



## **Audit Committee Charter**

Approved by the Board  
on October 1, 2015

This charter sets forth the authority and responsibility of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of CalAtlantic Group, Inc. (the "Company").

### **I. PURPOSES AND AUTHORITY**

The primary purposes of the Committee are to:

- represent and assist the Board in fulfilling its oversight responsibilities to the stockholders of the Company relating to:
  - the integrity of the Company's financial statements, including disclosure controls and procedures;
  - the Company's compliance with legal and regulatory requirements;
  - the independent auditor's qualifications and independence; and
  - the performance of the Company's internal audit function and internal controls and the Company's independent auditors; and
- prepare the report that Securities and Exchange Commission ("SEC") rules require to be included in Company's annual proxy statement.

The Committee will primarily fulfill these responsibilities by carrying out the activities listed below in Section V of this charter. Subject to any restrictions or limitations on the delegation of power and authority imposed by the rules or regulations promulgated by the SEC, the New York Stock Exchange ("NYSE") or other regulatory authority, or by applicable law, the Committee shall have and may exercise all the powers and authority of the Board reasonably necessary or advisable for the Committee to effectuate its purposes and perform its responsibilities as set forth in this Section I and Section V of this charter, including authority to delegate its duties and responsibilities to one or more subcommittees as the Committee determines appropriate.

### **II. COMPOSITION**

Subject to Article X of the Company's Bylaws, the Committee will be appointed annually by the Board, upon the recommendation of the Nominating & Corporate Governance Committee, to serve at the pleasure of the Board and will be comprised of not less than three directors. Subject to Article X of the Company's Bylaws, the Board shall designate one member of the Committee to be Chair. Subject to Article X of the Company's Bylaws, vacancies in the Committee may be filled at any meeting of the Board.

Each member of the Committee shall be independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a member of the Committee. For purposes of determining Director independence, the term "independent" shall mean a director who meets the definition of "independence" for members of an audit committee set forth in the Listed Company Manual of the NYSE, as determined by the Board. All members of the Committee shall have a working

familiarity with basic finance and accounting practices, and at least one member of the Committee shall be a “financial expert,” as determined by the Board in accordance with rules promulgated by the SEC. Committee members are encouraged to enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or outside services.

No member of the Committee shall serve simultaneously on the audit committee of more than three public companies (including the Company).

### **III. MEETINGS**

The Committee shall meet at least six times annually, or more frequently as circumstances dictate. Regular meetings of the Committee may be held without call or notice at such times and places as the Committee from time to time may fix. Special meetings of the Committee may be called by the Chairman of the Committee or by the Secretary of the Company when requested to do so by any two members of the Committee or by the Company’s independent or internal auditors. Notice shall be given in the same manner as notice of special meetings of the Board.

Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting if consent in writing is given thereto by all members of the Committee and such consent is filed with the minutes.

Minutes of the meetings of the Committee will be prepared promptly by the Secretary of the Company or a delegate. The Secretary shall cause to be kept in the minute books of the Company the minutes of the meetings of the Committee. These minutes shall be made available to the members of the Board from time to time for their information.

### **IV. QUORUM**

Subject to Article X of the Company’s Bylaws, a majority of the members of the Committee, but no fewer than two persons, shall constitute a quorum for the transaction of business at any meeting of the Committee. Any action of the Committee to be effective must be authorized by the affirmative vote of a majority of the members thereof present, subject to a quorum being present, and in any event shall require not less than two affirmative votes.

### **V. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties the Committee shall:

#### **Meet and Review Documents/Reports**

1. Review and assess adequacy of this charter at least annually and recommend changes, if any, to the Board.
2. Meet to review and discuss with management and the independent auditors the Company’s annual and quarterly financial statements and annual and quarterly reports on Forms 10-K and 10-Q, respectively, prior to filing each such report, including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and any certification, report, opinion or review rendered by the independent auditors with respect thereto, and recommend to the Board based on the applicable and required review and discussion whether the financial statements should be included in the annual report on Form 10-K.
3. Discuss the general types of information to be disclosed, and the type of presentation to be made, in the Company’s earnings press releases and in the financial information and earnings guidance, if any, provided to analysts and rating agencies.
4. Meet separately, periodically, with management, the internal auditors (or other personnel responsible for the internal audit function), the general counsel and with the independent auditors.

5. Report to the Board following meetings of the Committee.

### **Independent Auditors**

6. Be directly responsible for the appointment, compensation, retention and oversight of the independent auditors and the internal auditors. In that regard, the Committee will appoint, retain, compensate, evaluate and terminate, when appropriate, (i) a firm of independent certified public accountants to serve as the Company's independent auditors, subject to ratification by the Company's stockholders, which firm shall report directly to the Committee, and (ii) the Company's internal auditors. In addition, if the Committee determines it to be in the best interests of the Company, retain a different firm of certified accountants to conduct all or any portion of the Company's internal audit function.
7. Obtain and review at least annually a report by the independent auditors describing: (a) the firm's internal quality control procedures; and (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
8. Consider, at least annually, the independence of the independent auditors, and consistent with rules of the Public Company Accounting Oversight Board ("PCAOB"), obtain and review a report by the independent auditors describing any relationships between the Company, or individuals in financial reporting oversight roles at the Company, and the independent auditors that may reasonably be thought to bear on the independent auditors' independence and discuss with the independent auditors the potential effects of any such relationships on independence.
9. Establish policies and procedures for the pre-approval of audit and permissible non-audit services to be provided by the independent auditors, and pre-approve all audit engagement fees and terms and all non-audit engagements with the independent auditors. The Committee shall have sole authority to carry out the responsibilities set forth in this Paragraph 9.
10. Review with the independent auditors the degree to which leased employees were used in the performance of the independent accounts services.
11. Approve the hiring by the Company of any current employee of the independent auditors or any former employee of the independent auditors employed by the independent auditors within the prior one-year period; provided that, in no event shall the Committee approve the hiring by the Company of a chief executive officer, controller, chief financial officer, chief accounting officer or any person that would serve in an equivalent position for the Company if such person was employed by the independent auditors and participated in the audit of the Company during the one-year period preceding the date of the initiation of the most recent audit; and otherwise establish policies for the hiring of employees and former employees of the independent auditors.

### **Financial Reporting Processes**

12. In consultation with the independent auditors, management and the internal auditors, review the integrity of the Company's financial reporting processes, both internal and external, and the fullness and accuracy of the Company's financial statements.
13. Review the adequacy of the Company's internal controls.
14. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied to financial reporting.
15. Consider and approve, if appropriate, major changes to the Company's internal auditing and accounting principles and practices as suggested by the independent auditors or management.

16. Review with management and the independent auditors any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.

17. Review with the independent auditors the matters required to be discussed by the independent auditor under Auditing Standard No. 16, as adopted by the PCAOB and amended from time to time, including any problems or difficulties encountered during the course of the audit work and management's response to such problems or difficulties.

18. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

19. Establish and oversee procedures, pursuant to rules or regulations that may be issued from time to time by the SEC and/or the NYSE, for handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

### **Risk Assessment**

20. Review and discuss the Company's guidelines and policies with respect to risk assessment and risk management, and discuss potential risks or exposures that the Company faces and the steps management is taking to identify and manage these risks and exposures.

### **Ethical and Legal Compliance**

21. Establish, review and update periodically a Code of Ethical Conduct and see that management has established a system to enforce this Code.

22. Review with the Company's counsel the Company's compliance program with respect to legal and regulatory requirements, including securities laws compliance, and oversee the Company's policies and procedures for monitoring compliance; and at least annually review the implementation and effectiveness of the Company's compliance program with the general counsel, who shall have the authority to communicate directly to the Committee, promptly, about actual and alleged violations of law or the Company's code(s) of conduct, including any matters involving criminal or potential criminal conduct.

23. Review with the Company's counsel, any legal or regulatory matter that could have a significant impact on the Company's financial statements.

24. Obtain such advice and assistance from outside legal, accounting or other advisors as deemed appropriate by the Committee in its sole discretion, and receive appropriate funding, as determined by the Committee, from the Company for payment of compensation to any such advisors and for the payment of ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties. The Committee is specifically empowered to retain these advisors without seeking approval from the Board.

### **General**

25. Review and discuss the adequacy of the Company's disclosure controls and procedures.

26. Conduct an annual performance evaluation of the Committee in accordance with, and as required by, rules that may be issued by the NYSE from time to time.

27. Perform any other activities consistent with this charter, the Company's Certificate of Incorporation and Bylaws, and governing law as the Committee or the Board deems necessary or appropriate.