

COMPENSATION COMMITTEE CHARTER
OF
THE NEW HOME COMPANY INC.

Purpose

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of The New Home Company Inc. (the “Company”) is to carry out the responsibilities of the Board related to compensation of the Company’s executive officers and directors.

Composition of the Committee

The Committee shall be comprised of three or more directors, each of whom (i) satisfies any applicable requirements for compensation committee service imposed by the Securities Exchange Act of 1934, as amended (together with the rules promulgated thereunder, the “Exchange Act”), or the New York Stock Exchange (“NYSE”), (ii) meets the requirements for a “Non-Employee Director” contained in Rule 16b-3 under the Exchange Act (“Non-Employee Director”) and (iii) meets the requirements for an “outside director” for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), as well as any other applicable legal or regulatory requirements (“Outside Director”); provided however, that the Committee may be comprised of a fewer number of directors to the extent permitted under the rules of the NYSE and the Exchange Act. Determinations as to whether a particular director satisfies the requirements for membership of the Committee shall be made by the Board.

If at any time the Committee includes a member who is not a Non-Employee Director then either a subcommittee comprised entirely of individuals who are Non- Employee Directors or the Board of Directors of the Company shall approve any grants made to any individual who is subject to liability under Section 16 of the Exchange Act.

If at any time the Committee includes a member who is not an Outside Director, then a subcommittee comprised entirely of two or more individuals who are Outside Directors shall approve any grants made to any individual the deductibility of whose compensation the Committee determines is or could be affected by Section 162(m) of the Code.

Any vacancy on the Committee shall be filled by the Board on the recommendation of the Nominating and Corporate Governance Committee, subject to the Board’s determination as to whether a particular candidate satisfies the applicable requirements of the NYSE and the Exchange Act. Members shall serve for such terms as the Board may determine, or until their earlier resignation, death or removal by the Board. The Board may remove members from the Committee, with or without cause. Unless a Chair is designated by the Board, the Committee may designate a Chair by majority vote of the full Committee membership.

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 Committee has the authority to establish its own rules and procedures for notice and conduct

of its meetings so long as they are not inconsistent with any provisions of the Company's bylaws that are applicable to the Committee. The Committee will meet periodically in executive session without management.

Delegation

The Committee may form, and delegate authority to, subcommittees when it deems appropriate to the extent permitted under applicable law.

External Advisors

The Committee may, in its sole discretion, retain or obtain advice from compensation consultants, legal counsel or other advisers (independent or otherwise), provided that, preceding such retention or advice, the Committee must take into consideration all factors, including any applicable factors under NYSE rules, relevant to the adviser's independence from management. The Committee shall be directly responsible for the retention, appointment, compensation, oversight and termination of any such compensation consultant, legal counsel and other adviser retained by the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any compensation consultant, legal counsel or any other adviser retained by the Committee.

Duties and Responsibilities

The Committee shall:

1. Assist the Board in developing and evaluating potential candidates for executive officer positions and overseeing the development of executive succession plans.
2. Review, approve, and make recommendations to the Board regarding the Company's compensation plans, including with respect to incentive-compensation plans and equity-based plans, policies and programs that are subject to Board approval.
3. Review and approve the corporate goals and objectives with respect to the compensation of the Chief Executive Officer. The Committee shall evaluate the Chief Executive Officer's performance in light of these goals and objectives and, based upon this evaluation (either alone or, if directed by the Board, in conjunction with a majority of the independent directors on the Board), set the Chief Executive Officer's compensation.
4. The Committee will review and set or make recommendations to the Board regarding the compensation of the executive officers other than the Chief Executive Officer.
5. Review on an annual basis an assessment of any potential conflicts of interest raised by the work of compensation consultants, if any, who are involved in determining or recommending executive officer or director compensation.
6. 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.

7. Review the Company's incentive compensation arrangements to confirm that incentive pay does not encourage unnecessary risk-taking and review and discuss, at least annually, the relationship between risk management policies and practices, business strategy and the executive officers' compensation.
8. Assist management in complying with the Company's proxy statement and annual report disclosure requirements.
9. To the extent that the Company is required to include a "Compensation Discussion and Analysis" ("CD&A") in the Company's Annual Report on Form 10-K or annual proxy statement, review and discuss with management the Company's CD&A and consider whether to recommend to the Board that the CD&A be included in the Company's appropriate public filings.
10. Prepare the Committee report to be included in the Company's annual report on Form 10-K or annual proxy statement, as the case may be.
11. Review the results of any advisory stockholder votes on executive compensation and consider whether to recommend adjustments to the Company's executive compensation policies and practices as a result of such votes.
12. Report to the Board on a regular basis regarding the activities of the Committee.
13. Perform such other duties and responsibilities, consistent with this Charter, delegated to the Committee by the Board or required under the provisions of any compensation or benefit plan maintained by the Company.

The Committee shall conduct an annual performance evaluation of the Committee to, at a minimum, compare the performance of the Committee to the requirements of this Charter and any other duties or responsibilities delegated to the Committee by the Board and report to the Board the results of the evaluation, which may take the form of an oral presentation by a member of the Committee to the Board.

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.