UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013

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 or Organization)	**(I.R.S. Employer Identification No.)**

19520 Jamboree Road, Suite 200

Irvine, California 92612

(Address of principal executive offices) (Zip Code)

Registrant s telephone number, including area code (949) 478-8600

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 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 x No ¨

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	¨	Accelerated filer	¨
Non-accelerated filer	x **(Do not check if a smaller reporting company)**	Smaller reporting company	¨

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

Registrant s shares of common stock outstanding at August 7, 2013: 31,597,907

TRI POINTE HOMES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TRI POINTE HOMES, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

	June 30, 2013 (unaudited)	December 31, 2012
Assets		
Cash and cash equivalents	$ 37,537	$ 19,824
Marketable securities	39,837	
Real estate inventories	301,831	194,083
Contracts and accounts receivable	1,448	548
Other assets	2,306	3,061
Total Assets	$ 382,959	$ 217,516
Liabilities and Equity		
Accounts payable and accrued liabilities	$ 12,834	$ 10,995
Notes payable	62,557	57,368
Total Liabilities	75,391	68,363
Commitments and contingencies (Note 7)		
Equity:		
Members equity		149,153
Stockholders equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, no shares outstanding as of June 30, 2013		
Common stock, $0.01 par value, 500,000,000 shares authorized, 31,597,907 shares issued and outstanding as of June 30, 2013	316	
Additional paid-in capital	309,351	
Accumulated deficit	(1,917)	
Accumulated other comprehensive loss	(182)	
Total Stockholders equity	307,568	
Total Equity	307,568	149,153
Total Liabilities and Equity	$ 382,959	$ 217,516

See accompanying notes to the unaudited condensed consolidated financial statements.

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TRI POINTE HOMES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(dollars in thousands, except per share amounts)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Revenues:				
Home sales	$ 47,457	$ 7,736	$ 71,314	$ 12,324
Fee building	3,630	72	7,661	137
Total revenues	51,087	7,808	78,975	12,461
Expenses:				
Cost of home sales	38,318	6,807	57,767	10,879
Fee building	3,395	46	7,020	111
Sales and marketing	1,791	797	3,121	1,290
General and administrative	4,108	1,473	7,421	2,651
Total expenses	47,612	9,123	75,329	14,931
Income (loss) from operations	3,475	(1,315)	3,646	(2,470)
Other income (expense), net	89	(2)	261	10
Income (loss) before income taxes	3,564	(1,317)	3,907	(2,460)
Provision for income taxes	(1,489)		(1,562)	
Net income (loss)	$ 2,075	$ (1,317)	$ 2,345	$ (2,460)
Net income (loss) per share (Note 2)				
Basic	$ 0.07	$ (0.09)	$ 0.08	$ (0.18)
Diluted	$ 0.07	$ (0.09)	$ 0.08	$ (0.18)
Weighted average number of shares (Note 2)				
Basic	31,597,907	14,572,743	29,940,448	13,668,616
Diluted	31,614,646	14,572,743	29,953,625	13,668,616

See accompanying notes to the unaudited condensed consolidated financial statements.

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TRI POINTE HOMES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Net income (loss)	$ 2,075	$ (1,317)	$ 2,345	$ (2,460)
Other comprehensive income (loss):				
Unrealized loss on marketable securities available for sale:				
Unrealized holding loss arising during the period	(264)		(163)	
Reclassification adjustment included in net income	21		(19)	
Unrealized loss on marketable securities, net	(243)		(182)	
Comprehensive income (loss)	$ 1,832	$ (1,317)	$ 2,163	$ (2,460)

See accompanying notes to the unaudited condensed consolidated financial statements.

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TRI POINTE HOMES, INC.

CONSOLIDATED STATEMENT OF EQUITY

(unaudited)

(in thousands, except share amounts)

	Stockholders Equity							
	Number of Common Shares	**Common Stock**	**Additional Paid-in Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income**	**Total Stockholders Equity**	**Members Equity**	**Total Equity**
Balance at December 31, 2012		$	$	$	$	$	$ 149,153	$ 149,153
Net income				2,345		2,345		2,345
Unrealized loss on available-for-sale marketable securities					(182)	(182)		(182)
Total comprehensive income						2,163		2,163
Conversion of members equity into common stock	21,597,907	216	153,199	(4,262)		149,153	(149,153)	
Issuance of common stock, net of issuance costs	10,000,000	100	155,308			155,408		155,408
Stock-based compensation expense			844			844		844
Balance at June 30, 2013	31,597,907	$ 316	$ 309,351	$ (1,917)	$ (182)	$ 307,568	$	$ 307,568

See accompanying notes to the unaudited condensed consolidated financial statements.

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TRI POINTE HOMES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Cash flows from operating activities		
Net income (loss)	$ 2,345	$ (2,460)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	224	139
Amortization of stock-based compensation	844	232
Gain on sales of marketable securities	(19)	
Changes in operating assets and liabilities:		
Real estate inventories	(107,748)	(45,494)
Contracts and accounts receivable	(900)	(425)
Other assets	821	(4)
Accounts payable and accrued liabilities	1,839	(1,300)
Net cash used in operating activities	(102,594)	(49,312)
Cash flows from investing activities		
Purchases of furniture and equipment	(290)	(61)
Purchases of marketable securities	(125,000)	
Sales of marketable securities	85,000	
Net cash used in investing activities	(40,290)	(61)
Cash flows from financing activities		
Net proceeds from issuance of common stock	155,408	
Cash contributions from member		14,000
Financial advisory fee paid on capital raised		(490)
Borrowings from notes payable	53,850	45,002
Repayments of notes payable	(48,661)	(11,283)
Net cash provided by financing activities	160,597	47,229
Net increase (decrease) in cash and cash equivalents	17,713	(2,144)
Cash and cash equivalents beginning of period	19,824	10,164
Cash and cash equivalents end of period	$ 37,537	$ 8,020
Supplemental disclosure of cash flow information		
Interest paid, net of amounts capitalized	$	$

See accompanying notes to the unaudited condensed consolidated financial statements.

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TRI POINTE HOMES, INC

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Organization and Basis of Presentation

Organization

TRI Pointe Homes, Inc. is engaged in the design, construction and sale of innovative single-family homes in planned communities in major metropolitan areas located throughout Southern and Northern California and Colorado.

Initial Public Offering

In January 2013, the Company completed its initial public offering (IPO) in which it issued and sold 10,000,000 shares of common stock at the public offering price of $17.00 per share. The company received proceeds of $155.4 million in net proceeds after deducting underwriting discounts and commissions of $11.9 million and other net offering expenses of $2.7 million. The offering also included 5,742,350 shares of our common stock sold by a selling stockholder for $90.8 million, in net proceeds after deducting underwriting discounts and commissions of $6.8 million. In preparation of the IPO, the Company reorganized from a Delaware limited liability company into a Delaware corporation and was renamed TRI Pointe Homes, Inc. Upon the close of the IPO and as of June 30, 2013, the Company had 31,597,907 common shares outstanding.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts have been eliminated upon consolidation. Subsequent events have been evaluated through the date the financial statements were issued.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012. The accompanying unaudited condensed financial statements include all adjustments (consisting of normal recurring entries) necessary for the fair presentation of our results for the interim period presented. Results for the interim period are not necessarily indicative of the results to be expected for the full year.

Unless the context otherwise requires, the terms we , us , our and the Company refer to TRI Pointe Homes, Inc. (and its consolidated subsidiaries).

Use of Estimates

The preparation of the Company s consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies. Accordingly, actual results could differ materially from these estimates.

Recently Issued Accounting Standards

On February 5, 2013, the FASB issued Accounting Standards Update 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (ASU 2013-02), which adds additional disclosure requirements for items reclassified out of accumulated other comprehensive income (loss). We adopted ASU 2013-02 during the six months ended June 30, 2013.

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2. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share for the three and six months ended June 30, 2013 and 2012 give effect to the conversion of the Company s members equity into common stock on January 30, 2013 as though the conversion had occurred as of the beginning of the reporting period or the original date of issuance, if later. The number of shares converted was based on the actual initial public offering price of $17.00 per share.

The following table sets forth the components used in the computation of basic and diluted earnings (loss) per share (dollars in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Numerator:				
Net income (loss)	$ 2,075	$ (1,317)	$ 2,345	$ (2,460)
Denominator:				
Basic weighted-average shares outstanding	31,597,907	14,572,743	29,940,448	13,668,616
Effect of dilutive shares:				
Unvested restricted stock units[(1)]	16,739		13,177	
Diluted weighted-average shares outstanding	31,614,646	14,572,743	29,953,625	13,668,616
Basic income (loss) per share	$ 0.07	$ (0.09)	$ 0.08	$ (0.18)
Diluted income (loss) per share[(1)]	$ 0.07	$ (0.09)	$ 0.08	$ (0.18)

(1) For periods with a net loss, no stock options or unvested restricted stock units are included in the dilution calculation as all options and unvested restricted stock units outstanding are considered antidilutive. For the three and six months ended June 30, 2013, no stock options were included in the diluted income per share calculation as the effect of their inclusion would be antidilutive. There were no outstanding options or non-vested shares in 2012.

3. Real Estate Inventories and Capitalized Interest

Real estate inventories consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Inventories owned:		
Deposits and pre-acquisition costs	$ 14,931	$ 12,285
Land held and land under development	199,031	129,621
Homes completed or under construction	77,863	40,955
Model homes	10,006	11,222
	$ 301,831	$ 194,083

Model homes, homes completed, and homes under construction include all costs associated with home construction, including land, development, indirects, permits, and vertical construction. Land under development includes costs incurred during site development such as land, development, indirects, and permits. Land is classified as held for future development if no significant development has occurred.

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Interest incurred, capitalized and expensed were as follows (in thousands):

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Interest incurred	$ 579	$ 475	$ 1,313	$ 647
Interest expensed				
Capitalized interest in beginning inventory	$ 1,842	$ 274	$ 1,364	$ 159
Interest capitalized as a cost of inventory	579	475	1,313	647
Interest previously capitalized as a cost of inventory, included in cost of sales	(502)	(69)	(758)	(126)
Capitalized interest in ending inventory	$ 1,919	$ 680	$ 1,919	$ 680

Interest is capitalized to real estate inventory during development and other qualifying activities. Interest that is capitalized to real estate inventory is included in cost of sales as related units are closed.

4. Warranty Reserves

Warranty reserves consisted of the following (in thousands):

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Warranty reserves, beginning of period	$ 1,575	$ 965	$ 1,593	$ 985
Warranty reserves accrued	621	75	728	122
Warranty expenditures	(257)	(49)	(382)	(116)
Warranty reserves, end of period	$ 1,939	$ 991	$ 1,939	$ 991

Estimated future direct warranty costs are accrued and charged to cost of sales in the period when the related homebuilding revenues are recognized. Amounts accrued are based upon historical experience rates. Indirect warranty overhead salaries and related costs are charged to the reserve in the period incurred. We assess the adequacy of our warranty accrual on a quarterly basis and adjust the amounts recorded if necessary. Our warranty accrual is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets.

5. Notes Payable

Notes payable consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Revolving credit facility	$	$ 6,855
Acquisition and development loans	37,181	37,996
Construction loans	25,376	12,517

	$ 62,557	$ 57,368

As of June 30, 2013, the Company had a secured revolving credit facility which has a maximum loan commitment of $30.0 million, an initial maturity date of April 19, 2014 and a final maturity date of April 19, 2015. The Company may borrow under its facility in the ordinary course of business to fund its operations, including its land development and home building activities. The amount the Company may borrow is subject to applicable borrowing base provisions and concentration limitations, which may also limit the amount available or outstanding under the facility. The facility is secured by deeds of trust on the real property and improvements thereon, and the borrowings are repaid with the net sales proceeds from the sales of homes, subject to a minimum release price. Interest rates charged under the facility include applicable LIBOR and prime rate pricing options, subject to a minimum interest rate floor. During the three months ended June 30, 2013, the interest rate floor was lowered from 5.0% to 3.75%. As of June 30, 2013, there was no outstanding principal balance and the Company had $28.1 million of availability under the facility after considering the borrowing base provisions and outstanding letters of credit.

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The Company enters into secured acquisition and development loan agreements to purchase and develop land parcels. In addition, the Company enters into secured construction loan agreements for the construction of its model and production homes. The acquisition and development loans will be repaid as lots are released from the loans based upon a specific release price, as defined in each respective loan agreement. The construction loans will be repaid with proceeds from home closings based upon a specific release price, as defined in each respective loan agreement.

As of June 30, 2013, the Company had $56.9 million of aggregate acquisition and development loan commitments and $46.9 million of aggregate construction loan commitments, of which $37.2 million and $25.4 million was outstanding, respectively. The loans have maturity dates ranging from August 2013 to January 2016, including the six month extensions which are at our election (subject to certain conditions). The interest rate on certain loans were lowered during the three months ended June 30, 2013 and now bear interest at a rate based on applicable LIBOR or Prime Rate pricing options plus an applicable margin, with certain loans containing a minimum interest rate floor of 4.0%. As of June 30, 2013, the weighted average interest rate was 3.1% per annum.

As of December 31, 2012, the Company s secured revolving credit facility with a maximum loan commitment of $30.0 million, of which $6.9 million was outstanding, had $21.4 million of availability and an interest rate of 5.5% per annum. In addition, the Company had $68.1 million of aggregate acquisition and development loan commitments and $25.4 million of aggregate construction loan commitments, of which $38.0 million and $12.5 million were outstanding, respectively. The loans had maturity dates ranging from August 2013 to February 2015, including the six month extensions which are at our election (subject to certain conditions) and bear interest at a rate based on applicable LIBOR or Prime Rate pricing options, with interest rate floors ranging from 4.0% to 6.0%. As of December 31, 2012, the weighted average interest rate was 5.2% per annum.

During the three months ended June 30, 2013 and 2012, the Company incurred interest of $579,000 and $475,000, respectively, related to its notes payable. During the six months ended June 30, 2013 and 2012, the Company incurred interest of $1.3 million and $647,000, respectively, related to its notes payable. All interest incurred during the three and six months ended June 30, 2013 and 2012 was capitalized to real estate inventories.

Under the revolving credit facility and construction notes payable, the Company is required to comply with certain financial covenants, including but not limited to (i) a minimum tangible net worth; (ii) a maximum total liabilities to tangible net worth ratio; and (iii) a minimum liquidity amount. The Company was in compliance with all financial covenants as of June 30, 2013 and December 31, 2012.

6. Fair Value Disclosures

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date and requires assets and liabilities carried at fair value to be classified and disclosed in the following three categories:

Level 1 Quoted prices for identical instruments in active markets

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are inactive; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets at measurement date

Level 3 Valuations derived from techniques where one or more significant inputs or significant value drivers are unobservable in active markets at measurement date

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The following table presents book values and estimated fair values of financial instruments (in thousands):

		June 30, 2013		December 31, 2012	
	Hierarchy	**Cost**	**Fair Value**	**Cost**	**Fair Value**
Marketable Securities[1]	Level 1	$ 40,019	$ 39,837	$	$
Notes payable					
Revolving credit facility[2]	Level 3	$	$	$ 6,855	$ 6,855
Acquisition and development loans[2]	Level 3	37,181	37,181	37,996	37,996
Construction loans[2]	Level 3	25,376	25,376	12,517	12,517