

TRI POINTE HOMES, INC.

FORM 10-Q (Quarterly Report)

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Industry Construction Services
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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
(State or other Jurisdiction of
Incorporation or Organization)

27-3201111
(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 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 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 (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

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

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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	<u>\$382,959</u>	<u>\$ 217,516</u>
Liabilities and Equity		
Accounts payable and accrued liabilities	\$ 12,834	\$ 10,995
Notes payable	62,557	57,368
Total Liabilities	<u>75,391</u>	<u>68,363</u>
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	<u>307,568</u>	<u>—</u>
Total Equity	<u>307,568</u>	<u>149,153</u>
Total Liabilities and Equity	<u>\$382,959</u>	<u>\$ 217,516</u>

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,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues:				
Home sales	\$ 47,457	\$ 7,736	\$ 71,314	\$ 12,324
Fee building	3,630	72	7,661	137
Total revenues	<u>51,087</u>	<u>7,808</u>	<u>78,975</u>	<u>12,461</u>
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	<u>47,612</u>	<u>9,123</u>	<u>75,329</u>	<u>14,931</u>
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)	<u>\$ 2,075</u>	<u>\$ (1,317)</u>	<u>\$ 2,345</u>	<u>\$ (2,460)</u>
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	<u>(243)</u>	<u>—</u>	<u>(182)</u>	<u>—</u>
Comprehensive income (loss)	<u><u>\$ 1,832</u></u>	<u><u>\$(1,317)</u></u>	<u><u>\$ 2,163</u></u>	<u><u>\$(2,460)</u></u>

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						Members' Equity	Total Equity
	Number of Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Total Stockholders' 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	—
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	<u>31,597,907</u>	<u>\$ 316</u>	<u>\$309,351</u>	<u>\$ (1,917)</u>	<u>\$ (182)</u>	<u>\$ 307,568</u>	<u>\$ —</u>	<u>\$307,568</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

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TRI POINTE HOMES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(b unaudited)
(in thousands)

	Six Months Ended June 30,	
	2013	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
	<u>\$301,831</u>	<u>\$ 194,083</u>

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,		Six Months Ended June 30,	
	2013	2012	2013	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	<u>\$ 1,919</u>	<u>\$ 680</u>	<u>\$1,919</u>	<u>\$ 680</u>

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,		Six Months Ended June 30,	
	2013	2012	2013	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	<u>\$ 1,939</u>	<u>\$ 991</u>	<u>\$1,939</u>	<u>\$ 991</u>

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):

	December 31,	
	June 30, 2013	2012
Revolving credit facility	\$ —	\$ 6,855
Acquisition and development loans	37,181	37,996
Construction loans	25,376	12,517
	<u>\$62,557</u>	<u>\$ 57,368</u>

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):

	Hierarchy	June 30, 2013		December 31, 2012	
		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
Total notes payable		<u>\$62,557</u>	<u>\$62,557</u>	<u>\$57,368</u>	<u>\$57,368</u>

⁽¹⁾ Marketable securities consist of mutual fund equity securities with quoted prices in active markets. As of June 30, 2013, the Company's marketable securities were treated as available-for-sale investments and changes in fair value were recorded as a component of accumulated other comprehensive income. As of June 30, 2013, the Company's marketable securities were in an unrealized loss position of \$(182,000). During the three and six months ended June 30, 2013, the Company realized a \$(21,000) loss and \$19,000 gain, respectively, from the sale of marketable securities that were recorded to other income (expense), net in the consolidated statements of operations. The Company did not hold any marketable securities as of December 31, 2012.

⁽²⁾ Estimated fair values of the outstanding revolving credit facility, acquisition and development loans, and construction loans at June 30, 2013 and December 31, 2012 were based on cash flow models discounted at market interest rates that considered underlying risks of the debt. Due to the short term nature of the revolving credit facility, acquisition and development loans and construction loans, book value approximated fair value at June 30, 2013 and December 31, 2012.

Nonfinancial assets and liabilities include items such as inventory and long lived assets that are measured at fair value when acquired and resulting from impairment, if deemed necessary. During the three and six months ended June 30, 2013 and 2012, the Company did not record any fair value adjustments to those financial and nonfinancial assets and liabilities measured at fair value on a nonrecurring basis.

7. Commitments and Contingencies

Lawsuits, claims and proceedings have been or may be instituted or asserted against us in the normal course of business, including actions brought on behalf of various classes of claimants. We are also subject to local, state and federal laws and regulations related to land development activities, house construction standards, sales practices, employment practices and environmental protection. As a result, we are subject to periodic examinations or inquiry by agencies administering these laws and regulations.

We record a reserve for potential legal claims and regulatory matters when they are probable of occurring and a potential loss is reasonably estimable. We accrue for these matters based on facts and circumstances specific to each matter and revise these estimates when necessary.

In view of the inherent difficulty of predicting outcomes of legal claims and related contingencies, we generally cannot predict their ultimate resolution, related timing or eventual loss. If our evaluations indicate loss contingencies that could be material are not probable, but are reasonably possible, we will disclose their nature with an estimate of possible range of losses or a statement that such loss is not reasonably estimable. At June 30, 2013 and December 31, 2012, the Company did not have any accruals for asserted or unasserted matters.

We obtain surety bonds in the normal course of business to ensure completion of certain infrastructure improvements of our projects. As of June 30, 2013 and December 31, 2012, the Company had outstanding surety bonds totaling \$21.1 million and \$11.9 million, respectively. The beneficiaries of the bonds are various municipalities. In the unlikely event that any such surety bond issued by third parties are called because the required improvements are not completed, the Company could be obligated to reimburse the issuer of the bond.

8. Stock-Based Compensation

The Company's stock compensation plan, the 2013 Long-Term Incentive Plan ("2013 Incentive Plan"), was adopted by our board of directors in January 2013. The 2013 Incentive Plan provides for the grant of equity-based awards, including

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options to purchase shares of common stock, stock appreciation rights, common stock, restricted stock, restricted stock units and performance awards. The 2013 Incentive Plan will automatically expire on the tenth anniversary of its effective date. Our board of directors may terminate or amend the 2013 Incentive Plan at any time, subject to any requirement of stockholder approval required by applicable law, rule or regulation.

The number of shares of our common stock that may be issued under the 2013 Incentive Plan is 2,527,833 shares. To the extent that shares of our common stock subject to an outstanding option, stock appreciation right, stock award or performance award granted under the 2013 Incentive Plan or any predecessor plan are not issued or delivered by reason of the expiration, termination, cancellation or forfeiture of such award or the settlement of such award in cash, then such shares of our common stock generally shall again be available under our the 2013 Incentive Plan.

The Company has issued stock option awards and restricted stock unit awards against the 2013 Incentive Plan. The exercise price of our stock-based awards may not be less than the market value of our common stock on the date of grant. The fair value for stock options is established at the date of grant using the Black-Scholes model for time based vesting awards. Our stock option awards typically vest over a one to three year period and expire ten years from the date of grant. Our restricted stock awards are valued based on the closing price of our common stock on the date of grant and typically vest over a one to three year period.

On January 31, 2013, the Company granted an aggregate of 282,201 stock options, with an exercise price per share of \$17, and 71,176 restricted stock units to members of the management team, officers and directors. On March 1, 2013, the Company granted an aggregate of 72,300 restricted stock units to its employees. Each of the aforementioned awards vest ratably annually on the anniversary of the grant date over a three year period. On March 21, 2013, the Company granted an aggregate of 3,699 stock options with an exercise price per share of \$19.95 and 4,512 restricted stock units to members of our independent Board of Directors as part of their annual compensation as directors. 100% of the awards cliff vest on the one year anniversary of the grant date. There were no stock option exercises or restricted stock unit vesting during the three and six months ended June 30, 2013. There were 800 restricted stock units that were forfeited during the six months ended June 30, 2013.

On September 24, 2010, the Company granted equity based incentive units to management. In connection with the IPO, the incentive units converted into shares of common stock. The recipients of the equity based incentive units have all the rights of a stockholder, including the rights to vote those shares and receive any dividends or distributions made with respect to those shares and any shares or other property received in respect of those shares; provided, however, any non-cash dividend or distribution with respect to the common stock shall be subject to the same vesting provisions as the incentive units. The vesting terms of the equity based incentive units are as follows: (1) 18.75% of such units vested, subject to limitation in (3) below on the date following the first-year anniversary of the date of such officer's employment; (2) 56.25% of such units vest, subject to limitation in (3) below in equal quarterly installments between the first and fourth-year anniversary of the date of such officer's employment; (3) 25% of the awards granted in (1) and (2) will vest upon a liquidity event as defined; and (4) 25% of such units will be converted into a number of shares of restricted stock prior to a liquidity event, as defined. The grant-date fair value of the equity based incentive units granted during the period ended December 31, 2010 was \$3.3 million.

The following table presents compensation expense recognized related to all stock-based awards (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Stock options	\$ 170	\$ —	\$ 279	\$ —
Restricted stock units	231	—	333	—
Equity based incentive units	116	116	232	232
Total stock-based compensation	<u>\$ 517</u>	<u>\$ 116</u>	<u>\$ 844</u>	<u>\$ 232</u>

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The following table presents the remaining unrecognized compensation expense related to all stock-based awards and the weighted term over which the expense will be recognized (dollars in thousands):

	June 30, 2013	Weighted
	Unrecognized Expense	Average Period (Years)
Stock options	\$ 1,702	2.6
Restricted stock units	2,171	2.6
Equity based incentive units	<u>2,031</u>	1.3
Total stock-based compensation	<u><u>\$ 5,904</u></u>	<u><u>1.5</u></u>

9. Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* (“ASC 740”), which requires an asset and liability approach for measuring deferred taxes based on temporary differences between the financial statements and tax bases of assets and liabilities existing at each balance sheet date using enacted tax rates for the years in which taxes are expected to be paid or recovered. Further, we assess our deferred tax asset to determine whether all or any portion of the asset is more likely than not unrealizable under ASC 740. We are required to establish a valuation allowance for any portion of the asset we conclude is more likely than not to be unrealizable. Our assessment considers, among other things, the nature, frequency and severity of our current and cumulative losses, forecasts of our future taxable income, the duration of statutory carryforward periods and tax planning alternatives.

As discussed in Note 1, during 2012 and for the first 30 calendar days of 2013, the Company was a Delaware limited liability company which was treated as partnership for income tax purposes and was subject to certain minimal taxes and fees; however, income taxes on taxable income or losses realized by the Company were the obligation of the members. The Company has concluded that there were no significant uncertain tax positions requiring recognition in its financial statements, nor has the Company been assessed interest or penalties by any major tax jurisdictions related to the first 30 calendar days of 2013 or fiscal 2012.

On January 30, 2013, the Company reorganized from a Delaware limited liability company into a Delaware corporation and was renamed TRI Pointe Homes, Inc. As result of this change in tax status, the Company recorded \$906,000 of deferred tax assets related to various temporary differences. We have recorded a full valuation allowance on all of our deferred assets, primarily due to our cumulative loss position. If the Company were to move into a cumulative income position, and based on other considerations, we may be able to reverse a portion or all of the valuation allowance which could benefit future periods.

The Company has recorded a tax provision of \$1.5 million for the three months ended June 30, 2013 based on an effective tax rate of 42%. For six months ended June 30, 2013, the Company recorded a tax provision of \$1.6 million based on an effective tax rate of 42% on the pretax income generated for the period from January 31, 2013 to June 30, 2013.

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10. Segment Information

The Company's operations are organized into two reportable segments: homebuilding and construction services. In accordance with ASC 280, *Segment Reporting*, in determining the most appropriate reportable segments, we considered similar economic and other characteristics, including product types, average selling prices, gross profits, production processes, suppliers, subcontractors, regulatory environments, land acquisition results, and underlying demand and supply.

Operational results of each reportable segment are not necessarily indicative of the results that would have been achieved had the reportable segment been an independent, stand-alone entity during the periods presented. Financial information relating to reportable segments was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues				
Homebuilding	\$47,457	\$7,736	\$ 71,314	\$ 12,324
Fee building	<u>3,630</u>	<u>72</u>	<u>7,661</u>	<u>137</u>
Total	<u>\$51,087</u>	<u>\$7,808</u>	<u>\$ 78,975</u>	<u>\$ 12,461</u>
Gross profit				
Homebuilding	\$ 9,139	\$ 929	\$ 13,547	\$ 1,445
Fee building	<u>235</u>	<u>26</u>	<u>641</u>	<u>26</u>
Total	<u>\$ 9,374</u>	<u>\$ 955</u>	<u>\$ 14,188</u>	<u>\$ 1,471</u>
				December 31,
				June 30, 2013
Assets				2012
Homebuilding	\$381,708	\$ 216,667		
Fee building	<u>1,251</u>	<u>849</u>		
Total	<u>\$382,959</u>	<u>\$ 217,516</u>		

11. Subsequent Events

Subsequent to June 30, 2013, the Company entered into a \$125 million three-year secured revolving credit facility (the “\$125 million Revolving Credit Facility”). We expect to use the \$125 million Revolving Credit Facility primarily to fund the acquisition and development of lots and the construction of homes. Borrowings under the \$125 million Revolving Credit Facility are secured by a first priority lien on borrowing base properties and will be subject to, among other things, a borrowing base formula. In addition to customary representations and warranties, affirmative and negative covenants and events of default, the \$125 million Revolving Credit Facility contains specific financial covenants requiring the Company to maintain on a quarterly basis. The interest rate on borrowings will be at a rate based on LIBOR plus an applicable margin, ranging from 250 to 370 basis points depending on the Company’s leverage ratio.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Various statements contained in this quarterly report on Form 10-Q, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. These forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "intend," "anticipate," "potential," "plan," "goal" or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this quarterly report speak only as of the date of this quarterly report, and we disclaim any obligation to update these statements unless required by law, and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. The following factors, among others, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements:

- economic changes either nationally or in the markets in which we operate, including declines in employment, volatility of mortgage interest rates and inflation;
- a downturn in the homebuilding industry;
- continued volatility and uncertainty in the credit markets and broader financial markets;
- our future operating results and financial condition;
- our business operations;
- changes in our business and investment strategy;
- availability of land to acquire and our ability to acquire such land on favorable terms or at all;
- availability, terms and deployment of capital;
- continued or increased disruption in the availability of mortgage financing or the number of foreclosures in the market;
- shortages of or increased prices for labor, land or raw materials used in housing construction;
- delays in land development or home construction resulting from adverse weather conditions or other events outside our control;
- the cost and availability of insurance and surety bonds;
- changes in, or the failure or inability to comply with, governmental laws and regulations;
- the timing of receipt of regulatory approvals and the opening of projects;
- the degree and nature of our competition;
- our leverage and debt service obligations;
- our relationship, and actual and potential conflicts of interest, with Starwood Capital Group;
- availability of qualified personnel and our ability to retain our key personnel; and
- additional factors identified by us in documents filed with the Securities and Exchange Commission, including those set forth in our Form 10-K for the year ended December 31, 2012 in Item 1A, "Risk Factors".

Unless the context otherwise requires, the terms "we", "us", "our" and "the Company" refer to TRI Pointe Homes, Inc. and its consolidated subsidiaries. The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related notes thereto contained elsewhere in this report. The information contained in this quarterly report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our securities. We urge you to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission ("SEC"), including our Annual Report on Form 10-K for the year ended December 31, 2012 and subsequent reports on Form 8-K, which discuss our business in greater detail. The section entitled "Risk Factors" set forth in Item 1A of our Annual Report on Form 10-K, and similar disclosures in our other SEC filings, 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 report and in our other filings with the SEC, before deciding to invest in, or maintain your investment in, our common stock.

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Consolidated Financial Data (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues:				
Home sales	\$47,457	\$ 7,736	\$71,314	\$12,324
Fee building	3,630	72	7,661	137
Total revenues	<u>51,087</u>	<u>7,808</u>	<u>78,975</u>	<u>12,461</u>
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	<u>47,612</u>	<u>9,123</u>	<u>75,329</u>	<u>14,931</u>
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)	<u>\$ 2,075</u>	<u>\$(1,317)</u>	<u>\$ 2,345</u>	<u>\$(2,460)</u>
Net income (loss) per share				
Basic	\$ 0.07	\$ (0.09)	\$ 0.08	\$ (0.18)
Diluted	\$ 0.07	\$ (0.09)	\$ 0.08	\$ (0.18)

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Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net New Home Orders and Backlog (dollars in thousands)

	Three Months Ended June 30,		Increase (Decrease)	
	2013	2012	Amount	%
Net new home orders	131	38	93	245%
Cancellation rate	6%	12%	(6)%	(50)%
Average selling communities	6.8	4.6	2.2	48%
Selling communities at end of period	7	4	3	75%
Backlog (dollar value)	\$107,759	\$22,478	\$85,281	379%
Backlog (units)	183	34	149	438%
Average sales price of backlog	\$ 589	\$ 661	\$ (72)	(11)%

Net new home orders for the three months ended June 30, 2013 increased 245% to 131, compared to 38 during the prior year period. Our overall “absorption rate” (the rate at which home orders are contracted, net of cancellations) increased for the three months ended June 30, 2013 to 19.3 per average selling community (6.42 monthly), compared to 8.3 per average selling community (2.75 monthly) during the prior year period. Our cancellation rate of buyers for our owned projects who contracted to buy a home but did not close escrow (as a percentage of overall orders) was 6% for the three months ended June 30, 2013 as compared to 12% during the prior year period. We experienced substantial order growth due to an increase in our average selling community count and the improving housing conditions and market acceptance of our well located new communities. Our average number of selling communities increased by 2.2 communities to 6.8 for the three months ended June 30, 2013, from 4.6 for the three months ended June 30, 2012 due to the opening of six new communities, offset by taking final orders and closing three communities. The increase in net new home orders positively impacted our number of homes in backlog, which is discussed below. We expect that our net new home orders and backlog increases will have a positive impact on revenues and cash flow in future periods.

Backlog reflects the number of homes, net of actual cancellations experienced during the period, for which we have entered into a sales contract with a customer but for which we have not yet delivered the home. Homes in backlog are generally closed within three to six months, although we may experience cancellations of sales contracts prior to closing. The increase in backlog units of 149 homes was driven by the 245% increase in net new home orders during the three months ended June 30, 2013 as compared to same period in the previous year. The dollar value of backlog as of June 30, 2013 was \$107.8 million, an increase of \$85.3 million compared to \$22.5 million as of June 30, 2012. The increase in dollar amount of backlog reflects an increase in the number of homes in backlog of 149, or 438%, to 183 homes as of June 30, 2013 from 34 homes as of June 30, 2012, offset by a decrease in the average sales price of homes in backlog of \$72,000, or 11%, to \$589,000 as of June 30, 2013 compared to \$661,000 as of June 30, 2012. The decrease was due to the relative low number of units in backlog in the prior year period of 34, which included 9 units from Northern California with an average sales price of \$1.4 million.

Home Sales Revenue and New Homes Delivered (dollars in thousands)

	Three Months Ended June 30,		Increase (Decrease)	
	2013	2012	Amount	%
New homes delivered	91	19	72	379%
Home sales revenue	\$47,457	\$7,736	\$ 39,721	513%
Average sales price of homes delivered	\$ 522	\$ 407	\$ 115	28%

New home deliveries increased by 72, or 379%, to 91 during the three months ended June 30, 2013 from 19 during the prior year period. The increase in new home deliveries was primarily attributable to the increase in net new home orders and units in backlog due to the increase in the average number of selling communities. Home sales revenue increased \$39.7 million, or 513%, to \$47.5 million for the three months ended June 30, 2013 from \$7.7 million for the prior year period. The increase was primarily attributable to: (i) an increase in revenue of \$29.3 million due to a 379% increase in

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homes delivered to 91 for the three months ended June 30, 2013 from 19 for the prior year period, and (ii) an increase in revenues of \$10.4 million related to an increase in average sales price of \$115,000 per unit to \$522,000 for the three months ended June 30, 2013 from \$407,000 for the prior year period. The increase in the average sales price of homes delivered was attributable to a change in product mix from our new communities for the three months ended June 30, 2013.

Homebuilding (dollars in thousands)

	Three Months Ended June 30,			
	2013	%	2012	%
Home sales	\$47,457	100.0%	\$7,736	100.0%
Cost of home sales	38,318	80.7%	6,807	88.0%
Homebuilding gross margin	9,139	19.3%	929	12.0%
Add: interest in cost of home sales	502	1.0%	69	0.9%
Adjusted homebuilding gross margin ⁽¹⁾	\$ 9,641	20.3%	\$ 998	12.9%
Homebuilding gross margin percentage	19.3%		12.0%	
Adjusted homebuilding gross margin percentage ⁽¹⁾	20.3%		12.9%	

⁽¹⁾ Non-GAAP financial measure (as discussed below).

Homebuilding gross margin represents home sales revenue less cost of home sales. Cost of home sales increased \$31.5 million, or 463%, to \$38.3 million for the three months ended June 30, 2013 from \$6.8 million for the prior year period. The increase was primarily due to a 379% increase in the number of homes delivered and the product mix of homes delivered from new communities in 2013. Our homebuilding gross margin percentage increased to 19.3% for the three months ended June 30, 2013 as compared to 12.0% for the prior year period, primarily due to the product mix of homes delivered from new communities in 2013.

Excluding interest in cost of home sales, adjusted homebuilding gross margin percentage was 20.3% for the three months ended June 30, 2013, compared to 12.9% for the prior year period. Adjusted homebuilding gross margin is a non-GAAP financial measure. We believe this information is meaningful as it isolates the impact that leverage has on homebuilding gross margin and permits investors to make better comparisons with our competitors, who adjust gross margins in a similar fashion. See the table above reconciling this non-GAAP financial measure to homebuilding gross margin, the nearest GAAP equivalent.

Fee Building (dollars in thousands)

	Three Months Ended June 30,			
	2013	%	2012	%
Home sales	\$3,630	100.0%	\$72	100.0%
Cost of home sales	3,395	93.5%	46	63.9%
Fee building gross margin	\$ 235	6.5%	\$26	36.1%

As of June 30, 2013, we had two construction management agreements to build 83 homes in Moorpark, California and 73 homes in Carpinteria, California. Fee building revenue, which was all recorded in Southern California, increased to \$3.6 million for the three months ended June 30, 2013 from \$72,000 for the prior year period. Fee building cost increased to \$3.4 million for the three months ended June 30, 2013 from \$46,000 for the prior year period. Fee building revenue and cost increased primarily due the two new fee building projects mentioned above, which generated fee building revenue and cost during the three months ended June 30, 2013 compared to the same period in the prior year in which there were minimal activity. Fee building gross margin represents the net fee income earned related to our fee building projects.

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Selling, General and Administrative Expense (dollars in thousands)

	Three Months Ended June 30,		As a Percentage of Home Sales Revenue	
	2013	2012	2013	2012
Sales and marketing	\$ 1,791	\$ 797	3.8%	10.3%
General and administrative (“G&A”)	4,108	1,473	8.7%	19.0%
Total sales and marketing and G&A	\$ 5,899	\$ 2,270	12.4%	29.3%

Sales and marketing expense increased \$994,000, or 125%, to \$1.8 million for the three months ended June 30, 2013 from \$797,000 for the prior year period. The increase in sales and marketing expense was primarily attributable to a 48% increase in the average number of active selling communities and a 37% increase in the number of homes delivered for the three months ended June 30, 2013 compared to the prior year period. Sales and marketing expense was 3.8% and 10.3% of home sales revenue for the three months June 30, 2013 and 2012, respectively.

General and administrative expenses increased \$2.6 million, or 179%, to \$4.1 million for the three months ended June 30, 2013 from \$1.5 million for the prior year. The increase was primarily attributed to (i) an increase of \$1.3 million in our compensation-related expenses resulting largely from an 86% increase in our office headcount to 54 employees as of June 30, 2013 compared to 29 as of June 30, 2012, (ii) an increase of \$401,000 in stock-based compensation due to option and restricted share unit awards granted in 2013, and (iii) an increase of \$796,000 in insurance, outside services, rent and office related costs and other professional fees related to costs of being a new public company and to support our growth. Our general and administrative expense as a percentage of home sales revenue was 8.7% and 19.0% for the three months ended June 30, 2013 and 2012, respectively.

Total sales and marketing and G&A expenses (“SG&A”) increased \$3.6 million, or 160%, to \$5.9 million for the three months ended June 30, 2013 from \$2.3 million in the prior year period. Total SG&A expense was 12.4% and 29.3% of home sales revenue for the three months ended June 30, 2013 and 2012, respectively.

Other Income (Expense), Net

Other income (expense), net, increased to \$89,000 of other income for the three months ended June 30, 2013 compared to a (\$2,000) of expense for the prior year period. The change was primarily due to increased interest and dividend income as a result of higher cash, cash equivalents and marketable securities balances due to the net cash proceeds received from our IPO in January of 2013.

Other Items

Interest, which was incurred principally to finance land acquisitions, land development and home construction, totaled \$579,000 and \$475,000 for the three months ended June 30, 2013 and 2012, respectively, all of which was capitalized to real estate inventory. The increase in interest incurred during the three months ended June 30, 2013 as compared to the prior year was primarily attributable to our increase in outstanding debt, which was the result of the increase in the number of active projects and the growth in our real estate inventory.

Income Tax

For the three months ended June 30, 2013, we have recorded a tax provision of \$1.5 million based on an effective tax rate of 42%. The Company reorganized from a Delaware limited liability company into a Delaware corporation during the first quarter of 2013, therefore there was no tax provision recorded for the three months ended June 30, 2012.

Net Income (Loss)

As a result of the foregoing factors, net income for the three months ended June 30, 2013 was \$2.1 million compared to net loss for the three months ended June 30, 2012 of \$(1.3) million.

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Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net New Home Orders (dollars in thousands)

	Six Months Ended June 30,		Increase (Decrease)	
	2013	2012	Amount	%
Net new home orders	254	56	198	354%
Cancellation rate	7%	16%	(9)%	(56)%
Average selling communities	6.8	4.1	2.7	66%

Net new home orders for the six months ended June 30, 2013 increased 354% to 254, compared to 56 during the prior year period. Our overall “absorption rate” (the rate at which home orders are contracted, net of cancellations) increased for the six months ended June 30, 2013 to 37.4 per average selling community (6.23 monthly), compared to 13.7 per average selling community (2.28 monthly) during the prior year period. Our cancellation rate of buyers for our owned projects who contracted to buy a home but did not close escrow (as a percentage of overall orders) was 7% for the six months ended June 30, 2013 as compared to 16% during the prior year period. We experienced substantial order growth due to an increase in our average selling community count and the improving housing conditions and market acceptance of our well located new communities. Our average number of selling communities increased by 2.7 communities to 6.8 for the six months ended June 30, 2013, from 4.1 for the six months ended June 30, 2012 due to the opening of six new communities, offset by taking final orders and closing three communities. The increase in net new home orders positively impacted our number of homes in backlog, which is discussed below. We expect that our net new home orders and backlog increases will have a positive impact on revenues and cash flow in future periods.

Home Sales Revenue and New Homes Delivered (dollars in thousands)

	Six Months Ended June 30,		Increase (Decrease)	
	2013	2012	Amount	%
New homes delivered	139	30	109	363%
Home sales revenue	\$71,314	\$12,324	\$ 58,990	479%
Average sales price of homes delivered	\$ 513	\$ 411	\$ 102	25%

New home deliveries increased by 109, or 363%, to 139 during the six months ended June 30, 2013 from 30 during the prior year period. The increase in new home deliveries was primarily attributable to the increase in net new home orders and units in backlog due to the increase in the average number of selling communities. Home sales revenue increased \$59.0 million or 479%, to \$71.3 million for the six months ended June 30, 2013 from \$12.3 million for the prior year period. The increase was primarily attributable to: (i) an increase in revenue of \$44.8 million due to a 363% increase in homes delivered to 139 for the six months ended June 30, 2013 from 30 for the prior year period, and (ii) an increase in revenues of \$14.2 million related to an increase in average sales price of \$102,000 per unit to \$513,000 for the six months ended June 30, 2013 from \$411,000 for the prior year period. The increase in the average sales price of homes delivered was attributable to a change in product mix from our new communities for the six months ended June 30, 2013.

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Homebuilding (dollars in thousands)

	Six Months Ended June 30,			
	2013	%	2012	%
Home sales	\$71,314	100.0%	\$12,324	100.0%
Cost of home sales	57,767	81.0%	10,879	88.3%
Homebuilding gross margin	13,547	19.0%	1,445	11.7%
Add: interest in cost of home sales	758	1.1%	126	1.0%
Adjusted homebuilding gross margin ⁽¹⁾	\$14,305	20.1%	\$ 1,571	12.7%
Homebuilding gross margin percentage	19.0%		11.7%	
Adjusted homebuilding gross margin percentage ⁽¹⁾	20.1%		12.7%	

⁽¹⁾ Non-GAAP financial measure (as discussed below).

Homebuilding gross margin represents home sales revenue less cost of home sales. Cost of home sales increased \$46.9 million, or 431%, to \$57.8 million for the six months ended June 30, 2013 from \$10.9 million for the prior year period. The increase was primarily due to a 363% increase in the number of homes delivered and the product mix of homes delivered from new communities in 2013. Our homebuilding gross margin percentage increased to 19.0% for the six months ended June 30, 2013 as compared to 11.7% for the prior year period, primarily due to the product mix of homes delivered from new communities in 2013.

Excluding interest in cost of home sales, adjusted homebuilding gross margin percentage was 20.1% for the six months ended June 30, 2013, compared to 12.7% for the prior year period. Adjusted homebuilding gross margin is a non-GAAP financial measure. We believe this information is meaningful as it isolates the impact that leverage has on homebuilding gross margin and permits investors to make better comparisons with our competitors, who adjust gross margins in a similar fashion. See the table above reconciling this non-GAAP financial measure to homebuilding gross margin, the nearest GAAP equivalent.

Fee Building (dollars in thousands)

	Six Months Ended June 30,			
	2013	%	2012	%
Home sales	\$7,661	100.0%	\$137	100.0%
Cost of home sales	7,020	91.6%	111	81.0%
Fee building gross margin	\$ 641	8.4%	\$ 26	19.0%

As of June 30, 2013, we had two construction management agreements to build 83 homes in Moorpark, California and 73 homes in Carpinteria, California. Fee building revenue, which was all recorded in Southern California, increased to \$7.7 million for the six months ended June 30, 2013 from \$137,000 for the prior year period. Fee building cost increased to \$7.0 million for the six months ended June 30, 2013 from \$111,000 for the prior year period. Fee building revenue and cost increased primarily due the two new fee building projects mentioned above, which generated fee building revenue and cost during the six months ended June 30, 2013 compared to the same period in the prior year in which there was minimal fee building activity. Fee building gross margin represents the net fee income earned related to our fee building projects.

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Selling, General and Administrative Expense (dollars in thousands)

	Six Months Ended June 30,		As a Percentage of Home Sales Revenue	
	2013	2012	2013	2012
Sales and marketing	\$ 3,121	\$1,290	4.4%	10.5%
General and administrative (“G&A”)	7,421	2,651	10.4%	21.5%
Total sales and marketing and G&A	\$10,542	\$3,941	14.8%	32.0%

Sales and marketing expense increased \$1.8 million, or 142%, to \$3.1 million for the six months ended June 30, 2013 from \$1.3 million for the prior year period. The increase in sales and marketing expense was primarily attributable to a 66% increase in the average number of active selling communities and a 363% increase in the number of homes delivered for the six months ended June 30, 2013 compared to the prior year period. Sales and marketing expense was 4.4% and 10.5% of home sales revenue for the six months June 30, 2013 and 2012, respectively.

General and administrative expenses increased \$4.8 million, or 180%, to \$7.4 million for the six months ended June 30, 2013 from \$2.6 million for the prior year. The increase was primarily attributed to (i) an increase of \$2.8 million in our compensation-related expenses resulting largely from a 86% increase in our office headcount to 54 employees as of June 30, 2013 compared to 29 as of June 30, 2012, (ii) an increase of \$612,000 in stock-based compensation due to option and restricted share unit awards granted during 2013, and (iii) an increase of \$1.2 million in insurance, outside services, rent and office related costs and other professional fees related to costs of being a new public company and to support our growth. Our general and administrative expense as a percentage of home sales revenue was 10.4% and 21.5% for the six months ended June 30, 2013 and 2012, respectively.

Total sales and marketing and G&A expenses (“SG&A”) increased \$6.6 million, or 167%, to \$10.5 million for the six months ended June 30, 2013 from \$3.9 million in the prior year period. Total SG&A expense was 14.8% and 32.0% of home sales revenue for the six months ended June 30, 2013 and 2012, respectively. We expect that our SG&A expense as a percentage of home sales revenue will continue to decrease during the balance of 2013 as we generate increased home sales revenue from higher new home deliveries as a result of the growth in our community count and the conversion of our backlog.

Other Income, Net

Other income, net, increased to \$261,000 for the six months ended June 30, 2013 compared to \$10,000 for the prior year period. The change was primarily due to increased interest and dividend income as a result of higher cash, cash equivalents and marketable securities balances due to the net cash proceeds received from our IPO in January 2013.

Other Items

Interest, which was incurred principally to finance land acquisitions, land development and home construction, totaled \$1.3 million and \$647,000 for the six months ended June 30, 2013 and 2012, respectively, all of which was capitalized to real estate inventory. The increase in interest incurred during the six months ended June 30, 2013 as compared to the prior year was primarily attributable to our increase in outstanding debt, which was the result of the increase in the number of active projects and the growth in our real estate inventory.

Income Tax

During 2012 and for the first 30 calendar days of 2013, the Company was a Delaware limited liability company which was treated as partnership for income tax purposes and was subject to certain minimal taxes and fees; however, income taxes on taxable income or losses realized by the Company were the obligation of the members. We have concluded that there were no significant uncertain tax positions requiring recognition in its financial statements, nor have we been assessed interest or penalties by any major tax jurisdictions related to the first 30 calendar days of 2013 or fiscal 2012.

On January 30, 2013, the Company reorganized from a Delaware limited liability company into a Delaware corporation and was renamed TRI Pointe Homes, Inc. For the six months ended June 30, 2013, we have recorded a tax provision of \$1.6 million based on an effective tax rate of 42% on the pretax income generated for the period from January 31, 2013 to June 30, 2013.

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Net Income (Loss)

As a result of the foregoing factors, net income for the six months ended June 30, 2013 was \$2.3 million compared to net loss for the six months ended June 30, 2012 of \$(2.5) million.

Lots Owned and Controlled

The table below summarizes our lots owned and controlled as of the dates presented:

	June,		Increase (Decrease)	
	2013	2012	Amount	%
Lots Owned				
Southern California	713	362	351	97%
Northern California	759	170	589	346%
Colorado	57	—	57	N/A
Total	1,529	532	997	187%
Lots Controlled ⁽¹⁾				
Southern California	374	236	138	58%
Northern California	327	305	22	7%
Colorado	452	—	452	N/A
Total	1,153	541	612	113%
Total Lots Owned and Controlled ⁽¹⁾	2,682	1,073	1,609	150%

⁽¹⁾ Includes lots that are under a land option contract, purchase contract or a non-binding letter of intent. With respect to lots under a non-binding letter of intent, there can be no assurance that we will enter into binding agreements or as to the terms thereof.

Liquidity and Capital Resources

Overview

Our principal uses of capital for the three and six months ended June 30, 2013 were operating expenses, land purchases, land development, home construction and the payment of routine liabilities. We used funds generated by our recently completed IPO, operations and available borrowings to meet our short-term working capital requirements. We remain focused on generating positive margins in our homebuilding operations and acquiring desirable land positions in order to maintain a strong balance sheet and keep us poised for growth. As of June 30, 2013, we had \$77.4 million of cash, cash equivalents and marketable securities, a \$57.6 million increase from December 31, 2012, primarily as a result the proceeds from our IPO that was completed on January 31, 2013. We believe we have sufficient cash and sources of financing for at least twelve months.

Secured Revolving Credit Facilities

As of June 30, 2013, we were party to a secured revolving credit facility which has a maximum loan commitment of \$30 million. Our secured revolving credit facility has an initial maturity date of April 19, 2014 and a final maturity date of April 19, 2015. We may borrow under our secured revolving credit facility in the ordinary course of business to fund our operations, including our land development and homebuilding activities. Interest on our secured revolving credit facility is paid monthly at a rate based on LIBOR or prime rate pricing, 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 we had \$28.1 of availability under our secured revolving credit facility after considering the borrowing base provisions and outstanding letters of credit.

In July, 2013, we entered into a secured, three-year revolving credit facility with the potential for a one-year extension of the term of the loan, subject to specified conditions and payment of an extension fee. The facility provides for a maximum loan commitment of \$125 million. Borrowings under the facility are secured by a first priority lien on borrowing base properties and will be subject to, among other things, a borrowing base formula. Subject to the satisfaction of the conditions to advances set forth in the facility, we may borrow solely for the payment or reimbursement of costs or return of capital related to: (a) land acquisition, development and construction of single-family residential lots and homes on and with respect to borrowing base properties (as defined in the facility), or (b) paying off any existing financing secured by the initial borrowing base properties. The interest rate on borrowings will be at a rate based on LIBOR plus an applicable margin, ranging from 250 to 370 basis points depending on our leverage ratio.

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Secured Acquisition and Development Loans and Construction Loans

As of June 30, 2013, we were party to several secured acquisition and development loan agreements to purchase and develop land parcels. In addition, we were party to several secured construction loan agreements for the construction of our model and production homes. As of June 30, 2013, the total aggregate commitment of our acquisition and development loans and our construction loans was \$103.8 million, of which \$62.6 million was outstanding. 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. Our construction loans will be repaid with proceeds from home sales based upon a specific release price, as defined in each respective loan agreement. These loans range in maturity between August 2013 and 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.

Covenant Compliance

Under our secured revolving credit facility, our acquisition and development loans and our construction loans, we are required to comply with certain financial covenants, including but not limited to those set forth in the table below:

Financial Covenant	Actual at June 30, 2013	Covenant Requirement at June 30, 2013
Liquidity ⁽¹⁾ (Greater of \$5.0 million or 10% of total liabilities)	\$105,513,000	\$ 7,539,000
Tangible Net Worth (Not less than \$47.0 million plus 50% of annual net income and 50% of additional future capital contributions and net proceeds from equity offerings after December 31, 2011)	\$307,048,000	\$160,130,000
Maximum Total Liabilities to Tangible Net Worth Ratio (Not in excess of 1.5:1.0)	0.25	<1.5

⁽¹⁾ Liquidity is defined as cash, cash equivalents and marketable securities on hand plus availability under our secured revolving credit facility.

As of June 30, 2013 and 2012, we were in compliance with all of these financial covenants.

The \$125 million revolving credit facility that we entered into in July 2013, includes financial covenants requiring us to maintain on a quarterly basis: (a) a minimum tangible net worth (as defined) requirement of \$200 million (which amount is subject to increase over time based on earnings from and after December 31, 2012 and proceeds from equity capital investments in the Company), (b) liquid assets (as defined) equal to or greater than \$10 million, (c) a fixed charge coverage ratio (EBITDA to interest paid, as defined) of at least 1.60 to 1.00 (determined at the end of each fiscal quarter on a rolling four-quarters basis), (d) a leverage ratio (as defined) of less than 1.50 to 1.00, and (e) a ratio of land assets (as defined) to tangible net worth of less than 1.50 to 1.00. The foregoing covenants, as well as the borrowing base provisions, limit the amount we can borrow or keep outstanding under the facility.

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We believe that our leverage ratios provide useful information to the users of our financial statements regarding our financial position and cash and debt management. The ratio of debt-to-capital and the ratio of net debt-to-capital are calculated as follows (dollars in thousands):

	June 30, 2013	December 31, 2012
Debt	\$ 62,557	\$ 57,368
Equity	307,568	149,153
Total capital	<u>370,125</u>	<u>206,521</u>
Ratio of debt-to-capital ⁽¹⁾	<u>16.9%</u>	<u>27.8%</u>
Debt	\$ 62,557	\$ 57,368
Less: cash, cash equivalents and marketable securities	(77,374)	(19,824)
Net debt	—	37,544
Equity	307,568	149,153
Total capital	<u>\$307,568</u>	<u>\$ 186,697</u>
Ratio of net debt-to-capital ⁽²⁾	<u>N/A</u>	<u>20.1%</u>

⁽¹⁾ The ratio of debt-to-capital is computed as the quotient obtained by dividing debt by the sum of total debt plus equity.

⁽²⁾ The ratio of net debt-to-capital is computed as the quotient obtained by dividing net debt (which is debt less cash, cash equivalents and marketable securities) by the sum of net debt plus equity. The most directly comparable GAAP financial measure is the ratio of debt-to-capital. We believe the ratio of net debt-to-capital is a relevant financial measure for investors to understand the leverage employed in our operations and as an indicator of our ability to obtain financing. See the table above reconciling this non-GAAP financial measure to the ratio of debt-to-capital.

Cash Flows—Six Months Ended June 30, 2013 to Six Months Ended June 30, 2012

For the six months ended June 30, 2013 as compared to the six months ended June 30, 2012, the comparison of cash flows is as follows:

- Net cash used in operating activities increased to \$102.6 million in the first six months of 2013 from a use of \$49.3 million in 2012. The change was primarily a result of (i) an increase in real estate inventories of \$107.7 million in 2013 compared to an increase of \$45.5 million in 2012, primarily driven by the increase in land, land development and homes under construction, offset by the increase in home closings in 2013 as compared to 2012 and (ii) net income of \$2.3 million in 2013 compared to a net loss of \$(2.5) million in 2012.
- Net cash used in investing activities was \$40.3 million in the first six months of 2013 as compared to \$61,000 in 2012. The change was primarily the result of net purchases of marketable securities in 2013.
- Net cash provided by financing activities increased to \$160.6 million in the first six months of 2013 from \$47.2 million in 2012. The change was primarily a result of (i) an increase in the net proceeds from the issuance of common stock of \$155.4 million as a result of the completion of the Company's IPO in January 2013 compared to \$14.0 million in 2012 related to a capital contribution from a member, offset by a financial advisory fee payment of \$490,000 and (ii) an increase in net borrowings on notes payable of \$5.2 million in 2013 as compared to an increase of \$33.7 million in 2012.

Off-Balance Sheet Arrangements and Contractual Obligations

In the ordinary course of business, we enter into land option contracts in order to procure lots for the construction of our homes. We are subject to customary obligations associated with entering into contracts for the purchase of land and improved lots. These purchase contracts typically require a cash deposit and the purchase of properties under these contracts is generally contingent upon satisfaction of certain requirements by the sellers, including obtaining applicable property and development entitlements. We also utilize option contracts with land sellers as a method of acquiring land in staged takedowns, to help us manage the financial and market risk associated with land holdings, and to reduce the use of funds from our corporate financing sources. Option contracts generally require a non-refundable deposit for the right to acquire lots over a specified period of time at pre-determined prices. We generally have the right at our discretion to terminate our obligations under both purchase contracts and option contracts by forfeiting our cash deposit with no further financial responsibility to the land seller. As of June 30, 2013, we had \$11.7 million of non-refundable cash deposits pertaining to land option contracts and purchase contracts for 1,153 lots with an aggregate remaining purchase price of approximately \$181.0 million (net of deposits).

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Our utilization of land option contracts is dependent on, among other things, the availability of land sellers willing to enter into option takedown arrangements, the availability of capital to financial intermediaries to finance the development of optioned lots, general housing market conditions, and local market dynamics. Options may be more difficult to procure from land sellers in strong housing markets and are more prevalent in certain geographic regions.

As of June 30, 2013, there was no outstanding principal balance on our secured revolving credit facility and we had \$28.1 million of availability under our secured revolving credit facility after considering the borrowing base provisions and outstanding letters of credit. As of June 30, 2013, we also were party to several secured acquisition and development loan agreements to purchase and develop land parcels. In addition, we were party to several secured construction loan agreements for the construction of our model and production homes. As of June 30, 2013, the total aggregate commitments of our acquisition and development loans and our construction loans were \$103.8 million, of which \$62.6 million was outstanding. We expect that the loan agreements generally will be satisfied in the ordinary course of business and in accordance with applicable contractual terms.

Inflation

Our homebuilding and fee building segments can be adversely impacted by inflation, primarily from higher land, financing, labor, material and construction costs. In addition, inflation can lead to higher mortgage rates, which can significantly affect the affordability of mortgage financing to homebuyers. While we attempt to pass on cost increases to customers through increased prices, when weak housing market conditions exist, we are often unable to offset cost increases with higher selling prices.

Seasonality

Historically, the homebuilding industry experiences seasonal fluctuations in quarterly operating results and capital requirements. We typically experience the highest new home order activity in spring and summer, although this activity is also highly dependent on the number of active selling communities, timing of new community openings and other market factors. Since it typically takes four to six months to construct a new home, we deliver more homes in the second half of the year as spring and summer home orders convert to home deliveries. Because of this seasonality, home starts, construction costs and related cash outflows have historically been highest in the second and third quarters, and the majority of cash receipts from home deliveries occur during the second half of the year. We expect this seasonal pattern to continue over the long-term, although it may be affected by volatility in the homebuilding industry.

Description of Projects and Communities under Development

Our homebuilding projects usually take approximately 24 to 36 months to complete from the start of sales. The following table presents project information relating to each of our markets as of June 30, 2013 and includes information on current projects under development where we are building and selling homes for our own account and current projects under development where we are active as a fee builder.

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County, Project, City	Year of First Delivery ⁽¹⁾	Total Number of Homes ⁽²⁾	Cumulative Homes Delivered as of June 30, 2013	Lots as of June, 2013 ⁽³⁾	Backlog as of June 30, 2013 ⁽⁴⁾⁽⁵⁾	Homes Closed for the Six Months Ended June 30, 2013	Sales Price Range (in 000's) ⁽⁶⁾
Owned Projects							
Southern California							
Orange County:							
Brio, La Habra	2013	91	—	91	58	—	\$497 – \$550
Rancho Mission Viejo	2013	105	—	105	—	—	\$635 – \$700
Truewind, Huntington Beach	2014	49	—	49	—	—	\$1,075 – \$1,200
San Diego County:							
Candera, San Marcos	2012	58	57	1	1	38	\$310 – \$490
Altana, San Diego	2013	45	—	45	—	—	\$625 – \$690
Riverside County:							
Topazridge, Riverside	2012	68	32	36	28	18	\$433 – \$497
Sagebluff, Riverside	2012	47	47	—	—	24	\$362 – \$380
Paseo del Sol, Temecula	2014	96	—	96	—	—	\$270 – \$295
Paseo del Sol II, Temecula	2014	90	—	90	—	—	\$254 – \$295
Los Angeles County:							
Los Arboles, Simi Valley	2012	43	39	4	4	15	\$387 – \$422
Tamarind Lane, Azusa	2012	62	24	38	32	14	\$475 – \$487
Tamarind Lane II, Azusa	2014	26	—	26	—	—	\$475 – \$487
Avenswood, Azusa	2013	66	—	66	—	—	\$631 – \$680
Woodson, Los Angeles	2014	66	—	66	—	—	\$925 – \$1,025
Southern California Total		912	199	713	123	109	
Northern California							
Contra Costa County:							
Barrington, Brentwood	2014	410	—	410	—	—	\$460 – \$600
Santa Clara County:							
Chantrea, San Jose	2012	38	25	13	8	10	\$1,245 – \$1,515
Ironhorse South, Morgan Hill	2012	37	27	10	1	11	\$515 – \$781
Ironhorse North, Morgan Hill	2013	32	9	23	23	9	\$565 – \$745
Avellino, Mountain View	2013	59	—	59	—	—	\$949 – \$1,079
San Mateo County:							
Amelia, San Mateo	2013	63	—	63	26	—	\$770 – \$1,125
Canterbury, San Mateo	2014	76	—	40	—	—	\$750 – \$965
Solano County:							
Southtown, Vacaville	2014	141	—	141	—	—	\$415 – \$460
Northern California Total		856	61	759	58	30	
Colorado							
Douglas County:							
Terrain, Castle Rock	2013	149	—	57	2	—	\$290 – \$347
Colorado Total		149	—	57	2	—	
Company Total—Owned Projects		1,917	260	1,529	183	139	
Fee Building Projects							
Southern California							
Orange County:							
San Marino, Irvine ⁽⁷⁾	2011	39	39	—	—	3	N/A
Ventura County:							
Meridian Hills, Moorpark ⁽⁸⁾	2013	83	—	83	—	—	\$620 – \$775
Lagunitas, Carpinteria ⁽⁸⁾	2012	73	36	37	26	26	\$466 – \$890
Southern California Total		195	75	120	26	29	
Company Total—Fee Building Projects		195	75	120	26	29	
Grand Totals:							
Owned Projects		1,917	260	1,529	183	139	
Fee Building Projects		195	75	120	26	29	
		2,112	335	1,649	209	168	

⁽¹⁾ Year of first delivery for future periods is based upon management's estimates and is subject to change.

⁽²⁾ The number of homes to be built at completion is subject to change, and there can be no assurance that we will build these homes.

⁽³⁾ Owned lots and fee building lots as of June 30, 2013 include owned lots and fee building lots in backlog as of June 30, 2013.

Backlog consists of homes under sales contracts that had not yet closed, and there can be no assurance that closings of sold homes will occur.

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- (5) Of the total homes subject to pending sales contracts that have not closed as of June 30, 2013, 178 homes have completed or are under construction while 5 homes have not started construction on our owned projects and 15 homes have completed or are under construction while 11 homes have not started construction on our fee building projects.
- (6) Sales price range reflects base price only and excludes any lot premium, buyer incentives and buyer selected options, which may vary from project to project. Sales prices for homes required to be sold pursuant to affordable housing requirements are excluded from sales price range.
- (7) We entered into a construction management agreement to only build homes in this community for an independent third-party property owner. This project was marketed under the third-party owner's name.
- (8) We entered into a construction management agreement to build, sell and market homes in this community for an independent third-party property owner. This project is marketed under the TRI Pointe Homes brand name.

Critical Accounting Policies

There have been no significant changes to our critical accounting policies from those described in Note 1 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.

Recently Issued Accounting Standards

See Note 1 to the accompanying notes to unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks related to fluctuations in interest rates on our outstanding variable rate debt. We did not utilize swaps, forward or option contracts on interest rates or commodities, or other types of derivative financial instruments as of or during the three and six months ended June 30, 2013. We have not entered into and currently do not hold derivatives for trading or speculative purposes. Many of the statements contained in this section are forward looking and should be read in conjunction with our disclosures under the heading "Cautionary Note Concerning Forward-Looking Statements."

Based on the current interest rate management policies we have in place with respect to our outstanding debt, we do not believe that the future market rate risks related to the above securities will have a material adverse impact on our financial position, results of operations or liquidity.

Item 4. Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has reviewed and evaluated the effectiveness of our disclosure controls and procedures, as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this Form 10-Q (the "Evaluation Date"). Based on such evaluation, management has concluded that our disclosure controls and procedures were effective as of the Evaluation Date. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching our desired disclosure control objectives.

During the fiscal quarter covered by this Form 10-Q, there has not been any change in our internal control over financial reporting that has materially affected, or that is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 5. Other Information

On August 7, 2013, the Company's Board of Directors approved an amendment to Section 4.2 of the Company's Bylaws to clarify that any officer chosen by another officer pursuant to Section 4.10 of the Bylaws may be removed with or without cause at any time by that officer, but such removal will be without prejudice to the contractual rights of such officer, if any, with the Company. The foregoing description of the amendment is qualified in its entirety by reference to the complete text of the Amended and Restated Bylaws, a copy of which is filed as Exhibit 3.2 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 6. Exhibits

<i>Exhibit Number</i>	<i>Exhibit Description</i>
2.1	Plan of Conversion of TRI Pointe Homes, LLC
3.1	Amended and Restated Certificate of Incorporation of TRI Pointe Homes, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K (filed March 28, 2013))
3.2	Amended and Restated Bylaws of TRI Pointe Homes, Inc.
4.1	Specimen Common Stock Certificate of TRI Pointe Homes, Inc. (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-1 (filed Dec. 21, 2012))
4.2	Investor Rights Agreement between TRI Pointe Homes, Inc. and VIII/TPC Holdings, L.L.C.
10.1	Revolving credit agreement, dated July 18, 2013, among TRI Pointe Homes, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (filed July 25, 2013))
10.2	Registration Rights Agreement among TRI Pointe Homes, Inc. and the members of TRI Pointe Homes, LLC.
31.1	Chief Executive Officer Section 302 Certification of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer Section 302 Certification of the Sarbanes-Oxley Act of 2002
32.1	Chief Executive Officer Section 906 Certification of the Sarbanes-Oxley Act of 2002
32.2	Chief Financial Officer Section 906 Certification of the Sarbanes-Oxley Act of 2002
101	The following materials from TRI Pointe Homes, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statement of Equity, (v) Consolidated Statement of Cash Flows, and (vi) Condensed Notes to Consolidated Financial Statements.

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

TRI Pointe Homes, Inc.

By: /s/ Douglas F. Bauer
Douglas F. Bauer
Chief Executive Officer

Date: August 13, 2013

PLAN OF CONVERSION

This Plan of Conversion (this “Plan of Conversion”) of TRI Pointe Homes, LLC, a Delaware limited liability company (the “Company”), is made and entered into effective as of January 30, 2013 in accordance with the terms of the Company’s Limited Liability Company Operating Agreement, dated as of September 24, 2010, as amended (the “LLC Agreement”), the Delaware Limited Liability Company Act and the Delaware General Corporation Law. Capitalized terms used but not otherwise defined in this Plan of Conversion have the meanings ascribed to such terms in the LLC Agreement.

RECITALS

A. The Company was formed under the name TRI Pointe Homes, LLC on September 24, 2010 by the filing of a certificate of formation with the Secretary of State of the State of Delaware. Under the terms of the LLC Agreement, the Company is managed by its board of managers (the “Board”).

B. A conversion of a Delaware limited liability company into a Delaware corporation may be made under Title 8, Section 265 of the Delaware General Corporation Law and Title 6, Section 18-216 of the Delaware Limited Liability Company Act.

C. Section 11.1 of the LLC Agreement provides in part that in the event that the Board determines to consummate a Qualified Public Offering of interests in the Company, the Board has the power and authority to, among other matters, incorporate the Company or to convert or effect any other restructuring of the Company in connection therewith and to take such other action as it may deem advisable.

D. The Board has unanimously approved the conversion of the Company into a Delaware corporation (the “Conversion”), the terms of this Plan of Conversion and, following the Conversion, the initial public offering (the “IPO”) of the shares of Common Stock (as defined below).

NOW, THEREFORE, the Company does hereby adopt this Plan of Conversion to effectuate the Conversion as follows:

1. Terms and Conditions of Conversion.

(a) The name of the converting entity is TRI Pointe Homes, LLC, and the name of the converted entity is TRI Pointe Homes, Inc. (the “Corporation”).

(b) The Conversion shall become effective at the time of the filing of the Certificate of Conversion (the “Effective Time”) with the Secretary of State of the State of Delaware, in substantially the form attached hereto as Exhibit A.

(c) At the Effective Time, the Company shall continue its existence in the organizational form of a Delaware corporation. All of the rights, privileges and powers of the Company and all property and all debts due to the Company, as well as all other things and causes of action belonging to the Company, shall remain vested in the Corporation and shall be

the property of the Corporation. All actions and resolutions of the Board and the Members, as applicable, taken or adopted from the inception of the Company prior to the Effective Time shall continue in full force and effect as if the Corporation's Board of Directors and the stockholders, respectively, had taken such actions and adopted such resolutions. All rights of creditors and all liens upon any property of the Company shall be preserved unimpaired, and all debts, liabilities and duties of the Company shall remain attached to the Corporation and may be enforced against the Corporation to the same extent as if said debts, liabilities and duties had originally been incurred or contracted by the Corporation in its capacity as a Delaware corporation.

(d) At the Effective Time, all outstanding interests of the Company shall be automatically converted into shares of common stock of the Corporation, par value \$0.01 (the "Common Stock"), as provided in Section 3 below, with such shares of Common Stock having the respective rights, preferences and privileges set forth in the Initial Certificate of Incorporation and, upon its subsequent filing, the Restated Certificate of Incorporation (as each term is defined below).

(e) At the Effective Time, the LLC Agreement shall be terminated and of no further force or effect, and no party shall have any further rights, duties or obligations pursuant to the LLC Agreement, except that: (i) Article 8 and Section 15.16 of the Agreement shall survive such termination; and (ii) Sections 11.1(a)(ii) and (iii) of the LLC Agreement shall survive solely for the purpose provided for in Section 3(b) hereof and, subsequent to any re-allocation as provided for in Section 3(b) hereof, Sections 11.1(a)(ii) and (iii) of the LLC Agreement shall be terminated and of no further force or effect. Notwithstanding the foregoing, the termination of the LLC Agreement shall not relieve any party thereto from any liability arising in connection with any breach by such party of the LLC Agreement.

2. Certificate of Incorporation; Directors. At the Effective Time, an initial Certificate of Incorporation of the Corporation shall be filed with the Secretary of State of the State of Delaware in substantially in the form attached hereto as **Exhibit B** (the "Initial Certificate of Incorporation"). Pursuant to an Action of the Sole Incorporator substantially in the form attached hereto as **Exhibit C**, which shall be executed immediately following the filing of the Initial Certificate of Incorporation, the initial directors of the Corporation shall be elected. Thereafter immediately following the filing of the Initial Certificate of Incorporation, the initial directors shall ratify and approve the bylaws of the Corporation substantially in the form attached hereto as **Exhibit D**, and shall authorize and approve the Amended and Restated Certificate of Incorporation of the Corporation substantially in the form attached hereto as **Exhibit E** (the "Restated Certificate of Incorporation"), and shall recommend that the stockholders of the Corporation approve the Restated Certificate of Incorporation. Upon obtaining the foregoing stockholder approval, the Restated Certificate of Incorporation shall be filed with the Secretary of State of the State of Delaware.

3. Manner and Basis of Converting Units in the Company.

(a) At the Effective Time, the Common Units and the Incentive Units outstanding immediately prior to the Effective Time shall be converted automatically, without any action on the part of the holder thereof, into validly issued, fully paid and non-assessable shares of the Corporation's Common Stock. The initial allocation of shares of Common Stock issued in the

Conversion of the Common Units and Incentive Units shall be calculated on the basis of the Initial Valuation of the Corporation (which is a valuation based upon the midpoint of the valuation range set forth on the cover page of the Corporation's last preliminary prospectus filed with the Securities and Exchange Commission prior to the "road show" for the IPO) and otherwise in accordance with Section 11.1(a)(iii) of the LLC Agreement. Subject to any adjustment required pursuant to Section 3(b) below, the initial allocation of such shares of Common Stock among the Members shall be as set forth on **Exhibit F**, and the Members confirm and agree to such initial allocation.

(b) Following the completion of the IPO, the valuation of the Corporation shall be recalculated based upon the Adjusted Valuation (which is a valuation based upon the average of the closing price of the Common Stock for the ten trading-day period initially following the date of the IPO (the "Average Per Share Price") and the number of shares of Common Stock outstanding on the date of the completion of the IPO), and

(i) if such Adjusted Valuation is greater than the Initial Valuation, each party who received Common Stock on the basis of Common Units held immediately prior to the Conversion (the "Pre-IPO Common Unit Holders") shall convey Common Stock (pro rata based upon their respective ownership of Common Units immediately prior to the Conversion) such that the parties who received Common Stock on the basis of Incentive Units held immediately prior to the Conversion ("Pre-IPO Incentive Unit Holders") shall receive (pro rata based upon their respective ownership of Incentive Units immediately prior to the Conversion) such number of shares of Common Stock (based on the Average Per Share Price instead of the Initial Per Share Price (which is the price per share resulting from the Initial Valuation)) equal to the difference between (1) the value of the Common Stock the Pre-IPO Incentive Unit Holders would have received with respect to their Incentive Units as a result of the Adjusted Valuation as recalculated pursuant to clauses (ii) and (iii) of Section 11.1(a) of the LLC Agreement and (2) the value of the Common Stock they received with respect to their Incentive Units as a result of the Initial Valuation, and

(ii) if such Adjusted Valuation is less than the Initial Valuation, each PreIPO Incentive Unit Holder shall convey Common Stock received on the basis of their Incentive Units (pro rata based upon their respective ownership of Incentive Units immediately prior to the Conversion) such that the Pre-IPO Common Unit Holders shall receive (pro rata based upon their respective ownership of Common Units immediately prior to the Conversion) such number of shares of Common Stock (based on the Average Per Share Price instead of the Initial Per Share Price) equal to the difference between (1) the value of the Common Stock the Pre-IPO Incentive Unit Holders received with respect to their Incentive Units as a result of the Initial Valuation and (2) the value of the Common Stock they would have received with respect to their Incentive Units as a result of the Adjusted Valuation as recalculated pursuant to clauses (ii) and (iii) of Section 11.1(a) of the LLC Agreement;

provided, however, that the foregoing Common Stock share adjustment shall be limited so that the increase or decrease in the aggregate of the number of shares of Common Stock to be received by or conveyed by the Pre-IPO Incentive Unit Holders is limited to 1% (one percent) of the total outstanding shares of Common Stock immediately after the completion of the IPO.

(c) Any shares of Common Stock issued in exchange for Common Units or Incentive Units that, immediately prior to the Effective Time, were unvested or were subject to a repurchase option, risk of forfeiture or other condition pursuant to the terms of the LLC Agreement, an employment agreement or any other applicable agreement of the Company shall be subject to the vesting requirements, repurchase options, risks of forfeiture or other conditions that may be set forth in a new or amended employment agreement or other applicable agreement between the Corporation and the holder receiving such shares of Common Stock, and the certificate representing such shares of Common Stock, if any, may accordingly be marked with appropriate legends in the discretion of the Corporation.

(d) No fractional shares of Common Stock will be issued in connection with the Conversion.

(e) The shares of Common Stock into which the Common Units and Incentive Units shall be converted at the Effective Time have not been registered under the Securities Act or the securities laws of any state and may not be transferred, pledged or hypothecated except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom; any certificates evidencing the Common Stock, if any, or any other securities issued in respect of the Common Stock upon any split, dividend, recapitalization, merger, consolidation or similar event, shall bear any legend required by the Corporation, required under applicable U.S. federal and state securities laws or called for by any agreement between the Corporation and any stockholder.

4. Registration Rights Agreement. Each person that executes a counterpart signature page to the Registration Rights Agreement dated as of the Effective Time, substantially in the form attached hereto as **Exhibit G** (the “**Registration Rights Agreement**”), shall hold certain shelf, demand and piggyback registration rights set forth in the Registration Rights Agreement with respect to the Common Stock such person receives in connection with the Conversion.

5. U.S. Federal Income Tax Consequences. The Conversion has been structured to be treated, for U.S. federal income tax purposes, as if the Company transferred its assets to the Corporation for shares of the Corporation’s Common Stock pursuant to an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended, followed by a distribution of the shares of the Corporation’s Common Stock to the Members in liquidation of the Company, as described in Rev. Rul. 2004-59.

6. Amendment or Termination. This Plan of Conversion may be amended or terminated by the Company and the Conversion may be abandoned at any time prior to the Effective Time, notwithstanding any prior approval of this Plan of Conversion by the Members.

7. Counterparts. This Plan of Conversion may be executed in two or more counterparts, and each such counterpart and copy shall be and constitute an original instrument.

8. Governing Law. This Plan of Conversion shall be governed by and construed under the laws of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, having received the required approval from the Board, hereby adopts this Plan of Conversion as of the date set forth above.

Tri Pointe Homes, LLC

By: _____

Name: Douglas F. Bauer
Title: Chief Executive Officer

The undersigned Members of the Company hereby execute, agree to and approve this Plan of Conversion, including the exhibits hereto, as of the date set forth above.

VIII/TPC Holdings L.L.C.

By: _____

Name:
Title:

BMG Homes, Inc.

By: _____

Name:
Title:

The Bauer Revocable Trust U/D/T Dated December 31, 2003

By: _____

Name:
Title:

Grubbs Family Trust Dated June 22, 2012

By: _____

Name:
Title:

The Mitchell Family Trust U/D/T Dated February 8, 2000

By: _____

Name:
Title:

Frankel Associates, L.P.

By: La Lomana Inc., its general partner

By: _____

Name: _____

Title: _____

Douglas F. Bauer

Michael D. Grubbs

Thomas J. Mitchell

Exhibit A
Certificate of Conversion

STATE OF DELAWARE
CERTIFICATE OF CONVERSION
FROM A LIMITED LIABILITY COMPANY TO A CORPORATION

Pursuant to Title 8, Section 265 of the Delaware General Corporation Law, the undersigned, on behalf of TRI Pointe Homes, LLC, a Delaware limited liability company, does hereby submit this Certificate of Conversion for the purpose of converting to a Delaware corporation.

1. The date on which TRI Pointe Homes, LLC was first formed is August 5, 2010.
2. The jurisdiction in which TRI Pointe Homes, LLC was first formed is the state of Delaware.
3. The jurisdiction immediately prior to the filing of this Certificate of Conversion is the state of Delaware.
4. The name of the limited liability company immediately prior to the filing of this Certificate of Conversion is "TRI Pointe Homes, LLC".
5. The name of the corporation as set forth in its Certificate of Incorporation filed in accordance with Section 265(b)(2) of the Delaware General Corporation Law is "TRI Pointe Homes, Inc.".

IN WITNESS WHEREOF, the undersigned being duly authorized to sign on behalf of the converting limited liability company has executed this Certificate on this 30th day of January, 2013.

TRI Pointe Homes, LLC

By:

Name: Douglas F. Bauer
Title: Chief Executive Officer

Exhibit B
Initial Certificate of Incorporation

CERTIFICATE OF INCORPORATION
OF
TRI POINTE HOMES, INC.

1. The name of the corporation is TRI Pointe Homes, Inc.
2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.
3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
4. The total number of shares of stock which the corporation shall have authority to issue is 500,000,000 each with a \$0.01 par value.
5. The name and mailing address of the incorporator is as follows:

<u>Name</u>	<u>Address</u>
Douglas F. Bauer	19520 Jamboree Road, Suite 200 Irvine, California 92612

6. The corporation is to have perpetual existence.
7. Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to

be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the corporation shall be indemnified and held harmless by the corporation to the fullest extent permitted by the General Corporation Law of Delaware. The right to indemnification conferred in this Section shall also include the right to be paid by the corporation the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent authorized by the General Corporation Law of Delaware. The rights to indemnification and advancement conferred in this Section shall be contract rights and shall become vested by virtue of the director's or officer's service at the time when the state of facts giving rise to the claim occurred. The corporation may, by action of its Board of Directors, provide indemnification to such of the employees and agents of the corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by the General Corporation Law of Delaware.

8. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Incorporation as of January 30, 2013.

Douglas F. Bauer
Sole Incorporator

Exhibit C
Action of the Sole Incorporator

TRI POINTE HOMES, INC.

INFORMAL ACTION OF THE SOLE INCORPORATOR

THE UNDERSIGNED, being the sole incorporator of TRI Pointe Homes, Inc., a corporation organized and existing under the laws of the State of Delaware (the “Company”), hereby consents, pursuant to Sections 107 and 108(c) of the General Corporation Law of the State of Delaware, to the adoption of the following resolutions with the same force and effect as if such resolutions had been adopted at a duly convened meeting of the sole incorporator of the Company:

RESOLVED, that the Board of Directors of the Company consists of three (3) members; and be it

FURTHER RESOLVED, that each of Barry S. Sternlicht, Douglas F. Bauer and J. Marc Perrin be, and hereby is, elected as a Director of the Company effective on the date hereof, to serve or hold office until the first annual meeting of stockholders or until their successors are elected and qualify; and be it

FURTHER RESOLVED, that Barry S. Sternlicht be, and hereby is, appointed as the Chairman of the Board of Directors of the Company; and be it

FURTHER RESOLVED, the sole incorporator of the Company shall have no further rights, duties, or obligations in connection with the Company as incorporator thereof.

Executed as of the date set forth beside the sole incorporator's signature below.

Douglas F. Bauer, Incorporator

January 30, 2013

Exhibit D
Bylaws

[In the form filed with the Registration Statement]

Exhibit E
Restated Certificate of Incorporation

[In the form filed with the Registration Statement]

Exhibit F
Initial Allocation of Shares of Common Stock*

<u>Member</u>	<u>Number of Common Units to be Converted</u>	<u>Number of Tier I Incentive Units to be Converted</u>	<u>Number of Tier II Incentive Units to be Converted</u>	<u>Initial Allocation of Shares of Common Stock to be Received Upon Conversion of Common Units and/or Incentive Units</u>
VIII/TPC Holdings L.L.C.	150,000,000	N/A	N/A	18,026,019
BMG Homes, Inc.	4,029,766	N/A	N/A	484,270
The Bauer Revocable Trust	1,282,947	N/A	N/A	154,177
The Grubbs Family Trust	352,666	N/A	N/A	42,381
The Mitchell Family Trust	1,282,947	N/A	N/A	154,177
Frankel Associates, L.P.	2,918,560	N/A	N/A	350,734
Douglas F. Bauer	N/A	33 1/3	33 1/3	795,383
Michael D. Grubbs	N/A	33 1/3	33 1/3	795,383
Thomas J. Mitchell	N/A	33 1/3	33 1/3	795,383

* The initial allocation of shares of Common Stock upon the Conversion is subject to adjustment following the completion of the IPO as specified in Section 3(b) of the Plan of Conversion.

Exhibit G
Registration Rights Agreement

[In the form filed with the Registration Statement]

**BYLAWS
OF
TRI POINTE HOMES, INC.
(Amended and Restated August 7, 2013)**

ARTICLE I

Offices

Section 1.1 Registered Offices. The registered office of TRI Pointe Homes, Inc. (the “Corporation”) in the State of Delaware shall be located at 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801. The name of the Corporation’s registered agent at such address shall be The Corporation Trust Company. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the Board of Directors.

Section 1.2 Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require

Section 1.3 Books. The books of the Corporation may be kept within or without of the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

Stockholders Meetings

Section 2.1 Annual Meetings

(a) An annual meeting of stockholders shall be held for the election of directors and the transaction of such other business as may properly be brought before the meeting in accordance with these Bylaws at such date, time and place, if any, as may be fixed by resolution of the Board of Directors of the Corporation from time to time.

(b) Only such business (other than stockholder nominations of directors, which shall be made in compliance with, and shall be exclusively governed by, Section 3.1(a)) shall be conducted at an annual meeting of stockholders as shall have been properly brought before the meeting. For business to be properly brought before the meeting, it must be (i) authorized by the Board of Directors and specified in the notice, or a supplemental notice, of the meeting, (ii) otherwise brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 2.1(b) and at the time of the annual meeting of stockholders, who is entitled to vote at the meeting on any such business and who has complied with the notice and other requirements set forth in these Bylaws; clause (iii) shall be the exclusive means for a stockholder to submit such business (other than proposals properly brought under Rule 14a-8

under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and included in the Corporation’s notice of the meeting, which proposals are not governed by these Bylaws) before an annual meeting of stockholders.

(c) For business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.1(b)(iii), the stockholder must have given timely written notice thereof to the Secretary of the Corporation as hereinafter provided and such proposal must otherwise be a proper subject for action by the Corporation’s stockholders. To be timely, a stockholder’s written notice shall set forth all information required under this Section 2.1(c) and shall be delivered or mailed to and received at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the immediately preceding year’s annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days from the first anniversary of the immediately preceding year’s annual meeting date, written notice by a stockholder in order to be timely must be received not earlier than the 120th day before the date of such annual meeting and not later than the later of the 90th day before the date of such annual meeting, as originally convened, or the close of business on the tenth day following the day on which the first public disclosure of the date of such annual meeting was made. In no event shall the public disclosure of an adjournment or postponement of an annual meeting commence a new time period for the giving of stockholder’s notice as described above. A stockholder’s notice to the Secretary delivered pursuant to this Section 2.1(c) shall set forth:

- (i) as to each matter the stockholder proposes to bring before the meeting, (A) a description of the proposal or business (including the complete text of any resolutions to be presented at the annual meeting, and, in the event that such business includes a proposal to amend these Bylaws, the text of the proposed amendment) desired to be brought before the annual meeting, (B) the reasons for conducting such business at the annual meeting, and (C) any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom;
- (ii) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the proposal of business on the date of such stockholder’s notice;
- (iii) as to the stockholder giving the notice and any Stockholder Associated Person:

(A) the class or series and number of shares of capital stock or other securities of the Corporation (collectively, “Company Securities”), if any, which are owned beneficially or of record by such person, the date(s) on which such Company Securities were acquired and the investment intent of such acquisition(s), and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person,

(B) the nominee holder for, and number of, any Company Securities owned beneficially but not of record by such person,

(C) whether and the extent to which such person, directly or indirectly (through brokers, nominees or otherwise), is subject to or during the last six months has engaged in any hedging, derivative or other transaction or series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is to (x) manage risk or benefit of changes in the price of Company Securities for such person, or (y) increase or decrease the voting power of such person in the Corporation disproportionately to such person's economic interest in the Company Securities; and

(D) a representation that such stockholder or Stockholder Associated Person intends to appear in person or by proxy at the annual meeting to bring such business before the meeting;

- (iv) as to the stockholder giving the notice or any Stockholder Associated Person with an interest or ownership referred to in clause (i) or clause (iii)(C) of this Section 2.1(c):

(A) the name and address of such stockholder, as they appear on the Corporation's stock ledger, and the current name and business address, if different, of each such Stockholder Associated Person, and

(B) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors or potential investors in such stockholder and each such Stockholder Associated Person;

- (v) as to the stockholder giving the notice and any Stockholder Associated Person, a description of all arrangements or understandings between such person and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder or such beneficial owner in such business, including any anticipated benefit to the stockholder or such beneficial owner therefrom; and
- (vi) as to the stockholder giving the notice and any Stockholder Associated Person, a representation that such person intends to appear in person or by proxy at the annual meeting to bring such business before the meeting (the information described in clauses (iii) through (vi), the "Proposing Stockholder Information").

(d) Unless otherwise required by law, if a stockholder (or qualified representative) does not appear at the meeting of stockholders to present business proposed by such stockholder

pursuant to this Section 2.1(c), such proposed business shall not be transacted, even though proxies in respect of such vote may have been received by the Corporation. No business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (c). The chairman of the meeting at which any business is proposed by a stockholder shall, if the facts warrant, determine and declare to the meeting that such business was not properly brought before the meeting in accordance with the provisions of this Section 2.1(c), and in such event, the business not properly before the meeting shall not be transacted.

Section 2.2 Special Meetings. Special meetings of stockholders may be called only as set forth in the Certificate of Incorporation (the "Certificate of Incorporation") of the Corporation.

Section 2.3 Notice of Meetings. A written notice of each annual or special meeting of stockholders shall be given stating the place, if any, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting) and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, such notice of meeting shall be given not less than ten nor more than 60 days before the date of the meeting to each stockholder of record entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, personally, by mail or, to the extent and in the manner permitted by applicable law, electronically. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 2.4 Adjournments. Any annual or special meeting of stockholders may be adjourned from time to time to reconvene at the same or some other place, if any, and notice need not be given of any such adjourned meeting if the date, time and place, if any, thereof and the means of remote communication, if any, by which stockholders and proxyholders may be deemed present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting in accordance with Section 2.3. If the Board of Directors shall fix a new record date for determination of stockholders entitled to vote at an adjourned meeting, the Board of Directors shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as the record date determined for stockholders entitled to vote at the adjourned meeting.

Section 2.5 Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the presence in person or by proxy of the holders of stock having a majority of the votes which could be cast by the holders of all outstanding stock entitled to vote at the meeting shall constitute a quorum at each meeting of stockholders. In the absence of a quorum, the stockholders so present may, by the affirmative vote of the holders of stock having a

majority of the votes which could be cast by all such holders, adjourn the meeting from time to time in the manner provided in Section 2.4 of these Bylaws until a quorum is present. If a quorum is present when a meeting is convened, the subsequent withdrawal of stockholders, even though less than a quorum remains, shall not affect the ability of the remaining stockholders lawfully to transact business.

Section 2.6 Conduct; Remote Communication.

(a) Meetings of stockholders shall be presided over by the Chairman of the Board or, in his or her absence, by the Chief Executive Officer, or in his or her absence, by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) If authorized by the Board of Directors in accordance with these Bylaws and applicable law, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication, (1) participate in a meeting of stockholders and (2) be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 2.7 Voting.

(a) Except as otherwise provided by the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power on the matter in question.

(b) Voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors of election unless so required by Section 2.9 of these Bylaws or so determined by the holders of stock having a majority of the votes which could be cast by the holders of all outstanding stock entitled to vote which are present in person or by proxy at such meeting. Unless otherwise provided in the Certificate of Incorporation, directors shall be elected by a plurality of the votes cast in the election of directors. Each other question shall, unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, be decided by the vote of the holders of stock having a majority of the votes which could be cast by the holders of all stock entitled to vote on such question which are present in person or by proxy at the meeting.

(c) Stock of the Corporation standing in the name of another corporation and entitled to vote may be voted by such officer, agent or proxy as the bylaws or other internal regulations of such other corporation may prescribe or, in the absence of such provision, as the board of directors or comparable body of such other corporation may determine.

(d) Stock of the Corporation standing in the name of a deceased person, a minor, an incompetent or a debtor in a case under Title 11, United States Code, and entitled to vote may be voted by an administrator, executor, guardian, conservator, debtor-in-possession or trustee, as the case may be, either in person or by proxy, without transfer of such shares into the name of the official or other person so voting.

(e) A stockholder whose voting stock of the Corporation is pledged shall be entitled to vote such stock unless on the transfer records of the Corporation the pledgor has expressly empowered the pledgee to vote such shares, in which case only the pledgee, or such pledgee's proxy, may represent such shares and vote thereon.

(f) If voting stock is held of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (i) if only one votes, such act binds all; (ii) if more than one vote, the act of the majority so voting binds all; and (iii) if more than one vote, but the vote is evenly split on any particular matter each faction may vote such stock proportionally, or any person voting the shares, or a beneficiary, if any, may apply to the Court of Chancery of the State of Delaware or such other court as may have jurisdiction to appoint an additional person to act with the persons so voting the stock, which shall then be voted as determined by a majority of such persons and the person appointed by the Court. If the instrument so filed shows that any such tenancy is held in unequal interests, a majority or even split for the purpose of this subsection shall be a majority or even split in interest.

(g) Stock of the Corporation belonging to the Corporation, or to another corporation a majority of the shares entitled to vote in the election of directors of which are held by the Corporation, shall not be voted at any meeting of stockholders and shall not be counted in the total number of outstanding shares for the purpose of determining whether a quorum is present. Nothing in this Section 2.7 shall limit the right of the Corporation to vote shares of stock of the Corporation held by it in a fiduciary capacity.

Section 2.8 Proxies.

(a) Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy filed with the Secretary before or at the time of the meeting. No such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing with the Secretary an instrument in writing revoking the proxy or another duly executed proxy bearing a later date.

(b) A stockholder may authorize another person or persons to act for such stockholder as proxy (i) by executing a writing authorizing such person or persons to act as such, which execution may be accomplished by such stockholder or such stockholder's authorized officer, director, partner, employee or agent (or, if the stock is held in a trust or estate, by a trustee, executor or administrator thereof) signing such writing or causing his or her signature to be affixed to such writing by any reasonable means, including, but not limited to, facsimile signature, or (ii) by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission (each, a "Transmission") to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such Transmission; provided that any such Transmission must either set forth or be submitted with information from which it can be determined that such Transmission was authorized by such stockholder.

(c) Any inspector or inspectors appointed pursuant to Section 2.9 of these Bylaws shall examine Transmissions to determine if they are valid. If no inspector or inspectors are so appointed, the Secretary or such other person or persons as shall be appointed from time to time by the Board of Directors shall examine Transmissions to determine if they are valid. If it is determined that a Transmission is valid, the person or persons making that determination shall specify the information upon which such person or persons relied. Any copy, facsimile telecommunication or other reliable reproduction of such a writing or Transmission may be substituted or used in lieu of the original writing or Transmission for any and all purposes for which the original writing or Transmission could be used; provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or Transmission.

Section 2.9 Voting Procedures and Inspectors of Elections .

(a) If the Corporation has a class of voting stock that is (i) listed on a national securities exchange, (ii) authorized for quotation on an interdealer quotation system of a registered national securities association or (iii) held of record by more than 2,000 stockholders, the Board of Directors shall, in advance of any meeting of stockholders, appoint one or more inspectors (individually an "Inspector," and collectively the "Inspectors") to act at such meeting and make a written report thereof. The Board of Directors may designate one or more persons as alternate Inspectors to replace any Inspector who shall fail to act. If no Inspector or alternate is able to act at such meeting, the chairman of the meeting shall appoint one or more other persons to act as Inspectors. Each Inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of Inspector with strict impartiality and according to the best of his or her ability.

(b) The Inspectors shall (i) ascertain the number of shares of stock of the Corporation outstanding and the voting power of each, (ii) determine the number of shares of stock of the Corporation present in person or by proxy at such meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the Inspectors and (v) certify their determination of the number of such shares present in person or by proxy at such meeting and their count of all votes and ballots. The Inspectors may appoint or retain other persons or entities to assist them in the performance of their duties.

(c) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at such meeting. No ballots, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the Inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by any stockholder shall determine otherwise.

(d) In determining the validity and counting of proxies and ballots, the Inspectors shall be limited to an examination of the proxies, any envelopes submitted with such proxies, any information referred to in paragraphs (b) and (c) of Section 2.8 of these Bylaws, ballots and the regular books and records of the Corporation, except that the Inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by a stockholder of record to cast or more votes than such stockholder holds of record. If the Inspectors consider other reliable information for the limited purpose permitted herein, the Inspectors, at the time they make their certification pursuant to paragraph (b) of this Section 2.9, shall specify the precise information considered by them, including the person or persons from whom such information was obtained, when and the means by which such information was obtained and the basis for the Inspectors' belief that such information is accurate and reliable.

Section 2.10 Fixing Date of Determination of Stockholders of Record.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall, unless otherwise required by law, be not more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting, unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors in respect of a meeting, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise

any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which shall not be more than sixty (60) days prior to such action. If no such record date is so fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 2.11 List of Stockholders Entitled to Vote. The Secretary shall prepare, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date), arranged in alphabetical order, and showing the address and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, the list shall be open to the examination of any stockholder during the whole time thereof on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

ARTICLE III

Board of Directors

Section 3.1 Election; Resignation; Vacancies

(a) Only persons who are nominated in accordance with the procedures set forth in this Section 3.1(a) shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board of Directors may be made at a meeting of stockholders by the Board of Directors or by any stockholder of the Corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this paragraph (a). Any nomination by a stockholder must be made by timely written notice to the Secretary as hereinafter provided. To be timely, a stockholder's written notice shall set forth all information required under this Section 3.1(a) and shall be delivered or mailed to and received at the principal executive offices of the Corporation: (i) with respect to an election to be held at an annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the immediately preceding year's annual meeting; provided, however, that in the event that no annual meeting was held in the previous

year or the annual meeting is called for a date that is not within 30 days from the first anniversary of the immediately preceding year's annual meeting date, written notice by a stockholder in order to be timely must be received not earlier than the 120th day before the date of such annual meeting and not later than the later of the 90th day before the date of such annual meeting, as originally convened, or the close of business on the tenth day following the day on which the first public disclosure of the date of such annual meeting was made, and (ii) with respect to an election to be held at a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which the first public disclosure of the date of such special meeting was made. In no event shall the public disclosure of an adjournment or postponement of any annual or special meeting commence a new time period for giving of a stockholder notice as described above. A stockholder's notice to the Secretary delivered pursuant to this Section 3.1(a) shall set forth:

- (i) as to each person whom the stockholder proposes to nominate for election or re-election as a director (each, a "Proposed Nominee"), all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder; and
- (ii) as to the stockholder giving the notice and any Stockholder Associated Person, the Proposing Stockholder Information with respect to such person.

Such notice shall be accompanied by a written representation and agreement, in the form provided by the Secretary upon written request, executed by the Proposed Nominee, that such Proposed Nominee (i) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director that has not been disclosed to the Corporation, (ii) consents to being named as a nominee and to serve as a director if elected, (iii) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such Proposed Nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such Proposed Nominee's ability to comply, if elected as a director of the Corporation, with such Proposed Nominee's fiduciary duties under applicable law and (iv) would be in compliance if elected as a director of the Corporation, and will comply with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

At the request of the Board of Directors any person nominated by the Board of Directors for election as a director shall furnish to the Secretary (in accordance with any applicable time periods prescribed for delivery of notice under these Bylaws) that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

Notwithstanding anything in this Section 3.1(a) to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no public disclosure of such action at least 90 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the immediately preceding year's annual meeting, a stockholder's notice required by this Section 3.1(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive office of the Corporation not later than the tenth day following the day on which such public disclosure is first made by the Corporation.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 3.1(a). Unless otherwise required by law, if a stockholder (or qualified representative) does not appear at the meeting of stockholders to present a nomination proposed by such stockholder pursuant to this Section 3.1(a), such nomination shall be disregarded, even though proxies in respect of such vote may have been received by the Corporation. The chairman of the meeting at which a stockholder nomination is presented shall, if the facts warrant, determine and declare to the meeting that such nomination was not made in accordance with the procedures prescribed by this Section 3.1(a), and, in such event, the defective nomination shall be disregarded.

(b) Any director may resign at any time by giving written notice to the Chairman of the Board, the Chief Executive Officer or the Secretary. A resignation shall take effect when the resignation is delivered to the officer to whom it is directed unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events, without any need for its acceptance. A resignation that is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable.

(c) Any newly created directorship or any vacancy occurring in the Board of Directors for any reason shall be filled as set forth in the Certificate of Incorporation.

Section 3.2 Regular Meetings. Unless otherwise determined by the Board of Directors, a regular annual meeting of the Board of Directors shall be held, without call or notice, immediately after and, if the annual meeting of stockholders is held at a place, at the same place as the annual meeting of stockholders, for the purpose of electing officers and transacting any other business that may properly come before such meeting. Additional regular meetings of the Board of Directors may be held without call or notice at such times as shall be fixed by resolution of the Board of Directors.

Section 3.3 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Chief Executive Officer, the Secretary or by any member of the Board of Directors. Notice of a special meeting of the Board of Directors shall be given by the person or persons calling the meeting at least twenty-four hours before the special meeting. The purpose or purposes of a special meeting need not be stated in the call or notice.

Section 3.4 Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board or, in his or her absence, by the Chief Executive Officer, or in his or her absence, by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting. A majority of the directors present at a meeting, whether or not they constitute a quorum, may adjourn such meeting to any other date, time or place without notice other than announcement at the meeting.

Section 3.5 Quorum; Vote Required for Action. At all meetings of the Board of Directors a majority of the whole Board of Directors shall constitute a quorum for the transaction of business. Unless the Certificate of Incorporation or these Bylaws otherwise provide, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.6 Committees. The Board of Directors may, by resolution, designate one or more committees, including but not limited to an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and an Executive Committee, each committee to consist of one or more directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members present at any meeting and not disqualified from voting, whether or not a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and provided in these Bylaws or in the resolution of the Board of Directors designating such committee, or an amendment to such resolution, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

Section 3.7 Telephonic Meetings. Directors, or any committee of directors designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.7 shall constitute presence in person at such meeting.

Section 3.8 Board of Director Action by Written Consent Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing (which may be in counterparts) or by electronic transmission, and the written consent or consents or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee. Such filing shall be made in paper form if the minutes of the Corporation are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Such action by written consent or consent by electronic transmission shall have the same force and effect as a unanimous vote of the Board of Directors.

Section 3.9 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules not inconsistent with the provisions of law for the conduct of its business. In the absence of such rules, each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to this Article III of these Bylaws.

Section 3.10 Reliance upon Records. Every director, and every member of any committee of the Board of Directors, shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors, or by any other person as to matters the director or member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, including, but not limited to, such records, information, opinions, reports or statements as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid, or with which the Corporation's capital stock might properly be purchased or redeemed.

Section 3.11 Interested Directors. A director who is directly or indirectly a party to a contract or transaction with the Corporation, or is a director or officer of or has a financial interest in any other corporation, partnership, association or other organization which is a party to a contract or transaction with the Corporation, may be counted in determining whether a quorum is present at any meeting of the Board of Directors or a committee thereof at which such contract or transaction is considered or authorized, and such director may participate in such meeting and vote on such authorization to the extent permitted by applicable law, including Section 144 of the General Corporation Law of the State of Delaware.

Section 3.12 Compensation. Unless otherwise restricted by the Certificate of Incorporation, the Board of Directors shall have the authority to fix the compensation of directors. The directors shall be paid their reasonable expenses, if any, of attendance at each meeting of the Board of Directors or a committee thereof and may be paid a fixed sum for attendance at each such meeting and an annual retainer or salary for services as a director or committee member. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

Officers

Section 4.1 Executive Officers; Election; Qualification; Term of Office. The Board of Directors shall elect a Chairman of the Board from among its members and shall elect a Chief Executive Officer and a Chief Financial Officer. The Board of Directors shall also elect a Secretary and may elect a President, one or more Vice Presidents, and one or more Assistant Secretaries. Any number of offices may be held by the same person. Each officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal.

Section 4.2 Resignation; Removal; Vacancies. Any officer may resign at any time by giving written notice to the Chairman of the Board, the Chief Executive Officer or the Secretary. Unless otherwise stated in a notice of resignation, it shall take effect when received by the officer to whom it is directed, without any need for its acceptance. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation. Any officer chosen by another officer pursuant to Section 4.10 of these Bylaws may be removed with or without cause at any time by that officer, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation. A vacancy occurring in any office of the Corporation may be filled for the unexpired portion of the term thereof by the Board of Directors at any regular or special meeting.

Section 4.3 Powers and Duties of Executive Officers. The officers of the Corporation shall have such powers and duties in the management of the Corporation as may be prescribed by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

Section 4.4 Chief Executive Officer. The Chief Executive Officer of the Corporation shall in general supervise and control all of the business affairs of the Corporation, subject to the direction of the Board of Directors. The Chief Executive Officer may execute, in the name and on behalf of the Corporation, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors or a committee thereof has authorized to be executed, except in cases where the execution shall have been expressly delegated by the Board of Directors or a committee thereof to some other officer or agent of the Corporation.

Section 4.5 President. The President, if there be one, shall perform such duties and possess such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Chief Executive Officer, the President shall perform the duties of the Chief Executive Officer and, when so performing, shall have all the powers and be subject to all the restrictions upon the office of Chief Executive Officer.

Section 4.6 Chief Financial Officer. The Chief Financial Officer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Controlling Officer and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all such officer's transactions as Chief Financial Officer and of the financial condition of the Corporation. If required by the Board of Directors, the Chief Financial Officer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for

the faithful performance of the duties of the office and for the restoration to the Corporation, in case of such person's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 4.7 Secretary. In addition to such other duties, if any, as may be assigned to the Secretary by the Board of Directors, the Chairman of the Board or the Chief Executive Officer, the Secretary shall (i) keep the minutes of proceedings of the stockholders, the Board of Directors and any committee of the Board of Directors in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iii) be the custodian of the records and seal of the Corporation; (iv) affix or cause to be affixed the seal of the Corporation or a facsimile thereof, and attest the seal by his or her signature, to all documents the execution of which under seal is authorized by the Board of Directors; and (v) unless such duties have been delegated by the Board of Directors to a transfer agent of the Corporation, keep or cause to be kept a register of the name and address of each stockholder, as the same shall be furnished to the Secretary by such stockholder, and have general charge of the stock transfer records of the Corporation.

Section 4.8 Assistant Secretaries. Except as may be otherwise provided in these Bylaws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President, if there be one, or any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of such person's disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 4.9 Vice Presidents. Except as may be otherwise provided in these Bylaws, Vice Presidents, if there be any, shall perform such duties and possess such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer or the President. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other such title.

Section 4.10 Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V

Stock Certificates and Transfers

Section 5.1 Certificated and Uncertificated Shares. Shares of the Corporation's stock may be certificated or uncertificated, as provided under Delaware law. All certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. The certificates shall be signed by (i) the Chairman of the Board of Directors, the Chief Executive Officer, the President, if any, or a Vice President, if any, and (ii) the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, and certify the number of shares owned by such holder in the Corporation.

Section 5.2 Signatures. Any signature required to be on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 5.3 Lost Certificates; Issuance of New Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 5.4 Transfers of Stock. Stock of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the record holder of such stock, or by their attorney lawfully constituted in writing, and, in the case of stock represented by a certificate, upon the surrender of the certificate.

Section 5.5 Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten days before the date of such meeting, nor more than sixty days prior to any such other corporate action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 5.6 Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI

Notices

Section 6.1 Manner of Notice .

(a) Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, whenever notice is required to be given to any stockholder, director or member of any committee of the Board of Directors, such notice may be given by (i) personal delivery, (ii) depositing it, in a sealed envelope, in the United States mails, first class, postage prepaid, addressed, (iii) delivering to a company for overnight or second day mail or delivery, (iv) delivering it to a telegraph company, charges prepaid, for transmission, or by transmitting it via telecopier, or (v) any other reliable means permitted by applicable law (including, subject to Section 6.1(b), electronic transmission) to such stockholder, director or member, either at the address of such stockholder, director or member as it appears on the records of the Corporation or, in the case of such a director or member, at his or her business address; and such notice shall be deemed to be given at the time when it is thus personally delivered, deposited, delivered or transmitted, as the case may be. Such requirement for notice shall also be deemed satisfied, except in the case of stockholder meetings, if actual notice is received orally or by other writing by the person entitled thereto as far in advance of the event with respect to which notice is being given as the minimum notice period required by law or these Bylaws.

(b) Without limiting the foregoing, any notice to stockholders given by the Corporation pursuant to these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation and shall also be deemed revoked if (1) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (2) such inability becomes known to the Secretary of the Corporation, the transfer agent or other person responsible for the giving of notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given by a form of electronic transmission in accordance with these Bylaws shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network, together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iv) if by another form of electronic transmission, when directed to the stockholder.

Section 6.2 Dispensation with Notice .

(a) Whenever notice is required to be given by law, the Certificate of Incorporation or these Bylaws to any stockholder to whom (i) notice of two consecutive annual meetings of stockholders, and all notices of meetings of stockholders to such stockholder during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities of the Corporation during a 12-month period, have been mailed addressed to such stockholder at the address of such stockholder as shown on the records of the Corporation and have been returned undeliverable, the giving of such notice to such stockholder shall not be required. Any action or meeting which shall be taken or held without notice to such stockholder shall have the same force and effect as if such notice had been duly given. If any such stockholder shall deliver to the Corporation a written notice setting forth the then current address of such stockholder, the requirement that notice be given to such stockholder shall be reinstated.

(b) Whenever notice is required to be given by law, the Certificate of Incorporation or these Bylaws to any person with whom communication is unlawful, the giving of such notice to such person shall not be required, and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given.

Section 6.3 Waiver of Notice. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee or directors need be specified in any written waiver of notice.

ARTICLE VII

Indemnification

Section 7.1 Right to Indemnification

(a) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by law as in effect on the date of adoption of these Bylaws or as it may thereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “proceeding”) by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture or other enterprise, against any and all liability and loss (including judgments, fines, penalties and amounts paid in settlement) suffered or incurred and expenses reasonably incurred by such person. The Corporation may, by action of its Board of Directors, provide indemnification to such of the employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware law. The Corporation shall not be required to indemnify a person in connection with a proceeding initiated by such person, including a counterclaim or crossclaim, unless the proceeding was authorized by the Board of Directors.

(b) For purposes of this Article VII: (i) any reference to “other enterprise” shall include all plans, programs, policies, agreements, contracts and payroll practices and related trusts for the benefit of or relating to employees of the Corporation and its related entities (“employee benefit plans”); (ii) any reference to “fines”, “penalties”, “liability” and “expenses” shall include any excise taxes, penalties, claims, liabilities and reasonable expenses (including

reasonable legal fees and related expenses) assessed against or incurred by a person with respect to any employee benefit plan; (iii) any reference to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation or trustee or administrator of any employee benefit plan which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants, beneficiaries, fiduciaries, administrators and service providers; (iv) any reference to serving at the request of the Corporation as a director, officer, employee or agent of a partnership or trust shall include service as a partner or trustee; and (v) a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” for purposes of this Article VII.

Section 7.2 Prepayment of Expenses. The Corporation shall pay or reimburse the reasonable expenses incurred in defending any proceeding in advance of its final disposition if the Corporation has received an undertaking by the person receiving such payment or reimbursement to repay all amounts advanced if it should be ultimately determined that he or she is not entitled to be indemnified under this Article VII or otherwise.

Section 7.3 Claims. If a claim for indemnification or payment of expenses under this Article VII is not paid in full within 60 days after a written claim therefor has been received by the Corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 7.4 Non-Exclusivity of Rights. The rights conferred on any person by this Article VII shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 7.5 Other Indemnification. The Corporation’s obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee, partner or agent of another corporation, partnership, joint venture or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture or other enterprise.

Section 7.6 Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article VII shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE VIII

General

Section 8.1 Fiscal year. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors. Initially, the fiscal year of the Corporation shall end on December 31 of each year.

Section 8.2 Seal. The corporate seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 8.3 Definitions.

(a) For purposes of these Bylaws, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

(b) For purposes of these Bylaws, “public disclosure” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or comparable national news service, or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(c) For purposes of these Bylaws, a “qualified representative” of a stockholder shall mean a duly authorized officer, manager or partner of such stockholder or a person authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders, which writing (or a reliable reproduction thereof) shall be produced at the meeting of stockholders.

(d) For purposes of these Bylaws, “Stockholder Associated Person” of any stockholder means (i) any person acting in concert with such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depositary) and (iii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person.

Section 8.4 Amendment of Bylaws. These Bylaws may be altered or repealed, and new Bylaws made, by the majority vote of the whole Board of Directors; provided, however, that a Bylaw adopted by the holders of stock representing a majority of the votes which could be cast by the holders of all outstanding stock that prescribes the required vote for the election of directors may not be altered by the Board of Directors. The holders of stock representing a majority of the votes which could be cast by the holders of all outstanding stock may make additional Bylaws and may alter and repeal any Bylaws whether adopted by them or otherwise.

INVESTOR RIGHTS AGREEMENT (the “Agreement”), dated as of January 30, 2013, among TRI Pointe Homes, Inc., a Delaware corporation (the “Company”), VIII/TPC Holdings, L.L.C., a Delaware limited liability company (the “Starwood Fund”), BMG Homes, Inc., The Bauer Revocable Trust U/D/T Dated December 31, 2003, Grubbs Family Trust Dated June 22, 2012, The Mitchell Family Trust U/D/T Dated February 8, 2000, Douglas J. Bauer, Thomas J. Mitchell and Michael D. Grubbs (each a “Holder” and collectively, the “Holders”).

WHEREAS, in connection with the IPO (as defined herein), the Company intends to consummate the transactions described in the Registration Statement on Form S-1 (Registration No. 333-185642), as amended (the “IPO Registration Statement”);

WHEREAS, as an inducement to the Starwood Fund to take such actions as may be necessary or appropriate to cause the IPO to be consummated, the Company and the Starwood Fund hereby agree that this Agreement shall govern the rights of the Starwood Fund to nominate up to two director nominees selected by the Starwood Fund on the terms set forth herein;

WHEREAS, as a further inducement to the Starwood Fund to take such actions as may be necessary or appropriate to cause the IPO to be consummated, the Holders hereby agree that this Agreement shall govern their obligation to vote their Voting Securities (as defined herein) in favor of the election of the nominees designated by the Starwood Fund; and

WHEREAS, the Company and the Starwood Fund desire to address herein certain relationships between themselves with respect to the composition of the Board (as defined herein).

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Agreement” has the meaning set forth in the recitals to this Agreement.

“Beneficial Owner” of a security is a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security and/or (ii) investment power, which includes the power to dispose, or to direct the disposition of, such security. The terms “Beneficially Own” and “Beneficial Ownership” shall have correlative meanings.

“Board” means the Board of Directors of the Company.

“Company” has the meaning set forth in the preamble to this Agreement.

“Common Stock” means the common stock, par value \$0.01 per share, of the Company and any equity securities issued or issuable in exchange for or with respect to such Common Stock by way of a dividend, split or combination of shares of stock or in connection with a reclassification, recapitalization, merger, consolidation or other reorganization.

“Holder” has the meaning set forth in the preamble to this Agreement.

“IPO” means the initial public offering of Common Stock, as described in the IPO Registration Statement.

“IPO Registration Statement” has the meaning set forth in the recitals to this Agreement.

“Permitted Transferee” shall mean, with respect to the Starwood Fund and its Permitted Transferees, a corporation, limited liability company or partnership, of which all of the outstanding shares of capital stock or interests therein are owned directly or indirectly by the Starwood Fund; *provided, however*, that any subsequent transfer of any portion of the Beneficial Ownership of the entity such that it is Beneficially Owned in any part by a Person other than the Starwood Fund will not be deemed to be a transfer to a Permitted Transferee.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, any court, administrative agency, regulatory body, commission or other governmental authority, board, bureau or instrumentality, domestic or foreign and any subdivision thereof or other entity.

“Starwood Fund” has the meaning set forth in the preamble to this Agreement.

“Total Voting Power of the Company” means the total number of votes that may be cast in the election of directors of the Company if all Voting Securities outstanding were present and voted at a meeting held for such purpose. For the avoidance of doubt, the Voting Securities Beneficially Owned by any Person that are not outstanding and are subject to issuance upon exercise or exchange of rights of conversion or any options, warrants or other rights Beneficially Owned by such Person shall not be deemed to be outstanding for this purpose.

“Voting Period” has the meaning set forth in Section 3.1 of this Agreement.

“Voting Securities” means the Common Stock and any other securities of the Company entitled to vote generally in the election of directors of the Company. For the avoidance of doubt, the Voting Securities Beneficially Owned by any Person that are not outstanding and are subject to issuance upon exercise or exchange of rights of conversion or any options, warrants or other rights Beneficially Owned by such Person shall not be deemed to be outstanding for purposes of this Agreement.

SECTION 1.2 Gender. For the purposes of this Agreement, the words “he,” “his” or “himself” shall be interpreted to include the masculine, feminine and corporate, other entity or trust form.

ARTICLE II

THE STARWOOD FUND'S BOARD REPRESENTATION

SECTION 2.1 Nominees.

(a) So long as the Starwood Fund Beneficially Owns:

(i) Voting Securities representing 25% or more of the Total Voting Power of the Company, the Board shall nominate two individuals designated by the Starwood Fund such that the Starwood Fund will have two designees on the Board;

(ii) Voting Securities representing 10% or more of the Total Voting Power of the Company, the Board shall nominate one individual designated by the Starwood Fund such that the Starwood Fund will have one designee on the Board; and

(iii) Voting Securities representing less than 10% of the Total Voting Power of the Company, the Board shall have no obligation to nominate any individual that is designated by the Starwood Fund.

(b) In the event that any designee of the Starwood Fund under this Section 2.1 shall for any reason cease to serve as a member of the Board during his or her term of office, the resulting vacancy on the Board shall be filled by an individual designated by the Starwood Fund.

ARTICLE III

AGREEMENT TO VOTE

SECTION 3.1 Agreement to Vote Voting Securities. During the period commencing on the date of this Agreement and for as long as the Starwood Fund owns Voting Securities representing 10% or more of the Total Voting Power of the Company (the "Initial Voting Period") and if the Initial Voting Period ends prior to the termination of this Agreement, during any other period during the term of this Agreement during which the Starwood Fund owns 10% or more of the Total Voting Power of the Company (each such subsequent period and Initial Voting Period together referred to as a "Voting Period"), at every meeting of the stockholders of the Company called with respect to the election of nominees to the Board, and on every action or approval by written consent of the stockholders of the Company or in any other circumstance in which the vote, consent or approval of the stockholders of the Company is sought with respect to the election of nominees to the Board, each Holder, in his capacity as a Holder, shall appear at the meeting or otherwise cause Voting Securities that he Beneficially Owns (including any Voting Securities acquired after the date hereof) to be counted as present thereat for purposes of establishing a quorum and agrees to vote (or cause to be voted) any and all of his Voting Securities or give consent with respect thereto, or cause consent to be given with respect thereto, in favor of the election to the Board the nominee or nominees designated by the Starwood Fund in accordance with Section 2.1 hereof. During the Voting Period, each Holder agrees that such Holder will not (A) grant any proxy, power-of-attorney or other authorization, in or with respect to any Voting Securities, or take any other action that would in any way restrict, limit or interfere with the performance of the Holder's obligations hereunder, or

(B) directly or indirectly, solicit, initiate, seek, encourage or support or take any other action the effect of which would be inconsistent with or violative of any provision contained in this Section 3.1. The Holders may vote the Voting Securities on all other matters. This agreement shall not, and shall not be construed to, restrict the ability of any Holder to sell or dispose of any Voting Securities, in the open market or otherwise.

SECTION 3.2 Stockholder Capacity. Each Holder is entering into this Agreement in his capacity as the record and Beneficial Owner of his respective Voting Securities. Notwithstanding any other provision of this Agreement, including without limitation Section 3.1, to the extent a Holder serves as an officer or director of the Company, nothing contained herein shall limit his ability to exercise his ordinary and customary duties as an officer or director of the Company, including, without limitation, the exercise of his fiduciary obligations to the Company and its stockholders.

ARTICLE IV

TERMINATION

SECTION 4.1 Term. This Agreement shall automatically terminate upon the date on which the Starwood Fund, together with its Permitted Transferees, holds shares of stock representing less than 1% of the Total Voting Power of the Company based on the aggregate amount of stock issued and outstanding immediately after the consummation of the IPO.

SECTION 4.2 Survival. If this Agreement is terminated pursuant to Section 4.1, this Agreement shall become void and of no further force and effect.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

SECTION 5.1 Representations and Warranties of the Starwood Fund. The Starwood Fund represents and warrants to the Company and the Holders that (a) the Starwood Fund is duly authorized to execute, deliver and perform this Agreement; (b) this Agreement has been duly executed by the Starwood Fund or its attorney-in-fact on behalf of the Starwood Fund and is a valid and binding agreement of the Starwood Fund, enforceable against the Starwood Fund in accordance with its terms; and (c) the execution, delivery and performance by the Starwood Fund of this Agreement does not violate or conflict with or result in a breach of or constitute (or with notice or lapse of time or both would constitute) a default under any agreement to which the Starwood Fund is a party or the organizational documents of the Starwood Fund.

SECTION 5.2 Representations and Warranties of the Company. The Company represents and warrants to the Starwood Fund and the Holders that (a) the Company is duly authorized to execute, deliver and perform this Agreement; (b) this Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms; and (c) the execution, delivery and performance by the Company of this Agreement does not violate or conflict with or result in a breach by the Company of or constitute (or with notice or lapse of time or both would

constitute) a default by the Company under its certificate of incorporation, any existing applicable law of any court, administrative agency, regulatory body, commission or other governmental authority, board, bureau or instrumentality, domestic or foreign and any subdivision thereof, exercising any statutory or regulatory authority of any of the foregoing, domestic or foreign, having jurisdiction over the Company, or any agreement or instrument by which the Company or any of its assets may be bound.

SECTION 5.3 Each Holder represents and warrants to the Company and the Starwood Fund that (a) he is legally competent to execute this Agreement; (b) this Agreement has been duly executed by such Holder or his attorney-in-fact on behalf of such Holder and is a valid and binding agreement of such Holder, enforceable against such Holder in accordance with its terms; and (c) the execution, delivery and performance by such Holder of this Agreement does not violate or conflict with or result in a breach of or constitute (or with notice or lapse of time or both would constitute) a default under any agreement to which such Holder is a party.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1 Notices. All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by facsimile (provided a copy is thereafter promptly delivered as provided in this Section 6.1) or nationally recognized overnight courier, addressed to such party at the address or facsimile number set forth below or such other address or facsimile number as may hereafter be designated in writing by such party to the other parties:

(a) if to the Company, to:

TRI Pointe Homes, Inc.
19520 Jamboree Road, Suite
200 Irvine, California 92612
(Telephone) (949) 478-6100
(Facsimile) (949) 478-8601
Attention: Douglas F. Bauer

with a copy to:

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
(Telephone) (212) 839-5374
(Facsimile) (212) 839-5599
Attention: J. Gerard Cummins, Esq.

(b) if to the Starwood Fund, to:

Starwood Capital Group
591 West Putnam Avenue
Greenwich, Connecticut 06830
(Telephone) (203) 422-7700
(Facsimile) (203) 422-7873
Attention: Ellis Rinaldi

(c) if to any Holder, to:

c/o TRI Pointe Homes, Inc.
19520 Jamboree Road, Suite 200
Irvine, California 92612
(Telephone) (949) 478-6100
(Facsimile) (949) 478-8601
Attention: Holder

with a copy to:

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
(Telephone) (212) 839-5374
(Facsimile) (212) 839-5599
Attention: J. Gerard Cummins, Esq.

SECTION 6.2 Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "included", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation".

SECTION 6.3 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is found to be invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

SECTION 6.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall, taken together, be considered one and the same agreement, it being understood that both parties need not sign the same counterpart.

SECTION 6.5 Adjustments Upon Change of Capitalization. In the event of any change in the outstanding Common Stock by reason of dividends, splits, reverse splits, spin-offs, split-ups, recapitalizations, combinations, exchanges of shares of stock and the like, the term "Common Stock" shall refer to and include the securities received or resulting therefrom, but only to the extent such securities are received in exchange for or in respect of Common Stock.

SECTION 6.6 Entire Agreement; No Third Party Beneficiaries. This Agreement (a) constitutes the entire agreement and supersedes all other prior agreements, both written and oral, among the parties with respect to the subject matter hereof and (b) is not intended to confer upon any Person, other than the parties hereto, any rights or remedies hereunder.

SECTION 6.7 Further Assurances. Each party shall execute, deliver, acknowledge and file such other documents and take such further actions as may be reasonably requested from time to time by the other party hereto to give effect to and carry out the transactions contemplated herein.

SECTION 6.8 Governing Law; Equitable Remedies. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE (WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF). The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions and other equitable remedies to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any of the Selected Courts (as defined below), this being in addition to any other remedy to which they are entitled at law or in equity. Any requirements for the securing or posting of any bond with respect to such remedy are hereby waived by each of the parties hereto. Each party further agrees that, in the event of any action for an injunction or other equitable remedy in respect of such breach or enforcement of specific performance, it will not assert the defense that a remedy at law would be adequate.

SECTION 6.9 Consent To Jurisdiction. With respect to any suit, action or proceeding (“Proceeding”) arising out of or relating to this Agreement or any transaction contemplated hereby each of the parties hereto hereby irrevocably (i) submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or the Court of Chancery located in the State of Delaware, County of Newcastle (the “Selected Courts”) and waives any objection to venue being laid in the Selected Courts whether based on the grounds of forum non conveniens or otherwise and hereby agrees not to commence any such Proceeding other than before one of the Selected Courts; *provided, however*, that a party may commence any Proceeding in a court other than a Selected Court solely for the purpose of enforcing an order or judgment issued by one of the Selected Courts; (ii) consents to service of process in any Proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, or by recognized international express carrier or delivery service, to the Company, the Starwood Fund or any Holder at their respective addresses referred to in Section 6.1 hereof; *provided, however*, that nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by law; and (iii) TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY

OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND AGREES THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

SECTION 6.10 Amendments; Waivers.

(a) No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed, in the case of an amendment, by the parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 6.11 Assignment. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered, all as of the date first set forth above.

TRI Pointe Homes, Inc.

By: _____

Name: _____

Title: _____

VIII/TPC Holdings, L.L.C.

By: _____

Name: _____

Title: _____

BMG Homes, Inc.

By: _____

Name: _____

Title: _____

The Bauer Revocable Trust U/D/T Dated December 31, 2003

By: _____

Name: _____

Title: _____

Grubbs Family Trust Dated June 22, 2012

By: _____

Name: _____

Title: _____

The Mitchell Family Trust U/D/T Dated February 8, 2000

By: _____

Name: _____

Title: _____

Douglas F. Bauer

Thomas J. Mitchell

Michael D. Grubbs

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this “Agreement”) is dated January 30, 2013 and is by and among TRI Pointe Homes, Inc., a Delaware corporation (the “Company”) (having been converted from TRI Pointe Homes, LLC in connection with the initial public offering (“IPO”) of shares of Common Stock (as hereinafter defined) of the Company), VIII/TPC Holdings, L.L.C., a Delaware limited liability company (the “Starwood Fund Stockholder”), and the TPH Stockholders (as hereinafter defined).

RECITALS

WHEREAS, the Company is currently contemplating an underwritten IPO of shares of its Common Stock; and

WHEREAS, the Company desires to grant registration rights to the Starwood Fund Stockholder and the TPH Stockholders on the terms and conditions set out in this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Certain Definitions. As used in this Agreement:

“Affiliate” has the meaning ascribed thereto in Rule 12b-2 promulgated under the Exchange Act, as in effect on the date hereof.

“Agreement” has the meaning set forth in the preamble.

“Blackout Period” has the meaning set forth in Section 2.3(g).

“Board” means the Board of Directors of the Company.

“Business Day” means a day other than a Saturday, Sunday, federal or New York State holiday or other day on which commercial banks in New York City are authorized or required by law to close.

“Company” has the meaning set forth in the preamble.

“Common Stock” means the shares of common stock, par value \$0.01 per share, of the Company, and any other capital stock of the Company into which such stock is reclassified or reconstituted and any other common stock of the Company.

“Control” (including its correlative meanings, “Controlled by” and “under common Control with”) means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of a Person.

“Demand Party” has the meaning set forth in Section 2.1(a).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

“FINRA” means the Financial Industry Regulatory Authority.

“Free Writing Prospectus” has the meaning set forth in Section 2.4(c).

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Holder” means the Starwood Fund Stockholder and each TPH Stockholder that is a holder of Registrable Securities or any Transferee of such Person to whom registration rights are assigned pursuant to Article III.

“Indemnified Parties” has the meaning set forth in Section 3.1.

“IPO” has the meaning set forth in the preamble.

“Law” means any statute, law, regulation, ordinance, rule, injunction, order, decree, governmental approval, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

“Lockup Period” has the meaning set forth in Section 2.5(d)(i).

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Public Offering” means a public offering of equity securities in the Company or any successor thereto or any Subsidiary of the Company pursuant to a registration statement declared or otherwise becoming effective under the Securities Act.

“Registrable Securities” means (i) all shares of Common Stock issued to the Holders upon the conversion of their units of membership interests in TRI Pointe Homes, LLC pursuant to the Plan of Conversion dated January 30, 2013 and (ii) any shares of Common Stock issued or issuable with respect to any shares described in clause (i) above by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization (it being understood that for purposes of this Agreement, a Person shall be deemed to be a holder of Registrable Securities, whether or not such acquisition has actually been effected). As to any Registrable Securities, such Securities will cease to be Registrable Securities when:

(i) a registration statement covering such Registrable Securities has been declared effective and such Registrable Securities have been disposed of pursuant to such effective registration statement;

(ii) such Registrable Securities shall have been sold pursuant to Rule 144 or 145 (or any similar provision then in effect) under the Securities Act;

(iii) such Registrable Securities may be sold pursuant to Rule 144 or 145 (or any similar provision then in effect) under the Securities Act, without reporting obligations or restriction as to volume; or

(iv) such Registrable Securities cease to be outstanding.

“Registration Expenses” means any and all expenses incident to the performance by the Company of its obligations under this Agreement, including:

(i) all SEC, stock exchange and FINRA registration and filing fees (including, if applicable, the fees and expenses of any “qualified independent underwriter,” as such term is defined in Rule 5121 of FINRA, and of its counsel);

(ii) all fees and expenses of complying with securities or blue sky Laws (including fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities);

(iii) all printing, messenger and delivery expenses;

(iv) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange and FINRA and all rating agency fees;

(v) the reasonable fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits and/or “cold comfort” letters required by or incident to such performance and compliance;

(vi) any fees and disbursements of underwriters customarily paid by the issuers or sellers of Securities, including liability insurance if the Company so desires or if the underwriters so require, and the reasonable fees and expenses of any special experts retained in connection with the requested registration, but excluding underwriting discounts and commissions and transfer taxes, if any;

(vii) the reasonable fees and out-of-pocket expenses of not more than one law firm (as selected by the holders of a majority of the Registrable Securities included in such registration) incurred by all the Holders in connection with the registration;

(viii) the costs and expenses of the Company relating to analyst and investor presentations or any “road show” undertaken in connection with the registration and/or marketing of the Registrable Securities (including the reasonable out-of-pocket expenses of the Holders); and

(ix) any other fees and disbursements customarily paid by the issuers of securities.

“SEC” means the Securities and Exchange Commission or any successor agency.

“Securities” means capital stock, limited partnership interests, limited liability company interests, beneficial interests, warrants, options, notes, bonds, debentures, and other securities, equity interests, ownership interests and similar obligations of every kind and nature of any Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

“Shelf Notice” has the meaning set forth in Section 2.3(a).

“Shelf Registration Statement” has the meaning set forth in Section 2.3(a).

“Starwood Fund Stockholder” has the meaning set forth in the preamble, and shall include its Transferees who have become stockholders of the Company.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which: (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, representatives or trustees thereof is at the time owned or Controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; or (ii) if a limited liability company, partnership, association or other business entity, a majority of the total voting power of stock (or equivalent ownership interest) of the limited liability company, partnership, association or other business entity is at the time owned or Controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or Control the managing director or general partner of such limited liability company, partnership, association or other business entity.

“TPH Stockholders” means those stockholders of the Company who are identified as TPH Stockholders on the signature page hereto, and shall include their respective Transferees who have become stockholders of the Company.

“Transfer” (including its correlative meanings, “Transferor”, “Transferee” and “Transferred”) shall mean, with respect to any security, directly or indirectly, to sell, contract to sell, give, assign, hypothecate, pledge, encumber, grant a security interest in, offer, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any economic, voting or other rights in or to such security. When used as a noun, “Transfer” shall have such correlative meaning as the context may require.

SECTION 1.2 Other Definitional Provisions; Interpretation.

(a) The words “hereof,” “herein,” and “hereunder” and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and references in this Agreement to a designated “Article” or “Section” refer to an Article or Section of this Agreement unless otherwise specified.

(b) The headings in this Agreement are included for convenience of reference only and do not limit or otherwise affect the meaning or interpretation of this Agreement.

(c) The meanings given to terms defined herein are equally applicable to both the singular and plural forms of such terms.

ARTICLE II

REGISTRATION RIGHTS

SECTION 2.1 Demand Registration.

(a) At any time following the expiration of the Lockup Period, upon the written request of (i) the Starwood Fund Stockholder or (ii) any TPH Stockholder or group of TPH Stockholders (in such capacity, a “Demand Party”) requesting that the Company effect the registration under the Securities Act of Registrable Securities and specifying the amount and intended method of disposition thereof, the Company will (i) promptly give written notice of such requested registration to the other Holders pursuant to Section 2.2 and other holders of Securities entitled to notice of such registration, if any, and (ii) as expeditiously as possible, and in any event within forty-five (45) days after a request for registration pursuant to this Section 2.1(a) is given to the Company, use its reasonable best efforts to file a registration statement to effect the registration under the Securities Act of:

(A) such Registrable Securities which the Company has been so requested to register by the Demand Party in accordance with the intended method of disposition thereof;

(B) the Registrable Securities of other Holders which the Company has been requested to register by written request given to the Company within fifteen (15) days after the giving of such written notice by the Company pursuant to Section 2.2; and

(C) all shares of Common Stock which the Company may elect to register in connection with any offering of Registrable Securities pursuant to this Section 2.1.

Notwithstanding the foregoing, the Company shall not be obligated to file a registration statement relating to any registration request under this Section 2.1(a):

(x) within a period of sixty (60) days (or such lesser period as the managing underwriters in an underwritten offering may permit) after the effective date of any other registration statement relating to any registration request under this Section 2.1(a) or relating to any registration referred to in Section 2.2 or 2.3; or

(y) where a registration request under this Section 2.1(a) has been made by a TPH Stockholder or a group of TPH Stockholders, if the Company has previously effected one (1) such registration pursuant to this Section 2.1(a) at the request of a TPH Stockholder or a group of TPH Stockholders.

(b) The Company shall use reasonable best efforts to cause the registration statement filed pursuant to Section 2.1(a) to be declared effective by the SEC (if such registration statement is not an automatic shelf registration statement) within ninety (90) days after the filing date thereof. A demand registration shall not be deemed to have been effected and shall not count for purposes of Section 2.1(a) (i) unless a registration statement with respect thereto has become effective and has remained effective for a period of at least ninety (90) days (or such shorter period in which all Registrable Securities included in such registration statement have actually been sold thereunder), (ii) if, after it has become effective, such registration statement becomes subject prior to ninety (90) days after effectiveness to any stop order, injunction or other order or requirement of the SEC or other Governmental Authority for any reason or (iii) if the conditions to closing specified in the underwriting agreement entered into in connection with such registration statement are not satisfied, other than by reason of any act or omission by such Demand Party.

(c) Each registration statement prepared at the request of a Demand Party shall be effected on such appropriate form as requested by the Demand Party and as shall be reasonably acceptable to the Company.

(d) The Company will pay all Registration Expenses in connection with each registration of Registrable Securities requested pursuant to this Section 2.1.

(e) If a requested registration pursuant to this Section 2.1 involves an underwritten offering, the Demand Party shall have the right to select the investment banker or bankers and managers to administer the offering, including the lead managing underwriter; provided, however, that such investment banker or bankers and managers shall be reasonably satisfactory to the Company. For the avoidance of doubt, each applicable Holder participating in such an underwritten offering shall be responsible for paying the underwriting discounts and commissions applicable to such Holder's Registrable Securities sold by the underwriters in such underwritten offering.

(f) If a requested registration pursuant to this Section 2.1 involves an underwritten offering and the managing underwriter advises the Company in writing that, in its opinion, the number of Securities requested to be included in such registration (including Securities of the Company which are not Registrable Securities) exceeds the number which can be sold in such offering, so as to be likely to have an adverse effect on the price, timing or distribution of the Securities offered in such offering, then the number of such Securities to be included in such registration shall be allocated in the following order of priority: (i) first, up to the number of Registrable Securities requested to be included in such registration by the Demand Party and such other Holders who have requested to have Registrable Securities included in such registration pursuant to Section 2.2, which, in the opinion of the managing underwriter, can be sold without having the adverse effect referred to above, which number of Registrable Securities shall be allocated *pro rata* among the Demand Party and the requesting Holders on the basis of

the relative number of Registrable Securities requested to be included in such registration statement; (ii) second, Securities the Company proposes to sell; and (iii) third, all other Securities of the Company duly requested to be included in such registration statement by holders thereof who have then-existing registration rights with respect to such Securities, which, in the opinion of the managing underwriter, can be sold without having the adverse effect referred to above, which number of Securities shall be allocated *pro rata* among such other holders on the basis of the amount of such other Securities requested to be included or such other method determined by the Company.

(g) The Company shall not be obligated to maintain the effectiveness of a registration statement under the Securities Act filed pursuant to this Section 2.1 for a period longer than ninety (90) days. In addition, the Company shall be entitled to postpone (upon written notice to all applicable Holders) for up to two occasions, and in no event for more than an aggregate of one hundred twenty (120) days, the filing or the effectiveness of a registration statement filed pursuant to this Section 2.1 (but no more than twice in any period of twelve (12) consecutive months) if the Board determines in good faith and in its reasonable judgment that the filing or effectiveness of such registration statement would cause the disclosure of material, non-public information that the Company has a bona fide business purpose for preserving as confidential. If the Company shall so postpone the filing of a registration statement, the Holders of Registrable Securities to be registered shall have the right to withdraw the request for registration by giving written notice from such Holders within forty-five (45) days after receipt of the notice of postponement (and, in the event of such withdrawal by one or more TPH Stockholders, such request shall not be counted for purposes of determining the number of requests for registration to which the TPH Stockholders are entitled pursuant to Section 2.1(a) or 2.2(a), as the case may be).

SECTION 2.2 Piggyback Rights.

(a) If at any time following the expiration of the Lockup Period, the Company proposes to register equity Securities under the Securities Act (other than a registration on Form S-4 or S-8, or any successor or other forms promulgated for similar purposes), whether for its own account or for the account of Security holders, it will, at each such time following expiration of the Lockup Period, give prompt written notice to (i) the Starwood Fund Stockholder and (ii) the TPH Stockholders of its intention to do so and of such Holder's rights under this Section 2.2; provided that the Company shall not be obligated to provide the foregoing notice to the TPH Stockholders or to effect the registration of Registrable Securities of the TPH Stockholders pursuant to this Section 2.2 if the Company has previously effected three (3) such registrations for one or more TPH Stockholders pursuant to this Section 2.2. Subject to the foregoing proviso, upon the written request of any Holder made within fifteen (15) days after the receipt of any such notice (which request shall specify the number of Registrable Securities intended to be disposed of by such Holder), the Company will use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities which the Holders have so requested to be registered; provided that: (i) if, at any time after giving written notice of its intention to register any Securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to proceed with the proposed registration of the Securities to be sold by it, the Company may, at its election, give written notice of such determination to the Holders and, thereupon, the Company shall be relieved of its

obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses incurred in connection therewith) (and, for the avoidance of doubt, in such event, the request of any TPH Stockholders to be included in such registration shall not be counted for purposes of determining the number of requests for registration to which the TPH Stockholders are entitled pursuant to this Section 2.2(a)); and (ii) if such registration involves an underwritten offering, the Holders of Registrable Securities requesting to be included in the registration must sell their Registrable Securities to the underwriters selected by the Company on the same terms and conditions as apply to the Company, with, in the case of a combined primary and secondary offering, only such differences, including any with respect to representations and warranties, indemnification and liability insurance, as may be customary or appropriate in combined primary and secondary offerings.

(b) The Company will pay all Registration Expenses in connection with each registration of Registrable Securities requested pursuant to this Section 2.2.

(c) If a registration pursuant to this Section 2.2 involves an underwritten offering and the managing underwriter advises the Company in writing that, in its opinion, the number of Registrable Securities and other Securities requested to be included in such registration exceeds the number which can be sold in such offering, so as to be likely to have an adverse effect on the price, timing or distribution of the Securities offered in such offering, then the number of Securities to be included in such registration shall be allocated in the following order of priority: (i) first, 100% of the Securities the Company proposes to sell, if any; (ii) second, up to the number of Registrable Securities requested to be included in such registration by all Holders who have requested to have Registrable Securities included in such registration, which, in the opinion of the managing underwriter, can be sold without having the adverse effect referred to above, which number of Registrable Securities shall be allocated *pro rata* among such Holders on the basis of the relative number of Registrable Securities requested to be included in such registration statement; and (iii) third, all other Securities of the Company duly requested to be included in such registration statement by holders thereof who have then-existing registration rights with respect to such Securities, which, in the opinion of the managing underwriter, can be sold without having the adverse effect referred to above, which number of Securities shall be allocated *pro rata* among such other holders on the basis of the amount of such other Securities requested to be included or such other method determined by the Company.

(d) The Company shall not be obligated to effect any registration of Registrable Securities under this Section 2.2 incidental to the registration of any of its Securities in connection with:

(1) any Public Offering relating to employee benefits plans or dividend reinvestment plans; or

(2) any Public Offering relating to the acquisition or merger after the date hereof by the Company or any of its Subsidiaries or with any other businesses.

(e) If a registration pursuant to this Section 2.2 involves an underwritten offering, the Company shall select the investment banker or bankers and managers to administer the offering.

including the lead managing underwriter; provided, however, that if the Starwood Fund Stockholder has requested that its Registrable Securities be registered pursuant to this Section 2.2 such investment banker or bankers and managers shall be reasonably satisfactory to the Starwood Fund Stockholder. For the avoidance of doubt, each applicable Holder participating in such an underwritten offering shall be responsible for paying the underwriting discounts and commissions applicable to such Holder's Registrable Securities sold by the underwriters in such underwritten offering.

SECTION 2.3 Shelf Registration.

(a) At any time following the expiration of the Lockup Period and subject to the availability of a Registration Statement on Form S-3 to the Company, any Demand Party may by written notice delivered to the Company (the "Shelf Notice") request that the Company file as soon as practicable (but no later than forty-five (45) days after the date the Shelf Notice is delivered), and use reasonable best efforts to cause to be declared effective by the SEC (if the Shelf Registration Statement (as defined below) is not an automatic shelf registration statement) within ninety (90) days after such filing date, a Registration Statement on Form S-3 providing for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act relating to the offer and sale, from time to time, of the Registrable Securities owned by such Demand Party and any other Holders who elect to participate therein as provided in Section 2.3(b) in accordance with the plan and method of distribution set forth in the prospectus included in such Registration Statement on Form S-3 (the "Shelf Registration Statement").

(b) Promptly after receipt of a Shelf Notice pursuant to Section 2.3(a), the Company will deliver written notice thereof to each other Holder pursuant to Section 2.2. Each such Holder may elect to participate in the Shelf Registration Statement by delivering to the Company a written request to so participate within fifteen (15) days after the Shelf Notice is received by any such Holder.

(c) Subject to Section 2.3(g), the Company will use its reasonable best efforts to keep the Shelf Registration Statement continuously effective, and, if necessary, to file one or more successor Shelf Registration Statements and keep such successor Shelf Registration Statement(s) continuously effective, such that there is no period when a Shelf Registration Statement is not in effect until the date on which all Registrable Securities covered by the Shelf Registration Statement have been sold thereunder in accordance with the plan and method of distribution disclosed in the prospectus included in the Shelf Registration Statement, or otherwise.

(d) Subject to Section 2.3(g), each Holder who elected to participate in the Shelf Registration Statement shall have the right to request that an underwritten offering be effected off the Shelf Registration Statement at any time; provided that in no event shall the Company be obligated to effect: (i) an underwritten offering pursuant to this Section 2.3(d) within a period of sixty (60) days (or such lesser period as the managing underwriters in an underwritten offering may permit) after the effective date of any registration statement relating to any registration effected pursuant to Section 2.1 or 2.2; or (ii) more than three (3) underwritten offerings pursuant to this Section 2.3(d) in any single six-month period. Promptly after receipt of a request that an underwritten offering be effected off the Shelf Registration Statement, the Company will deliver written notice thereof to each other Holder who elected to participate in the Shelf Registration

Statement, and each such Holder may elect to participate in the underwritten offering by delivering to the Company a written request to so participate within five (5) days after such notice is received by any such Holder. If an underwritten offering is effected off the Shelf Registration Statement, the holders of at least a majority of the Registrable Securities included in the Shelf Registration Statement shall have the right to select the investment banker or bankers and managers to administer the offering, including the lead managing underwriter; provided, however, that such investment banker or bankers and managers shall be reasonably satisfactory to the Company. For the avoidance of doubt, each applicable Holder participating in such an underwritten offering shall be responsible for paying the underwriting discounts and commissions applicable to such Holder's Registrable Securities sold by the underwriters in such underwritten offering. A request for an underwritten offering may be withdrawn by at least a majority of the Registrable Securities included in such offering prior to the consummation thereof, and, in such event, such withdrawal shall not be treated as a request for an underwritten offering which shall have been effected pursuant to this Section 2.3(d).

(e) If an underwritten offering is effected off the Shelf Registration Statement and the managing underwriter advises the Company in writing that, in its opinion, the number of Securities requested to be included in such underwritten offering (including Securities of the Company which are not Registrable Securities) exceeds the number which can be sold in such offering, so as to be likely to have an adverse effect on the price, timing or distribution of the Securities offered in such offering, then the number of such Securities to be included in such underwritten offering shall be allocated in the following order of priority: (i) first, 100% of the Securities the Company proposes to sell, if any; (ii) second, up to the number of Registrable Securities requested to be included in such underwritten offering by all Holders who have requested to have Registrable Securities included in such underwritten offering, which, in the opinion of the managing underwriter, can be sold without having the adverse effect referred to above, which number of Registrable Securities shall be allocated *pro rata* among such Holders on the basis of the relative number of Registrable Securities requested to be included in such underwritten offering; and (iii) third, all other Securities of the Company duly requested to be included in such underwritten offering by holders thereof who have then-existing registration rights with respect to such Securities, which, in the opinion of the managing underwriter, can be sold without having the adverse effect referred to above, which number of Securities shall be allocated *pro rata* among such other holders on the basis of the amount of such other Securities requested to be included or such other method determined by the Company.

(f) The Company will pay all Registration Expenses in connection with each registration of Registrable Securities requested pursuant to this Section 2.3.

(g) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, from time to time, by providing written notice to the Holders who elected to participate in the Shelf Registration Statement, to require such Holders to suspend the use of the prospectus for sales of Registrable Securities under the Shelf Registration Statement for a reasonable period of time not to exceed sixty (60) days in succession or one hundred twenty (120) days in the aggregate in any 12-month period (a "Blackout Period") if the Company shall determine that it is required to disclose in the Shelf Registration Statement a financing, acquisition, corporate reorganization or other similar transaction or other material event or circumstance affecting the Company or its securities, and that the disclosure of such information

at such time would be detrimental to the Company or the holders of its equity Securities. Immediately upon receipt of such notice, the Holders covered by the Shelf Registration Statement shall suspend the use of the prospectus until the requisite changes to the prospectus have been made as required below. Any Blackout Period shall terminate at such time as the public disclosure of such information is made. After the expiration of any Blackout Period and without any further request from a Holder, the Company shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Shelf Registration Statement or the prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The time period for which the Company is required to maintain the effectiveness of the Shelf Registration Statement shall be extended by the aggregate number of days of all Blackout Periods occurring with respect thereto.

SECTION 2.4 Registration Procedures. If and whenever the Company is required to file a registration statement with respect to, or to use its reasonable best efforts to effect or cause the registration of, any Registrable Securities under the Securities Act as provided in this Agreement, the Company will as expeditiously as possible:

(a) prepare and file with the SEC a registration statement on an appropriate form with respect to such Registrable Securities and, if such registration statement is not an automatic effective registration statement, use its reasonable best efforts to cause such registration statement to become effective; provided, however, that the Company may discontinue any registration of Securities which it has initiated for its own account at any time prior to the effective date of the registration statement relating thereto (and, in such event, the Company shall pay the Registration Expenses incurred in connection therewith); and provided, further, that before filing a registration statement or prospectus, or any amendments or supplements thereto, the Company will furnish to counsel for the sellers of Registrable Securities covered by such registration statement copies of all documents proposed to be filed, which documents will be subject to the review of such counsel;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Securities covered by such registration statement during such period in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement; provided that before filing a registration statement or prospectus, or any amendments or supplements thereto, the Company will furnish to counsel for the sellers of Registrable Securities covered by such registration statement copies of all documents proposed to be filed, which documents will be subject to the review of such counsel;

(c) furnish to each seller of such Registrable Securities such number of copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits filed therewith, excluding any documents incorporated by reference), such number of copies of the prospectus included in such registration statement (including each preliminary

prospectus and summary prospectus) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a “Free Writing Prospectus”) utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities by such seller;

(d) use its reasonable best efforts to register or qualify such Registrable Securities covered by such registration in such jurisdictions as each seller shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction where, but for the requirements of this subsection (d), it would not be obligated to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(e) use its reasonable best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities;

(f) notify each seller of any such Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the Company’s becoming aware that the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and at the request of any such seller, prepare and furnish to such seller a reasonable number of copies of an amended or supplemental prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to its Security holders, as soon as reasonably practicable (but not more than eighteen (18) months) after the effective date of the registration statement, an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act;

(h)(i) use its reasonable best efforts to list such Registrable Securities on any securities exchange on which other Securities of the Company are then listed if such Registrable Securities are not already so listed and if such listing is then permitted under the rules of such exchange; and (ii) use its reasonable best efforts to provide a transfer agent and registrar for such Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(i) enter into such customary agreements (including an underwriting agreement in customary form), which may include indemnification provisions in favor of underwriters and other Persons in addition to, or in substitution for, the indemnification provisions hereof, and take such other actions as sellers of a majority of such Registrable Securities or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(j) obtain a “cold comfort” letter or letters from the Company’s independent public accountants in customary form and covering matters of the type customarily covered by “cold comfort” letters as the seller or sellers of a majority of such Registrable Securities shall reasonably request;

(k) make available for inspection by any seller of such Registrable Securities covered by such registration statement, by any underwriter participating in any disposition to be effected pursuant to such registration statement and by any attorney, accountant or other agent retained by any such seller or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company as reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement, and cause all of the Company’s officers, directors and employees to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(l) notify counsel for the Holders of Registrable Securities included in such registration statement and the managing underwriter or agent, immediately, and confirm the notice in writing: (i) when the registration statement, or any post-effective amendment to the registration statement, shall have become effective, or any supplement to the prospectus or any amendment to any prospectus or any Free Writing Prospectus utilized in connection therewith shall have been filed; (ii) of the receipt of any comments from the SEC; (iii) of any request of the SEC to amend the registration statement or amend or supplement the prospectus or for additional information; and (iv) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the registration statement for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes;

(m) provide each holder of Registrable Securities included in such registration statement reasonable opportunity to comment on the registration statement, any post-effective amendments to the registration statement, any supplement to the prospectus or any amendment to any prospectus;

(n) make every reasonable effort to prevent the issuance of any stop order suspending the effectiveness of the registration statement or of any order preventing or suspending the use of any preliminary prospectus and, if any such order is issued, to obtain the withdrawal of any such order at the earliest possible moment;

(o) if requested by the managing underwriter or agent or any holder of Registrable Securities covered by the registration statement, promptly incorporate in a prospectus

supplement or post-effective amendment such information as the managing underwriter or agent or such holder reasonably requests to be included therein, including, with respect to the number of Registrable Securities being sold by such holder to such underwriter or agent, the purchase price being paid therefor by such underwriter or agent and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering; and make all required filings of such prospectus supplement or post-effective amendment as soon as practicable after being notified of the matters incorporated in such prospectus supplement or post-effective amendment;

(p) cooperate with the holders of Registrable Securities covered by the registration statement and the managing underwriter or agent, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing Securities to be sold under the registration statement, and enable such Securities to be in such denominations and registered in such names as the managing underwriter or agent, if any, or the Holders may request;

(q) use its reasonable best efforts to make available the executive officers of the Company to participate with the holders of Registrable Securities and any underwriters in any “road shows” that may be reasonably requested by the holders in connection with distribution of Registrable Securities;

(r) obtain for delivery to the holders of Registrable Securities being registered and to the underwriter or agent an opinion or opinions from counsel for the Company in customary form and in form, substance and scope reasonably satisfactory to such holders, underwriters or agents and their counsel; and

(s) cooperate with each seller of Registrable Securities and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA.

SECTION 2.5 Other Registration-Related Matters.

(a) The Company may require any seller of Registrable Securities pursuant to Section 2.1, 2.2 or 2.3 to furnish to the Company in writing such information regarding such Person and pertinent to the disclosure requirements relating to the registration and the distribution of the Registrable Securities which are included in such Public Offering as the Company may from time to time reasonably request in writing.

(b) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.4(f), it will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until its receipt of the copies of the amended or supplemented prospectus contemplated by Section 2.4(f) and, if so directed by the Company, each Holder will deliver to the Company or destroy (at the Company's expense) all copies, other than permanent file copies then in their possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company gives any such notice, any applicable period during which such registration statement must remain effective pursuant to this

Agreement shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 2.4(f) to and including the date when all such sellers of Registrable Securities covered by such registration statement shall receive such a supplemented or amended prospectus and such prospectus shall have been filed with the SEC.

(c) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.4(l)(iv), it will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until the lifting of such stop order, other order or suspension or the termination of such proceedings and, if so directed by the Company, each Holder will deliver to the Company or destroy (at the Company's expense) all copies, other than permanent file copies then in its possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company gives any such notice, any applicable period during which such registration statement must remain effective pursuant to this Agreement shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 2.4(l)(iv) to and including the date when such stop order, other order or suspension is lifted or such proceedings are terminated.

(d)(i) Each Holder (x) hereby agrees, with respect to the Registrable Securities owned by such Holder, to be bound by any and all restrictions on the sale, disposition, distribution, hedging or other transfer of any interest in Registrable Securities imposed on the Starwood Fund Stockholder or the applicable TPH Stockholder, as applicable, in connection with the IPO by the underwriters managing such offering for the duration of the term of such restriction (the period in which such sale, disposition, distribution, hedging or other transfer of any interest is restricted, the "Lockup Period") and (y) will, in connection with a Public Offering of the Company's equity Securities (whether for the Company's account or for the account of any Holder or Holders, or both), upon the request of the Company or of the underwriters managing any underwritten offering of the Company's Securities, agree in writing not to effect any sale, disposition or distribution of Registrable Securities (other than those included in the Public Offering) without the prior written consent of the managing underwriter for such period of time commencing seven (7) days before and ending one hundred eighty (180) days (or such earlier date as the managing underwriter shall agree) after the effective date of such registration; provided that all directors and officers of the Company, holders of more than 5% of the Registrable Securities and all other Persons with registration rights with respect to the Company's Securities (whether or not pursuant to this Agreement) holding more than 5% of the Registrable Securities shall enter into agreements similar to those contained in this Section 2.4(d)(i) (without regard to this proviso); and (ii) the Company and its Subsidiaries will, in connection with an underwritten Public Offering of the Company's Securities in respect of which Registrable Securities are included, upon the request of the underwriters managing such offering, agree in writing not to effect any sale, disposition or distribution of equity Securities of the Company (other than those included in such Public Offering, offered on Form S-8, issuable upon conversion of Securities or upon the exercise of options, or the grant of options in the ordinary course of business pursuant to then-existing management equity plans or equity-based employee benefit plans, in each case outstanding on the date a request is made pursuant to Section 2.1(a) or 2.3(a) or a notice is given by the Company pursuant to Section 2.2(a), as the case may be), without the prior written consent of the managing underwriter, for such period of time commencing seven (7) days before and ending one hundred eighty (180) days (or such earlier date as the managing underwriter shall agree) after the effective date of such registration.

(e) With a view to making available the benefits of certain rules and regulations of the SEC which may at any time permit the sale of Securities of the Company to the public without registration after such time as a public market exists for Registrable Securities, the Company agrees:

(1) to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date of the first registration under the Securities Act filed by the Company for an offering of its Securities to the public;

(2) to use its commercially reasonable efforts to then file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(3) so long as a Holder owns any Registrable Securities, to furnish to such Holder promptly upon request: (A) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company for an offering of its Securities to the public), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); (B) a copy of the most recent annual or quarterly report of the Company; and (C) such other reports and documents of the Company as such Holder may reasonably request in availing itself or himself of any rule or regulation of the SEC allowing such Holder to sell any such Securities without registration.

(f) Counsel to represent holders of Registrable Securities shall be selected by the holders of at least a majority of the Registrable Securities included in the relevant registration.

(g) Each of the parties hereto agrees that the registration rights provided to the Holders herein are not intended to, and shall not be deemed to, override or limit any other restrictions on Transfer to which any such Holder may otherwise be subject.

ARTICLE III

INDEMNIFICATION

SECTION 3.1 Indemnification by the Company. In the event of any registration of any Securities of the Company under the Securities Act pursuant to Section 2.1, 2.2 or 2.3, the Company hereby indemnifies and agrees to hold harmless, to the fullest extent permitted by Law, each Holder who sells Registrable Securities covered by such registration statement, each Affiliate of such Holder and their respective directors and officers or general and limited partners (and the directors, officers, employees, Affiliates and controlling Persons of any of the foregoing), each other Person who participates as an underwriter in the offering or sale of such Securities and each other Person, if any, who controls such Holder or any such underwriter

within the meaning of the Securities Act (collectively, the “Indemnified Parties”), against any and all losses, claims, damages or liabilities, joint or several, and reasonable and documented expenses to which such Indemnified Party may become subject under the Securities Act, common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof, whether or not such Indemnified Party is a party thereto) arise out of or are based upon: (a) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such Securities were registered under the Securities Act, any preliminary, final or summary prospectus contained therein, or any Free Writing Prospectus, or any amendment or supplement to any of the foregoing, or any document incorporated by reference therein; or (b) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in the case of a prospectus, in the light of the circumstances when they were made, and the Company will reimburse such Indemnified Party for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided that the Company will not be liable to any Indemnified Party in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, in any such preliminary, final or summary prospectus, or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information with respect to such Indemnified Party furnished to the Company by such Indemnified Party expressly for use in the preparation thereof. Such indemnity will remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any Indemnified Party and will survive the Transfer of such Securities by such Holder or any termination of this Agreement.

SECTION 3.2 Indemnification by the Holders. If Registrable Securities of a Holder are included in any registration statement filed in accordance with Section 2.1, 2.2 or 2.3, such Holder does hereby agree, severally and not jointly, to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 3.1) the Company, all other Holders or any prospective underwriter, as the case may be, and any of their respective Affiliates, directors, officers and controlling Persons, with respect to any untrue statement in or omission from such registration statement, any preliminary, final or summary prospectus contained therein, or any Free Writing Prospectus or any amendment or supplement to any of the foregoing, if such untrue statement or omission was made in reliance upon and in conformity with written information with respect to such Holder furnished to the Company by such Holder expressly for use in the preparation of such registration statement, preliminary, final or summary prospectus or Free Writing Prospectus or amendment or supplement, or a document incorporated by reference into any of the foregoing. Such indemnity will remain in full force and effect regardless of any investigation made by or on behalf of the Company or any of the Holders, or any of their respective Affiliates, directors, officers or controlling Persons and will survive the Transfer of such Securities by such Holder. In no event shall the liability of any selling Holder of Registrable Securities hereunder be greater in amount than the dollar amount of the proceeds actually received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

SECTION 3.3 Notices of Claims, Etc. Promptly after receipt by an Indemnified Party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Article III, such Indemnified Party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided that the failure of the Indemnified Party to give notice as provided herein will not relieve the indemnifying party of its obligations under Section 3.1 or 3.2, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an Indemnified Party, unless in such Indemnified Party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel selected by the Holders of at least a majority of the Registrable Securities included in the relevant registration, and after notice from the indemnifying party to such Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. If, in such Indemnified Party's reasonable judgment, having common counsel would result in a conflict of interest between the interests of such indemnified and indemnifying parties, then such Indemnified Party may employ separate counsel reasonably acceptable to the indemnifying party to represent or defend such Indemnified Party in such action, it being understood, however, that the indemnifying party will not be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time for all such Indemnified Parties (and not more than one separate firm of local counsel at any time for all such Indemnified Parties) in such action. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation.

SECTION 3.4 Contribution. If the indemnification provided for hereunder from the indemnifying party is unavailable to an Indemnified Party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to herein for reasons other than those described in the proviso in the first sentence of Section 3.1, then the indemnifying party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and Indemnified Parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and Indemnified Parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or Indemnified Parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party under this Section 3.4 as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. In no event shall the liability of any selling Holder of Registrable Securities hereunder be greater in amount than the dollar amount of the proceeds actually received by such Holder upon the sale of the Registrable Securities giving rise to such contribution obligation.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 3.4 were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

SECTION 3.5 Non-Exclusivity. The obligations of the parties under this Article III will be in addition to any liability which any party may otherwise have to any other party.

ARTICLE IV

OTHER

SECTION 4.1 Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to another party hereto shall be in writing, and shall be deemed given when (a) delivered personally, (b) five (5) Business Days after being sent by certified or registered mail, postage prepaid, return receipt requested, (c) one (1) Business Day after being sent by Federal Express or other nationally recognized overnight courier, or (d) if transmitted by facsimile, if confirmed within 24 hours thereafter by a signed original sent in the manner provided in clause (a), (b) or (c) to the parties at the following addresses (or at such other address for a party as shall be specified by notice from such party):

if to the Company:

TRI Pointe Homes, Inc.
19520 Jamboree Road, Suite 200
Irvine, California 92612
Attention: Douglas F. Bauer
Fax: (949) 478-8601

if to the Starwood Fund Stockholder:

c/o Starwood Capital Group Global, L.P.
591 West Putnam Avenue
Greenwich, Connecticut 06803
Attention: Ellis Rinaldi
Fax: (203) 422-7873

if to any TPH Stockholder:

c/o TRI Pointe Homes, Inc.
19520 Jamboree Road, Suite
200 Irvine, California 92612
Attention: Douglas F. Bauer
Fax: (949) 478-8601

SECTION 4.2 Assignment. Neither the Company nor any Holder shall assign all or any part of this Agreement without the prior written consent of the Company and the Starwood Fund Stockholder; provided, however, that the Starwood Fund Stockholder may assign in whole or in part to any of its Affiliates. Except as otherwise provided herein, this Agreement will inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns.

SECTION 4.3 Amendments; Waiver. This Agreement may be amended, supplemented or otherwise modified only by a written instrument executed by the Company and the Holders holding a majority of the shares of Common Stock subject to this Agreement; provided that no such amendment, supplement or other modification shall adversely affect the economic interests of any Holder hereunder disproportionately to other Holders without the written consent of such Holder. No waiver by any party of any of the provisions hereof will be effective unless explicitly set forth in writing and executed by the party so waiving. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including without limitation, any investigation by or on behalf of any party, will be deemed to constitute a waiver by the party taking such action of compliance with any covenants or agreements contained herein. The waiver by any party hereto of a breach of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach.

SECTION 4.4 Third Parties. This Agreement does not create any rights, claims or benefits inuring to any person that is not a party hereto nor create or establish any third party beneficiary hereto.

SECTION 4.5 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

SECTION 4.6 Jurisdiction. The Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware) shall have exclusive jurisdiction over the parties with respect to any dispute or controversy between them arising under or in connection with this Agreement and, by execution and delivery of this Agreement, each of the parties to this Agreement submits to the exclusive jurisdiction of those courts, including but not limited to the *in personam* and subject matter jurisdiction of those courts, waives any objections to such jurisdiction on the grounds of venue or *forum non conveniens*, the absence of *in personam* or subject matter jurisdiction and any similar grounds, consents to service of process by mail (in accordance with the notice provisions of this Agreement) or any other manner permitted by Law, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

SECTION 4.7 MUTUAL WAIVER OF JURY TRIAL. THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THIS AGREEMENT.

SECTION 4.8 Specific Performance. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement by any of them, the non-breaching party would be irreparably harmed and could not be made whole by monetary damages. Each party accordingly agrees to waive the defense in any action for specific performance that a remedy at law would be adequate and that the parties, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of this Agreement.

SECTION 4.9 Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. There are no agreements, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein. This Agreement supersedes all other prior agreements and understandings between the parties with respect to such subject matter.

SECTION 4.10 Severability. If one or more of the provisions, paragraphs, words, clauses, phrases or sentences contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision, paragraph, word, clause, phrase or sentence in every other respect and of the remaining provisions, paragraphs, words, clauses, phrases or sentences hereof shall not be in any way impaired, it being intended that all rights, powers and privileges of the parties hereto shall be enforceable to the fullest extent permitted by Law.

SECTION 4.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.

SECTION 4.12 Effectiveness. This Agreement shall become effective, as to any Holder, as of the date signed by the Company and countersigned by such Holder.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

TRI Pointe Homes, Inc.

By: _____

Name:

Title:

VIII/TPC Holdings, L.L.C.

By: _____

Name:

Title:

BMG Homes, Inc.

By: _____

Name:

Title:

The Bauer Revocable Trust U/D/T

Dated December 31, 2003

By: _____

Name:

Title:

Grubbs Family Trust Dated June 22, 2012

By: _____

Name:

Title:

The Mitchell Family Trust U/D/T
Dated February 8, 2000

By: _____
Name:
Title:

Frankel Associates, L.P.
By: La Lomana Inc., its general partner

By: _____
Name:
Title:

Douglas F. Bauer

Thomas J. Mitchell

Michael D. Grubbs

Section 302 CERTIFICATION

I, Douglas F. Bauer, certify that:

- (1) I have reviewed this report on Form 10-Q of TRI Pointe Homes, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2013

/s/ Douglas F. Bauer

Douglas F. Bauer

Chief Executive Officer (Principal Executive Officer)

Section 302 CERTIFICATION

I, Michael D. Grubbs, certify that:

- (1) I have reviewed this report on Form 10-Q of TRI Pointe Homes, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2013

/s/ Michael D. Grubbs

Michael D. Grubbs

Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Report of TRI Pointe Homes, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas F. Bauer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2013

/s/ Douglas F. Bauer

Douglas F. Bauer
Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Report of TRI Pointe Homes, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael D. Grubbs, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2013

/s/ Michael D. Grubbs

Michael D. Grubbs

Chief Financial Officer (Principal Financial Officer)