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 JUNE 30, 2002

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 (STATE OR OTHER JURISDICTION) OF INCORPORATION OR ORGANIZATION)	86-0611231 (I.R.S. EMPLOYER IDENTIFICATION NO.)
6613 NORTH SCOTTSDALE ROAD, SUITE 200 SCOTTSDALE, ARIZONA (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	85250 (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 AUGUST 8, 2002, 13,544,694 SHARES OF MERITAGE CORPORATION COMMON STOCK WERE OUTSTANDING.

MERITAGE CORPORATION
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2002

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MERITAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(UNAUDITED) JUNE 30, 2002	DECEMBER 31, 2001
	(IN THOUSANDS, EXCEPT SHARE DATA)	
ASSETS		
Cash and cash equivalents	$ 14,481	$ 3,383
Real estate	399,379	330,238
Deposits on real estate under option or contract	47,935	45,252
Receivables	6,992	5,508
Deferred tax asset	4,419	2,612
Goodwill	31,883	30,369
Property and equipment, net	9,928	9,667
Prepaid expenses and other assets	11,156	9,686
Total assets	$ 526,173	$ 436,715
LIABILITIES		
Accounts payable and accrued liabilities	$ 64,556	$ 69,029
Home sale deposits	18,510	13,538
Notes payable	156,286	177,561
Total liabilities	239,352	260,128
STOCKHOLDERS' EQUITY		
Common stock, $0.01 par value. Authorized 50,000,000 shares; issued and outstanding 15,119,250 and 12,613,938 shares at June 30, 2002 and December 31, 2001, respectively	151	126
Additional paid-in capital	196,117	109,412
Retained earnings	101,776	78,272
Treasury stock at cost, 1,637,926 shares	(11,223)	(11,223)
Total stockholders' equity	286,821	176,587
Total liabilities and stockholders' equity	$ 526,173	$ 436,715

See accompanying notes to consolidated financial statements

MERITAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30, 2002	THREE MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2002	SIX MONTHS ENDED JUNE 30, 2001
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
Home sales revenue	$ 246,441	$ 174,403	$ 416,172	$ 290,516
Land sales revenue	5,000	1,005	5,000	1,598
	251,441	175,408	421,172	292,114
Cost of home sales	(196,490)	(136,829)	(334,585)	(229,408)
Cost of land sales	(4,859)	(943)	(4,859)	(1,474)
	(201,349)	(137,772)	(339,444)	(230,882)
Home sales gross profit	49,951	37,574	81,587	61,108

Land sales gross profit	141	62	141	124
	50,092	37,636	81,728	61,232
Commissions and other sales costs	(15,300)	(9,435)	(26,596)	(16,448)
General and administrative costs	(11,324)	(7,884)	(18,789)	(12,818)
Interest expense	--	--	--	(1)
Other income, net	1,338	827	2,506	1,361
Earnings before income taxes and extraordinary item	24,806	21,144	38,849	33,326
Income taxes	(9,868)	(8,205)	(15,345)	(12,997)
Earnings before extraordinary item	14,938	12,939	23,504	20,329
Extraordinary item - loss from extinguishment of debt (net of $285 tax benefit)	--	(446)	--	(446)
Net earnings	$ 14,938	$ 12,493	$ 23,504	$ 19,883
Earnings per share:				
Basic:				
Earnings before extraordinary item	$ 1.28	$ 1.22	$ 2.06	$ 1.95
Extraordinary item	--	(0.04)	--	(0.04)
Net earnings per share	$ 1.28	$ 1.18	$ 2.06	$ 1.91
Diluted:				
Earnings before extraordinary item	$ 1.19	$ 1.10	$ 1.92	$ 1.76
Extraordinary item	--	(0.04)	--	(0.04)
Net earnings per share	$ 1.19	$ 1.06	$ 1.92	$ 1.72

</TABLE>

See accompanying notes to consolidated financial statements

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

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30,	
	2002	2001
	(IN THOUSANDS)	
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 23,504	$ 19,883
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	2,877	1,986
Increase in deferred tax asset before extraordinary item	(1,807)	(59)
Tax benefit from stock option exercises	4,738	--
Change in assets and liabilities, net of effect of acquisition:		
Increase in real estate	(69,141)	(58,763)
Increase in deposits on real estate under option or contract	(2,683)	(2,557)
Increase in receivables and prepaid expenses and other assets	(1,813)	(11,986)
(Decrease) increase in accounts payable and accrued liabilities	(4,473)	5,274
Increase in home sale deposits	4,972	1,888
Net cash used in operating activities	(43,826)	(44,334)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisition	(2,757)	(65,759)
Purchases of property and equipment	(3,036)	(2,175)
Net cash used in investing activities	(5,793)	(67,934)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	259,767	432,735
Repayments of debt	(281,042)	(322,308)
Proceeds from sale of common stock, net	79,726	--

Proceeds from exercises of stock options	2,266	1,523
Net cash provided by financing activities	60,717	111,950
Net increase (decrease) in cash and cash equivalents	11,098	(318)
Cash and cash equivalents, beginning of period	3,383	4,397
Cash and cash equivalents, end of period	$ 14,481	$ 4,079

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

	2002	2001
Cash paid during the period for:		
Interest	$ 9,335	$ 5,137
Income Taxes	$ 11,890	$ 12,624

</TABLE>

The acquisition of Hancock Communities resulted in the following changes in assets and liabilities:

Real estate	$(54,545)
Deposits on real estate under option or contract	(8,899)
Receivables and prepaid expenses and other assets	(543)
Accounts payable and accrued liabilities	6,890
Home sale deposits	2,503
Goodwill	(11,423)
Property and equipment	(1,632)
Borrowings	1,890
Net cash paid for acquisition	$(65,759)

See accompanying notes to consolidated financial statements

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

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

BUSINESS. We are a leading designer and builder of single-family homes in the rapidly growing Sunbelt states of Texas, Arizona and California. We focus on providing a broad range of first-time, move-up and luxury homes to our targeted customer base. We and our predecessors have operated in Arizona since 1985, in Texas since 1987 and in Northern California since 1989. To expand our presence in Arizona, in 2001 we acquired Hancock Communities (Hancock), another well-established homebuilder that serves the first-time and move-up markets in the Phoenix area. To expand our presence in Texas, on July 1, 2002 we acquired Hammonds Homes, a Texas-based homebuilder that focuses on the move-up market in the Houston, Dallas/Ft. Worth and Austin areas.

BASIS OF PRESENTATION. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, and include the accounts of Meritage Corporation and our wholly owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation and certain amounts have been reclassified for comparative purposes. In our opinion, the accompanying unaudited consolidated financial statements include all adjustments, which are of a normal recurring nature, necessary to present fairly 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 or for any future periods. These financial statements should be read in conjunction with our consolidated financial statements and footnotes thereto included in our December 31, 2001 annual report on Form 10-K.

STOCK SPLIT. On April 2, 2002, our Board of Directors declared a two-for-one split of our common stock in the form of a stock dividend to stockholders of record on April 12, 2002. The additional shares were distributed on April 26, 2002. All share and per share information has been restated to reflect this split.

EQUITY OFFERING. In June 2002, we sold 2,012,500 shares of our common stock at a price of $42.00 per share. The net proceeds from the offering of $79.7 million were primarily used for our July 2002 purchase of Hammonds Homes, with the balance being used for general corporate purposes.

NEW ACCOUNTING PRONOUNCEMENTS. In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," effective July 1, 2001, and No. 142, "Goodwill and Other Intangible Assets," effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill is no longer amortized but is subject to transitional and annual impairment tests in accordance with SFAS No. 142.

Goodwill represents the cost of acquired companies in excess of the fair value of net assets acquired at the acquisition date. The goodwill recorded resulting from our acquisitions is allocated to our business operating segments as follows:

	AT JUNE 30, 2002
	(in thousands)
First-time and volume-priced	$28,733
Mid- to luxury-priced	3,150
Total	$31,883

Goodwill is reviewed by management for impairment annually, or whenever events or changes in circumstances indicate the carrying amount may be impaired. There were no changes to goodwill amounts during the six months ended June 30, 2002, except as disclosed in Note 4.

Effective January 1, 2002, we adopted the nonamortization provisions of SFAS No. 142 related to the goodwill existing at December 31, 2001. The following table sets forth reported net earnings and earnings per share, as adjusted to exclude goodwill amortization expense (dollars in thousands except per share amounts):

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2001	YEARS ENDED DECEMBER 31, 2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>
Earnings before extraordinary items	$ 12,939	$ 20,329	$ 50,892	$ 35,762	$ 18,945
Extraordinary items, net of tax effects	(446)	(446)	(233)	--	--
Net earnings, as reported	$ 12,493	$ 19,883	$ 50,659	$ 35,762	$ 18,945
Earnings, as adjusted before extraordinary items	$ 13,088	$ 20,692	$ 51,771	$ 36,434	$ 19,573
Extraordinary items, net of tax effects	(446)	(446)	(233)	--	--
Net earnings, as adjusted	$ 12,642	$ 20,246	$ 51,538	$ 36,434	$ 19,573
AS REPORTED:					
Basic earnings per share before extraordinary items	$ 1.22	$ 1.95	$ 4.80	$ 3.46	$ 1.74
Extraordinary items	(0.04)	(0.04)	(0.02)	--	--
Basic earnings per share	$ 1.18	$ 1.91	$ 4.78	$ 3.46	$ 1.74
Diluted earnings per share before extraordinary items	$ 1.10	$ 1.76	$ 4.32	$ 3.13	$ 1.57
Extraordinary items	(0.04)	(0.04)	(0.02)	--	--
Diluted earnings per share	$ 1.06	$ 1.72	$ 4.30	$ 3.13	$ 1.57
AS ADJUSTED:					
Basic earnings per share before extraordinary items	$ 1.23	$ 1.98	$ 4.88	$ 3.52	$ 1.80
Extraordinary items	(0.04)	(0.04)	(0.02)	--	--
Basic earnings per share	$ 1.19	$ 1.94	$ 4.86	$ 3.52	$ 1.80
Diluted earnings per share before extraordinary items	$ 1.11	$ 1.79	$ 4.40	$ 3.19	$ 1.62
Extraordinary items	(0.04)	(0.04)	(0.02)	--	--

Diluted earnings per share	$ 1.07	$ 1.75	$ 4.38	$ 3.19	$ 1.62

</TABLE>

During the second quarter of 2002, we finalized the first of the required impairment tests of goodwill as of January 1, 2002, and have determined that goodwill is not impaired.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective for fiscal years beginning after December 15, 2001. This standard supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and provides a single accounting model for long-lived assets to be disposed of. SFAS No. 144 provides guidance on differentiating between assets held and used and assets to be disposed of. Assets to be disposed of would be classified as held for sale (and depreciation would cease) when management, having the authority to approve the action, commits to a plan to sell the asset(s) meeting all required criteria. We adopted this statement on January 1, 2002, which did not have a material effect on our earnings or financial position.

NOTE 2 - REAL ESTATE AND CAPITALIZED INTEREST

The components of real estate are as follows (in thousands):

	JUNE 30, 2002	DECEMBER 31, 2001
Homes under contract, in production	$200,333	$135,005
Finished home sites	90,533	81,151
Home sites under development	65,556	57,291
Homes held for resale	21,292	33,278
Model homes	14,080	18,289
Land held for development	7,585	5,224
	$399,379	$330,238

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

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Beginning unamortized capitalized interest	$ 9,925	$ 6,541	$ 8,746	$ 5,426
Interest capitalized	4,782	3,364	9,335	6,438
Amortization to cost of home and land sales	(4,657)	(2,657)	(8,031)	(4,616)
Ending unamortized capitalized interest	$ 10,050	$ 7,248	$ 10,050	$ 7,248
Interest incurred	$ 4,782	$ 3,364	$ 9,335	$ 6,439
Interest capitalized	(4,782)	(3,364)	(9,335)	(6,438)
Interest expensed	$ --	$ --	$ --	$ 1

</TABLE>

NOTE 3 - NOTES PAYABLE

Notes payable consists of: (in thousands)

	JUNE 30, 2002	DECEMBER 31, 2001
$100 million bank revolving construction line of credit, interest payable monthly approximating prime (4.75% at June 30, 2002) or LIBOR (rates varying from 1.84% to 1.86%		

at June 30, 2002) plus 2.0%, payable at the earlier of close of escrow, maturity date of individual homes and home sites within the collateral pool or over a 24-month period beginning June 1, 2003, secured by first deeds of trust on real estate	$ --	$ 617
$75 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 and home sites within the collateral pool or May 31, 2003, secured by first deeds of trust on real estate	--	15,590
Acquisition and development seller carry back financing, interest payable monthly at fixed rates of 9% to 10% per annum; payable at the maturity date of the individual projects, secured by first deeds of trust on land	1,211	6,204
Senior unsecured notes, maturing June 1, 2011, interest only payments at 9.75% per annum, payable semi-annually	155,000	155,000
Other	75	150
Total	$156,286	$177,561

The bank credit facilities and senior unsecured notes contain covenants which require maintenance of certain levels of tangible net worth, compliance with certain minimum financial ratios and place limitations on the payment of dividends and redemptions of equity, and limit the incurrence of additional indebtedness, asset dispositions, mergers, certain investments and creations of liens, among other items. As of June 30, 2002 and for the year ended December 31, 2001, we were in compliance with these covenants. The senior unsecured notes restrict our ability to pay dividends.

NOTE 4 - HANCOCK ACQUISITION

On May 30, 2001, we acquired substantially all of the homebuilding and related assets of HC Builders, Inc. and Hancock Communities, L.L.C. The purchase price was $65.8 million in cash, plus the assumption of accounts payable, accrued liabilities and home sales deposits totaling $9.4 million and a note payable totaling $1.9 million. In addition, we granted to Greg Hancock, the founder of the company, an earn-out payable in cash over three years, which was equal to 20% of Hancock's pre-tax net income after a 10.5% charge on capital.

This acquisition was accounted for using the purchase method of accounting. Accordingly, we recorded goodwill of approximately $11.4 million, which represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and liabilities assumed. This goodwill was allocated to our first-time and volume-priced business segment. Goodwill is also increased to the extent of the earn-out, which amounted to approximately $1,514,500 in the first half of 2002. Prior to January 1, 2002, the goodwill was being amortized over a period of 20 years.

The following unaudited financial data for the three and six months ended June 30, 2002 and 2001 has been prepared as if the acquisition of the assets and liabilities of Hancock on May 30, 2001 had occurred on January 1, 2001. The first quarter 2001 unaudited pro forma financial data is presented for informational purposes only and is based on historical information. This information may not be indicative of our actual amounts had the transaction occurred on the date listed above, nor does it purport to represent future periods (in thousands except per share amounts):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002 ACTUAL	2001 PRO FORMA	2002 ACTUAL	2001 PRO FORMA
Revenue	$251,441	$209,637	$421,172	$344,824
Net earnings	14,938	18,484	23,504	26,138
Diluted EPS	$ 1.19	$ 1.57	$ 1.92	$ 2.26

NOTE 5 - EARNINGS PER SHARE

A summary of the reconciliation from basic earnings per share to diluted earnings per share for the three and six months ended June 30, 2002 and 2001 follows. The number of shares outstanding have been adjusted to reflect the 2-for-1 stock split effective April 26, 2002:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30, 2002	THREE MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2002	SIX MONTHS ENDED JUNE 30, 2001
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
<S>	<C>	<C>	<C>	<C>
BASIC:				
Earnings before extraordinary item	$ 14,938	$ 12,939	$ 23,504	$ 20,329
Extraordinary item, net of tax benefit	--	(446)	--	(446)
Net earnings	$ 14,938	$ 12,493	$ 23,504	$ 19,883
Weighted average number of shares outstanding	11,665	10,606	11,401	10,426
Basic earnings per share before extraordinary item	$ 1.28	$ 1.22	$ 2.06	$ 1.95
Extraordinary item	--	(0.04)	--	(0.04)
Basic earnings per share	$ 1.28	$ 1.18	$ 2.06	$ 1.91
DILUTED:				
Earnings before extraordinary item	$ 14,938	$ 12,939	$ 23,504	$ 20,329
Extraordinary item, net of tax benefit	--	(446)	--	(446)
Net earnings	$ 14,938	$ 12,493	$ 23,504	$ 19,883
Weighted average number of shares outstanding	11,665	10,606	11,401	10,426
Effect of dilutive securities -				
Options to acquire common stock	849	1,171	831	1,123
Diluted weighted common shares outstanding	12,514	11,777	12,232	11,549
Diluted earnings per share before extraordinary item	$ 1.19	$ 1.10	$ 1.92	$ 1.76
Extraordinary item	--	(0.04)	--	(0.04)
Diluted earnings per share	$ 1.19	$ 1.06	$ 1.92	$ 1.72
Antidilutive stock options not included in diluted EPS	80	30	80	30

</TABLE>

NOTE 6 - INCOME TAXES

Components of income tax expense attributable to income from continuing operations for the three and six months ended June 30, 2002 are (in thousands):

	THREE MONTHS ENDED JUNE 30, 2002	THREE MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2002	SIX MONTHS ENDED JUNE 30, 2001
Current:				
Federal	$ 9,205	$ 7,271	$ 14,267	$ 11,418
State	2,039	879	2,885	1,638
	11,244	8,150	17,152	13,056
Deferred:				
Federal	(1,202)	65	(1,602)	(34)
State	(174)	(10)	(205)	(25)
	(1,376)	55	(1,807)	(59)
Total	$ 9,868	$ 8,205	$ 15,345	$ 12,997

NOTE 7 - SEGMENT INFORMATION

We classify our operations into two primary management segments: first-time and volume-priced homes and mid- to luxury-priced homes. These segments generate revenues through the sale of homes to external customers. We are not dependent on any one major customer or supplier.

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 Note 1. There are no significant transactions between segments.

	THREE MONTHS ENDED JUNE 30, 2002	THREE MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2002	SIX MONTHS ENDED JUNE 30, 2001
	(IN THOUSANDS)		(IN THOUSANDS)	
HOME SALES REVENUE:				
First time and volume-priced	$ 137,558	$ 94,770	$ 245,801	$ 160,200
Mid- to luxury-priced	108,883	79,633	170,371	130,316
Total	$ 246,441	$ 174,403	$ 416,172	$ 290,516
EBIT:				
First time and volume-priced	$ 17,053	$ 14,049	$ 30,097	$ 24,054
Mid- to luxury-priced	14,253	10,865	19,429	15,726
Corporate and other	(1,844)	(1,111)	(2,647)	(1,837)
Total	$ 29,462	$ 23,803	$ 46,879	$ 37,943

	AT JUNE 30, 2002	AT DECEMBER 31, 2001
	(in thousands)	
ASSETS:		
First-time and volume-priced	$310,714	$261,825
Mid- to luxury-priced	190,571	164,156
Corporate and other	24,888	10,734
Total	$526,173	$436,715

NOTE 8 - SUBSEQUENT EVENTS

HAMMONDS ACQUISITION

On July 1, 2002, we completed the acquisition of substantially all of the homebuilding and related assets of Hammonds Homes, Ltd. and Crystal City Land & Cattle, Ltd. (collectively, "Hammonds Homes" or "Hammonds"). The purchase price is estimated to be approximately $82.8 million, subject to final adjustments, comprised of cash payable at closing of $45.8 million and the repayment of existing debt in the amount of $37.0 million. Hammonds Homes, established in 1987, builds a wide range of quality homes in approximately 40 communities throughout the Houston, Dallas/Ft. Worth and Austin, Texas areas with a focus on serving the move-up housing market.

COMMON STOCK REPURCHASE

On August 8, 2002, we announced that our Board of Directors authorized the expenditure of up to $32 million to repurchase shares of our common stock. No date for completing the program has been determined, but we will purchase shares subject to applicable securities laws, and at times and in amounts as management deems appropriate.

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 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements may include, but are not limited to, projections of revenue, income or loss and capital expenditures; financing needs or plans and liquidity; the impact of changes in interest rates; and plans relating to our products, as well as assumptions relating to the foregoing.

Actual results may differ materially from those expressed in forward-looking statements. Risks identified in Exhibit 99.4 to this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2001, including under the captions "Market for the Registrant's Common Stock and Related Stockholder Matters - Factors That May Affect Future Stock Performance," and "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. These factors may also affect our business generally. As a result of these factors, the prices of our securities may fluctuate dramatically.

RESULTS OF OPERATIONS

The following discussion and analysis of financial condition provides information regarding our results of operations for the three and six month periods ended June 30, 2002 and 2001. All material balances and transactions between us and our subsidiaries have been eliminated in consolidation. In our 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 (dollars in thousands).

<TABLE>
<CAPTION>

HOME SALES REVENUE	THREE MONTHS ENDED JUNE 30, 2002	THREE MONTHS ENDED JUNE 30, 2001	PERCENTAGE INCREASE (DECREASE)	SIX MONTHS ENDED JUNE 30, 2002	SIX MONTHS ENDED JUNE 30, 2001	PERCENTAGE INCREASE (DECREASE)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total						
Dollars	$ 246,441	$ 174,403	41%	$ 416,172	$ 290,516	43%
Homes closed	1,022	773	32%	1,780	1,289	38%
Average sales price	$ 241.1	$ 225.6	7%	$ 233.8	$ 225.4	4%
Texas						
Dollars	$ 64,400	$ 67,381	(4)%	$ 126,442	$ 122,958	3%
Homes closed	376	400	(6)%	739	720	3%
Average sales price	$ 171.3	$ 168.5	2%	$ 171.1	$ 170.8	*
Arizona						
Dollars	$ 108,999	$ 67,184	62%	$ 173,725	$ 100,360	73%
Homes closed	465	268	74%	750	394	90%
Average sales price	$ 234.4	$ 250.7	(7)%	$ 231.6	$ 254.7	(9)%
California						
Dollars	$ 73,042	$ 39,838	83%	$ 116,005	$ 67,198	73%
Homes closed	181	105	72%	291	175	66%
Average sales price	$ 403.5	$ 379.4	6%	$ 398.6	$ 384.0	4%

</TABLE>

* Represents less than 1%

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SALES CONTRACTS	THREE MONTHS ENDED JUNE 30, 2002	THREE MONTHS ENDED JUNE 30, 2001	PERCENTAGE INCREASE (DECREASE)	SIX MONTHS ENDED JUNE 30, 2002	SIX MONTHS ENDED JUNE 30, 2001	PERCENTAGE INCREASE (DECREASE)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total						
Dollars	$ 297,648	$ 174,858	70%	$ 590,730	$351,752	68%
Homes ordered	1,144	757	51%	2,304	1,497	54%
Average sales price	$ 260.2	$ 231.0	13%	$ 256.4	$ 235.0	9%

Texas						
Dollars	$ 85,268	$ 69,324	23%	$ 171,252	$ 142,832	20%
Homes ordered	462	422	9%	934	859	9%
Average sales price	$ 184.6	$ 164.3	12%	$ 183.4	$ 166.3	10%
Arizona						
Dollars	$ 111,491	$ 68,513	63%	$ 228,095	$ 135,828	68%
Homes ordered	438	242	81%	894	455	96%
Average sales price	$ 254.5	$ 283.1	(10)%	$ 255.1	$ 298.5	(15)%
California						
Dollars	$ 100,889	$ 37,021	173%	$ 191,383	$ 73,092	162%
Homes ordered	244	93	162%	476	183	160%
Average sales price	$ 413.5	$ 398.1	4%	$ 402.1	$ 399.4	1%

</TABLE>

NET SALES BACKLOG	AT JUNE 30, 2002	AT JUNE 30, 2001	PERCENTAGE INCREASE (DECREASE)
Total			
Dollars	$ 549,510	$ 478,658	15%
Homes in backlog	2,126	2,064	3%
Average sales price	$ 258.5	$ 231.9	11%
Texas			
Dollars	$ 160,461	$ 139,439	15%
Homes in backlog	888	834	6%
Average sales price	$ 180.7	$ 167.2	8%
Arizona			
Dollars	$ 260,355	$ 258,199	1%
Homes in backlog	920	1,015	(9)%
Average sales price	$ 283.0	$ 254.4	11%
California			
Dollars	$ 128,694	$ 81,020	59%
Homes in backlog	318	215	48%
Average sales price	$ 404.7	$ 376.8	7%

HOME SALES REVENUE. The increases in total home sales revenue and number of homes closed in the second quarter and first six months of 2002 compared to the same periods of 2001 resulted mainly from good performances in our Arizona and California divisions. Closings in Arizona were up 74% in the second quarter of this year compared with the second quarter of last year, and 90% in the first six months compared to the same period last year, reflecting an additional 200 home closings in April and May 2002 from our Hancock Communities division. Closings in California were up 72% for the second quarter, and 66% for the first six months of 2002, compared to the same periods in 2001. This is primarily the result of our continued expansion in that region and the strong demand for housing in California. The number of closings in Texas for the three months ended June 30, 2002 were down 6% from the same period last year. This decrease

reflects the effect of the economic slow down in our Austin market when orders were taken in the fall and winter of 2001. For the six months ended June 30, 2002, the number of closings in our Texas division increased 3% as compared to the same period in 2001.

SALES CONTRACTS. Sales contracts for any period represent the aggregate sales price of all homes ordered by customers, net of cancellations. 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 25% of gross sales, which we believe is consistent with industry standards. In the second quarter of 2002, the number of homes ordered in Arizona was up 81% over the prior year's second quarter, reflecting 179 orders in April and May from Hancock Communities. In California, new home orders were up 162% over the prior year's quarter, further reflective of our growth and the strength of the market in that region. Our growth in California is evidenced by the increase of our actively selling communities to 12 at the end of this quarter, compared with 8 at the end of last year's quarter.

During the first half of 2002, our home closings and sales contracts in Arizona reflect a lower average sales price per home. This decrease from the prior year is attributable primarily to the addition of our Hancock Communities division in May 2001. Hancock Communities serves the first-time and move-up markets, whereas our Monterey Homes and Meritage divisions serve primarily the move-up and luxury home markets. Thus, Hancock Communities generally offers lower priced homes than our Arizona divisions.

NET SALES BACKLOG. Backlog represents net sales contracts that have not closed. Total dollar backlog at June 30, 2002 increased 15% over the June 30, 2001 amount due to an increase in the number of homes in backlog, which at June

30, 2002 increased 3% over the same date in the prior year. These increases resulted from higher sales volume in all three of our regions.

OTHER OPERATING INFORMATION

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
HOME SALES GROSS PROFIT				
Dollars	$ 49,951	$ 37,574	$ 81,587	$ 61,108
Percent of home sales revenue	20.3%	21.5%	19.6%	21.0%
COMMISSIONS AND OTHER SALES COSTS				
Dollars	$ 15,300	$ 9,435	$ 26,596	$ 16,448
Percent of home sales revenue	6.2%	5.4%	6.4%	5.7%
GENERAL AND ADMINISTRATIVE COSTS				
Dollars	$ 11,324	$ 7,884	$ 18,789	$ 12,819
Percent of total revenue	4.5%	4.5%	4.5%	4.4%
INCOME TAXES				
Dollars	$ 9,868	$ 8,205	$ 15,345	$ 12,997
Percent of income before taxes and extraordinary item	39.8%	38.8%	39.5%	39.0%

HOME SALES GROSS PROFIT. Gross profit equals home sales revenue, net of cost of home 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), amortization of capitalized interest, sales tax, warranty, construction overhead and closing costs. The dollar increases in gross profit for the three and six months ended June 30, 2002 are attributable to the increase in the number of homes closed and to continued strength in our markets. The decrease in our home sales gross profit percentage for the three and six months ended June 30, 2002 is attributable to pricing pressures on homes sold during the summer and fall of 2001, many of which closed

during the first half of 2002. The gross margins of homes sold during this period were adversely impacted by the use of a greater level of sales incentives prompted by the slower economic conditions existing at that time.

COMMISSIONS AND OTHER SALES COSTS. Commissions and other sales costs, such as advertising and sales office expenses, were approximately $15.3 million, or 6.2% of home sales revenue, in the three months ended June 30, 2002, as compared to approximately $9.4 million, or 5.4% of home sales revenue in the second quarter of 2001. For the first six months of 2002, commissions and other sales costs were approximately $26.6 million or 6.4% of home sales revenue, compared with $16.5 million, or 5.7%, of home sales revenue for the first half of 2001. These increases were primarily due to higher sales incentives as a percentage of revenue related to our Monterey and Hancock divisions and advertising related to communities not yet or recently opened for sale.

GENERAL AND ADMINISTRATIVE COSTS. General and administrative costs during the three and six months ended June 30, 2002, as a percentage of total revenue, remained consistent with the comparable periods in the prior year.

INCOME TAXES. The increases in income taxes for the quarter and six months ended June 30, 2002 from the prior year resulted from an increase in pre-tax income, along with a 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 short-term working capital requirements and we issue equity or debt in order to meet long-term capital requirements.

At June 30, 2002, we had short-term secured revolving construction loans and acquisition and development facilities totaling $175.0 million, none of which was outstanding. $137.5 million of unborrowed funds supported by approved collateral were available under these credit facilities at that date, subject to compliance with the financial and other covenants in our loan agreements. This additional borrowing was fully available under such loan covenants at June 30, 2002. We also have $155 million in principal outstanding in unsecured, 9.75% senior notes due June 1, 2011, which were issued in May 2001.

In May 2002, we filed a $300 million universal shelf registration with the Securities and Exchange Commission. Pursuant to this filing, we may, from time to time over an extended period, offer new debt and/or equity securities. This shelf registration allows us to expediently access capital markets periodically.

In June 2002, we sold 2,012,500 shares of our common stock at a price of $42.00 per share. The net proceeds from the offering of $79.7 million were primarily used for our July 2002 purchase of Hammonds Homes, with the balance being used for general corporate purposes.

We believe that the current borrowing capacity and anticipated cash flows from operations are sufficient to meet our working capital requirements and other needs for the foreseeable future. There is no assurance, however, that future amounts available from our cash flows 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 notes and by the terms of our other credit agreements.

As a component of our model home construction activities, we enter into lease transactions with third parties. The total cost, including land costs, of model homes leased by us and constructed under these lease agreements is approximately $19.0 million, all of which is excluded from our balance sheet as of June 30, 2002.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not enter into derivative financial instruments for trading purposes, although 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 of 9.75%. Except in the event of default or upon the occurrence of certain events, we do not have an obligation to prepay our fixed-rate debt prior to maturity and, as a result, interest rate risk and changes in fair value should not have a significant impact in the fixed-rate debt until we would be required to refinance such debt.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

<TABLE>
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EXHIBIT NUMBER	DESCRIPTION	PAGE OR METHOD OF FILING
99.1	Certificate of Steven J. Hilton, Co-Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.2	Certificate of John R. Landon, Co-Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.3	Certificate of Larry W. Seay, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.4	Private Securities Litigation Reform Act of 1995 Safe Harbor Compliance Statement for Forward-Looking Statements	Filed herewith

</TABLE>

(b) REPORTS ON FORM 8-K

On June 17, 2002, we filed a Current Report on Form 8-K describing our anticipated acquisition of the homebuilding assets of Hammonds Homes.

On June 21, 2002, we filed a Current Report on Form 8-K describing the pricing of our public offering of 1,750,000 shares of our common stock at $42.00 per share, subject to an option to offer an additional 262,500 shares of common stock to cover over-allotments.

On July 15, 2002, we filed a Current Report on Form 8-K describing the completion of our acquisition of the homebuilding assets of Hammonds Homes.

SIGNATURES

Pursuant to the requirements 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 August 2002.

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)

By /s/ VICKI L. BIGGS

Vicki L. Biggs
(CHIEF ACCOUNTING OFFICER AND VICE
PRESIDENT-CORPORATE CONTROLLER)

EXHIBIT 99.1

CERTIFICATION PURSUANT TO 18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Meritage Corporation (the "Company") on Form 10-Q for the period ending June 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven J. Hilton, Co-Chief Executive Officer of the Company certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

MERITAGE CORPORATION,
a Maryland Corporation

By /s/ STEVEN J. HILTON

Steven J. Hilton
CO-CHIEF EXECUTIVE OFFICER

EXHIBIT 99.2

CERTIFICATION PURSUANT TO 18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Meritage Corporation (the "Company") on Form 10-Q for the period ending June 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John R. Landon, Co-Chief Executive Officer of the Company certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

MERITAGE CORPORATION,
a Maryland Corporation

By /s/ JOHN R. LANDON

John R. Landon
CO-CHIEF EXECUTIVE OFFICER

EXHIBIT 99.3

CERTIFICATION PURSUANT TO 18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Meritage Corporation (the "Company") on Form 10-Q for the period ending June 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Larry W. Seay, Chief Financial Officer of the Company certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

MERITAGE CORPORATION,
a Maryland Corporation

By /s/ LARRY W. SEAY

Larry W. Seay
CHIEF FINANCIAL OFFICER

EXHIBIT 99.4

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 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this Form 10-Q may include, but are not limited to, statements concerning the demand for and pricing of our homes, our ability to deliver existing backlog, the expected outcome of legal proceedings against us, the sufficiency of our capital resources, the impact of new accounting standards, the future realizability of deferred tax assets, the expectation of continued position operating results, the expected benefits of our acquisitions of other homebuilders, and our ability to continue positive operating results in light of current economic conditions. Such statements are subject to significant risks and uncertainties.

Important factors currently known by us that could cause our actual results to differ materially from those in forward-looking statements, and that could negatively affect our business and the prices of our securities, include, but are not limited to, the following: (i) changes in national and local economic financial results 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, availability of subcontractors, 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 our operations, especially when real estate analysts are predicting that new home sales in certain markets may slow during or after 2002; (viii) our inability to obtain sufficient capital on terms acceptable to us 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 us into new geographic or product markets in which we have little or no operating experience; (xi) our inability to identify acquisition candidates that will result in successful combinations; (xii) our failure to make acquisitions on terms acceptable to us, or to successfully integrate acquired operations, into Meritage; (xiii) the loss of key employees, including Steven J. Hilton and John R. Landon; (xiv) our exposure to natural disasters; (xv) our significant level of indebtedness and the diversion of cash flow to make debt payments; (xvi) restrictions on our business activities imposed by the agreements governing our indebtedness; and (xvii) our inability to repay our indebtedness.

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, we undertake no obligations to update or revise forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to projections over time. As a result of these and other factors, the prices of our securities may fluctuate dramatically.