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

8501 E. Princess Drive, Suite 290 Scottsdale, Arizona	85255
(Address of Principal Executive Offices)	(Zip Code)

(480) 609-3330
(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 [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act): Yes [X] No [ ]

As of November 10, 2002, 13,554,694 shares of Meritage Corporation common stock were outstanding.

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

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MERITAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	(UNAUDITED) SEPTEMBER 30, 2002	DECEMBER 31, 2001
ASSETS		
Cash and cash equivalents	$ 6,751	$ 3,383
Real estate	469,768	330,238
Deposits on real estate under option or contract	63,573	45,252
Receivables	4,794	5,508
Deferred tax asset	2,518	2,612
Goodwill	54,280	30,369
Property and equipment, net	12,531	9,667
Prepaid expenses and other assets	13,948	9,686
Total assets	$ 628,163	$ 436,715
LIABILITIES		
Accounts payable and accrued liabilities	$ 95,315	$ 69,029
Home sale deposits	19,770	13,538
Notes payable	204,235	177,561
Total liabilities	319,320	260,128
STOCKHOLDERS' EQUITY		
Common stock, $0.01 par value. Authorized 50,000,000 shares; issued and outstanding 15,191,620 and 12,613,938 shares at September 30, 2002 and December 31, 2001, respectively	152	126
Additional paid-in capital	196,758	109,412
Retained earnings	124,213	78,272
Treasury stock at cost; 1,670,926 and 1,637,926 shares at September 30, 2002 and December 31, 2001, respectively	(12,280)	(11,223)
Total stockholders' equity	308,843	176,587
Total liabilities and stockholders' equity	$ 628,163	$ 436,715

See accompanying notes to consolidated financial statements

MERITAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
<S>	<C>	<C>	<C>	<C>
Home sales revenue	$ 328,514	$ 207,177	$ 744,686	$ 497,693
Land sales revenue	615	--	5,615	1,598
	329,129	207,177	750,301	499,291
Cost of home sales	(264,271)	(161,468)	(598,856)	(390,876)
Cost of land sales	(452)	--	(5,311)	(1,474)
	(264,723)	(161,468)	(604,167)	(392,350)

Home sales gross profit	64,243	45,709	145,830	106,817
Land sales gross profit	163	--	304	124
	64,406	45,709	146,134	106,941
Commissions and other sales costs	(17,644)	(10,954)	(44,240)	(27,402)
General and administrative costs	(11,518)	(11,433)	(30,307)	(24,251)
Interest expense	--	--	--	(1)
Other income, net	1,502	669	4,008	2,030
Earnings before income taxes and extraordinary items	36,746	23,991	75,595	57,317
Income taxes	(14,309)	(9,316)	(29,654)	(22,314)
Earnings before extraordinary items	22,437	14,675	45,941	35,003
Extraordinary items, net of tax effects	--	212	--	(233)
Net earnings	$ 22,437	$ 14,887	$ 45,941	$ 34,770
EARNINGS PER SHARE:				
Basic:				
Earnings before extraordinary items	$ 1.66	$ 1.37	$ 3.80	$ 3.32
Extraordinary items, net of tax effects	--	0.02	--	(0.02)
Net earnings per share	$ 1.66	$ 1.39	$ 3.80	$ 3.30
Diluted:				
Earnings before extraordinary items	$ 1.58	$ 1.23	$ 3.58	$ 3.01
Extraordinary items, net of tax effects	--	0.02	--	(0.02)
Net earnings per share	$ 1.58	$ 1.25	$ 3.58	$ 2.99

</TABLE>

See accompanying notes to consolidated financial statements

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

<TABLE>
<CAPTION>

<S>	NINE MONTHS ENDED SEPTEMBER 30, 2002 <C>	2001 <C>
	(IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 45,941	$ 34,770
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	4,731	3,747
(Increase) decrease in deferred tax asset before extraordinary item	94	(1,418)
Tax benefit from stock option exercises	4,923	2,376
Change in assets and liabilities, net of effect of acquisitions:		
Increase in real estate	(73,846)	(80,425)
Increase in deposits on real estate under option or contract	(15,245)	(7,485)
Increase in receivables and prepaid expenses and other assets	(633)	(8,058)
Increase in accounts payable and accrued liabilities	17,286	22,322
Increase in home sale deposits	4,222	2,509
Net cash used in operating activities	(12,527)	(31,662)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions	(83,354)	(65,759)
Increase in goodwill	(2,666)	(258)
Purchases of property and equipment	(5,081)	(5,115)
Net cash used in investing activities	(91,101)	(71,132)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	510,188	551,809
Repayments of debt	(484,584)	(453,769)

Proceeds from sale of common stock, net	79,676	--
Purchase of treasury stock	(1,057)	(207)
Proceeds from exercises of stock options	2,773	2,020
Net cash provided by financing activities	106,996	99,853
Net increase (decrease) in cash and cash equivalents	3,368	(2,941)
Cash and cash equivalents, beginning of period	3,383	4,397
Cash and cash equivalents, end of period	$ 6,751	$ 1,456

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: Cash paid during the period for:	2002	2001
Interest	$ 10,178	$ 6,387
Income taxes	$ 20,370	$ 13,893
The acquisitions of Hammonds Homes in 2002 and Hancock Communities in 2001 resulted in the following changes in assets and liabilities:		
Real estate	$ (65,684)	$ (54,545)
Deposits on real estate under option or contract	(3,076)	(8,899)
Receivables and other assets	(3,140)	(543)
Accounts payable and accrued liabilities	9,000	6,890
Home sale deposits	2,011	2,503
Goodwill	(21,245)	(11,423)
Property and equipment	(2,290)	(1,632)
Borrowings	1,070	1,890
Net cash paid for acquisitions	$ (83,354)	$ (65,759)

</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

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 in July 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. We entered the Las Vegas, Nevada market in October 2002 with our acquisition of Perma-Bilt Homes.

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 used primarily for our July 2002 purchase of Hammonds Homes, with the balance being used for general corporate purposes and our purchase of Perma-Bilt Homes in October 2002.

COMMON STOCK REPURCHASE. In August 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.

GOODWILL. 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 SEPTEMBER 30, 2002 (in thousands)
First-time and volume-priced	$51,130
Mid- to luxury-priced	3,150
Total	$54,280

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 impairment charges to goodwill amounts during the nine months ended September 30, 2002.

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION (CONT.)

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 SEPT. 30, 2001	NINE MONTHS ENDED SEPT. 30, 2001	YEARS ENDED DECEMBER 31, 2001	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>
Earnings before extraordinary items	$ 14,675	$ 35,003	$ 50,892	$ 35,762	$ 18,945
Extraordinary items, net of tax effects	212	(233)	(233)	--	--
Net earnings, as reported	$ 14,887	$ 34,770	$ 50,659	$ 35,762	$ 18,945
Earnings, as adjusted before extraordinary items	$ 14,924	$ 35,615	$ 51,771	$ 36,434	$ 19,573
Extraordinary items, net of tax effects	212	(233)	(233)	--	--
Net earnings, as adjusted	$ 15,136	$ 35,382	$ 51,538	$ 36,434	$ 19,573
AS REPORTED:					
Basic earnings per share before extraordinary items	$ 1.37	$ 3.32	$ 4.80	$ 3.46	$ 1.74
Extraordinary items	0.02	(0.02)	(0.02)	--	--
Basic earnings per share	$ 1.39	$ 3.30	$ 4.78	$ 3.46	$ 1.74
Diluted earnings per share before extraordinary items	$ 1.23	$ 3.01	$ 4.32	$ 3.13	$ 1.57
Extraordinary items	0.02	(0.02)	(0.02)	--	--
Diluted earnings per share	$ 1.25	$ 2.99	$ 4.30	$ 3.13	$ 1.57
AS ADJUSTED:					
Basic earnings per share before extraordinary items	$ 1.39	$ 3.38	$ 4.88	$ 3.52	$ 1.80
Extraordinary items	0.02	(0.02)	(0.02)	--	--

Basic earnings per share	$ 1.41	$ 3.36	$ 4.86	$ 3.52	$ 1.80
Diluted earnings per share before extraordinary items	$ 1.25	$ 3.06	$ 4.40	$ 3.19	$ 1.62
Extraordinary items	0.02	(0.02)	(0.02)	--	--
Diluted earnings per share	$ 1.27	$ 3.04	$ 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. There were no changes in circumstances in the third quarter of 2002 that would cause us to reevaluate our impairment analysis.

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION (CONT.)

NEW ACCOUNTING PRONOUNCEMENTS

In June 2002, the FASB issued SFAS No.146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No.94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS 146 requires recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred, as opposed to being recognized at the date an entity commits to an exit plan under EITF 94-3. SFAS 146 also establishes that fair value is the objective for initial measurement of the liability. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002. We do not anticipate exit or disposal activities in the near term, therefore the adoption of SFAS 146 is not expected to have a material impact on our consolidated financial statements in the future for 2002.

In April 2002, the FASB issued SFAS No. 145, Rescission of SFAS Statements No.4 (Reporting Gains and Losses from Extinguishment of Debt), No.44 (Accounting for Intangible Assets of Motor Carriers), and No.64 (Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements), Amendment of SFAS No.13 (Accounting for Leases), and Technical Corrections. This statement also amends other existing authorative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. SFAS 145 is effective for transactions occuring after MAy 15, 2002. Our adoption of SFAS 145 on May 15, 2002 did not have a material impact on our consolidated financial statements, and is not anticipated to have a material impact in the future.

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 (in thousands):

	SEPTEMBER 30, 2002	DECEMBER 31, 2001
Homes under contract, in production	$ 227,594	$ 135,005
Finished home sites	111,680	81,151
Home sites under development	66,761	57,291
Homes held for resale	36,143	33,278
Model homes	14,826	18,289
Land held for development	12,764	5,224
	$ 469,768	$ 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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Beginning unamortized capitalized interest	$ 10,050	$ 7,248	$ 8,746	$ 5,426
Interest capitalized	4,808	5,430	14,143	11,868
Amortized to cost of home and land sales	(5,886)	(3,576)	(13,917)	(8,192)
Ending unamortized capitalized interest	$ 8,972	$ 9,102	$ 8,972	$ 9,102
Interest incurred	$ 4,808	$ 5,430	$ 14,143	$ 11,869
Interest capitalized	(4,808)	(5,430)	(14,143)	(11,868)
Interest expensed	$ --	$ --	$ --	$ 1

</TABLE>

NOTE 3 - NOTES PAYABLE

Notes payable consists of:

	SEPTEMBER 30, 2002	DECEMBER 31, 2001
	(IN THOUSANDS)	
$100 million bank revolving construction line of credit, interest payable monthly approximating prime (4.75% at September 30, 2002) or LIBOR (rates varying from 1.819% to 1.806% at September 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	$ 6,591	$ 617
$90 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 line or August 31, 2003, secured by first deeds of trust on real estate	40,207	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 of 9.75% per annum, payable semi-annually	155,000	155,000
Other notes	1,226	150
Total	$ 204,235	$ 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 September 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 - ACQUISITIONS

On July 1, 2002, we acquired substantially all of the homebuilding and related assets of Hammonds Homes. The purchase price was approximately $83.4

million in cash, plus the assumption of accounts payable, accrued liabilities and home sales deposits totaling $11.0 million and a note payable totaling $1.1 million. This acquisition was accounted for using the purchase method of accounting. Accordingly, we recorded goodwill of approximately $21.2 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.

NOTE 4 - ACQUISITIONS (CONT.)

The following unaudited financial data for the three and nine months ended September 30, 2002 and 2001 has been prepared as if the acquisition of the assets and liabilities of Hammonds Homes on July 1, 2002 had occurred on January 1, 2001. The 2001 and first nine months of 2002 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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002 ACTUAL	2001 PRO FORMA	2002 ACTUAL	2001 PRO FORMA
Revenue	$329,129	$ 257,833	$829,472	$ 634,460
Net earnings	22,437	17,777	48,859	42,432
Diluted EPS	$ 1.58	$ 1.49	$ 3.80	$ 3.65

On October 7, 2002, we completed the acquisition of substantially all of the homebuilding and related assets of Perma-Bilt Homes. The purchase price was approximately $46.6 million, subject to final adjustments, comprised of cash paid at closing of $29.9 million and the repayment of existing debt in the amount of $ 16.7 million. The acquisition was accounted for using the purchase method of accounting. Accordingly, we recorded goodwill of approximately $21.3 million. Perma-Bilt Homes, established in 1993, builds a wide range of quality homes in five communities in the Las Vegas, Nevada area with a focus on serving the move-up housing market.

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 $2.7 million in the first nine months of 2002. Prior to January 1, 2002, the goodwill was being amortized over a period of 20 years.

NOTE 5 - EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows (in thousands, except per share data):

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
BASIC:				
Earnings before extraordinary items	$ 22,437	$ 14,675	$ 45,941	$ 35,003
Extraordinary items, net of tax effects	--	212	--	(233)
Net earnings	$ 22,437	$ 14,887	$ 45,941	$ 34,770

Weighted average number of shares outstanding-basic	13,514	10,735	12,105	10,529
Basic earnings per share before extraordinary items	$ 1.66	$ 1.37	$ 3.80	$ 3.32
Extraordinary items	--	0.02	--	(0.02)
Basic earnings per share	$ 1.66	$ 1.39	$ 3.80	$ 3.30
DILUTED:				
Earnings before extraordinary items	$ 22,437	$ 14,675	$ 45,941	$ 35,003
Extraordinary items, net of tax effects	--	212	--	(233)
Net earnings	$ 22,437	$ 14,887	$ 45,941	$ 34,770
Weighted average number of shares outstanding - basic	13,514	10,735	12,105	10,529
Effect of dilutive securities:				
Options to acquire common stock	725	1,191	736	1,091
Diluted weighted common shares outstanding	14,239	11,926	12,841	11,620
Diluted earnings per share before extraordinary items	$ 1.58	$ 1.23	$ 3.58	$ 3.01
Extraordinary items	--	0.02	--	(0.02)
Diluted earnings per share	$ 1.58	$ 1.25	$ 3.58	$ 2.99
Antidilutive stock options not included in diluted EPS	295	--	295	--

</TABLE>

NOTE 6 - INCOME TAXES

Components of income tax expense attributable to income from continuing operations consist of (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
Current:				
Federal	$ 10,445	$ 8,743	$ 24,712	$ 20,162
State	1,963	1,933	4,848	3,571
	12,408	10,676	29,560	23,733
Deferred:				
Federal	1,668	(1,178)	66	(1,212)
State	233	(182)	28	(207)
	1,901	(1,360)	94	(1,419)
Total	$ 14,309	$ 9,316	$ 29,654	$ 22,314

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 revenue 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.

(UNAUDITED)

NOTE 7 - SEGMENT INFORMATION (CONT.)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30, 2002	THREE MONTHS ENDED SEPTEMBER 30, 2001	NINE MONTHS ENDED SEPTEMBER 30, 2002	NINE MONTHS ENDED SEPTEMBER 30, 2001
	(IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
HOME SALES REVENUE:				
First-time and volume-priced	$ 201,981	$ 126,569	$ 447,782	$ 286,769
Mid- to luxury-priced	126,533	80,608	296,904	210,924
Total	$ 328,514	$ 207,177	$ 744,686	$ 497,693
EBIT:				
First-time and volume-priced	$ 24,672	$ 16,126	$ 54,769	$ 40,180
Mid- to luxury-priced	19,509	12,927	38,939	28,653
Corporate	(1,549)	(1,486)	(4,196)	(3,323)
Total	$ 42,632	$ 27,567	$ 89,512	$ 65,510

	AT SEPTEMBER 30, 2002	AT DECEMBER 31, 2001
	(IN THOUSANDS)	
ASSETS:		
First-time and volume-priced	$ 425,758	$ 261,825
Mid- to luxury-priced	190,967	164,156
Corporate	11,438	10,734
Total	$ 628,163	$ 436,715

</TABLE>

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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include 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 nine month periods ended September 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 SEPTEMBER 30, 2002	THREE MONTHS ENDED SEPTEMBER 30, 2001	PERCENTAGE INCREASE (DECREASE)	NINE MONTHS ENDED SEPTEMBER 30, 2002	NINE MONTHS ENDED SEPTEMBER 30, 2001	PERCENTAGE INCREASE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
TOTAL						
Dollars	$328,514	$207,177	59%	$744,686	$497,693	50%
Homes closed	1,311	938	40%	3,091	2,227	39%
Average sales price	$ 250.6	$ 220.9	13%	$ 240.9	$ 223.5	8%
TEXAS						
Dollars	$132,129	$ 62,306	112%	$258,571	$185,263	40%
Homes closed	692	357	94%	1,431	1,077	33%
Average sales price	$ 190.9	$ 174.5	9%	$ 180.7	$ 172.0	5%
ARIZONA						
Dollars	$122,948	$100,794	22%	$296,673	$201,155	47%
Homes closed	442	469	(6)%	1,192	863	38%
Average sales price	$ 278.2	$ 214.9	29%	$ 248.9	$ 233.1	7%
CALIFORNIA						
Dollars	$ 73,437	$ 44,077	67%	$189,442	$111,275	70%
Homes closed	177	112	58%	468	287	63%
Average sales price	$ 414.9	$ 393.5	5%	$ 404.8	$ 387.7	4%

</TABLE>

<TABLE>
<CAPTION>

HOME SALES REVENUE	THREE MONTHS ENDED SEPTEMBER 30, 2002	THREE MONTHS ENDED SEPTEMBER 30, 2001	PERCENTAGE INCREASE (DECREASE)	NINE MONTHS ENDED SEPTEMBER 30, 2002	NINE MONTHS ENDED SEPTEMBER 30, 2001	PERCENTAGE INCREASE (DECREASE)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
TOTAL						
Dollars	$304,556	$161,486	89%	$895,286	$513,237	74%
Homes ordered	1,129	723	56%	3,433	2,220	55%
Average sales price	$ 269.8	$ 223.4	21%	$ 260.8	$ 231.2	13%
TEXAS						
Dollars	$130,799	$ 50,409	159%	$302,051	$193,241	56%
Homes ordered	641	297	116%	1,575	1,156	36%
Average sales price	$ 204.1	$ 169.7	20%	$ 191.8	$ 167.2	15%
ARIZONA						
Dollars	$ 88,266	$ 84,197	5%	$316,361	$220,025	44%
Homes ordered	306	359	(15)%	1,200	814	47%
Average sales price	$ 288.5	$ 234.5	23%	$ 263.6	$ 270.3	(2)%
CALIFORNIA						
Dollars	$ 85,491	$ 26,880	218%	$276,874	$ 99,971	177%
Homes ordered	182	67	172%	658	250	163%
Average sales price	$ 469.7	$ 401.2	17%	$ 420.8	$ 399.9	5%

NET SALES BACKLOG	AT SEPTEMBER 30, 2002	AT SEPTEMBER 30, 2001	PERCENTAGE INCREASE (DECREASE)
TOTAL			
Dollars	$598,907	$432,968	38%
Homes in backlog	2,292	1,849	24%
Average sales price	$ 261.3	$ 234.2	12%
TEXAS			
Dollars	$232,487	$127,542	82%
Homes in backlog	1,185	774	53%
Average sales price	$ 196.2	$ 164.8	19%
ARIZONA			
Dollars	$225,674	$241,604	(7)%
Homes in backlog	784	905	(13)%
Average sales price	$ 287.8	$ 267.0	8%
CALIFORNIA			
Dollars	$140,746	$ 63,822	121%
Homes in backlog	323	170	90%
Average sales price	$ 435.7	$ 375.4	16%

</TABLE>

HOME SALES REVENUE. The increases in total home sales revenue and number of homes closed in the third quarter and first nine months of 2002 compared to the same periods of 2001 resulted mainly from the strong market conditions in Northern California and the addition of Hammonds Homes to our operations in Texas, which was acquired on July 1, 2002. Hammonds contributed 235 closings with a value of approximately $50 million to the third quarter 2002 results.

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 23% of gross sales, which we believe is consistent with industry norms. Sales contracts for the third quarter and the nine months ended September 30, 2002 are up from the previous year, due mainly to the addition of Hammonds Homes to our operations in Texas and the strength of the homebuilding market in California. In addition, orders in Arizona have been negatively impacted by a decrease in sales in our high-end Monterey Scottsdale product and the early sell-out of some lower priced Hancock communities, ahead of their replacements. Hammonds contributed 209 contracts to our third quarter 2002 results.

NET SALES BACKLOG. Backlog represents net sales contracts that have not closed. Total dollar backlog at September 30, 2002 increased 38% over the September 30, 2001 amount due to an increase in the number of homes in backlog. The number of homes in backlog at September 30, 2002 increased 24% over the same date in the prior year. These increases resulted mainly from our Hammonds acquisition and continued strong demand for homes in California. Arizona backlog was down due to the same factors identified in Sales Contracts above.

OTHER OPERATING INFORMATION

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
HOME SALES GROSS PROFIT				
Dollars	$ 64,243	$ 45,709	$145,830	$106,817
Percent of home sales revenues	19.6%	22.1%	19.6%	21.5%
COMMISSIONS AND OTHER SALES COSTS				
Dollars	$ 17,644	$ 10,954	$ 44,240	$ 27,402
Percent of home sales revenue	5.4%	5.3%	5.9%	5.5%
GENERAL AND ADMINISTRATIVE COSTS				
Dollars	$ 11,518	$ 11,433	$ 30,307	$ 24,251
Percent of total revenue	3.5%	5.5%	4.0%	4.9%
INCOME TAXES				
Dollars	$ 14,309	$ 9,316	$ 29,654	$ 22,314
Percent of income before taxes and extraordinary items	38.9%	38.8%	39.2%	38.9%

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), amortization of capitalized interest, sales tax, warranty, construction overhead and closing costs. The dollar increases in gross profit for the three and nine months ended September 30, 2002 are attributable to the increase in the number of home closings. The decrease in our home sales gross profit percentage for the three and nine months ended September 30, 2002 is attributable to more competitive market conditions during the time the orders were taken for the current year home closings as compared to the prior year's closings. The gross margins of homes closed in 2002 were adversely impacted by the use of a greater level of sales incentives, prompted by the less robust economic conditions existing at the time orders were taken for these homes. In addition, the margins in the current year's quarter were negatively impacted by a fair value adjustment to increase the value of homes under construction by approximately $2.9 million as a result of applying purchase accounting in the acquisition of Hammonds Homes. Approximately $2 million of this amount was expensed as a component of cost of sales due to Hammonds' closings for the quarter ended September 30, 2002.

COMMISSIONS AND OTHER SALES COSTS. Commissions and other sales costs, such as advertising and sales office expenses, were approximately $17.6 million, or 5.4% of home sales revenue in the three months ended September 30, 2002, as compared to approximately $11.0 million, or 5.3% of home sales revenue, in the third quarter of 2001. For the first nine months of 2002, commissions and other sales costs were approximately $44.2 million or 5.9% of home sales revenue, compared with $27.4 million, or 5.5% of home sales revenue, for the nine months 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 were approximately $11.5 million, or 3.5% of total revenue, in the third quarter of 2002, as compared to approximately $11.4 million, or 5.5% of total revenue, in 2001. General and administrative costs were approximately $30.3 million, or 4.0% of total revenue, in the first nine months of 2002, as compared to approximately $24.3 million, or 4.9% of total revenue, for the same period of 2001. General and administrative costs in 2002 were lower as a percentage of revenue, in comparison to 2001, mainly due to the June 30, 2002 conclusion of the earn-out payments made in accordance with the purchase agreement terms of our Northern California division and by holding down other general and administrative costs while revenues increased. The earn-out was calculated based on 20 percent of the pre-tax earnings of the Northern California division after reduction for a capital charge.

INCOME TAXES. Increases in income taxes for the quarter and nine months ended September 30, 2002 from the prior year resulted mainly from an increase in pre-tax income.

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 September 30, 2002, we had short-term secured revolving construction loans and acquisition and development facilities totaling $190.0 million, of which $46.8 million was outstanding. $141.5 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 September 30, 2002. We also have $155 million in principal outstanding of unsecured, 9.75% senior notes due June 1, 2011, which were issued in May 2001.

As discussed in Note 4, Aquisitions, approximately $46.6 million of liquidity was utilized to purchase Perma-Bilt Homes on October 7, 2002.

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 $21.6 million, all of which is excluded from our balance sheet as of September 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 our fixed-rate debt until we would be required to refinance such debt.

ITEM 4. CONTROLS AND PROCEDURES

Meritage's Co-Chief Executive Officers and Chief Financial Officer have concluded based on their evaluation as of a date within 90 days of the filing of this Form 10-Q, that its disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934) are effective. There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	PAGE OR METHOD OF FILING

- ------	-----------	----------------
<S>	<C>	<C>
10.1	Ninth Modification Agreement to Guaranty Federal Bank Loan, dated as of August 22, 2002	Filed herewith
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 September 11, 2002, we filed a Current Report on Form 8-K/A amending Form 8-K dated July 12, 2002 to include the financial statements and pro forma financial information of Hammonds Homes, which we acquired in July 2002.

On October 9, 2002, we filed a Current Report on Form 8-K describing the completion of our acquisition of the homebuilding assets of Perma-Bilt Homes.

On October 23, 2002 we filed a Current Report on Form 8-K/A amending Form 8-K dated October 7, 2002 to include transaction documents relating to our acquisition of Perma-Bilt Homes.

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 November 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

CERTIFICATIONS

CERTIFICATION OF THE CO-CHIEF EXECUTIVE OFFICER

I, Steven J. Hilton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meritage Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Steven J. Hilton

Steven J. Hilton
Co-Chief Executive Officer

CERTIFICATION OF THE CO-CHIEF EXECUTIVE OFFICER

I, John R. Landon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meritage Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ John R. Landon

John R. Landon
Co-Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Larry W. Seay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meritage Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Larry W. Seay

Larry W. Seay
Chief Financial Officer

Exhibit 10.1

NINTH MODIFICATION AGREEMENT

This NINTH MODIFICATION AGREEMENT (this "AGREEMENT") is made and entered into as of August 22, 2002, by and between LEGACY/MONTEREY HOMES L.P., an Arizona limited partnership, HANCOCK-MTH COMMUNITIES, INC., an Arizona corporation, HANCOCK-MTH BUILDERS, INC., an Arizona corporation, MTH HOMES-TEXAS, L.P., a Texas limited partnership, jointly and severally (collectively, "BORROWER"), and GUARANTY BANK, a federal savings bank ("Lender").

WITNESSETH:

WHEREAS, pursuant to a certain Master Loan Agreement (the "LOAN AGREEMENT") dated as of January 31, 1993, between Lender and Borrower, Lender made a loan (the "LOAN") to Borrower, evidenced by a certain Revolving Promissory Note (the "NOTE") dated as of January 31, 1993, payable to Lender in the stated principal amount of SEVENTY-FIVE MILLION AND NO/100 DOLLARS ($75,000,000.00), with interest and principal payable as set forth therein; and

WHEREAS, to secure the Note and Loan, Master Form Deed(s) of Trust (With Security Agreement and Assignment of Rents and Leases) (hereinafter collectively referred to as the "MASTER DEEDS OF TRUST," whether one or more), which Master Deeds of Trust have been recorded in certain counties in the State of Texas as more particularly described on EXHIBIT A attached hereto; and which Master Deeds of Trust are incorporated by reference pursuant to the terms and provisions of certain Deeds of Trust Incorporating by Reference a Master Form Deed of Trust (With Security Agreement and Assignment of Rents and Leases) (hereafter collectively referred to as the "SUPPLEMENTAL DEEDS OF TRUST," whether one or more) recorded in such counties and encumbering certain real and other property (the "PROPERTY") described in such Supplemental Deeds of Trust (such Master Deeds of Trust and Supplemental Deeds of Trust hereafter collectively referred to as the "DEEDS OF TRUST," whether one or more); and

WHEREAS, the Deeds of Trust were modified pursuant to a Modification Agreement (the "FIRST Modification"), and recorded in various counties in Texas, which First Modification modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Deeds of Trust were further pursuant to a Second Modification Agreement (the "SECOND MODIFICATION") dated as of May 19, 1998, and recorded in various counties in Texas, which Second Modification modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Deeds of Trust were further pursuant to a Third Modification Agreement (the "THIRD MODIFICATION") dated as of March 30, 1999, and recorded in various counties in Texas, which Third Modification modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Deeds of Trust were further pursuant to a Fourth Modification Agreement (the "FOURTH MODIFICATION") dated as of July 31, 1999, and recorded in

various counties in Texas, which Fourth Modification modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Deeds of Trust were further pursuant to a Fifth Modification Agreement (the "FIFTH MODIFICATION") dated March 24, 2000, and recorded in various counties in Texas, which Fifth Modification modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Deeds of Trust were further pursuant to a Sixth Modification Agreement (the "SIXTH MODIFICATION") dated as of July 31, 2000, and recorded in various counties in Texas, which Sixth Modification modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Deeds of Trust were further pursuant to a Seventh Modification Agreement (the "SEVENTH MODIFICATION") dated as of _________________, 2001, and recorded in various counties in Texas, which Seventh Modification modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Deeds of Trust were further pursuant to a Ratification and Assumption Agreement (the "RATIFICATION AGREEMENT") dated as of December _____, 2001, and recorded in various counties in Texas, which Ratification Agreement modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Deeds of Trust were further pursuant to a Eighth Modification Agreement (the "EIGHTH MODIFICATION") dated as of May 31, 2002, and recorded in various counties in Texas, which Eighth Modification modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Deeds of Trust were further pursuant to a Ratification and Assumption Agreement (the "SECOND RATIFICATION AGREEMENT") dated as of July _____, 2002, and recorded in various counties in Texas, which Second

Ratification Agreement modified certain terms and provisions of the Loan as set forth therein; and

WHEREAS, the Note and the Loan are guaranteed pursuant to that certain Guaranty Agreement dated as of July ____, 2002 (the "GUARANTY"), executed by MTH-Texas GP, Inc., an Arizona corporation, MTH-Texas LP, Inc., MTH-Texas GP II, Inc., an Arizona corporation, MTH-Texas LP II, Inc., an Arizona corporation, and Meritage Corporation, a Maryland corporation ("GUARANTOR," whether one or more); and

WHEREAS, the Loan Agreement, the Note, the First Modification, the Second Modification, the Third Modification, the Fourth Modification, the Fifth Modification, the Sixth Modification, the Seventh Modification, the Ratification Agreement, the Eighth Modification, the Second Ratification Agreement, the Deeds of Trust and all other documents evidencing and/or securing the Loan are hereinafter collectively called the "LOAN Instruments"; and

WHEREAS, Lender, the owner and holder of the Note and the Deeds of Trust and all rights and titles evidenced thereby, and Borrower, the record owner of

the Property and being liable for the payment of the Note and Loan, desire to modify the Loan Instruments as herein provided.

NOW, THEREFORE, in consideration of Ten and No/100 Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Loan is hereby increased from $75,000,000.00 to $90,000,000.00. All references in the Loan Instruments to the amount of $75,000,000.00 are hereby increased to $90,000,000.00.

2. Borrower shall execute and deliver to Lender a letter agreement (in form and substance satisfactory to Lender in its sole discretion) (the "LETTER AGREEMENT") dated as of the date hereof amending certain other terms and provisions of the Loan Instruments. (Hereafter, this Agreement and the Letter Agreement shall be included in the defined term "LOAN INSTRUMENTS.")

3. Borrower acknowledges and agrees, that as an accommodation to Borrower, EXHIBIT A hereto (which exhibit describes the recording information of the Master Deeds of Trust) shall be attached to this Agreement (and to any and all other documents which may require the attachment of a description of the recording information of the Master Deeds of Trust) after Borrower's execution of same. Accordingly, Borrower hereby authorizes and directs Lender to attach such EXHIBIT A to this Agreement.

4. Notwithstanding anything to the contrary in any of the Loan Instruments, Borrower acknowledges and agrees, that to the extent that Lender is relying on Chapter 303 of the Texas Finance Code to determine the Maximum Lawful Rate (hereafter defined) payable on the Note and/or the Related Indebtedness (hereafter defined) Lender will utilize the weekly ceiling from time to time in effect as provided in such Chapter 303, as amended. To the extent United States federal law permits Lender to contract for, charge, take, receive or reserve a greater amount of interest than under Texas law, Lender will rely on United States federal law instead of such Chapter 303 for the purpose of determining the Maximum Lawful Rate. Additionally to the extent permitted by applicable law now or hereafter in effect, Lender may, at its option and from time to time, utilize any other method of establishing the Maximum Lawful Rate under such Chapter 303 or under other applicable law by giving notice, if required, to Borrower as provided by applicable law now or hereafter in effect. As used herein, the term "MAXIMUM LAWFUL RATE" shall mean the maximum lawful rate of interest which may be contracted for, charged, taken, received or reserved by Lender in accordance with the applicable laws of the State of Texas (or applicable United States federal law to the extent that it permits Lender to contract for, charge, take, receive or reserve a greater amount of interest than under Texas law), taking into account all Charges (as hereafter defined) made in connection with the transaction evidenced by the Note and the other Loan Instruments. As used herein, the term "CHARGES" shall mean all fees, charges and/or any other things of value, if any, contracted for, charged, received, taken or reserved by Lender in connection with the transactions relating to the Note and the other Loan Instruments, which are treated as interest under applicable law. As used herein, the term "RELATED INDEBTEDNESS" shall mean any and all debt paid or payable by Borrower to Lender pursuant to the Loan Instruments or any other communication or writing by or between Borrower and

Lender related to the transaction or transactions that are the subject mater of the Loan Instruments, except such debt which has been paid or is payable by Borrower to Lender.

5. Notwithstanding anything to the contrary contained in the Deeds of Trust or other Loan Instruments, with respect to any amendment to the Master Deeds of Trust, the following terms and provisions shall apply:

With respect to any amendment or modification of the Master Deeds of Trust now or hereafter executed by Borrower (or any future owner of the Property if different from Borrower) and duly recorded in the appropriate official public records, Borrower acknowledges and agrees that such amendment or modification of the Master Deeds of Trust shall constitute an amendment or modification to the terms and provisions of any such Supplemental Deeds of Trust (and shall be incorporated into any such Supplemental Deeds of Trust and made a part thereof for all purposes, as though such amendment or modification of the Master Deeds of Trust specifically referred to such Supplemental Deeds of Trust) without the necessity of any specific reference in such amendment or modification to any such Supplemental Deeds of Trust; and no such amendment or modification of the Master Deeds of Trust shall impair the obligations of Borrower under any such Supplemental Deeds of Trust or any other of the Loan Instruments.

6. Borrower hereby expressly promises to pay to the order of Lender, the principal amount of the Note (as modified and extended) and all accrued and unpaid interest now or hereafter to become due and payable under the Note, and Borrower hereby expressly promises to perform all of the obligations of Borrower under the Loan Instruments (as modified and extended).

7. The liens of the Deeds of Trust are hereby acknowledged by Borrower to be good, valid and subsisting liens, and such liens are hereby renewed and extended so as to secure the payment of the Note and Loan (as modified and extended).

8. Borrower hereby represents and warrants to Lender that (a) Borrower is the sole legal and beneficial owner of the Property; (b) Borrower has the full power and authority to make the agreements contained in this Agreement without joinder or consent of any other party; (c) the execution, delivery and performance of this Agreement will not contravene or constitute an event which itself or which with the passing of time or giving of notice or both would constitute a default under any deed of trust, loan agreement, indenture or other agreement to which Borrower or Guarantor is a party or by which Borrower or any of its property is bound; and (d) there exists no default under the Loan Instruments (as modified). BORROWER HEREBY AGREES TO INDEMNIFY AND HOLD LENDER HARMLESS AGAINST ANY LOSS, CLAIM, DAMAGE, LIABILITY OR EXPENSE (INCLUDING WITHOUT LIMITATION, ATTORNEYS' FEES) INCURRED AS A RESULT OF ANY REPRESENTATION OR WARRANTY MADE BY BORROWER HEREIN PROVING TO BE UNTRUE IN ANY MATERIAL RESPECT.

9. The terms and conditions hereof may not be modified, amended, altered or otherwise affected except by instrument in writing executed by Lender and Borrower.

10. All Loan Instruments are hereby amended and modified in a manner consistent with the modifications, terms and/or provisions contained herein. Except as expressly modified hereby, the terms and conditions of the Loan Instruments are and shall remain in full force and effect.

11. Borrower agrees to pay to Lender, contemporaneously with the execution and delivery hereof, all costs and expenses incurred in connection with this transaction, title insurance endorsement premiums, reasonable fees of Lender's counsel and recording fees.

12. Borrower hereby agrees to execute and deliver to Lender such further documents and instruments evidencing or pertaining to the Loan, as modified and increased hereby, as may be reasonably requested by Lender from time to time so as to evidence the terms and conditions hereof.

[The balance of this page is intentionally left blank.]

EXECUTED on the date(s) set forth in the acknowledgment(s) below to be EFFECTIVE as of the date first above written.

BORROWER:

LEGACY/MONTEREY HOMES L.P.,
an Arizona limited partnership

BY: MTH-TEXAS GP, INC.,
an Arizona corporation,
General Partner

By: /s/ Rick Morgan

Name: Rick Morgan

Title: V.P.

HANCOCK-MTH COMMUNITIES, INC.,
an Arizona corporation

By: /s/ Rick Morgan

Name: Rick Morgan

Title: V.P.

HANCOCK-MTH BUILDERS, INC.,
an Arizona corporation

By: /s/ Rick Morgan

Name: Rick Morgan

Title: V.P.

MTH HOMES-TEXAS, L.P.,
an Texas limited partnership

BY: MTH-TEXAS GP II, INC.,
an Arizona corporation,
General Partner

By: /s/ Rick Morgan

Name: Rick Morgan

Title: V.P.

LENDER:

GUARANTY BANK
a federal savings bank

By: /s/ Sam A. Meade

Name: Sam A. Meade

Title: Senior Vice President

STATE OF TEXAS)
)
COUNTY OF COLLIN)

This instrument was ACKNOWLEDGED before me on August 19, 2002, by Richard T. Morgan, V.P. of MTH-TEXAS GP, INC., an Arizona corporation, as General Partner of LEGACY/MONTEREY HOMES L.P., an Arizona limited partnership, on behalf of said limited partnership.

/s/ Amy C. Kirkpatrick

[SEAL]

Notary Public

My Commission Expires: Amy C. Kirkpatrick

3/2/2005 Printed Name of Notary Public
- ----------------------

STATE OF TEXAS)
)
COUNTY OF COLLIN)

This instrument was ACKNOWLEDGED before me on August 19, 2002, by Richard T. Morgan, V.P. of HANCOCK-MTH COMMUNITIES, INC., an Arizona corporation, on behalf of said corporation.

/s/ Amy C. Kirkpatrick

[SEAL]

Notary Public

My Commission Expires: Amy C. Kirkpatrick

Printed Name of Notary Public

3/2/2005

STATE OF TEXAS)
)
COUNTY OF COLLIN)

This instrument was ACKNOWLEDGED before me on August 19, 2002, by Richard T. Morgan, V.P. of HANCOCK-MTH BUILDERS, INC., an Arizona corporation, on behalf of said corporation.

[SEAL]

/s/ Amy C. Kirkpatrick

Notary Public

My Commission Expires: 3/2/2005

Amy C. Kirkpatrick

Printed Name of Notary Public

STATE OF TEXAS)
)
COUNTY OF COLLIN)

This instrument was ACKNOWLEDGED before me on August 19, 2002, by Richard T. Morgan, V.P. of MTH-TEXAS GP II, INC., an Arizona corporation, as General Partner of MTH HOMES-TEXAS, L.P., a Texas limited partnership, on behalf of said limited partnership.

[SEAL]

/s/ Amy C. Kirkpatrick

Notary Public

My Commission Expires: 3/2/2005

Amy C. Kirkpatrick

Printed Name of Notary Public

STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on the 22nd day of August, 2002, by Sam A. Meade, Senior Vice President of GUARANTY BANK, a federal savings bank, on behalf of said federal savings bank.

/s/ Leslie Ruth Reynolds

Notary Public in and for the above county and state

My Commission Expires: 02-04-2005

Leslie Ruth Reynolds

Printed Name of Notary Public

CONSENT OF GUARANTOR

Each of the undersigned, as a guarantor ("GUARANTOR," whether one or more) of the loan (the "LOAN"), evidenced by the Note and secured by the Deeds of Trust described in the foregoing Ninth Modification Agreement (the "AGREEMENT") to which this Consent is attached, hereby acknowledge and consent (jointly and severally) to the terms of the Agreement and agree (jointly and severally) that the execution and delivery of the Agreement will in no way change or modify Guarantor's respective obligations under their respective Guaranty (as defined in the Agreement); and each Guarantor acknowledges and agrees (jointly and severally) that the Indebtedness (as defined in the respective instruments comprising the Guaranty) includes the Loan (as increased and set forth in the Agreement), together with any and all other Indebtedness now or at any time hereafter owing by Guarantor to Lender; and each Guarantor (jointly and severally) hereby unconditionally and absolutely guarantees to Lender the payment when due of such Indebtedness, and hereby acknowledge and agree that their respective Guaranty is in full force and effect, and that there are no claims, counterclaims, offsets or defenses to their respective Guaranty; and each Guarantor acknowledges and consents (jointly and severally) to the terms of any and all prior modifications to the terms of the Loan (including, without limitation, any and all extensions of the term thereof and increases in the principal thereof prior to the date hereof, if any).

EXECUTED on the date(s) set forth in the acknowledgment(s) below to be EFFECTIVE as of the 22 day of August, 2002.

GUARANTOR:

MERITAGE CORPORATION,
a Maryland corporation

By: /s/ John Landon
Name: John Landon
Title: Co-CEO

MTH-TEXAS GP, INC.,
an Arizona corporation

By: /s/ Rick Morgan
Name: Rick Morgan
Title: V.P.

MTH-TEXAS LP, INC.,
an Arizona corporation

By: /s/ Rick Morgan
Name: Rick Morgan
Title: V.P.

MTH-TEXAS GP II, INC.,
an Arizona corporation

By: /s/ Rick Morgan
Name: Rick Morgan
Title: V.P.

MTH-TEXAS LP II, INC.,
an Arizona corporation

By: /s/ Rick Morgan
Name: Rick Morgan
Title: V.P.

STATE OF TEXAS)
)
COUNTY OF COLLIN)

This instrument was ACKNOWLEDGED before me on August 19, 2002, by Richard T. Morgan, V.P. of MERITAGE CORPORATION, a Maryland corporation, on behalf of said corporation.

[SEAL]

/s/ Amy C. Kirkpatrick
Notary Public

My Commission Expires: 3/2/2005

Amy C. Kirkpatrick
Printed Name of Notary Public

STATE OF TEXAS)
)
COUNTY OF COLLIN)

This instrument was ACKNOWLEDGED before me on August 19, 2002, by Richard T. Morgan, V.P. of MTH-TEXAS GP, INC., an Arizona corporation, on behalf of said corporation.

[SEAL] /s/ Amy C. Kirkpatrick

Notary Public

My Commission Expires: Amy C. Kirkpatrick

3/2/2005 Printed Name of Notary Public

STATE OF TEXAS)
)
COUNTY OF COLLIN)

This instrument was ACKNOWLEDGED before me on August 19, 2002, by Richard T. Morgan, V.P. of MTH-TEXAS LP, INC., an Arizona corporation, on behalf of said corporation.

[SEAL] /s/ Amy C. Kirkpatrick

Notary Public

My Commission Expires: Amy C. Kirkpatrick

3/2/2005 Printed Name of Notary Public

STATE OF TEXAS)
)
COUNTY OF COLLIN)

This instrument was ACKNOWLEDGED before me on August 19, 2002, by Richard T. Morgan, V.P. of MTH-TEXAS GP II, INC., an Arizona corporation, on behalf of said corporation.

[SEAL] /s/ Amy C. Kirkpatrick

Notary Public

My Commission Expires: Amy C. Kirkpatrick

3/2/2005 Printed Name of Notary Public

STATE OF TEXAS)
)
COUNTY OF COLLIN)

This instrument was ACKNOWLEDGED before me on August 19, 2002, by Richard T. Morgan, V.P. of MTH-TEXAS LP II, INC., an Arizona corporation, on behalf of said corporation.

[SEAL] /s/ Amy C. Kirkpatrick

Notary Public

My Commission Expires: Amy C. Kirkpatrick

3/2/2005 Printed Name of Notary Public

EXHIBIT A

Description of the Deed(s) of Trust

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 September 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 September 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 September 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 1993, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements in this Form 10-Q include statements concerning the demand for and the pricing of our homes, the expectation of continued positive operating results in the remainder of 2002 and beyond, the expected benefits of Hammonds and other acquisitions and our ability to continue positive operating results. Such statements are subject to significant risks and uncertainties.

Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements, and that could negatively affect the Company's business, stock and bond prices, 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, 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 in the forseeable future; (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; (xiii) the loss of key employees of the Company, including Steven J. Hilton and John R. Landon; (xiv) Meritage's level of indebtedness and the diversion of cash flow to make debt payments; (xv) restrictions on our business activities imposed by the agreements governing our indebtedness; and (xvi) 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, 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. As a result of these and other factors, the Company's stock and bond prices may fluctuate dramatically.