TRI Pointe Group, Inc.
Form 10-Q
April 25, 2018

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 March 31, 2018
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 Group, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	61-1763235
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

19540 Jamboree Road, Suite 300
Irvine, California 92612
(Address of principal executive offices) (Zip Code)
Registrant’s telephone number, including area code (949) 438-1400

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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth 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
		Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

151,922,459 shares of common stock were issued and outstanding as of April 16, 2018.

EXPLANATORY NOTE

As used in this Quarterly Report on Form 10-Q, references to “TRI Pointe”, the “Company”, “we”, “us”, or “our” (including in the consolidated financial statements and related notes thereto in this report) refer to TRI Pointe Group, Inc., a Delaware corporation (“TRI Pointe Group”) and its subsidiaries.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TRI POINTE GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	March 31, 2018 (unaudited)	December 31, 2017
Assets		
Cash and cash equivalents	$324,608	$282,914
Receivables	55,249	125,600
Real estate inventories	3,145,555	3,105,553
Investments in unconsolidated entities	4,699	5,870
Goodwill and other intangible assets, net	160,827	160,961
Deferred tax assets, net	73,818	76,413
Other assets	82,005	48,070
Total assets	$3,846,761	$3,805,381
Liabilities		
Accounts payable	$76,249	$72,870
Accrued expenses and other liabilities	333,190	330,882
Senior notes, net	1,473,074	1,471,302
Total liabilities	1,882,513	1,875,054
Commitments and contingencies (Note 13)		
Equity		
Stockholders' Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized; no shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively	—	—
Common stock, $0.01 par value, 500,000,000 shares authorized; 151,922,459 and 151,162,999 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	1,519	1,512
Additional paid-in capital	792,369	793,980
Retained earnings	1,169,756	1,134,230
Total stockholders' equity	1,963,644	1,929,722
Noncontrolling interests	604	605
Total equity	1,964,248	1,930,327
Total liabilities and equity	$3,846,761	$3,805,381

See accompanying condensed notes to the unaudited consolidated financial statements.

TRI POINTE GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended March 31, 2018	2017
Homebuilding:		
Home sales revenue	$582,572	$ 392,004
Land and lot sales revenue	223	578
Other operations revenue	598	568
Total revenues	583,393	393,150
Cost of home sales	450,502	318,404
Cost of land and lot sales	503	654
Other operations expense	602	560
Sales and marketing	38,283	26,700
General and administrative	36,814	34,649
Homebuilding income from operations	56,689	12,183
Equity in (loss) income of unconsolidated entities	(468)	138
Other income, net	171	77
Homebuilding income before income taxes	56,392	12,398
Financial Services:		
Revenues	283	241
Expenses	137	74
Equity in income of unconsolidated entities	1,002	266
Financial services income before income taxes	1,148	433
Income before income taxes	57,540	12,831
Provision for income taxes	(14,660)	(4,614)
Net income	42,880	8,217
Net income attributable to noncontrolling interests	—	(24)
Net income available to common stockholders	$42,880	$ 8,193
Earnings per share		
Basic	$0.28	$ 0.05
Diluted	$0.28	$ 0.05
Weighted average shares outstanding		
Basic	151,464,547	158,769,478
Diluted	152,775,851	159,390,586

See accompanying condensed notes to the unaudited consolidated financial statements.

TRI POINTE GROUP, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)
(in thousands, except share amounts)

	Number of Shares of Common Stock (Note 1)	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2016	158,626,229	$ 1,586	$ 880,822	$ 947,039	$ 1,829,447	$ 19,063	$ 1,848,510
Net income	—	—	—	187,191	187,191	360	187,551
Shares issued under share-based awards	1,531,475	16	12,275	—	12,291	—	12,291
Minimum tax withholding paid on behalf of employees for restricted stock units	—	—	(2,896)	—	(2,896)	—	(2,896)
Stock-based compensation expense	—	—	15,906	—	15,906	—	15,906
Share repurchases	(8,994,705)	(90)	(112,127)	—	(112,217)	—	(112,217)
Distributions to noncontrolling interests, net	—	—	—	—	—	(1,333)	(1,333)
Net effect of consolidations, de-consolidations and other transactions	—	—	—	—	—	(17,485)	(17,485)
Balance at December 31, 2017	151,162,999	1,512	793,980	1,134,230	1,929,722	605	1,930,327
Cumulative effect of accounting change (Note 1)	—	—	—	(7,354)	(7,354)	—	(7,354)
Net income	—	—	—	42,880	42,880	—	42,880
Shares issued under share-based awards	759,460	7	968	—	975	—	975
Minimum tax withholding paid on behalf of employees for restricted stock units	—	—	(6,049)	—	(6,049)	—	(6,049)
Stock-based compensation expense	—	—	3,470	—	3,470	—	3,470
Distributions to noncontrolling interests, net	—	—	—	—	—	(1)	(1)
Balance at March 31, 2018	151,922,459	$ 1,519	$ 792,369	$ 1,169,756	$ 1,963,644	$ 604	$ 1,964,248

See accompanying condensed notes to the unaudited consolidated financial statements.

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

	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net income	$42,880	$8,217
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,488	822
Equity in income of unconsolidated entities, net	(534)	(404)
Deferred income taxes, net	5,024	1,118
Amortization of stock-based compensation	3,470	3,841
Charges for impairments and lot option abandonments	248	321
Changes in assets and liabilities:		
Real estate inventories	(87,107)	(138,011)
Receivables	70,351	16,702
Other assets	2,308	2,326
Accounts payable	3,379	3,863
Accrued expenses and other liabilities	2,165	(11,952)
Returns on investments in unconsolidated entities, net	2,214	866
Net cash provided by (used in) operating activities	49,886	(112,291)
Cash flows from investing activities:		
Purchases of property and equipment	(2,170)	(1,173)
Proceeds from sale of property and equipment	—	5
Investments in unconsolidated entities	(947)	(231)
Net cash used in investing activities	(3,117)	(1,399)
Cash flows from financing activities:		
Borrowings from debt	—	50,000
Repayment of debt	—	(13,726)
Distributions to noncontrolling interests	(1)	(415)
Proceeds from issuance of common stock under share-based awards	975	746
Minimum tax withholding paid on behalf of employees for share-based awards	(6,049)	(2,561)
Share repurchases	—	(492)
Net cash (used in) provided by financing activities	(5,075)	33,552
Net increase (decrease) in cash and cash equivalents	41,694	(80,138)
Cash and cash equivalents - beginning of period	282,914	208,657
Cash and cash equivalents - end of period	$324,608	$128,519

See accompanying condensed notes to the unaudited consolidated financial statements.

TRI POINTE GROUP, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies

Organization

TRI Pointe Group is engaged in the design, construction and sale of innovative single-family attached and detached homes through its portfolio of six quality brands across eight states, including Maracay Homes in Arizona, Pardee Homes in California and Nevada, Quadrant Homes in Washington, Trendmaker Homes in Texas, TRI Pointe Homes in California and Colorado and Winchester Homes in Maryland and Virginia.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), as contained within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They should be read in conjunction with our consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017. In the opinion of management, all adjustments consisting of normal recurring adjustments, necessary for a fair presentation with respect to interim financial statements, have been included. The results for the three months ended March 31, 2018 are not necessarily indicative of the results to be expected for the full year due to seasonal variations and other factors.

The consolidated financial statements include the accounts of TRI Pointe Group and its wholly owned subsidiaries, as well as other entities in which TRI Pointe Group has a controlling interest and variable interest entities ("VIEs") in which TRI Pointe Group is the primary beneficiary. The noncontrolling interests as of March 31, 2018 and December 31, 2017 represent the outside owners' interests in the Company's consolidated entities and the net equity of the VIE owners. All significant intercompany accounts have been eliminated upon consolidation.

Use of Estimates

Our financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from our estimates.

Significant Accounting Policies Update

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Codified as "ASC 606"). ASC 606 supersedes the revenue-recognition requirements in ASC Topic 605, Revenue Recognition, most industry-specific guidance throughout the industry topics of the accounting standards codification, and some cost guidance related to construction-type and production-type contracts. The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognize revenue when (or as) the entity satisfies a performance obligation. We have adopted and applied this updated revenue recognition policy as of January 1, 2018.

The majority of our revenues are related to fixed-price contracts to deliver completed homes to homebuyers, and to a much lesser degree, to deliver land or lots to other homebuilders or real estate developers. We generally deliver completed homes to homebuyers and land and lots to other homebuilders or real estate developers when all closing conditions are met, including the passage of title and the receipt of consideration, and the collection of associated receivables, if any, is reasonably assured. When it is determined that there are uncompleted performance obligations, the transaction price and the related profit for those uncompleted performance obligations are deferred for recognition in future periods based on the principles of ASC

606. The most common examples of uncompleted performance obligations are unfinished pools or outdoor landscaping features that are unable to be completed due to weather or other circumstances.

Following the adoption of ASC 606, the timing of revenue recognition for all of our contracts remained materially consistent with our historical revenue recognition policy due to the nature of our revenue generating activities, with the most common difference under ASC 606 relating to the deferral of revenue due to these uncompleted performance obligations at the time we deliver new homes to our homebuyers.

When we enter into a contract with a homebuyer, we sometimes receive a nonrefundable deposit that is recognized as revenue under circumstances where a contract is canceled by the homebuyer. These amounts are recognized as home sales revenue at the time a contract is canceled by the homebuyer. We have not experienced significant contract modifications impacting the timing of revenue recognition under ASC 606, nor will we be required to use estimates in the application of the core revenue recognition principles.

Real Estate Inventories and Cost of Sales

ASC 606 includes Subtopic 340-40, Other Assets and Deferred Costs - Contracts with Customers, which requires the deferral of incremental costs of obtaining a contract with a customer. The adoption of Subtopic 340-40 impacts the timing of recognition and classification in our consolidated financial statements of certain sales office, model and other marketing related costs that we incur to obtain sales contracts from our customers. For example, we historically capitalized to inventory and amortized through cost of home sales various sales office, model and other marketing related costs with each home delivered in a community. Under Subtopic 340-40, these costs are expensed when incurred or capitalized to other assets and amortized to selling expense.

Recently Issued Accounting Standards Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, (Codified as “ASC 842”), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. ASC 842 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, and, at that time, we will adopt the new standard using a modified retrospective approach. We are currently evaluating the impact that the adoption of ASC 842 may have on our consolidated financial statements and disclosures.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment (“ASU 2017-04”), which removes the requirement to perform a hypothetical purchase price allocation to measure goodwill impairment. A goodwill impairment will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019, with early adoption permitted, and applied prospectively. We do not expect ASU 2017-04 to have a material impact on our financial statements.

Adoption of New Accounting Standards

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (“ASU 2016-15”), which provides guidance on how certain cash receipts and cash payments are to be presented and classified in the statement of cash flows. We adopted ASU 2016-15 on January 1, 2018 and our adoption did not have a material impact on our consolidated financial statements.

On January 1, 2018, we adopted ASC 606 using the modified retrospective approach applying the method of presenting the standard of ASC 606 to only those contracts not considered completed under legacy GAAP. As a result of this application of ASC 606, no prior period results have been recast and the standard has been applied prospectively as of January 1, 2018. The cumulative effect of the changes made to our consolidated January 1, 2018 balance sheet resulting from the adoption of ASC 606 was as follows (in thousands):

	Balance at December 31, 2017	Adjustments due to ASC 606	Balance at January 1, 2018
Assets			
Real estate inventories	$3,105,553	$ (49,317)	$3,056,236
Deferred income tax asset	76,413	(2,429)	73,984
Other assets	48,070	39,534	87,604
Equity			
Retained earnings	1,134,230	(7,354)	1,126,876

Our cumulative adjustment to retained earnings on January 1, 2018 related primarily to the impact of Subtopic 340-40 and the timing of recognition and classification in our consolidated financial statements of certain sales office, model and other marketing related costs that we incur to obtain sales contracts from our customers. See Significant Accounting Policies Update above.

In accordance with ASC 606 disclosure requirements, the impact of adopting ASC 606 on our consolidated income statement and balance sheet for the three months ended March 31, 2018 were as follows (dollars in thousands):

	Three Months Ended March 31, 2018		
	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher/(Lower)
Income Statement			
Revenues			
Home sales	$582,572	$583,053	$ (481)
Costs and expenses			
Cost of home sales	450,502	458,139	(7,637)
Sales and marketing	38,283	32,796	5,487
Provision for income taxes	(14,660)	(14,235)	425
Net income	42,880	41,636	1,244
Diluted earnings per share	$0.28	$0.27	$ 0.01

	As of March 31, 2018		
	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher/(Lower)
Balance Sheet			
Assets			
Real estate inventories	$3,145,555	$3,193,904	$ (48,349)
Deferred tax assets, net	73,818	71,389	2,429
Other assets	82,005	42,061	39,944
Liabilities			
Accrued expenses and other liabilities	333,190	332,899	291
Equity			
Retained earnings	1,169,756	1,175,866	(6,110)

Contracts with Customers

In consideration of the appropriate revenue recognition for our contracts with customers, we first assessed our ordinary operations in order to capture all revenue transactions with a counter-party appropriately considered a customer. Historically, our ordinary homebuilding revenue generating activities have included contracts with homebuyers to deliver completed homes and to a lesser extent, contracts with other homebuilders or real estate developers to deliver land or lots in exchange for consideration. The majority of our homebuilding contracts with customers typically include a single performance obligation, which is the transfer of control of the real estate property when all closing conditions are met.

In addition to our core homebuilding operations, we undertake service operations with customers in the form of our financial services reportable segment ("TRI Pointe Solutions"), which is comprised of our mortgage financing operations, title services operations and property and casualty insurance agency operations. Our mortgage financing operation ("TRI Pointe Connect") can act as a preferred mortgage broker to our homebuyers in all of the markets in which we operate. TRI Pointe Connect was formed as a joint venture with an established mortgage lender and is accounted for under the equity method of accounting. Our title services operation ("TRI Pointe Assurance") provides title examinations for our homebuyers in our Trendmaker Homes and Winchester Homes brands. TRI Pointe Assurance is a wholly-owned subsidiary of TRI Pointe and acts as a title agency for First American Title Insurance Company. Our property and casualty insurance agency operations ("TRI Pointe Advantage"), which launched in early 2018, is a wholly-owned subsidiary of TRI Pointe that provides property and casualty insurance agency services that help facilitate the closing process in all of the markets in which we operate.

We do not currently have any long-term contracts with customers. ASC 606 provides certain practical expedients that limit some of the accounting treatments and disclosure requirements existing under this accounting standard. We do not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

Disaggregation of Revenues

We generate revenues from a mix of homebuilding operations and financial services operations. Due to the nature of our revenue generating activities, the disaggregated revenue reported on our consolidated statement of operations, in conjunction with the revenues reported in our segment disclosure, is deemed sufficient to report revenue from contracts with customers in accordance with the disaggregation disclosure requirements of ASC 606. We report total revenues in Note 2, Segment Information, which is fully comprised of our revenues from contracts with customers. While the total homebuilding revenues by segment include a mix of home sales revenue, land and lot sales revenue and other operations revenue, all material revenue amounts outside of home sales revenue are attributed to their respective homebuilding segment in the discussion below. Our consideration of disaggregated revenue consisted of a variety of facts and circumstances pertaining to our contracts with customers. These considerations included the nature, amounts, timing and other characteristics and economic factors present within each revenue line item appearing on our consolidated statement of operations. See below for further commentary on each of our revenue streams from contracts with customers.

Home sales revenue

The majority of our total revenue is generated from home sales, which consists of our core business operation of building and delivering completed homes to homebuyers. Included in home sales revenue are forfeited deposits, which occur when homebuyers cancel home purchase contracts that include a nonrefundable deposit. Both revenue from forfeited deposits and deferred revenue resulting from uncompleted performance obligations existing at the time we deliver new homes to our homebuyers is immaterial.

Land and lot sales revenue

Historically, land and lot sales revenue has been generated from a small volume of activity, although in some years a significant amount of revenue and gross margin has been realized. We do not expect our future land and lot sales revenue to be material, but we still consider these sales to be an ordinary part of our business, thus meeting the definition of contracts with customers. Similar to our home sales, revenue from land and lot sales is typically fully recognized when the land and lot sales transactions are consummated, at which time no further performance obligations are left to be satisfied. Some of our historical land and lot sales have included future profit participation rights. Future land and lot sales revenue will be recognized in the periods in which all closing conditions are met, subject to the constraint on variable consideration related to profit participation rights, if such rights exist in the sales contract.

Other operations revenue

The majority of our other homebuilding operations revenue relates to a ground lease at our Quadrant Homes reporting segment. We are responsible for making lease payments to the land owner, and we collect sublease payments from the buyers of the buildings. This ground lease is accounted for in accordance with ASC Topic 840, Leases. We do not recognize a material profit on this ground lease.

Financial services revenues

TRI Pointe Solutions is a reportable segment and is comprised of our TRI Pointe Connect mortgage financing operations, TRI Pointe Assurance title services operations, and TRI Pointe Advantage property and casualty insurance agency operations.

Mortgage financing operations

TRI Pointe Connect was formed as a joint venture with an established mortgage lender and is accounted for under the equity method of accounting. Based on our percentage stake in this joint venture, we record a percentage of revenue earned by TRI Pointe Connect. Revenue is recognized in the period in which the home sales transactions are consummated. We do not have a history of uncollectable amounts from these operations. TRI Pointe Connect activity appears as equity in income of unconsolidated entities under the Financial Services section of our consolidated statements of operations.

Title services operations

TRI Pointe Assurance provides title examinations for our homebuyers in Texas, Maryland and Virginia. TRI Pointe Assurance is a wholly-owned subsidiary of TRI Pointe and acts as a title agency for First American Title Insurance Company. At the time of the consummation of the home sales transactions we recognize a percentage of revenue captured by First American Title Insurance Company. We do not have a history of uncollectable amounts from these operations. TRI Pointe Assurance activity appears as revenues under the Financial Services section of our consolidated statements of operations.

Property and casualty insurance agency operations

TRI Pointe Advantage is a wholly-owned subsidiary of TRI Pointe and provides property and casualty insurance agency services that help facilitate the closing process in all of the markets in which we operate. These operations began in February, 2018 and have not generated a material amount of revenue. We expect revenue from these operations to increase as customers use these services to procure homeowners insurance, with further revenue potential as customers renew their insurance coverages beyond the initial coverage periods. The total consideration for these services, including renewal options, shall be estimated upon the issuance of the initial insurance policy, subject to constraint. TRI Pointe Advantage activity appears as revenue under the Financial Services section of our consolidated statements of operations.

2. Segment Information

We operate two principal businesses: homebuilding and financial services.

Our homebuilding operations consist of six homebuilding brands that acquire and develop land and construct and sell single-family detached and attached homes. In accordance with ASC Topic 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. Based upon these factors, our homebuilding operations are comprised of the following six reportable segments: Maracay Homes, consisting of operations in Arizona; Pardee Homes, consisting of operations in California and Nevada; Quadrant Homes, consisting of operations in Washington; Trendmaker Homes, consisting of operations in Texas; TRI Pointe Homes, consisting of operations in California and Colorado; and Winchester Homes, consisting of operations in Maryland and Virginia.

Our TRI Pointe Solutions financial services operation is a reportable segment and is comprised of our TRI Pointe Connect mortgage financing operations, our TRI Pointe Assurance title services operations, and our TRI Pointe Advantage property and casualty insurance agency operations. For further details, see Note 1, Organization, Basis of Presentation and Summary of Significant Accounting Policies.

Corporate is a non-operating segment that develops and implements company-wide strategic initiatives and provides support to our homebuilding reporting segments by centralizing certain administrative functions, such as marketing, legal, accounting, treasury, insurance, internal audit and risk management, information technology and human resources, to benefit from economies of scale. Our Corporate non-operating segment also includes general and administrative expenses related to operating our corporate headquarters. A portion of the expenses incurred by Corporate is allocated to the homebuilding reporting segments.

The reportable segments follow the same accounting policies used for our consolidated financial statements, as described in Note 1, Organization, Basis of Presentation and Summary of Significant Accounting Policies. 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.

Total revenues and income before income taxes for each of our reportable segments were as follows (in thousands):

	Three Months Ended March 31,	
	2018	2017
Revenues		
Maracay Homes	$58,455	$51,060
Pardee Homes	180,470	83,699
Quadrant Homes	61,903	40,552
Trendmaker Homes	41,408	52,362
TRI Pointe Homes	190,420	130,836
Winchester Homes	50,737	34,641
Total homebuilding revenues	583,393	393,150
Financial services	283	241
Total	$583,676	$393,391
Income (loss) before income taxes		
Maracay Homes	$4,391	$1,757
Pardee Homes	39,191	9,893
Quadrant Homes	8,140	3,744
Trendmaker Homes	370	1,882
TRI Pointe Homes	14,531	6,439
Winchester Homes	1,607	