

MDC HOLDINGS INC

Form 424B5

January 07, 2014

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Registration No. 333-190359

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 7, 2014

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus Dated August 2, 2013)

\$

M.D.C. Holdings, Inc.

% Senior Notes due 2024

We are offering \$ aggregate principal amount of our % Senior Notes due 2024.

We will pay interest on the notes semi-annually in arrears on January and July of each year, beginning July , 2014. The notes will mature on January , 2024.

We may redeem the notes at any time at the redemption prices set forth in this prospectus supplement under “Description of Notes—Optional Redemption.”

The interest rate on the notes may be adjusted under the circumstances described in this prospectus supplement under “Description of Notes—Interest Rate Adjustment Following a Change of Control.”

The notes will be senior unsecured obligations of our company and will rank equally with all of our existing and future unsecured and senior indebtedness.

The notes will be fully and unconditionally guaranteed jointly and severally by certain of our subsidiaries on a senior unsecured basis.

Before buying any notes, you should read the discussion of material risks of investing in our notes beginning on page S-6.

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

	Per Note	Total
Public offering price(1)	%	\$
Underwriting discount	%	\$
Proceeds to M.D.C. Holdings, Inc. (before expenses)(1)	%	\$

(1) Not including interest on the notes from January , 2014 through the closing date payable by the purchasers of the notes.

Interest on the notes will accrue from January , 2014, to the date of delivery.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company on or about January , 2014.

Joint Book-Running Managers

Citigroup	US Bancorp
<i>Joint Lead Managers</i>	
SunTrust Robinson Humphrey PNC Capital Markets LLC	
<i>Co-Manager</i>	
Regions Securities LLC	

January , 2014

You should only rely on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein is accurate as of any date other than the date on the front of this prospectus supplement, the date on the front of the accompanying prospectus or the date of the applicable incorporated document, as applicable. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

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The information contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein concerning the homebuilding industry, our market share, our size relative to other homebuilders and other matters is derived principally from publicly available information and from industry sources. Although we believe the publicly available information and the information from industry sources are reliable, we have not independently verified any of this information and we cannot assure you of its accuracy.

This prospectus supplement sets forth certain terms of the notes that we are offering. It supplements the section entitled “Description of Debt Securities” in the accompanying prospectus. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information that is different from the information in the accompanying prospectus.

Forward-Looking Statements

Certain statements in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects. These forward-looking statements may be identified by terminology such as “likely,” “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “potential” or “continue,” or the negative of such terms and other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference are reasonable, we cannot guarantee future results. These statements involve known and unknown risks, uncertainties and other factors, including those discussed under “Risk Factors,” that may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in subsequent reports on Forms 10-K, 10-Q and 8-K should be considered.

Prospectus Supplement Summary

This is only a summary of the offering. To fully understand the investment you are contemplating you must consider this prospectus supplement, the accompanying prospectus, and the detailed information incorporated into them by reference, including our financial statements and their accompanying notes. Unless the context otherwise requires, the terms “M.D.C. Holdings, Inc.,” “MDC,” “we” and “our” refer to M.D.C. Holdings, Inc., a Delaware corporation, and its subsidiaries.

M.D.C. Holdings, Inc.

M.D.C. Holdings, Inc., or MDC, is a Delaware corporation. We have two primary operations, homebuilding and financial services. Our homebuilding operations consist of wholly-owned subsidiary companies that generally purchase finished lots or develop lots to the extent necessary for the construction and sale primarily of single-family detached homes to first-time and first-time move-up homebuyers under the name “Richmond American Homes.” Our homebuilding operations are comprised of various homebuilding divisions that we consider to be our operating segments. For financial reporting, we have aggregated our homebuilding operating segments into reportable segments as follows: (1) West (Arizona, California, Nevada and Washington); (2) Mountain (Colorado and Utah); and (3) East (Virginia, Florida, Illinois and Maryland, which includes Pennsylvania, Delaware, and New Jersey).

Our financial services operations primarily consist of HomeAmerican Mortgage Corporation (“HomeAmerican”), which originates mortgage loans primarily for our homebuyers; Allegiant Insurance Company, Inc., A Risk Retention Group (“Allegiant”), which provides insurance coverage primarily to our homebuilding subsidiaries and certain subcontractors for homes sold by our homebuilding subsidiaries and for work performed in completed subdivisions; StarAmerican Insurance Ltd., which is a re-insurer on Allegiant claims; American Home Insurance Agency, Inc., which offers third-party insurance products to our homebuyers; and American Home Title and Escrow Company, which provides title agency services to our homebuilding subsidiaries and our customers in certain states. For financial reporting, we have aggregated our financial services operating segments into reportable segments as follows: (1) Mortgage operations (represents HomeAmerican only) and (2) Other (all remaining operating segments).

Our principal executive offices are at 4350 South Monaco Street, Suite 500, Denver, Colorado 80237 (telephone (303) 773-1100). Additional information about us can be obtained on the investor relations section of our website. Our website is www.mdcholdings.com, although the information on our website is not incorporated into this prospectus supplement.

You can obtain additional information about us in the reports and other documents incorporated by reference in this prospectus supplement. See “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference.”

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The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the notes, see the section “Description of Notes.” In this “Prospectus Supplement Summary — The Offering” section, “we” refers to M.D.C. Holdings, Inc. and not to any of its subsidiaries.

Issuer M.D.C. Holdings, Inc.

Securities Offered \$ aggregate principal amount of % Senior Notes due 2024.

Maturity Date January , 2024.

Interest Payment Dates Interest will accrue from January , 2014, and will be payable semi-annually in arrears on each January and July , commencing July , 2014.

Optional Redemption We may redeem the notes, in whole or in part. If the notes are redeemed prior to the date that is three months prior to the maturity date for the notes, the redemption price for the notes to be redeemed will equal the greater of the following amounts: (1) 100% of the aggregate principal amount, and (2) the sum of the present value of the remaining scheduled payments of principal and interest in respect of the notes being redeemed on the redemption date, discounted to the redemption date, on a semi-annual basis, at the Treasury Rate (as defined in “Description of Notes — Optional Redemption”) plus basis points (%), plus, in each case, accrued and unpaid interest to the redemption date. If the notes are redeemed on or after the date that is three months prior to the maturity date for the notes, the redemption price for the notes to be redeemed will equal 100% of the principal amount of such notes, plus accrued and unpaid interest to the redemption date. See “Description of Notes — Optional Redemption.”

Interest Rate Adjustment The interest rate payable on the notes may be subject to adjustments from time to time upon the occurrence of a change of control and if the debt ratings assigned to the notes by Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services and Fitch Ratings (or any replacement ratings agency selected by us) are all below investment grade, or in the event of certain subsequent upgrades to the debt rating, as described under “Description of Notes—Interest Rate Adjustment Following a Change of Control.”

Ranking The notes will be our general unsecured obligations. Your right to payment under these notes will be:

- effectively junior to the rights of our secured creditors to the extent of the value of their security in our assets;
- structurally junior to the rights of creditors (including trade creditors) of our subsidiaries that are not guarantors of the notes;
- equal with the rights of creditors under our unsecured unsubordinated debt; and
- senior to the rights of creditors under any of our debt that is expressly subordinated in right of payment to these notes.

At September 30, 2013, after giving effect to this offering, we would have had total consolidated indebtedness of approximately \$ million (including the notes), of which none was expressly subordinated to the notes. At September 30, 2013, MDC and its guarantor subsidiaries had no secured indebtedness outstanding on MDC's consolidated balance sheet. In addition, we had issued and outstanding surety bonds and letters of credit totaling \$83.9 million and \$30.1 million, respectively, as of September 30, 2013. At September 30, 2013, our non-guarantor subsidiaries had approximately \$39.0 million of indebtedness reflected on our consolidated balance sheet to which the notes will be structurally subordinated. We also entered into a \$450 million senior unsecured revolving credit facility on December 13, 2013 (the "Credit Facility"), under which we had no borrowings outstanding as of December 31, 2013 (excluding \$14.9 million of outstanding letters of credit).

Guarantees Certain of our existing subsidiaries and future subsidiaries will fully and unconditionally guarantee our obligations under the notes, jointly and severally, on a senior unsecured basis. Your right to payment under any guarantee will be:

effectively junior to the rights of secured creditors to the extent of their security in the guarantors' assets;
equal with the rights of creditors under the guarantors' other unsecured unsubordinated debt; and
senior to the rights of creditors under the guarantors' debt that is expressly subordinated in right of payment to the guarantees.

Covenants The indenture imposes certain limitations on our ability and the ability of our restricted subsidiaries to:

issue certain additional secured indebtedness; and
engage in sale and lease-back transactions.

These covenants are subject to important exceptions and qualifications, which are described under the heading "Description of Notes — Certain Covenants."

The indenture does not limit the amount of unsecured debt that we may issue or require us to offer to purchase the notes upon a change of control.

Risk Factors You should carefully consider the factors discussed in detail elsewhere in this prospectus supplement under the caption "Risk Factors."

Use of Proceeds We intend to use the net proceeds from this offering for general corporate purposes, which may include repayment of our 5.375% Senior Notes due 2014 and 5.375% Senior Notes due 2015 in whole or in part. See "Use of Proceeds."

Summary Financial and Other Data

The income statement data and balance sheet data set forth below at December 31, 2012, 2011 and 2010 and for the years then ended have been derived from our audited consolidated financial statements. The income statement data and balance sheet data set forth below at September 30, 2013 and 2012, and for the nine months ended September 30, 2013 and 2012, have been derived from our unaudited consolidated financial statements which, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such information. The operating results for the nine months ended September 30, 2013 and 2012 are not necessarily indicative of results for the full fiscal year. This information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our consolidated financial statements and the notes thereto incorporated herein by reference and other financial information in our Annual Report on Form 10-K for the year ended December 31, 2012, as amended, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, incorporated herein by reference.

	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(dollars in thousands)				
INCOME STATEMENT DATA					
Home sale revenues	\$1,165,768	\$761,857	\$1,150,998	\$805,164	\$921,022
Total home sale and land sale revenues	1,167,600	765,277	1,156,142	817,023	926,905
Financial services revenues	40,672	31,974	46,881	29,462	33,646
Home cost of sales	956,892	649,941	973,120	686,661	745,085
Inventory impairments	350	–	1,105	12,965	21,195
Homebuilding selling, general and administrative expenses	157,862	118,135	167,295	179,105	219,685
Loss on extinguishment of senior notes	–	–	–	(38,795)	–
Income (loss) before income taxes	95,507	31,264	61,115	(107,472)	(70,601)
Net income (loss) ⁽¹⁾	283,676	33,029	62,699	(98,390)	(64,770)