



COMPLAINT PROCEDURES FOR ACCOUNTING, INTERNAL CONTROL, AUDITING AND FINANCIAL MATTERS

Any person may submit a good faith complaint regarding accounting, internal accounting control, auditing or financial matters (collectively, "Accounting Matters") to the management of Forestar Group Inc. and its subsidiaries (collectively, "Forestar"). Forestar is committed to achieving compliance with all applicable securities laws and regulations, accounting and financial standards, accounting controls and audit practices. Forestar's Audit Committee will oversee treatment of concerns in this area.

In order to facilitate the reporting of complaints by employees and others, Forestar's Audit Committee has established the following procedures for (1) the receipt, retention and treatment of complaints regarding Accounting Matters, and (2) the confidential, anonymous submission by employees of concerns regarding questionable Accounting Matters.

Receipt of Complaints Regarding Accounting Matters

Employees, on a confidential or anonymous basis, and other persons may report complaints regarding Accounting Matters using one of the following methods:

- * Forestar Hotline for Accounting Matters: 1-833-516-5500.

- * Mail: Forestar Group Inc.
2221 E. Lamar Blvd., Suite 790
Arlington, Texas 76006
Attn: Corporate Counsel

Scope of Matters Covered by These Procedures

These procedures relate to complaints relating to any questionable accounting matters, including but not limited to:

- * any violation of the Code of Ethical Conduct for the CEO, CFO or Senior Financial Officers;

- * fraud or deliberate misrepresentation in the preparation, evaluation, review or audit of any financial statement of Forestar;

- * fraud or deliberate misrepresentation in the recording and maintaining of financial records of Forestar;

- * deficiencies in or noncompliance with Forestar's internal accounting controls;

- * misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the SEC reports or audited reports of Forestar; or

- * deviation from full and fair reporting of Forestar's financial condition.



Treatment of Complaints

Upon receipt of a complaint, Forestar's corporate compliance officer ("Corporate Counsel") will report the complaint to the senior leadership and together they will (i) determine whether the complaint actually pertains to Accounting Matters, and (ii) when possible, acknowledge receipt of the complaint to the sender.

Copies or summaries of all complaints related to Accounting Matters will be reported to the Audit Committee on a quarterly basis, provided, however, copies or summaries of complaints related to Accounting Matters that the Corporate Counsel deem to be material in nature, will be reported to the Audit Committee within seven business days from the date of making such material determination. Complaints relating to Accounting Matters will be reviewed by the senior leadership, Corporate Counsel or such other persons as the Audit Committee determines to be appropriate. The review will be conducted in a confidential manner to the fullest extent possible, consistent with the need to conduct an adequate review. Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee.

No Discrimination, Retaliation or Harassment

Forestar will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to reporting of good faith complaints regarding Accounting Matters or otherwise as specified in Section 806 of Sarbanes-Oxley Act of 2002.

No Rights Created

This Code is a statement of certain fundamental principles, policies and procedures that govern Forestar's CEO, CFO and Senior Financial Officers in the conduct of Forestar's business. It is not intended to and does not create any rights in any employee, customer, supplier, competitor, shareholder or any other person or entity, except as set forth in the immediate preceding paragraph or as otherwise provided for under applicable law.

Reporting and Retention of Complaints and Investigations

The Corporate Counsel will maintain a log of all complaints, track their investigation and resolution and prepare a summary report regarding Accounting Matters for the Audit Committee on a quarterly basis, or more frequently if warranted. If there have been no complaints, the quarterly report will specifically state that fact.