

MERITAGE PASEO CROSSING LLC

Form 424B3

July 09, 2012

Table of Contents

**Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-181336**

PROSPECTUS

OFFER TO EXCHANGE

\$300,000,000 of 7% Senior Notes due 2022

**and the full and unconditional, joint and several
guarantees thereof by all of our existing subsidiaries
(other than our Unrestricted Subsidiaries)**

that have been registered under the Securities Act of 1933

for any and all of our outstanding

\$300,000,000 of 7% Senior Notes due 2022

**and the full and unconditional, joint and several
guarantees thereof by all of our existing subsidiaries
(other than our Unrestricted Subsidiaries)**

that have not been registered under the Securities Act of 1933

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M.,

NEW YORK CITY TIME, ON AUGUST 6, 2012, UNLESS EXTENDED.

We are offering to exchange up to \$300 million aggregate principal amount of our registered 7% Senior Notes due 2022 (the "exchange notes"), for the identical aggregate principal amount of our outstanding unregistered 7% Senior Notes due 2022, which were issued on April 10, 2012 (the "outstanding notes"). The aggregate principal amount of the outstanding notes, and therefore, the aggregate principal amount of exchange notes which would be issued if all the outstanding notes were exchanged, is \$300 million. The exchange offer will expire at 5:00 p.m., New York City time, on August 6, 2012 unless we extend the offer. Promptly following the expiration of the exchange offer, we will exchange the exchange notes for all outstanding notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer. You may withdraw tenders of outstanding notes at any time prior to the expiration of the exchange offer. The terms of the exchange notes to be issued will be identical in all material respects to those of the outstanding notes, except that the exchange notes do not have any transfer restrictions, registration rights or rights to additional interest. We will not receive any cash proceeds from the exchange offer.

The notes are our unsecured senior obligations. The notes rank equally with all of our other unsecured senior indebtedness.

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Prior to the exchange offer, there has been no public market for the exchange notes. We do not currently intend to list the exchange notes on a securities exchange or seek approval for quotation of the exchange notes on an automated quotation system. Therefore, it is unlikely that an active trading market for the exchange notes will develop.

The exchange agent for the exchange offer is Wells Fargo Bank, National Association.

See Risk Factors beginning on page 11, for a discussion of certain factors that should be considered in evaluating the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Broker-dealers who receive new securities pursuant to the exchange offer acknowledge that they will deliver a prospectus in connection with any resale of such new securities. Broker-dealers who acquired the old securities as a result of market-making or other trading activities may use the prospectus for the exchange offer, as supplemented or amended, in connection with resales of the new securities.

The date of this prospectus is July 9, 2012.

Table of Contents

TABLE OF CONTENTS

	Page
<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	11
<u>Use of Proceeds</u>	15
<u>Capitalization</u>	15
<u>Description of the Exchange Notes</u>	16
<u>The Exchange Offer</u>	34
<u>United States Federal Income Tax Considerations</u>	41
<u>Plan of Distribution</u>	46
<u>Legal Matters</u>	47
<u>Experts</u>	47
<u>Available Information</u>	47
<u>Incorporation of Certain Information by Reference</u>	48
<u>Subsidiary Guarantors and Financial Statements</u>	49

ADDITIONAL INFORMATION

This prospectus incorporates important business and financial information about us that is not included in or delivered with the document. This information is available without charge to security holders upon written or oral request. You may request a copy of this information, at no cost, by calling us or by writing to us at our principal executive offices in Arizona at the following address:

Meritage Homes Corporation

17851 North 85th Street, Suite 300

Scottsdale, Arizona 85255

Attention: Investor Relations

Telephone: (480) 515-8100

In order to obtain timely delivery, you must make your request no later than five business days before the expiration of the exchange offer. The exchange offer will expire on August 6, 2012, unless extended.

Our obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to file periodic reports and other information with the SEC may be suspended, under certain circumstances, if our common stock and exchange notes are each held by fewer than 300 holders of record at the beginning of any fiscal year and are not listed on a national securities exchange. We have agreed that, whether or not we are required to do so by the rules and regulations of the Securities and Exchange Commission (the "SEC"), for so long as any of the exchange notes remain outstanding we will furnish to the holders of the exchange notes, and if required by the Exchange Act, file with the SEC, all annual, quarterly and current reports that we are or would be required to file with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act. In addition, we have agreed that, as long as any of the outstanding notes remain outstanding, we will make the information required by Rule 144A(d)(4) under the Securities Act of 1933, as amended (the "Securities Act"), available to any prospective purchaser of outstanding notes or beneficial owner of outstanding notes in connection with a sale of them.

No person has been authorized to give any information or to make any representations, other than those contained in this prospectus. If given or made, that information or those representations may not be relied upon as having been authorized by us. This prospectus does not constitute an offer to or solicitation of any person in any jurisdiction in which such an offer or solicitation would be unlawful.

(i)

Table of Contents

PROSPECTUS SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus and may not contain all of the information that is important to you. For a more complete understanding of this exchange offer, we encourage you to read this entire document (including the documents incorporated herein by reference) and the documents to which we have referred you. Unless otherwise indicated in this prospectus, the terms Meritage, the Company, we, our and us refer to Meritage Homes Corporation and its subsidiaries and predecessors as a combined entity.

MERITAGE HOMES CORPORATION

We are a leading designer and builder of single-family attached and detached homes based on the number of home closings. We build in the historically high-growth regions of the western and southern United States and offer a variety of homes that are designed to appeal to a wide range of homebuyers, including first-time, move-up, active adult and luxury. We have operations in three regions: West, Central and East, which are comprised of seven states: Arizona, California, Nevada, Texas, Colorado, Florida, and North Carolina. These three regions are our principal business segments. In 2011, we entered the Raleigh, North Carolina market and announced our expansion within Florida into the Tampa market as well as the wind-down of our operations in Nevada.

Our homebuilding and marketing activities are conducted primarily under the Meritage Homes brand, except in Arizona and Texas, where we also operate under the name Monterey Homes. At March 31, 2012, we were actively selling homes in 150 communities, with base prices ranging from approximately \$105,000 to \$683,000.

CORPORATE INFORMATION

We are a Maryland corporation. Our principal offices are at 17851 North 85th Street, Suite 300, Scottsdale, Arizona. Our telephone number at these offices is (480) 515-8100. Our website address is www.meritagehomes.com. The information on our website is not part of this prospectus.

RECENT DEVELOPMENTS

In the first quarter of 2012, we achieved significant improvements in orders, closings and backlog year over year. Aided by a higher beginning backlog at the start of 2012 and coupled with increased orders in the first three months, we believe our first quarter results are indicative of increased demand and consumer confidence, which should translate into higher profitability throughout the year. As interest rates and selling prices are still attractively low and while our current operating results indicate a recovering and stronger housing market, we recognize that we are still operating in a volatile economic environment and are cautiously optimistic about our future operational outlook. We believe the housing market will continue to gradually strengthen to the extent the overall economy continues to improve.

Total home closing revenue was \$204.0 million for the three months ended March 31, 2012, increasing 14.9% from the same period last year. The increase in closings of 81 units was further aided by a 2.7% increase in average sales price of \$7,000. We reported net loss of \$4.8 million for the three months ended March 31, 2012, as compared to net loss of \$6.7 million for the same period in 2011. Although closings increased over the prior year, we did not generate sufficient closing volume and gross profit to fully cover our overhead costs. Our first quarter closings are typically our lowest due to seasonality, and based on our historical trends and our high ending backlog, we expect improved results for the remainder of 2012.

Table of Contents

At March 31, 2012, our backlog of \$353.2 million reflects an increase of 44.2%, or \$108.2 million, when compared to the backlog at March 31, 2011. The backlog improvement reflects a 36.2% increase in unit orders in the first quarter, as well as higher average sales price on homes ordered of 2.6% for the quarter as compared to the same period a year ago. In the first quarter of 2012, we were also able to maintain our low cancellation rate on sales orders at 15% of gross orders as compared to 17% in the same period a year ago.

We have entered into preliminary discussions with various financial institutions (including affiliates of each of the initial purchasers of the notes) regarding a potential new unsecured revolving credit facility. Such discussions are at a preliminary stage and there can be no assurance that such a facility will be available on terms that are acceptable to us, or at all, and even if available, that we will enter into such a facility or any similar facility.

The following table presents selected financial and operating data of Meritage Homes Corporation and subsidiaries as of and for each of the last three years ended December 31, 2011 and as of and for the three-month periods ended March 31, 2012 and 2011 (dollars in thousands):

	Year Ended December 31,			Three Months Ended March 31,	
	2011	2010	2009	2012	2011
Operating Data:					
Homes closed (units)	3,268	3,700	4,039	759	678
Home closing revenue	\$ 860,884	\$ 940,406	\$ 962,797	\$ 204,022	\$ 177,489
Homes ordered (units)	3,405	3,383	3,853	1,144	840
Sales order value	\$ 907,922	\$ 854,687	\$ 912,301	\$ 308,329	\$ 220,612
Backlog at end of period (homes)	915	778	1,095	1,300	940
Backlog at end of period	\$ 248,854	\$ 201,816	\$ 287,535	\$ 353,161	\$ 244,939

	Year Ended December 31,			Three Months Ended March 31,	
	2011	2010	2009	2012	2011
Balance Sheet and Cash Flow Data:					
Real estate	\$ 815,425	\$ 738,928	\$ 675,037	\$ 868,034	\$ 757,653
Total assets	\$ 1,221,378	\$ 1,224,938	\$ 1,242,667	\$ 1,217,614	\$ 1,218,934
Senior and senior subordinated notes	\$ 606,409	\$ 605,780	\$ 605,009	\$ 606,567	\$ 605,937
Total liabilities	\$ 732,466	\$ 724,943	\$ 757,242	\$ 730,748	\$ 722,367
Stockholders' equity	\$ 488,912	\$ 499,995	\$ 485,425	\$ 486,866	\$ 496,567
Cash provided by / (used in)					
Operating activities	\$ (74,136)	\$ 32,551	\$ 184,074	\$ (55,362)	\$ (24,563)
Investing activities	\$ 141,182	\$ (174,515)	\$ (145,419)	\$ (28,702)	\$ 22,600
Financing activities	\$ 2,613	\$ (3,414)	\$ 4,753	\$ 1,055	\$ 1,518

Table of Contents**SELECTED FINANCIAL DATA**

The following table presents selected consolidated financial and operating data of Meritage Homes Corporation and subsidiaries as of and for each of the last five years ended December 31, 2011 on an actual basis, as of and for the year ended December 31, 2011 on an adjusted basis, as of and for the three-month period ended March 31, 2012 on an actual and adjusted basis. The adjusted data gives effect to the issuance of \$300 million aggregate principal amount of the notes and the use of the proceeds (together with cash on hand) to repurchase or redeem all \$285 million of our 6.25% Senior Notes due 2015 and to repurchase approximately \$26.1 million aggregate principal amount of our outstanding 7.731% Senior Subordinated Notes due 2017 (collectively, the Refinancing Transactions). The adjusted statement of operations data gives effect to the Refinancing Transactions as though they occurred on January 1, 2011 and January 1, 2012. The actual financial data as of and for the years ended December 31, 2007 through 2011 has been derived from our audited consolidated financial statements and related notes, and the actual financial data as of and for the three-month period ended March 31, 2012 has been derived from our unaudited consolidated financial statements and related notes. This table should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes included in Meritage's Annual Report on Form 10-K for the year ended December 31, 2011 and Meritage's Quarterly Report on Form 10-Q for the three-month period ended March 31, 2012, each of which is incorporated by reference herein. These results may not be indicative of future results.

	Consolidated Financial Data (Dollars in thousands, except per share amounts)							
	Three Months Ended		Year Ended		Year Ended December 31,			
	March 31, 2012		December 31, 2011		2010	2009	2008	2007
	As Adjusted	Actual	As Adjusted	Actual	Actual	Actual	Actual	Actual
Statement of Operations Data:								
Total closing revenue	\$ 204,350	\$ 204,350	\$ 861,244	\$ 861,244	\$ 941,656	\$ 970,313	\$ 1,523,068	\$ 2,343,594
Total cost of closings	\$ (168,821)	\$ (168,821)	\$ (704,812)	\$ (704,812)	\$ (767,509)	\$ (840,046)	\$ (1,322,544)	\$ (1,990,190)
Impairments	\$ (293)	\$ (293)	\$ (15,324)	\$ (15,324)	\$ (6,451)	\$ (126,216)	\$ (237,439)	\$ (340,358)
Gross profit/(loss)	\$ 35,236	\$ 35,236	\$ 141,108	\$ 141,108	\$ 167,696	\$ 4,051	\$ (36,915)	\$ 13,046
Commissions and other sales costs	\$ (18,977)	\$ (18,977)	\$ (74,912)	\$ (74,912)	\$ (76,798)	\$ (78,683)	\$ (136,860)	\$ (196,464)
General and administrative expenses	\$ (14,721)	\$ (14,721)	\$ (64,184)	\$ (64,184)	\$ (59,784)	\$ (59,461)	\$ (64,793)	\$ (104,745)
Goodwill and intangible asset impairments							\$ (1,133)	\$ (130,490)
Earnings/(loss) from unconsolidated entities, net (1)	\$ 1,423	\$ 1,423	\$ 5,849	\$ 5,849	\$ 5,243	\$ 4,013	\$ (17,038)	\$ (40,229)
Interest expense	\$ (7,651)(2)	\$ (7,371)	\$ (31,520)(2)	\$ (30,399)	\$ (33,722)	\$ (36,531)	\$ (23,653)	\$ (6,745)
(Loss)/gain on extinguishment of debt					\$ (3,454)	\$ 9,390		
Other (loss)/income	\$ (164)	\$ (164)	\$ 2,162	\$ 2,162	\$ 3,303	\$ 2,422	\$ 4,426	\$ 9,145
(Loss)/earnings before income taxes	\$ (4,854)	\$ (4,574)	\$ (21,497)	\$ (20,376)	\$ 2,484	\$ (154,799)	\$ (275,966)	\$ (456,482)
(Provision for)/benefit for income taxes	\$ (180)	\$ (180)	\$ (730)	\$ (730)	\$ 4,666	\$ 88,343	\$ (15,969)	\$ 167,631
Net (loss)/earnings	\$ (5,034)(3)	\$ (4,754)	\$ (22,227)(3)	\$ (21,106)	\$ 7,150	\$ (66,456)	\$ (291,935)	\$ (288,851)
(Loss)/earnings per common share:								
Basic	\$ (0.15)	\$ (0.15)	\$ (0.69)	\$ (0.65)	\$ 0.22	\$ (2.12)	\$ (9.95)	\$ (11.01)
Diluted	\$ (0.15)	\$ (0.15)	\$ (0.69)	\$ (0.65)	\$ 0.22	\$ (2.12)	\$ (9.95)	\$ (11.01)
Balance Sheet Data (at period end):								
Cash, cash equivalents, investments and securities and restricted cash	\$ 256,889(4)	\$ 276,787		\$ 333,187				