

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): June 14, 2002

MERITAGE CORPORATION

(Exact Name of Registrant as Specified in Charter)

Maryland

I-9977

86-0611231

(State or Other Jurisdiction of
Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

6613 NORTH SCOTTSDALE ROAD, SUITE 200, SCOTTSDALE, ARIZONA

85250

(Address of Principal Executive Offices)

(Zip Code)

(877) 400-7888

(Registrant's telephone number, including area code)

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

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ITEM 5. OTHER EVENTS.

References to “we,” “our” and “us” in this current report on Form 8-K refer to Meritage Corporation and its consolidated subsidiaries.

Agreement to Acquire the Homebuilding Assets of Hammonds Homes

On June 12, 2002, we entered into a definitive agreement to acquire substantially all of the homebuilding assets of Hammonds Homes, a privately held builder of homes in Texas, subject to customary closing conditions. The estimated purchase price will be approximately \$82.8 million, comprised of cash payable at closing of \$45.8 million and the repayment of existing debt in the amount of \$37.0 million.

In 2000, Hammonds closed 737 homes at an average selling price of approximately \$186,000, resulting in total revenue of \$136.8 million and EBITDA of \$15.2 million. In 2001, Hammonds closed 935 homes at an average selling price of approximately \$194,000, resulting in total revenue of \$181.1 million and EBITDA of \$23.6 million. The purchase price of \$82.8 million was based on projected revenue and EBITDA in 2002 of \$175.0 to \$185.0 million and \$18.0 to \$19.0 million, respectively, before taking into account any potential synergies. Home closings were 183 for the quarter ended March 31, 2002, compared to 201 for the quarter ended March 31, 2001. The decrease in home closings in the first quarter of 2002 compared to the first quarter of 2001 mainly reflects a slower overall demand for homes in the Austin, Texas market. For the quarter ended March 31, 2002, Hammonds had revenue and EBITDA of \$38.2 million and \$3.9 million, respectively, compared to revenue and EBITDA of \$37.1 million and \$4.4 million, respectively, for the quarter ended March 31, 2001. New sales contracts were 268 for the quarter ended March 31, 2002, compared to 253 for the quarter ended March 31, 2001. We expect that the acquisition of Hammonds Homes will enable us to significantly expand our presence in the Houston and Austin markets and strengthen our Dallas operations. We believe the acquisition will be accretive to our 2002 net earnings.

A copy of our press release announcing the proposed Hammonds acquisition as well as selected results for the first two months of our second quarter, including information concerning forward-looking statements and factors that may affect our future results, is attached hereto as Exhibit 99.1.

Filing of Certain Materials

On May 1, 2002, we filed with the Securities and Exchange Commission a shelf registration statement on Form S-3 (Registration No. 333-87398) which became effective on May 14, 2002. On June 14, 2002, we filed with the Securities and Exchange Commission a Prospectus Supplement to the Registration Statement pursuant to Rule 424 under the Securities Act of 1933, as amended. We are filing at Exhibit 23.1 to this Form 8-K the consent of McGladrey & Pullen LLP to the use of their name and the incorporation by reference in the Registration Statement and the Prospectus Supplement of their report dated March 29, 2001 on the combined balance sheet of Hancock Communities Limited Liability Company and HC Builders, Inc. (subsidiaries of American West Homes, Inc.) as of December 31, 2000 and the related combined statements of income, owners' equity, and cash flows for the year then ended, which report appears in the Form 8-K of Meritage Corporation which was filed with the Securities and Exchange Commission on May 7, 2001.

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ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
23.1	Consent of McGladrey & Pullen LLP
99.1	Press Release

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: June 14, 2002

MERITAGE CORPORATION

By: /s/ Larry W. Seay

Larry W. Seay
Chief Financial Officer and Vice-President-Finance

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
23.1	Consent of McGladrey & Pullen LLP
99.1	Press Release

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in the Registration Statement (No. 333-87398) of Meritage Corporation (the "Registrant") and in the Prospectus Supplement of the Registrant (the "Prospectus Supplement") via the Form 8-K of the Registrant dated June 14, 2002, of our report dated March 29, 2001 on the combined balance sheet of Hancock Communities Limited Liability Company and HC Builders, Inc. (subsidiaries of American West Homes, Inc.) as of December 31, 2000 and the related combined statements of income, owners' equity, and cash flows for the year then ended, which report appears in the Form 8-K of the Registrant which was filed with the Securities and Exchange Commission on May 7, 2001 and to the reference to our firm under the heading "Experts" in the Prospectus Supplement.

/s/ MCGLADREY & PULLEN LLP

Las Vegas, Nevada
June 14, 2002

[MERITAGE CORPORATION LETTERHEAD]

MERITAGE CORPORATION TO ACQUIRE HAMMONDS HOMES

DALLAS AND SCOTTSDALE, ARIZ. (JUNE 13, 2002) - MERITAGE CORPORATION (NYSE: MTH) today announced that it entered into a definitive agreement to purchase the homebuilding assets of Hammonds Homes, a privately held builder of quality homes in approximately 40 communities throughout key Texas markets. The closing of the acquisition is expected to occur on or before June 30, 2002, and is subject to the satisfaction of certain conditions.

Hammonds Homes, established in 1987, builds a wide range of quality homes in the Houston, Dallas/Ft. Worth and Austin, Texas areas with a focus on serving the move-up housing market. During 2001, Hammonds closed 935 homes at an average selling price of approximately \$193,000, resulting in total revenue of \$181.1 million. The estimated purchase price will be approximately \$82.8 million, which includes cash payable at closing and the repayment of existing debt.

"Hammonds Homes will enable us to significantly expand our presence in the Houston and Austin markets and strengthen our Dallas operations," said John Landon, co-chairman and co-chief executive officer of Meritage. "We believe this acquisition will be accretive to our 2002 earnings."

"The acquisition is consistent with the growth plans we have held over the last 5 years. We continue our strategy of expanding our existing operations while seeking acquisition candidates that fit culturally, as well as financially, into our corporate goals," stated Steve Hilton, co-chairman and co-chief executive officer.

SECOND QUARTER BEGINS WITH STRONG ORDERS AND CLOSINGS

Meritage also announced that it recorded strong results for April and May 2002. New home orders for the two months of April and May 2002 were 810, with a dollar value of \$212.8 million, compared to 428 homes with a dollar value of \$95.3 million for the comparable two months in 2001, a 123% increase in dollar value. Home closings for the two months of April and May 2002 totaled 677, compared to 429 for the comparable two months in 2001, a 58% increase. Revenue for April and May 2002 totaled \$159.3 million, compared to \$98.5 million for the comparable two months in 2001, a 62% increase. Meritage's Hancock division, which Meritage acquired effective May 31, 2001, contributed 200 home closings with a dollar value of \$36.2 million in April and May 2002.

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ABOUT MERITAGE CORPORATION

Meritage Corporation designs, builds and sells distinctive single-family homes ranging from first-time to semi-custom luxury. We were recently ranked by Forbes magazine as #4 of its "200 Best Small Companies in America," and have appeared twice on Fortune's list of the "Fastest Growing Companies in America." We operate in the Phoenix and Tucson, Arizona markets under the Monterey Homes, Hancock Communities and Meritage Homes brand names, in the Dallas/Ft. Worth, Austin and Houston, Texas markets as Legacy Homes and in the San Francisco East Bay and Sacramento, California markets as Meritage Homes. Please visit our web site at: www.meritagehomes.com.

Certain matters discussed in this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements concerning the proposed transaction with Hammonds Homes, the ability to expand our presence in certain Texas markets, and our expectations about the accretive effect of the acquisition.

Such statements are based upon the current beliefs and expectations of our management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

With respect to the Hammonds transaction, these uncertainties include: the risk that the transaction will not close; and if closed, the risks that the businesses will not be integrated successfully; that the market and financial synergies anticipated from the acquisition may not be fully realized or may take longer to realize than expected; that the acquisition will not be accretive to earnings within the time period estimated by management, or at all; that unanticipated expenses and liabilities may be incurred; and that the combined companies will lose key employees or suppliers.

In addition, our business is also subject to a number of risks and uncertainties including: the strength and competitive pricing environment of the single-family housing market; changes in the availability and pricing of residential mortgages; changes in the availability and pricing of real estate in the markets in which we operate; our high level of indebtedness; demand for and

acceptance of our homes; the success of planned marketing and promotional campaigns; the success of our program to integrate existing operations with our planned new operations or those of past or future acquisitions; our ability to raise additional capital; our success in locating and negotiating favorably with possible acquisition candidates; recent legislative or other initiatives that seek to restrain growth in new housing construction or similar measures; the economic impact of foreign hostilities or military action; general economic slow downs; and other factors identified in documents filed by us with the Securities and Exchange Commission, including those set forth in the Meritage's Form 10-K Report for the year ended December 31, 2001 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" and in Exhibit 99.1 of the Company's Form 10-Q for the quarter ended March 31, 2002. As a result of these and other factors, the prices of Meritage's securities may fluctuate dramatically.

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