

# D.R. HORTON, INC.

## Charter of the Compensation Committee of the Board of Directors

*(Amended and Restated – Effective June 30, 2013)*

### I. Purpose

The Compensation Committee (*the “Committee”*) of the Board of Directors of D.R. Horton, Inc. shall:

- Assist the Board of Directors in discharging its responsibility to the shareholders with respect to the Company's compensation programs and compensation of the Company's executives; and
- Produce an annual report of the Committee on executive officer compensation for inclusion in the Company's annual proxy statement, in accordance with applicable rules and regulations.

### II. Structure and Operations

#### *Composition and Qualifications*

The Committee shall be comprised of two or more directors as determined by the Board each of whom is determined by the Board to be an “independent” director in accordance with the rules, including the independence standards for compensation committee members, of the New York Stock Exchange and any other applicable legal or regulatory requirement. Additionally, no director may serve on the Committee unless he or she satisfies the requirements of a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as an “outside director” for purposes of Section 162(m) of the Internal Revenue Code (*the “Code”*).

#### *Appointment and Removal*

The Board shall elect the members of the Committee at the Board meeting (“*Annual Board Meeting*”) that is held immediately after the annual meeting of the stockholders of the Company, and each Committee member shall serve until the date of the next Annual Board Meeting, unless he or she resigns, is removed or replaced or otherwise ceases to be a director or a member of the Committee prior to such date, in which event the Board may appoint another director of the Company to fill the resulting vacancy for his or her unexpired term. Furthermore, if for any reason the Board does not elect the members to the Committee at an Annual Board Meeting, the directors who then comprise the Committee will continue to serve as members of the Committee until the Board takes action to elect new members of the Committee. The Board may remove or replace a member of the Committee at any time.

The Board shall elect one member of the Committee to act as chairperson of the Committee (*the “Chairperson”*). Such member shall act as Chairperson until the next Annual Board Meeting unless he or she resigns, is removed or replaced or otherwise ceases to be a director of the Company or a member of the Committee prior to such Annual Board Meeting, in which event the Board shall appoint another member of the Committee to serve as Chairperson for his or her unexpired term. The Chairperson shall preside over all meetings of the Committee. In addition, the Chairperson shall periodically report the Committee's findings and conclusions to the Board. The Board may remove or replace the Chairperson at any time.

#### *Delegation to Subcommittees*

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee comprised of at least two members and, to the extent not expressly reserved to the Committee by the Board or by applicable law, rule or regulation, to any other committee of

directors of the Company appointed by it, which may or may not be composed of members of the Committee but whose members shall satisfy the requirements for independence applicable to members of the Committee if the matters delegated to such other committee pertain to executive officers of the Company.

### **III. Meetings**

The Committee shall ordinarily meet at least two times annually, or more frequently as may be necessary or appropriate in its judgment. Any member of the Committee may call meetings of the Committee.

A majority of the members of the Committee shall constitute a quorum, unless only two members comprise the Committee, in which case both members will be needed to constitute a quorum. The act of a majority of the members of the Committee in attendance in person or by conference call at a meeting at which a quorum is present shall constitute the act of the Committee.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least on an annual basis with the Chief Executive Officer and any other Company officers it deems appropriate. However, the Committee may meet without such officers present, and in all cases such officers shall not be present at meetings at which their performance or compensation is being discussed or determined.

Any director of the Company who is not a member of the Committee may attend meetings of the Committee (except as provided in the immediately preceding paragraph); provided, however, that any director who is not a member of the Committee may not vote on any matter coming before the Committee for a vote. The Committee also may invite to its meetings any member of management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may meet in executive session, as the Committee deems necessary or appropriate.

### **IV. Responsibilities and Duties**

The following functions shall be common recurring activities of the Committee in carrying out its purpose set forth in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purpose of the Committee set forth in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern within the purpose of the Committee that the Committee deems appropriate or necessary, and shall have the sole authority to retain and terminate outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

To fulfill its responsibilities and duties, the Committee shall:

#### *Compensation for Executive Officers*

- (1) Review and recommend the overall executive compensation philosophy of the Company.
- (2) Review and approve Company goals and objectives relevant to CEO and (as required to comply with Section 162(m) of the Code) other executive officer compensation, including annual performance objectives.
- (3) Evaluate the performance of the CEO and other Section 162(m) covered executive officers (as required to comply with Section 162(m)) in light of established goals and objectives and, based on such evaluation, review and approve the annual salary, bonus, stock options, other incentive awards and other benefits, direct and indirect, of the CEO and other Section 162(m) covered executive officers.

(4) Make recommendations to the Board with respect to non-CEO executive officer compensation, and incentive-compensation plans and equity-based plans that are subject to Board approval.

(5) In connection with executive compensation plans:

(i) Review and recommend to the full Board, or approve as appropriate, new executive compensation plans and any changes to or modifications of existing executive compensation plans;

(ii) Review on a periodic basis the operations of the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes; and

(iii) Take steps to modify any executive compensation program that, upon analysis, is determined to yield compensation or benefits that are not reasonably related to executive and corporate performance.

(6) Establish policies and procedures for the recommendation and determination of senior management compensation.

#### *Monitoring Incentive and Equity-Based Compensation Plans*

(7) Perform duties delegated to it by the Board under various executive compensation plans.

(8) Review and make recommendations to the full Board, or approve, as appropriate, awards of stock, stock options and other incentive compensation awards to executive officers pursuant to the Company's executive compensation plans.

(9) Monitor compliance by executives with the terms and conditions of the Company's executive compensation plans.

#### *Reports , Advisers and Conflicts*

(10) The Committee shall review and discuss the Compensation Discussion and Analysis (*the "CD&A"*) required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (*the "SEC"*) with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.

(11) The Committee shall oversee the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under NYSE rules that, with limited exceptions, shareholders approve equity compensation plans.

(12) Prepare an annual report on executive officer compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.

(13) Report regularly to the Board (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

(14) The Committee shall have the sole authority to retain and terminate (or obtain the advice of) any adviser to assist it in the performance of its duties, but only after taking into consideration all factors relevant to the adviser's independence from management, including those specified by the NYSE Listed Company Manual. The Committee shall be directly responsible for the appointment, compensation and oversight of the

work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.

(15) Assess whether the work of any compensation consultants involved in determining or recommending executive officer(s) compensation has raised any conflict of interest that is required to be disclosed in the Company's annual report and proxy statement.

(16) Maintain minutes and other records of meetings and activities of the Committee, as appropriate under Delaware law.

#### **V. Annual Performance Evaluation of the Committee**

The Board shall conduct an annual performance evaluation of the Committee. This evaluation will be conducted by the Board in one or more separate sessions at which members of the Committee shall not be in attendance. After completing its annual performance evaluation of the Committee, the Board or a representative thereof shall review such evaluation or a summary thereof with members of the Committee.

#### **VI. Review and Reassessment of the Charter**

The Committee shall review and reassess at least annually the adequacy of this Charter and shall recommend any changes it deems appropriate to the Board.