporate Governance Committee, in recommending director candidates for election to the Board and filling vacancies on the Board, will consider candidates who have a high level of personal and professional integrity, strong ethics and values, and the ability to make mature business judgments.

In evaluating the suitability of individual candidates (both new candidates and current members) and in recommending candidates for election, the Nominating and Corporate Governance Committee will take into account many factors, including the following:

- The individual's experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- The individual's experience as a board member of another publicly held company;
- The individual's professional and academic experience relevant to the Company's industry;
- The strength of the individual's leadership skills;
- Whether the individual has the time required for preparation, participation and attendance at Board meetings and committee meetings, if applicable; and
- Whether there are potential conflicts of interest with the individual's other personal and professional pursuits.

The Board will monitor the mix of specific experience, qualifications and skills of its directors in order to assure that the Board, as a whole, has the necessary skills to perform its oversight function effectively in light of the Company's business and structure. Key skills, expertise, backgrounds, and experience that should be represented on the Board include management or board experience in a wide variety of enterprises and organizations; finance and capital markets; accounting; legal and regulatory; real estate, including homebuilding and land development; sales and marketing; and operations.

Lead Independent Director

The Lead Director will preside over all meetings of the independent directors. In the absence of the Chairman of the Board, the Lead Director will preside over all meetings of the Board of Directors. The Lead Director will convey recommendations of the independent directors to the Board of Directors and will be the liaison between the independent directors and the management of the Company. The Lead Director will have the authority to call meetings of the independent directors.

Board Committees

The Board has established Committees to assist the Board in discharging its responsibilities. These Committees are the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Each of the Audit Committee and the Compensation Committee shall include only Independent Directors, as determined under the NASDAQ listing requirements. Special committees may also be established by the Board, as needed, to fulfill its responsibilities.

Annual Performance Evaluation of the Board

The Board should conduct a self-evaluation at least annually to determine whether it and its Committees are functioning effectively

Directors Who Change Their Job Responsibility or Health Condition

Any director (including a management director) who (i) had a significant change in business affiliation or position of principal employment or (ii) experiences a disabling health condition that, in each case, adversely affects his or her ability to perform the essential functions and responsibilities of a director will be expected to offer to tender his or her resignation promptly to the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the offer, taking into consideration the effect of such change in employment on the director's qualification as an independent director and on the interests of the Company.

Retirement Policy

The Board has determined not to establish a mandatory retirement age for directors. Alternatively, in connection with the director nomination recommendations, the Nominating and Corporate Governance Committee and the Board will review each director's continuation on the Board upon reaching the age of 73 and each year thereafter.

Director Tenure

In connection with each director nomination recommendation, the Nominating and Corporate Governance Committee shall consider the issue of continuing director tenure.

Board Compensation

The Board believes that director compensation should fairly pay directors for work required in a business of the Company's size and scope. Compensation should align directors' interests with the long-term interests

of stockholders; and the structure of the compensation should be simple, transparent and easy for stockholders to understand. The form and amount of director compensation will be determined and reviewed from time to time by the Compensation Committee in accordance with its charter and applicable NASDAQ and other rules and guidelines. The Company's executive officers shall not receive additional compensation for their service as directors.

Board members may be reimbursed for their expenses in attending meetings and fulfilling functions assigned to them by the Board or Committees. The Board should be sensitive to questions relating to directors' independence which may be raised with regard to excess fees and benefits, charitable contributions to organizations in which a director is affiliated, consulting or other agreements with a director and, generally, any interested party or conflict of interest transactions.

Stock Ownership Guidelines

Ownership of Company common stock by directors and executive officers is very important to align their interests with those of the Company's stockholders. The Board has adopted guidelines requiring that the Company's directors and executive officers acquire and continuously hold a specified minimum level of the Company's common stock. We express these requirements as a multiple of annual base salary or annual board cash retainer. The minimum stock ownership requirements by level are as follows:

<u>Position</u>	<u>Multiple of Annual Board Cash Retainer / Annual Base Salary</u>
Directors	5X
Chief Executive Officer	5X
President	3X
Chief Financial Officer	3X
Other executive officers	1X

The Board has delegated to the Compensation Committee the primary responsibility for overseeing the stock ownership guidelines as adopted or amended by the Board from time to time.

Upon the appointment or election of a new director or executive officer, that person will be expected to reach full compliance with these requirements by the date that is five years after his or her appointment or election. Until the targeted ownership levels are attained, directors and executives covered by this policy are required to retain at least 50% of the shares acquired upon the vesting of share based awards.

The average of monthly closing stock prices will be used for the prior year when testing for compliance to determine the fair market value of Company equity holdings for each person subject to these guidelines.

The Company's director and executive officers must comply with the Company's Insider Trading Policy and may not enter into any form of hedging or monetization transaction involving Company common stock.

Board Meetings

Frequency of and Attendance at Meetings

There shall be at least four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall normally be held each quarter. Board members are expected to attend meetings, except for good reason, and to be prepared for meetings by becoming familiar with materials distributed to them. Directors are invited and generally expected to attend the Company's annual meeting of stockholders.

Agenda Items for Board Meetings

The Chairman of the Board shall establish the agenda for each meeting. Topics for Board and Committee meetings are developed through discussions among management and members of the Board of Directors and its Committees. Information and data that are important to the issues to be considered are distributed in advance of each meeting. Meetings and background materials focus on key strategic, operational, financial, governance, risk and compliance matters applicable to the Company.

Director Orientation and Education

The Board will ensure that there is an appropriate orientation process for new directors and continuing education for all directors with regard to the Company's operations, financial status, and important aspects of and changes to the Company's industry and business.

Management Oversight

Succession Planning

The Board shall plan for the succession to the position of the Chief Executive Officer, including policies regarding succession in the event of an emergency or the retirement of the Chief Executive Officer. To assist the Board, the Chief Executive Officer shall prepare and distribute to the Board any materials, including recommendations and evaluations of potential successors, that the Chief Executive Officer deems necessary or that the Board shall request from time to time.

Evaluation of Executive Officers

The Board, acting through the Compensation Committee, will annually evaluate the performance of the Company's executive officers, including the Chief Executive Officer. Such evaluation shall be based on objective criteria, including performance of the Company, accomplishment of long term strategic objectives and development of management. The evaluation shall solicit the views of the Independent Directors regarding the Chief Executive Officer's performance.

Director Communications

Access to Management and Independent Advisors

The Board, and each of the directors, shall have direct access to management of the Company and, where the Board deems necessary and appropriate, independent advisors.

Confidentiality

Directors shall maintain the confidentiality of all materials, presentation and discussions related to the Company and the deliberations of the Board and its committees (other than information that is already in the public domain).

Effective Communication with Investors, Media and Others

As a general rule, the Chief Executive Officer will speak on behalf of the Company. Comments and other statements from the entire Board, if appropriate, will generally be made by the Lead Director. Directors should refer all inquiries from third parties to the Chief Executive Officer and management.