

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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): October 20, 2003

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.)
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)		
Not applicable		
(Former Name or Former Address, if Changed Since Last Report)		

TABLE OF CONTENTS

[ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.](#)

[ITEM 9. REGULATION FD DISCLOSURE AND](#)

[ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[Exhibit 99.1](#)

[Table of Contents](#)

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

(c) Exhibits

99.1 Press Release dated October 20, 2003.

ITEM 9. REGULATION FD DISCLOSURE AND

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

On October 20, 2003, we issued a press release to announce our earnings for the three and nine months ended September 30, 2003. A copy of this press release, including information concerning forward-looking statements and factors that may affect our future results, is attached as Exhibit 99.1. This press release is being furnished, not filed, under Item 12 in this Report on Form 8-K.

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 hereunto duly authorized.

Dated: October 20, 2003

MERITAGE CORPORATION

/s/ Vicki L. Biggs

By: Vicki L. Biggs
Chief Accounting Officer and
Vice President-Controller

EXHIBIT INDEX

Exhibit No. _____	Description _____
99.1	Press Release

press release
A DYNAMIC GROWTH COMPANY IN THE HOME BUILDING SECTOR

<TABLE>			
<S>	<C>	<C>	<C>
Contacts:	ARIZONA:	TEXAS:	NEW YORK:
	Larry Seay	Jane Hays	Chris Tofalli
	CFO & Vice President-Finance	Vice President-Corp. Develop.	Broadgate Consultants
	(480) 609-3330	(972) 612-8085	(212) 232-2222
</TABLE>			

MERITAGE CORPORATION REPORTS RECORD THIRD QUARTER 2003 --
DILUTED EPS INCREASES 18% TO \$1.86

THIRD QUARTER RECORDS :

- CLOSINGS RISE TO 1,464 HOMES, UP 12% OVER PRIOR YEAR'S QUARTER
- NEW HOME ORDERS RISE TO 1,546, UP 37% OVER PRIOR YEAR'S QUARTER

ALL-TIME QUARTERLY RECORDS :

- NET EARNINGS REACHES \$25.8 MILLION, UP 15% OVER PRIOR YEAR'S QUARTER
- THIRD QUARTER REVENUE UP 16% OVER PRIOR YEAR'S QUARTER TO \$381 MILLION
- HOMES IN BACKLOG OF 3,217, 40% AHEAD OF PRIOR YEAR'S QUARTER

FULL YEAR EARNINGS GUIDANCE RAISED BY \$0.25 TO \$6.45 - \$6.65 PER DILUTED SHARE

SCOTTSDALE, ARIZONA AND DALLAS (OCTOBER 20, 2003) - Meritage Corporation (NYSE: MTH) today announced net earnings of \$25.8 million, or \$1.86 per diluted share, for the third quarter ended September 30, 2003, representing year-over-year increases of 15% and 18%, respectively. Net earnings for the first nine months of 2003 were \$62.8 million, or \$4.57 per diluted share, for year-over-year increases of 37% and 28%, respectively.

SUMMARY OPERATING RESULTS (\$ IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

<TABLE>						
<CAPTION>						
		THREE MONTHS ENDED		NINE MONTHS ENDED		
		SEPTEMBER 30,	%	SEPTEMBER 30,	%	
<S>	2003	2002	Increase	2003	2002	Increase
	<C>	<C>	<C>	<C>	<C>	<C>
Home sales revenue	\$380,752	\$328,514	16%	\$989,895	\$744,686	33%
Net earnings	\$25,755	\$22,437	15%	\$62,840	\$45,941	37%
Diluted EPS	\$1.86	\$1.58	18%	\$4.57	\$3.58	28%
</TABLE>						

3RD QUARTER EARNINGS / 2

"Meritage is continuing to successfully execute its long-term growth strategy, resulting in record operating results for the third quarter and first nine months of 2003," said Steve Hilton, Meritage Co-Chairman and Co-CEO. "The Company has diversified its operations into four of the fastest growing states in the nation. We are expanding within our existing markets in Texas, Arizona and California, while our results have also benefited from the October 2002 acquisition of Perma-Bilt Homes in Las Vegas, Nevada. In addition, our start-up operation in San Antonio, Texas, produced its first closings during September 2003. We expect San Antonio to be profitable in 2003, its first year of operation. This has all translated into record home sales revenue during the first nine months of 2003 of \$990 million and generated net earnings of \$62.8 million, an increase of 33% in revenue and 37% in net earnings over the same period a year ago."

The Company's gross margin increased by 59 basis points to 20.2% in the third quarter of 2003, compared to the same quarter last year. This margin level was generally consistent with the levels of the first half of 2003 and reflects a continued strong housing market, supporting pricing power in most markets. This improvement in gross margin was more than offset by an increase in SG&A

expenses from 8.9% to 9.9% of revenue resulting in a pretax margin of 10.7%, down 47 basis points from 11.2% in the same quarter last year. The increase in SG&A expense was caused mainly by start-up marketing costs relating to communities in the Phoenix metropolitan area, increased sales commissions and a general increase in marketing and other sales costs. "We anticipate that increases in revenue should help leverage our SG&A expenses in the fourth quarter of this year and into next year," added Hilton.

"The dollar value of new home orders was up 44% to \$1.3 billion in the first nine months of 2003 and the value of homes in backlog was up 40% over the prior year, to \$840 million," said John Landon, Meritage Co-Chairman and Co-CEO. "Based on our strong third quarter orders and backlog, we anticipate closing approximately 5,600 homes and generating approximately \$1.4 billion in revenue for the full year 2003. We expect this top line revenue to produce record 2003 diluted earnings per share in the range of \$6.45 to \$6.65, representing an increase of 21% to 25% for the full year, and is a \$0.25 increase from our prior quarter's earnings guidance of \$6.20 to \$6.40."

Meritage received 1,546 orders for new homes valued at \$416 million in the three months ended September 30, 2003, increases of 37% and 36%, respectively, from the same period a year ago. The number of actively selling communities at quarter end was 151, up 10% from June 30, 2003 and 29% from the same quarter a year ago. "We anticipate beginning 2004 with approximately 155 communities, 20% higher than at the beginning of 2003," added Landon.

Meritage maintains operating objectives which are intended to reduce operating risk, such as minimizing unsold inventory. At the end of the third quarter Meritage had 192 completed unsold homes, or about 1.3 per community. The Company also reduces risk by controlling a significant majority of lots

- more -

3RD QUARTER EARNINGS / 3

through option agreements which minimizes the investment in inventory, decreases the risk of holding large amounts of land and increases returns. Meritage's goal is to maintain a four to five year supply of lots with approximately 80-85% controlled through options. The number of lots controlled at September 30, 2003 increased 30% to 28,798 from the same time last year. Of this number approximately 85% are controlled through options.

Meritage's balance sheet remains prudently leveraged with a net debt to capital ratio of 50% at September, 30 2003. EBITDA in the third quarter was \$48.4 million, up 9% from the same period last year, resulting in a trailing four quarter interest coverage ratio of about 7.0 times and a trailing four quarter debt to EBITDA ratio of about 2.3 times. (EBITDA represents a non-GAAP financial measure. A table reconciling this measure to the appropriate GAAP measure is included with the operating results part of this press release). In addition, at the end of the quarter, Meritage had approximately \$93.8 million outstanding under our revolving credit facility and \$21.2 million in letters of credit, leaving an unused commitment of \$135.0 million, all of which was available to borrow. During the third quarter Meritage enhanced its liquidity by completing an add-on offering of \$75 million in aggregate principal amount of its 9.75% Senior Notes due 2011. The notes were priced at 109.0% of their face amount implying a yield - to-worst of 7.642%. The net proceeds from the offering were used to pay down a portion of the Company's senior credit facility.

Meritage will hold its third quarter earnings call on Tuesday, October 21, 2003 at 11:00 a.m. EDT (10:00 a.m. CDT, 9:00 a.m. MDT, 8:00 a.m. PDT). To participate in the call, please dial in at least five minutes before the start time. The toll free domestic dial-in number is 1-800-289-0726; international toll free number is 1-913-981-5545. A replay will be available from 2:00 p.m. EDT Tuesday, October 21, 2003 through Tuesday, October 28, 2003 at 12:00 midnight Eastern Standard Time by dialing 1-888-203-1112, code 786361. The Company will be webcasting a slide show presentation along with the conference call. The webcast and presentation may be accessed through the Company's website at www.meritagehomes.com. The call may also be accessed through CCBN for two weeks at www.companyboardroom.com.

ABOUT MERITAGE CORPORATION

Meritage Corporation designs, builds and sells distinctive single-family homes ranging from entry-level to semi-custom luxury and has built approximately 26,000 homes in its 18 year history. The Company was recently ranked 11th in Fortune magazine's September 1, 2003 "Fastest Growing Companies in America" list, its third appearance in this list. In addition, Meritage was named as the 14th largest builder in the U.S. for 2002 by Builder magazine in their May 2003 issue and was recently included in THE BLOOMBERG 100 "HOT STOCKS", compiled by Bloomberg Personal Finance Magazine in their February 2003 issue. The Company has also been ranked 4th by Forbes magazine in its "200 Best Small Companies in America". Meritage operates in the Phoenix and Tucson, Arizona markets under the Monterey Homes, Hancock

- more -

Communities and Meritage Homes brand names, in the Dallas/Ft. Worth, Austin, Houston and San Antonio, Texas markets as Legacy Homes, Hammonds Homes and Monterey Homes, in the East San Francisco Bay and Sacramento, California markets as Meritage Homes and in Las Vegas, Nevada as Perma-Bilt Homes. The Meritage web site is located at: www.meritagehomes.com. NYSE, Symbol: MTH.

MERITAGE CORPORATION AND SUBSIDIARIES
OPERATING RESULTS
(UNAUDITED)

(IN THOUSANDS, EXCEPT SHARE DATA)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2003 ----	2002 ----	2003 ----	2002 ----
<S>	<C>	<C>	<C>	<C>
OPERATING RESULTS				
Home sales revenue	\$ 380,752	\$ 328,514	\$ 989,895	\$ 744,686
Land sales revenue	--	615	8,100	5,615
	-----	-----	-----	-----
	380,752	329,129	997,995	750,301
Home sales gross profit	76,739	64,243	198,457	145,830
Land sales gross profit	--	163	1,241	304
	-----	-----	-----	-----
	76,739	64,406	199,698	146,134
Commissions and other sales costs	(23,461)	(17,644)	(64,534)	(44,240)
General and administrative expenses	(14,403)	(11,518)	(38,691)	(30,307)
Other income	1,839	1,502	3,911	4,008
	-----	-----	-----	-----
Pre-tax earnings	40,714	36,746	100,384	75,595
Income taxes	(14,959)	(14,309)	(37,544)	(29,654)
	-----	-----	-----	-----
Net earnings	\$ 25,755	\$ 22,437	\$ 62,840	\$ 45,941
	=====	=====	=====	=====
Earnings per share:				
Basic shares:				
Earnings per share	\$ 1.98	\$ 1.66	\$ 4.83	\$ 3.80
Weighted average shares outstanding	13,032,910	13,514,217	13,019,487	12,105,397
Diluted shares:				
Earnings per share	\$ 1.86	\$ 1.58	\$ 4.57	\$ 3.58
Weighted average shares outstanding	13,837,378	14,238,667	13,755,674	12,841,439

- more -

<TABLE>
<CAPTION>

	QUARTER ENDED SEPTEMBER 30, (UNAUDITED)		NINE MONTHS ENDED SEPTEMBER 30, (UNAUDITED)	
	2003 ----	2002 ----	2003 ----	2002 ----
<S>	<C>	<C>	<C>	<C>
EBITDA Reconciliation:(1)				
Net earnings	\$ 25,755	\$ 22,437	\$ 62,840	\$ 45,941
Income taxes	14,959	14,309	37,544	29,654
Interest	5,653	5,886	14,513	13,917
Depreciation	1,695	1,723	4,916	4,340
Amortization	291	131	816	391
	-----	-----	-----	-----
EBITDA	\$ 48,353	\$ 44,486	\$ 120,629	\$ 94,243
	=====	=====	=====	=====

</TABLE>

(1) EBITDA represents earnings before interest expense, interest amortized to cost of sales, income taxes, depreciation and amortization. EBITDA is a non-GAAP financial measure. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the

effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of earnings, balance sheet, or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, we have provided a reconciliation of the non-GAAP financial measure to the most directly comparable GAAP financial measure.

EBITDA is presented here because it is a widely accepted financial indicator used by investors and analysts to analyze and compare homebuilding companies on the basis of operating performance and we believe is a financial measure widely used by the homebuilding industry. EBITDA as presented may not be comparable to similarly titled measures reported by other companies because not all companies calculate EBITDA in an identical manner and, therefore, is not necessarily an accurate means of comparison between companies. EBITDA is not intended to represent cash flows for the period or funds available for management's discretionary use nor has it been presented as an alternative to operating income or as an indicator of operating performance and it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles in the United States of America.

MERITAGE CORPORATION AND SUBSIDIARIES
BALANCE SHEETS
(IN THOUSANDS)

<TABLE>
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	SEPTEMBER 30, 2003 (UNAUDITED)	DECEMBER 31, 2002 -----
<S>	<C>	<C>
Total assets	\$ 952,971	\$ 691,788
Real estate	668,495	484,970
Consolidated real estate not owned *	27,917	--
Cash and cash equivalents	6,910	6,600
Total liabilities	575,196	374,480
Notes payable	383,810	264,927
Stockholders' equity	376,246	317,308

* Amount represents variable interest entities (VIE's) formed subsequent to January 31, 2003 required to be consolidated by FIN 46. The Financial Accounting Standards Board has delayed implementation of FIN 46 for VIE's created prior to that date. If we had implemented FIN 46 for VIE's created prior to January 31, 2003, consolidated real estate not owned would increase approximately \$10 to \$12 million.

- more -

3RD QUARTER EARNINGS / 6

MERITAGE CORPORATION AND SUBSIDIARIES
OPERATING DATA
(UNAUDITED)
(\$ IN THOUSANDS)

<TABLE>
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SEPTEMBER 30	FOR THE THREE MONTHS ENDED SEPTEMBER 30				AS OF AND FOR THE NINE MONTHS ENDED		
-----	2003		2002		2003		
-----	-----	-----	-----	-----	-----	-----	-----
\$	HOMES	\$	HOMES	\$	HOMES	\$	HOMES
-	-----	-	-----	-	-----	-	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							

HOMES ORDERED:

Texas	730	156,182	641	130,799	2,404	498,919	1,575
302,051							
Arizona	481	126,921	306	88,266	1,533	403,826	1,200
316,361							
California	219	100,548	182	85,491	568	265,418	658
276,874							
Nevada *	116	32,036	n/a	n/a	500	123,577	n/a
n/a							
-----		-----	-----	-----	-----	-----	-----
Total	1,546	415,687	1,129	304,556	5,005	1,291,740	3,433
895,286							
=====		=====	=====	=====	=====	=====	=====

HOMES CLOSED:

Texas	741	153,495	692	132,129	1,988	405,251	1,431
258,571							
Arizona	325	83,774	442	122,948	866	234,083	1,192
296,673							
California	206	96,459	177	73,437	540	241,714	468
189,442							
Nevada *	192	47,024	n/a	n/a	464	108,847	n/a
n/a							
-----		-----	-----	-----	-----	-----	-----
Total	1,464	380,752	1,311	328,514	3,858	989,895	3,091
744,686							
=====		=====	=====	=====	=====	=====	=====

ORDER BACKLOG:

Texas					1,501	312,567	1,185
232,487							
Arizona					1,133	313,898	784
225,674							
California					361	160,631	323
140,746							
Nevada *					222	52,513	n/a
n/a							
-----					-----	-----	-----
Total					3,217	839,609	2,292
598,907							
=====					=====	=====	=====

</TABLE>

* Amounts are for Perma-Bilt Homes, acquired in October 2002.

* * *

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include statements concerning our expectation of positive operating results during the remainder of 2003 and during fiscal 2004, including our ability to meet our 2003 full-year goals of closing 5,600 homes, growing revenue to \$1.4 billion, our expected earnings per share of \$6.45 to \$6.65 for 2003, the number of active communities we expect to have at the beginning of 2004 and our ability to utilize anticipated revenue increases from our operations in the Phoenix metro area to leverage SG&A expenses. 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.

Meritage's business is subject to a number of risks and uncertainties including: the strength and competitive pricing of the single-family housing market; demand for and acceptance of our homes; changes in the availability and pricing of real estate in the markets in which we operate; our ability to continue to acquire additional land or options to acquire additional land on acceptable terms; general economic slow downs; consumer confidence, which can be impacted by economic and other factors such as terrorism, war, or threats thereof and changes in stock prices; the impact of construction defect and home warranty claims; the cost and availability of insurance, including the availability of insurance for the presence of mold; interest rates and changes in the availability and pricing of residential mortgages; our lack of geographic diversification; our level of indebtedness and our ability to raise additional capital when and if needed; our ability to take certain actions because of restrictions contained in the indenture for our senior notes and the agreement for our senior unsecured credit facility; legislative or other initiatives that seek to restrain growth in new housing construction or similar measures; the success of our program to integrate existing operations with any new operations or those of past or future acquisitions; our success in locating and negotiating

favorably with possible acquisition candidates; our ability to expand pre-tax margins; our dependence on key personnel and the availability of satisfactory subcontractors; the impact of inflation; our potential exposure to natural disasters; new accounting policies or principles or governmental or stock exchange regulations that could affect our corporate governance or accounting methods; and other factors identified in documents filed by us with the Securities and Exchange Commission, including those set forth in our Form 10-K Report for the year ended December 31, 2002 under the

- more -

2RD QUARTER EARNINGS / 7

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 in Exhibit 99.1 of Meritage's Form 10-Q for the quarter ended June 30, 2003. As a result of these and other factors, the Company's stock and note prices may fluctuate dramatically.

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