

TRI Pointe Homes, Inc.
Form 10-K
March 12, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

or

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

For the transition period from _____ to _____

Commission File Number 1-35796

TRI Pointe Homes, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware 27-3201111
(State or other Jurisdiction of Incorporation) (I.R.S. Employer Identification No.)
19540 Jamboree Road, Suite 300

Irvine, California 92612

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (949) 438-1400

Edgar Filing: TRI Pointe Homes, Inc. - Form 10-K

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|--|---|
| Common Stock, par value \$0.01 per share | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|--|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input checked="" type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company | <input type="checkbox"/> |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on June 30, 2014, based on the closing price of \$15.72 as reported by the New York Stock Exchange, was \$265,187,078.

161,587,547 shares of common stock were issued and outstanding as of February 27, 2015.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions from the registrant's Proxy Statement relating to its 2015 Annual Meeting of Stockholders are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14.

TRI Pointe Homes, Inc.

ANNUAL REPORT ON FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2014

Table of Contents

| | Page Number |
|---|----------------|
| Part I | |
| Item 1. <u>Business</u> | 5 |
| Item 1A. <u>Risk Factors</u> | 24 |
| Item 1B. <u>Unresolved Staff Comments</u> | 45 |
| Item 2. <u>Properties</u> | 45 |
| Item 3. <u>Legal Proceedings</u> | 45 |
| Item 4. <u>Mine Safety Disclosures</u> | 45 |
| Part II | |
| Item 5. <u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u> | 45 |
| Item 6. <u>Selected Financial Data</u> | 46 |
| Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> | 49 |
| Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u> | 67 |
| Item 8. <u>Financial Statements and Supplementary Data</u> | 67 |
| Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u> | 67 |
| Item 9A. <u>Controls and Procedures</u> | 67 |
| Item 9B. <u>Other Information</u> | 68 |
| Part III | |
| Item 10. <u>Directors, Executive Officers and Corporate Governance</u> | 69 |
| Item 11. <u>Executive Compensation</u> | 69 |
| Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u> | 69 |
| Item 13. <u>Certain Relationships Related Party Transactions, and Director Independence</u> | 69 |
| Item 14. <u>Principal Accountant Fees and Services</u> | 69 |
| Part IV | |
| Item 15. <u>Exhibits, Financial Statements and Financial Statement Schedules</u> | 70 |
| <u>Signatures</u> | 106 |

Cautionary Note Concerning Forward-Looking Statements

This annual report on Form 10-K contains certain statements relating to future events of our intentions, beliefs, expectations, predictions for the future and other matters that are “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended.

These statements:

- use forward-looking terminology;
- are based on various assumptions made by us; and
- may not be accurate because of risks and uncertainties surrounding the assumptions that are made.

Factors listed in this section - as well as other factors not included - may cause actual results to differ significantly from the forward-looking statements included in this annual report on Form 10-K. There is no guarantee that any of the events anticipated by the forward-looking statements in this annual report on Form 10-K will occur, or if any of the events occurs, there is no guarantee what effect it will have on our operations or financial condition.

We will not update the forward-looking statement contained in this annual report on Form 10-K, unless otherwise required by law.

Forward-Looking Statements

These forward-looking statements are generally accompanied by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “goal,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “will,” “would,” or other words that convey uncertainty of future events or outcomes, including, without limitation, our transaction with Weyerhaeuser Real Estate Company (WRECO). These forward-looking statements include, but are not limited to, statements regarding expected benefits of the WRECO transaction, integration plans and expected synergies therefrom, and our anticipated future financial and operating performance and results, including our estimates for growth.

Forward-looking statements are based on a number of factors, including the expected effect of:

- the economy;
- laws and regulations;
- adverse litigation outcome and the adequacy of reserves;
- changes in accounting principles;
- projected benefit payments; and
- projected tax rates and credits.

Risks, Uncertainties and Assumptions

The major risks and uncertainties – and assumptions that are made – that affect our business and may cause actual results to differ from these forward-looking statements include, but are not limited to:

- the effect of general economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages and strength of the U.S. dollar;
- market demand for our products, which is related to the strength of the various U.S. business segments and U.S. and international economic conditions;
- levels of competition;
- the successful execution of our internal performance plans, including restructuring and cost reduction initiatives;
- global economic conditions;

- raw material prices;
- energy prices;

- 2 -

- the effect of weather;
- the risk of loss from earthquakes, volcanoes, fires, floods, droughts, windstorms, hurricanes, pest infestations and other natural disasters;
- transportation costs;
- federal and state tax policies;
- the effect of land use, environment and other governmental regulations;
- legal proceedings;
- risks relating to any unforeseen changes to or effects on liabilities, future capital expenditures, revenues, expenses, earnings, synergies, indebtedness, financial condition, losses and future prospects;
- the risk that disruptions from the transaction with WRECO will harm our business;
- our ability to achieve the benefits of the transaction with WRECO in the estimated amount and the anticipated timeframe, if at all;
- our ability to integrate WRECO successfully and to achieve the anticipated synergies therefrom;
- change in accounting principles;
- risks related to unauthorized access to our computer systems, theft of our customer's confidential information or other forms of cyber-attack; and
- other factors described in "Risk Factors."

Explanatory Note

On the Closing Date, TRI Pointe Homes consummated the previously announced Merger with WRECO. In the Merger, TRI Pointe issued 129,700,000 shares of TRI Pointe common stock to the former holders of WRECO common shares, together with cash in lieu of any fractional shares. On the Closing Date, WRECO became a wholly-owned subsidiary of TRI Pointe. Immediately following the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis was as follows: (i) the WRECO common shares held by former Weyerhaeuser shareholders were converted into the right to receive, in the aggregate, approximately 79.6% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger represented approximately 19.4% of the then outstanding TRI Pointe common stock, and (iii) the outstanding equity awards of WRECO and TRI Pointe employees represented the remaining 1.0% of the then outstanding TRI Pointe common stock. On the Closing Date, Weyerhaeuser paid TRI Pointe an adjustment amount of \$31.5 million in cash in accordance with the Transaction Agreement.

As used in this annual report on Form 10-K, unless the context otherwise requires:

- "Closing Date" refers to July 7, 2014;
- "Exchange Act" refers to the Securities Exchange Act of 1934, as amended;
- "GAAP" refers to U.S. generally accepted accounting principles.
- "legacy TRI Pointe" refers to the operations of TRI Pointe Homes, Inc. before the Closing Date;
- "Merger" refers to the merger of a wholly-owned subsidiary of TRI Pointe with and into WRECO, with WRECO surviving the merger and becoming a wholly-owned subsidiary of TRI Pointe.
- "SEC" refers to the United States Securities and Exchange Commission;
- "Transaction Agreement" refers to the agreement dated as of November 3, 2013 by and among Weyerhaeuser, TRI Pointe, WRECO, and a wholly-owned subsidiary of TRI Pointe;
- "TRI Pointe" refers to TRI Pointe Homes, Inc., a Delaware corporation;
- "We," "us," "our," or "the Company" refer to TRI Pointe and its consolidated subsidiaries; and
- "Weyerhaeuser" refers to Weyerhaeuser Company, the former parent of WRECO;
- "WRECO" refers to Weyerhaeuser Real Estate Company, which following the Closing Date was renamed "TRI Pointe Holdings, Inc."

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and related notes thereto contained elsewhere in this annual report on Form 10-K. The section entitled "Risk Factors" set forth in Part I, Item 1A of this annual report on Form 10-K discuss some of the important risk factors that may affect our business, results of operations and financial condition. You should carefully consider those risks, in addition to the information in this annual report on Form 10-K, before deciding to invest in, or maintain your investment in, our common stock.

part i

Item 1. Business

Our Company

TRI Pointe was founded in April 2009, towards the end of an unprecedented downturn in the national homebuilding industry, by our current management team (Messrs. Bauer, Mitchell and Grubbs) with over a century of collective industry experience. Since our formation, we have grown from a fee homebuilder in Southern California to a regionally focused national homebuilder with a portfolio of six quality homebuilding brands operating in 10 markets across eight states, including Maracay Homes in Arizona; Pardee Homes in California and Nevada; Quadrant Homes in Washington; Trendmaker Homes in Texas; TRI Pointe Homes in California and Colorado; and Winchester Homes in Maryland and Virginia.

Our growth strategy is to continue to capitalize on high demand in selected “core” markets with favorable population and employment growth as a result of proximity to job centers or primary transportation corridors. As of December 31, 2014, our operations consisted of 108 active selling communities and 29,718 lots owned or controlled.

Our company was founded by the members of our management team, who have worked together for over 20 years. They have firmly established our company’s core values of quality, integrity and excellence, which are the driving forces behind our innovative designs and strong customer commitment. Given our regional focus, our management team employs a disciplined, hands-on approach, leveraging strong local market relationships and established reputation to source acquisitions, achieve land entitlements (which provide basic development rights to the owner) and deliver quality homes on budget and on schedule.

Our construction expertise across an extensive product offering allows us flexibility to pursue a wide array of land acquisition opportunities and appeal to a broad range of potential homebuyers, including entry-level, first time move-up and move-up homes. As a result, we build across a variety of base sales price points, ranging from approximately \$167,000 to \$2.2 million, and home sizes, ranging from approximately 1,000 to 6,500 square feet. Cutting edge product development as well as exemplary customer service are key components of the lifestyle connection we seek to establish with each individual homebuyer. Additionally, we believe our diversified product strategy enables us to adapt quickly to changing market conditions and to optimize returns while strategically reducing portfolio risk.

Our Competitive Strengths

We believe the following strengths will provide us with a significant competitive advantage in implementing our business strategy:

Experienced and Proven Leadership

Douglas Bauer, our Chief Executive Officer, Thomas Mitchell, our President and Chief Operating Officer, and Michael Grubbs, our Chief Financial Officer, have worked together for over 20 years and have a successful track record of managing and growing a public homebuilding company. Their combined real estate industry experience includes land acquisition, financing, entitlement, development, construction, marketing and sales of single-family detached and attached homes in communities in a variety of markets. In addition, each homebuilding company is managed by presidents who have substantial industry knowledge and local market expertise. The average homebuilding experience of these presidents exceeds 20 years. We believe that our management team’s prior experience, extensive relationships and strong local reputation provide us with a competitive advantage in being able to secure projects, obtain entitlements, build quality homes and complete projects within budget and on schedule.

Focus on High Growth Core Markets

Our business is well-positioned to capitalize on the broader national housing market recovery. We are focused on the design, construction and sale of innovative single-family detached and attached homes in major metropolitan areas in California, Colorado, Houston, Phoenix and Tucson, Las Vegas, the Washington, D.C. metro area and the Puget Sound region of Washington State. These markets are generally characterized by high job growth and increasing populations, creating strong demand for new housing, and we believe they represent attractive homebuilding markets with opportunities for long-term growth. Moreover, our management team has deep local market knowledge of the homebuilding and development industries. We believe this experience and strong relationships with local market participants enable us to efficiently source, entitle and close on land.

Attractive Land Positions to Support Future Growth

We believe that we have strong land positions strategically located within our core markets. We select communities with convenient access to metropolitan areas that are generally characterized by diverse economic and employment bases and demographics that we believe will support long-term growth.

Strong Operational Discipline and Controls

Our management team possesses significant operating expertise, including previously running another large public homebuilder. The perspective gained from that experience has helped shape the strict discipline and hands-on approach with which our company is managed. Our strict operating discipline including financial accountability at the project management level is a key part of our strategy to maximize returns while minimizing risk.

Our Business Strategy

Our business strategy is focused on the design, construction and sale of premium single-family homes through our portfolio of six quality brands across eight states, including Maracay Homes in Arizona; Pardee Homes in California and Nevada; Quadrant Homes in Washington; Trendmaker Homes in Texas; TRI Pointe Homes in California and Colorado; and Winchester Homes in Maryland and Virginia. Our business strategy is driven by the following:

Acquire Attractive Land Positions While Reducing Risk

We believe that our reputation and extensive relationships with land sellers, master plan developers, financial institutions, brokers and other builders will enable us to continue to acquire well-positioned land parcels in our target markets and provide us access to a greater number of acquisition opportunities. We believe our expertise in land development and planning enables us to create desirable communities that meet or exceed our target customer's expectations, while operating at competitive costs.

Increase Market Position in Growth Markets

We believe that there are significant opportunities to profitably expand in our existing and target markets, and we continually review our selection of markets based on both aggregate demographic information and our own operating results. We use the results of these reviews to re-allocate our investments to those markets where we believe we can maximize our profitability and return on capital over the next several years. While our primary growth strategy has focused on increasing our market position in our existing markets, we may, on an opportunistic basis, explore expansion into other markets through organic growth or acquisition.

Provide Superior Design and Homeowner Experience and Service

We consider ourselves a "progressive" homebuilder driven by exemplary customer experience, cutting-edge product development and exceptional execution. Our core operating philosophy is to provide a positive, memorable experience to our homeowners through active engagement in the building process, tailoring our product to the buyer's lifestyle needs and enhancing communication, knowledge and satisfaction. We believe that the new generation of home buying families has different ideas about the kind of home buying experience it wants. As a result, our selling process focuses on the homes' features, benefits, quality and design in addition to the traditional metrics of price and square footage. In addition, we devote significant resources to the research and design of our homes to better meet the needs of our buyers. Through our "TRI-ê Green" and "Living Smart" platforms, we provide homes that we believe are earth-friendly, enhance homeowners' comfort, promote a healthier lifestyle and deliver tangible operating cost savings versus less efficient resale homes. Collectively, we believe these steps enhance the selling process, lead to a more

satisfied homeowner and increase the number of buyers referred to our communities.

- 6 -

Offer a Diverse Range of Products

We are a builder with a wide variety of product lines that enable us to meet the specific needs of each of our core markets, which we believe provides us with a balanced portfolio and an opportunity to increase market share. We have demonstrated expertise in effectively building homes across product offerings from entry-level through first-time and second-time “move-up” housing. We spend extensive time studying and designing our products through the use of architects, consultants and homeowner focus groups for all levels and price points in our target markets. We believe our diversified product strategy enables us to best serve a wide range of buyers, adapt quickly to changing market conditions and optimize performance and returns while strategically reducing portfolio risk. Within each of our core markets we determine the profile of buyers we hope to address and design neighborhoods and homes with the specific needs of those buyers in mind.

Focus on Efficient Cost Structure and Target Attractive Returns

We believe that our homebuilding platform and our focus on controlling costs position us well to generate attractive returns for our shareholders. Our experienced management team is vigilant in maintaining its focus on controlling costs. We competitively bid each phase of development while maintaining strong relationships with our trade partners by managing production schedules closely and paying our vendors on time.

We combine decentralized management in those aspects of our business where we believe detailed knowledge of local market conditions is critical (such as governmental processing, construction, land acquisition, land development and sales and marketing), with centralized management in those functions where we believe central control is required (such as approval of land acquisitions, financial, treasury, human resources and legal matters). We have also made significant investments in systems and infrastructure to operate our business efficiently and to support the planned future growth of our company as a result of executing our expansion strategy.

Utilize Prudent Leverage

Our ongoing financial strategy includes redeployment of cash flows from continuing operations and debt to provide us with the financial flexibility to access capital on the best terms available. In that regard, we expect to employ prudent levels of leverage to finance the acquisition and development of our lots and construction of our homes. As of December 31, 2014, we had \$274.7 million of outstanding notes payable and \$887.5 million of outstanding senior notes as well as \$170.6 million in cash and cash equivalents and \$153.2 million available under our unsecured revolving credit facility.

Owned and Controlled Lots

As of December 31, 2014, we owned or controlled, pursuant to land option contracts or purchase contracts, an aggregate of 29,718 lots. Excluded from owned and controlled lots are those related to note 8 of the notes to our consolidated financial statements included elsewhere in this annual report on Form 10-K. The following table presents certain information with respect to our owned and controlled lots as of December 31, 2014⁽¹⁾.

| | Lots Owned | Lots Controlled | Lots Owned and Controlled |
|---------|---------------|--------------------|------------------------------------|
| Maracay | 1,280 | 705 | 1,985 |

Edgar Filing: TRI Pointe Homes, Inc. - Form 10-K

| | | | |
|------------|--------|-------|--------|
| Pardee | 17,354 | 285 | 17,639 |
| Quadrant | 973 | 571 | 1,544 |
| Trendmaker | 805 | 1,268 | 2,073 |
| TRI Pointe | 2,868 | 858 | 3,726 |
| Winchester | 2,255 | 496 | 2,751 |
| Total | 25,535 | 4,183 | 29,718 |

(1) Includes lots that are under land option contracts or purchase contracts.

Description of Projects and Communities under Development

The following table presents project information relating to each of our markets as of December 31, 2014 and includes information on current projects under development where we are building and selling homes.

Maracay

| County, Project, City | Year of First Delivery ⁽¹⁾ | Total Number of Lots ⁽²⁾ | Cumulative | | Backlog as of December 31, 2014 ⁽⁴⁾⁽⁵⁾ | Homes Delivered for the Twelve Months Ended December 31, 2014 | Sales Price Range (in thousands) ⁽⁶⁾ |
|-------------------------------------|---------------------------------------|-------------------------------------|---|---|---|---|---|
| | | | Homes Delivered as of December 31, 2014 | Lots Owned as of December 31, 2014 ⁽³⁾ | | | |
| Phoenix, Arizona | | | | | | | |
| Town of Buckeye: | | | | | | | |
| Verrado Tilden | 2012 | 102 | 73 | 29 | 8 | 9 | \$239 - 304 |
| Verrado Palisades | 2015 | 63 | - | 63 | 6 | - | \$305 - 378 |
| Verrado Victory | 2015 | 98 | - | 98 | - | - | \$368 - 371 |
| City of Chandler: | | | | | | | |
| Artesian Ranch | 2013 | 90 | 30 | 60 | 6 | 22 | \$348 - 404 |
| Vaquero Ranch | 2013 | 63 | 38 | 25 | 1 | 27 | \$309 - 389 |
| Maracay at Layton Lakes | 2015 | 47 | - | 47 | - | - | \$459 - 499 |
| Town of Gilbert: | | | | | | | |
| Arch Crossing at Bridges of Gilbert | 2014 | 86 | 21 | 65 | 6 | 21 | \$271 - 336 |
| Trestle Place at Bridges of Gilbert | 2014 | 28 | 28 | - | 12 | 28 | \$328 - 408 |
| Warner Groves B - 5500's | 2016 | 66 | - | 66 | - | - | \$355 - 424 |
| City of Goodyear: | | | | | | | |
| Calderra at Palm Valley | 2013 | 63 | 56 | 7 | 4 | 25 | \$269 - 346 |
| Los Vientos at Palm Valley | 2013 | 57 | 52 | 5 | 4 | 26 | \$331 - 355 |
| City of Mesa: | | | | | | | |
| Kinetic Point at Eastmark | 2013 | 80 | 29 | 51 | 11 | 21 | \$259 - 339 |
| Lumiere Garden at Eastmark | 2013 | 85 | 35 | 50 | 5 | 31 | \$313 - 382 |
| Town of Peoria: | | | | | | | |
| The Reserve at Plaza del Rio | 2013 | 162 | 50 | 112 | 7 | 34 | \$203 - 249 |
| Maracay at Northlands | 2014 | 24 | 8 | 16 | 8 | 8 | \$312 - 393 |
| Town of Queen Creek: | | | | | | | |
| Montelena | 2012 | 59 | 52 | 7 | 3 | 20 | \$375 - 447 |
| The Preserve at Hastings Farms | 2014 | 89 | 15 | 74 | 4 | 15 | \$275 - 343 |
| Villagio | 2013 | 135 | 60 | 75 | 7 | 30 | \$274 - 332 |
| Other: | | | | | | | |
| Closed Communities | | 268 | 268 | - | - | 35 | |
| Phoenix, Arizona Total | | 1,665 | 815 | 850 | 92 | 352 | |
| Tucson, Arizona | | | | | | | |
| Marana: | | | | | | | |
| Tortolita Vistas | 2014 | 25 | 9 | 16 | 5 | 9 | \$449 - 506 |
| Oro Valley: | | | | | | | |

Edgar Filing: TRI Pointe Homes, Inc. - Form 10-K

| | | | | | | | |
|------------------------|------|-------|-----|-------|-----|-----|-------------|
| Rancho Vistoso | 2016 | 342 | - | 342 | - | - | \$231 - 456 |
| Tucson: | | | | | | | |
| Deseo at Sabino Canyon | 2014 | 39 | 22 | 17 | 3 | 22 | \$419 - 505 |
| Rancho del Cobre | 2014 | 68 | 13 | 55 | 5 | 13 | \$389 - 460 |
| Tucson, Arizona Total | | 474 | 44 | 430 | 13 | 44 | |
| Maracay Total | | 2,139 | 859 | 1,280 | 105 | 396 | |

Pardee

| County, Project | Year of First Delivery ⁽¹⁾ | Total Number of Lots ⁽²⁾ | Cumulative | | Backlog as of December 31, ⁽⁴⁾⁽⁵⁾ | Homes Delivered for the Twelve Months Ended December 31, ⁽³⁾ | Sales Price Range (in thousands) ⁽⁶⁾ |
|--|---------------------------------------|-------------------------------------|---|---|--|---|---|
| | | | Homes Delivered as of December 31, 2014 | Lots Owned as of December 31, 2014 ⁽³⁾ | | | |
| California | | | | | | | |
| San Diego County: | | | | | | | |
| Alta Del Mar Homes | 2013 | 117 | 38 | 79 | 20 | 29 | \$1,756 - \$2,200 |
| Sorrento Heights | 2012 | 113 | 113 | - | - | 43 | - |
| Sorrento Ridge | 2014 | 58 | 58 | - | - | 58 | - |
| Sorrento Terrace | 2012 | 71 | 71 | - | - | 10 | - |
| Sorrento Heights Prestige Collection | 2014 | 20 | 18 | 2 | - | 18 | \$855 - \$908 |
| Watermark | 2013 | 160 | 63 | 97 | 28 | 47 | \$1,125 - \$1,285 |
| Canterra | 2015 | 89 | - | 89 | - | - | \$720 - \$740 |
| Casabella | 2015 | 122 | - | 122 | - | - | \$825 - \$855 |
| Verana | 2015 | 78 | - | 78 | - | - | \$975 - \$1,040 |
| Pacific Highlands Ranch Future | TBD | 1,059 | - | 1,059 | - | - | TBD |
| Olive Hill Estate | 2015 | 37 | - | 37 | - | - | \$638 - \$750 |
| Castlerock | TBD | 430 | - | 430 | - | - | \$473 - \$708 |
| Meadowood | TBD | 844 | - | 844 | - | - | \$290 - \$590 |
| Sea View Terrace | 2014 | 40 | 1 | 39 | 14 | 1 | \$308 - \$340 |
| Parkview Condos | 2016 | 73 | - | 73 | - | - | \$345 - \$370 |
| Ocean View Hills Future | TBD | 1,020 | - | 1,020 | - | - | TBD |
| South Otay Mesa | TBD | 893 | - | 893 | - | - | \$185 - \$530 |
| Alta Del Mar Custom Lots (Residential Lot Sales) | 2013 | 29 | 23 | 6 | - | - | \$895 - \$1,950 |
| Los Angeles County: | | | | | | | |
| LivingSmart @ Fair Oaks Ranch | 2011 | 124 | 123 | 1 | - | 28 | \$483 - \$509 |
| Crestview | 2012 | 54 | 54 | - | - | 2 | - |
| Oak Crest | 2009 | 77 | 77 | - | - | 1 | - |
| Golden Valley | TBD | 498 | - | 498 | - | - | \$499 - \$807 |
| Skyline Ranch | TBD | 1,260 | - | 1,260 | - | - | \$510 - \$640 |
| Ventura County: | | | | | | | |
| LivingSmart @ Moorpark Highlands, Moorpark | 2013 | 133 | 84 | 49 | 17 | 74 | \$582 - \$611 |

Edgar Filing: TRI Pointe Homes, Inc. - Form 10-K

| | | | | | | | |
|--------------------------------|------|--------|-------|--------|-----|-------|---------------|
| Riverside County: | | | | | | | |
| Hillside | 2012 | 182 | 180 | 2 | 2 | 44 | \$284 - \$301 |
| Meadow Ridge | 2013 | 142 | 56 | 86 | 19 | 31 | \$340 - \$440 |
| Parkside | 2012 | 151 | 151 | - | - | 32 | - |
| LivingSmart Canyon Hills | 2010 | 231 | 231 | - | - | 2 | - |
| Amberleaf | 2014 | 131 | 21 | 110 | 8 | 21 | \$294 - \$338 |
| Meadow Glen | 2014 | 140 | 42 | 98 | 12 | 42 | \$321 - \$380 |
| Canyon Hills Future | TBD | 666 | - | 666 | - | - | TBD |
| Christensen | 2016 | 74 | - | 74 | - | - | \$338 - \$437 |
| LivingSmart Tournament Hills | 2010 | 235 | 233 | 2 | 2 | 53 | \$261 - \$334 |
| Lakeside | 2012 | 167 | 148 | 19 | 10 | 53 | \$235 - \$278 |
| Tournament Hills Future | TBD | 268 | - | 268 | - | - | TBD |
| LivingSmart Sundance | 2013 | 141 | 110 | 31 | 9 | 45 | \$275 - \$327 |
| LivingSmart Estrella | 2013 | 127 | 121 | 6 | 4 | 107 | \$214 - \$237 |
| Woodmont | 2014 | 74 | 11 | 63 | 14 | 11 | \$307 - \$371 |
| Cielo | 2015 | 92 | - | 92 | - | - | \$215 - \$235 |
| Northstar | 2015 | 80 | - | 80 | - | - | \$270 - \$310 |
| Skycrest | 2015 | 91 | - | 91 | - | - | \$311 - \$350 |
| Sundance Future | TBD | 1,701 | - | 1,701 | - | - | TBD |
| Banning | TBD | 4,318 | - | 4,318 | - | - | \$167 - \$250 |
| Sacramento County: | | | | | | | |
| Natomas | TBD | 120 | - | 120 | - | - | TBD |
| San Joaquin County: | | | | | | | |
| Bear Creek | TBD | 1,252 | - | 1,252 | - | - | TBD |
| California Total | | 17,782 | 2,027 | 15,755 | 159 | 752 | |
| Nevada | | | | | | | |
| Clark County: | | | | | | | |
| LivingSmart @ Eldorado Ridge | 2012 | 162 | 123 | 39 | 4 | 42 | \$255- \$306 |
| LivingSmart @ Eldorado Heights | 2013 | 115 | 86 | 29 | 9 | 47 | \$302 - \$392 |
| LivingSmart Sandstone | 2013 | 145 | 43 | 102 | 4 | 31 | \$222 - \$255 |
| Ridgeview | 2015 | 4 | - | 4 | - | - | \$227 - \$283 |
| Future | TBD | 480 | - | 480 | - | - | TBD |
| Horizon Terrace | 2014 | 136 | 28 | 108 | 7 | 28 | \$395- \$450 |
| Solano | 2014 | 132 | 5 | 127 | 8 | 5 | \$289 - \$312 |
| Alterra | 2015 | 106 | - | 106 | 10 | - | \$455 - \$500 |
| POD 2-2 Future | 2015 | 75 | - | 75 | - | - | TBD |
| POD 5-1 Future | TBD | 215 | - | 215 | - | - | TBD |
| Durango Ranch | 2012 | 193 | 109 | 84 | 12 | 27 | \$460 - \$536 |
| Durango Trail | 2014 | 77 | 41 | 36 | 2 | 41 | \$373 - \$399 |
| LivingSmart @ Providence | 2012 | 106 | 105 | 1 | 1 | 27 | \$260 - \$323 |
| Encanto | 2015 | 85 | - | 85 | - | - | \$394 - \$456 |
| Summerglen | 2014 | 140 | 32 | 108 | 2 | 32 | \$295 - \$305 |
| Nevada Total | | 2,171 | 572 | 1,599 | 59 | 280 | |
| Pardee Total | | 19,953 | 2,599 | 17,354 | 218 | 1,032 | |

Quadrant

| County, Project, City | Year of First Delivery ⁽¹⁾ | Total Number of Lots ⁽²⁾ | Cumulative | | Backlog as of December 31, 2014 ⁽⁴⁾⁽⁵⁾ | Homes Delivered for the Twelve Months Ended December 31, 2014 | Sales Price Range (in thousands) ⁽⁶⁾ |
|------------------------------------|---------------------------------------|-------------------------------------|---|---|---|---|---|
| | | | Homes Delivered as of December 31, 2014 | Lots Owned as of December 31, 2014 ⁽³⁾ | | | |
| Washington | | | | | | | |
| Skagit County: | | | | | | | |
| Skagit Highlands, Mt Vernon | 2005 | 423 | 360 | 63 | 7 | 32 | \$220 - \$318 |
| Skagit Pod D, Mt Vernon | TBD | 11 | - | 11 | - | - | TBD |
| Skagit Surplus - Pod E, Mt Vernon | TBD | 4 | - | 4 | - | - | TBD |
| Snohomish County: | | | | | | | |
| Sonterra, Lake Stevens | 2013 | 44 | 42 | 2 | - | 31 | \$357 - \$362 |
| Kings Corner 1&2, Mill Creek | 2014 | 116 | 44 | 72 | 10 | 39 | \$430 - \$544 |
| Filbert Glen, Bothell | 2015 | 16 | - | 16 | - | - | \$475 - \$560 |
| King's Corner 3, Mill Creek | 2016 | 29 | - | 29 | - | - | \$306 - \$370 |
| King County: | | | | | | | |
| Evoke at the Willows, Kirkland | 2015 | 7 | - | 7 | 7 | - | \$860 - \$925 |
| Evoke at Pine Lake, Sammamish | 2013 | 13 | 11 | 2 | 2 | 10 | \$781 - \$862 |
| Evoke at 132nd, Kirkland | 2014 | 7 | 7 | - | - | 7 | |
| Beclan Place, Renton | 2013 | 30 | 27 | 3 | - | 23 | \$593-\$600 |
| Wynstone East, Federal Way | 2013 | 57 | 49 | 8 | 6 | 27 | \$400 - \$420 |
| Woodland, Woodinville | 2014 | 23 | 9 | 14 | 13 | 9 | \$556 - \$661 |
| Garrison Glen, Kent | 2014 | 30 | 5 | 25 | 3 | 5 | \$350 - \$450 |
| Sonata Hill, Auburn | 2014 | 71 | 7 | 64 | 7 | 7 | \$320 - \$415 |
| Ibrahim, Issaquah | 2015 | 2 | - | 2 | - | - | \$1,209 - \$1,239 |
| The Gardens at Eastlake, Sammamish | 2015 | 8 | - | 8 | - | - | \$810 - \$900 |
| Heather Ridge, Kirkland | 2015 | 41 | - | 41 | - | - | |

Edgar Filing: TRI Pointe Homes, Inc. - Form 10-K

| | | | | | | | |
|-----------------------------------|------|-----|----|----|----|----|------------------|
| | | | | | | | \$450 - \$750 |
| Hedgewood, Redmond | 2015 | 11 | - | 11 | - | - | \$650 - \$757 |
| Grasslawn Estates, Redmond | 2015 | 4 | - | 4 | - | - | \$930 - \$985 |
| Vintner's Place, Kirkland | 2015 | 35 | - | 35 | - | - | \$600- \$680 |
| English Landing, Redmond | 2015 | 16 | - | 16 | - | - | \$730 - \$810 |
| Trailside, Redmond | 2016 | 9 | - | 9 | - | - | \$686 - \$735 |
| Copperwood, Renton | 2016 | 46 | - | 4 | - | - | \$520 - \$626 |
| Parkwood Terrace, Woodinville | 2016 | 15 | - | 6 | - | - | \$629 - \$694 |
| Cedar Landing, North Bend | 2017 | 111 | - | 13 | - | - | \$500 - \$650 |
| 35th Avenue Townhomes, Seattle | TBD | 17 | - | 17 | - | - | TBD |
| 42nd Avenue Townhomes, Seattle | TBD | 40 | - | 40 | - | - | TBD |
| Pearl & Delores, Seattle | TBD | 12 | - | 12 | - | - | TBD |
| MLK Townhomes, Seattle | TBD | 16 | - | 16 | - | - | TBD |
| Wynstone, Federal Way | TBD | 4 | - | 4 | - | - | TBD |
| Pierce County: | | | | | | | |
| Highlands Ridge, Puyallup | 2012 | 46 | 45 | 1 | 1 | 15 | \$ 275 \$346- |
| Harbor Hill, Gig Harbor | 2014 | 40 | 11 | 29 | 10 | 11 | \$433 \$480 - |
| Chambers Ridge, Tacoma | 2014 | 24 | 1 | 23 | 9 | 1 | \$525 \$266 - |
| Tehaleh, Bonney Lake | 2013 | 85 | 55 | 30 | 13 | 28 | \$369 |

Edgar Filing: TRI Pointe Homes, Inc. - Form 10-K

Thurston County:

| | | | | | | | |
|----------------------------|------|-------|-----|-----|-----|-----|-------|
| | | | | | | | \$276 |
| | | | | | | | - |
| Campus Willows, Lacey | 2012 | 50 | 49 | 1 | 1 | 15 | \$295 |
| | | | | | | | \$405 |
| | | | | | | | - |
| Campus Fairways, Lacey | 2015 | 79 | - | 39 | 2 | - | \$465 |
| Kitsap County: | | | | | | | |
| | | | | | | | \$265 |
| | | | | | | | - |
| McCormick Meadows, Poulsbo | 2012 | 167 | 75 | 92 | 9 | 26 | \$342 |
| | | | | | | | \$314 |
| | | | | | | | - |
| Vinlande Pointe, Poulsbo | 2013 | 90 | 35 | 55 | 13 | 18 | \$355 |
| | | | | | | | \$310 |
| | | | | | | | - |
| Mountain Aire, Poulsbo | 2016 | 145 | - | 145 | - | - | \$373 |
| Closed Communities | N/A | | | - | - | 16 | - |
| Washington Total | | 1,994 | 832 | 973 | 113 | 320 | |
| Quadrant Total | | 1,994 | 832 | 973 | 113 | 320 | |

Trendmaker

| County, Project, City | Year of First Delivery ⁽¹⁾ | Total Number of Lots ⁽²⁾ | Cumulative | | Backlog as of December 31, ⁽⁴⁾⁽⁵⁾ | Homes Delivered for the Twelve Months Ended | Sales Price Range (in thousands) ⁽⁶⁾ |
|---------------------------------|---------------------------------------|-------------------------------------|---|---|--|---|---|
| | | | Homes Delivered as of December 31, 2014 | Lots Owned as of December 31, 2014 ⁽³⁾ | | December 31, 2014 | |
| Texas | | | | | | | |
| Brazoria County: | | | | | | | |
| Sedona Lakes, Manvel | 2014 | 21 | 2 | 19 | 4 | 2 | \$454 - \$496 |
| Southern Trails, Pearland | 2014 | 26 | 9 | 17 | 11 | 9 | \$490 - \$600 |
| Fort Bend County: | | | | | | | |
| Cross Creek Ranch 60', Fulshear | 2013 | 52 | 30 | 22 | 5 | 30 | \$374 - \$442 |
| Cross Creek Ranch 65', Fulshear | 2013 | 44 | 18 | 26 | 3 | 18 | \$422 - \$478 |
| Cross Creek Ranch 70', Fulshear | | | | | | | |