SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-9977

MERITAGE CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

MARYLAND	86-0611231
(State or Other Jurisdiction Incorporation or Organization)	(I.R.S. Employer of Identification No.)

6613 NORTH SCOTTSDALE ROAD, SUITE 200 SCOTTSDALE, ARIZONA	85250
(Address of Principal Executive Offices)	(Zip Code)

(480) 998-8700
(Registrant's Telephone Number, Including Area Code)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS: YES [X] NO [ ].

AS OF MAY 1, 2000, 5,563,796 SHARES OF MERITAGE CORPORATION COMMON STOCK WERE OUTSTANDING.

MERITAGE CORPORATION
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2000
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MERITAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 2000	December 31, 1999
ASSETS		
Cash and cash equivalents	$ 5,384,805	$ 13,422,016
Real estate under development	183,941,966	171,012,405
Deposits on real estate under option or contract	18,412,244	15,699,609
Other receivables	3,462,987	1,643,187
Deferred tax asset	717,436	698,634
Goodwill	18,474,847	18,741,625
Property and equipment, net	4,088,618	4,040,134
Other assets	1,541,579	1,301,286
Total Assets	$ 236,024,482	$ 226,558,896
LIABILITIES		
Accounts payable and accrued liabilities	$ 31,189,845	$ 41,950,761
Home sale deposits	10,101,617	8,261,000
Notes payable	100,077,727	85,936,601
Total Liabilities	141,369,189	136,148,362
STOCKHOLDERS' EQUITY		
Common stock, par value $.01 per share; 50,000,000 shares authorized; issued and outstanding - 5,563,796 shares at March 31, 2000, and 5,474,906 shares at December 31, 1999	55,638	54,749
Additional paid-in capital	100,464,215	100,406,745
Accumulated deficit	(3,377,652)	(8,148,535)
Less cost of shares held in treasury (237,667 shares)	(2,486,908)	(1,902,425)
Total Stockholders' Equity	94,655,293	90,410,534
Total Liabilities and Stockholders' Equity	$ 236,024,482	$ 226,558,896

See accompanying notes to consolidated financial statements

MERITAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

	Three Months Ended March 31, 2000	1999
Home sales revenue	$ 91,652,660	$ 51,306,197
Land sales revenue	757,511	79,900
	92,410,171	51,386,097
Cost of home sales	(74,956,349)	(41,322,288)
Cost of land sales	(681,205)	(34,500)
	(75,637,554)	(41,356,788)
Home sales gross profit	16,696,311	9,983,909
Land sales gross profit	76,306	45,400
	16,772,617	10,029,309
Commissions and other sales costs	(5,778,560)	(3,415,817)
General and administrative expense	(4,001,961)	(3,146,047)
Interest expense	(1,522)	(835)
Other income, net	532,271	318,432
Earnings before income taxes	7,522,845	3,785,042
Income taxes	(2,751,962)	(1,460,000)

Net earnings	$ 4,770,883	$ 2,325,042
Basic earnings per share	$ .90	$ .43
Diluted earnings per share	$ .82	$ .38

See accompanying notes to consolidated financial statements

MERITAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 4,770,883	$ 2,325,042
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	694,065	458,978
(Increase) decrease in deferred tax asset	(18,802)	1,214,000
Stock option compensation expense	58,359	148,329
Increase in real estate under development	(12,929,561)	(23,685,192)
Increase in deposits on real estate under option or contract	(2,712,635)	(2,225,055)
(Increase) decrease in other receivables and other assets	(2,060,093)	598,500
Decrease in accounts payable and accrued liabilities	(5,602,910)	(5,695,430)
Increase in home sale deposits	1,840,617	2,822,855
Net cash used in operating activities	(15,960,077)	(24,037,973)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for merger/acquisition	(5,158,006)	(6,966,890)
Purchases of property and equipment	(475,771)	(749,857)
Net cash used in investing activities	(5,633,777)	(7,716,747)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	97,251,332	66,203,003
Repayment of borrowings	(83,110,206)	(39,464,652)
Purchase of treasury shares	(584,483)	--
Stock options exercised	--	11,240
Net cash provided by financing activities	13,556,643	26,749,591
Net decrease in cash and cash equivalents	(8,037,211)	(5,005,129)
Cash and cash equivalents at beginning of period	13,422,016	12,386,806
Cash and cash equivalents at end of period	$ 5,384,805	$ 7,381,677

See accompanying notes to consolidated financial statements

MERITAGE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

We develop, construct and sell new high-quality, single-family homes in the semi-custom luxury, move-up and entry-level markets. We operate in the Dallas/Fort Worth, Austin and Houston, Texas markets as Legacy Homes, in the Phoenix and Tucson, Arizona metropolitan markets under the Monterey Homes and Meritage Homes of Arizona brand names, and in the San Francisco Bay and Sacramento, California markets as Meritage Homes of Northern California.

BASIS OF PRESENTATION. Our consolidated financial statements include the accounts of Meritage Corporation and our subsidiaries. Intercompany balances and transactions have been eliminated in consolidation and certain prior period amounts have been reclassified to be consistent with current financial statement presentation. In the opinion of management, the unaudited consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to fairly present our financial position and results of operations for the periods presented. The results of operations for any interim period are not necessarily indicative of results to be expected for a full fiscal year.

NOTE 2 - REAL ESTATE UNDER DEVELOPMENT AND CAPITALIZED INTEREST

The components of real estate under development follow (in thousands):

	March 31, 2000	December 31, 1999
Homes under contract, in production	$ 82,131	$ 71,987
Finished homesites and homesites under development	68,725	63,610
Model homes and homes held for resale	29,468	31,797
Land held for development	3,618	3,618
	$ 183,942	$ 171,012

We capitalize certain interest costs incurred during development and construction. Capitalized interest is allocated to real estate under development and charged to cost of sales when the property is delivered. Summaries of interest capitalized and interest expensed follow (in thousands):

	March 31,	
	2000	1999
Beginning unamortized capitalized interest	$ 3,971	$ 1,982
Interest capitalized	1,868	1,089
Amortized in cost of home and land sales	(1,565)	(811)
Ending unamortized capitalized interest	$ 4,274	$ 2,260
Interest incurred	$ 1,870	$ 1,090
Interest capitalized	(1,868)	(1,089)
Interest expense	$ 2	$ 1

NOTE 3 - NOTES PAYABLE

Notes payable consist of the following (in thousands):

	March 31, 2000	December 31, 1999
$70 million bank revolving construction line of credit, interest payable monthly approximating prime (9.0% at March 31, 2000) or LIBOR (30 day LIBOR 6.1% at March 31, 2000), plus 1.75% payable December 31, 2001, secured by first deeds of trust on real estate	$ 55,141	$ 37,411
$65 million bank revolving construction line of credit, interest payable monthly approximating prime or LIBOR plus 2.0%, payable at the earlier of close of escrow, maturity date of individual homes within the line or July 31, 2000, secured by first deeds of trust on real estate	28,285	26,104
$15 million unsecured bank revolving line of credit, interest payable monthly at prime, matured January 17, 2000	--	6,000
Acquisition and development credit facilities totaling $4.5 million, interest payable monthly, ranging from prime to prime plus .25%; payable at the earlier of funding of construction financing or the maturity date of the individual projects, secured by first deeds of trust on real estate	1,628	1,396
Senior unsecured notes, maturing September 15, 2005, annual interest of 9.10% payable quarterly, principal payable in three equal installments on September 15, 2003, 2004 and 2005	15,000	15,000

Other	23	26
Total	$ 100,077	$ 85,937

NOTE 4 - EARNINGS PER SHARE

A summary of the reconciliation from basic earnings per share to diluted earnings per share for the three months ended March 31, 2000 and 1999 follows (in thousands, except per share amounts):

	2000	1999
Net earnings	$4,771	$2,325
Basic EPS - Weighted average shares outstanding	5,287	5,425
Basic earnings per share	$ .90	$ .43
Basic EPS - Weighted average shares outstanding	5,287	5,425
Effect of dilutive securities:		
Contingent shares and warrants	73	71
Stock options	458	563
Dilutive EPS - Weighted average shares outstanding	5,818	6,059
Diluted earnings per share	$ .82	$ .38
Antidilutive stock options not included in diluted EPS	280	282

NOTE 5 - INCOME TAXES

Components of income tax expense at March 31 are (in thousands):

	2000	1999
Current taxes:		
Federal	$ 2,419	$ 83
State	352	163
	2,771	246
Deferred taxes:		
Federal	(17)	1,213
State	(2)	1
	(19)	1,214
Total	$ 2,752	$ 1,460

NOTE 6 - SEGMENT INFORMATION

We classify our operations into three primary geographic segments: Texas, Arizona and California. These segments generate revenues through the sale of homes to external customers. We are not dependent on any one major customer.

Operational information relating to the different business segments follows. Certain information has not been included by segment due to the immateriality of the amount to the segment or in total. We evaluate segment performance based on several factors, of which the primary financial measure is earnings before interest and taxes (EBIT). The accounting policies of the business segments are the same as those described in Notes 1 and 2. There are no significant transactions between segments.

Three Months Ended March 31,

	2000	1999
	(in thousands)	
HOME SALES REVENUE:		
Texas	$ 49,430	$ 30,334
Arizona	21,942	19,628
California	20,281	1,344
Total	$ 91,653	$ 51,306
EBIT:		
Texas	$ 7,010	$ 3,735
Arizona	995	1,890
California	2,311	(422)
Corporate and other	(1,227)	(606)
Total	$ 9,089	$ 4,597
AMORTIZATION OF CAPITALIZED INTEREST:		
Texas	$ 635	$ 300
Arizona	578	503
California	352	8
Total	$ 1,565	$ 811

	At March 31,	
ASSETS:	2000	1999
Texas	$ 99,725	$ 97,832
Arizona	85,040	77,195
California	48,737	43,773
Corporate	2,522	7,759
Total	$236,024	$226,559

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements. The words "believe," "expect," "anticipate," and "project" and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1993, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may include, but are not limited to, projections of revenues, income or loss, capital expenditures, plans for future operations, financing needs or plans, the impact of inflation, the impact of changes in interest rates, plans relating to our products or services, potential real property acquisitions, and new or planned development projects, as well as assumptions relating to the foregoing.

Statements in Exhibit 99 to this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 1999, including the Notes to the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations," describe factors, among others, that could contribute to or cause such differences. Additional factors that could cause actual results to differ materially from those expressed in such forward-looking statements are set forth in "Business" and "Market for the Registrant's Common Stock and Related Stockholder Matters" in the our December 31, 1999 Annual Report on Form 10-K.

RESULTS OF OPERATIONS

The following discussion and analysis provides information regarding our results of operations for the quarters ended March 31, 2000 and March 31, 1999. All material balances and transactions between us and our subsidiaries have been eliminated. In management's opinion, the data reflects all adjustments, consisting of only normal recurring adjustments, necessary to fairly present our financial position and results of operations for the periods presented.

HOME SALES REVENUE

Home sales revenue is the product of the number of homes closed during the period and the average sales price per home. Comparative first quarter 2000 and 1999 home sales revenue follow (dollars in thousands):

	Quarter Ended March 31,	Dollar/unit	Percentage

	2000	1999	Increase (Decrease)	Increase (Decrease)
Total				
Dollars	$ 91,653	$ 51,306	$ 40,347	79%
Homes closed	440	257	183	71%
Average sales price	$ 208.3	$ 199.6	$ 8.7	4%
Texas				
Dollars	$ 49,430	$ 30,334	$ 19,096	63%
Homes closed	302	200	102	51%
Average sales price	$ 163.7	$ 151.7	$ 12.0	8%
Arizona				
Dollars	$ 21,942	$ 19,628	$ 2,314	12%
Homes closed	79	53	26	49%
Average sales price	$ 277.7	$ 370.3	$ (92.6)	(25%)
California				
Dollars	$ 20,281	$ 1,344	$ 18,937	1,409%
Homes closed	59	4	55	1,375%
Average sales price	$ 343.7	$ 336.0	$ 7.7	2%

The increase in total home sales revenue and number of homes closed in 2000 compared to 1999 results mainly from our strong market performances in Texas and California. Also in 2000, we closed a higher percentage of homes in beginning backlog than usual for our first quarters.

HOME SALES GROSS PROFIT

Gross profit is home sales revenue, net of housing cost of sales, which include developed homesite costs, home construction costs, amortization of common community costs (such as the cost of model complexes and architectural, legal and zoning costs), interest, sales tax, warranty, construction overhead and closing costs. Comparative 2000 and 1999 housing gross profit follows (dollars in thousands):

	Quarter Ended March 31, 2000	1999	Dollar/percentage Increase (Decrease)	Percentage Increase (Decrease)
Dollars	$16,696	$9,984	$6,712	67%
Percent of home sales revenue	18.2%	19.5%	(1.3%)	(7%)

The dollar increase in gross profit for the three months ended March 31, 2000 over the prior year period is attributable to the increase in number of homes closed. The gross profit margin decreased somewhat due to the increased deliveries of our new lower-priced, lower margin Arizona products.

COMMISSIONS AND OTHER SALES COSTS

Commissions and other sales costs, such as advertising and sales office expenses, were approximately $5.8 million, or 6.3% of home sales revenue in the first quarter of 2000 compared to $3.4 million, or 6.6% of home sales revenue in the first quarter of 1999. The slight decrease in these expenses as a percentage of home sales revenue was caused by holding down increases in advertising and other marketing costs.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were approximately $4.0 million, or 4.3% of total revenue, in the first three months of 2000, as compared to approximately $3.1 million, or 6.1% of revenue, in 1999, a decrease as a percent of total revenue of 1.8%. The decrease in these amounts as a percentage of revenue was caused by holding down increases in these costs, while expanding home sales revenue. 1999 amounts include charges of approximately $600,000 (1.2% of revenue) related to the employment agreement buyout of a former Managing Director.

OTHER INCOME

The increase in other income primarily is due to management fees paid to the California division by unconsolidated parties and an increase in revenue from the mortgage operations in Texas.

INCOME TAXES

The increase in income tax expense to approximately $2,752,000 for the quarter ended March 31, 2000 from $1,460,000 in the prior year was caused by higher taxable income offset by a slightly lower effective tax rate

SALES CONTRACTS

Sales contracts for any period represent the number of homes ordered by customers (net of cancellations) multiplied by the average sales price per home ordered. Comparative 2000 and 1999 sales contracts follow (dollars in thousands):

	Quarter Ended March 31, 2000	Quarter Ended March 31, 1999	Dollar/unit Increase (Decrease)	Percentage Increase (Decrease)
Total				
Dollars	$148,900	$103,738	$ 45,162	44%
Homes ordered	629	555	74	13%
Average sales price	$ 236.7	$ 186.9	$ 49.8	27%
Texas				
Dollars	$ 60,920	$ 64,356	$ (3,436)	(5)%
Homes ordered	355	431	(76)	(18)%
Average sales price	$ 171.6	$ 149.3	$ 22.3	15%
Arizona				
Dollars	$ 43,937	$ 30,992	$ 12,945	42%
Homes ordered	137	99	38	38%
Average sales price	$ 320.7	$ 313.1	$ 7.7	2%
California				
Dollars	$ 44,043	$ 8,390	$ 35,653	425%
Homes ordered	137	25	112	448%
Average sales price	$ 321.5	$ 335.6	$ (14.1)	(4)%

We do not include sales contingent upon the sale of a customer's existing home as a sales contract until the contingency is removed. Historically, we have experienced a cancellation rate of approximately 20% of gross sales. Total sales contracts increased in 2000 compared to 1999 due mainly to the expansion into California and continued economic strength in our operating markets.

NET SALES BACKLOG

Backlog represents net sales contracts that have not closed. Comparative 2000 and 1999 net sales backlog follows (dollars in thousands):

	At March 31, 2000	At March 31, 1999	Dollar/unit Increase (Decrease)	Percentage Increase (Decrease)
Total				
Dollars	$256,692	$197,725	$ 58,967	30%
Homes in backlog	1,074	987	87	9%
Average sales price	$ 239.0	$ 200.3	$ 38.7	19%
Texas				
Dollars	$105,473	$111,199	$ (5,726)	(5)%
Homes in backlog	619	734	(115)	(16)%
Average sales price	$ 170.4	$ 151.5	$ 18.9	12%
Arizona				
Dollars	$ 94,873	$ 77,743	$ 17,130	22%
Homes in backlog	274	227	47	21%
Average sales price	$ 346.3	$ 342.5	$ 3.8	1%
California				
Dollars	$ 56,346	$ 8,783	$ 47,563	542%
Homes in backlog	181	26	155	596%
Average sales price	$ 311.3	$ 337.8	$ (26.5)	(8)%

Total dollar backlog at March 31, 2000 increased 30% over the 1999 amount due to a corresponding increase in homes in backlog. The number of homes in backlog at March 31, 2000 increased 9% over the same period in the prior year due to the increase in net orders caused by expansion into California and strong housing markets in which Meritage operates.

LIQUIDITY AND CAPITAL RESOURCES

Our principal uses of working capital are land purchases, homesite development and home construction. We use a combination of borrowings and funds generated by operations to meet our working capital requirements.

At March 31, 2000, we had short-term secured revolving construction loan and acquisition and development facilities totaling $139.5 million, of which approximately $85 million was outstanding. An additional $27.2 million of unborrowed funds supported by approved collateral were available under our credit facilities at that date. We also have $15 million outstanding in unsecured, senior subordinated notes due September 15, 2005, which were issued in October 1998.

In May 1999, we announced a stock repurchase program in which our Board of Directors approved the buyback of up to $6 million of outstanding Meritage stock. This amount was increased to $10 million at the first quarter, 2000 board meeting. As of March 31, 2000, 237,667 shares had been repurchased for an aggregate price of approximately $2.5 million.

Management believes that the current borrowing capacity, cash on hand at March 31, 2000 and anticipated cash flows from operations are sufficient to meet liquidity needs for the foreseeable future. There is no assurance, however, that future amounts available from our sources of liquidity will be sufficient to meet future capital needs. The amount and types of indebtedness that we incur may be limited by the terms of the indenture governing our senior subordinated notes and our credit agreements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not trade in derivative financial instruments and at March 31, 2000, had no significant derivative financial instruments. We do have other financial instruments in the form of notes payable and senior debt, which are at fixed interest rates. Our lines of credit and credit facilities are at variable interest rates and are subject to market risk in the form of interest rate fluctuations.

PART II OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Exhibit Number	Description	Page or Method of Filing
10.1	Modification to Guaranty Federal Bank Loan, Dated as of March 29, 2000	Filed herewith
10.2	$3.3 Million Construction Loan Agreement, by and among the Company and Compass Bank, Dated as of February 10, 2000	Filed herewith
10.3	Change of Control Agreement between the Company and Steven J. Hilton	Filed herewith
10.4	Change of Control Agreement between the Company and John R. Landon	Filed herewith
10.5	Change of Control Agreement between the Company and Larry W. Seay	Filed herewith
10.6	Change of Control Agreement between the Company and Richard T. Morgan	Filed herewith
27	Financial Data Schedule	Filed herewith
99	Private Securities Reform Act of 1995 Safe Harbor Compliance Statement for Forward-Looking Statements	Filed herewith

(b) REPORTS ON FORM 8-K

We filed no reports on Form 8-K during the quarter ended March 31, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly cause this report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized, this 14th day of May, 2000.

MERITAGE CORPORATION,
a Maryland Corporation

By /s/ LARRY W.SEAY

Larry W. Seay
Chief Financial Officer and
Vice President-finance (Principal
Financial Officer and Duly
Authorized Officer)

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PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995
SAFE HARBOR COMPLIANCE STATEMENT FOR FORWARD-LOOKING STATEMENTS

In passing the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), Congress encouraged public companies to make "forward-looking statements" by creating a safe-harbor to protect companies from securities law liability in connection with forward-looking statements. Forward-looking statements can be identified by the use of words such as "estimate," "expect," "believe," "project," "forecast," "anticipate," "plan," and similar expressions. Meritage intends to qualify both its written and oral forward-looking statements for protection under the PSLRA.

To qualify oral forward-looking statements for protection under the PSLRA, a readily available written document must identify important factors that could cause actual results to differ materially from those in the forward-looking statements. Meritage provides the following information in connection with its continuing effort to qualify forward-looking statements for the safe harbor protection of the PSLRA.

Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, the following: (i) changes in national and local economic and other conditions, such as employment levels, availability of mortgage financing, interest rates, consumer confidence, and housing demand; (ii) risks inherent in homebuilding activities, including delays in construction schedules, cost overruns, changes in government regulation, increases in real estate taxes and other local fees; (iii) changes in costs or availability of land, materials, and labor; (iv) fluctuations in real estate values; (v) the timing of home closings and land sales; (vi) Meritage's ability to continue to acquire additional land or options to acquire additional land on acceptable terms; (vii) a relative lack of geographic diversification of Meritage's operations, especially when real estate analysts are predicting that new home sales in certain markets may slow during 2000; (viii) Meritage's inability to obtain sufficient capital on terms acceptable to Meritage to fund its planned capital and other expenditures; (ix) changes in local, state and federal rules and regulations governing real estate development and homebuilding activities and environmental matters, including "no growth" or "slow growth" initiatives, building permit allocation ordinances and building moratoriums; (x) expansion by Meritage into new geographic or product markets in which Meritage has little or no operating experience, such as Northern California; (xi) the inability of Meritage to identify acquisition candidates that will result in successful combinations; (xii) the failure of Meritage to make acquisitions on terms acceptable to Meritage, or to successfully integrate acquired operations, such as Northern California, into Meritage; and (xiii) the loss of key employees of the Company, including Steven J. Hilton and John R. Landon.

Forward-looking statements express expectations of future events. All forward-looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties, which could cause actual events or results to differ materially from those projected. Due to these inherent uncertainties, the investment community is urged not to place undue reliance on forward-looking statements. In addition, Meritage undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of anticipated events or changes to projections over time.