SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2001

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 of Incorporation or Organization)	(I.R.S. Employer 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, 2001, 6,108,249 shares of Meritage Corporation common stock were outstanding.

MERITAGE CORPORATION
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2001
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MERITAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(UNAUDITED) MARCH 31, 2001	DECEMBER 31, 2000
	(IN THOUSANDS, EXCEPT SHARE DATA)	
ASSETS		
Cash and cash equivalents	$ 6,359	$ 4,397
Real estate under development	233,446	211,307
Deposits on real estate under option or contract	28,776	24,251
Other receivables	2,673	2,179
Deferred tax asset	526	543
Goodwill	17,408	17,675
Property and equipment, net	5,016	4,717
Other assets	1,244	2,006
Total Assets	$ 295,448	$ 267,075
LIABILITIES		
Accounts payable and accrued liabilities	$ 36,692	$ 48,907
Home sale deposits	13,121	10,917
Notes payable	116,928	86,152
Total Liabilities	166,741	145,976
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value; 50,000,000 shares authorized, 5,941,202 shares at March 31, 2001, and 5,922,822 shares at December 31, 2000, issued and outstanding	59	59
Additional paid-in capital	102,745	102,526
Retained earnings	36,919	29,530
Treasury stock at cost, 811,963 shares at March 31, 2001 and December 31, 2000	(11,016)	(11,016)
Total Stockholders' Equity	128,707	121,099
Total Liabilities and Stockholders' Equity	$ 295,448	$ 267,075

See accompanying notes to consolidated financial statements

MERITAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31, 2001	2000
	(IN THOUSANDS, EXCEPT SHARE DATA)	
Home sales revenue	$ 116,113	$ 91,653
Land sales revenue	593	757
	116,706	92,410
Cost of home sales	(92,579)	(74,956)
Cost of land sales	(531)	(681)
	(93,110)	(75,637)
Home sales gross profit	23,534	16,697
Land sales gross profit	62	76

	23,596	16,773
Commissions and other sales costs	(7,013)	(5,779)
General and administrative expense	(4,935)	(4,002)
Interest expense	(1)	(1)
Other income, net	534	532
Earnings before income taxes	12,181	7,523
Income taxes	(4,792)	(2,752)
Net earnings	$ 7,389	$ 4,771
Basic earnings per share	$ 1.44	$ .90
Diluted earnings per share	$ 1.28	$ .82

See accompanying notes to consolidated financial statements

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

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31, 2001	2000
	(IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 7,389	$ 4,771
Adjustments to reconcile net earnings to net cash used in by operating activities:		
Depreciation and amortization	766	694
Decrease (increase) in deferred tax asset	16	(19)
Stock option compensation expense	--	58
Increase in real estate under development	(22,139)	(12,929)
Increase in deposits on real estate under option or contract	(4,525)	(2,713)
Decrease (increase) in other receivables and other assets	268	(2,060)
Decrease in accounts payable and accrued liabilities	(12,214)	(5,603)
Increase in home sale deposits	2,204	1,841
Net cash used in operating activities	(28,235)	(15,960)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for merger/acquisition	--	(5,158)
Purchases of property and equipment	(798)	(476)
Net cash used in investing activities	(798)	(5,634)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	116,572	97,251
Repayment of borrowings	(85,795)	(83,110)
Purchase of treasury shares	--	(584)
Stock options exercised	218	--
Net cash provided by financing activities	30,995	13,557
Net increase (decrease) in cash and cash equivalents	1,962	(8,037)
Cash and cash equivalents at beginning of period	4,397	13,422
Cash and cash equivalents at end of period	$ 6,359	$ 5,385

</TABLE>

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/Scottsdale and Tucson, Arizona markets as Monterey Homes and Meritage

Homes, and in the San Francisco Bay and Sacramento, California markets as Meritage Homes.

BASIS OF PRESENTATION. The consolidated financial statements include the accounts of Meritage Corporation and its 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

Real estate under development consisted of the following (in thousands):

	MARCH 31, 2001	DECEMBER 31, 2000
Homes under contract, in production	$ 110,898	$ 92,881
Finished lots	56,060	60,630
Lots under development	37,401	27,636
Model homes and homes held for resale	26,179	26,937
Land held for development	2,908	3,223
	$ 233,446	$ 211,307

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,	
	2001	2000
Beginning unamortized capitalized interest	$ 5,426	$ 3,971
Interest capitalized	3,074	1,868
Amortization to cost of home sales	(1,959)	(1,565)
Ending unamortized capitalized interest	$ 6,541	$ 4,274
Interest incurred	$ 3,075	$ 1,870
Interest capitalized	(3,074)	(1,868)
Interest expense	$ 1	$ 2

NOTE 3 - NOTES PAYABLE

Notes payable consisted of the following (in thousands):

<TABLE>
<CAPTION>

<S>	MARCH 31, 2001 <C>	DECEMBER 31, 2000 <C>
$100 million bank revolving construction line of credit, interest payable monthly approximating prime (8% at March 31, 2001) or LIBOR plus 1.75% (at rates ranging from 6.810% to 7.366 % at March 31, 2001), payable at the earlier of close of escrow, maturity date of individual homes within the line or over a 24-month period beginning January 1, 2002, secured by first deeds of trust on real estate	$ 79,265	$ 50,354
$65 million bank revolving construction line of credit, interest payable monthly approximating prime or LIBOR (30 day LIBOR 5.078% at March 31, 2001) plus 2.0%, payable at the earlier of close of escrow, maturity date of individual homes within the line or July 31, 2001, secured by first deeds of trust on real estate	19,646	17,269
Acquisition and development credit facilities and seller carry back financing totaling $5.7 million, interest payable monthly, ranging from prime to prime plus .25% or at a fixed 10% per annum rate; 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	3,008	3,516
Senior unsecured notes, maturing September 15, 2005, annual interest of 9.1% payable quarterly, principal payable in three equal installments on September 15, 2003, 2004 and 2005	15,000	15,000
Other	9	13
Total	$116,928	$ 86,152

</TABLE>

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, 2001 and 2000 follows (in thousands, except per share amounts):

	2001	2000
Net earnings	$7,389	$4,771
Basic EPS - Weighted average shares outstanding	5,123	5,287
Basic earnings per share	$ 1.44	$ .90
Basic EPS - Weighted average shares outstanding	5,123	5,287
Effect of dilutive securities:		
Contingent shares and warrants	--	73
Stock options	665	458
Dilutive EPS - Weighted average shares outstanding	5,788	5,818
Diluted earnings per share	$ 1.28	$ .82
Antidilutive stock options not included in diluted EPS	--	280

NOTE 5 - INCOME TAXES

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

	2001	2000
Current taxes:		
Federal	$ 4,017	$ 2,419
State	759	352
	4,776	2,771
Deferred taxes:		
Federal	31	(17)
State	(15)	(2)
	16	(19)
Total	$ 4,792	$ 2,752

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, 2001	THREE MONTHS ENDED MARCH 31, 2000
	(in thousands)	
HOME SALES REVENUE:		
Texas	$ 55,576	$ 49,430
Arizona	33,177	21,942
California	27,360	20,281
Total	$ 116,113	$ 91,653
EBIT:		
Texas	$ 9,530	$ 7,010
Arizona	2,204	995
California	3,133	2,311
Corporate and other	(726)	(1,227)
Total	$ 14,141	$ 9,089
AMORTIZATION OF CAPITALIZED INTEREST:		
Texas	$ 583	$ 635
Arizona	981	578
California	395	352
Total	$ 1,959	$ 1,565

	AT MARCH 31, 2001	AT DECEMBER 31, 2000
	(in thousands)	
ASSETS:		
Texas	$ 110,996	$ 108,238
Arizona	122,181	102,746
California	59,921	53,723
Corporate	2,350	2,368
Total	$ 295,448	$ 267,075

NOTE 7 - SUBSEQUENT EVENT

On May 7, 2001, we entered into a definitive agreement to acquire substantially all of the homebuilding and related assets of HC Builders, Inc. and Hancock Communities, L.L.C. (collectively, "Hancock"), subject to customary closing conditions. The estimated purchase price, based on Hancock's March 31, 2001 balance sheet, is approximately $67.8 million in cash payable at closing, the assumption of trade payables, accrued liabilities, customer deposits and a note, currently estimated to be $12.3 million in the aggregate, and an earn-out payable over three years. We have proposed to raise $150 million in senior notes through a private placement to finance the acquisition and to repay some of our existing indebtedness.

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. 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 and liquidity, the impact of inflation, the impact of changes in interest rates, plans relating to our products or services, acquisitions, and new or planned development projects, as well as assumptions relating to the foregoing.

Statements in Exhibit 99.1 to this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2000, including the Notes to the Consolidated Financial Statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Factors That May Affect Our Future Results and Financial Condition," and "Special Note of Caution Regarding Forward-Looking Statements" describe factors, among others, that could contribute to or cause such differences from forward looking statements, which could be material. These factors may also affect our business generally.

Additional factors that could cause actual results to differ materially from those expressed in such forward-looking statements, and that could affect our business generally, are set forth in "Business" and "Market for the Registrant's Common Stock and Related Stockholder Matters" in our December 31, 2000 Annual Report on Form 10-K.

RESULTS OF OPERATIONS

The following discussion and analysis provides information regarding our results of operations for the three months ended March 31, 2001 and 2000. 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. The results of operations for any interim period are not necessarily indicative of results expected for a full fiscal year.

HOME SALES REVENUE, SALES CONTRACTS AND NET SALES BACKLOG

The data provided below shows operating and financial data regarding our homebuilding activities.

HOME SALES REVENUE	QUARTER ENDED MARCH 31, 2001	2000	PERCENTAGE INCREASE (DECREASE)
Total			
Dollars	$116,113	$91,653	27%
Homes closed	516	440	17%
Average sales price	$ 225.0	$ 208.3	8%
Texas			
Dollars	$ 55,576	$49,430	12%
Homes closed	320	302	6%
Average sales price	$ 173.7	$ 163.7	6%
Arizona			
Dollars	$ 33,177	$21,942	51%
Homes closed	126	79	59%
Average sales price	$ 263.3	$ 277.7	(5%)
California			
Dollars	$ 27,360	$20,281	35%
Homes closed	70	59	19%
Average sales price	$ 390.9	$ 343.7	14%

SALES CONTRACTS	QUARTER ENDED MARCH 31, 2001	2000	PERCENTAGE INCREASE (DECREASE)
Total			
Dollars	$176,893	$148,900	19%
Homes ordered	740	629	18%
Average sales price	$ 239.0	$ 236.7	1%
Texas			
Dollars	$ 73,508	$ 60,920	21%
Homes ordered	437	355	23%
Average sales price	$ 168.2	$ 171.6	(2%)
Arizona			
Dollars	$ 67,315	$ 43,937	53%
Homes ordered	213	137	55%
Average sales price	$ 316.0	$ 320.7	(1%)
California			
Dollars	$ 36,070	$ 44,043	(18%)
Homes ordered	90	137	(34%)
Average sales price	$ 400.8	$ 321.5	25%

NET SALES BACKLOG	QUARTER ENDED MARCH 31, 2001	2000	PERCENTAGE INCREASE (DECREASE)
Total			
Dollars	$370,681	$256,692	44%
Homes in backlog	1,470	1,074	37%
Average sales price	$ 252.2	$ 239.0	6%
Texas			
Dollars	$137,496	$105,473	30%

Homes in backlog	812	619	31%
Average sales price	$ 169.3	$ 170.4	(1%)
Arizona			
Dollars	$149,349	$ 94,873	57%
Homes in backlog	431	274	57%
Average sales price	$ 346.5	$ 346.3	*
California			
Dollars	$ 83,836	$ 56,346	49%
Homes in backlog	227	181	25%
Average sales price	$ 369.3	$ 311.3	19%

* - less than 1%

HOME SALES REVENUE. The increase in total home sales revenue and number of homes closed in the first three months of 2001 compared to the first three months of 2000 results mainly from strong market performance in all of our divisions, as well as the continued expansion of our operations in Northern California and in our mid-priced Meritage Phoenix division in Arizona. The decreases in average home sales prices in Arizona for the first quarter of 2001 reflect a change in our product mix, as we are now selling more mid-priced homes than in 2000.

SALES CONTRACTS. Sales contracts for any period represent the aggregate sales price of all homes ordered by customers net of homes canceled. 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 approximating 23% of gross sales. Total sales contracts increased in the first three months of 2001 compared to 2000 due mainly to the continued expansion of our mid-priced Meritage Phoenix division in Arizona, along with continued economic strength of our operating markets during the period. The decrease in sales contracts in our Northern California region for the first quarter of 2001 is mainly attributable to faster than anticipated sales rates during 2000 in some of our communities, which resulted in those communities selling out of available lot inventory before replacement lot inventory in new communities could be completed.

NET SALES BACKLOG. Backlog represents net sales contracts that have not closed. Total dollar backlog at March 31, 2001 increased 44% over the 2000 amount due to an increase in the number of homes in backlog and increased sales prices in most of our markets. The number of homes in backlog at March 31, 2001 increased 37% over the same date in the prior year. These increases resulted from expansion of our operations in Northern California, and in our mid-priced Meritage Phoenix division in Arizona, along with the continued strength of the housing markets in which we operated during the period.

OTHER OPERATING INFORMATION

	QUARTER ENDED MARCH 31, 2001	QUARTER ENDED MARCH 31, 2000	PERCENTAGE INCREASE (DECREASE)
HOME SALES GROSS PROFIT			
Dollars	$23,534	$16,697	40.9%
Percent of home sales revenue	20.3%	18.3%	2.0%
COMMISSIONS AND OTHER SALES COSTS			
Dollars	$ 7,013	$ 5,779	21.3%
Percent of home sales revenue	6.0%	6.3%	(0.3%)
GENERAL AND ADMINISTRATIVE COSTS			
Dollars	$ 4,935	$ 4,002	23.3%
Percent of total revenue	4.2%	4.3%	(0.1%)
INCOME TAXES			
Dollars	$ 4,792	$ 2,752	74.1%
Percent of income before taxes	39.3%	36.6%	2.7%

HOME SALES GROSS PROFIT. Gross profit equals home sales revenue, net of housing cost of sales, which include developed lot costs, home construction costs, amortization of common community costs (such as the cost of model complex and architectural, legal and zoning costs), interest, sales tax, warranty, construction overhead and closing costs. The dollar increase in gross profit for the quarter ended March 31, 2001 is attributable to the increase in number of homes closed and continued growth in all of our markets. The gross profit percentage increase in 2001 resulted from home pricing increases in many of our communities due to a continued strong homebuilding market and due to decreases in some of our material costs.

COMMISSIONS AND OTHER SALES COSTS. Commissions and other sales costs, such as advertising and sales office expenses, were approximately $7.0 million, or 6.0% of home sales revenue, in 2001, as compared to approximately $5.8 million, or 6.3% of home sales revenue in 2000. The decrease in these expenses as a percentage of home sales revenue reflects slower growth in marketing and advertising costs, while revenues expanded more rapidly.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses were approximately $4.9 million, or 4.2% of total revenue in 2001, as compared to approximately $4.0 million, or 4.3% of total revenue in 2000. Operating costs in 2001 were slightly lower as a percentage of revenue in comparison to the prior year due to overhead related to our Northern California expansion and start-up costs for of our new Meritage division in Phoenix, Arizona during 2000.

INCOME TAXES. The increase in income taxes to $4.8 million for the quarter ended March 31, 2001 from $2.8 million in the prior year resulted from an increase in pre-tax income, along with a slightly higher effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

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

At March 31, 2001, we had short-term secured revolving construction loan and acquisition and development facilities totaling $170.7 million, of which approximately $101.9 million was outstanding. An additional $47.8 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.

Management believes that the current borrowing capacity, cash on hand at March 31, 2001 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 for trading purposes, though we do have other financial instruments in the form of notes payable and senior debt. 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. The interest rate on our senior debt is at a fixed rate.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Meritage's Annual Meeting of Stockholders was held on May 9, 2001. At the Annual Meeting, the stockholders elected John R. Landon, Robert G. Sarver, C. Timothy White and Peter L. Ax to serve as Directors for two-year terms. Steven J. Hilton, William W. Cleverly and Raymond (Ray) Oppel continued as Directors after the meeting. Additionally, the stockholders approved the Meritage Corporation 2001 Executive Management Incentive Plan.

Stockholders representing 4,901,090 shares or 95.30% of the outstanding shares were present in person or by proxy at the Annual Meeting. A tabulation with respect to each nominee and the proposal follows:

	Votes For	Votes Against or Withheld	Abstain
Election of John R. Landon	4,817,720	83,370	
Election of Robert G. Sarver	4,886,662	14,428	
Election of C. Timothy White	4,877,629	23,461	
Election of Peter L. Ax	4,880,499	20,591	
Approval of the Meritage Corporation 2001 Executive Management Incentive Plan	4,823,273	65,936	11,881

ITEM 5. OTHER INFORMATION

On May 7, 2001, we entered into a definitive agreement to acquire substantially all of the homebuilding and related assets of HC Builders, Inc. and Hancock Communities, L.L.C. (collectively, "Hancock"), subject to customary closing conditions. The estimated purchase price, based on Hancock's March 31, 2001 balance sheet, is approximately $67.8 million in cash payable at closing, the assumption of trade payables, accrued liabilities, customer deposits and a note, currently estimated to be $12.3 million in the aggregate, and an earn-out payable over three years. We have proposed to raise $150 million in senior notes through a private placement to finance the acquisition and to repay some of our existing indebtedness.

The Hancock acquisition involves a number of uncertainties, including: the risk that the transaction will not close; and if closed, the risks that the businesses will not be integrated successfully; that the market and financial synergies anticipated from the acquisition may not be fully realized or may take longer to realize than expected; that the acquisition will not be accretive to earnings within the time period estimated by management, or at all; that unanticipated expenses and liabilities may be incurred; that the combined companies will lose key employees or suppliers; that the financing to conclude the transaction will not be available on terms acceptable to us or at all; and that if obtained, will substantially increase our leverage ratios and will include covenants that restrict our business activities. In addition, the combined company will be subject to the homebuilding and other risks referenced in the introductory paragraph of Part I, Item 2, above, including those set forth in Exhibit 99.1 hereto.

THE SENIOR NOTES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN APPLICABLE EXEMPTION FROM REGISTRATION REQUIREMENTS. THIS QUARTERLY REPORT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE NOTES OR ANY OTHER SECURITIES.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

EXHIBIT NUMBER	DESCRIPTION	PAGE OR METHOD OF FILING
99.1	Private Securities Reform Act of 1995 Safe Harbor Compliance Statement for Forward-Looking Statements	Filed herewith

(b) REPORTS ON FORM 8-K

On May 10th, 2001, we filed a report on Form 8-K describing our anticipated acquistion of the homebuilding assets of Hancock Communities.

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 10th day of May, 2001.

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)

Exhibit 99.1

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. Meritage intends to qualify both its written and oral forward-looking statements for protection under the PSLRA.

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. 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 and liquidity, the impact of inflation, the impact of changes in interest rates, plans relating to our products or services, acquisitions, and new or planned development projects, as well as assumptions relating to the foregoing.

Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements, and that could affect the Company's business generally, 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 2001; (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; (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, 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 obligations to update or revise forward-looking statements to reflect changed assumptions, the occurrence of anticipated events or changes to projections over time.